

CIRCULAR

HO/49/14/15(2)2026-CFD-POD1//13567/2026

June 11, 2026

To,

All Registered Merchant Bankers (MBs)

Madam/Sir,

Subject: Extension of timelines for compliance with certain provisions of Circular dated January 02, 2026

1. SEBI (Merchant Bankers) (Amendment) Regulations, 2025 (“MB Amendment Regulations”) were notified on December 05, 2025, inter alia, revising the net worth and liquid net worth requirements applicable to Merchant Bankers and introducing Regulation 13A relating to activities that may be undertaken by Merchant Bankers and segregation of other activities through Separate Business Units (“SBUs”).
2. In this regard, SEBI issued Circular No. HO/49/11/11(106)2025-CFD-RAC-DIL3//1796/2026 dated January 02, 2026 (“MB Circular”), inter alia, specifying the operational framework, implementation timelines and compliance requirements for Merchant Bankers.
3. Based on representations received from the industry highlighting operational challenges in establishing the necessary systems and processes for implementation of the SBU framework and seeking alignment of the compliance timeline for net worth and liquid net worth requirements with the end of the financial year, it has been decided to grant additional time for compliance with the aforesaid requirements.
4. Accordingly, the timelines prescribed under the MB Circular dated January 02, 2026 shall be as under:

S. no.	Requirement	Existing Timeline	New Timeline
a.	Transfer of activities to Separate Business Unit(s) in terms of Regulation 13A(2) of the MB Regulations and Clause 11.2.1 of the MB Circular	July 03, 2026	December 31, 2026
b.	Compliance with Clause 11.2.10 of the MB Circular	July 03, 2026	December 31, 2026
c.	Compliance with net worth requirements under Regulation 7 of the MB Regulations – Phase I	January 02, 2027	March 31, 2027

S. no.	Requirement	Existing Timeline	New Timeline
d.	Compliance with net worth requirements under Regulation 7 of the MB Regulations – Phase II	January 02, 2028	March 31, 2028
e.	Compliance with liquid net worth requirements under Regulation 7A of the MB Regulations – Phase I	January 02, 2027	March 31, 2027
f.	Compliance with liquid net worth requirements under Regulation 7A of the MB Regulations – Phase II	January 02, 2028	March 31, 2028
g.	Intimation to SEBI regarding categorisation as Category I or Category II Merchant Banker	January 02, 2027	March 31, 2027

7. All other provisions of the MB Circular dated January 02, 2026 shall remain unchanged and shall be complied by Merchant Bankers.
8. This circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 read with Regulation 45 of the SEBI (Merchant Bankers) Regulations, 1992.
9. This circular is available on the SEBI website at www.sebi.gov.in under the category “Legal” and under the drop-down “Circulars”.
10. This circular is issued with the approval of the competent authority.

Yours faithfully,

Vimal Bhatler
Deputy General Manager
Corporation Finance Department
Tel no.: 022-40459386/022-26449386
Email ID: vimalb@sebi.gov.in
