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Greater Flexibility for Debt Issuers: SEBI Proposes Changes to ISIN Limits and Debt-Listing Requirements

31 August 2026

1. Overview

On 10 August 2026, the Securities and Exchange Board of India (SEBI) issued a consultation paper titled *"Review of provisions related to ISIN for Debt Securities"* (Consultation Paper), proposing the following key changes:

(a) an increase in the limit on the number of International Securities Identification Numbers (ISINs) that may mature in a financial year in respect of privately placed debt securities; and

(b) relaxation of the requirement for an issuer that lists its non-convertible debt securities (Non-Convertible Securities) for the first time to retrospectively list its existing outstanding unlisted Non-Convertible Securities issued after January 2024.

The Consultation Paper is open for public comments until 31 August 2026. The proposed amendments will take effect only upon SEBI issuing the final circular and making the corresponding amendments to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) and the SEBI Master Circular for Issue and Listing of Non-Convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper dated 15 October 2025 (NCS Master Circular).

The proposed amendments in the Consultation Paper are based on representations received by SEBI from market participants. This Ergo summarises the key changes proposed under the Consultation Paper.

2. Proposed Revision in ISIN Limits

(a) Existing Framework

The NCS Master Circular currently limits the issuers to issue **not** more than 14 (fourteen) ISINs in respect of Non-Convertible Securities issued through private placement that may mature in any particular financial year across the following categories:

(i) Plain vanilla debt securities – not more than 9 (nine) ISINs; and

(ii) Structured debt securities and market-linked debt securities – not more than 5 (five) ISINs.

However, where an issuer issues only structured or market-linked debt securities, it may have up to 9 (nine) ISINs maturing in a financial year. Further, where the outstanding amount across the 9 (nine) plain-vanilla ISINs maturing in a financial year reaches INR 15,000 Crore (Rupees Fifteen Thousand Crore), the issuer may issue 3 (three) additional ISINs.

(b) Proposed Framework

(i) The Consultation Paper proposes to increase the maximum number of ISINs maturing in a financial year from 14 (fourteen) to 17 (seventeen), as set out below:

Category	Current Position	Proposed Position
Plain vanilla debt securities	9 ISINs	12 ISINs
Structured debt securities and market-linked debt securities	5 ISINs	5 ISINs
Floating rate bonds (FRBs), zero coupon bonds (ZCBs) and debt capital instruments (including Tier II bonds)	No express categorisation	To be included within the 5 ISIN category
Total	14	17

(ii) Where an issuer issues only structured debt securities, market-linked debt securities, FRBs, ZCBs or debt capital instruments, the annual ISIN limit is proposed to be increased from 9 (nine) to 12 (twelve).

(iii) The Consultation Paper also proposes a tiered mechanism for unlocking additional ISINs for issuers with substantial plain-vanilla debt maturities in a financial year. Once the outstanding amount across the 12 (twelve) permitted plain-vanilla ISINs reaches INR 15,000 Crore (Rupees Fifteen Thousand Crore), the issuer may unlock 1 (one) additional ISIN. Thereafter, 1 (one) additional ISIN may be unlocked for every further INR 3,000 Crore (Rupees Three Thousand Crore) of outstanding plain-vanilla debt maturing in that financial year. The Consultation Paper provides the following illustration to explain this tiered mechanism:

Outstanding Amount Maturing in a Financial Year (in INR Crores)	Applicable ISIN Limit
1-15,000	12
15001 – 18000	13
18001 – 21000	14
For every incremental 3000	+1

(iv) ISINs relating to Government of India-serviced bonds, Extra Budgetary Resources (EBR) bonds and Environmental, Social and Governance (ESG) debt securities are proposed to be excluded from the calculation of an issuer's ISIN limit.

3. Relaxation of Mandatory Listing of Unlisted NCDs

(a) Existing Framework

Regulation 62A of the LODR currently requires an entity that proposes to list its Non-Convertible Securities on or after 1 January 2024 to list all its outstanding unlisted Non-Convertible Securities issued on or after 1 January 2024 within 3 (three) months from the date of such listing. While issuers with Non-Convertible Securities already listed as of that date were provided grandfathering in respect of earlier unlisted issuances, a comparable carve-out was not available to entities undertaking their first debt listing on or after 1 January 2024.

(b) Challenges Faced by Market Participants

SEBI has noted in the Consultation Paper that the retrospective listing requirement under Regulation 62A of LODR has discouraged a significant number of issuers from issuing listed Non-Convertible Securities, owing to the costs and operational challenges associated with retrospectively listing previously issued Non-Convertible Securities. Such challenges include, among others, implications arising from ISIN-limits and the need to establish systems for covenant monitoring and ongoing compliance with the listed-debt framework under the LODR.

(c) <u>Proposed Framework</u>

(i) SEBI proposes to dispense with the requirement under Regulation 62A of the LODR for an issuer undertaking its first debt listing to retrospectively list all its outstanding unlisted Non-Convertible Securities issued on or after 1 January 2024. Accordingly, the proposed amendment under the Consultation Paper provides that all outstanding unlisted Non-Convertible Securities issued before an issuer's initial debt listing date would be permanently grandfathered. However, the requirement under Regulation 62A for an issuer to list all subsequent issuances of Non-Convertible Securities following its first listing is proposed to be retained.

(ii) The distinction between the existing and proposed frameworks under Regulation 62A of the LODR is summarised below:

Parameter	Existing Framework	Proposed Framework
Trigger for mandatory listing	Any new issuance of Non-Convertible Securities by a debt listed entity on or after 1 January 2024	New issuance of Non-Convertible Securities by a debt listed entity / first time issuance of listed Non-Convertible Securities
Earlier unlisted Non-Convertible Securities	All outstanding unlisted Non-Convertible Securities issued on or after 1 January 2024 must be listed within 3 (three) months of the first listing	Outstanding unlisted Non-Convertible Securities issued before the initial listing date would not require listing
Grandfathering of unlisted Non-Convertible Securities	Unlisted Non-Convertible Securities issued prior to 31 December 2023	Unlisted Non-Convertible Securities issued prior to the initial listing date
Compliance effect for a first-time issuer	Retrospective listing of prior outstanding unlisted Non-Convertible Securities may be required	Listing obligations apply prospectively after the first listing

(d) The proposed amendment is expected to reduce barriers to entry for issuers considering their first debt listing. At the same time, the continuing requirement to list subsequent issuances ensures that once an issuer lists its Non-Convertible Securities, all future issuances are subject to the disclosure requirements and ongoing compliance framework applicable to debt listed entities under the LODR.

Conclusion

The Consultation Paper reflects SEBI's attempt to recalibrate its approach to addressing fragmentation in the listed debt market. The proposed amendments recognise that a uniform ISIN cap may have different implications for different issuers. Increasing the limit for plain-vanilla debt securities from 9 (nine) to 12 (twelve), together with a tiered mechanism for additional ISINs, should provide issuers with greater flexibility to stagger redemptions and manage asset-liability mismatches, while retaining the original objective of limiting market fragmentation. The proposed exclusion of Government of India-serviced bonds, EBR bonds and ESG debt securities from the ISIN cap would further ensure that debt raised for public policy or sustainability purposes does not consume the capacity available for ordinary funding.

Further, SEBI has noted that the introduction of Regulation 62A has not yielded the anticipated results, with the proportion of listed debt issuances declining from 80.81% around the time of its introduction to 76.55% in June 2026. Accordingly, the proposed amendment to Regulation 62A of LODR to remove the retrospective listing requirement for first-time issuers of listed Non-Convertible Securities is likely to be welcomed by market participants. The amendment would reduce the costs and operational burden associated with bringing prior outstanding issuances into the listed framework and could, in turn, support the development of listed bond market in India.

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