

PROCEDURE FOR ISSUING COMMERCIAL PAPER (CP)



Procedure for Issuing Commercial Paper (CP) by the Issuer with the Royal Securities Exchange of Bhutan

1. Letter of Intent

Issuers shall submit letter of intent for the issuance of Commercial Paper (CP) in the format prescribed by the Central Depository, Royal Securities Exchange of Bhutan (RSEB) (Appendix 1)

2. Entering Agreement

The issuer shall enter into agreement (as Appendix 2) with the Central Depository for the dematerialization (Demat) of its CP issuance.

3. Assigning of USIN

Depository shall assign Unique Securities Identification Number (USIN) on the basis of date of maturity of the CP.

4. Public Notification

The issuer shall make public notification of the issuance of CP (as Appendix 3) at least 7 working days prior to the Issue Date with the following information:

- Size of Issuance;
- Issue Date;
- Date of maturity;
- Discount Rate; and
- Minimum size of issue.

5. Application

The investor shall make an application as per the format prescribed in Appendix 4 to the RSEB for the CP and submit it along with the cheque/Payorder/DD/BankTransfer/Cash for the appropriate amount to the RSEB's account no. 100904401.

6. Global Certificate

The issuer shall issue a CP against the payment received in the format prescribed in appendix 5, which shall be duly stamped.

7. Execution of Order

The Central Depository shall provide the details of Demat account holders to the issuer after completion of the book entry in the Central Depository system.

8. Secondary Market Transaction in CP

Secondary market transaction will take place on a manner as:

- Delivery versus Payments (DVP) basis
- Deal confirmation note is required in the format as prescribed in appendix 6.

The buyers and sellers shall sign the deal confirmation note and submit it to the Central Depository for the ownership transfer. In case of a new buyer, the applicant shall register with the Central Depository.

Unless otherwise mutually agreed by the buyer and seller of the CP, trade settlement shall take place on T+1 basis.

Central Depository shall issue transaction report to the buyers and sellers.

9. List of holders

The updated list of the Demat account against the CP shall be submitted to the issuers as and when required.

10. Fees

Fees payable by the Issuers for the Central Depository services shall be as follows:

1. Less than Nu.100 million	-Nu.25,000
2. Nu.100 million- Nu. 250million	-Nu.35,000
3. Nu. 250Million- Nu. 500million	-Nu.45,000
4. Nu. 500 million- Nu. 750million	-Nu.55,000
5. Nu. 750 million to Nu.1 billion	-Nu.65,000
6. Nu. 1 Billion and Above	-Nu.80,000

11.Redemption

For the purpose of redemption, the Central Depository shall submit the list of Demat account holders to the Issuer at least two working days prior to the maturity date of the Issue.

The Issuer shall process the payment of the issue on the maturity date to the account holders as per the list submitted by the Central Depository.

After the payment of the CP, the Issuer shall inform the Central Depository that the payment has been made and to terminate the CP from its system.

Letter of Intent for Commercial Paper

Draft Letter to admit Commercial paper in Central Depository (to be submitted on the Issuers' Letterhead)

Date:

The Chief Executive Officer
Royal Securities Exchange of Bhutan Limited
Thimphu

SUB: Admission of Commercial paper

Dear Sir,

We are pleased to inform you that our ____ (Company Name) has decided to offer the following Commercial Paper as eligible security(ies) under the Central Depository Rules. We confirm that these instruments will be governed by the terms and conditions indicated in the bilateral agreement entered between _____, and the Central Depository of the Royal Securities Exchange of Bhutan. The details of the instrument are as follows:

Sl. No	Description of the Security	Allotment date	Maturity date

Please find enclosed the duly filled Form. We request you to take necessary steps to induct our security into your Central Depository system and allocate USIN for the same.

Yours faithfully,

Signature

Name & Designation of the Authorized Signatory

1. FILE CREATION FORM FOR COMMERCIAL PAPER

(Kindly ensure that all columns are properly filled. Write "N.A." wherever not applicable).

Full name of the Issuer:

Whether the issuer has already signed agreement with the Central Depository for any other instrument?

YES/NO (Tick the relevant option)

2. (Information sought in section A to be provided for the first issue of commercial paper of the ISSUER through Central Depository For the subsequent issues, if there is no change in the information sought in section A, please proceed directly to section B)

Section A

Address of the Regd. Office including telephone, fax nos. and email addresses:

Section B

Security Details:

Description of the Security	Issue Date	Redemption Date	Tenure of the security (in days)

We hereby certify that:

All guidelines issued under the Companies Act, 2016 for the issue of Commercial Paper have been complied with.

We understand that Commercial Paper having the same maturity date will be allotted a single USIN irrespective of the date of allotment.

The information provided above is correct to the best of our knowledge and belief.

Signature:

Date:

Name:

Stamp of the Issuer:

Designation:

**AGREEMENT BETWEEN ROYAL SECURITIES EXCHANGE OF BHUTAN LTD.,
AND ISSUER**

This Agreement is drawn on this _____ day of _____, between the ROYAL SECURITIES EXCHANGE OF BHUTAN LTD., having its Registered Office at Norzin Lam, RICBL Building, Post Box # 742, Thimphu (hereinafter, in this agreement called “Central Depository”) of the One Part; AND _____ having its office/registered office at _____ hereinafter called the “Issuer” of the Other Part. WHEREAS Central Depository has agreed to declare the Issuer’s _____, (hereinafter called “the said security”) as being eligible to be held in Central Depository;

AND WHEREAS the Issuer is desirous of entering into an agreement with Central Depository to facilitate the holding and transfer of securities in Central Depository, which Central Depository has agreed to do; AND WHEREAS the said security has been allotted an USIN No. _____ an Securities Identification Code “ _____ ”

NOW THEREFORE, in consideration of the mutual promises herein contained, the parties hereto do hereby agree and covenant with each other as follows:

1. General Clauses

- 1.1 Words and expressions used but not defined in this Agreement but defined under, The Companies Act 2016, The Financial Services Act 2011, The Depository Regulation, or the Rules of Central Depository shall have the meaning assigned to them under the aforesaid Acts, Regulations or Rules as the case may be.
- 1.2 Unless otherwise warranted by the context or meaning thereof, the words or expressions “Account Holder” and “Issuer” used herein shall mean an Account Holder and Issuer to an issue in relation to Central Depository and the terms “Act”, “Regulations”, “Rules”, and “Operating Instructions” shall mean “The Companies Act 2016, The Financial Services Act 2011, The Depository Regulation, or the Rules of Central Depository and the Operating Instructions / User Manual issued by Central Depository respectively.
- 1.3 The Issuer shall be bound by The Companies Act 2016, The Financial Services Act 2011, The Depository Regulation, or the Rules of Central Depository and agree to abide by the Central Depository Rules and the Operating Instructions / User Manual issued from time to time by Central Depository in the same manner and to the same extent as if the same were set out herein and formed part of this Agreement.

1.4 The Issuer shall continue to be bound by the Central Depository Rules and Operating Instructions / User Manual, even after ceasing to be an Issuer in so far as may be necessary for completion of or compliance with its obligations in respect of all matters, entries or transactions which the Issuer may have carried out, executed, entered into, undertaken or may have been required to do, before ceasing to be an Issuer and which may have remained outstanding, incomplete or pending at the time of its ceasing to be an Issuer.

2. Securities Identification Code

Central Depository shall allocate an USIN and Securities Identification Code to the Issuer (Issuer ID).

3. Connectivity and Communication

The Issuer and Central Depository shall establish and maintain an electronic means of communication with each other.

4. Effective Date of Commencement of Dematerialization

The Securities held by the Central Depository will be in Demat Form from the date of execution of this Agreement.

5. Information/Documents to be Furnished by the Issuer to Central Depository

The Issuer shall, furnish to the Central Depository, a copy of the approval letter from the Registrar of Companies for the registration and permitting commencement of trading in respect of the said security within five business days from the date hereof and in the event of any fresh issue of securities ranked pari passu with the existing security within five business days from the date of issuance of such letter.

6. Details/Particulars to be Furnished by the Central Depository to the Issuer

6.1 The Central Depository shall furnish to the Issuer the details/particulars of Account Holders holding securities in dematerialized form as of record date. Such details/particulars shall be provided by the Central Depository within such time as may be specified in the Operating Instructions / User Manual.

6.2 In addition to the above, the Central Depository may in its discretion provide, as and when required by the Issuer, on payment of such charges as may be specified by the Central Depository, details of Account Holders and any other details or particulars in respect of the said security.

7. Corporate Action / Benefits

- 7.1 The Central Depository undertakes to provide a list of Account Holders with relevant details to the Issuer as of the book closure date/record date or specified date. Central Depository shall indemnify the Issuer for any loss that may be caused to the Issuer by reason of any incorrect or inaccurate information relating to Account Holders and/or their holdings being furnished by the Central Depository to the Issuer.
- 7.2 The Issuer shall, in respect of the said security, provide timely information to the Central Depository about all corporate action including book closure date, record dates, dates of redemption or maturity of securities, details of other corporate action such as merger, amalgamation or reconstruction of the Issuer, reduction of capital, forfeiture, re-issue, and such other information as may be specified by the Central Depository from time to time.
- 7.3 The Issuer shall be responsible for timely intimation of all corporate action to the Central Depository and the accuracy thereof as also for distribution of all corporate benefits. The Issuer shall also be solely responsible for accuracy of advice as to corporate benefits conveyed by the Issuer to the Central Depository. The Issuer shall indemnify the Central Depository for any loss that may be caused to the Central Depository by reason of any incorrect or inaccurate information furnished by the Issuer to the Central Depository.

8. Events Requiring Immediate Intimation by the Issuer to the Central Depository

8.1 The Issuer shall notify the Central Depository forthwith:

- (a) upon a petition for winding-up of the Issuer being presented in any court or a resolution being passed for winding up of the Issuer;
- (b) any scheme being framed for merger, amalgamation or reconstruction of the Issuer;
- (c) on its becoming aware of the presentation of any application or petition for its bankruptcy, insolvency, liquidation or attachment of its property;
- (d) upon its becoming aware of any distress, execution, attachment or other process being threatened or levied

- (e) in case of any change in its financial conditions which may lead to its insolvency or winding-up or if it suffers a composition with its creditors;
- (f) upon convening of any meeting to consider a resolution for the appointment of a liquidator or receiver or administrator in respect of any of its properties or any other change in circumstances which could materially affect the business of the Issuer;
- (g) upon a receiver or administrator being appointed by any court in respect of the assets or properties of the Issuer;
- (h) upon the Issuer becoming aware of any event or occurrence which is reasonably likely to materially affect its commercial viability or existence or its ability to perform its obligations under this Agreement.

9. Confidentiality

- 9.1 The parties hereto shall keep strictly confidential all technical and business information including but not limited to that which may be disclosed or confided to it by the other in the course of the performance of the obligations under this Agreement.
- 9.2 Neither party hereto shall disclose the same to any third party without prior approval of the other party hereto.
- 9.3 Either party hereto shall be at liberty to permit inspection or allow extracts to be made at any time of such details, particulars, data or information relating to any Account Holder and/or his account to such extent and in such manner as may be required by any law in force for the time being and to provide or disclose such details, particulars, data or information relating to any Account Holder and/or his account as may be required or directed by any court, tribunal, the Government, the Authority or any regulatory or revenue authority empowered by law in that behalf or as may be required for compliance with any obligations in law or for enforcement of any of its rights or for protection of its interest without reference or recourse to the other provided however that save and except as mentioned hereinabove, the Issuer shall not divulge or permit or suffer to be disclosed any such details, particulars, data or information relating to any Account Holder and/or his account, to any party or person and shall hold such details, particulars, data and information in strict confidence.

10. Change in Address

The Issuer shall inform the Central Depository of any proposed change in the

address of the Registered Office of the Issuer as also of any change of the location of the premises where the equipment for maintenance of computerized records, backup facilities and communication with the Central Depository are situated, at least fifteen business days before the date of such change.

11. Prohibition Against Assignment

The functions, rights or obligations under this Agreement shall not be assigned or delegated to any party or person (including any Registrar to an Issue and/or Share Transfer Agent) by the Issuer without the express prior written consent of the Central Depository. Any purported assignment or delegation in contravention of the terms of this Agreement shall be null and void.

12. Indemnity

12.1 The Issuer agrees and undertakes to indemnify and keep indemnified and saved harmless Central Depository, its employees or agents from against all claims, demands, penalties, suits, action, litigation, arbitration, prosecution and any proceedings whatsoever and all costs, charges and expenses relating thereto and any harm, loss, damage or injury suffered or incurred by the Central Depository and/or any of its Depository Participants by reason of or as a consequence of the Issuer furnishing any false or incorrect information to the Central Depository or permitting dematerialization of securities in breach of any order, decree, injunction, covenant or law in force or permitting dematerialization of securities on the strength of certificates or documents which are found to be forged, counterfeit, fake or cancelled or in respect of which duplicates / replacements / renewals have been issued or the Issuer otherwise committing any default in observance of its obligations under the Central Depository Rules or Operating Instructions / User Manual or under this Agreement.

12.2 The Central Depository agrees and undertakes to indemnify and keep indemnified and saved harmless the Issuer from and against all harm, loss, damage or injury, claims, demands, suits, actions, litigations, prosecutions and all other proceedings whatsoever and all cost, charges and expenses relating thereto suffered and incurred by the Issuer by reason of or as a consequence of any breach, default or negligence on the part of the Central Depository, its employees or agents in complying with its obligations under the Act, the Regulations, the Central Depository Rules, this Agreement or Operating Instructions / User Manual.

13. Force Majeure etc.

13.1 Notwithstanding anything contained herein or in the Central Depository Rules, neither party hereto shall be liable to indemnify or compensate the

other for any breach, nonperformance or delay in performance of any obligations under this Agreement or for any harm, loss, damage or injury caused to the other due to causes reasonably beyond its control including but not limited to storm, flood, lightning, earthquake, fire, blast, explosion or any other act of God, war, insurrection, embargo or sanction, blockade, civil commotion, labour action or unrest including strike, lock-out or boycott, interruption or failure of any utility service, enemy action, criminal conspiracy, act of terrorism or vandalism, sabotage, unanticipated technological or natural interference or intrusion, loss or damage to any other data communications linkage, loss of connectivity or any other irresistible force or compulsion.

14. Service of Notice

- 14.1 Any notice or communication required to be given under this Agreement shall not be binding unless the same is in writing and shall have been served by delivering the same at the address set out hereinabove against a written acknowledgement of receipt thereof or by sending the same by pre-paid registered post at the aforesaid address or transmitting the same by facsimile transmission, electronic mail or electronic data transfer at the number or address that shall have been previously specified by the party to be notified.
- 14.2 Notice given by personal delivery shall be deemed to be given at the time of delivery.
- 14.3 Notice sent by post in accordance with this clause shall be deemed to be given at the commencement of business of the recipient of the notice on the third business day next following its posting.
- 14.4 Notice sent by facsimile transmission, electronic mail or electronic data transfer shall be deemed to be given at the time of its actual transmission.

15. Severability

If any provision of this Agreement shall be held or adjudged by any competent court, tribunal or regulatory authority to be unlawful, void or unenforceable or if any such provision is rendered void or unenforceable by reason of any statutory amendment, notification or any judicial decision, such provision shall to the extent required to be severed from this Agreement and rendered ineffective as far as possible without modifying the remaining provisions of this Agreement but shall not in any way affect the validity or enforcement of the rest of the provisions of this Agreement which shall continue to apply with full force and effect.

16. No Waiver

Neither party hereto shall be deemed to have waived, abandoned or relinquished any right, power, privilege or remedy available to it under this Agreement or in law except by a writing executed in that behalf and no failure or delay on the part of any of the parties hereto in the exercise of such right, power, privilege or remedy shall operate as a waiver thereof or as a waiver of any preceding or succeeding breach by the other party to this Agreement nor shall any single or any partial exercise of any right, power, privilege or remedy preclude any other or further exercise of such or any other right, power, privilege or remedy available under this Agreement or otherwise available in law or in equity it being agreed that all such rights, powers, privileges and remedies are several and cumulative of each other.

17. Governing Law

This Agreement shall be governed by and construed in accordance with the laws in force in Kingdom of Bhutan.

18. Jurisdiction

The parties hereto agree to submit to the exclusive jurisdiction of the Royal Court of Justice, Kingdom of Bhutan.

19. Headings

The headings in this Agreement are for convenience and reference only and shall in no way affect the construction or interpretation of this Agreement. Unless the context otherwise requires, words denoting the singular shall include the plural and vice versa and any reference to any statute, enactment or legislation or any provision thereof shall include any amendment thereto or any re-enactment thereof.

20. Execution of Agreement

This Agreement is executed in duplicate and a copy each shall be retained by each of the parties hereto.

IN WITNESS WHEREOF the parties hereto have hereunto set and subscribed their respective hands and seals to this Agreement in duplicate on the day, _____ month, _____ year _____ .

SIGNED AND DELIVERED
by the within named

Central Depository, Royal Securities Exchange of Bhutan

Legal

by the hand of its Officer in-charge _____

in the presence of: _____

Name & Address of

witness: _____

SIGNED AND DELIVERED

by the within named Issuer

by the hand of its



in the presence of: _____

Name & Address of witness:

Public Notification for Issuance of Commercial Paper (CP)

Name of Issuer _____

Address _____

CD Code _____

Issue Amount: Nu. _____

Maturity Amount: Nu. _____

Discount Rate % : _____

Issue Date : _____

Maturity Date : _____

Terms and Conditions

1. Application must be submitted to the RSEB not later than 12.00 noon on the closing date and applications will be irrevocable after submission.
2. Application must be accompanied by payment in full.
3. The RSEB on the advice of the issuer reserves the right to reject any Application or part of any Application and may allot to the applicants less than the full amount of the CP offered.
4. Allotments shall be made on the scheduled date by the RSEB. In the event of partial allotments of Applications, the excess amount paid shall be refunded or transferred by the RSEB to the Applicants bank account number. If no allotment is made, the amount paid will be returned in full in same manner.
5. No allotment shall be made for an amount less than Nu.100,000/- of the Certificate of CP
6. The CP ownership shall be issued in demat form and shall be registered electronically with the Central Depository of the Royal Securities Exchange of Bhutan (RSEB). The CP shall be registered in multiples of Nu.100, 000 (One hundred thousand). There will be no individual certificates issued to the applicants. However, the applicants can check their holdings and take statements from the Central Depository.

7. The Central Depository shall provide with the names of the beneficial owners to the issuer at least two working days in advance of the maturity date.
8. The CP shall be registered with the Central Depository upon successful completion of the allotment latest by the following working day along with the list of beneficial owners. Trading in such CP shall cease until the payment date has passed. Such record date will be no more than 2 working days prior to the maturity date.
9. Application forms are available from the RSEB and Issuer.

Seal and Signature of the Issuer

Application Form for Commercial Paper

Date : --/--/---

The
Central Depository
RSEB
Thimphu

In accordance with the terms of the notice of call for subscriptions of Commercial Paper for the _____ dated _____ and maturing on _____, I/We hereby apply for the said Commercial Paper as indicated below:-

1. Name of Applicant : _____
2. Status of the applicant (please tick) (Individual/Corporate/Financial Institutions/Religious Institutions)
3. Citizen Identity Card No. _____
4. Tax payer No : _____
5. Address : _____
6. Contact No. _____
7. Email Address. _____
8. Bank Account No. _____, Bank name _____
9. Number of Commercial Paper Applied for
(In figures) _____
(In Words) _____
10. Amount being remitted
(In figures) _____
(In words) _____
11. Mode of payment (please tick) Cash/Cheque/DD/Bank Transfer

Declaration

I/we the applicant(s) of the above mentioned Commercial Papers hereby declare that the information provided is/are correct and true to the best of my/our knowledge and

belief. If any incorrect information is detected, the application will be treated as cancelled.

(Signature of the applicant)

Note:

1. Minimum subscription – Nu.100,000/-
 2. Please attached CID Copy for individual and or any other legal documents for Institutions.
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ACKNOWLEDGEMENT BY CENTRAL DEPOSITORY

Received a sum of Nu. _____ from _____
vide Cash/Cheque/DD/Bank Transfer dated _____ for the subscription of CP
Code _____.

Seal and Signature

COMMERCIAL PAPER TO CENTRAL DEPOSITORY

“GLOBAL CERTIFICATE”

This is to Certify that the CENTRAL DEPOSITORY, ROYAL SECURITIES EXCHANGE OF BHUTAN is the custodian for ----- units of Nu.----- each of Commercial Paper dated----- and maturity date ----- . The issue of this Commercial Paper is authorized by the Board of Directors of ----- and constitute direct and unconditional obligations of the ----- .

The ----- promises to pay to the registered holders of these Commercial Paper on maturity date -----, the principal amount of Ngultrum----- .

In WITNESS whereof the ----- has caused this Commercial Paper to signed by the Chairman of the Board of Directors and the Chief Executive Officer of the ----- .

CHAIRMAN

CHIEF EXECUTIVE OFFICER

ISSUED at,

dated -----

DEAL CONFIRMATION NOTE

Please fill in all the details in CAPITAL letters.

Date

D	D	M	M	Y	E	A	R
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

SI.No	Name of Issuer/Security	Quantity to be transferred In figures (Quantity)
<input type="text"/>	<input type="text"/>	<input type="text"/>

Transferor Details (Seller)

Name of Account Holder

Citizen Identity Card No.

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
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Central Depository Code No.

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
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Transferee Details (Buyer)

Name of Account Holder

Citizen Identity Card No.

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
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Central Depository Code No.

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
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Present Address

Contact No.

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
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Reason for Transmission

Legal Stamp

Signature of Account Holder

CD Participation Certificate

The transmission request form has been verified with the details of the Account Holder and it is certified that it is in order. The proposed transmission has the appropriate approval of the Authority as required.

Securities standing to the credit of a Transferor shall vest in his/her nominee/s and where no nomination was made, succession to such securities has been determined in accordance with law in favour of the heirs or legal representatives of the deceased against production of the necessary representation to the estate of the deceased by way of probate, letters of administration or succession certificate, as applicable.

Signature