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# Sebi unveils norms for zero coupon instruments by NPOs

The Securities and Exchange Board of India (Sebi) Thursday unveiled a roadmap for public issuance of 'zero coupon zero principle' instruments by not-for-profit organisations (NPOs) and listing of such instruments on the Social Stock Exchange (SSE). Sebi said that such instruments will be issued in dematerialised form only, and are not transferable. The minimum issue [...]

By: **ENS Economic Bureau**

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The Securities and Exchange Board of India (Sebi) Thursday unveiled a roadmap for public issuance of 'zero coupon zero principle' instruments by not-for-profit organisations (NPOs) and listing of such instruments on the Social Stock Exchange (SSE).

Sebi said that such instruments will be issued in dematerialised form only, and are not transferable. The minimum issue size has been set at Rs 50 lakh, the minimum application size at Rs 10,000 and the minimum subscription required to be achieved will be 75 per cent of the funds proposed to be raised through the issuance of such instruments.

According to Sebi, an NPO, through the lead manager, is required to file the draft fundraising document with the SSE and an application seeking in-principle approval for listing the instrument on the SSE. The SSE will provide its observation on the draft fundraising document to the NPO within 30 days from the filing of the papers or receipt of clarification, if any, sought by the exchange from the NPO, whichever is later, it said in a circular.

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NPO will incorporate the observations of the SSE in a draft document and file the final papers to the SSE prior to opening the issue. The SSE will have to specify the

details to be incorporated in the fundraising document.

In 2022, the government declared 'zero coupon zero principal instruments' as securities.



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In case of any under subscription, the NPO will have to provide details in the fundraising document on the manner of raising balance capital in case of such under subscription and possible impact on achieving the social objective in case such under subscription is not arranged. The funds will be refunded in case the subscription is less than 75 per cent of the issue size.

Sebi said the SSE will be required to maintain the details of the allotment following the issuance of zero coupon and zero principal instruments by an NPO. Further, SSE will have to specify the additional norms with respect to the issue procedure, such as agreements with depositories, banks, ASBA-related matters, duration for public issuance, allocation methodology and any other ancillary matter related to the issue procedure.

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