



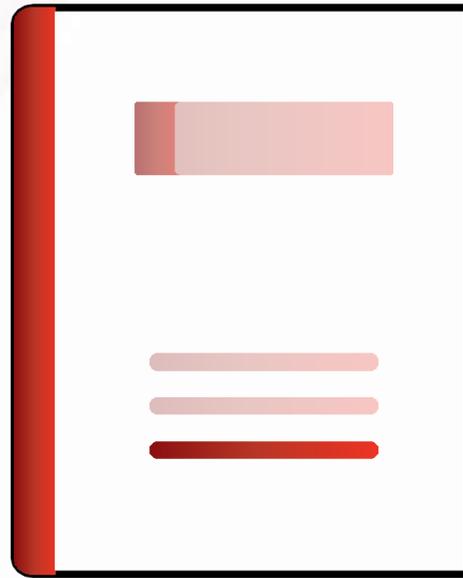
SEBI (Merchant Bankers) Amendment Regulations, 2025

A Comprehensive Overview of the Regulatory Reset

Mahavir Lunawat
Chairman, AIBI

Date: February 18, 2026
Venue: NSE Atrium, BKC, Mumbai

The Regulatory Reset



SEBI (Merchant Bankers)
Regulations, 1992

Amendment effective from
January 3, 2026



SEBI (Merchant Bankers) Regulations, 1992
as amended on December 5, 2025 [click here](#)

Specification of consequential requirements regarding the Amendment [Click here](#)

Strengthening Human Capital

Principal Officer



Designated Employee responsible for management and administration of MB activities.

- 5+ years of experience in financial markets.
- Appointment required by Jan 2, 2027.

Compliance Officer



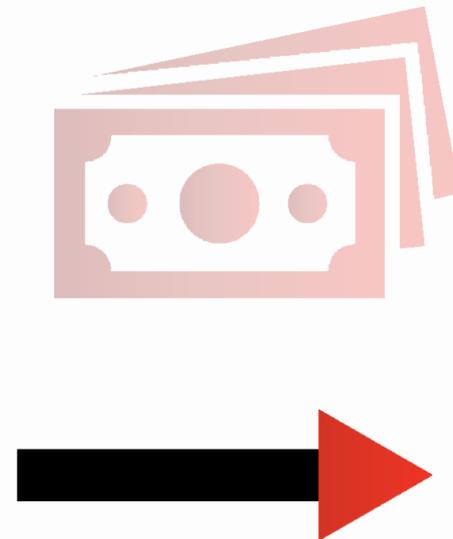
Must be separate and independent from the Principal Officer (Mandatory by April 3, 2026).

- Qualified CS or Law Graduate + 2 years PQE in corporate/secretarial.
- Must possess NISM Series III A & IX Certification.
- Existing Compliance Officer with 5 years PQE may continue with NISM certifications.

Redefining Financial Stability

Net Worth

Standard definition applies.
Must be maintained
at all times.



**Liquid Net Worth
(Net Metric)**

Net worth deployed in
unencumbered liquid assets
convertible to cash
in a short period

Cash and Fixed
Deposit

G-Secs and money
market instrument
with applicable
haircut

Mandate: Both metrics must be maintained at all times.

Capital Adequacy Thresholds

	Phase 1 Deadline: Jan 2 , 2027	Phase 2 Deadline: Jan 2 , 2028
Category I Merchant Banker	Net Worth : ₹25 Cr Liquid Net Worth: ₹6.25 Cr	Net Worth : ₹50 Cr Liquid Net Worth: ₹12.50 Cr
Category II Merchant Banker	Net Worth : ₹7.5 Cr Liquid Net Worth: ₹1.875 Cr	Net Worth : ₹10 Cr Liquid Net Worth: ₹2.50 Cr

Categorization & Permitted Activities

Category I

Can carry out all permitted activities.

Core Activities

- Due Diligence
- Preparation of Offer Documents
- Other activities specified by SEBI

Category II

All permitted activities EXCEPT main board public issues of equity shares.

Regulated Permitted Activities

- Managing public issues/rights issues
- Acquisitions/Takeovers/Buy-backs
- Underwriting
- Private placements
- International offerings
- Fairness opinions
- Market making (ICDR 2018)

Ring-Fencing Separate Business Units (SBU)

SEBI Regulated Activities

- Merchant Banking
- Corporate actions under applicable SEBI Regulations
- Underwriting
- Private placements of listed and proposed to be listed securities
- International offerings
- Fairness opinions
- Market making (ICDR 2018)

Chinese wall



Ring-Fenced SBU

Non-SEBI Activities (RBI/IRDAI/Fee-based)

- Lending
- Insurance Distribution
- Wealth Management
- Fee-based advisory

Operational Separation

- Separate grievance systems, records, and staff.

Governance

- Board-approved safeguards on an arm length basis.

Disclosure

- Mandatory website disclosure for non-SEBI regulated activities.
- Deadline: Feb 2, 2026

Deadline: July 03, 2026

Operational Rigor & Prohibitions

No Outsourcing



Strict ban on outsourcing of Core MB Activities (Due Diligence/Offer Docs). Existing arrangements must close by April 3, 2026

Record Retention



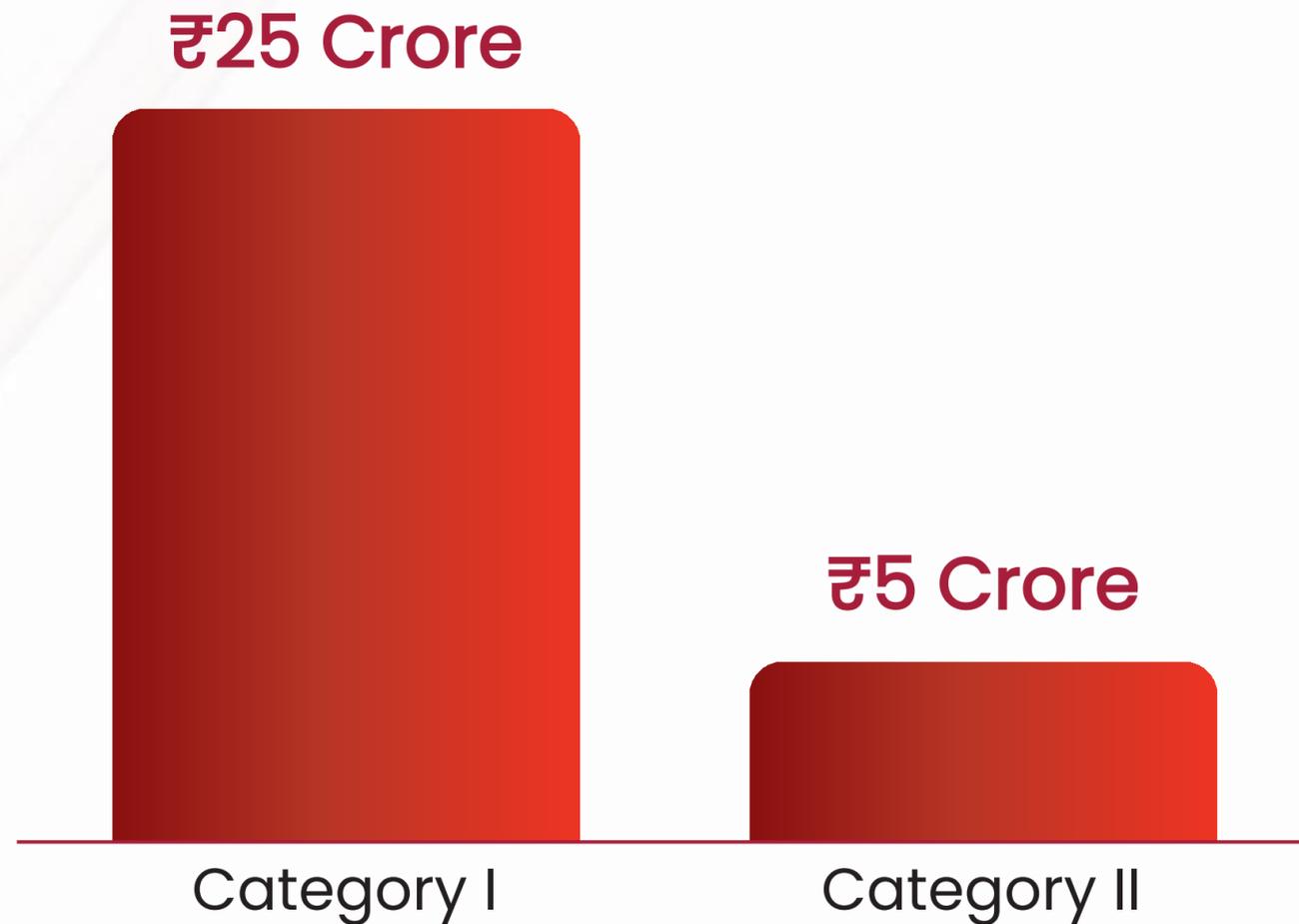
Books of accounts must be preserved for a minimum of 8 Financial Years.

Underwriting Cap



Total obligations shall not exceed 20 times the Liquid Net Worth. (Effective Jan 2, 2028).

Revenue Viability Standards



Cumulative over 3 preceding Financial Years.

Key Dates

- First assessment date: April 1, 2029.
- Reporting: Submit revenue details from permitted activities within 3 months from FY 2026-2027.

Managing Conflicts of Interest



Such issue can be marketed by Merchant Banker subject to appropriate disclosures in offer document and other marketing materials

Registration, Definitions & Reporting

Registration

Application via updated Form A.
Eligibility: Indian Body Corporate/LLP only:
No Foreign entities (except RBI licensed banks).



Reporting

Half-yearly Report along with CA Certificate confirming Net Worth, Liquid Net Worth, and Underwriting obligations.



Associate Definition

Control threshold through subsidiary, associate, or holding company revised to 10%.

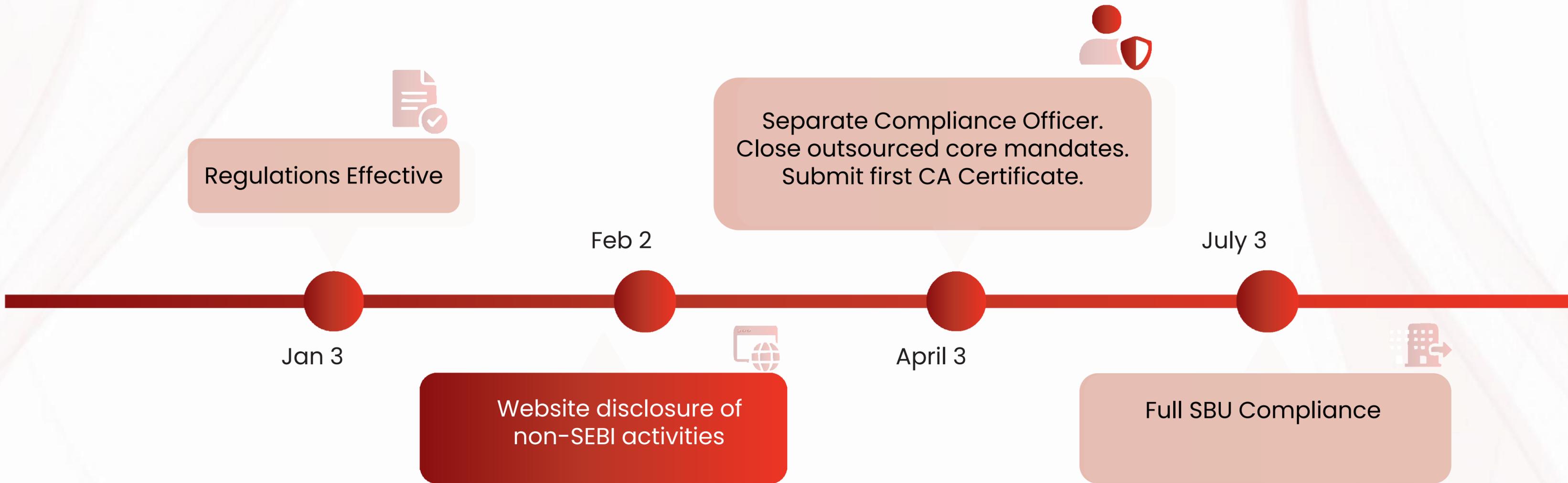


Penalty

Non-payment of renewal fees bars new business. 15% annual interest charged per month of delay.



Roadmap: The 2026 Transition



Roadmap: 2027-2029 Implementation

Phase 1 Net Worth & Liquid Net Worth.
NISM Certs for KMP. Appoint Principal Officer.
Email category intent to SEBI.

Jan 2, 2027



Jan 2, 2028



Phase 2 Net worth & Liquid Net Worth.
Underwriting cap (20x Liquid Net Worth).

April 1, 2029



First assessment of Minimum Revenue criteria

Association of Investment Bankers of India



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