

Amendment in SEBI Listing Regs.

Framework for Voluntary Delisting of Debt Securities notified

Applicability of the framework

- Voluntary delisting of all NCDs/NCRPs;
- From all or any of the stock exchanges where such NCDs/NCRPs are listed

Exclusions

- Public issuances (*cannot be delisted*);
 - ISINs with more than 200 non-QIB holders (*cannot be delisted*);
 - Pursuant to any penalty/ action initiated against the listed entity or grounds specified under Rule 21 of SCRR;
 - Pursuant to redemption;
 - Pursuant to resolution plan under IBC.
- VKCo comments:**
- *Although mergers are not specifically excluded, the framework should not apply since a separate framework has been prescribed for the same by SEBI;*
 - *Redemption should include scheduled redemption as well as pursuant to call/put option;*
 - *In case of preponement of redemption by change in date of redemption – this would constitute change in structure and therefore the procedure as per Reg. 59 of the Listing Regs. should be applicable.*

Effective date

From the date of publication in the Official Gazette i.e. August 23, 2023.

Rationale behind the framework

- Absence of specific provisions for voluntary delisting of debt securities;
- Voluntary delisting mandated for all ISINs in line with the proposed SEBI reform – *once listed, always listed.*

Brief process

The detailed process along with timelines has been provided in the next slide.

Approval of holders

- Approval of all NCD/NCRPs holders is to be obtained within 15 working days from date of notice;
 - NA in case of delisting from all except 1 SE with nationwide terminals.
- VKCo comments:**
- *Unanimous approval requirement seems impractical, since, even 1 debt security holder can block the entire process;*

Obligations of the issuer

- Obtaining consent of NCD/NCRPs holders within the prescribed timeline;
- Intimation to SE under Reg. 51 of the Listing Regs at every stage till the delisting is completed;
- Disclosure of the following additional information to the SE and on its website:
 - Details of the SE from which the NCDs/NCRPs are to be delisted;
 - Reasons for delisting;
 - Cut off date along with time frame;
 - Disclaimer stating the delisted securities would not be governed by SEBI provisions and the holders would not have access to SCORES for grievance redressal;
 - Statement from Board that all material information has been disclosed to SE;
 - Statement by DT on adequacy of security cover;
 - Undertaking that issuer has not paid any incentive or entered into any agreement with any investor;
 - Undertaking that related parties shall not vote on the proposal, etc.

Deemed failure of the process

- The proposal would be deemed as failed in case of the following:
- Non-receipt of in-principle approval SE;
 - Non-receipt of approval of all the NCD/NCRPs holders;
 - Non-receipt of NOC from the DT;

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Process flow of voluntary delisting of debt securities

