

# Info Capsule

## **INTRODUCTION OF LEGAL ENTITY IDENTIFIER FOR OTC DERIVATIVES MARKETS<sup>1</sup>**

The Legal Entity Identifier (LEI) code has been conceived of as a key measure to improve the quality and accuracy of financial data systems for better risk management post the Global Financial Crisis. The LEI is a 20-character unique identity code assigned to entities who are parties to a financial transaction.

It has been decided to implement the LEI system for all participants in the Over-the-Counter (OTC) markets for Rupee Interest Rate derivatives, foreign currency derivatives and credit derivatives in India, in a phased manner. Accordingly, all current and future participants would be required to obtain the unique LEI code as per time lines indicated in the attached schedule (Annex). Entities without an LEI code would not be eligible to participate in the OTC derivative markets, after the date specified in the schedule.

Entities can obtain LEI from any of the Local Operating Units (LOUs) accredited by the Global Legal Entity Identifier Foundation (GLEIF) – the entity tasked to support the implementation and use of the LEI. In India, LEI code may be obtained from Legal Entity Identifier India Ltd.(LEIL) (<https://www.ccilindia-lei.co.in>), which has been recognised by the Reserve Bank as issuer of LEI under the Payment and Settlement Systems Act, 2007 and is accredited by the GLEIF as the Local Operating Unit (LOU) in India for issuance and management of LEI.

The rules, procedure and documentation requirements may be ascertained from LEIL ([https://www.ccilindia-lei.co.in/USR\\_FAQ\\_DOCS.aspx](https://www.ccilindia-lei.co.in/USR_FAQ_DOCS.aspx)).

After obtaining LEI code, entities should ensure that they are renewed as per GLEIF guidelines. Lapsed LEIs will not be deemed valid for Trade Repository (TR) reporting.

These directions are issued under Section 45(W) of the RBI Act, 1934.

*Annex*

### **Schedule for Implementation of LEI for various entities**

<b>Phase</b>	<b>Entities</b>	<b>Date by which the LEI code is to be obtained</b>
<b>Phase I</b>	Entities regulated by RBI / SEBI / IRDA / PFRDA and Corporates With Net Worth above Rs 10000 mn	August 1, 2017
<b>Phase II</b>	Corporates With Net Worth between Rs 2000 mn and Rs 10000 mn	October 1, 2017
<b>Phase III</b>	Corporates With Net Worth between Rs 700 mn and Rs 2000 mn	December 1, 2017
<b>Phase IV</b>	Corporates With Net Worth between Rs 700 mn and below	March 31, 2018

<sup>1</sup> Available at: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10988&Mode=0>

## **DISCLOSURE REQUIREMENTS FOR ISSUANCE AND LISTING OF GREEN DEBT SECURITIES<sup>2</sup>**

SEBI vide its circular dated May 30, 2017 issued **Disclosure Norms for Issuance and Listing of Green Debt Securities** which will help to the investors to take informed investment decisions.

SEBI (Issue and Listing of Debt Securities) Regulations, 2008 ("SEBI ILDS Regulations"), govern public issue of debt securities and listing of debt securities issued through public issue or on private placement basis, on a recognized stock exchange. For public issue and listing of Green Debt Securities and listing of privately placed Green Debt Securities, in addition to the requirements as prescribed under SEBI ILDS Regulations and Circulars made thereunder, following shall also be applicable.

### **Meaning of Green Debt Securities**

A Debt Security shall be considered as "**Green or Green Debt Securities**", if the funds raised through issuance of the debt securities are to be utilised for project(s) and/or asset(s) falling under any of the following broad categories:

- a) Renewable and sustainable energy including wind, solar, bioenergy, other sources of energy which use clean technology etc.;
- b) Clean transportation including mass/public transportation etc.;
- c) Sustainable water management including clean and/or drinking water, water recycling etc.;
- d) Climate change adaptation;
- e) Energy efficiency including efficient and green buildings etc.;
- f) Sustainable waste management including recycling, waste to energy, efficient disposal of wastage etc.;
- g) Sustainable land use including sustainable forestry and agriculture, afforestation etc.;
- h) Biodiversity conservation;
- i) Any other category as may be specified by SEBI, from time to time.

### **Disclosures in Offer Document/Disclosure Document and other requirements**

The issuer of a Green Debt Securities shall make following disclosures:

- a) A statement on environmental objectives of the issue of Green Debt Securities;
- b) Brief details of decision-making process issuer has followed/would follow for determining the eligibility of project(s) and/or asset(s), for which the proceeds are been raised through issuance of Green Debt Securities. An indicative guideline of the details to be provided is as under:
  - process followed/to be followed for determining how the project(s) and/or asset(s) fit within the eligible green projects categories;
  - the criteria, making the project(s) and/or asset(s) eligible for using the Green Debt Securities proceeds; and
  - environmental sustainability objectives of the proposed green investment.

---

<sup>2</sup> Available at: [http://www.sebi.gov.in/legal/circulars/may-2017/disclosure-requirements-for-issuance-and-listing-of-green-debt-securities\\_34988.html](http://www.sebi.gov.in/legal/circulars/may-2017/disclosure-requirements-for-issuance-and-listing-of-green-debt-securities_34988.html)

- c) Issuer shall provide the details of the system/procedures to be employed for tracking the deployment of the proceeds of the issue.
- d) Details of the project(s) and/or asset(s) or areas where the issuer, proposes to utilise the proceeds of the issue of Green Debt Securities, including towards refinancing of existing green project(s) and/or asset(s), if any.
- e) The issuer may appoint an independent third party reviewer/certifier, for reviewing/certifying the processes including project evaluation and selection criteria, project categories eligible for financing by Green Debt Securities, etc. Such appointment is optional and shall be disclosed in the offer document.

### **Continuous Disclosure**

An issuer who has listed its Green Debt Securities, alongwith compliances as under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, shall provide following disclosures along with its annual report and financial results:

- (a) Details of utilisation of the proceeds and unutilized proceeds of the issue, as disclosed in offer document/disclosure document. These details shall be provided along with the half yearly and annual financial results.

However, the utilisation of the proceeds shall be verified by the report of an external auditor, to verify the internal tracking method and the allocation of funds towards the project(s) and/or asset(s), from the proceeds of Green Debt Securities.

- (b) Other additional disclosures have to be provided along with annual report:

- List of project(s) and/or asset(s) to which proceeds of the Green Debt Securities have been allocated/invested including a brief description of such project(s) and/or asset(s) and the amounts disbursed.

However, where confidentiality agreements limit the amount of details that can be made available about specific project(s) and/or asset(s), information shall be presented about the areas in which such project(s) and/or asset(s) fall into.

- Qualitative performance indicators and, where feasible, quantitative performance measures of the environmental impact of the project(s) and/or asset(s). If the quantitative benefits/impact cannot be ascertained, then the said fact may be appropriately disclosed along with the reasons for non-ascertainment of the benefits/impact on the environment.
- Methods and the key underlying assumptions used in preparation of the performance indicators and metrics;

### **Obligations of the issuer**

An issuer of Green Debt Securities shall:

- Maintain a decision-making process which it uses to determine the continuing eligibility of the project(s) and/or asset(s). This includes, without limitation a statement on the environmental objectives of the Green Debt Securities and a process to determine whether the project(s) and/or asset(s) meet the eligibility requirements.
- Ensure that all project(s) and/or asset(s) funded by the proceeds of Green Debt Securities, meet the documented objectives of Green Debt Securities.
- Utilise the proceeds only for the stated purpose, as disclosed in the offer document.

An issuer of Green Debt Securities or any agent appointed by the issuer, if follows any globally accepted standard(s) for the issuance of Green Debt Securities including measurement of the

environmental impact, identification of the project(s) and/or asset(s), utilisation of proceeds, etc., shall disclose the same in the offer document/disclosure document and/or in continuous disclosures.

**IBBI NOTIFIES INSOLVENCY PROFESSIONALS TO ACT AS INTERIM  
RESOLUTION PROFESSIONALS (RECOMMENDATION) GUIDELINES, 2017  
DATED 25<sup>TH</sup> MAY, 2017<sup>3</sup>**

The Insolvency and Bankruptcy Board of India has issued *Insolvency Professionals to Act as Interim Resolution Professionals (Recommendation) Guidelines, 2017* dated 25<sup>TH</sup> May, 2017.

The guidelines were issued in pursuance of the provisions of **Section 16 (3)(a)** of the Insolvency and Bankruptcy Code, 2016 (Code), which requires:-

- The Adjudicating Authority (AA) shall make a reference to the Insolvency and Bankruptcy Board of India (Board)
- For recommendation of an insolvency professional (IP) who may act as an interim resolution professional (IRP)
- In case an operational creditor has made an application for corporate insolvency resolution process (CIRP) and has not proposed an IRP.

The Board, ***within ten days*** of the receipt of the reference from the AA, is required under section 16(4) of the Code to ***recommend the name of an IP to AA*** against whom no disciplinary proceedings are pending.

The guidelines provides for the following:-

1. *Identification of IP*
2. *Determination of vicinity*
3. *Expression of interest*
4. *List of eligible IPs*
5. *Selection of IP*
6. *Ongoing assignments*
7. *Fee quoted*
8. *Review*
9. *Format for – Form A: Expression of Interest to Act as an IRP Along with the Declaration*

*Link for Guidelines:*

[http://www.ibbi.gov.in/Interim\\_Resolution\\_Profesional.pdf](http://www.ibbi.gov.in/Interim_Resolution_Profesional.pdf)

***Team ICSI***

*Disclaimer : The information in the Info Capsules is developed according to the information available in public domain and for academic purposes only. Any person wishing to act on the basis of this document should do so only after cross checking with the original source.*

<sup>3</sup> Available at : <http://www.ibbi.gov.in/index.html>