



Central Depository Services (India) Limited

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COMMUNIQUÉ TO DEPOSITORY PARTICIPANTS

CDSL/OPS/DP/SYSTM/2020/280

June 30, 2020

ADDITIONAL FIELD CODE VALUES IN DPC9 TRANSACTION CUM HOLDING REPORT

DPs are advised to refer to SEBI Circular no SEBI/HO/DDHS/CIR/P/103/2020 dated June 23, 2020 regarding Operational framework for transactions in defaulted debt securities post maturity date/ redemption date under provisions of SEBI (Issue and Listing of Debt Securities) Regulations, 2008 (**refer Annexure**).

In accordance with SEBI Circular, DPs are advised to note that 2 new codes have been introduced in CFI Code List, namely “07 – Listed Defaulted in Redemption” and “08 – Unlisted Defaulted in Redemption”. The same will be provided in Line 02 i.e. ISIN of the DPC9 Report under “**Liquidation Status / Winding Up**” field description to ensure that the above information is made available to the Demat Account Holders. The new field values have been highlighted in yellow.

FIELD DESCRIPTION	FIELD TYPE	FIELD LENGTH	REMARKS
<i>Liquidation Status / Winding Up</i>	<i>Number</i>	(2)	0 – Not Under Liquidation / Winding Up 1 – Under Liquidation / Winding Up 2 – Reference BIFR 7 – Listed – Defaulted in Redemption 8 – Unlisted – Defaulted in Redemption

The said release is scheduled on July 03, 2020. DPs are advised to take note of the same and make necessary changes if any, in their back-office software.

Queries regarding this communiqué may be addressed to **CDSL – Helpdesk**: on telephone numbers (022) 2305-8624, 2305-8639, 2305-8642, 2305-8663, 2305-8640, 2300-2041 or 2300-2033. Emails may be sent to: helpdesk@cdslindia.com.

sd/-

Umesh Kambli
Asst. Vice President - Operations



CIRCULAR

SEBI/HO/DDHS/CIR/P/103/2020

June 23, 2020

To

All Issuers who have listed their debt securities

All Recognized Stock Exchanges

All Depositories

All Debenture Trustee(s)

Sir/Madam,

Sub: Operational framework for transactions in defaulted debt securities post maturity date/ redemption date under provisions of SEBI (Issue and Listing of Debt Securities) Regulations, 2008

1. Representations have been received from market participants and investors to allow transactions in debt securities where redemption amount has not been paid on maturity/redemption date (referred as defaulted debt securities).
2. After detailed consultation with various stakeholders including market participants, investors, Debentures Trustee(s), Stock Exchange(s), Depositories etc., it has been decided to introduce an operational framework for transactions in defaulted debt securities Accordingly, this circular outlines the operational framework for transactions in defaulted debt securities and also prescribes the obligations of Issuers, Debenture Trustee(s), Depositories and Stock Exchange(s) while permitting such transactions.
3. The operational framework has been outlined in **Annexure A** and the same is also presented in a tabular form along-with timelines in **Annexure B**, for ease of reference.

4. Issuers, Debenture Trustee(s), Stock Exchanges and Depositories are advised to:
 - 4.1. comply with the obligations laid down in this circular including mechanism for inter-depository and exchange coordination, wherever required;
 - 4.2. put in place necessary systems and infrastructure for implementation of this circular and complete the same by June 29, 2020.
5. The provisions of this circular shall come into force from July 01, 2020.
6. This circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 read with Regulation 31(1) of SEBI (Issue and Listing of Debt securities) Regulations, 2008, to protect the interests of investors in securities and to promote the development of, and to regulate the securities markets.
7. This Circular is available on SEBI website at www.sebi.gov.in under the categories “Legal Framework→Circulars”.

Yours faithfully,

Richa G. Agarwal
Deputy General Manager
Department of Debt and Hybrid Securities
Email id: richag@sebi.gov.in
Phone: +91-22-26449596

Annexure A

Operational framework

As per existing practice, the Stock Exchanges suspend trading/reporting of trades on debt securities before the redemption date. Further, Depositories impose restriction on off-market transfers on redemption date that restricts transfers on and after the redemption date.

It is proposed to allow these restrictions be lifted on defaulted debt securities as per para 4 of this Annexure and after following procedure given in this Annexure.

1. Temporary restriction on transactions in debt securities:

1.1. Stock Exchange(s) shall not allow any transactions in the defaulted debt securities, two working days prior to their maturity/redemption date.

1.2. On maturity/redemption date of the defaulted debt securities Depositories shall temporarily restrict transactions in such debt securities from such maturity/redemption date till the time its status of payment is determined.

2. Intimation on status of payment:

2.1. Issuer shall intimate to the Stock Exchanges, Depositories and Debenture Trustee(s) the status of payment of debt securities within 1 working day of payment/redemption date.

Provided for debt securities in which default has occurred before the date of this circular, the issuer shall intimate the status of payment within 5 working days from the issuance of this circular.

2.2. Working day shall be the working day of the Stock Exchange on which the debt securities have been listed.



2.3. While intimating the status of payment to Debenture Trustee(s), Issuer shall also intimate to Debenture Trustee(s) that they have informed the status of payment or otherwise to the Stock Exchanges and Depositories.

3. Role of Debenture Trustee(s):

3.1. In case the Issuer fails to intimate the status of payment of the debt securities within stipulated timelines, then Debenture Trustee(s) shall seek status of payment from Issuer and/or conduct independent assessment (from banks, investors, rating agencies, etc) to determine the same.

3.2. At the time of executing Debenture Trust Deed, Issuer shall provide its bank details (from which it proposes to pay the redemption amount) and pre-authorise Debenture Trustee(s) to seek debt redemption payment related information from the Issuer's bank. Issuer shall also inform the Debenture Trustee(s) of any change in bank details within 1 working day of such change.

For existing debt securities, Issuer shall provide such pre-authorisation to Debenture Trustee(s), within 60 days from the date of this circular.

3.3. Based on such assessment, Debenture Trustee(s) shall intimate Stock Exchange and Depositories the status of payment of debt securities within 9 working days of the maturity/redemption date.

3.4. In case intimation of the status of payment of debt securities is not received by Stock Exchanges and Depositories within stipulated timeline, transactions in such debt securities shall continue to be restricted and such restrictions shall continue until any further intimation is received from Issuer/ Debenture Trustee(s) regarding the status of payment of such debt securities.

4. Default in payment of redemption amount and resumption of transaction on defaulted debt securities:

4.1. Within 2 working days from the date of intimation from Issuer or Debenture Trustee(s) that issuer has defaulted on its payment obligations, the Depositories in co-ordination with Stock Exchanges shall update the ISIN master file and lift restrictions on transactions in such debt securities. Information regarding resumption of transactions shall be disseminated immediately on the websites of both Depositories and Stock Exchange(s).

4.2. Depositories shall also immediately flag in the Corporate Bond Database such debt securities as “ISIN-defaulted in redemption” and its description shall mandatorily reflect that there was default in payment of redemption amount of the concerned debt securities.

5. Reporting of trades in defaulted Debt Securities on stock exchange platform:

5.1. Upon intimation by Depositories that transactions have been permitted in the defaulted debt securities, Stock Exchange(s) shall simultaneously but not later than 2 working days of the default intimation from Issuer/ Debenture Trustee(s), permit reporting of OTC trades in the concerned defaulted debt securities on its reporting platform in terms of SEBI circular no. CIR/MRD/DP/10/2014 dated March 21, 2014.

5.2. At the time of reporting of such trades, Stock Exchanges shall ensure that a pop-up window is flashed, specifying that the reported trade is in a defaulted debt security.

5.3. The trade repository shall flag such trades as “Trades in ISIN-defaulted in redemption”.

6. Intimation of transactions in defaulted debt securities: In case of transactions in defaulted debt securities, the Depositories shall send an intimation (by email/SMS, as per BO a/c details available) to both parties to the transaction that it is "Transaction in ISIN-defaulted in redemption" immediately.

7. Account statement: While sending the periodic account statement to the Demat account holders, including Consolidated Account statement (CAS), Depositories shall highlight in such statements that a particular debt securities is an "ISIN – defaulted in redemption".

8. Continuous assessment of default status:
 - 8.1. The Issuer shall inform the Stock Exchange(s), Depositories and Debenture Trustee(s) latest by the 2nd working day of April of each financial year on the updated status of payment of the debt securities

 - 8.2. In case the Issuer fails to intimate the updated status of payment of the concerned debt securities, within the stipulated timelines, the Debenture Trustee(s) shall carry independent assessment as given at 3.1 above and intimate the status of payment of debt securities to the Stock Exchange and Depositories within 7th working day of April of each Financial Year.

 - 8.3. In case issuer or Debenture Trustee(s) does not intimate the status of payment of debt securities to Stock Exchanges and Depositories within the stipulated timeline, transactions in such debt securities shall be restricted from 8th working day of April of that Financial year, until any further intimation is received from Issuer or Debenture Trustee(s) regarding the same.

 - 8.4. In case of any developments that impact the status of default of the debt securities (including restructuring of debt securities, IBC proceedings, its repayment, etc.), the issuer/debenture trustee shall intimate the stock exchange and depositories within 1 working day of such development.



9. Payment of debt securities or subsequent payment of defaulted debt securities: In case of receipt of intimation or subsequent intimation to the depositories regarding full payment of redemption amount or any developments that impacts the status of default of the concerned debt securities (including restructuring of debt securities, IBC proceedings, its repayment, etc.) from Issuer or from Debenture Trustee(s), transactions shall be restricted in such debt securities by the Depositories immediately. The same shall be informed to the Stock Exchange(s) and disseminated on respective Depositories' website, within one working day of such restriction. Further, the concerned ISIN shall be extinguished in the depository system on receipt of corporate action documents from the issuer towards its extinguishment.
10. Process in paras 8 and 9 above shall be followed till either Issuer has been liquidated and money has been realised after completion of recovery proceedings or full payment on these securities is made by Issuer.



Annexure B

	Event	Activity to be undertaken	Timeline (Working Days)	By	To
1.	Execution of Debenture trust deed	Pre authorization to seek debt redemption payment related information from issuer's bank	At the time of execution of the deed	Issuer	Debenture Trustee(s)
2.	Any change in bank details of issuer for making debt redemption payment	Information regarding updated bank details	Within 1 working day of event	Issuer	Debenture Trustee(s)
3.	Creation of ISIN / Listing of Debt Securities	Intimation of Redemption date	-	Issuer	1. Depositories 2. Stock Exchange(s)
4.	Redemption/ Maturity date (T day)	Non acceptance of trades for reporting/settlement	T-2	Stock Exchange	-
5.		Temporary restriction on transaction in ISIN	T	Depository	-
6.		Intimate Status of payment of debt securities	T+1	Issuer	1. Stock Exchange(s) 2. Depositories 3. Debenture Trustee(s)
7.	Non receipt of status of payment from Issuer	Independent Assessment of Payment Status	T+2 to T+9	Debenture Trustee(s)	-
8.		Intimate Status of payment of debt securities	By T+9		1. Stock Exchange(s) 2. Depositories
9.	Receipt of information regarding full payment	Obligations as per para 9 of Annexure A	T+3/T+11/ event basis, as applicable	1. Depositories 2. Stock Exchanges	
10.	Receipt of information regarding non payment	Obligations as per para 4-8 of Annexure A		1. Depositories 2. Stock Exchanges	



Continuous assessment of payment					
11.	Any development that impacts the status of default of the concerned debt securities (including restructuring of debt securities, IBC proceedings, its repayment, etc.)	Intimate updated Status of payment of debt securities	Within 1 working day of event	Issuer or Debenture Trustee(s)	1. Stock Exchange(s) 2. Depositories
12.	Continuous assessment of Payment	Intimate Status of payment of debt securities	2 nd working day of April every financial year	Issuer	1. Stock Exchange(s) 2. Depositories 3. Debenture Trustee(s)
13.	Non receipt of status of payment from Issuer	Independent Assessment of Payment Status	3 rd working day of April – 7 th working day of April of every financial year	Debenture Trustee(s)	
14.		Intimate Status of payment of debt securities	Within 7 working days of April of every financial year		1. Stock Exchange(s) 2. Depositories