Relaxation from the ISIN restriction limit for issuers desirous of listing originally unlisted ISINs (outstanding as on December 31, 2023)

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Background on the Circular

Regulation 62A of SEBI's LODR Regulations mandates that listed entities with non-convertible debt securities (NCDs) must list all NCDs issued from January 1, 2024, onwards on stock exchanges. Entities can also opt to list outstanding unlisted NCDs issued before December 31, 2023. **Additionally, Chapter VIII of the NCS Master Circular (May 22, 2024)** specifies limits on the maximum number of ISINs maturing in a financial year for privately placed debt securities.

Brief on the Circular

- ✓ Starting **April 1, 2023**, issuers of privately placed debt securities can utilize a **maximum of 14 ISINs** maturing in any financial year. An additional allowance of **6 ISINs** is granted for capital gains tax debt securities issued under **Section 54EC** of the Income Tax Act, enabling authorized issuers to meet specific tax-saving requirements.

- ✓ Issuers can have up to **9 ISINs** maturing per financial year for plain vanilla debt securities, encompassing both secured and unsecured categories. If the total outstanding amount across these **9 ISINs reaches ₹15,000** crore in a given financial year, they are permitted to issue **3 additional ISINs**, provided they notify stock exchanges and depositories.

- ✓ Structured and market-linked debt securities are restricted to a **maximum of 5 ISINs** maturing in any financial year. However, if an issuer exclusively issues structured or market-linked debt securities, they may utilize up to **9 ISINs maturing in that financial year.**

- ✓ All ISINs, including those issued before **April 1, 2023**, must adhere to the above limits for the financial year in which they mature. This ensures a standardized approach to managing fragmentation in the corporate bond market.

- ✓ To encourage issuers to list their unlisted outstanding ISINs, any unlisted ISINs as of **December 31, 2023**, converted to **listed ISINs under Regulation 62A** will be excluded from the maximum limit of ISINs allowed to mature in a financial year. This exemption promotes wider listing and reduces market fragmentation.

Impact on Issuers and the Market

The relaxation incentivizes issuers to list previously unlisted debt securities, enhancing market transparency and liquidity while aligning with SEBI's goal of streamlining the corporate bond market and reducing fragmentation caused by excessive ISIN proliferation.