

Listing of subsequent issuances of Non-convertible debt securities

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BACKGROUND

Key amendments have been introduced for subsequent Issuance of ("NCDs") pursuant to an amendment in **SEBI (Listing Obligations and Disclosure Requirements), 2015**

BRIEF

The following is a summary of the amendment prescribed by the Securities and Exchange Board of India (SEBI) for listed entities;

- ✓ From **January 1, 2024**, any listed entity that has NCDs listed on a stock exchange must **list all future NCDs that are planned to be issued**.
- ✓ If a listed entity has issued **unlisted NCDs** before **December 31, 2023**, and those NCDs are still outstanding on that date, the entity **has the option to list those NCDs on the stock exchange**.
- ✓ From **January 1, 2024, onwards**, any listed entity planning to list NCDs on the stock exchange must also list all outstanding unlisted NCDs issued on or after that date **within 3 months of listing the proposed NCDs**.

The following securities are exempt from the provisions;

- ✓ Bonds issued under section **54EC of the Income Tax Act, 1961**
- ✓ NCDs issued by a listed entity in agreement **with multilateral institutions**.
- ✓ NCDs issued pursuant to an order of a court, tribunal, regulatory requirement stipulated by a financial sector regulator (**RBI, IRDAI and PFRDA**) **subject to certain conditions**

Note- The listed entity intending to issue NCDs as **per point (B) mentioned above is obligated to disclose all important details** of these securities, such as embedded options, type of security offered, interest rates, charges, and other relevant information, to the stock exchanges.

IMPACT

Requiring issuers with listed debt securities to also list future issuances would provide clarity to investors, enhance transparency, improve tradability and settlement assurance, address mis-selling concerns, prevent arbitrage, enable better price discovery, and give issuers access to a larger pool of investors

SOURCE : SEBI LODR (Fourth Amendment) Regulations 2023 w.e.f. 20.09.2023