Securities and Exchange Board of India

Amendment to SEBI (listing obligations and disclosure requirements) regulations, 2015 - introduction of provisions requiring issuers having outstanding listed non-convertible debt securities to list all subsequent issuances of non-convertible debt securities to facilitate transparency in price discovery, due disclosures and to prevent possible mis-selling of such securities.

1. Objective:

1.1 The objective of this memorandum is to amend the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the 'LODR Regulations') to introduce provisions requiring issuers having outstanding listed non-convertible debt securities[1] (hereinafter referred to as 'NCDs) to list all subsequent issuances of NCDs to avoid ISIN level confusion/ possible mis-selling in the market and ensure transparency in disclosures and price discovery of listed securities.

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2. Background and data analysis:

2.1 Regulation 28 of the LODR Regulations, that applies to issuers of specified securities[2], inter-alia, provides that every listed entity shall, before issuing any security, obtain in-principle approval for listing from a recognised stock exchange(s). Hence, it precludes any entity having listed specified securities from issuing further specified securities without listing them.

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[1] *In terms of Regulation 2(1) (t) of the LODR Regulations, 'non-convertible debt securities' means 'debt securities' as defined under the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021.*
In terms of Regulation 2(1)(k) of Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, "debt securities" means non-convertible debt securities with a fixed maturity period which create or acknowledge indebtedness and includes debentures, bonds or any other security whether constituting a charge on the assets/properties or not, but excludes security receipts, securitized debt instruments, money market instruments regulated by the Reserve Bank of India, and bonds issued by the Government or such other bodies as may be specified by the Board;
[2] *In terms of Regulation 2 (1) (eee) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (ICDR Regulations), "specified securities" means equity shares and convertible securities;*

2.2 However, there are no provisions in this regard in the LODR Regulations for issuers of NCDs. Hence, presently, there exist entities which have simultaneously outstanding unlisted as well as listed NCDs.

2.3 As per information obtained from the depositories (NSDL and CDSL), as on January 31, 2023, there are 839 issuers having outstanding listed NCDs. Out of these, 583 issuers (69%) had only listed NCDs outstanding. The remaining 256 (31%) issuers have both unlisted and listed NCDs that are outstanding.

2.4 Issuers who have issued unlisted NCDs after issuance of listed NCDs:

Out of these 256 issuers, 177 issuers had issued unlisted NCDs while having outstanding listed NCDs. Such 177 issuers' issuances across listed and unlisted NCDs were analysed and the following was observed:

Table 1: No. of ISINs and amount of unlisted and listed NCDs

Category	**Number of ISINs**	**Amount (in Rs. crore)**	**Percentage**
Unlisted debt securities	1,302	1,03,946	8%
Listed debt securities	2,983	11,54,525	92%
Total	**4,285**	**12,58,471**	**100%**

2.5 Types of Issuers:

The categorization of the aforementioned 177 issuers is as below:

Table 2: Issuer Categories

Types of Issuers	**No. of Issuers**	**Percentage**
Companies (private sector)	74	42%
Non-Banking Financial Companies (NBFCs)	72	41%

Types of Issuers	No. of Issuers	Percentage
Housing Finance Companies (HFCs)	9	5%
Banks	8	5%
NBFCs owned by Bank/ PSU	7	4%
Public Sector Undertakings (PSUs)	3	2%
Asset Reconstruction Companies	2	1%
HFCs owned by Bank/ PSU	1	negligible
Financial Institutions	1	negligible
Total	**177**	**100.00%**

2.6 Maturity profile of unlisted ISINs:

For the 1,302 ISINs of unlisted NCDs (as given in Table 5 above), across 177 issuers, the outstanding maturity-wise break-up is given below:

Table 4: Maturity profile for unlisted ISINs

Maturity (in years)	No. of ISINs	% of ISINs	Cumulative % of ISINs
≤ 1	298	23%	23%
> 1 to 3	550	42%	65%
> 3 to 5	344	26%	92%
> 5 to 7	70	5%	97%
> 7	40	3%	100%
Total	**1,302**	**100%**	

3. <u>Benefits of listing:</u>

3.1 Listing provides access to larger pool of capital, for example, mutual funds have a cap on percentage and structure of unlisted NCDs that they can hold.

3.2 Listing enhances liquidity, giving investors the opportunity to invest/ divest and realize the fair value of their investments thereby facilitating better discovery of prices of such securities;

3.3 Listing of securities improves entity's visibility and credibility among the investors due to enhanced transparency regarding its operations and compliance with various regulatory norms;

3.4 Trading in listed securities through the trading platforms of the Stock Exchanges ensures settlement guarantee for transactions carried out by investors; and

3.5 Recourse to the investor protection mechanisms such as SCORES, dispute resolution mechanisms etc. as specified by SEBI.

4. <u>Need for Review:</u>

4.1 The issuance of unlisted NCDs by issuers who have outstanding listed NCDs, raises the following concerns:

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4.1.1 Parallel issuances of NCDs (both listed and unlisted) by the same issuer gives rise to information asymmetry with regard to the debt raised by the issuer, the differences in covenants between two types of issuances, difference in prices of similar products in listed and unlisted space, etc. This results in undesirable opacity in the corporate bond market. It is also informally gathered from the market that the difference in the effective yields of listed vis-à-vis unlisted NCDs is often as high as 25-50 basis points, and often the difference does not appear to have an apparent economic rational.

4.1.2 If investor wants to exit, there may not be enough buyers for unlisted NCDs and the investors may not be able to realise a fair price for such unlisted NCDs.

4.1.3 Investors in unlisted NCDs do not have recourse to the established grievance redress mechanism of SEBI and the stock exchanges.

4.1.4 A listed entity, while enjoying the benefits of listing, may issue unlisted NCDs to private players at differential interest rates; this denies the opportunity of a level playing field to investors who have invested in the listed NCDs of the same entity via the Electronic Book Provider (EBP) platform.

4.1.5 When a listed entity issues unlisted NCDs along with listed ones, it may lead to confusion and uncertainty in the mind of the investor, as to whether a certain ISIN of the issuer is listed or not. This also becomes significant given the fact that starting from January 1, 2023, the face value and trading lot for NCDs has been reduced to Rs.1 lakh[3] to facilitate greater participation of individuals in the bond market.

4.1.6 Existence of multiple ISINs of a given issuer while providing choice to the investor also tends to create confusion about the debt instrument best suited to the investor's needs. It adds to the difficulty of the investor in comparing the features of various listed and unlisted ISINs and in identifying an ISIN for investment. Moreover, this results in opacity of the total effective cost of borrowing/ yield from an investor perspective. For example, in case of listed issuances, the price, coupon, terms etc. are stated in the placement memorandum which is uploaded on the EBP and consequently, upon completion of the issue, disseminated on Stock Exchange websites; however, in case of unlisted issuances none of these elements are in the public domain.

4.1.7 There exists a possibility of mis-selling, whereby issuance of unlisted NCDs by a listed issuer may be construed as listed NCDs by an investor.

[3] *Circular SEBI/HO/DDHS/P/CIR/2022/00144 dated October 28, 2022.*

4.1.8 Trading in unlisted NCDs, outside the trading platform of the Stock Exchanges is prone to misuse and exposed to counterparty risk.

4.1.9 Investors in unlisted NCDs face liquidity risk as such securities do not have the advantage of being traded on the Stock Exchange platform. Further there is also a risk of selective disclosure of the terms of unlisted paper that can adversely affect price discovery of listed paper.

5. Public consultation:

5.1 In order to get the views of the stakeholders, a consultation paper proposing the following framework was issued to seek public comments.

"Prospective issuances:

All issuers having outstanding listed debt securities and proposing to make further issuance of debt securities, shall necessarily be required to list the securities on the stock exchange(s). This shall be in line with the specifications for issuers with listed specified securities.

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Past issuances:

As a one-time measure, listed issuer:

a. Shall get its outstanding unlisted debt securities (having outstanding maturity of more than 5 years), listed on the stock exchange(s), within a specified time period (say, 6 months); and
b. Option to get its outstanding unlisted debt securities (having outstanding maturity of less than 5 years), listed on the stock exchange(s), within a specified time period (say, 6 months)."

5.2 The comments received in the consultation process and our observations thereof are briefly summarized below:

Original proposal: Issuer having outstanding listed NCDs and proposing to make subsequent issuance of NCDs, be necessarily required to list such securities on the stock exchange(s).	
Gist of public comments	**SEBI's Response**
1. The proposal may be onerous. Flexibility should be provided to issuers to issue listed and unlisted. Curbing the unlisted issuances may nudge the issuers and investors to explore other options of financing.	Issuers having outstanding listed NCDs are already aware of the disclosures to be made in the offer document and are also bound under the LODR Regulations to comply with the prescribed continuous disclosure requirements. Hence, listing the prospective NCDs that are being issued by such issuers does not add any new/ additional requirement. Once NCDs of an issuer are listed, listing subsequent issuances is essential for the benefit of the investors. It is clarified that an issuer still has the option to enter the listed space. If the listed ISINs of the issuer mature, the issuer has a choice to contemplate listing further issues of NCDs. It is also pertinent to mention that if an issuer wants to delist all its ISINs, a delisting framework is being drafted by SEBI.
2. Carve out may be given for AIFs given the mandate to invest primarily	The number of issuers getting impacted by the proposal is limited to

Original proposal: Issuer having outstanding listed NCDs and proposing to make subsequent issuance of NCDs, be necessarily required to list such securities on the stock exchange(s).	
Gist of public comments	**SEBI's Response**
in unlisted debt securities. The current proposal would shrink the universe of investment options available for AIFs - possibly pushing them to look at less credit worthy names as the proposal would limit their ability to lend money to entities that do listed issuances. Exception to be provided for certain investors like multi-lateral and FPIs, etc. as they prefer bilateral deals for investment in debt securities as such investors require additional specific covenants which are different from the regular debt securities deals.	the issuers which already have outstanding listed NCDs and plan to raise further funds through issuance of NCDs. Issuers having no outstanding listed NCDs or only unlisted NCDs shall continue to have the discretion to come into the listed space or not. Bilateral deals (subject to certain conditions) with multilateral institutions are proposed to be exempted from the applicability of the proposal - In order to address the concerns raised regarding AIFs, necessary amendment to the SEBI AIF Regulations will be explored to include investment in privately placed listed NCDs within the investment limits prescribed for them.
3. Section 186 of the Companies Act, 2013 does not allow any company to provide Inter-Corporate Loans at an interest rate lower that the prevailing interest rate of Government Securities closest to the tenure of the Inter-	The same logic as cited in the provisions of the Companies Act, 2013 - not allowing any company to provide inter-corporate loans at an interest rate lower than the prevailing interest rate of G-sec closest to the tenure of the

Original proposal: Issuer having outstanding listed NCDs and proposing to make subsequent issuance of NCDs, be necessarily required to list such securities on the stock exchange(s).	
Gist of public comments	**SEBI's Response**
Corporate Loan. Subsidiaries may not be in a position to pay such higher interest rate during the initial stage of their operations. Thus, promoter companies may choose to infuse funds in their subsidiaries through unlisted debt securities so as to arrest the outflow of interest from the subsidiaries and provide support. Hence, issue of such unlisted Debt securities to promoters should be exempted from the requirement of mandatory listing, as it would increase compliances and costs on part of the Company.	inter-corporate loan – holds good for an issue of NCDs also. In fact, allowing any company to raise/ invest through issuance of unlisted NCDs at an interest rate below the prevailing G-Secs rate could amount to circumvention of the Companies Act, 2013. However, keeping in mind that the transaction is solely between the holding and its subsidiary companies, the issuance of NCDs in such transaction may be exempted from listing subject to the conditions as follows: i. the interest rates offered for such NCDs shall not be lower than the prevailing interest rate of G-sec closest to the tenure of such NCDs. ii. the holding company/ subsidiary as an investor shall hold such NCDs till maturity and the NCDs (issued in demat form) shall be locked-in accordingly and shall

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Original proposal: Issuer having outstanding listed NCDs and proposing to make subsequent issuance of NCDs, be necessarily required to list such securities on the stock exchange(s).	
Gist of public comments	**SEBI's Response**
	not be capable of being pledged or offered as security.
4. Investors who generally remain invested in unlisted debt issuances are well versed and aware of the nature of the product and the risks involved. Hence, introducing the complexity of a listing process for ensuring disclosures may not be warranted.	While the investor of unlisted NCDs is aware of the risks, there is information arbitrage between listed and unlisted securities that has been brought out earlier in this note. Hence, it is essential to bring all related NCDs into the listed and regulated space for the development of the market.
Disclosures for unlisted securities can be brought at par with listed debt securities. Secondary market trades of even unlisted securities can be settled through the exchange platform.	Disclosure requirements of unlisted NCDs are outside the purview of SEBI. Further, enforcement action is possible only in respect of listed securities.
5. The listed issuance vis-à-vis an unlisted issuance is (i)) expensive – and comes with multiple costs, (ii) has a restriction on the number of ISINs to be issued, and (iii) can trigger the compliances for high value debt listed entities under the SEBI (Listing Obligations and Disclosure	It is to be noted that the restriction is not on the number of ISINs to be issued, but on the no. of ISINs maturing in a particular financial year. Also, the issuers can always raise funds through re-issuance of NCDs under the same ISINs at a premium or discount. In case listed entities reach the threshold of outstanding NCDs of

Original proposal: Issuer having outstanding listed NCDs and proposing to make subsequent issuance of NCDs, be necessarily required to list such securities on the stock exchange(s).	
Gist of public comments	**SEBI's Response**
Requirements) Regulations, 2015, which are time consuming and cumbersome for compliance. This move shall demotivate the issuers to come out with listed issuance in the first place, especially after the exemption for deduction of tax deducted at source to listed NCDs in the recent budget proposal. It may even lead to issuers resorting to alternative modes of raising funds such as resorting to bank finance etc. thereby defeating the objective of deepening the corporate bond market in India.	Rs.500 crore or above, they shall have to comply with corporate governance norms specified under LODR Regulations. However, in the long run and in the broader sphere of things, the proposed reform is expected to reduce fragmentation, information asymmetry and enhance liquidity in the corporate bond market providing benefits to issuers and investors including those mentioned in para 3 above. Further, unlisted issuances should not be used to circumvent the compliance with the corporate governance norms for high value debt listed entities. As regards tax proposals for NCDs, it is to be noted that they are not related to the proposal and the same is dealt by CBDT.
6. Listing of unlisted debt securities of a transferor company, which become securities of a listed entity (transferee company) pursuant to a Scheme of Arrangement, should be required to be	The comment is noted. It is proposed that the applicability of the proposal in case of fresh issuance of NCDs by a resultant listed entity, to existing debenture holders of the erstwhile

Original proposal: Issuer having outstanding listed NCDs and proposing to make subsequent issuance of NCDs, be necessarily required to list such securities on the stock exchange(s).	
Gist of public comments	**SEBI's Response**
done within 6 months from the effective date of the Scheme of Arrangement only if it satisfies the timeline as stated in the regulation i.e. outstanding period is more than 5 years. In other cases option should be provided to the company to list the same.	unlisted entity in case of a Scheme of Arrangement (SoA) is as under: - If the resultant entity has listed NCDs as on the date of fresh issuance of NCDs to existing debenture holders of the erstwhile unlisted entity as part of the SoA, such fresh issue also has to be listed. - If the resultant entity does not have listed NCDs as on the date of fresh issuance of NCDs to existing debenture holders of the erstwhile unlisted entity as part of the SoA,- it may choose to either list or keep them unlisted.
7. Clarity on whether unlisted convertible debt securities are required to be listed.	It is clarified that unlisted convertible debt securities are covered under the definition of specified securities under ICDR Regulations. Thus, the said proposal shall not apply to unlisted convertible debt securities.
8. New NBFCs entering into the market, not having access to raising money from unlisted securities, will pose a challenge in immediate fund	For new NBFCs entering the market i.e. not having any outstanding listed NCDs, the proposed framework shall not be applicable if they don't choose

Original proposal: Issuer having outstanding listed NCDs and proposing to make subsequent issuance of NCDs, be necessarily required to list such securities on the stock exchange(s).	
Gist of public comments	**SEBI's Response**
requirements.	to list such securities.
9. Investors prefer unlisted instruments as they wish to bilaterally close the transaction terms with the Issuer. Also, such investors may spend a lot of time and effort in evaluating the transaction and would prefer certainty of allotment. The covenants of such bilateral issuances may be different. This may not be possible for listed issuances where the transaction gets routed through the EBP.	Taking into account the comments, it has been proposed to exempt, from the requirement of compulsory listing, bilateral deals - between a listed entity and its subsidiary and a listed entity and multilateral institutions, subject to certain conditions mentioned later in this Board note.
10. Clarity on applicability of the proposal on sub-debt issued by NBFCs having outstanding maturity of more than 5 years.	The proposal is not applicable to securities issued under Chapter V of the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (NCS Regulations) (non-equity regulatory capital i.e. sub-debt - AT1 bonds etc).
11. The proposed provision will lead to an increase in the timeframe required to raise money. It will impact borrowing programmes, immediate liquidity requirements and may also lead to higher cost of	Under the new EBP framework, an issuer with listed NCDs needs to submit the offer document on the EBP platform, 2 days before the issue opening; in principle approval, one day before that; post bidding day, listing

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Original proposal: Issuer having outstanding listed NCDs and proposing to make subsequent issuance of NCDs, be necessarily required to list such securities on the stock exchange(s).	
Gist of public comments	**SEBI's Response**
capital, especially for NBFCs.	gets completed in 3 days. Effectively the time taken is 6 days, subject to submission of complete information on timely basis.
12. Notice period of 6 months should be given for market to comprehend and take into effect the proposal.	In order to provide time for the market to give effect to the new proposal. The same may be brought into effect from January 1, 2024.
13. Investment in the 54 EC Capital Gain Tax Exemption Bonds have a lock-in period of 5 years. Such bonds are Non-transferable, Non-Marketable, Non-negotiable and cannot be offered as a security for any loan or advance. Such bonds can only be transmitted in cases of death of the first bondholder. The bondholders are not permitted to sell or exit their investment. Further, 54EC bonds should be exempt from the regulatory framework.	Given the nature of 54EC bonds and the features highlighted, the suggestion may be accepted.
Original proposal: As a one-time measure, listed issuer shall get its outstanding unlisted debt securities (having outstanding maturity of more than 5 years), listed on the stock exchange(s), within a specified time period (say, 6 months	

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Original proposal: Issuer having outstanding listed NCDs and proposing to make subsequent issuance of NCDs, be necessarily required to list such securities on the stock exchange(s).	
Gist of public comments	**SEBI's Response**
14. The proposal should not be applied on retrospective basis. There could be operational challenges viz. unlisted debt securities may have face value of say Rs. 5 lacs, which is not in consonance with the current listing requirements. Issuer should be allowed to choose the category it would want to belong to, after weighing merits of both options - if it wants to do listed or unlisted issuances in future.	The suggestion that the proposal should not be applied on retrospective basis is accepted. Since NCDs that have been issued prior to effective date (January 1, 2024) are proposed to be kept outside the ambit of the proposed framework, the need for moderation of face value does not arise.
15. Conversion of unlisted sub-debt deals having face value below Rs. 1 crore to listed deals with Rs. 1 crore face value would be operationally difficult.	The proposal is not applicable to securities issued under Chapter V of the NCS Regulations.
16. Provision with respect to listing/ option for listing of unlisted debt securities to be specified.	The said requirement does not arise as the proposal is applicable only for prospective issuances of NCDs
17. 5 years tenor is on the longer side and have instead suggested a shorter 3 years residual tenor.	A majority of the comments are in favour of the proposal of making it applicable only for prospective issuances. Accordingly, the proposal

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Original proposal: Issuer having outstanding listed NCDs and proposing to make subsequent issuance of NCDs, be necessarily required to list such securities on the stock exchange(s).	
Gist of public comments	**SEBI's Response**
	is proposed to be made applicable on prospective basis.
18. Capping on ISINs may be relaxed for such unlisted debt securities being converted into listed. If the caps for listed issuances would already be utilized, it would not be possible to bucket unlisted issuances with the same maturity in the caps already utilized.	Since the proposal is to be made applicable only for prospective issuances, the need to relax capping of ISINs does not arise.

6. **Corporate Bonds & Securitization Advisory Committee (CoBoSAC)**

   The aforesaid proposal along with the comments/ inputs received from public was placed before the CoBoSAC members in the meeting held on March 01, 2023. Certain Committee members raised concerns regarding the impact of the proposal on bilateral transactions entered into by the issuers with multilateral agencies viz. IFC, FPIs, etc. and issuances undertaken pursuant to resolution mechanism. Accordingly, a sub-group was formed to examine the necessary carve outs which may be required for the proposal. The sub-group has suggested certain carve outs, which are acceptable from a point of view of operational convenience. These are covered under para 8.4.1 below.

7. **(This has been excised for reasons of confidentiality)**

8. **Proposal:**

9. After taking the into account feedback from public, CoBoSAC members and **(excised for reasons of confidentiality)**, the revised proposal is given as under:

9.1 A listed entity, whose listed non-convertible debt securities are outstanding as on December 31, 2023, shall list the subsequently issued non-convertible debt securities, proposed to be issued, on or after January 1, 2024, on the stock exchange(s).

9.2 A listed entity, whose subsequent issues of unlisted non-convertible debt securities made on or before December 31, 2023 are outstanding on the said date, may list such securities, on the stock exchange(s).

9.3 A listed entity that proposes to list the non-convertible debt securities on the stock exchange(s) on or after January 1, 2024, shall list all outstanding unlisted non-convertible debt securities previously issued on or after January 1, 2024, on the stock exchange(s) within three months from the date of the listing of the non-convertible debt securities proposed to be listed.

9.4 <u>Exceptions:</u>

9.4.1 The following types of issuances shall be exempted from the applicability of the proposed framework:

(a) Capital Gains Tax debt securities issued under section 54 EC of the Income Tax Act, 1961;

(b) Non-convertible debt securities issued by a holding company to its subsidiary or vice-versa; provided that the interest rate offered shall not be lower than the prevailing interest rate for Government Securities closest to the tenure of such non-convertible debt securities. This exemption is subject to the condition that such non-convertible debt securities shall be locked-in and held till maturity accordingly and shall unencumbered.

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(c) Non-convertible securities issued pursuant to an agreement entered into between the listed entity of such securities and multilateral institutions subject to the condition that such non-convertible debt securities shall be locked-in and held till maturity accordingly and shall unencumbered.

(d) Non-convertible debt securities issued pursuant to an order of any court or Tribunal or regulatory requirement as stipulated by a financial sector regulator namely, the Board, Reserve Bank of India, Insurance Regulatory Development Authority of India or the Pension Fund Regulatory Development Authority.

9.4.2 A listed entity proposing to issue securities as specified in para 8.4.1 shall disclose to the stock exchanges on which its non-convertible securities are listed, all the key terms of such securities, including embedded options, security offered, interest rates, charges, commissions, premium (by any name called), period of maturity and such other details as may be required to be disclosed by the Board from time to time.

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9.5 The provisions regarding restrictions on the number of ISINs permitted to mature in a financial year as specified by SEBI in the circular dated October 31, 2022 shall not apply to the instruments mentioned at 8.4.1.(c) and 8.4.1.(d), if the issuers choose to list these ISINs. Amendments to Chapter VIII of the SEBI NCS operational Circular dated August 10, 2021 shall be modified accordingly.

10. Proposal:

10.1 The Board is therefore requested to:

10.1.1 Consider and approve the proposals at para 8 and the consequent amendments to the Listing Regulations as placed at **Annex - 1** to this memorandum and;

10.1.2 The Board is requested to consider and approve the proposals as in the Memorandum and authorize the Chairperson to make consequential and incidental changes and take necessary steps to give effect to the decisions of the Board.

Annex - 1

Insertion of Regulation 62A in the LODR Regulations

Listing of subsequent issuances of non-convertible debt securities

62A. (1) A listed entity, whose listed non-convertible debt securities are outstanding as on December 31, 2023, shall list the subsequently issued non-convertible debt securities, proposed to be issued, on or after January 1, 2024, on the stock exchange(s).

(2) A listed entity, whose subsequent issues of unlisted non-convertible debt securities made on or before December 31, 2023 are outstanding on the said date, may list such securities, on the stock exchange(s).

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(3) A listed entity that proposes to list the non-convertible debt securities on the stock exchange(s) on or after January 1, 2024, shall list all outstanding unlisted non-convertible debt securities previously issued on or after January 1, 2024, on the stock exchange(s) within three months from the date of the listing of the non-convertible debt securities proposed to be listed.

(4) Notwithstanding anything contained in this regulation, no listed entity shall be required to list the following securities:

(i) Bonds issued under section 54EC of the Income Tax Act, 1961 (43 of 1961);

(ii) Non-convertible debt securities issued by a holding company to its subsidiary or vice-versa provided that the interest rate offered shall not be lower than the prevailing interest rate for Government Securities closest to the tenure of such non-convertible debt securities.;

(iii) Non-convertible securities issued pursuant to an agreement entered into between the listed entity of such securities and multilateral institutions;

(iv)Non-convertible debt securities issued pursuant to an order of any court or Tribunal or regulatory requirement as stipulated by a financial sector regulator namely, the Board, Reserve Bank of India, Insurance Regulatory Development Authority of India or the Pension Fund Regulatory Development Authority:

(5) The securities issued by the listed entity under clauses (ii) and (iii) of sub-regulation (4) shall be locked in and held till maturity by the investors and shall be unencumbered.

(6) A listed entity proposing to issue securities under sub-regulation (4) shall disclose to the stock exchanges on which its non-convertible securities are listed, all the key terms of such securities, including embedded options, security offered, interest rates, charges, commissions, premium (by any name called), period of maturity and such other details as may be required to be disclosed by the Board from time to time.

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