

**IBC effect: Debt data a must for listing**

Reuters

As part of its attempts to further strengthen bankruptcy regulations, the Securities and Exchange Board of India (SEBI) plans to amend listing norms to make it mandatory for companies to disclose all data on debt to the newly-formed Information Utility (IU) — a central database for loans taken by firms from banks and financial institutions.

A person familiar with the matter said the regulator was mulling insertion of an enabling clause in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, which all listed companies have to comply with.

“SEBI is discussing the modalities with various stakeholders like IBBI (Insolvency and Bankruptcy Board of India), banks, lawyers and industry experts,” said a person, who did not wish to be named. “An amendment in the listing regulations to make companies directly report to an IU seem to be the best way ahead.” The move, once implemented, will tighten the regulatory framework for disclosure of debt and also give lenders access to a central database that has the borrower’s credit history, including defaults if any.

SEBI had earlier suspended an attempt to make it mandatory for listed companies to inform stock exchanges of any default on payment of interest or principal to lenders within a day of such default.

**Investor protection tack**

This time, however, the regulator is looking to to make companies directly report to the IUs instead of stock exchanges. On Monday, SEBI chairman Ajay Tyagi said the regulator would address all issues within its domain to strengthen the bankruptcy regulations. “There are some issues which need to be addressed,” said Mr. Tyagi, speaking at an event organised by National E-Governance Services Ltd. (NeSL), the first IU to be registered under the Insolvency and Bankruptcy Code (IBC). “We are working closely with the Insolvency and Bankruptcy Board of India to see that those issues also get resolved at the earliest.” Under IBC, an IU would be a one-stop repository for all information related to lending and borrowing activities of all financial institutions.

To protect investors, SEBI may consider “an enabling provision... that information regarding issuance of debt securities be shared with Information Utilities,” said Sumit Agrawal, partner, Suvan Law Advisors.

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