

DRAFT CIRCULAR FOR PUBLIC COMMENTS

Revised Norms for appointment of an independent third-party reviewer/ certifier for green debt security

1. OBJECTIVE:

- 1.1. SEBI vide circular dated February 06, 2023¹ stipulated the disclosure requirements for green debt securities including requirements relating to appointment of an independent third party reviewer/ certifier.
- 1.2. SEBI vide circular dated June 05, 2025 stipulated the disclosure requirements for Environmental Social and Governance (ESG) Debt Securities (other than green debt securities). The said circular stipulated detailed requirements relating to appointment of an independent third party reviewer/ certifier (such as stipulations relating to independence of the third-party reviewer, conflict of interest, etc.)
- 1.3. The circular issued by SEBI on February 06, 2023 does not prescribe detailed requirements for appointment of third-party reviewer/ certifier as specified in the aforesaid circular dated June 05, 2025. Thus, there is a need to align the requirements specified for appointment of third-party reviewer/ certifier between Green Debt Securities and ESG Debt Securities (other than green debt securities) i.e social and sustainability bonds.
- 1.4. Accordingly, this consultation paper is issued to solicit comments/ views/ suggestions from the public on the proposal to align the requirements of appointment of an independent third party reviewer/ certifier for green debt security with that specified for social bonds and sustainability bonds issued vide circular dated June 05, 2025.

¹ The provisions of the circular are incorporated in Chapter IX of the 'Master Circular for issue and listing of Non-Convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper' dated May 22, 2024

1.5. In view of the same, the draft circular titled “*Revised Norms for appointment of an independent third-party reviewer/ certifier for green debt security*” placed at **Annexure-A**.

2. PUBLIC COMMENTS

2.1. Public comments are invited on the draft circular annexed to this consultation paper. The comments/ suggestions should be submitted latest by **August 21, 2025**, through the online web-based form which can be accessed using the following link:

<https://www.sebi.gov.in/sebiweb/publiccommentv2/PublicCommentAction.do?doPublicComments=yes>

2.2. The instructions to submit comments on the consultation paper are as under:

1. *Before initiating the process, please read the instructions given on top left of the web form as “Instructions”.*
2. *Select the consultation paper you want to comment upon from the dropdown under the tab – “Consultation Paper” after entering the requisite information in the form.*
3. *All fields in the form are mandatory.*
4. *Email ID and phone number cannot be used more than once for providing comments on a particular consultation paper.*
5. *If you represent any organization other than the types mentioned under dropdown in “Organization Type”, please select “Others” and mention the type, which suits you best. Similarly, if you do not represent any organization, you may select “Others” and mention “Not Applicable” in the text box.*
6. *There will be a dropdown of Proposals in the form. Please select the proposals one- by-one and for each of the proposal, please record your level of agreement with the selected proposal. Please note that submission of agreement level is mandatory*

7. If you want to provide your comments for the selected proposal, please select “Yes” from the dropdown under “**Do you want to comment on the proposal**” and use the text boxes provided for the same.
8. After recording your response to the proposal, click on “Submit” button. System will save your response to the selected proposal and prompt you to record your response for the next proposal. Please follow this procedure for all the proposals given in the dropdown.
9. If you do not want to react on any proposal, please select that proposal from the dropdown and click on “**Skip this proposal**” and move to the next proposal.
10. After recording your response to all the proposals, you may see your draft response to all of proposals by clicking on “**Check your response before submitting**” just before submitting response to the last proposal in the dropdown. A pdf copy of the response can also be downloaded from the link given in right bottom of the web page.
11. The final comments shall be submitted only after recording your response on all of the proposals in the consultation paper

2.3. In case of any technical issue in submitting your comment through the web based public comments form, you may contact the following through email with the subject: “**Revised Norms for appointment of an independent third-party reviewer/ certifier for green debt security**”

- a) Rohit Dubey, GM (rohitd@sebi.gov.in)
- b) Kiran Dhembre (Ms.), Mgr (kirand@sebi.gov.in)

Issued on: August 01, 2025

DRAFT CIRCULAR

SEBI/HO/DDHS/DDHS-PoD-1/P/CIR/2025/XXX

XXX, 2025

To,

All Issuers who have listed/ propose to list green debt securities,
Recognized Stock Exchanges,
Recognized Depositories,
All Registered Merchant Bankers,
All Registered Debenture Trustees,
All Registered Credit Rating Agencies and
All Registered ESG Ratings Providers.

Madam/ Sir,

Subject: Revised Norms for appointment of an independent third-party reviewer/ certifier for green debt security

1. In February 2023, SEBI undertook a review of the regulatory framework for green debt securities and modified the initial and continuous disclosure requirements for issue and listing of green debt securities vide circular dated February 06, 2023². Such requirements were made applicable for issuances of green debt securities (proposed to be listed) with effect from April 01, 2023. The provisions of the said circular are now incorporated in Chapter IX of the *Master Circular for issue and listing of Non-Convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper* dated May 22, 2024 (hereinafter referred to as '**NCS Master Circular**').

² SEBI circular no. SEBI/HO/DDHS/DDHS-RACPOD1/P/CIR/2023/023 dated February 06, 2023

2. Chapter IX of the NCS Master Circular specifies requirements regarding appointment of a third-party reviewer/ certifier in respect of the initial and continuous disclosure requirements for green debt securities. (Paragraph 1.8 and 3 of Chapter IX)
3. SEBI vide amendment notification dated December 11, 2024 expanded the scope of sustainable finance in Indian securities market to include “social bonds, sustainability bonds and sustainability-linked bonds”, which together with green debt securities is termed Environment, Social and Governance (ESG) Debt Securities.
4. SEBI, vide circular dated June 05, 2025, specified the operational framework for ESG Debt Securities (other than green debt securities) prescribing initial disclosure requirements, continuous disclosure requirements and requirements relating to appointment of an independent third-party reviewer/ certifier.
5. In order to align the requirements for appointment of an independent third-party reviewer/ certifier for green debt securities with that specified for social bonds/ sustainability bonds issued vide circular dated June 05, 2025, it has been decided to modify chapter IX of the NCS Master circular.
6. Accordingly, the following modifications are hereby made in chapter IX of the NCS Master Circular:
 - 6.1. Paragraph 1.8 of Chapter IX of the NCS Master Circular, stands deleted:
 - 6.2. Insertion of following paragraph as “paragraph 5” in Chapter IX of the NCS Master Circular.

5.Independent third-party reviewer/ certifier:

5.1 The issuer shall appoint an independent third-party reviewer/ certifier, to ascertain that the issuance of green debt securities is in accordance with the definition specified under Regulation 2(1)(q) of the SEBI NCS

Regulations including review/certification of the processes including project evaluation and selection criteria, project categories eligible for financing by green debt security, etc, in compliance with the following conditions:

- a) The reviewer shall be independent of the issuer, its directors, senior management and key managerial personnel;
- b) The reviewer shall be remunerated in a way that prevents any conflicts of interest; and
- c) The reviewer shall have expertise in assessing ESG debt securities.

5.2 The scope of the review(s) conducted by the independent third-party reviewer/ certifier shall be specified in the offer document.

5.3 The independent third-party reviewer may take one or more of the following forms recommended by International Capital Market Association³:

- a) Second Party Opinion;
- b) Verification including the cases where proceeds are to be utilised for the purpose of re-financing;
- c) Certification;
- d) Scoring / Rating.

5.4 Apart from the entity(ies) eligible to be appointed by the Issuer in paragraph 5.1 above, an ESG rating provider registered with SEBI shall also be eligible to be appointed by the Issuer to act as a third-party reviewer for the purpose of this circular. Such ESG Rating Provider shall comply with the conditions specified in paragraph 5.1 above.

³https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/External-Review-Guidelines_June-2022-280622.pdf

- 5.5 The issuer shall ensure that the details regarding the independent third-party reviewer are adequately disclosed in the offer document.
7. The circular shall come into force for issuances of green debt securities with effect from XXX, 2025.
8. The Circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 read with Regulation 55 (1) of the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 to protect the interest of investors in securities and to promote the development of, and to regulate the securities market.
9. This Circular is available at www.sebi.gov.in under the link “Legal → Circulars”.

Yours faithfully,

XXXXXX