

## Assignment-9

### 1) Important Steps in public issue of debt security.

An issuer proposing to undertake a public issue of debt securities is required to prepare and file the draft prospectus with the designated stock exchange and submit it with the SEBI.

#### \* Board Approval:

The company's board of directors must approve the decision to issue debt securities.

#### \* Appointment of Advisors

- Merchant bankers or investment bankers to manage the issue.
- Legal advisors to ensure compliance with regulatory requirements.
- Trustees to protect the interests of investors (for secured debt).

#### \* Regulatory Filings and Approvals:

• Prospectus  $\Rightarrow$  Securities and Exchange Commission (SEC) in the U.S. or SEBI in India.

#### \* Credit Rating

#### \* Due Diligence:

Legal, financial, and technical due diligence is carried out to ensure that the company's information disclosed to investors is accurate and complete.

#### \* Opening and closing of Issue:

The public issue is opened for subscription by investors.

2) Qualified institutions placement.

- \* A way for listed companies to raise capital by issuing equity to qualified institutional investors.

- \* DIP is similar to a private sale of shares, but only to large, sophisticated investors.

- \* Only companies listed on recognized stock exchanges can raise funds by use DIP.

- \* It's like a private sale of shares, but only to big, sophisticated investors.

3) Electronic system for book building in debt securities.

An Electronic Book Building System (EBS) for debt securities is a platform used to facilitate the transparent and efficient pricing and issuance of debt securities such as bonds and debentures.

- \* Electronic Bidding Platform.

- \* Transparency.

- \* Price Discovery.

- \* Multiple Investors.

- \* Real-time Updates.

SDI