Name of the person/entity proposing comments	Indian Association of Investment Professionals (CFA Society India)
Category (Listed Entity / MII / Market Intermediary /	Association of Investment Professionals
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Sr. No.	Proposal	Confirmity to Proposal	Comments	Rationale
1	Proposals related to allowing additional ISINs to mature in a financial year.	Agree	We strongly support the SEBI proposal to increase the maximum number of ISINs for plain vanilla debt securities from 9 to 12 per financial year. We support the allocation of 5 ISINs specifically for structured debt securities, Floating Rate Bonds (FRBs), Zero Coupon Bonds (ZCBs), and Debt Capital instruments (Tier II bonds). However, we highly recommend that SEBI provides a strict and comprehensive definition of what constitutes a "structured debt security," explicitly including "partly paid structures" within this definition. SEBI proposes that once an issuer reaches Rs. 15,000 crore in outstanding debt across 12 plain vanilla ISINs, they unlock 1 additional ISIN for every incremental Rs. 3,000 crore. We suggest linking the unlocking of these additional ISINs to a mandatory requirement for the issuer to execute (or attempt) reissuances during the financial year. We agree with the proposal to completely exclude Government of India (GoI) serviced / Extra Budgetary Resources (EBR) bonds, as well as ESG debt securities, from the maximum ISIN cap.Excluding these essentially sovereign borrowings from the corporate cap is mathematically and functionally equitable. However, allowing too many distinct ISINs often leads to a scenario where single investors buy up entire ISINs to hold them to maturity (HTM), leaving zero floating stock for secondary trading. By mandating that issuers must attempt a minimum number of reissuances of existing ISINs to qualify for this extra allowance, SEBI can force the consolidation of outstanding debt into larger, more liquid tranches that are widely held across diverse investor bases. Even from global context, FPIs and global asset managers operate under strict internal risk management rules that frequently prohibit them from holding more than 20% to 25% of any single ISIN. If an ISIN is small and never reissued, an FPI's absolute capital deployment is severely capped. Reissuances organically grow the denominator (the total size of the ISIN), thereby allowing FPIs to deploy significantly more capital into the Indian corporate bond market.	1. Alignment with Asset Liability Management (ALM): The primary justification for this increase is that it perfectly aligns with the 12 calendar months of a financial year, eliminating the structural gaps caused by the current limit of 9 ISINs. Private NBFCs, in particular, rely heavily on matching their borrowings with their granular, monthly asset generation. 2. Market Volatility and Timing: Capital markets face volatility, meaning there can be "bad months" globally or domestically where interest rates spike or liquidity dries up. If an issuer's borrowing is unnaturally bunched into a few ISINs, they might be forced to raise funds or face massive redemptions during highly unfavorable market conditions. Allowing 12 ISINs provides the flexibility to smoothly distribute debt redemptions across every single month, thereby mitigating these timing risks 3. Specialized Issuers: Specialized issuers i.e. Infrastructure Debt Funds (IDF NBFCs), face unique regulatory constraints; they are not allowed to utilize bank lines for funding and rely almost entirely (up to 100%) on the capital markets and bond issuances. For such entities, maintaining a continuous, regular presence in the debt market is crucial for their survival and growth, making the expansion to 12 ISINs a much-needed baseline. The bond market is not just driven by issuer needs, but also by bespoke investor demands. Global and domestic investors frequently seek highly tailored instruments such as partly paid structures, floating-rate bonds, or specialized covenants. For example, large Development Financial Institutions (DFIs) often negotiate specific governance and fixed asset cover clauses. These bespoke instruments require their own dedicated ISINs because they cannot be fungibly traded or reissued to the broader retail or wholesale market. Currently, issuers utilizing Tier II bonds are forced to waste their plain vanilla ISIN limits on these specialized issuances, creating an artificial scarcity. Explicitly categorizing Tier II capital, FRBs and Perpetuals within this separate bucket of 5 ISINs ensures that standard corporate borrowing is not constrained by specialized capital raising. While this tiered structure conditionally unlocks flexibility for massive issuers , unconditionally granting infinite ISINs fundamentally contradicts the core objective of the ISIN restriction policy: preventing market fragmentation and promoting secondary market liquidity.
2	Proposal related to amending the requirement to list all outstanding unlisted debt securities by a listed entity, in terms of Regulation 62A of LODR Regulations	Partially Agree	SEBI proposes dispensing with the current requirement (under Regulation 62A of the LODR Regulations) which mandates that if an entity lists a new debt security on or after January 1, 2024, it must also retrospectively list all of its outstanding unlisted non-convertible debt securities issued prior to that date within three months. We recommend against a blanket exemption for all entities. Instead, we propose a scale-based or rating-based exemption framework. For an unlisted company contemplating its first listed bond issuance, the requirement to retrospectively list dozens of legacy, privately-placed bonds is financially and operationally devastating. The compliance burden, legal fees, documentation tracking, and the integration of old bonds into the modern covenant monitoring system are massive deterrents. As a result, many prospective issuers are simply choosing to remain entirely in the unlisted, opaque shadow market to avoid this punitive retrospective cost Conversely, from the perspective of an institutional investor, a blanket exemption permanently grandfathers in unlisted bonds. This creates a bifurcated market where an issuer's new investors enjoy the transparency, liquidity, and mark-to-market benefits of exchange listing, while legacy investors remain trapped in illiquid, unlisted instruments. Investors inherently prefer that all outstanding bonds of a newly listed entity be brought onto the exchange to ensure parity. A blanket policy either strictly enforcing retrospective listing or totally exempting it fails to account for the diverse spectrum of the Indian credit market. SEBI has spent significant resources trying to deepen the bond market by encouraging lower-rated entities (e.g., BBB+, BBB, A-) to access public capital and Online Bond Platform Providers (OBPPs). We strongly recommend that the exemption from retrospective listing be exclusively carved out only for these smaller or lower-rated entities.	The intent behind the September 2023 mandate was positive: to improve transparency and standardize disclosures by pushing issuers into the listed space. However, the real-world consequence has been deeply counterproductive. Data shows that listed debt issuances, as a percentage of total debt, have actively declined from 80.81% in September 2023 to 76.55% by June 2026. However, apart from possible Issuer concerns for moving from unlisted to listed (where they have to list ALL previously unlisted), there may be additional factors such as Increased primary and secondary documentation and compliances. We believe that the issue docs and continuing compliance can be further simplified, also the recently done simplification (e.g. High Debt Value Listed entity at larger issued volumes is a big simplification) will bring in results over more time and also one of the reason is that there are more issues from Unlisted space like NCLT related issues or high yield issues. For lower-rated entities, the operational cost of retrospective listing is an existential barrier , granting them an exemption acts as a necessary incentive However, large, highly-rated entities (e.g., AAA, AA+), who possess the requisite financial scale, legal teams, and institutional maturity, should still be strictly required to list their legacy unlisted bonds.