

CIRCULAR

SEBI/HO/DDHS/DDHS_Div1/P/CIR/2022/147

October 31, 2022

To,

**Issuers of listed debt securities;
Recognised Stock Exchanges;
Registered Depositories**

Madam/ Sir,

Sub: Review of provisions pertaining to specifications related to International Securities Identification Number (ISIN) for debt securities issued on private placement basis

Ref: Operational Circular for issue and listing of Non-Convertible Securities (NCS), Securitised Debt Instruments (SDI), Security Receipts (SR), Municipal Debt Securities and Commercial Paper (CP) dated August 10, 2021 as amended from time to time ('Operational Circular')

1. Chapter VIII of the above referred Operational Circular deals with specifications related to ISIN for debt securities.
2. In continuation to the measures taken to deepen and boost the liquidity in the corporate bond market and based on the trends observed in the market pursuant to the issuance of circulars dated June 30, 2017 and March 28, 2018¹, capping of ISINs has reduced fragmentation in the primary market and enhanced liquidity in the secondary market. Thus, it has been decided to further cap the number of ISINs maturing in a financial year for debt securities issued on private placement basis by modifying the said Chapter of the Operational Circular.
3. Paragraphs (1), (2) and (3) of Chapter VIII of the Operational circular shall be replaced with the following:

“With respect to private placement of debt securities, the following shall be complied with regard to ISINs:

1. *A maximum number of fourteen ISINs maturing in any financial year shall be allowed for an issuer of debt securities. In addition, a further six ISINs shall also*

¹ Now repealed; relevant provisions incorporated as Chapter VIII of Operational Circular

be available for the issuance of the capital gains tax debt securities by the authorized issuers under section 54EC of the Income Tax Act, 1961 on private placement basis.

2. *Out of the fourteen ISINs maturing in a financial year, the bifurcation of ISINs shall be as under:*

2.1 A maximum of nine ISINs maturing per financial year shall be allowed for plain vanilla debt securities. Within this limit of nine ISINs, the issuer can issue both secured and unsecured debt securities.

Provided where the total outstanding amount across the nine ISINs, maturing in a given financial year, reaches Rs. 15,000 crore, then three additional ISINs would be permitted to mature in the same financial year. The same should be intimated by the issuer to the stock exchanges and depositories.

2.2 A maximum of five ISINs maturing per financial year shall be allowed for structured debt securities and market linked debt securities.

3. *Where an issuer issues only structured/ market linked debt securities, the maximum number of ISINs allowed to mature in a financial year shall be nine.”*

4. Other provisions of Chapter VIII (Specifications related to ISIN for debt securities) of the aforementioned Operational Circular shall remain unchanged. The above threshold may be reviewed periodically to further reduce fragmentation in the corporate bond market.
5. The provisions of this circular shall be applicable to ISINs utilised to issue debt securities from April 1, 2023. The newly capped limits shall not be applicable to ISINs utilised for issuance of debt securities upto March 31, 2023 and maturing in later years.
6. Further, with respect to the debt securities issued on or after April 01, 2023, all the ISINs corresponding to these issues (including ISINs issued prior to April 01, 2023), maturing in any financial year, shall adhere to the limit specified in this circular.

Illustration:

For easy reference, the operability of the circular for an issuer XYZ Limited with respect to the ISINs (plain vanilla debt securities) issued prior to and on or after April 01, 2023 is illustrated as under:

Date of Issuance of listed debt securities	Year of maturity (cited as example)	No. of ISINs maturing in the FY cited as example	Value of listed debt securities outstanding (in INR cr)	Applicability of this circular
Up to March 31, 2023 (before the operability of the circular)	FY 2024-25	11	Any amount	Limits specified in this circular shall not apply; Issuer can avail the usage of one more fresh ISIN maturing in FY 2024-25, since the issuance is within March 31, 2023. <i>Re-issuances can be made under the existing ISINs</i>
April 01, 2023 onwards (post the operability of the circular)	FY 2029-30	7	Less than Rs.15000 crore	Limits specified in this circular shall apply. Issuers can utilize/ avail 2 fresh ISINs (9-7) maturing in FY 2029-30. <i>Re-issuances can be made under the existing ISINs</i>
April 01, 2023 onwards (post the operability of the circular)	FY 2029-30	9	Less than Rs.15000 crore	Limits specified in this circular shall apply. Issuers cannot utilize/ avail fresh ISINs (9-9) maturing in FY 2029-30. <i>Re-issuances can be made under the existing ISINs</i>

April 01, 2023 onwards (post the operability of the circular)	FY 2029-30	9	Equal to or more than Rs.15000 crore	<p>Limits specified in this circular shall apply.</p> <p>Issuers can utilize/ avail 3 fresh ISINs (9+3) maturing in FY 2029-30.</p> <p><i>Re-issuances can be made under the existing ISINs</i></p>
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7. The Stock Exchanges and Depositories are advised to:
- (i) *Make amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision, as may be applicable/necessary;*
 - (ii) *Carry out system changes, if any, to implement the above;*
 - (iii) *Disseminate the provisions of this circular on their website;*
 - (iv) *Communicate to SEBI, the status of implementation of the provisions of this circular.*
 - (v) *Monitor the compliance of this circular by issuer companies.*
8. The Circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 read with Regulation 55 (1) of the SEBI (Issue and Listing of Non-convertible Securities) Regulations, 2021, to protect the interest of investors in securities and to promote the development of, and to regulate the securities market.
9. This Circular is available at www.sebi.gov.in under the link “Legal→Circulars”.

Yours faithfully,

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