भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

**CIRCULAR**

**HO/17/11/24(7)2026-DDHS-POD1/ I/23122/2026** **October 07, 2026**

**To,**

**Issuers of listed debt securities;**

**All Stock Exchanges;**

**All Depositories**

**All SEBI-Registered Merchant Bankers**

**Sub: <u>Exemption from the requirement of mandatory merchant banker appointment for debt issued through private placement by certain listed issuers</u>**

1. Clause 1.3 of Chapter V of SEBI Master Circular for issue and listing of Non-Convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper dated October 15, 2025 ("NCS Master Circular"), *inter-alia,* states the following:

> *"1.3. The Issuer may issue debt security or non-convertible redeemable preference share on private placement basis at a face value of Rs. Ten Thousand,*
>
> *i) Subject to the following conditions:*
>
> *a) The issuer shall appoint at least one Merchant Banker.*
> *Provided that the role, responsibilities and obligations of the Merchant Banker(s) shall be same as they would be in case of public issue of debt security or non-convertible redeemable preference share.*
>
> *b) Such debt security or non-convertible redeemable preference share shall be interest/ dividend bearing security paying coupon/ dividend at regular intervals with a fixed maturity without any structured obligations……"*

2. Based on the feedback received from market participants, in order to enhance ease of issuing debt securities and to expand access of high-rated securities to retail investors, it has been decided to relax the requirement of merchant banker appointment, subject to certain conditions specified in the subsequent paras.

3. Accordingly, para 1.3 of the NCS Master Circular shall be replaced as under:

*"1.3. The Issuer may issue debt security or non-convertible redeemable preference share on private placement basis at a face value of Rs. Ten Thousand, subject to the following conditions:*

*a) The issuer shall appoint at least one Merchant Banker, and the role, responsibilities and obligations of the Merchant Banker(s) shall be same as they would be in case of public issue of debt security or non-convertible redeemable preference share.*

*b) The Issuer may not appoint a Merchant Banker, subject to fulfilment of all the following conditions:*

*i. The Issuer is registered/ regulated by a financial sector regulator in India, viz. SEBI, RBI, IRDAI or PFRDA.*

*ii. The Issuer is listed in any segment on any of the recognized Stock Exchange(s) for a period of at least one year and there are no pending fines or penalties levied by SEBI/ Stock Exchanges for non-compliance with any of the applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the issuer. Stock Exchange(s) shall confirm the above at the time of granting in-principle approval for the issue.*

*iii. The Issuer has not defaulted in the last three financial years and the current financial year in respect of the redemption/ repayment or interest/ dividend payable in respect of its debt securities, non-convertible redeemable preference shares, securitised debt instruments, commercial papers, deposits or loans. The Issuer shall submit a certificate from the Statutory Auditor to this effect to the Stock Exchange.*

*iv. The debt security issued shall be unsubordinated/ senior and "secured" by a first or pari passu charge on the identifiable assets of the issuer. However, in case of Central Public Sector Enterprises (CPSEs)/ Public Sector Undertakings (PSUs) and Statutory Bodies, the debt security may be secured or unsecured.*

v. *The debt security shall be rated at least AA- or above on the date of private placement. In case of multiple ratings, the lowest rating shall be considered for determining eligibility for exemption."*

4. Stock exchange(s) shall specify suitable operational requirements such as disclosure formats/ submissions required to be made by the issuer to comply with the conditions specified above.

5. All other provisions of Chapter V of the NCS Master Circular shall remain unchanged.

6. The provisions of this circular shall come into force with immediate effect.

7. The Stock Exchanges and Depositories are advised to:

   7.1. Make amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision, as may be applicable/ necessary;
   7.2. Take all necessary steps and carry out system changes, if any, to implement the above;
   7.3. Disseminate the provisions of this circular on their website;
   7.4. Communicate to SEBI the status of implementation of the provisions of this circular;
   7.5. Monitor the compliance of this circular by issuer companies.

8. 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.

9. This Circular is available at www.sebi.gov.in under the link "Legal → Circulars".

Yours faithfully,

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