

National Stock Exchange of India Limited

Circular

Department: Debt Segment	
Download Ref No: NSE/DS/70953	Date: October 24, 2025
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All Participants,

Operational Guidelines of Liquidity Window Facility (LWF) for Investors in Debt Securities through Stock Exchange Mechanism

This is in continuation to the Exchange circular NSE/DS/64592 dated October 17, 2024, regarding the introduction of the Liquidity Window Facility for investors in debt securities through Stock Exchange mechanism issued in accordance with SEBI circular no. SEBI/HO/DDHS/DDHS-PoD-1/P/CIR/2024/141 dated October 16, 2024.

The facility for exercise of put option through Stock Exchange mechanism pursuant to liquidity window shall be available on the NSE eIPO platform for all issues starting on or after November 03, 2025.

The **Operational Guidelines** for availing this facility through the Stock Exchange mechanism is provided as Annexure - I.

All debt issuers and market intermediaries are requested to take note of the same.

For and on behalf of
National Stock Exchange of India Limited

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Annexure - I
Operational Guidelines for availing NSE Liquidity Window Facility (LWF)

1. In accordance with SEBI circular reference number SEBI/HO/DDHS/DDHS-PoD-1/P/CIR/2024/141 dated October 16, 2024 (“SEBI Circular”), the facility for exercise of put option through Stock Exchange mechanism pursuant to liquidity window shall be available on the Stock Exchanges having nationwide trading terminals in the form of a separate window (the “Liquidity Window”)
2. The Issuer may choose to use the Liquidity Window provided by one or more than one Stock Exchange(s) having nationwide trading terminal, and, in that case, one of the exchanges shall be declared as the “Designated Stock Exchange” (DSE) by the issuer. The issuer will appoint a Registrar and Transfer Agent (RTA) for the purpose of allocation and a clearing member for the purpose of settlement.
3. Placing of bids and basis of acceptance:
 - a. During the period of liquidity window, the right to redeem debt securities shall be exercised by investor through its respective stock broker or through OBPP, during normal trading hours of the secondary market.
 - b. The cumulative quantity of debt securities for which put option has been exercised by the investors shall be made available online to the market throughout the trading session at specific intervals by Stock Exchange(s) providing liquidity window during the exercise period.
 - c. Stock Exchanges shall provide liquidity window from 9:00 AM to 5:00 PM. On the last day of the liquidity window, additional 30 minutes shall be provided for custodian confirmation.
 - d. Stock Exchanges shall restrict the investors, which have been debarred by SEBI for participating in the securities market, while placing their bids.
4. Blocking of securities towards bids
 - a. Early pay-in (EPI) through block mechanism shall be mandatory prior to placing the bids. Such early pay-in shall be done in the depository system as per the extant process in the settlement type and number specified by the Clearing Corporations (CCs). Depositories shall provide information to CCs about such early pay-in, as well as other information such as investor PAN, beneficiary account details and bank details including IFSC code.
 - b. There is possibility that Issuer shall open the Liquidity Window for more than one ISIN, hence the facility/ provision in the Depository System shall be available for early pay-in for more than one ISINs.

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- c. The early pay-in (EPI) through block mechanism shall be marked in the depository system by the Depositories in the Beneficial Owner's (BO) Demat Account for the debt securities exercised by the investors through put option during the liquidity window period.
 - d. Details of debt securities marked blocked in clients' demat account shall be provided by respective Depositories to CCs.
 - e. Depositories shall keep the securities blocked in investor's demat account till settlement date, unless bid is withdrawn/ modified by the investor. Depositories shall release securities only after confirmation of revision in bid from CC. For this purpose, depositories to provide facility to CC to cancel EPI. For securities which are locked-in, the investor will not be permitted to tender the securities.

5. Allocation of bids

- a. Upon closure of the liquidity window i.e. on T+2 working day, T being the first day of liquidity window, the bids shall be shared with RTA. RTA shall specify accepted quantity and draw up the allocation, i.e., either on full value or on a proportionate basis (in case of oversubscription). All the eligible investors, irrespective of their category, shall be treated at par for allocation, except where the window is made available to only retail investors.
- b. RTA shall share the allocation file with allocation details including the TDS (Tax Deducted at Source) amount by 12:30 pm on T+3 working day with the Clearing Corporations (CCs).
- c. Based on the allocation from the RTA, CCs will upload EPI reversal in the depository from which EPI is received to CC to unblock any excess EPI in the respective BO account.
- d. The blocked securities will be transferred by depositories to CC for pay-in.

6. Execution of trades and settlement

- a. Settlement shall be on T+4 working day, T being the first day of liquidity window.
- b. Settlement shall take place on gross basis.
- c. The funds pay-in by the issuer shall be carried out through the existing settlement account of the buying member (clearing member acting as a settlement broker for the issue on behalf of the Issuer). Buying member shall ensure availability of funds as per timelines specified in settlement calendar, failing which the securities pay-out shall not be made. There shall

be no settlement guarantee provided by the CCs. In case of failure of buying member to provide funds in full, funds pay-out to investors shall not be made and the securities shall be reversed in the investors BO account.

- d. Funds pay-out for allocated bids shall be made directly to the investor's bank account as per account details received from the depositories. In case of any rejection while crediting the funds pay-out to the investor's bank account, the funds pay-out shall be directed to the clearing member's settlement bank account for further transfer to respective investor. CCs shall reduce any regulatory duties, stamp duty from pay-out to the client.
- e. The funds pay-out of bids confirmed by custodian will be credited to the settlement bank account of custodian. Bids pertaining to NRI/FPI (which are not settled through custodian), funds will be transferred to member's settlement bank account.
- f. Member(s) shall issue contract notes for trades executed in the Liquidity Window as per the same format and specifications as in the Debt market segment.
- g. On T+4 working day and not being settlement holiday, depositories will provide the securities pay-in for allotted quantity to CCs from the early pay-in blocked, in the specified settlement type and number.
- h. The pay out of the securities shall be made to the securities pool account of the buying member. Alternatively, the direct credit of securities shall be given to the escrow demat account of the Issuer, provided it is indicated by the clearing member.
- i. In case of any rejection while crediting the securities to the Issuers demat account, the securities shall be directed to the pool account of the buying member for further transfer to respective Issuer.

7. Additional disclosures to be given by the Issuer:

- a. Disclosures to be made in the placement memorandum/offer document:
 - i. Name of the Recognised Stock Exchanges with nationwide trading terminals where the Liquidity Window shall be available.
 - ii. Category of eligible investors.
 - iii. Methodology for placement of orders, acceptances / basis of allotment, and settlement of debt securities.
 - iv. Confirmation of compliance with the requirements under Para 6.1 of the SEBI Circular.

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- v. Any other additional disclosures as specified by the Stock Exchanges, CCs or Depositories.
 - b. Notice/ intimation to the Stock Exchanges, where the liquidity window is to be made available, by the issuer regarding the liquidity window prior to the opening of each window along with the liquidity window schedule, name of the Stock Exchanges where the liquidity window facility is provided including Designated Stock Exchange, name and contact details of the RTA, category of eligible investors, specified date* and such other specified details in the manner and timeline specified by the respective stock exchanges. Such notice/intimation shall also include a statement to the effect that *“the Valuation Report along with the Put Price will be announced and made available by the Issuer on the website of the Exchange on T-1 working day, T being the first day of subscription of the Liquidity Window.”* Upon receipt of the aforesaid information from the Issuer, the Exchange shall disseminate the same on its website, for information of the market participants, latest by T-1 working day.

* Specified date for the purpose of determining eligible investors shall be T-2 working day, T being the first day of subscription of the Liquidity Window.
 - c. The Issuer, through its RTA, shall obtain the list of beneficiary details, as on specified date (T-2) from the depository, and provide the list of eligible investors along with category details (Retail/Non-Retail), DP Id & Client Id, PAN details, etc. in the manner and timeline specified by the respective Stock Exchanges. The Issuer shall ensure compliance with the definition of ‘Retail Investor’ as provided under regulation 15 of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021, while submitting the list of eligible investors to the Stock Exchange(s). Non-eligible investors shall not be permitted to place the bid.
 - d. Valuation Report of the security in accordance with para 6.8 of the SEBI Circular obtained from any one of the SEBI recognised credit rating agencies along with the put price in the manner specified by the respective Stock Exchange(s).

8. Interface between CC and Depository:

- a. CC shall inform depository in advance about the bid start date, bid end date, pay-in and pay-out date for the liquidity window.
- b. Depository shall accordingly setup and communicate the details like settlement no., market type etc. for the liquidity window to CC and market participants. The market type for Debt Liquidity Window shall be **“LW”**.