

¹⁰⁸[4. The fee specified in paragraphs 1, 2 and 3A shall be payable by the Debenture Trustee by way of direct credit in the bank account through online payment using SEBI payment gateway.]

¹⁰⁹[SCHEDULE III
Securities and Exchange Board of India (Debenture Trustees)
Regulations, 1993
[Regulation 16]
CODE OF CONDUCT

1. A Debenture Trustee shall make all efforts to protect the interest of debenture holders.
2. A Debenture Trustee shall maintain high standards of integrity, dignity and fairness in the conduct of its business.
3. A Debenture Trustee shall fulfill its obligations in a prompt, ethical and professional manner.
4. A Debenture Trustee shall at all times exercise due diligence, ensure proper care and exercise independent professional judgment.
5. A Debenture Trustee shall take all reasonable steps to establish the true and full identity of each of its clients, and of each client's financial situation and maintain record of the same.
6. A Debenture Trustee shall ensure that any change in registration status/any penal action taken by Board or any material change in financial position which may adversely affect the interests of clients/debenture holders is promptly informed to the

¹⁰⁷ Substituted by the Securities and Exchange Board of India (Change In Conditions Of Registration Of Certain Intermediaries) (Amendment) Regulations, 2016 w.e.f. 08-12-2016. Prior to substitution paragraph 3A read as under:

“3A. The non-refundable fee payable along with an application for registration under sub-regulation (1A) of regulation 3 or an application for ¹⁰⁷[permanent registration under sub-regulation (1) or sub-regulation (2) of regulation 8A] shall be a sum of ¹⁰⁷[fifty] thousand rupees.”

Prior to the above paragraph 3A was inserted by the SEBI (Debenture Trustees) (Amendment) Regulations, 2006, w.e.f. 7-9-2006.

Also, the words “permanent registration under sub-regulation (1) or sub-regulation (2) of regulation 8A” were substituted by the SEBI (Debenture Trustees) (Amendment) Regulations, 2011, w.e.f. 5-7-2011 for the words and figures “renewal of registration under sub-regulation (1A) of regulation 9”; and the words “fifty” were substituted by the SEBI (Payment of Fees) (Amendment) Regulations, 2014, w.e.f. 23-5-2014 for the words “twenty five”

¹⁰⁸ Substituted by the SEBI (Payment of Fees and Mode of Payment) (Amendment) (Regulations) 2021 w.e.f. 05-05-2021. Prior to substitution the clause read as:

“4. The fees specified in paragraphs 1, 2 and 3A shall be payable by the Debenture Trustees by way of direct credit in the bank account through NEFT/RTGS/IMPS or any other mode allowed by RBI or by a demand draft in favour of “The Securities and Exchange Board of India” payable at Mumbai or at the respective regional office.”

¹⁰⁹ Substituted by the SEBI (Debenture Trustees) (Amendment) Regulations, 2003, w.e.f. 1-10-2003. Earlier, it was amended by the SEBI (Investment Advice by Intermediaries) (Amendment) Regulations, 2001, w.e.f. 29-5-2001.

clients and any business remaining outstanding is transferred to another registered intermediary in accordance with any instructions of the affected clients.

7. A Debenture Trustee shall avoid conflict of interest and make adequate disclosure of its interest.

8. A Debenture Trustee shall not divulge to anybody either orally or in writing, directly or indirectly, any confidential information about its clients which has come to its knowledge, without taking prior permission of its clients, except where such disclosures are required to be made in compliance with any law for the time being in force.

9. A Debenture Trustee shall put in place a mechanism to resolve any conflict of interest situation that may arise in the conduct of its business or where any conflict of interest arises, shall take reasonable steps to resolve the same in an equitable manner.

10. A Debenture Trustee shall make appropriate disclosure to the client of its possible source or potential areas of conflict of duties and interest while acting as debenture trustee which would impair its ability to render fair, objective and unbiased services.

11. A Debenture Trustee shall not indulge in any unfair competition, which is likely to harm the interests of other trustees or debenture holders or is likely to place such other debenture trustees in a disadvantageous position while competing for or executing any assignment nor shall it wean away the clients of another trustee on assurance of lower fees.

12. A Debenture Trustee shall not discriminate among its clients, except and save on ethical and commercial considerations.

13. A Debenture Trustee shall share information available with it regarding client companies, with registered credit rating agencies.

14. A Debenture Trustee shall provide clients and debenture holders with adequate and appropriate information about its business, including contact details, services available to clients, and the identity and status of employees and others acting on its behalf with whom the client may have to contact.

15. A Debenture Trustee shall ensure that adequate disclosures are made to the debenture holders, in a comprehensible and timely manner so as to enable them to make a balanced and informed decision.

16. A Debenture Trustee shall endeavour to ensure that—

- (a) inquiries from debenture holders are adequately dealt with;
- (b) grievances of debenture holders are redressed in a timely and appropriate manner;
- (c) where a complaint is not remedied promptly, the debenture holder is advised of any further steps which may be available to the debenture holder under the regulatory system.

17. A Debenture Trustee shall make reasonable efforts to avoid misrepresentation and ensure that the information provided to the debenture holders is not misleading.

18. A Debenture Trustee shall maintain required level of knowledge and competency and abide by the provisions of the Act, regulations and circulars and guidelines. The debenture trustee shall also comply with the award of the Ombudsman passed under the Securities and Exchange Board of India (Ombudsman) Regulations, 2003.

19. A Debenture Trustee shall not make untrue statement or suppress any material fact in any documents, reports, papers or information furnished to the Board.

20. A Debenture Trustee or any of its directors, partners or manager having the management of the whole or substantially the whole of affairs of the business, shall

not either through its account or their respective accounts or through their associates or family members, relatives or friends indulge in any insider trading.

21. A Debenture Trustee shall ensure that the Board is promptly informed about any action, legal proceeding, etc., initiated against it in respect of any material breach or non-compliance by it, of any law, rules, regulations, directions of the Board or of any other regulatory body.

22. (a) A Debenture Trustee or any of his employees shall not render, directly or indirectly, any investment advice about any security in the publicly accessible media, whether real-time or non-real-time unless a disclosure of his interest including long or short position in the said security has been made, while rendering such advice.

(b) In case, an employee of the Debenture Trustee is rendering such advice, the debenture trustee shall ensure that he discloses his interest, the interest of his dependent family members and that of the employer, including their long or short position in the said security, while rendering such advice.

23. A Debenture Trustee shall ensure that any person it employs or appoints to conduct business is fit and proper and otherwise qualified to act in the capacity so employed or appointed (including having relevant professional training or experience).

24. A Debenture Trustee shall ensure that it has adequate resources to supervise diligently and does supervise diligently persons employed or appointed by it to conduct business on its behalf.

25. A Debenture Trustee shall have internal control procedures and financial and operational capabilities which can be reasonably expected to protect its operations, its clients, debenture holders and other registered entities from financial loss arising from theft, fraud, and other dishonest acts, professional misconduct or omissions.

26. A Debenture Trustee shall be responsible for the acts or omissions of its employees and agents in respect to the conduct of its business.

27. A Debenture Trustee shall provide adequate freedom and powers to its compliance officer for the effective discharge of its duties.

28. A Debenture Trustee shall ensure that the senior management, particularly decision makers have access to all relevant information about the business on a timely basis.

29. A Debenture Trustee shall ensure that good corporate policies and corporate governance is in place.

30. A Debenture Trustee shall develop its own internal code of conduct for governing its internal operations and laying down its standards of appropriate conduct for its employees and officers in the carrying out of their duties. Such a code may extend to the maintenance of professional excellence and standards, integrity, confidentiality, objectivity, avoidance of conflict of interests, disclosure of shareholdings and interests, etc.

31. A Debenture Trustee shall not be party to—

- (i) creation of false market;
- (ii) price rigging or manipulation;
- (iii) passing of unpublished price sensitive information in respect of securities which are listed and proposed to be listed in any stock exchange to any person or intermediary.]