

Revamping debt issuances in India: SEBI's latest update to the EBP mechanism

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Introduction

On 16 May 2025, the Securities and Exchange Board of India (SEBI), with an aim to enhance efficacy and access of the Electronic Book Provider platforms (EBP Platforms) in India, released a circular on 'Review of provisions pertaining to EBP platforms to increase its efficacy and utility' (Ref: Circular No: SEBI/HO/DDHS/DDHS-PoD-1/P/CIR/2025/0000000073) (Circular). The Circular introduced significant modifications to the provisions under Chapter VI (Electronic Book Provider platform) and Chapter VII (Standardization of timelines for listing of securities issued on private placement basis) of the SEBI master circular for issue and listing of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper dated 22 May 2024, as amended. The Circular follows recommendations received from the working group on the electronic book provider platform through their report dated 17 January 2025 (Working Group) and a consultation paper issued by SEBI on 20 March 2025 (Consultation Paper), inviting public feedback on various proposals to enhance the efficacy and transparency of the EBP Platforms in India.

This ergo provides a comprehensive summary of key changes introduced through the Circular and analyses its implications on issuers, investors, and other market participants in India.

Key updates introduced through the Circular

1. Updates effective immediately from the date of the Circular, ie, 16 May 2025

a) Reduction in the threshold for applicability of EBP Platforms

The Circular revised the threshold for applicability of the EBP Platforms for private placement of non-convertible securities. Pursuant to the provisions of the Circular, the threshold for issuances to be mandatorily concluded through EBP platforms has been reduced from INR 50 crore to INR 20 crore.

This includes: i) single issues of INR 20 crore, or more; ii) shelf issues with multiple tranches, which cumulatively amount to INR 20 crore or more; and iii) subsequent issues where the aggregate of all previous issues in a financial year equals or exceeds INR 20 crore.

By lowering the threshold, SEBI aims to ensure that more transactions are conducted through the EBP Platforms, thereby increasing the transparency and availability of deals in the public domain and eventually fostering greater uniformity in disclosures and enhancing transparency in the Indian corporate bond market.

b) Enhanced disclosure of historical data on green shoe portion utilised for previous financial years in the offer document

The green shoe portion, which allows issuers to sell additional securities beyond the base issue size, is currently capped at five times the base issue size. The Circular has mandated disclosure of issue-wise green shoe option exercised in previous financial years vis-a-vis the base issue size and the details of

green shoe portion as specified in issues undertaken in the previous financial year, in the offer documents.

This update follows the recommendation from the Working Group on reduction of maximum permissible green shoe option from five times to three times the base issue size. The rationale behind the recommendation was rooted in concerns that excessive green shoe flexibility could obscure the issuer's true capital-raising intentions, making it harder for investors to assess the actual demand and pricing of the issue.

Instead of reducing the green shoe option from five times to three times the base issue size, SEBI opted for a disclosure-based approach to strike a balance between issuer's flexibility and investor clarity.

2. Amendments to be made effective after three months from date of the Circular, ie, 16 August 2025

a) Quantum of allocation to anchor investors

The Circular has allowed issuers to allocate a portion of the base issue size to anchor investors, subject to certain thresholds based on the instrument rating. The proportion of allocation of the base issue size to be made to the anchor investors is restricted up to:

Instrument Rating	Anchor Portion (%) of base size
AAA / AA+ / AA / AA-	Not exceeding 30%
A+ / A-	Not exceeding 40%
Others	Not exceeding 50%

The Circular further mandates disclosure of quantum of allocation of base issue size to the anchor investors in the offer document and term sheet filed by the issuer.

The Circular has also mandated anchor investors to confirm their participation in issuances to the EBP Platforms along with quantum of base issue size to be allocated to them.

This amendment incorporated by the Circular acts as a safety net to the issuers with lower-rated instruments by providing them an option to structure a deal with anchor investors and allocate them, up to half portion of their base issue size at a 'contracted price' prior to approaching the EBP Platforms.

b) EBP timelines relaxed

The Circular has relaxed timelines for: i) uploading the offer document and term sheet by a first-time EBP issuer from T-5 to T-3 working days; and ii) for obtaining in-principal approval by a first time EBP issuer from T-5 to T-3 working days.

These changes were considered by SEBI basis recommendations of the Working Group, which highlighted that reducing the timeline for uploading documents and obtaining approvals would decrease the overall timeline for listing for debt securities in India. It will further and will aid the investors by allowing them to trade earlier compared to the previous waiting period of T-5 minimum market notification time.

3. Amendments to be made effective after six months from date of the Circular, ie, 16 November 2025

a) Option for issuers of certain instruments to access the EBP Platforms

Pursuant to amendments incorporated by the Circular, the issuers may opt to use the EBP Platform for private placements of securitised debt instruments (SDIs), security receipts, commercial papers (CPs), certificates of deposit (CDs), and units of Real Estate Investment Trusts (REITs), Small & Medium REITs (SM REITs), and Infrastructure Investment Trusts (InvITs) for an issue size aggregating more than INR 20 crore.

The Circular has further provided an option to the issuers of debt securities, non-convertible redeemable preference shares and municipal debt securities for a base issue size of less than INR 20 crore to access EBP Platforms.

By incorporating this amendment, and expanding accessibility of EBP platform to SDIs, CPs, CDs, REITs, SM REITs and INVITs, SEBI addressed the concerns raised by the Working Group regarding their being an information asymmetry in relation to these products amongst the investors due to unavailability of their transaction structures and offer documents in the public domain. Through this amendment the Circular further aids investors in adequately assessing the risks including credit risk, market risk and liquidity risk in relation to these instruments.

b) Format for website disclosures by the EBP Platforms

The Circular has provided a format of disclosures to be mandatorily updated by the EBP Platforms on their websites with detailed information about the issuance by the end of T-day for issues closing up to 1 pm and by 1 pm on T+1 day for remaining issues. This includes details such as the bidding date, issuer name, ISIN, issue description, allotment date, face value, credit rating, and more. This update follows recommendation received from the Working Group for the EBP Platforms to effectively disclose post-auction details in a uniform format to the investors for them to better assess the corporate bond market.

c) Pro-rata allotment of bids

The Circular incorporated a shift in the basis of allotment of non-convertible securities from the 'price-time priority' based allotment system to a 'price priority' based allotment system. Pursuant to the amendments incorporated through the Circular, if investors quote the same price, the allotment will be done on a pro-rata basis, irrespective of the time when the bids were placed.

This change was incorporated by SEBI following recommendations received by them through the Consultation Paper to align the allotment process on the EBP Platforms in line with the allocation of G-sec, T-bill, and SDL auctions.

Comments

The amendments introduced by the SEBI through the Circular mark a significant shift towards improving efficacy of the EBP Platforms in debt markets in India. By moving to a price priority basis, reducing the timeline for uploading offer documents and obtaining in-principle approvals, and incorporating recommendations from the Consultation Paper, SEBI aims to create a more efficient and robust market environment and improve efficacy of the EBP Platforms in India. Further, by providing access for listing of varied debt instruments on the EBP platform, complex products will also have a monitoring and unified disclosure system in place for the investors. These changes have brought a well-balanced approach catering to the needs of both investors and issuers, fostering greater confidence in the EBP platform and the overall securities market.

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