

CIRCULAR

HO/17/11/12(3)2025-DDHS-POD1/ I/146/2025

November 25, 2025

To,

**All Registered Debenture Trustees,
Recognized Stock Exchanges**

Dear Sir/ Madam,

Sub: Specification of the terms and conditions for Debenture Trustees for carrying out activities outside the purview of SEBI

1. On October 27, 2025, amendments to the SEBI (Debenture Trustees) Regulations, 1993 ('DT Regulations') were notified, whereby regulation 9C was incorporated, to bring clarity on the permitted activities for a DT. The sub-regulation 1 of the said regulation 9C, provides as follows:

"Permitted Activities.

9C. (1) A debenture trustee may also undertake:

(a) activities which fall under the purview of any other financial sector regulator specified by the Board, in accordance with the regulations or guidelines issued by such financial sector regulator; and/ or

(b) activities that do not fall under the purview of the Board or any other financial sector regulator, which shall be fee-based, non-fund based and pertain to the financial services sector;

on an arms-length basis through separate business units of such debenture trustee, in such a manner and subject to such other conditions as may be specified by the Board:

Provided that a debenture trustee which is also regulated by the Reserve Bank of India, shall carry out the activity of debenture trustee through separate business unit of such debenture trustee:

Provided further that a debenture trustee that already holds a certificate of registration under these regulations may transfer its activities, to separate business unit (s), within a period of six months from the notification of the Securities and Exchange Board of India (Debenture Trustee) (Amendment) Regulations, 2025 in the Official Gazette, or such extended period that the Board may specify.

Explanation: — For the purpose of this regulation, the expression "financial sector regulator" shall mean the Reserve Bank of India, the Insurance Regulatory and Development Authority of India, the Pension Fund Regulatory and Development

Authority, the International Financial Services Centres Authority, the Insolvency and Bankruptcy Board of India, the Ministry of Corporate Affairs and such other authorities as may be specified by the Board.”

2. In this regard, the conditions for DTs to undertake activities that are not regulated by SEBI, are given below:
 - 2.1. The DT shall undertake such activities that are not regulated by SEBI only at arms' length basis through one or more Separate Business Unit (SBU) of the DT, segregated by a Chinese Wall and ring-fenced from the SEBI regulated activities.
 - 2.2. The DT shall ensure that the grievance redressal mechanism including escalation mechanism, if any, with respect to activities not regulated by SEBI, is separate and distinct from the grievance redressal mechanism provided for activities regulated by SEBI and is part of the SBU.
 - 2.3. The DT shall prepare and maintain separate records in the SBU, for the non-SEBI regulated activities.
 - 2.4. The staff of the DT engaged in the non-SEBI regulated activities, should be distinct from the staff handling activities regulated by SEBI. However, the staff can cross the Chinese Wall, subject to due procedures approved by the board of directors of the DT. Such Chinese Wall shall not be applicable for the key managerial personnel.
 - 2.5. The other resources including the information technology infrastructure may be shared between the activities regulated by the Board and activities that are not regulated by the Board subject to due procedures approved by the board of directors of the DT.
 - 2.6. The DT shall duly disclose on its website, the list of the activities that are not SEBI regulated, along with a disclosure that none of the SEBI investor protection mechanism will be available for any grievances or disputes arising out of or pertaining to such activities. A DT undertaking such activities, as on the date of this circular, shall make the said disclosure on its website, within thirty days from the date of this circular.
 - 2.7. If the DT undertakes activity regulated by other Financial Sector Regulator (FSR), the name of the relevant FSR should also be specified in disclosures to relevant stakeholders. Further, the DT shall comply with the regulatory framework, if any, as may be specified by the respective FSR for the matters relating to policy, eligibility criteria, risk management, investor grievance or dispute handling mechanism, inspection, enforcement and claims.
 - 2.8. The DT shall ensure that its advertising or marketing material and its webpage displaying information pertaining to non-SEBI regulated activities, shall be separate and distinct from SEBI-regulated activities.
 - 2.9. Before undertaking any activities which are not regulated by SEBI, there shall be an upfront written disclosure by the DT, as mentioned at paragraph 2.6 and 2.7 above,

to the relevant stakeholders including clients, beneficiaries and counterparties. The said disclosure shall be made, on all engagement letters, contracts, agreements, and business communication that such activities do not fall within the regulatory purview of SEBI. In this regard, confirmation shall also be obtained from the stakeholders, at the time of engagement, that they have understood the nature of the activity, risks involved and non-availability of any SEBI investor protection mechanism.

- 2.10. For the existing and ongoing arrangements w.r.t the non-SEBI regulated activities, a DT shall make disclosures, as mentioned at paragraph 2.6 and 2.7 above, and obtain confirmation/ acknowledgement from the stakeholders including clients, beneficiaries and counterparties, and submit a compliance report to the Board, within a period of six months from the date of this circular.
- 2.11. The DT undertaking any activity not regulated by SEBI shall ensure that, in respect of activities not regulated by the Board, it submits an undertaking as part of the half-yearly compliance report confirming compliance with the requirements of regulation 9C of the DT Regulations and the provisions of this circular, duly reviewed and approved by its board of directors.
3. Further, as specified in the first proviso to regulation 9C(1) of the DT Regulations, a DT which is also regulated by the Reserve Bank of India, shall carry out the activity of DT through SBUs of such DT. Therefore, the terms and conditions specified at paragraph 2 above shall be complied with by such SBU.
4. The circular shall come into force with immediate effect.
5. This circular is issued in exercise of powers conferred under Section 11(1) of Securities and Exchange Board of India Act, 1992 and Regulation 2A of SEBI (Debenture Trustees) Regulations, 1993, to protect the interest of investors in securities and to promote the development of, and to regulate, the securities market.
6. This circular is available on the website of the Securities and Exchange Board of India at www.sebi.gov.in under the category "Legal" and under the drop down "Circulars".
7. This circular is issued with the approval of the competent authority.

Yours faithfully,

Divya Hamirbasia
Deputy General Manager
Department of Debt and Hybrid Securities
Tel No. - 022-2644-9293
Email ID - divyah@sebi.gov.in