



Master Circular For Debenture Trustees

Master Circular No. HO/17/11/12(2)2026-DDHS-POD1/I/22420/2026 dated 28 September 2026 | Supersedes Master Circular dated 13 August 2025

The Master Circular consolidates the regulatory framework for Debenture Trustees (DTs). The key requirements are:

- **Separate Business Units:** non-SEBI-regulated activities must be run through a ring-fenced SBU. These provisions must be implemented by 27 October 2026.
- **Due diligence:** DTs must independently verify encumbrances using ROC, Sub-registrar, CERSAI and Information Utility records, and check guarantor information. Charges must be registered within 30 days of creation; failure to do so is a breach of covenant.
- **Security and Covenant Monitoring System:** hosted by the Depositories. It tracks security creation, security cover, payment status, ratings and key covenants.
- **Recovery Expense Fund:** issuers contribute 0.01% of the issue size, capped at ₹25 lakh per issuer, with the Designated Stock Exchange when they apply for listing.
- **Security cover reporting:** issuer to DT within 60 days of each quarter-end (75 days for the last quarter). DT to Stock Exchange within 75 days (90 days for the last quarter).
- **Default and enforcement:** investors must be notified within 3 days of default. Enforcement and ICA decisions need 75% consent by value and 60% by number of holders.
- **Governance:** complaints received through SCORES must be resolved within the prescribed timelines, with the Action Taken Report uploaded. Core and compliance functions cannot be outsourced. DTs must register (or re-register) on FIU-IND's FINNET 2.0.

Our view

The Master Circular moves DTs from relying on issuer representations to independent, technology-enabled verification and monitoring. Listed debt issuers should align their security documentation, charge filings and quarterly reporting calendars with these timelines.

Source: [SEBI Master Circular for Debenture Trustees dated 28 September 2026](#)