

**31<sup>st</sup> March 2020**

### **Operational Guidelines for Commercial Paper Effective from 1<sup>st</sup> April 2020**

RBI published the revised Commercial Paper Directions, 2017 on 10.08.2017. As per these directions' issuers, investors and IPAs shall follow the standard procedures and documentation prescribed by FIMMDA as 'Operational Guidelines on CPs'. The operational guidelines were issued on 5<sup>th</sup> October 2017. Recently, GOI announced revised stamp duty. Market developments post the last guidelines issued and clarity requested for by market participants on some paras has prompted us to revise these guidelines. The revised guideline shall come into effect from 1<sup>st</sup> April 2020. Revised Stamp Duty will take effect from 1<sup>st</sup> July 2020 or the date as Ministry of Finance, Department of Revenue may advise.

CPs universally is an unsecured short-term debt paper. Considering the amendments under the Indian Stamp Act, 1899, effective 1<sup>st</sup> July 2020, CPs have now been included in the definition of Debentures under Section 2(10A) (for the purposes of stamp duty). However, CPs will continue to be issued in the form of Usance Promissory Note (UPN).

CP, now, being a standalone product will be held in demat mode by all. Due to complexity of legal frame work and in order to protect the interest of various market players / participants for ensuring smooth flow of the transactions in the CP market, the Issuing and Paying Agent ("IPA") will play a prominent role.

CPs where proposed to be listed, issuers will note to comply with SEBI regulation in addition to the operational guidelines.

The revised operational guidelines are framed in line with discussions held with Market participants and the revised changes subsequent to the earlier operational guidelines have been incorporated after obtaining necessary approvals from RBI. Efforts have been made in these guidelines to protect the interest of all stake holders while giving additional comfort to trade the most liquid Money Market instrument across the country in the demat mode.

The guidelines will come into effect from 1<sup>st</sup> April 2020. If RBI makes any changes in their directions, we will incorporate the same in our document. But till we insert such changes, the market participants will follow the RBI guidelines.

Regards,

D.V.S.S.V. Prasad

Chief Executive Officer

## Index

S.NO.	PARTICULARS	PAGE
1	Operational Guidelines - Standard Procedure and Documentation	3-31
2	Eligibility criteria and related operational matters	3
3	General Guidelines	3
4	Process of issue of Commercial Paper	4
5	Process of redemption	6
6	CP- Credit enhancement	7
7	Role of Issuer	8
8	Functions of IPA	10
9	Role of Credit Rating Agencies	11
10	Secondary Market Transactions in CP	11
11	Buyback of CP	11
12	IPA Agreement – Format	14-31
13	Annexure I – Format of Letter of Offer by CP issuer	32
14	Annexure II - Format of CP in the form of a Promissory Note	34
15	Annexure III - Format /specimen of Jumbo Usance Promissory Note	35
16	Annexure IV – Format of IPA Certificate	36
17	Annexure V - Format of Deal confirmation	38
18	Annexure VI - Proforma of quarterly certificate to be submitted by the Issuer	39
19	Annexure VII - Stamp Duty on CPs	40

## **Commercial paper (CP): Operational Guidelines**

### **Standard Procedure and Documentation**

(Standard procedures and documentation prescribed by FIMMDA in line with RBI's Direction No. FMRD.DIRD.2/14.01.002/2017-18 dt August 10, 2017.)

### **Eligibility Criteria and related Operational matters:**

#### **Who can issue?**

- a. Companies
- b. Non-Banking Finance Companies (NBFCs)
- c. All India Financial Institutions (AIFIs)
- d. Other entities with a net worth of Rs. 100 Crore or higher viz.
  - i) Co-operative societies / Unions
  - ii) Government entities
  - iii) Trusts
  - iv) Limited Liability Partnerships
  - v) Any other body corporate having presence in India
- e. Any other entity specifically permitted by the Reserve Bank of India (RBI).

#### **Conditions:**

- i) All fund-based facility(ies) availed of from bank(s) and/or financial institutions should be classified as standard asset by the financing banks/institutions at the time of issue.
- ii) Issuers who have defaulted on a CP shall not be allowed to access the CP market for six months from the date of repayment of the defaulted obligation.

#### **Who can invest?**

- a. All resident Indian can invest. Non-residents are permitted to invest in CPs under Foreign Exchange Management Act, 1999.
- b. Investment by regulated financial sector entities will be subject to such conditions as the concerned regulator may impose.
- c. No person can invest in CPs issued by related parties either in the primary or secondary market.

#### **Who can act as Issuing and Paving Agent (IPA)?**

Any scheduled bank can act as an IPA.

IPA should have an exclusive 'CP Funds Account' for each issuer and 'CP Securities Account' for the purpose of facilitating CP Buyback.

1. CP will be issued at a discount to face value.
2. The CP can be issued for a period not less than 7 days and not exceeding one year from the date of issue.
3. Minimum denomination/marketable lot for CP will be Rs.5 lac, and multiples thereof.
4. Redemption date of a CP should be a Mumbai business day.
5. Options (call/put) are not permitted under CP, but Buyback of CPs is permitted, subject to conditions.
6. No CP issue can be underwritten or co-accepted.
7. The exact purpose shall be disclosed in the offer document at the time of issue of CP. (The purpose will have to be exact eg: For meeting Stock in trade/Receivables, Repairs, Admin expenses, Salaries, Creation of an asset, Bridge Finance for etc. and NOT as general Corporate purposes).
8. A CP shall be issued in the form of a promissory note and held in a dematerialized form through any of the depositories approved by and registered with SEBI.
9. The amounts sought to be raised under the CP should be within the limits approved by Board of directors of the issuer or within the ceiling stipulated by Credit Rating Agency whichever is lower.
10. If the CP issue has been rated by more than one rating Agency: (i) Where the ratings are different, the lower of the two ratings along with the amount specified against the rating should be adopted. (ii) Where the ratings are the same but the amounts are different, the rating with the lower amount should be adopted
11. CPs shall be issued within the validity for issuance mentioned in the Credit rating letter. The maturity date of the CP should fall within the validity period of rating.
12. All the CPs must be issued by way of private placements only.
13. Investments by related parties as defined in sec 2(76) of Companies Act, 2013 are not allowed.
14. The issuer shall appoint an IPA and enter into an IPA Agreement.
15. If a CP is supported by a standby assistance/backstop facility/irrevocable guarantee, the issuer must appoint an independent trustee. The same should be mentioned in the letter of offer.
16. If the CP is proposed to be listed, it shall be mentioned in the letter of offer. The issuer shall be responsible for listing the same and also will comply with SEBI guidelines in this regard.

### **Process of issue of Commercial Paper:**

Eligible issuer will approach IPA for its entire CP programme or a specific tranche of the CP.

Issuer would enter into with IPA, an agreement (format appended).

Issuer should have an arrangement with Depository for its CP issuance. Depository requires an agreement to be executed with it along with its Registrar and Transfer Agent. The Issuer is required to comply with the formalities and procedure, including electronic platform, if any prescribed by Depositories.

Once this arrangement is in place, the Issuer can get ISIN created by submitting the “letter of intent” in the stipulated format along with other necessary documents as prescribed by the Depository. All securities held in specific ISIN number will have same maturity date and other characteristic features, irrespective of the fact when the security (CP) is created / issued. Importantly, ISIN should be in place and activated before a CP programme starts.

The ISIN is created based on the maturity date of the CP. The CP programme / tranche issued must be completed within a period of two weeks from the date of commencement of the issue. The ISIN number should be made known to the IPA for control purposes through Issuer/ Registrar and Transfer Agent.

On value date, on receipt of funds from the prospective investor, the IPA will inform the depositories along with issuer/its RTA to credit CPs directly to the investors Demat account. A list as per NSDL format (Annexure-VIII) provided to the IPA/RTA will be uploaded to the depository.

Depositories to cross verify the details uploaded by the RTA with that uploaded by the IPA then credit the units in the Demat account of the investor.

In case of difference in data between the list provided by IPA and RTA, the corporate action will be reinitiated by the depositories with the RTA, IPA and the Issuer.

For operational convenience, prospective investors should remit the fund to the IPA by 4.00 p.m. to enable them to complete all actions within normal banking hours. All deals to be reported on F TRAC by 5:00 p.m.

IPA should have **an exclusive CP Funds Account** (a separate account operable by the IPA) for each such issuer for crediting the funds received from the investors on issue of the Demat CP. From this account, the funds will be transferred to the issuers’ normal account.

Since several series of CPs of an issuer may simultaneously be open in the market, to keep track of funds received etc. it will be in order to maintain a separate current account called as **“CP Funds Account--(Company)”**.

As soon as the CP is subscribed (by negotiation or by book building process), the Issuer exchanges Deal Confirmation Note (Annexure V) with the investors. Issuer will submit full details to the IPA such as:

1. Value Date of deal
2. Name and address of the counter party
3. Contact person’s name, telephone, fax numbers etc.
4. Details of the DP account of investor/buyer such as client name, client ID, DP a/c No., DP ID etc. as contained in the Deal Confirmation Notes as also the jumbo CP.
5. FV of CP to be delivered and consideration to be received.
6. Letter/mail from the investor giving the depository details of the investor.
7. Consolidated list of CPs to be issued for different value date.
8. Confirmation that the investors are not out of related parties as defined in section 2 (76) of Companies Act, 2013.

Issuer will approach the IPA preferably a day before the actual issue of the CP, and submit original rating letter issued by CRA/s for perusal and return the same.

It will also submit a single promissory note for total FV of the CPs (Jumbo Promissory Note as set out in Annexure III) to be issued (Ref to ISIN may be given), duly executed. Issuers are encouraged to issue digitally signed usance promissory note. The stamping of the UPN would be as per the Indian Stamp Act and the same shall be collected by the Depositories w.e.f 1<sup>st</sup> July 2020. The stamp duty structure as on 1st July 2020 is given in Annexure VII.

Stamp duty collection will be ensured by the depository before execution of corporate action.

IPA, after verification of the consolidated UPN can prepare an IPA certificate as per Annexure IV and make available the same in electronic form on the website and also any electronic platform of the depositories for the CPs. IPAs are encouraged to shift to issue of digital signature certificates.

The IPA will hold consolidated UPN by making suitable remarks on it, which reads as follows.

“Issuer has created electronic security against the UPN with----- (Name of the Depository) bearing ISIN No: --- for the credit of investors’ account with DPs stated in issuers letter dated-- --and not available for trade in the secondary market.”

The CP in UPN form will not be cancelled when the security in demat is created. However, the UPN with notings stated above on the face of it, will be kept with IPA and would thus not be available to the market for trading. The IPA shall ensure that the issuer has created electronic security against the UPN bearing the ISIN.

**Process of Redemption:**

One working day before the maturity date, IPAs will send a request to the depositories to give a list of investors (BENPOS report) as at the end of that day with their bank account details. No transfers/transactions will be permissible on maturity date of CP. The depositories will furnish the list of investors/holders of CP before 11:00 A.M. on the maturity date. Subject to availability of funds in the Issuer's account, the IPA can make full/pro-rata redemption payment to the investors/holders of CP. When CPs are fully redeemed IPA will advise the depositories through Registrar and Transfer Agent to extinguish the CP as a debit corporate action on the same day.

If the issuer has made only partial payment of the CP maturing then the payment should be made to the holder/s on pro rata basis.

Maturity date for CP is final date of payment and no days of grace are allowed.

On maturity date, by 2 p.m., the Issuer should make clear funds available in the funding account, which is maintained with the IPA exclusively for the purpose of issue and redemption of CPs. The Issuer, while providing funds, may demarcate funds for redemption of specific issue(s).

The Issuer will be wholly responsible to make clear funds available to the IPA for settlement of CP on the maturity date.

Unless otherwise instructed, the IPA would settle the CP by electronic transfer of funds on due date.

If funds are not available in the Issuer's account on due date, the IPA would promptly advise the default to the holders of CP/trustee, if any and on F-TRAC platform.

The holders would have recourse to the Issuer and stand-by credit provider (through trustee, if any), on the strength of default advice received from IPA.

**Default/Delay in Redemption:**

The IPA is required to report the details all instances of default in CP payments on the F-TRAC platform by close of business hours of the day of default.

The IPA will also report the delay (technical delay-RTGS/NEFT/Market Disruption) in funding the CP Funds Account for redemption on maturity date. For this purpose, the time fixed in these CP Operational Guidelines will be the cut-off time.

The issuer who has defaulted on a CP shall not be allowed to access the CP market for six months from the date of repayment of the defaulted obligation.

**Registrar and Transfer Agent must not extinguish the redeemed securities at the instance of the issuer.**

IPA has been made the nodal point to protect the interest of the investors. In case of inadequacy of funds in 'CP Funds Account' of issuer, to redeem all the CPs due on that day, the payment should be made to the holder/s on pro rata basis.

In case of default, the IPA will intimate the investors, Depository, Registrar and transfer agent, Trustee if any and the CRA concerned.

**Holiday Convention:**

The original redemption date should be a Mumbai Business Day. FIMMDA Handbook of Market Practices be followed for holiday convention including unscheduled holidays.

**Market Conventions:**

The CP is quoted in terms of yield, which is calculated based on actual number of days/365 days. All market conventions referred to herein would mean FIMMDA's market conventions appearing in the latest version of Handbook of Market Practices.

**CP-Credit Enhancement:**

- a) Banks and FIs may, based on their commercial judgement, choose to provide stand-by assistance/credit, back-stop facility etc. by way of credit enhancement for a CP issue.
- b) Non-bank entities (including corporates) may provide unconditional and irrevocable guarantee for credit enhancement for CP issue provided the offer document for CP properly discloses the net worth of the guarantor company, the names of the companies to which the guarantor has issued similar guarantees, the extent of the guarantees offered by the guarantor company and the conditions under which the guarantee will be invoked.

**Format of Credit Back Stop Facility:**

FIMMDA does not specify any specific format for credit backstop facility that can be provided by Bank/FI to the CP issue. The wording would depend upon the specific case.

The Backstop agreement can cover specific issue or the entire commercial paper programme of the issuing corporate, PD/SD, etc. as the case may be. The backstop should be in the form of an unconditional guarantee and should be available to the Trustee to facilitate redemption of the CP/CP programme of the issuer.

The backstop facility letter should state that it is issued within the prudential norms as applicable to issuer Bank/FI and has been subject to the specific approval of the Board of the said Bank/FI.

Such backstop facility/guarantee should mature at least after 7 working days from the CP maturity date to enable the beneficiary to lodge the claim.

**Role of issuer**

- 1) The Issuer will issue a Letter of Offer, either for a specific issue or for a series of issues, containing disclosure of information and brief particulars of the issue (Annexure I). In case the Letter of Offer is common to all issues, the master document should be updated for each issue. The Issuer will make the Letter of Offer available to the investors, by publishing the same on the website and the electronic platform if any of the depositories through the IPA.
- 2) In the letter of offer the issuer must disclose the exact purpose of the proceeds from CP issues. (The purpose will have to be exact eg: For meeting Stock in trade/Receivables, Repairs, Admin expenses, Salaries, Creation of an asset, Bridge Finance for.....etc. and NOT as general Corporate purposes).
- 3) The Issuer may fix a discount rate for issue of CP, or invite bids from prospective investors. The CP may also be issued at a negotiated price. There may be a single investor or multiple investors.
- 4) The Issuer will make available to the IPA requisite documents, at least one day prior to the value date of the first deal under the same series.
- 5) Appoint an IPA for issuance of a CP, a registrar and transfer agent and a trustee, if so required.

- 6) Comply with all relevant requirements for issue of CP and furnish a declaration in this regard to the IPA.
- 7) Furnish the Board resolution authorizing the company to borrow through the issuance of a CP.
- 8) Ensure that investments by related parties as defined in sec 2(76) of Companies Act, 2013 are not accepted.
- 9) With a single credit rating, an issuer can issue up to a maximum of Rs.999.95 crore only in a calendar year. If an issuer expects total CP issuance of Rs.1000 crore or more during a calendar year, he should obtain two ratings from the beginning of the calendar year. An issuer who started CP issuance with a single credit rating cannot issue CPs beyond Rs.999.95 crore even by obtaining a second rating letter subsequently during the calendar year.
- 10) Obtain credit rating(s) specifically indicating the amount of borrowing through CP and the validity period of rating and handover the same to the IPA.
- 11) Keep the bank(s) from whom it has outstanding fund or non-fund-based credit facility(ies) informed of its market borrowings, including through CPs, latest by the end of the month in which a CP was issued.
- 12) Arrange for demat credit into investors accounts on T-day (Value date) provided the stated consideration is received in the CP Funds Account maintained by the IPA.
- 13) Route all subscriptions /redemptions /buybacks/delayed payments and default details through the IPA.
- 14) Submit a certificate from the CEO/CFO/Topmost Executive of the entity to the concerned IPAs on quarterly basis that CP proceeds are used for disclosed purposes, and certifying adherence to other conditions of the offer document and the CP directions. The certificate may be provided within 15 days from the close of the quarter
- 15) The Issuer will authorise IPA to make the redemption payment based on the BENPOS report received through the registrar and transfer agent from the Depositories and extinguish the CPs.
- 16) The Issuer will make prompt repayment on the maturity date of a CP. Any default will debar the issuer to raise CPs for six months from the date of repayment of the defaulted CP.
- 17) Inform the CRA(s), IPA, registrar and transfer agent and Trustee on the same date about any default / delay in CP related payments.
- 18) We encourage issuers to use the services of one IPA only so as to enable better compliance of directions/guidelines.
- 19) If the CP is proposed to be listed, it shall be mentioned in the letter of offer. The issuer shall be responsible for listing the same and also will comply with SEBI guidelines in this regard.
- 20) Issuer will pay stamp duty at the time of primary CP issuance as per applicable rate as per Stamp Act.
- 21) If a CP is supported by a standby assistance/backstop facility/irrevocable guarantee, the issuer must appoint an independent trustee. The same should be mentioned in the letter of offer.

**Functions of IPA:** The IPA will:

- 1) Maintain an exclusive funding account for amount subscribed and amount redeemed with reference to each issuer including a CP securities account for buyback.
- 2) Hold Copy of original of Credit enhancement document if it is in the form of - Standby assistance/Backstop facility/irrevocable guarantee with relevant declarations and confirm that documents are in order.
- 3) Hold custody of Certified Copies of
  - i. Credit Rating certificate – from minimum two CRAs if the total CP issuance during a calendar year is Rs.1000 crore or more.
  - ii. Letter of Offer of CP, as updated from time to time for the relevant issue.
  - iii. Board Resolution authorizing borrowal through issuance of the CP up to a specific amount.
- 4) Ensure that minimum credit rating for a CP is ‘A3’ as per rating symbol and definition prescribed by SEBI.
- 5) Ensure that issuer has disclosed the exact purpose of issue in the offer document.
- 6) Ensure that the credit rating is exclusive for CP and the rating is for an amount of CPs outstanding as well as fresh issuance during the validity period of credit rating.
- 7) Obtain a declaration from the Issuer that the amount already raised and outstanding and/or proposed to be raised is/are within the ceiling mentioned by the credit rating agency or as approved by the Board whichever is lower, further stating the amount of CP issued and subscribed so far on strength of the credit rating under reference.
- 8) Obtain confirmation from the Issuer for each issuance of CP that they are eligible to issue CP as per the norms fixed by RBI, in terms of:
  - (i) Net worth (where applicable)
  - (ii) Classification of their liabilities with the financing banks and institutions as Standard Assets etc.
- 9) Upload the CP issuance details on F-TRAC by close of business hours of the day of issue.
- 10) Report the details of buy back and instances of default/delay (technical delay- RTGS/NEFT/Market Disruption) on F-TRAC platform, by close of business hours, of the day of buyback or default/delay as the case may be. The cases of default will be informed to Depositories, registrar and transfer agents and the CRA concerned.
- 11) Verify all documents submitted by the issuer and ensure that they are in order and issue a certificate to this effect (IPA Certificate).
- 12) Make available the IPA certificate and the Offer letter in electronic form on the website and the electronic platform if any of the depositories for the CPs (after these functionalities are made operational). IPAs are encouraged to shift to issue of digital signature certificates. IPA certificate for new issuances should be made immediately available on the depository website. Also, for outstanding CPs, same should be made available within one month from the date of the issuance of the operational guidelines.
- 13) In case the issuer defaults to repay any CP, the IPA shall not allow the issuer to access the CP market for 6 months from the date of repayment of the defaulted obligation.
- 14) Provide copies of documents (Board resolution, Credit rating letter, Offer letter and letter of acceptance and Jumbo promissory note) available with the IPA to the investors upon request.

- 15) If an issuer of CP has a CP backed by Corporate guarantee then the issuer has to appoint a trustee. In such cases the IPA certificate should additionally mention  
“We confirm that the issuer has appointed -----as Trustee for Corporate guarantee and also we have confirmation from the ----- Trustee ltd that they hold the original of the corporate guarantee issued by ----- ”

**Role of Credit Rating Agency (CRA):**

- 1) Credit ratings for the CPs should be exclusive and not combined with any other short-term borrowings.
- 2) Credit rating letter should have a validity period for issuance of CPs.
- 3) Credit Rating letter should have a validity period for the Rating.
- 4) Credit rating letter should have a ceiling amount which should include all outstanding CPs as on a date.
- 5) The rating, if based on a guarantee /backstop facility to be issued FI/Bank/corporate, should clearly indicate so.

**Secondary market transactions in CP:**

Secondary market transactions would take place in the manner they are taking place in case of other debt instruments and would be without recourse to the transferor.

The trade settlement will take place on T+0 or T+1-day basis and settled through the clearing corporation of any recognized stock exchange or any other mechanism approved by RBI.

One working day before the maturity date, only T+0 transactions will be allowed. On maturity date, no transfers/transactions will be allowed.

Terms stated in the Deal Confirmation Note (Annexure V) are binding on both parties, i.e. seller and buyer. RBI regulated entities who have signed the multilateral agreement need not exchange the physical deal confirmation letters for deals done amongst themselves.

The holder of a CP is entitled to receive original / certified copies of Letter of Offer before settlement/view the same on website of depository.

The seller of CP must have the CP to the credit of his DP account, on contract date. Forward sale contracts / value date contracts are not allowed as per the current guidelines of RBI.

Applicable stamp duty as per Stamp Act is payable by the transferor for secondary market transaction.

**Buyback of CP:**

- a) The buyback of a CP, in full or part shall be at the prevailing market price.
- b) The buyback offer should be extended to all investors in the CP issue. The terms of the buyback should be identical for all investors in the issue.
- c) The buyback offer may not be made before 30 days from the date of issue.

Operational guidelines- Buyback of CP

1. Issuer floats buyback offer and intimates both depositories with offer letter indicating the start date/closing date of offer, actual buyback date, uniform price offered, etc in the format as per Annexure 1 and requests the depositories to send the offer letter to all the investors through their e-notice facility. A copy is sent to IPA (e.g. offer intimated on 1st July 2019)
2. Registrar and Transfer Agents (RTA) of the issuer initiates set up of BENPOS Report on Depository system on same day (1st July as per example).
3. Both depositories to send e notices on the immediately following working day (2<sup>nd</sup> July as per Example by 11:00 a.m.) to Investors as of EOD of the date of receipt of intimation (1st July 2019 as per example)
4. The start date can be the next working day after the date of intimation to the depositories or later. The closing date can be the same as start date or later. The actual buyback date will be the next working day after the closing date. (For example, let the start date be 2<sup>nd</sup> July and closing date be also 2<sup>nd</sup> July).
5. Both depositories to send confirmation mail to Issuer endorsing copy to IPA with Benpos report that e notices have been sent to all investors by 11:00 a.m. on the immediately following working day (e.g. 2<sup>nd</sup> July)  
The term “ALL Investors” will constitute those investors who have registered their valid email ID with the depository.
6. Investors to send deal confirmation letters as per format given below to the issuer and transfer CPs to CP Securities account from start date till closing date (EOD time of depository or till such time online transfers are allowed) (2<sup>nd</sup> July as per example).
7. Immediately after EOD of closing date, the issuer to send copies of all deal confirmation letters received from the investors to the IPA.
8. On buyback day (i.e. 3<sup>rd</sup> July in the given example), IPA verifies the CPs transferred and the deal confirmation letters and intimates the issuer of the total buyback amount
9. Issuer to fund the account by 2 p.m on the buyback day (3<sup>rd</sup> July)
10. IPA distributes the fund, reports on F-TRAC and extinguishes CP in co-ordination with the issuer and RTA on buyback day.
11. The buyback can be for amount less than the outstanding amount under an ISIN. In case of such partial buyback, if the investors opt for more than the offered amount, the bids for up to the individual investor’s eligible amount will be accepted in full and the bids in excess of eligible amount will be accepted on a proportionate basis.

The IPA shall report the details of buy back on the F-TRAC platform, by close of business hours, of the day of buyback.

**DEAL CONFIRMATION / CONTRACT NOTE – BUYBACK:**

Date of Buyback	
<b><u>Description of instrument</u></b>	
Issuer	
Issue Date	
ISIN	
Date of Maturity	
Total Buyback Face value	Rs.
Price	Rs.
Total Consideration	Rs.
Name and Address of Issuing and Paying Agent (IPA)	
Market Conventions	FIMMDA conventions
Seller of CP	
DP name	
DP ID	
Client ID	
Purchaser of CP	
Settlement date	
Proceeds to be credited to	
Beneficiary Name	
Bank Name	
Account no	
IFSC code	
Settlement amount	Rs.
CPs to be transferred to	
Name of IPA	
DP Name	
DP ID	
Client ID	

THIS CONTRACT NOTE IS EXECUTED BY

(ON BEHALF OF ISSUER OF CP)

(ON BEHALF OF INVESTOR OF CP)

--oOOo-

## ISSUING AND PAYING AGENCY AGREEMENT

This Agreement is made at \_\_\_\_\_ this the day of \_\_\_\_\_, between \_\_\_\_\_ Limited, a statutory body established under \_\_\_\_\_ Act /a "Company"/ "Government Company" within the meaning of the Companies Act, 2013, and having its Registered Office at \_\_\_\_\_ (hereinafter called the "Issuer" or the "Company", which expression shall be interchangeably used and unless it be repugnant to the subject or context thereof, include its successors and assigns) of ONE PART.

AND

[ \_\_\_\_\_, a body corporate, constituted by and under the Banking Companies (Acquisition and Transfer of Undertakings) Act, [1970/1980] and having its Head Office at \_\_\_\_\_ / \_\_\_\_\_, a Statutory Corporation constituted by and under the \_\_\_\_\_ and having one of its Local Head Offices at \_\_\_\_\_ / \_\_\_\_\_, a Banking Company within the meaning of the Banking Regulation Act, 1949 and a company within the meaning of the Companies Act, 1956 and having its registered office at \_\_\_\_\_ / \_\_\_\_\_ incorporated under the laws of----- and a Banking Company within the meaning of the Banking Regulation Act, 1949 and having principal place of business in India at----- (IPA Address)] (hereinafter called "the IPA" (which expression shall, unless it be repugnant to the subject or context thereof, include its successors and assigns) of the OTHER PART.

### WHEREAS:

- A. The Issuer is eligible to issue Commercial Paper (hereinafter called "CP") in accordance with the directions issued by the Reserve Bank of India ("RBI") vide the Direction No FMRD.DIRD.2/14.01.002/2017-18 dated August 10, 2017 and the amendments thereto as may be made and in force from time to time (the "RBI Directions") and also the operational guidelines and the market practice conventions issued by the Fixed Income Money Market and Derivatives Association of India ("FIMMDA") ("the FIMMDA Guidelines") ("The Guidelines" will mean RBI Directions and the FIMMDA Guidelines taken together).
- B. The Issuer being desirous of issuing CP has approached the IPA as required under 'the Directions' for Private Placements of the CPs to the permitted Class of Investors in accordance with the Directions.
- C. Pursuant thereto and for other ancillary matters connected with the issue and repayment of the CPs, the Issuer has approached the IPA to act as the Issuing and Paying Agent of the Issuer with a view to ensuring compliance with the Directions for each issuance of CPs made by the Issuer and also for facilitating the collection of monies from the Investors

on each such issuance of CPs and similarly the return of monies to the Investors on redemption of CPs.

D. 'The IPA' being satisfied that the Company has complied with the necessary prerequisites for private placements of the CPs, has agreed to act as the Issuing and Paying Agent of the Issuer and accordingly help in such Private Placements for the consideration and on the terms and conditions as stated hereafter.

**NOW THIS AGREEMENT WITNESSETH AS FOLLOWS:**

1. In this Agreement and in its annexures and schedules referred to, each of the following words and expressions shall, unless the context otherwise requires, have the meanings stated below:

**"Authorised Signatory"**

One or more person authorised by the Board of directors of the Issuer to issue any instructions on behalf of the Issuer and whose specimen signatures shall have been forwarded in advance to the IPA and certified by the Managing Director or any whole-time director of the **Issuer**;

**"All-India Financial Institutions (FIs)" / "AIFIs"**

**Means those** financial institutions which have been permitted specifically by the Reserve Bank of India to raise resources by way of Term Money, Term Deposits and Certificates of Deposit, CP, and ICD, if eligible, within a pre-specified umbrella limit;

**"Class of Investors"**

Means one or more Permitted Investor/s who by the nature of their Business, constitute a distinct class including Scheduled Banks, Foreign Institutional Investors, etc. and does not include 'Related parties' as defined in section 2 (76) of the Companies Act, 2013

**"Clear Business Day"**

Means any day (except Sunday) on which the banks are functional and is not a declared Bank holiday under the NI Act:

<b><u>“Commercial Paper” / “CP”</u></b>	Means an unsecured money market instrument issued in the form of a usance promissory note and in accordance with the Directions;
<b><u>“Companies Act”</u></b>	The Indian Companies Act, 2013;
<b><u>“Credit Rating Agency” / “CRA”</u></b>	<b>Means</b> Credit Rating Information Services of India Ltd (CRISIL), the Investment Information and Credit Rating Agency of India Ltd (ICRA), Credit Analysis and Research Ltd (CARE), or such other credit rating agencies registered with SEBI, for the purpose of giving credit ratings to the issuance of Commercial Paper;
<b><u>“Credit Rating”</u></b>	Means the rating issued by a Credit Rating Agency, which is a minimum credit rating of 'A3' as per rating symbol and definition prescribed by SEBI
<b><u>“Credit Enhancement Document”</u></b>	Means a document of guarantee or a Standby Letter of Credit or any back-stop facility given by a Scheduled Bank or an All India Financial Institution or Non-bank entities (including corporates);
<b><u>“Credit Enhancement”</u></b>	Means credit enhancement given by way of a Credit Enhancement Document for the purpose of guaranteeing the redemption of CPs by making funds available for the same;
<b><u>“Deal Confirmation Note”</u></b>	Means the acknowledgment note exchanged between the Issuer and any investor or between 2 investors or between buyer and seller containing the terms on which the CP is to be issued or sold or bought back and the other details of the transaction and details required to settle the transaction;
<b><u>“Depository Participant”</u></b>	<b>Means</b> a depository participant registered with a Depository and having connectivity with the Depository;

<b>“Depository”</b>	<b>Means</b> a depository registered with SEBI under the provisions of the SEBI (Depositories and Participants) Regulations 1996;
<b>“Foreign Portfolio Investors”</b>	Means any entity registered as a foreign portfolio investor with SEBI under the provisions of SEBI (Foreign Portfolio Investor) Regulations 2014;
<b>“ISIN”</b>	Means International Securities Identification Number issued as a unique identification number to each Commercial Paper in a Dematerialized form;
<b><u>“Letter of Offer”</u></b>	Means the offer document issued by the Issuer for the issue of CPs or CP Buyback, containing information and particulars of the Issuer and such other information as required by the Directions;
<b><u>“Mumbai Business Day”</u></b>	Means a Mumbai Banking Day, except any Saturday, even if commercial banks settle payment and are open for general business on Saturdays.
<b><u>“NI Act”</u></b>	The Negotiable Instruments Act, 1881;
<b>“Permitted Investors”</b>	Means any person eligible to invest in or hold CPs under the RBI Directions; and does not include ‘Related parties’ as defined in section 2 (76) of the Companies Act, 2013.
<b><u>“Primary Dealer” (PD)</u></b>	<b>Means</b> a financial institution which holds a valid letter of authorisation as Primary Dealer issued by the Reserve Bank, in terms of the “Guidelines for Primary Dealers in Government Securities Market” dated March, 29, 1995, as amended from time to time;
<b>“Promissory Note”</b>	Means promissory note as defined Under of the NI Act;

<b><u>“RBI”</u></b>	Means the Reserve Bank of India;
<b><u>“Satellite Dealer” (SD)</u></b>	Means a financial institution which holds a valid letter of authorisation as a Satellite Dealer issued by the Reserve Bank, in terms of the “Guidelines for Satellite Dealers in Government Securities Market” dated December 31, 1996, as amended from time to time;
<b><u>“Scheduled Bank”</u></b>	Means a bank included in the Second Schedule of the Reserve Bank of India Act, 1934;
<b><u>“Standard Asset”</u></b>	<b>Means</b> the borrowal account of an issuer classified as a standard asset by a Scheduled Bank / AIFI which has granted banking facility to such person;
<b><u>“Tangible Net Worth”</u></b>	Means the paid-up capital plus free reserves (including balances in the share premium account, capital and debentures redemption reserves and any other reserve not being created for repayment of any future liability or for depreciation in assets or for bad debts or reserve created by revaluation of assets) as per the latest audited balance sheet of the Company, as reduced by the amount of accumulated balance of loss, balance of deferred revenue expenditure, as also other intangible <b>assets</b> ;
<b><u>“Working Capital Limit”</u></b>	<b>Means</b> the aggregate limits, including those by way of purchase/discount of bills sanctioned by one or more Scheduled Bank /AIFI for meeting the working capital requirements;

In addition to the terms defined in this Clause, certain other terms are defined elsewhere in this Agreement and whenever such terms are used in this Agreement, they shall have their respective defined meanings, unless the context expressly or by necessary implication otherwise requires. Words and expressions used but not defined herein and defined in the Reserve Bank of India Act, 1934 (2 of 1934) shall have the same meaning as assigned to them in that Act.

1. The Issuer hereby appoints the IPA to act as the Issuing and Paying Agent of the Issuer in respect of the CPs proposed to be issued by the Issuer and IPA agrees to act as the issuing and Paying Agent of the Issuer as per the Directions and subject to compliance of the procedure as hereinafter mentioned.

- 2 The Issuer, being duly authorized by its Board of Directors and being eligible under the Directions, hereby agrees that any issue of CPs shall be only to the Permitted Investors and within the limits so approved by the Board of Directors or the limit specified in the Credit Rating, whichever is lower.
- 3 The Company shall not make any offers to the public for subscribing to the CPs including in the form and manner as referred to in the Section 42 of the Companies Act.

#### **4 BANK & DEPOSITORY ACCOUNT**

- i. The IPA shall open a separate account operable by the IPA before any CP is issued, for the purpose of receiving from and paying to the Investors the monies in respect of the CPs (the “**CP Funds Account**”). The CP Funds Account shall be solely used for transactions relating to payments received from and made to Investors in respect of any CP to be issued or redeemed by the Issuer.
  - ii. The IPA shall maintain the CP Funds Account in such manner and for that purpose maintain such records so that the movement of funds in respect of each issuance can be identified, tracked and traced separately. If deemed necessary, the IPA shall maintain separate sub-accounts under the CP Funds Account for ensuring the above.
  - iii. RTA and Issuer shall credit/transfer the CP units/funds as prescribed in the operating guidelines for commercial paper issuance.
  - iv. The IPA shall maintain CP Securities Account in such manner and for the purpose of facilitating CP Buyback so that the investors could deposit the CPs into this account and such CPs can be identified, tracked, traced and extinguished separately.
- 5** The Issuer agrees that any issue of CP shall be made subject to the following conditions:
- i. The Issuer, before the issuance, shall confirm to IPA that eligibility norms prescribed under the Directions, from time to time, including those relating to:
    - a) Classifications of Issuers liabilities by the Scheduled Banks and AIFIs as a Standard Asset.
    - b) Net Worth (where applicable)
    - c) that the amount sought to be raised, is along with the amounts which shall be outstanding at the time of the issue are within the limits approved by the Board of Directors of the Issuer or the ceiling stipulated by Credit Rating, whichever is lower;

However, in case a redemption of any existing CPs and issuance of new CPs is to be made simultaneously or on the same day, then the amount sought to be redeemed and the corresponding amount sought to be issued shall not be double counted and counted only once for the purpose of ascertaining the limits under sub-clause (i)(c) above;

- d) that the CPs shall be issued within the validity period for issuance of CP as mentioned in the Credit Rating letter;

- e) Funds being raised are within the umbrella limit (in case of AIFIs) permitted by Reserve Bank of India.
- ii. The Issuer shall issue a Letter of Offer for a series of issues, containing minimum disclosure of information and brief particulars of the issue as set out in Annexure I. Such a letter of offer shall be updated for each fresh issue/tranche. The Issuer will make the Letter of Offer available to the investors, by publishing the same on the website of the depositories (after these functionalities are made operational by the depositories) through the IPA.
- iii. Every issue of CP, including renewal shall be deemed as a fresh issue.
- iv. The CPs shall be issued for a maturity period of not less than 7 (seven only) days and not more than one year from the value date thereof and shall comply with the following:
- If the CPs are to be issued in parts on different dates, then each CP issued as part of the same issue shall have the same maturity date;
  - CPs issued on the same day with the same tenor and with similar terms shall be identified as one issue and have one ISIN number;
  - CPs bearing same ISIN shall have identical maturity date;
  - The amounts to be raised under a specific issuance/ ISIN shall be raised within a period of two weeks from the date on which the Issuer opens the issue for subscription. Provided that if the CPs under the same issuance/ ISIN, is to be issued in parts on different dates then the period of 2 (two) weeks shall still be computed from the date from each such issue is first opened for subscription;
  - If CPs are being issued with Credit Enhancement (including any credit backstop facility) from a Scheduled Bank or an AIFI, then the Issuer shall ensure that a distinctive ISIN code is given to CPs having such Credit Enhancement facility and a Trustee is appointed.
- v. The CPs shall be issued in denomination of Rs. 5, 00, 000 (Rupees Five Lacs Only) or in multiples thereof.

## **6 ISSUE PROCEDURE**

1. A CP shall be issued in the form of a promissory note and held in a dematerialized form through any of the depositories approved by and registered with SEBI.
2. As the CP is issued in dematerialized form,
  - a) The Issuer will comply with and complete all Depository formalities including entering into tripartite agreement, appointment of Registrar and Transfer Agent, etc.;
  - b) The Issuer shall also send to IPA the list of allottees, (other than related parties) value date of issuance, net amount to be received from each Investor, place of receipt of money, contact details of each Investor, ISIN of security, maturity date of security along with particulars of each Investor's DP Account as contained in the Deal Confirmation

Note. The foregoing shall be communicated in writing and such letter shall be signed by an Authorized Signatory

- c) The Issuer will first issue the CPs in the form of a jumbo usance promissory note in favour of all the investors jointly and deliver the same to the IPA. IPA will give instructions to the Registrar and Transfer Agent for creation of security in terms of the jumbo promissory note;
- d) The Issuer shall ensure that the Registrar and Transfer Agent credits the security so created in the demat account of the investors as informed by the IPA, upon receipt of stated consideration from the investor to the CP Funds Account (Current Account) of the Issuer through an approved mode of payment of that day.

## **7. IPA CERTIFICATE**

The IPA shall Simultaneously, with the issuance of the CPs to the Investors make available the IPA Certificate in electronic form on the website of the depositories for the CPs. The IPA Certificate shall, inter alia, confirm to the Investors that:

- a) IPA has verified board resolution of the Issuer authorizing the issue of CPs;
- b) IPA has verified the original letter issued by the Credit Rating Agency containing the Credit Rating;
- c) IPA is holding the original jumbo promissory note against which electronic entry favoring the investor/s has been authorized by the Issuer and the IPA through the Registrar and Transfer Agent /Depository;
- d) Existence of issuing and paying agency arrangement between the Issuer and itself including that the IPA Agreement continues to be valid and binding;
- e) In case if issuer of CP has a CP backed by Corporate Guarantee then the issuer has to appoint a trustee and the IPA to confirm in their certificate as under

“We confirm that the issuer has appointed----- as Trustee for Corporate guarantee and also we have confirmation from the Trustee Ltd that they hold the original Corporate guarantee issued by ----- ”

- 8.** The CPs shall be issued at a discount to the face value. Such discount rate shall be negotiated between the Issuer and the Investor and stated in the Deal Confirmation Note or determined on the basis of the bids received by the Issuer from the Investors.
- 9.** The CPs shall be stamped at the expense and cost of the Issuer in accordance with the provisions of the Indian Stamp Act, 1899.
- 10.** The Issuer shall ensure that a distinctive ISIN code is given to the CP having Credit Enhancement including any backstop facility and that the Credit Enhancement. would be available to IPA for redemption of CPs under the said ISIN. The Issuer shall, submit unconditional Credit Enhancement Documents in respect of each such issue.

- 11.** In case of CPs being issued with Credit Enhancement facility, then the Issuer shall ensure that:
- the same is an unconditional Credit Enhancement undertaking of a Scheduled Bank or a AIFI or Non-bank entities (including corporates);
  - a Trustee is appointed
  - such Credit Enhancement facility can be invoked and be available to the Trustee independently of the Issuer for redemption of the CPs;
  - the same is submitted to the IPA in respect of each such issue and before the CPs in respect of such an issue are issued.
- 12.** a) The Issuer authorises the IPA to write the below mentioned legend on the face of the jumbo usance promissory note so delivered by the Issuer to the IPA:  
“The Issuer has created electronic security against this Usance Promissory Note with NSDL bearing ISIN No: --- for the credit of Investors account with DPs stated in Issuers letter dated --- and is accordingly not available for trade in the secondary market.”
- 13.** If the CPs are sought to be issued to any Non-resident including any Non-Resident Indians, then the same shall be done in accordance with the applicable regulations. If the CPs are sought to be issued to Foreign Portfolio Investors, then the same shall be issued within the limits set for their investments by Securities and Exchange Board of India.
- 14.** The redemption date of a CP shall be a Mumbai business day.
- 15.** The Issuer undertakes to arrange without fail to make clear payment of the maturity amount to the holder of the CPs on the date of its maturity, (without any days of grace) and if such date happens to be a holiday, to make arrangements for payment thereof on the immediately preceding working day. For this purpose, the Issuer shall remit the necessary funds into the CP Funds Account at least by 2.00 p.m. of the maturity date. The holiday convention will be as described in FIMMDA hand book of market practices. The Issuer hereby agrees with the IPA that, in case of inadequacy of funds in the CP Funds Account on any given day, to redeem all the CPs due on that day, then the payment shall be made to the holder/s on pro rata basis.
- 16. FEES**
- i. In consideration of the IPA agreeing to act as an Issuing and Paying Agent for all issues of CPs that the Issuer may make while this Agreement is in force, the Issuer agrees to pay to the IPA simultaneously with each such issuance:
- a) A fee at the rate of \_\_\_\_\_% of the total amount of the FV of CP issued subject to a maximum of Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_ only); and
  - b) All such reasonable out of pocket and other expenses the IPA may have incurred for such issuance of CPs.

ii. The Issuer shall, over and above the fees and amounts mentioned in i) above, shall also pay to the IPA a sum of Rs----- as annual commitment fees and all such reasonable out of pocket and other expenses that the IPA may have incurred under this Agreement including those incurred in defending any action brought as a result of this Agreement.

iii. Issuer undertakes to reimburse IPA in consideration of the transaction/custody fee paid by it to a Depository Participant and/or the Depository for securities held/transferred in CP Securities Account.

**17) The Issuer makes the following representations on the basis of which the IPA has agreed to act as an Issuing and Paying Agent:**

- a. That the Issuer is duly incorporated and organized, validly existing and in good standing;
- b. That the Issuer has full power and authority to execute and deliver this Agreement having been duly authorized by the Board of Directors of the Issuer Company or equivalent set up in case of other issuers, by their Resolution passed at a Meeting held on \_\_\_\_\_ which Resolution is in full force, valid and binding and has not been rescinded, modified or altered in any manner whatsoever;
- c. That the power of the Authorized Signatories to borrow under CP as per Board Resolution dated ----- is limited to Rs. \_\_\_\_\_ Crores and that the shareholders' consent under Section 180(1)(c) of the Companies Act, 2013 if applicable, has been obtained and continues to remain valid;
- d. That the issuer is aware of and agrees to the direction that with a single credit rating, an issuer can issue up to a maximum of Rs.999.95 crore only in a calendar year and if an issuer expects total CP issuance of Rs.1000 crore or more during a calendar year, he should obtain two ratings from the beginning of the calendar year. The issuer is aware that an issuer who started CP issuance with a single credit rating cannot issue CPs beyond Rs.999.95 crore even by obtaining a second rating letter subsequently during the calendar year.
- e. That the issuer has obtained a Credit Rating not lower than 'A3' from the required number of Credit Rating Agency/ies registered with the Securities and Exchange Board of India and that the CP issue date is within the validity period for issuance of CPs as mentioned in the Rating letter;
- f. That the borrowal account, if any, of the issuer is classified as Standard Asset with all financing Scheduled Bank(s) /AIFI(s);
- g. That the latest Balance Sheet/limited review of the issuer for the last quarter/half-year of the current year and the audited balance sheet of the last three years will be submitted to the IPA at the time of each issuance of CP;

- h. That the Tangible Net Worth of the issuer is Rs ..... (Rupees Crores Only) as per the latest audited Balance Sheet of the issuer, which has been made available to the IPA;
  - i. That the issuer agrees and confirms that it will be the sole responsibility of the issuer to discharge the CPs after issue according to their tenor and that they constitute a duly valid and binding obligation on the issuer;
  - j. That the issuer has complied with the procedural formalities as laid down in the Directions and has obtained all approvals as are necessary there under copies of which are delivered to the IPA and the issuer confirms that all such approvals including corporate and statutory approvals and exemptions as are applicable to the issue of CP by the issuer are current, valid and effective for such issue and its private placement; and
  - k. That the issuer agrees and confirms that in the event of any default on any CP obligation, it will not be allowed to access the CP market for six months from the date of repayment of the defaulted obligation.
- 18.** The Issuer agrees that the following representations shall be deemed to have been made by the Issuer and it is on the basis of this, the IPA has agreed to act as an Issuing and Paying Agent for each such issue of CPs:
- a. The representation contained in Clause 17 above shall be deemed to have been reproduced here;
  - b. That the amount sought to be raised by this issue together with the amount raised under previous issues of CPs which are still outstanding shall not on the date on which the CPs are issued under this issue exceed the limits fixed by the Board of the issuer entity; and Credit Rating Agency, whichever is lower.
  - c. That the Issuer satisfies the requirements for issuing CPs and shall ensure compliance with the procedural formalities as laid down in the 'Guidelines'.

## **19. COVENANTS BY THE ISSUER**

- a. This Agreement is limited and restricted to the issue of CPs by the Issuer in accordance with the Directions and Operational Guidelines on CPs;
- b. That the Issuer shall not extend the tenure of any CPs on their maturity, unless the same is affected by way of a fresh issuance of CPs;
- c. The Issuer agrees to furnish copies of its quarterly Financial Statement, copies of its Annual Balance Sheet and Profit and Loss Account together with the Abridged versions thereof as required under law and further to respond fully and promptly to all reasonable requests for information

- concerning the Issuer and its operations made from time to time by the IPA, under this Agreement and shall not use it in any manner to make profit for itself;
- d. The Issuer agrees to indemnify and keep the IPA indemnified and kept harmless from and against all liabilities, claims, damages, costs and expenses (including legal fees and expenses) relating to or arising out of or based upon any untrue statement or misrepresentation made by the Issuer on the basis of which the IPA was induced to act in the matter of issue of CPs by the Issuer and/or any action or omission under this Agreement so long as they are not caused by the gross negligence or willful misconduct of the IPA and its Officers and employees.
  - e. The Issuer undertakes to inform the IPA of any changes made to the Credit Rating or of any other credit rating being issued or the Issuer or any of its obligations being put under rating watch. Such information and all the requisite details shall be conveyed to the IPA in writing and within 48 hours of the Issuer being made or becoming aware of the same.
  - f. The Issuer undertakes to submit a certificate from the CEO/CFO/Topmost Executive of the entity to the concerned IPA on quarterly basis within 15 days from the close of the quarter certifying that CP proceeds are used for disclosed purposes, and certifying adherence to other conditions of the offer document and the CP directions.

## **20. CONDITIONS PRECEDENT**

- a. At or promptly following the execution of this Agreement and as a condition precedent to any obligations of the IPA hereunder, the Issuer shall furnish to the IPA the following Documents in form and substance satisfactory to the IPA:

A certified copy of the Memorandum and Articles of Association of the Company;

A certified copy of the Resolutions passed by the Board of Directors of the Issuer for the execution of this Agreement and for entering into other documents ancillary to and incidental to the above; and

An Opinion of the Issuer's Legal Counsel about the constitution of the Issuer entity and the various compliances made by the Issuer for being eligible to issue of CPs as per the said Directions.

- b. In respect of each issue of CPs and as a condition precedent to any obligations of the IPA hereunder, the Issuer shall furnish to the IPA the following documents in form and substance satisfactory to the IPA:

Confirmation that there have been no amendments to the Memorandum and Articles of Association of the Company since last certified copy of the same was submitted to the IPA and if there are any such amendments, then a certified copy of the amended Memorandum and Articles of Association of the Company shall be submitted;

Confirmation that the Credit Rating letter continues to be valid and has not been withdrawn;

And

Confirmation that the sum of the amount proposed to be raised along with the amounts borrowed under CPs will not exceed, on the day the CPs are issued, the limit specified in respect of CP borrowings in the Credit Rating / board resolution whichever is lower.

**21.** The IPA shall hold in its custody, the originals of the following documents on behalf of the Investors:

- a. Credit Enhancement Documents in original, if applicable;
- b. Credit Rating letter (certified copy);
- c. Certified Copy of Board Resolutions passed by the Board of Directors for execution of this Agreement, borrowing under CPs and for entering into other documents ancillary to and incidental to the above;
- d. Letter of Offer as amended from time to time;
- e. Certified copy of the Memorandum and the Articles of Association of the Company.

**22.** Upon receipt from time to time, of written instructions from any one of the Authorised Signatories making specific reference to this Agreement, IPA will take the following action:

- a. Complete the issuance of CPs in accordance with such instructions as to amount, rate, date of issue and maturity date;

Provided further that CP issuance in the dematerialized form shall be in accordance with the normal book entry commercial paper program procedures of the Depository.

### **23. DELIVERY OF CP**

- a. As the CP is issued in dematerialized form, the electronic delivery and receipt of payment may not necessarily be completed simultaneously and, IPA is authorized to obtain a list of investors/holders of CP as of one working day prior to the maturity date from the depositories, required to ensure that the issuer funds the CP Funds Account by 2.00 p.m. on the date of maturity and fund transfer to the investors account is done on the maturity date.

### **24. REPORT TO F-TRAC**

After the CPs are issued, the IPA shall upload electronically the CP issuance details in F-TRAC by close of business hours of the day of issue

## **25. REDEMPTION**

The IPA shall be nodal point for the redemption of the CP on the maturity date. The Issuer shall make available sufficient funds for the redemption of CP. As the CP is in dematerialized form, the redemption shall take place as under:

- a. One working day before the maturity date, IPAs will send a request to the depositories to give a list of investors (BENPOS report) as at the end of that day with their bank account details. No transfers/transactions will be permissible on maturity date of CP. IPA will receive the list of investors/holders of CP before 11:00 A.M. on the maturity date. Subject to availability of funds in the Issuer's account, the IPA will make full/pro-rata redemption payment to the investors/holders of CP.
- b. When CPs are fully redeemed IPA will advise the depositories through Registrar and Transfer Agent to extinguish the CP as a debit corporate action. The Registrar and Transfer Agent /NSDL shall not complete the debit corporate actions in respect of such ISIN without written instructions from the IPA.

## **26. PAYMENT ON MATURITY:**

- a. IPA agrees to effect payment of each CP on the Issuer's behalf by debiting the 'CP Funds Account' for the maturity value of such CPs. IPA would cancel each such CP so paid, by writing to Registrar and Transfer Agent to extinguish such CPs;
- b. When any CP has matured for payment, the IPA shall not be bound to pay the amount due under the CP to the holder thereof, unless sufficient funds are made available by the Issuer in the CP Funds Account or arrangements are made by the Issuer separately from its own resources or with a Credit Enhancement provider for making payment on the date of maturity of the CP, of which due notice shall be given by the Issuer to the IPA two (2) Clear Business Days prior to the due date of maturity of the CPs;
- c. If such payment is arranged by the Issuer separately through its own resources, the CP Funds Account of the Issuer should be credited with the maturity value of the CP sufficiently in advance of the due date of maturity so as to enable the IPA to redeem the CP on the date of maturity (without days of grace).
- d. If the payment is arranged by way of Credit Enhancement, then the Issuer shall so ensure and arrange with the Scheduled Bank/AIFI/ Entity providing the Credit Enhancement that the CP Funds Account is credited with the maturity value of the CP sufficiently in advance of the date of maturity of the CP so as to enable the IPA to redeem the CP on the date of maturity (without days of grace).
- e. In any event, if the date of maturity falls on a Holiday, then arrangements should be so made by the Issuer as to enable the IPA to make payment of the Maturity Value of the CP on the immediately preceding Mumbai Business Day.

## **27. DEFAULT NOTIFICATION**

The IPA shall, in case of default in payment by the Issuer, notify promptly such default on the F-TRAC platform, to the Investors, Trustee if any, the Depository, Registrar and transfer agent and the CRA concerned by close of business hours. The IPA, not being in the position of a Trustee, is not required to seek recovery from the issuer or initiate any action against the Issuer or on behalf of the investors.

The IPA will also report the delay (technical delay-RTGS/NEFT/Market Disruption) in funding the CP Funds Account for redemption on maturity date.

## **28. DELAYED PAYMENT:**

If the issuer makes a delayed redemption payment, the same will have to be routed through same IPA for proper tracking of CP.

## **29. INSTRUCTIONS**

The Issuer understands that all instructions, whether by E-mail or in writing (including facsimile), are to be directed to IPA/Department of IPA Bank.

- 30.** Instructions given or delivered by or in writing must be received completely by the IPA by -- a.m. / p.m., if the CPs are to be delivered and credit received the same day. In the event a discrepancy exists between the Facsimile/Email and written instructions, or in the absence of receiving written instructions, telephonic instructions as understood by IPA, will be deemed the controlling and proper instructions unless contrary notice is received by the IPA/Department of IPA Bank prior to the taking of any action.

## **31. ISSUER'S AUTHORISED SIGNATORIES**

The Issuer shall get the Jumbo CPs executed and forward them to the IPA together with papers stated in this IPA agreement. At the first issue, the Issuer shall submit incumbency certificate listing the names of the Issuer's Authorised Signatories together with specimens of their signatures. Until IPA receives a subsequent incumbency certificate from the Issuer, IPA shall be entitled to rely on the last such certificate delivered to it for purposes of determining the Issuer's Authorised Signatories. IPA shall not have any responsibilities to the issuer to determine by whom or by what means the facsimile signature may have been affixed on the Certificated Notes, or to determine whether any facsimile or manual signature is genuine, if such facsimile or manual signature resembles the specimen signatures filed with IPA by a duly Authorised Signatories. Any instruction bearing the manual or facsimile signature of an Authorised Signatories and duly attested in a certificate of incumbency by the Company Secretary on the date such signature is affixed shall bind the Issuer, notwithstanding that such individual shall have died or shall have otherwise ceased to hold office on the date when the IPA acts upon such instructions. In case where the documents are digitally signed, the IPA

shall rely on the certificate provided by the issuer listing the names of the Issuer's authorised signatories to verify the digital signature affixed on the document.

### **32. INSTRUCTIONS AND INFORMATION**

Each instruction given by the Issuer to the IPA shall constitute a representation and warranty to the IPA by the Issuer that the issuance and delivery of the CPs have been duly and validly authorized by the Issuer and that the CPs when completed and delivered will constitute a legal, valid and binding obligation of the Issuer and that the Appointment of the IPA to act for the Issuer has been duly authorized by all necessary corporate action of the Issuer.

### **33. RECORD AND REGISTER**

The IPA shall maintain complete Records and a Register containing full particulars of the CPs issued by the Issuer, ISIN wise the date / dates of issue of the CPs, the names of the Investor(s), the place of issue, the total amount for which they are issued, the maturity value of the CPs, the particulars of Credit Enhancement, the date of maturity of the CPs the name of the holder who presents the CPs for payment and the particulars of payment made on the CPs to the holder, whether by the Issuer through its own resources or by any Credit Enhancement provider, the fees, costs and expenses being shown separately, and the date/s when the CPs are extinguished. Upon the reasonable request in writing of the Issuer, the IPA shall promptly provide to the Issuer with information about the aforesaid particulars.

**34.** Any notices to be given to the Issuer may be made or given by leaving the same at or posting the same by Registered/Speed Post in an envelope addressed to the Issuer and at its Registered Office and any Notice to be given to the IPA may be made or given by leaving the same or posting the same by Registered/Speed Post in an envelope addressed to the IPA and at the concerned Office of the IPA and every such Notice shall be deemed to be served, as the case may be, at the place at which it is left or at the time at which it would have been delivered in the ordinary course of post at such Registered Office of the Issuer or such concerned Office of the IPA.

### **35. MODIFICATIONS**

This Agreement shall not be altered, modified, amended, supplemented or terminated in any manner whatsoever except by a written instrument signed by both the Parties hereto.

### **36. ASSIGNMENT**

This Agreement is not assignable by either party without the consent of the other Party.

**37. TERMINATION**

- a. The agreement shall be valid up to (Date)
- b. Before any further issuance of CP is issued by the Issuer, this Agreement is terminable at the volition of either Party by two (2) Clear Business days written notice. Such termination shall not be effective in respect of any outstanding CPs.
- c. In the event of the Issuer having committed breach of any procedure contained herein or in the event any of the Representations made by the Issuer is detected subsequent to the Issue of CP to be untrue, false or misleading, then the IPA shall take such remedial steps as may be deemed necessary at that time in order to protect the interest of the holders and the IPA may terminate this agreement but such termination shall not be effective in respect of any outstanding CPs.

**38. DISPUTE RESOLUTION [To be negotiated between the Parties]**

**39. JURISDICTION [To be negotiated between the Parties]**

IN WITNESS WHEREOF the Common Seal of the Issuer has been hereunto affixed and the Issuing and Paying Agent has caused these presents to be executed by its Authorised Official the day, month and year first hereinabove written.

The Common Seal of \_\_\_\_\_ )  
 within named ----- Limited )  
 pursuant to the authority )  
 granted by the Resolution of the Board of )  
 Directors passed )  
 on the \_\_\_\_\_ day of \_\_\_\_\_ )  
 20---, hereunto affixed in the )  
 presence of Mr./Ms. \_\_\_\_\_ )  
 and Mr./Ms. \_\_\_\_\_ )  
 Directors of the Company / and )  
 Mr./Ms. \_\_\_\_\_ )  
 Secretary of the Company / the )  
 Authorised Official by the Board )  
 in that behalf who have signed )  
 these presents in token thereof )

SIGNED, SEALED AND DELIVERED )  
 by the within named \_\_\_\_\_ )  
 \_\_\_\_\_, THE ISSUING )  
 AND PAYING AGENT by Mr./Ms. )  
 \_\_\_\_\_, being the ) person authorised in that behalf )

**ISSUE OF COMMERCIAL PAPER (CP):**

**PART I**

FORMAT OF LETTER OF OFFER

- Proposed Date of Issue :
- Credit Rating for CP : CRA - 1 CRA-2
- Date of Rating :
- Validity for issuance :
- Validity period for rating :
- For Amount :
- Conditions (If Any) :
- Exact purpose Of Issue of CP :
- Credit Support (If Any) :
- a) Description of Instrument :
- b) Amount :
- c) Issued By :
- d) In Favour of : ISSUER OF CP / HOLDERS OF CP
  - Net Worth of the Guarantor Company: (name and address)

Names of Companies To Which Guarantor Has Issued Similar Guarantee :  
 Extent of The Guarantee Offered By The Guarantor: Company  
 Conditions Under Which The Guarantee Will Be : Invoked

• Details of Current Tranche:

ISIN	AMOUNT	MATURITY DATE	CURRENT CREDIT RATING	VALIDITY PERIOD OF RATING	CRA

- Name and address of the Trustee:

• **Listing:**

**Proposed to be listed/unlisted:**

**Listed / Unlisted**

- Issuing and Paying Agent: (name and address):

Market Conventions : FIMMDA CONVENTIONS

CP Borrowing Limit: :  
 Supporting Board Resolution for CP Borrowing - :  
 Resolution Dated

Total CP Outstanding (As on Date): :

Details of CPs issued during the last 15 months: \* :

ISIN	ISSUE DATE	AMOUNT	MATURITY DATE	AMOUNT O/S	IPA	CRA	RATING	RATED AMOUNT

\* Issuer's liability under the CP will continue beyond due date, in case the CP is not redeemed on due date.

Details of Other Debt Instruments Outstanding:

ISIN	ISSUE DATE	AMOUNT	MATURITY DATE	AMOUNT O/S

Bank fund-based facilities from banks/Financial institutions, if any: :

Name of the bank	Nature of facility	O/S amount/Limit	Asset classification

Name and Address of Issuer :  
Line of Business :

Chief Executive (Managing Director / President/ CEO / CFO/ Top Most Executive) :

Group Affiliation (If Any) :

Financial Summary

CURRENT YR      PREVIOUS YR  
Last Q/ HY    Year - 1    Year - 2    Year - 3

- Equity
- Net worth
- Investment in Subsidiaries/Affiliates
- Total Debt Outstanding -Short Term (< 1 Year) -Other Debt
- Gross Income
- Operating Profit (PBITD)
- Gross Profit (PBTD)
- Net Profit (Post Tax)

Audit Qualifications (If Any):

Material Litigation, If Any:

Regulatory Strictures, If Any:

Details of Default of CPs, Including Technical Delay in Redemption During Past Three Years:

Details of Default and Delay in Redemption of Any Other Borrowings During Last Three Years:

Authorised Signatory of the Issuer :  
Date :

Original / Authenticated Copy of Any Document Related to Above Information Will Be Made Available to The Investors on Request

**Format of Commercial Paper (CP) in the form of a Promissory Note** Sr No:

(NAME OF ISSUING COMPANY/INSTITUTION)

Issued at

Date of issue:

(PLACE)

Date of Maturity \_\_\_\_\_ without days of grace

*(If such date happens to fall on a holiday, payment shall be made on the immediate preceding Mumbai Business day)*

*For value received hereby*

*(NAME OF THE ISSUING COMPANY/INSTITUTION*

*promises to pay or their order on the*

*(NAME OF INVESTOR)*

*maturity date as specified above the sum of Rs. \_\_\_\_\_ (in words) upon presentation and surrender of this Commercial Paper*

*(NAME OF ISSUING AND PAYING AGENT)*

*For and on behalf of*

*NAME OF THE ISSUING COMPANY/INSTITUTION*

AUTHORIZED SIGNATORY

AUTHORIZED SIGNATORY

**Format (Specimen) of Jumbo Usance Promissory Note**

Specimen Copy

\_\_\_\_\_  
XYZ LTD

(NAME OF ISSUING COMPANY/INSTITUTION)

Issued at Mumbai

Date of issue:

(PLACE)

Date of Maturity \_\_\_\_\_ without days of grace

*(If such date happens to fall on a holiday, payment shall be made on the immediate preceding Mumbai business day)*

For value received \_\_\_\_\_ XYZ Ltd \_\_\_\_\_ hereby

(NAME OF THE ISSUING

COMPANY/INSTITUTION \*

promises to pay----- or their order (NAME OF INVESTOR)

UPON maturity date as specified above the sum of Rs. ....

*(Rupees One Hundred Crores only) upon presentation and surrender of the Commercial Paper at ABC Bank Mumbai \_\_\_\_\_*

*Note the below mentioned wording should appear within the marked block  
"Issuer has created electronic security against the UPN with NSDL  
(depository) bearing ISIN Number for the credit of investors account with DPs  
stated in Issuers letter dated ... and this document is not available for trade in  
secondary market"*

(NAME OF ISSUING AND paying agent)

*For and on behalf of xyz LTD.*

NAME OF THE ISSUING COMPANY/INSTITUTION

AUTHORIZED SIGNATORY

*Andhra Bank – 10.00 cr*

*ICICI Bank - 80.00 cr.*

*IDBI Bank - 10.00 cr*

*Total Rs. 100.00 crs*

For xyz Ltd. (AUTHORIZED SIGNATORY)

**Format of IPACertificate**

BANK's NAME & ADDRESS

Date:

To  
THE INVESTORS IN COMMERCIAL PAPER

REF NO:        ISIN CODE:

MV of CP: Rs.        Units \_\_\_\_\_

(1 unit = Rs.5.00 lacs)

We hereby confirm that (issuer entity)

appointed us as the Issuing and Paying Agent (IPA) for the CP under reference.

We have a valid IPA agreement with the issuer. We  
shave verified the documents viz:

1. Details of Credit rating letters:

CRA	Rating letter dt	Validity for issuance	Rating	Validity period for rating	Ceiling Amt
(1)	(2)	(3)	(4)	(5)	(6)

2. Details of Credit rating letter considered for ceiling and CPs issued thereunder:

CRA	Rating letter dt	Validity for issuance	Rating	Validity period for rating	Ceiling Amt	out of (6) CPs issued and o/s	CP issued now	Balance available (6-7-8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)

3. Offer letter of issuer dated \_\_\_\_\_.

and certify that the documents are in order. Certified copies of original documents are held in our custody.

**We hold:**

- 1) Board resolution authorizing borrowal through CP issuance up to Rs.        Crores.
- 2) Copy of Original of Unconditional Credit Enhancement letter issued by Bank/ FI/Corporate for an amount covering this issue represented by ISIN number (above), (wherever applicable) and Original Jumbo Commercial Paper.

“We confirm that the issuer has appointed ----- as Trustee for Corporate guarantee and also we have confirmation from the-----Trustee Ltd that they hold the original of the corporate guarantee issued by ”

**We have obtained from the issuers:**

Confirmation that they have complied with Reserve Bank of India (RBI) requirements in respect of minimum net worth, wherever applicable, that their borrowings from all Banks/FIs are classified as standard assets, and further that the amount raised by means of CP including old outstanding is within the ceiling stated in the relevant letter of credit rating and powers delegated by board of issuer company, whichever is lower.

**Redemption:**

We will make the redemption payment, subject to the availability of funds in the CP issuer’s account, to the holders of CPs as at the end of one working day prior to the maturity date of CP as per the BENPOS report received from the depositories.

SIGNATURTEOF AUTHORISED OFFICIAL

FORMAT OF DEAL CONFIRMATION / CONTRACT NOTE

**DATE OF CONTRACT** :

**CP (MATURITY VALUE)** : Rs. **DUE DATE \*:**  
**PRICE** : Rs. **DISC. RATE: % p a**

ISSUE REFERENCE : ISIN CODE:  
 • CREDIT RATING : ISSUED BY: ISSUED BY:  
 • DATE OF RATING :  
 • VALIDITY FOR ISSUANCE :  
 • VALIDITY PERIOD FOR RATING :  
 • FOR AMOUNT :  
 • CONDITIONS (if any) :

• CREDIT SUPPORT (if any)

A) DESCRIPTION OF INSTRUMENT :  
 B) AMOUNT :  
 C) ISSUED BY :  
 D) IN FAVOUR OF : *ISSUER OF CP / HOLDERS OF CP*  
 E) CONDITIONS (IF ANY) :  
 • Name of Guarantor :  
 • Name of Trustee :  
 • ISSUING AND PAYING AGENT: (name and address)

**Issuer's liability under the CP will continue beyond due date, in case the CP is not redeemed on due date, even if the CP is in demat.**

SELLER OF CP :  
 PURCHASER OF CP :

**SETTLEMENT**

**INSTRUCTIONS**  
**VALUE DATE**

FUNDS -Please Credit to (A/c Details) /Issue DD/P. O fvg for Rs.

CP -Please deliver to (DP A/c details)

MARKET CONVENTIONS : FIMMDA CONVENTIONS

**THE DEAL IS DONE BY**

(ON BEHALF OF SELLER) MR./MS.  
 (ON BEHALF OF PURCHASER) MR./MS.  
 ON (TRADE DATE) AT (TIME) OVER PHONE / IN PERSON

**NO RECOURSE IS AVAILABLE TO THE PURCHASER OF CP AGAINST PREVIOUS HOLDERS OF THE CP.**

THIS CONTRACT NOTE IS EXECUTED BY  
 (ON BEHALF OF SELLER OF CP) (ON BEHALF OF PURCHSER OF CP)

**NOTE: ISSUER IS THE SELLER OF CP IN CASE OF PRIMARY MARKET DEAL.**

**Proforma of Quarterly certificate to be submitted by the Issuer of Commercial Paper**

(To be submitted within 15 days from the close of the quarter)

**To**

\_\_\_\_\_

Issuing and Paying Agent.

Dear Sir/ Madam,

REF NO:      ISIN CODE:

MV of CP: Rs.      Units \_\_\_\_\_

Maturity Date of CP: \_\_\_\_\_

With reference to the above-mentioned Commercial Paper issued by us, it is hereby certified that:

- 1) the CP was issued for the purpose of \_\_\_\_\_ and the CP proceeds are used for the disclosed purpose.
- 2) the other conditions of the offer document and the CP issuance directions are adhered to.
- 3) the asset classification of fund-based facilities from banks/ Financial Institutions continues to be “Standard”.
- 4) there has been no material change in our financial status which may adversely affect the credit rating of the Commercial Paper.
- 5) the CPs have not been invested by related parties either in primary market or in secondary market as per the list of beneficial owners.
- 6) the total issuance of CPs during the calendar year up to the quarter ended \_\_\_\_\_ was Rs ----- Crores.

CEO/CFO/Top Most Executive of the issuer entity

Date:

Place:

Annexure VII

Stamp Duty on CP

The stamp duty on issuance of CP is governed by the Indian Stamp Act by virtue of CP being included within the definition of the term ‘Debentures’ and is under the purview of the Central Government. Stamp duty has been effective 9th January 2020.

Structure of Stamp Duty

(Effective from September 12, 2008)

Usance Period Promissory Note	Stamp Duty (Rs. per thousand or part thereof)
I. Up to and including 3 months	0.12
II. Above 3 months up to and including 6 months	0.24
III. Above 6 months up to and including 9 months	0.36
IV. Above 9 months up to and including 1 year	0.50
V. Above 1 year	1.00

Three months could have 89/90/91/92 days as the case may be. The stamp duty should be calculated based on months, while consideration, based on yield, is worked out based on the actual number of days.

e.g. CP is placed for 3 months say on	01.02.17	15.06.18
Corresponding due date:	01.05.17	15.09.18
No of days	89	92
<u>In both cases (above) stamp duty for 3 months is payable.</u>		

Stamp Duty on CP w.e.f 1<sup>st</sup> July 2020

The stamp duty on issuance of CP is governed by the Indian Stamp Act by virtue of CP being included within the definition of the term ‘Debentures’ and is under the purview of the Central Government.

(Effective from 1<sup>st</sup> July 2020)

	Stamp Duty (in %)
I. In case of Issue of debenture	0.005%
II. In case of transfer and re-issue of debenture	0.0001%

N.B. Any changes/amendments as announced by Central Government from time to time will have to be complied with.

### Annexure VIII

#### Input File

**File Nomenclature: - CP\_<Depository ID>\_<ISIN>\_<DDMMYYYY (Value Date)>.csv**

Example: - CP\_IN000018\_INE00CL14015\_16012020.csv

#### Control Records

Column	Width	Value
Record Type	Number (2)	Default Value – 01
Batch ID	Number (7)	
ISIN	Char (12)	
Issue Code	Char (8)	Optional, can be combination of Char & Numbers
Value Date	Date (8)	YYYYMMDD
CA Execution Date	Date (8)	Optional
Number of Records	Number (10)	
Total Quantity	Number (18)	(15+3 for decimal points) Quantity should not be in decimal

#### Detailed Records

Column	Width	Value
Record Type	Number (2)	Default Value – 02
DP ID	Char (8)	
Client ID	Number (8)	
Quantity	Number (18)	(15+3 for decimal points) Quantity should not be in decimal

### Depository Response File

**File Nomenclature: - CP\_<Depository ID>\_<ISIN>\_<DD MM YYYY (Value Date)>\_R.csv**

Example: - CP\_IN000018\_INE00CL14015\_16012020\_R.csv

#### Control Records

Column	Width	Value
Record Type	Number (2)	Default Value – 01
Batch ID	Number (7)	
ISIN	Char (12)	
Issue Code	Char (8)	Optional, can be combination of Char & Numbers
Value Date	Date (8)	YYYYMMDD
CA Execution Date	Date (8)	YYYYMMDD
Number of Records	Number (10)	
Total Quantity	Number (18)	(15+3 for decimal points) Quantity should not be in decimal

#### Detailed Records

Column	Width	Value
Record Type	Number (2)	Default Value – 02
DP ID	Char (8)	
Client ID	Number (8)	
Quantity	Number (18)	(15+3 for decimal points) Quantity should not be in decimal
Status	CHAR (1)	'A' - Accept, 'R'- Reject
Remarks for rejection	Number (2)	If Status is 'R', the reason code for rejection

- IPAs may use electronic platform provided by depositories for CP issuance at their discretion.