

Revitalising India's Debt Markets: SEBI's October 2026 Initiatives to Spur Issuances

16 October 2026

On 7 October 2026, the Securities and Exchange Board of India (SEBI) issued three circulars amending the Master Circular for Issue and Listing of Non-Convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper dated 15 October 2025 (NCS Master Circular), relating to: (i) ISIN limits for privately placed debt (ISIN Circular); (ii) exemption from mandatory merchant banker appointment (MB Circular); and (iii) a new Credit Risk-o-Meter disclosure requirement (CRM Circular). These circulars form part of SEBI's ongoing efforts to ensure a more accessible and well-informed debt capital market regime in India (October 7 Circulars).

1. Increase In ISIN Limits

1.1 Applicability

The ISIN Circular applies to all listed, unlisted, publicly issued and privately placed debt securities.

1.2 Increased Limits in the ISIN Circular

- (a) Under the ISIN Circular, the maximum number of ISINs maturing in a financial year (FY) for an issuer of listed debt securities has been increased to 17, with a further 6 ISINs available for capital gains tax bonds issued by authorised issuers under Section 54EC of the Income Tax Act, 1961. The revised limits are:

Sr. No.	Category	Previous Position (number of ISINs)	Revised Position (number of ISINs)	Key Observations
1	Maximum ISINs maturing per FY	14	17	Additional 6 ISINs for Section 54EC bonds
2	Plain vanilla debt securities (secured and unsecured)	9	12 (If outstanding amount in FY < INR 15,000 crore)	If the outstanding amount in an FY reaches INR 15,000 crore, one additional ISIN is permitted per additional INR 3,000 crore
3	Structured/market-linked debt securities, Floating Rate Bonds (FRBs), Zero Coupon Bonds (ZCBs) and Tier II bonds	5	5	Existing FRB/ZCB/Tier II ISINs are grandfathered, but no new ISIN may be issued in this category if existing ISINs exceed five
4	Issuer issuing only category 3 securities (specified above)	9	12	-

- (b) Government of India serviced/extra budgetary resources (EBR) bonds and environmental, social and governance (ESG) debt securities are excluded when computing the limits.

1.3 Implementation Timeline

The increased limits are effective from the date of the ISIN Circular, 7 October 2026.

2. Relaxation In Merchant Banker Appointment for INR 10,000 Face Value Instruments Issued by Certain Listed Issuers

2.1 Applicability

The relaxation under the MB Circular applies to private placements of listed debt securities with a face value of INR 10,000 (Indian Rupees Ten Thousand only).

2.2 Relaxation in Merchant Banker Appointment Requirement for Certain Listed Issuers

Under the erstwhile provisions of the NCS Master Circular, the appointment of at least one merchant banker was mandatory for all private placements of debt securities or non-convertible redeemable preference shares (NCRPS) with a face value of INR 10,000 (Indian Rupees Ten Thousand only). The MB Circular amends the NCS Master Circular so that an issuer of privately placed debt securities with a face value of INR 10,000 (Indian Rupees Ten Thousand only) is exempt from appointing a merchant banker if it meets all of the following conditions:

- (a) it is registered with or regulated by SEBI, the Reserve Bank of India, the Insurance Regulatory and Development Authority of India or the Pension Fund Regulatory and Development Authority;
- (b) it has been listed on a recognised stock exchange (any segment) for at least one year, with no pending SEBI/stock exchange fines or penalties for non-compliance with the Listing Obligations and Disclosure Requirements (to be confirmed by the exchange at the in-principle approval stage);
- (c) it has not defaulted in the last three FYs and the current FY on its debt securities, NCRPS, securitised debt instruments, commercial papers, deposits or loans, supported by a statutory auditor's certificate to the exchange;
- (d) the debt security to be issued is unsubordinated/senior and secured by a first or pari passu charge on identifiable assets (Central Public Sector Entities and Public Sector Undertakings may also issue senior unsecured debt); and
- (e) the debt security to be issued is rated at least AA- on the date of private placement (the lowest rating applies where there are multiple ratings).

2.3 Implementation Timeline

The relaxation is effective from the date of the MB Circular, 7 October 2026.

3. Credit Risk-O-Meter

2.4 Applicability

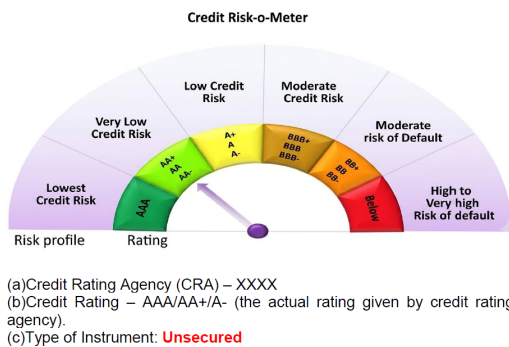
The CRM Circular inserts a new Chapter II-C into the NCS Master Circular and applies to all listed debt security issuances.

2.5 Introduction of the Credit Risk-o-Meter

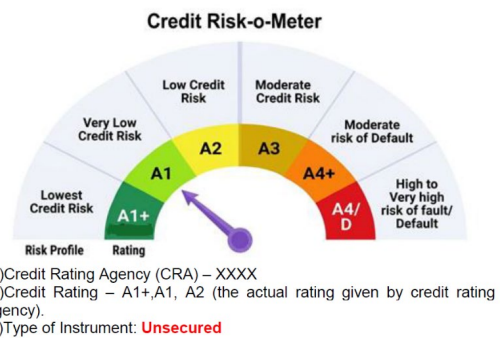
- (a) SEBI has mandated the inclusion of a Credit Risk-o-Meter for all listed debt issuances. The meter must appear in offer documents, abridged prospectuses, private placement memoranda, all issuer/Online Bond Platform Provider (OBPP) advertisements and OBPP web and mobile platforms, and is added to the OBPP minimum disclosures.
- (b) The meter depicts credit risk and assigns ratings to six risk levels. The colour scheme applies to all digital and polychrome printed promotional material:

Risk level	Long-term rating	Short-term rating	Colour [HTML code]
Lowest credit risk	AAA	A1+	Irish Green [#08A04B]
Very low credit risk	AA+, AA, AA-	A1	Chartreuse [#7FFF00]
Low credit risk	A+, A, A-	A2	Neon Yellow [#FFFF33]
Moderate credit risk	BBB+, BBB, BBB-	A3	Caramel [#C68E17]
Moderate risk of default	BB+, BB, BB-	A4+	Dark Orange [#FF8C00]
High to very high risk of default	B+, B, B-, C+, C, C-, D	A4, D	Red [#F70D1A]

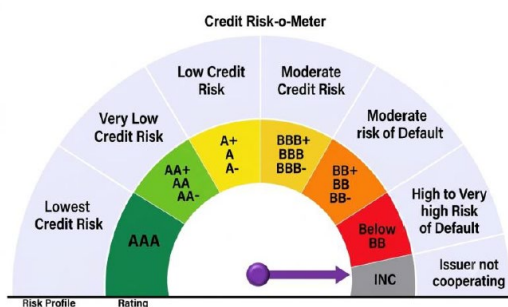
- (c) Below the meter, issuers/OBPPs are required to disclose the name of the credit rating agency (CRA), the actual rating and the nature of the instrument (secured or unsecured). Where ratings from multiple CRAs are available, the meter reflects the lowest rating. The meter must also indicate where the issuer is non-cooperative with the CRA. A prescribed disclaimer (depending on the instrument) must follow the meter.



Credit Risk-o-Meter (long-term)



Credit Risk-o-Meter (short-term instruments)



Credit Risk-o-Meter with INC rating



Mobile view of the Credit Risk-o-Meter

- (d) OBPPs are required to: (i) display the meter on bond listing and bond details pages before investment action buttons; (ii) show it in all advertisements referencing the rating, with a QR code linking to the colour-coded meter for monochrome advertisements; (iii) provide web and condensed mobile views (arrow plus an 'i' icon that opens the detailed meter); (iv) source ratings solely from SEBI-registered CRAs and update the meter through an automated system within 24 hours of National Securities Depositories Limited (NSDL)/Central Depository Services Limited (CDSL) intimation of a rating change; and (v) prohibit manual overrides and maintain audit trails of all updates.

2.6 Implementation Timeline

The CRM Circular is effective 45 (forty-five) days from its date, 7 October 2026.

4. Conclusion

The October 7 Circulars mark a step towards a more accessible and better-informed debt capital market. The higher ISIN limits and the merchant banker exemption ease access to debt for well-rated, regulated issuers with clean track records and widen retail access to high-rated debt, while the Credit Risk-o-Meter gives investors a standardised view of credit risk before they invest. The exclusion of ESG debt securities from ISIN limits will encourage market participants to raise more ESG-compliant debt. OBPPs are responsible not only for providing retail investors with access to debt securities but also for helping them make informed choices. These developments signal a maturing debt capital markets regime for both investors and issuers.

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