

# SEBI provides ISIN relaxation for listing of grandfathered bonds

30 December 2024

## Introduction

Securities and Exchange Board of India (SEBI) through its circular number SEBI/HO/DDHS/DDHS-PoD-1/P/CIR/2024/173 dated 13 December 2024 (Circular), has provided a relaxation to the debt listed companies lifting the ISIN restriction limit for issuers desirous of listing ISINs for the originally issued unlisted grandfathered debt securities.

## Provisions of LODR Regulations on mandatory listing

SEBI, through its [SEBI \(Listing Obligations and Disclosure Requirements\) \(Fourth Amendment\) Regulations, 2023](#) dated 21 September 2023 (Amendment Regulations) had introduced regulation 62A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR Regulations).

Regulation 62A of the LODR Regulations mandates that a listed entity, whose non-convertible debt securities (NCS) are listed on a stock exchange(s), shall list all its NCS, proposed to be issued on or after 1 January 2024 (Cut-off Date). It further provides that, a listed entity, which has made an issue of unlisted NCS on or before 31 December 2023, which are outstanding as on the Cut-off Date, may list such securities, on the relevant stock exchange(s). It also mandates that, a listed entity, that proposes to list its NCS on a stock exchange(s), on or after the Cut-off Date, shall list all its outstanding unlisted grandfathered NCS, previously issued on or after the Cut-off date, on the stock exchange(s), within 3 (three) months from the date of listing of the NCS proposed to be listed. For further information on updates incorporated through the Amendment Regulations, please refer to [SEBI Amends Laws for Listing of Debt Securities for all Equity Listed Entities - 13 Oct 2023\\_3.pdf](#).

## Restrictions on number of ISINs

Chapter VIII - Specifications related to ISIN for debt securities 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, issued by SEBI (Master Circular), specifies provisions pertaining to maximum number of ISINs that can mature in a financial year in respect of private placement of debt securities.

Clause 1 of the Chapter VIII of the Master Circular prohibits issuers to hold a maximum number of fourteen ISINs maturing in any financial year, of which nine ISINs maturing per financial year are allowed for plain vanilla debt securities and five ISINs are allowed for structured/market linked debt securities.

## Relaxation on ISIN requirement

Through the concerned Circular, SEBI has relaxed the limit of maximum ISINs in relation to the ISINs of unlisted debt securities outstanding as on December 31, 2023 which are converted to listed ISINs, pursuant to Regulation 62A (2) of LODR Regulations.

## Analysis and conclusion

This relaxation offers a significant opportunity for companies with outstanding unlisted debt securities to transition these securities to listed ISINs without being limited by the maximum cap on ISINs maturing in a financial year. By removing this restriction, companies can more easily bring their existing unlisted debt onto public markets, facilitating greater market access.

This move is anticipated to improve liquidity, making it easier for investors to buy and sell these securities. Additionally, it provides greater flexibility for companies in managing their debt portfolios, enabling them to make strategic adjustments and enhance their financial positions over time.

- *Manisha Shroff (Partner); Arjita Agarwal (Senior Associate) and Nikunj Mehta (Associate)*



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