Annexure A

Available on SEBI website

https://www.sebi.gov.in/reports-and-statistics/reports/may-2026/consultation-paper-on-amendments-to-the-sebi-issue-and-listing-of-securitised-debt-instruments-and-security-receipts-regulations-2008-_101239.html

Annexure B

S. No.	Public Comment	Rationale	SEBI comments
	Proposal 1: Permitting single Asset securitization for RBI Regulated Originators		
1.	The proposal to do single asset securitization is already available under PTC structure. The current regulation of ensuring that no single obligor has more than 25 percent in the asset pool prevents overconcentration of risk. Structured products other than PTCs include PTS Tranched SDIs CDOs CMBS RMBS etc. which are by nature complex. We believe that if an investor wishes to take exposure to a single asset class they can do so via DA or PTC. The oversight of RBI ensures compliance with prudential norms for the originators and does not consider whether the structured	The proposal to do single asset securitization is already available under PTC structure. The current regulation of ensuring that no single obligor has more than 25 percent in the asset pool prevents overconcentration of risk. Structured products other than PTCs include PTS Tranched SDIs CDOs CMBS RMBS etc.	The extant provision under Regulation 19A(a) was introduced to mitigate concentration risk by limiting exposure to a single obligor. However, the present proposal seeks to align the SDI framework with the RBI SSA Directions. It facilitates listing of securitisation transactions already permitted under the prudential regulatory framework applicable to RBI-regulated entities. In view of the above, the

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	product is in the best interests of the investors.	which are by nature complex. We believe that if an investor wishes to take exposure to a single asset class they can do so via DA or PTC. The oversight of RBI ensures compliance with prudential norms for the originators and does not consider whether the structured product is in the best interests of the investors.	suggestion **may not be accepted**
2.	We urge SEBI to remove the three-year track record requirements under Regulation 19A(d) (originator track record) and Regulation 19A(e) (obligor track record) of the SEBI (Issue and Listing of Securitised Debt Instruments and Security Receipts) Regulations, 2008 (SDI Regulations) in all cases where the underlying asset pool consists of listed Non-Convertible Debentures (NCDs) that carry a valid credit rating from a SEBI-registered credit rating agency	In NCD securitisation structures, originators typically acquire NCDs from the secondary market. The originator's role is that of an investor or aggregator, not a lender or debt creator. The policy rationale for Regulation 19A(d) is to ensure that the originator has the	The suggestion is beyond the remit of consultation paper.

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		underwriting expertise and operational maturity to assess and originate the underlying debt. That rationale has no application to secondary-market NCD acquisitions. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations 2021 (NCS Regulations) do not require a three-year operational track record as a precondition for issuance. A company may issue listed NCDs after satisfying the applicable eligibility thresholds even if it has been in existence for fewer than three financial years. This creates a direct and	

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		damaging regulatory inconsistency: 1. An issuer is permitted to issue and list NCDs under the NCS Regulations without three years of operations. 2. There is a bar on those same listed NCDs from being used as underlying assets in a securitisation, solely because the issuer does not satisfy the Regulation 19A(e) track record requirement. The result is that a regulatory-compliant listed instrument, freely tradeable on the secondary market, is nonetheless ineligible as securitisation collateral under a different regulation.	

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		To summarize, the regulatory machinery surrounding listed NCDs already provides the investor protection that the three-year track record requirement is designed to deliver. We therefore request SEBI to amend Regulation 19A of the SDI Regulations to add a proviso that removes the three-year track record requirements under both clauses (d) and (e) where the underlying asset pool consists of listed NCDs	
	Proposal II: Stipulating certain disclosure requirements on 'Servicer'		
3.	We believe the requirements for furnishing information must be	We believe the requirements for	The proposal seeks to place disclosure

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	placed on both the originator and servicer. The originator is the entity that creates the loans and underwrote the borrowers. The servicer is responsible for collecting the EMI managing borrower relationships cash flow administration and handling of defaults and recoveries thereon. Putting the responsibility of furnishing requirements on servicer may be insufficient in event of weaknesses in origination practices. Origination risk and servicing risk are distinct but interdependent aspects of securitization risk and both are relevant for investor assessment of the transaction. Therefore it is appropriate to consider disclosure requirements relating to both the originator and servicer.	furnishing information must be placed on both the originator and servicer. The originator is the entity that creates the loans and underwrote the borrowers. The servicer is responsible for collecting the EMI managing borrower relationships cash flow administration and handling of defaults and recoveries thereon. Putting the responsibility of furnishing requirements on servicer may be insufficient in event of weaknesses in origination practices. Origination risk and servicing risk are distinct but interdependent aspects of securitization risk and both are relevant for	obligations on the servicer, who is responsible for collection, monitoring and reporting of cash flows, and is therefore best positioned to provide timely and accurate information. In view of the above, the **suggestion may not be accepted**.

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		investor assessment of the transaction. Therefore it is appropriate to consider disclosure requirements relating to both the originator and servicer.	
	Proposal III: Constitution of Board of Trustee of SPDE for RBI regulated Originators		
4.	As per the proposal, the RBI's extant regulatory framework, already stipulates inter alia that the originator should not have more than one representative on the Board of the SPDE who should be without veto power. Accordingly, repeating the same provision in SEBI requirement may not be warranted; the RBI regulated entities are anyways required to follow the respective guidelines and stricter will always prevail. Further, in case of any future amendments in RBI framework in this regard, SEBI provision may become inconsistent if the said proposal is accepted	-	**Not accepted.** The proposal does not create any additional compliance burden, but merely codifies within the SDI Regulations the governance safeguards already applicable to RBI-regulated entities.

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	Proposal IV: Clarification regarding the originator and SPDE belonging to the same group to enter into a securitization transaction		
5.	The current regulation is in place to prevent self dealing securitization structures. In event the above proposal is passed there can be instances where the same group controls the originator SPDE trustee and the servicing chain. The NBFC entity can transfer bad loans to an SPV. As the chain is controlled by the group there is a conflict of interest and hidden risk transfer in such transactions. In 2023 RBI had come down on a financial services group for selling bad loans from its NBFC to its ARC at an inflated valuation. We fear that a similar situation may come to pass except that such loans can be standard assets in the NBFCs books. As external investors will be involved in the securitized instrument the current restriction must be kept in place.	The current regulation is in place to prevent self dealing securitization structures. In event the above proposal is passed there can be instances where the same group controls the originator SPDE trustee and the servicing chain. The NBFC entity can transfer bad loans to an SPV. As the chain is controlled by the group there is a conflict of interest and hidden risk transfer in such transactions. In 2023 RBI had come down on a financial services group for selling bad loans from its NBFC to its ARC at an inflated valuation. We fear that a similar situation may come to	**Accepted**. The extant regulations provide that SPDE shall not acquire receivables from any originator which is (a) part of same group as trustee: OR (b) under the same control as the trustee. For removal of any doubts, Regulation 10(3) may be suitably amended.

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		pass except that such loans can be standard assets in the NBFCs books. As external investors will be involved in the securitized instrument the current restriction must be kept in place.	
6.	We do not support the proposed relaxation permitting same group transactions	as it may give rise to conflict of interest governance and investor protection concerns	**Accepted**. The extant regulations provide that SPDE shall not acquire receivables from any originator which is (a) part of same group as trustee: OR (b) under the same control as the trustee. For removal of any doubts, Regulation 10(3) may be suitably amended.
7.	The existing restriction under the SDI regulations prohibiting acquisition of receivables from entities forming part of the same group or under common control has been prescribed so that the trustees can preserve independence and conflict of	-	**Accepted**. The extant regulations provide that SPDE shall not acquire receivables from any originator which is (a) part of same group as trustee: OR (b) under

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	interest can be avoided in listed transactions. Although the RBI SSA Directions may permit such transactions for RBI regulated entities, there may not be a corresponding necessity to dilute the existing SDI regulatory safeguard. Further, before allowing such transactions in listed space, there may be a need to review the volume of existing unlisted securitization transactions within the same group to assess the need for dilution in SDI regulations, which aim to have arms length securitization transactions for the benefit of investors		the same control as the trustee. For removal of any doubts, Regulation 10(3) may be suitably amended.
	Proposal V: Winding up of securitisation transactions		
8.	We strongly support the proposal. The existing winding-up power under Regulation 45(2) has, in our humble view, been a long-standing concern from an investor protection standpoint. Forced liquidation of a performing asset pool on account of regulatory action against the trustee, which is an entity structurally separate from both the originator and the	1. Retention of a residual SEBI power to direct winding-up. The proposed amendment removes the winding-up option entirely from Regulation 45(2). We respectfully request SEBI to consider retaining a residual	**Accepted.** With respect to suggestion 1, It is proposed to amend Regulation 20 of the SDI Regulation to retain a residual discretion to direct winding up of scheme in extreme cases. **Not Accepted.** With respect to Suggestion 2

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	underlying assets, results in investors bearing the consequences of an event in which they had no role. We respectfully submit that this consequence may also have contributed to investor reluctance towards long-tenor securitisation transactions. We humbly submit that the proposed substitution of trustee replacement for winding-up better serves investor interests and is consistent with the RBI position that originator buy-back is not permissible save in limited circumstances. From an investor-protection standpoint, the amendment removes a long-standing concern that we have observed in the market. Suggestions for SEBI's kind consideration 1. Retention of a residual SEBI power to direct winding-up. 2. Maximum timeline for new trustee appointment. We humbly request SEBI to consider prescribing a maximum	discretion to direct winding-up in extreme cases, for instance where no replacement trustee is available, where the SPDE itself is compromised, or where investor interests otherwise require liquidation. The drafting could read on the following lines: "the Board may direct the appointment of a new trustee in place of the trustee whose registration is suspended or cancelled, or, where appointment of a new trustee is not feasible 2. Maximum timeline for new trustee appointment. We humbly request SEBI to consider prescribing a maximum timeline (for instance, 60 or 90	prescribing a fixed timeline for appointment of a new trustee, it may be noted that such situations may require case-specific assessment, and prescribing a rigid timeline may not be appropriate in all circumstances.

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	timeline (for instance, 60 or 90 days from the order of suspension or cancellation) within which the new trustee must be appointed.	days from the order of suspension or cancellation) within which the new trustee must be appointed, with a view to avoiding any governance vacuum during the transition. An interim arrangement (such as an administrator or temporary trustee) for the transition period may also kindly be specified.	
9.	The current SDI Regulations expressly provide that in the event of suspension or cancellation of registration of a trustee, SEBI may have the power to wind up the concerned asset pool shall be wound up. It has now been proposed to remove this and enable SEBI to permit the appointment of a new trustee in place of the trustee whose registration has been suspended or cancelled to ensure continuity of the asset pool and avoid its mandatory winding up solely on account of winding up of trustee.	SEBI may consider providing such alternate options as deemed appropriate; however the power to order winding up may be retained by SEBI since it is just an enabling clause and decision may be taken by SEBI on case to case basis.	**Accepted.** It is proposed to amend Regulation 20 of the SDI Regulation to retain a residual discretion to direct winding up of scheme in extreme cases.

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	Other Suggestions		
10	RBI allows securitization of unlisted debt securities, which are in the nature of loans and advances as long as they are standard, whereas, as per the SDI Regulations, unlisted debt securities have been explicitly excluded from the eligible assets for securitization.	RBI inherently view unlisted corporate debt as a credit exposure. As RBI framework, unlisted debentures are treated at par with term loans or other credit facilities for regulatory and valuation purposes.	The suggestion is beyond the remit of consultation paper.

Annexure C

Draft amendment notification

Amendment shall be notified after following the due process