

Indian Financial Markets

**Proposed changes in Electronic Book
Provider and Request for Quote
platforms by SEBI to widen participation
and increase transparency**

APRIL 2025





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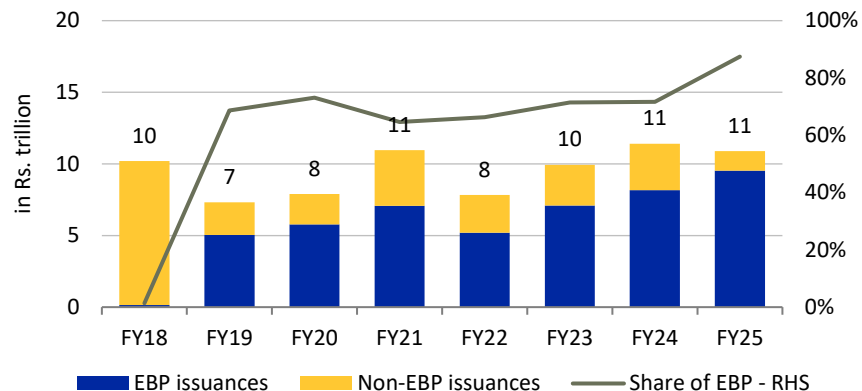
Proposed changes by SEBI would enable the use of the transparent EBP and RFQ platforms by more issuers and investors while ensuring transparency and better price discovery.



- The SEBI has released a consultation paper on '[Review of provisions pertaining to Electronic Book Provider \(EBP\) and Request for Quote platforms \(RFQ\)](#)'.
 - It aims to widen participation and increase transparency across both the platforms.
 - A key proposal is to make EBP mandatory for all debt private placement issues having issue size above Rs. 20 crore against the existing threshold of Rs. 50 crore.
 - For private placement of Investment Infrastructure Trusts (InVITs) and Real Estate Investment Trusts (REITs) above Rs. 1,000 crore, issuers need to access the EBP platform.
 - It has been proposed to increase the anchor portfolio for A-rated issuances to 40% from the existing 30%, and for BBB and below-rated issuances to 50% from 30%.
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- Given the reduction in the threshold from the existing limit of Rs. 50 crore, ICRA expects these amendments to enlarge the scope of participation and bring more issuers on a transparent platform, helping them in better price discovery and resource raising.
 - REITs and InVITs are similar to debt instruments where investors invest with the purpose of generating steady returns. Hence, the proposal to issue these instruments through EBP is a positive for pricing transparency and wider investor participation. Though the current threshold is set at Rs. 1,000 crore, ICRA believes this threshold will also gradually reduce over time, similar to the reduction in the threshold for debt private placements.
 - ICRA expects the increase in the share of the anchor portfolio to benefit lower-rated issuers wherein they can issue a higher proportion to anchor investors, given the prevailing limited investor participation.
 - Overall, the ICRA anticipates proposed measures would enable better price discovery and wider market participation which would increase transparency in the overall scheme of things.

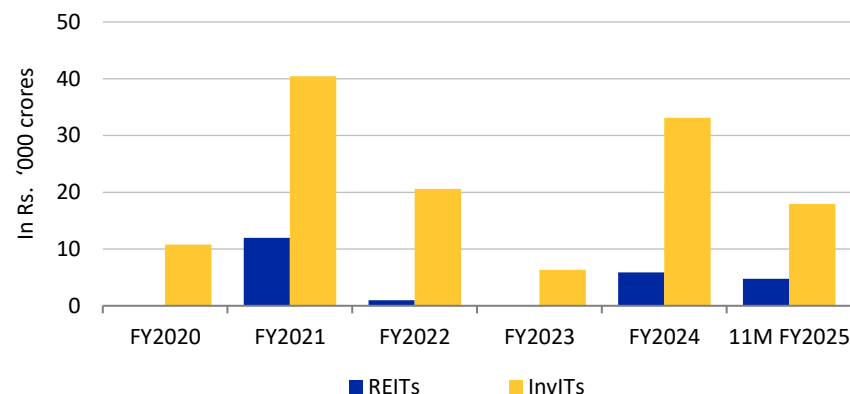
EBP accounted for 87% of total debt private placements in FY2025

Exhibit 1: Share of issuances through EBP on the rise



Source: AIMIN; Total issuance – EBP+Non-EBP platforms

Exhibit 2: Fund-raising by REITs and InvITs*



Source: SEB;

- Average size of the debt issue (EBP + non-EBP platforms) stood at Rs. 234 crore in FY2025 with ~1,250 unique issuers making a total of ~4,650 issuances.
- The average ticket size for EBP stood at ~Rs. 675 crore in FY2025 where 310 unique issuers made 1,410 issuances.
- The overall share of issuances through EBP stood at 87% in FY2025 compared to a marginal 1% in FY2018 (first full year of EBP).
- REITs and InvITs have witnessed good momentum with the cumulative fund-raise crossing Rs. 1.5 trillion in the past six years.
- Proposal to use EBP platform for REITs and InvITs (>Rs. 1,000 crore) would enhance transparency in pricing as the instruments are akin to debt instruments.

*includes funds raised through public issue, private placement, preferential issue, institutional placements, rights issue

Key proposals in consultation paper (CP)^ for EBP platform



EBP to be mandatory for all debt private placement issues with issue size above Rs. 20 crore. This includes single issues and is inclusive of greenshoe option, shelf issue consisting of multiple tranches, which cumulatively amount to Rs. 20 crore, or a subsequent issue where the aggregate of all previous issues by an issuer in a financial year equals or exceeds Rs. 20 crore. The reduction in the threshold from Rs. 50 crore under these amendments would enlarge the scope and bring more issuers on a transparent platform, helping them in better price discovery and resource raising.



For private placement of InVITs and REITs above Rs. 1,000 crore, issuers need to access the EBP platform. Earlier, there were no specific regulatory provisions for the listing of InVITs and REITs on the EBP platform. However, the inclusion of these investment vehicles now shall aid efficiency and transparency in price discovery, which shall eventually help reduce the time and cost of these issuances.



The proposal to increase the anchor portfolio for A-rated issuances to 40% from 30%, and for BBB and below-rated issuances to 50% from 30% should benefit lower-rated issuers wherein they can issue a higher proportion to anchor investors, given the lack of wider investor participation. Also, anchor investors need to provide confirmation of their participation on the EBP platform by T-1* day. Any unconfirmed amount will be added back to the base issue size. These measures, along with the existing disclosures, would lead to greater transparency, in ICRA's view.

*T - Trading day

^ Sebi came out with consultation paper titled '[Consultation paper on review of provisions pertaining to EBP and RFQ platform](#)' on March 20, 2025

Existing provisions and key proposed amendments - (I/II)

	Existing provision	Revised provision	ICRA's comments
Issue size ¹	EBP mandatory for all private issuances of issue size of Rs. 50 crore or more	EBP mandatory for all private issuances of issue size of Rs. 20 crore or more	<ul style="list-style-type: none"> ▪ Total funds raised in FY2025: More than 1,200 unique issuers raised funds in FY2025, aggregating more than Rs. 10.9 trillion with an average issue size of ~Rs. 234 crore. ▪ Funds raised through EBP in FY2025: More than 310 unique issuers raised funds via the EBP platform in FY2025, aggregating more than Rs. 9.5 trillion with an average issue size of ~Rs. 675 crore. The number of issuers on EBP in the Rs. 20-50-crore (cumulative issuances in a fiscal) category stood at 12 with total funds raised at Rs. 312 crore forming less than 1% of the total funds raised in FY2025, similar to what was raised in FY2024; reflecting issuances outside EBP from this category of issuers. ▪ Issue size in the range of Rs. 20-50 crore: Around 450 unique issuers (with cumulative amount raised less than Rs. 50 crore per issuer in FY2025) raised ~Rs. 8,650 crore in FY2025 outside EBP, whereas the cumulative issuances (with cumulative amount raised less than Rs. 50 crore per issuer in FY2025) through EBP stood lower with 12 issuers raising Rs. 312 crore. ▪ Impact of proposed change: The mandatory issuances through EBP for issue size of Rs. 20 crore or more should lead to more issuers using EBP for their issuances. As per the funds raised in FY2025, this would amount to ~35% of more issuers on the EBP platform. Thus, more issuers would benefit from better price discovery and a wider market participation.

Source: ¹AIMIN

Existing provisions and key proposed amendments (II/II)

	Existing provision	Revised provision	ICRA's comments
Extension of EBP platform for InvITs and REITs ¹	No specific regulatory provision	InvITs and REITs to access EBP platform for issuances above Rs. 1,000 crore	<ul style="list-style-type: none">▪ Funds raised by REITs and InvITs – In FY2024, REITs and InvITs mobilised ~Rs. 39,000 crore, whereas they collectively raised ~Rs. 22,700 crore in 11M FY2025. These were largely raised through a mix of public issues, private placement, preferential issues, institutional placement and rights issue.▪ Raising money through EBP: The extension of the mandate of EBP to InvITs and REITs, would encourage market participation and lead to higher efficiency in the issuance process of these securities, making it beneficial for both issuers and investors in private placements. Though we do not have a break-up of the issue size to identify what proportion will become eligible for the EBP platform, the number is expected to be healthy as these issuances are generally of large size.

Source: 1 SEBI - <https://www.sebi.gov.in/statistics/reits-invits/funds-raised-reits-invits.html>

Existing provision and proposed amendments – Other operational changes (I/II)

	Existing provision	Revised provision	ICRA's comments
Open bidding for issue sizes above Rs. 1,000 crore	No such provision and, hence, manner of bidding was not defined (open bidding* or closed bidding^)	Open bidding mandatory for issue size more than Rs. 1,000 crore	<ul style="list-style-type: none"> Will lead to higher transparency and aid in better price discovery
Bank holidays	Bidding on EBP platforms to take place on all working days of the recognised stock exchanges between 9am and 5pm only	Bidding on EBP platforms to take place on all working days of the recognised stock exchanges between 9am and 5pm only, except bank holidays	<ul style="list-style-type: none"> Should remove operational ambiguity as bank holidays could have impacted the participation as well as the funding availability for the participants in the bidding process
Timeline for EBP setup	Prior to T-2/T-5 (new issuers)	Prior to T-2/T-3 (new issuers)	<ul style="list-style-type: none"> New issuers need to ensure in-principle approval from the respective exchange 3 days before the issue date as opposed to 5 days mandated earlier. This change should help reduce the overall timelines for the issuances
Timeline for Settlement	Settlement cycle defined as T+1 or T+2 day	Settlement cycle reduce to T+1	<ul style="list-style-type: none"> Process of pay-in of funds by investors and respective pay-out to issuers to be concluded by T+1 day. This shall help faster mobilisation of funds to the issuers
Timeline for listing on EBP	On or before T+3 working days	On or before T+2 working day	<ul style="list-style-type: none"> Will speed up the listing process
Allotment process	Price-time and yield-time priority basis	Basis price/yield and prorata in case of multiple bids at same yield/price	<ul style="list-style-type: none"> Simplified process eliminating time metric where bids will be sorted on the basis of price/yield instead of time stamping and allotment to be pro-rata in case of multiple same price/yield bids

T – Trading day; *Open bidding – Competitive auction process where potential investors publicly submit bids; ^Closed bidding – Bids submitted in a confidential manner

Existing provision and proposed amendments – Other operational changes (II/II)

		Existing provision	Revised provision	ICRA's comments
EBP	Greenshoe option	Greenshoe option to not exceed five times the base issue	Greenshoe option to not exceed three times the base issue	<ul style="list-style-type: none">▪ Reducing the greenshoe option size would give certainty to the investors on the potential issue size and better plan their bidding
	Increase in anchor portion	Quantum of allocation to anchor investor capped at 30% of base issue size	Quantum of allocation to anchor investor capped at 30% of base issue size for AAA/AA rated issuances, A-rated issuances at 40% and for lower-rated issues at 50%	<ul style="list-style-type: none">▪ Increase in anchor portion for lower-rated issuers would be a confidence building measure among other investors and overall aid the fund-raising process. In addition, it will keep the option alive for lower-rated issuers to raise funds from anchor investors in case of tepid investor interest
	Confirmation of participation by anchor	No such provision	Anchor investors to provide confirmation of their participation on the EBP platform by T-1 day. Any unconfirmed amount will be added back to the base issue size	<ul style="list-style-type: none">▪ This will lead to higher transparency as prospective investors/other stakeholders would be made aware of the anchor participation
	Uniform format for disclosure of information post bidding	No defined format for disclosure though EBP ensured all details were updated on its website	Standardised format for disclosure covering issuance details by the end of T-day	<ul style="list-style-type: none">▪ Timely disclosure of post-bidding information capturing the relevant details about the issuance in a standardised format would aid comparison, transparency and operational uniformity
RFQ	Future payment	Future date of coupon/dividend payments to be revised in case current payment date falls on a holiday. Yield-to-price to be computed accordingly	Future payment dates to continue as originally stipulated in the offer document. No computation changes as cash flows will be made as per the cash flow schedule and not as per the date of payment	<ul style="list-style-type: none">▪ Cash flow process will be standardised as the future payment dates will remain the same and the payments will be as per the cash flow schedule

EBP is a web-based portal for online bidding of private placement of debt securities

- Prior to the availability of the EBP platform, the process of issuance of privately placed securities lacked transparency and mostly involved arrangers. The arrangers would negotiate a deal between the investor and the issuer, and the pricing (coupon) could be based on mutual negotiations among the parties. The arranger could have also taken a portion of the issue to later down-sell at a better price. Lower direct investor participation and information asymmetry resulted in poor price discovery.
- In April 2016, the Securities and Exchange Board of India (SEBI) stipulated a framework for an electronic book mechanism (EBM) for the issuance of debt securities on a private placement basis, thereby enhancing transparency in discovering prices.
- From July 2016, the NSE and the BSE started operations as EBPs. Based on subsequent feedback, the framework was suitably revised in August 2016 and January 2018 to further rationalise and ease the process.

RFQ is an electronic platform, which lets investors request quotes from multiple dealers for a specific bond and compare

- Prior to the availability of the RFQ platform, secondary market trades in corporate bonds were negotiated bilaterally, resulting in lack of transparency
- Pursuant to the approvals from SEBI in February 2020, the NSE and the BSE launched the RFQ platform to bring transparency in the 'over-the-counter' deals in corporate bonds which were otherwise negotiated bilaterally.
- RFQ serves as a single interface for buyers as well as sellers, enabling better price discovery in secondary market trades for corporate bonds.



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