



CIRCULAR

SEBI/HO/DDHS/P/CIR/2022/00144

October 28, 2022

To,

**Issuers who have listed and/ or propose to list Non-convertible Securities;  
Recognised Stock Exchanges;  
Registered Depositories;  
Registered Credit Rating Agencies, Debenture Trustees, Merchant Bankers, Registrars  
to an Issue and Share Transfer Agents and Bankers to an Issue**

Madam/ Sir,

**Sub: Reduction in denomination for debt securities and non-convertible redeemable preference shares**

*(Revision in Chapter V of the Operational Circular for issue and listing of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper)*

1. Chapter V of the Operational Circular no. SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021, issued by SEBI, prescribes provisions pertaining to denomination of issuance and trading of Non-convertible Securities.
2. The said circular, *inter alia*, mandates that the face value of each debt security or non-convertible redeemable preference share issued on private placement basis shall be Rs. Ten lakh and the trading lot shall be equal to the face value.
3. SEBI has received representations from various market participants, including issuers, requesting for review of the said denominations. In particular, non-institutional investors consider the high ticket size as a deterrent which restricts their ability to access the market for corporate bonds. If the face value and trading lot is reduced, more investors can participate, which in turn will enhance the liquidity in the corporate bond market.
4. Accordingly, the following amendments are being made in Chapter V (Denomination of issuance and trading of Non-convertible Securities) of the Operational Circular:

Paragraph 1.1. shall be replaced with the following:

*1.1. The face value of each debt security or non-convertible redeemable preference share issued on private placement basis shall be Rs. One lakh.*

Paragraph 2.1. shall be replaced with the following:

*2.1. The face value of the listed debt security and non-convertible redeemable preference share issued on private placement basis traded on a stock exchange or OTC basis shall be Rs. One lakh.*

5. The provisions of this circular shall be applicable to all issues of debt securities and non-convertible redeemable preference shares, on private placement basis, through new ISINs, on or after January 1, 2023.

Provided that with respect to a shelf placement memorandum which is valid as on January 1, 2023, the issuer thereof shall have the option while raising funds through tranche placement memorandum, to keep the face value at Rs. Ten lakhs or Rs. One Lakh. Necessary addendum shall be issued by such issuer to the shelf placement memorandum.

6. 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.
7. This Circular is available at [www.sebi.gov.in](http://www.sebi.gov.in) under the link "Legal→Circulars".

Yours faithfully,

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