भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

CONSULTATION PAPER

DEPARTMENT OF DEBT AND HYBRID SECURITIES – POD-1

Consultation Paper on Introduction of Fixed Income Channel Partners (FICPs) for Distribution of Fixed Income Securities through Online Bond Platform Providers (OBPPs)

August 21, 2026

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Timeline to Respond

Comments on the Consultation paper may be sent by <u>September 11, 2026</u>

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Consultation Paper on Introduction of Fixed Income Channel Partners (FICPs) for Distribution of Fixed Income Securities through Online Bond Platform Providers (OBPPs)

1. Objective:

1.1. The objective of this consultation paper is to seek public comments on the proposed framework for enlistment of Fixed Income Channel Partners (FICPs) on stock exchanges and their appointment by Online Bond Platform Providers (OBPPs) to facilitate distribution of permitted fixed income securities through OBPPs.

2. Background:

2.1. The corporate bond market plays an important role in a well-functioning financial system by providing an alternative source of long term financing to companies and investment opportunities to investors.

2.2. In recent years, there has been a significant increase in the issuance of fixed income securities by corporate entities to raise capital from investors. Outstanding corporate bonds have grown from about ₹17.5 trillion at the end of FY15 to over ₹60 trillion as on July 31, 2026, reflecting a compound annual growth rate (CAGR) of around 12%. Of the total outstanding corporate bonds of ₹60 trillion, listed corporate bonds account for about ₹46 trillion, representing approximately 76.6% of the market.

2.3. During FY21 to FY25, the average annual fundraising through the debt market was around ₹8 trillion. In FY26, debt issuances mobilized ₹9.1 trillion - nearly twice the amount mobilized through equity. However, these securities are primarily accessed by Institutional investors, resulting in under-penetration of the Indian debt market especially among retail investors.

2.4. The debt securities issued in FY 2025-26 showed a strong preference for high-grade instruments, with securities rated AA and above accounting for more than 89% of the total amount raised. The rating-wise distribution of the amount raised through debt securities issued during FY 2025-26 is tabulated below:

Credit Rating	Percentage of total issuance
AAA	65.67%
AA+	11.47%
AA	12.18%
Below AA	10.68%

2.5. The Online Bond Platform Providers (OBPP) framework has simplified the investment process by providing an online platform where investors can access information relating to listed debt securities, compare investment options and complete transactions electronically. It has addressed several operational barriers that previously limited retail access to corporate bonds and helped in attracting tech-savvy investors and increasing volumes on Request for Quote (RFQ) platform. The number of trades on the RFQ platform increased from 2.76 lakh in FY 2024–25 to 17.84 lakh in FY 2025–26, representing an increase of about 546% over the previous financial year, primarily due to increased participation of retail investors in debt securities through OBPPs. However, there is a structural gap in attracting retail investors located outside major urban centres and in reaching across Tier II, Tier III and rural locations, the broader geography of the country.

2.6. To address this issue and to create awareness about fixed income securities among broader class of investors, SEBI held extensive consultations with members of the OBPP association and other stakeholders.

2.7. During these consultations, it was highlighted that the Mutual Fund Distributor (MFD) model has played an important role in increasing investor awareness and penetration of access to mutual fund products, particularly in Tier 2 and Tier 3 cities. MFDs worked at the ground level, explaining products in local language, helping investors with documentation, and building trust over time through regular contact.

2.8. Over the years, this model helped mutual funds to reach smaller towns and cities. It is gathered that a large part of the growth in retail folios from tier 2 and tier 3 locations came through the distributor channel, rather than through direct online platforms.

2.9. Keeping in view the impact of MFD model, it was felt that a similar distribution framework could support the development of the fixed income securities market. Distributors can help investors understand the features and associated risks of fixed income securities and assist in accessing regulated investment platforms. Such a framework may also improve the reach of fixed income securities to investors who may not be familiar with these products.

2.10. Accordingly, SEBI considered it appropriate to examine a distribution model for fixed income securities, adapted to the distinct risk characteristics of direct investment in debt securities. The agenda for introduction of distributor channel was subsequently placed before the Working Group comprising representatives from Market Infrastructure Institutions (MIIs), Association of Mutual Funds in India (AMFI), OBPP Association and other stakeholders for deliberation.

2.11. The Working group after extensive deliberations submitted its recommendation on introduction of Fixed Income Channel partners ("FICP") to distribute fixed income securities in India, on the lines of Mutual Fund Distributors.

2.12. Subsequently, the proposal was placed for deliberations in the Corporate Bonds and Securitization Advisory Committee (CoBoSAC). Based on the recommendations of CoBoSAC, the following proposal is placed for seeking comments/views from public.

3. Proposal:

3.1. It is proposed to introduce a Fixed Income Channel Partners ("FICP") framework through amendments to the applicable circulars / master circular to facilitate distribution of fixed income securities in India through OBPPs.

3.2. Accordingly, the proposed framework for FICPs as mentioned below in para 4 is placed for seeking comments/inputs from public.

4. Framework for Fixed Income Channel Partners (FICPs)

4.1. Definition of "FICP"

a. An Individual (or) Non-Individual entity enlisted with Stock Exchange, who may be engaged with Online Bond Platform Providers (OBPPs) for the purpose of distribution of fixed income securities and facilitation of transactions in these securities through the OBPP.

Consultation 1: Definition of "FICP"

Do you agree with the definition of FICP mentioned at paragraph 4.1? Please provide your comments/views and the supporting rationale for the same.

4.2. Enlistment of FICP

FICP shall enlist with any one of the recognized stock exchanges. Applications for enlistment shall be submitted to stock exchange by the FICP directly or by an OBPP on its behalf.

a. The stock exchange shall, after verifying compliance with the eligibility criteria, grant enlistment or refuse the application by a reasoned communication. The exchanges shall communicate the decision on approval or refusal of an enlistment application to FICP applicant within 21 days from receipt of such completed application.
b. To ensure coordination, stock exchanges shall share enlistment data, including dis-enlistments and disciplinary actions, with each other on an immediate basis through APIs.
c. Stock Exchange shall issue enlistment number to FICP and shall also display list of enlisted FICPs on stock exchange website with its status of enlistment.

Consultation 2: Enlistment of FICP

Do you agree with the procedure for enlistment of FICP mentioned at paragraph 4.2? Please provide your comments/views and the supporting rationale for the same.

4.3. Eligibility Criteria

a. An Individual (including Sole Proprietorships) shall be eligible to be enlisted as an FICP, if such person:

   i. is a Citizen of India.
   ii. is not less than 18 years of age.
   iii. has passed at least 12th standard or equivalent examination from an institution recognized by the Government;
   iv. has not been convicted of any offence involving fraud or dishonesty;
   v. has integrity, good reputation and character
   vi. has not been declared as insolvent.
   vii. has a valid NISM-Series: Fixed Income Securities Certification.

b. A Non-Individuals (e.g., Partnership Firms, Corporates) shall be enlisted as FICP, if

   i. All partners/directors shall fulfil the eligibility criteria prescribed for individuals at para 4.3(a)(i) to (vi) above; and the entity shall, at all times, have at least one partner, director or employee engaged in distribution activity who holds a valid NISM certification as specified at para 4.3(a)(vii). Only such certified persons shall interface with clients.
   ii. The object clause of the partnership deed or of the Memorandum of Association contains a clause permitting the entity to act as distributor of fixed income securities.
   iii. Stock Brokers not registered in Debt segment of the Stock Exchange can act as FICP with any of the OBPPs.

c. Considering that Mutual Fund Distributors (MFDs) have already undergone AMFI registration with appropriate screening and also with the objective of grandfathering those MFDs with an interest and eligibility to apply to be an FICP. MFDs registered with Association of Mutual Funds of India (AMFI) shall be eligible to apply as a FICP without paying any applicable enlistment fee, subject to passing of relevant NISM Certification.

d. Upon expiry of the validity of the certificate possessed by an FICP, the certificate shall be re-validated by passing the relevant NISM Certification Examination before the expiry of the existing certificate or by successfully completing a program of Continuing Professional Education (CPE), which shall be explored subsequently.

Consultation 3: Eligibility Criteria

Do you agree with the eligibility criteria of FICP mentioned at paragraph 4.3? Please provide your comments/views and the supporting rationale for the same.

4.4. Conditions for Enlistment

a. Enlistment shall remain valid for three years, subject to continued eligibility, and may be renewed on application made at least [30] days before expiry. Exchanges shall prescribe nominal enlistment and renewal fees similar to those applied presently to MFDs. Non-payment of these fees after due notice, shall result in suspension and continued default can lead to cancellation of enlistment. These fees shall not be refundable.

b. FICPs shall comply with a common Code of Conduct specified by the recognised stock exchanges in consultation with OBPP Association.

c. FICP shall submit half yearly disclosure/undertaking to OBPP regarding compliance with Code of Conduct in the format specified by Stock Exchanges.

d. FICP shall provide its contact details such as office address, email address, mobile number, landline number and details (including PAN) of Directors, Partners and Promoters to Stock Exchanges at the time of seeking approval for enlistment of FICP as well as to OBPP/s at the time of appointment and shall promptly update these details, as and when required.

Consultation 4: Conditions for Enlistment

Do you agree with the conditions for enlistment of FICP mentioned at paragraph 4.4? Please provide your comments/views and the supporting rationale for the same.

4.5. Appointment of FICP by OBPP

a. On granting of enlistment number by Exchange, an FICP may approach any OBPP for appointment. Before appointment the OBPP shall conduct independent due diligence including Know Your Distributor (KYD), In-Person Verification (IPV) as per KRA guidelines and along the lines of MFD Framework. In case of any adverse findings, OBPP shall immediately notify the Stock Exchange where FICP is enlisted.

b. FICP enlisted with Exchange/s can be appointed by multiple OBPPs.
c. The OBPP and FICP shall enter into written agreement(s) in the form(s) specified by Exchange in consultation with OBPP Association. The agreement shall inter-alia cover scope of the activities, responsibilities, confidentiality of information, commission sharing, termination clause, etc.
d. On appointment or cancellation of appointment of FICP, OBPP shall immediately notify the Stock Exchange. At the time of cancellation of FICP, OBPP shall also state the reason for cancellation along with necessary documents as specified by Exchange from time to time.
e. OBPP shall also display details of appointed as well as cancelled FICPs on its website.

Consultation 5: Appointment of FICP by OBPP

Do you agree with the proposed requirements for appointment of FICP by OBPP mentioned at paragraph 4.5? Please provide your comments/views and the supporting rationale for the same.

4.6. Obligations of OBPP

a. The OBPP shall verify the FICP's active enlistment and NISM certification status before appointment. Access shall be disabled upon suspension, expiry, surrender or cancellation of enlistment.
b. OBPPs shall be responsible for all acts of omission and commission of the appointed FICP(s) and/or their employees relating to the distribution of fixed income securities, including liabilities arising therefrom in the ordinary course of business.
c. OBPPs shall be responsible for the supervision and monitoring of their FICPs. Accordingly, OBPPs shall have power to conduct risk-based inspection of FICP, as and when required.
d. OBPPs shall conduct independent due diligence prior to appointment of any

FICP.

e. OBPPs shall maintain the details of clients mapped to the FICP and shall report the same to Stock Exchange/s on monthly basis.
f. OBPPs shall publish on their website the details of FICP(s) appointed with them including those whose appointments have been cancelled, along with the reasons for such cancellation.
g. OBPPs shall promptly notify the clients mapped to an FICP of any change in the status of that FICP's appointment, including cancellation, and shall inform such clients of the arrangements for servicing their accounts thereafter..
h. OBPP shall organize pre-onboarding and annual training sessions for FICPs, focusing on compliance, operations, and conduct.
i. OBPP shall put in place necessary systems and procedures to generate alerts and investigate unusual or suspicious activities by FICP such as recurring complaints from investors.
j. OBPP shall connect with the clients, onboarded through FICP (especially in remote areas) on regular basis to seek their feedback on their dealings with FICP to ascertain any malpractice.
k. To ensure that client information is not compromised, OBPPs shall closely monitor the data security of client data retained by FICPs and ensure its integrity.
l. Upon noticing irregularities, if any, in the operations of FICP, OBPP may take the following steps, as warranted by the circumstances:
    (i) withhold moneys due to FICP until resolution of investor complaint,
    (ii) alert investors in the location where FICP operates through email or any digital communication modes,
    (iii) inform Stock Exchange(s) for dis-enlistment of such FICP
    (iv) take any other appropriate measures required to protect the interest of investors and securities market.
m. OBPP shall endeavour to resolve investor grievance/complaint raised against FICP within 21 calendar days from the date of receipt of the complaint.
n. OBPP shall ensure that FICP neither offer any unregulated product/ securities to the clients, nor engage in any unregistered activities, directly or indirectly, while distributing Fixed Income Products.

o. Upon receiving any communication from stock exchange regarding misconduct by an FICP, the OBPP shall act immediately to investigate and take appropriate measures.

p. OBPPs shall strictly refrain from offering any incentives in kind to FICPs for achieving sales target, including but not limited to, gift vouchers or actual gifts (such as electronic gadgets) or any form of entertainment, provided directly or through any associate/group company of the OBPP.

q. OBPPs are required to monitor the activities of their appointed FICPs to ensure compliance of regulatory guidelines and code of conduct.

r. All documents like deal slip/contract note /invoices, etc. would be issued to client directly by the OBPP.

s. OBPPs shall ensure that FICPs do not engage in the distribution of unsecured perpetual debt instruments (such as AT1 bonds) through their platforms.

Consultation 6: Obligations of OBPP

Do you agree with the obligations of OBPP mentioned at paragraph 4.6? Please provide your comments/views and the supporting rationale for the same.

4.7. Obligations of FICP

a. FICP shall facilitate distribution of debt securities, as permitted to be offered by OBPPs (both listed and to be listed) to the clients. The FICP will provide support to the OBPP in onboarding clients, assisting them in completing the documentation, conducting KYC procedures and facilitating transactions.

b. FICPs shall have access to the online bond platform limited to the display of products offered by OBPP. The client orders shall be routed and reported directly through OBPP platform.

c. FICPs shall not handle client funds or securities and FICPs shall not receive or pay any money or securities of clients in its own name or account.

d. FICP shall not issue any documents like deal slip/contract note /invoices, etc. to the client.

e. FICP shall display enlistment letter issued by the Exchange in its office along with a mandatory tagline "Exchange (i.e. Name of Stock Exchange) Enlisted" and name/s of the OBPP/s who have appointed it. Individual FICPs without a fixed office shall produce these details to investors or officials on request basis.

f. FICP shall adhere to the Code of Conduct prescribed by the Exchanges in consultation with OBPP Association at all times.

g. FICP shall neither engage in any illegal trading nor seek any authorisation from clients to trade on their behalf.

h. FICP shall submit periodic disclosure/undertaking to OBPP regarding compliance with the Code of Conduct, as specified by the Stock Exchanges.

i. FICP shall ensure that financial incentive should not form the basis for recommending any fixed income product through any particular OBPP. FICPs shall promote a culture of ethics and integrity within the organization, so as to dissuade unfair practices, conflicts, mis-selling, aggressive sales tactics and other inappropriate conduct directed to achieve sales targets in disregard of its fiduciary duty of care, diligence and loyalty.

j. In respect of advertisements for fixed income securities, the FICP shall comply with the advertisement code prescribed for OBPPs, as amended from time to time.

Consultation 7: Obligations of FICP

Do you agree with the obligations of FICP mentioned at paragraph 4.7? Please provide your comments/views and the supporting rationale for the same.

4.8. Fee structure

a. The FICP shall receive remuneration for its services only from the appointing OBPP and FICP shall not levy or collect any amount from a client

b. FICP shall receive remuneration by way of sharing of commission by the respective OBPP. This commission shall be paid to FICP from brokerage/any other income/fee earned from such fixed income securities by OBPP.

c. The commissions/fee/brokerage charged to clients shall be capped at a maximum of 2.5% of the Value of Investment.

Consultation 8: Fee structure

Do you agree with the fee structure mentioned at paragraph 4.8? Please provide your comments/views and the supporting rationale for the same.

4.9. Obligations of Exchanges

a. The Stock Exchange shall assign enlistment number to each FICP, subject to the fulfilment of eligibility criteria.

b. The Stock Exchange shall maintain a database of all the FICPs which shall include the following:

   i. PAN Number of FICP (i.e. enlisted in Individual capacity). In case of partnership or body corporate, PAN Number of FICP along with PAN number of all the partners or directors.

   ii. Details of the OBPPs with whom the FICP is associated with.

   iii. Withdrawal of enlistment of FICP.

   iv. Disciplinary action including suspension/cancellation of enlistment, taken by the Exchange against FICP.

   All the above details, except (i) above, shall be made available on the website of the Stock Exchange.

c. Any grievance received by Exchange against a FICP shall be assigned to the concerned OBPP/s. Further, any grievance received against the OBPP by FICP shall be handled by SEBI.

d. The Stock Exchange may initiate appropriate disciplinary action against an FICP in the event of any misconduct, breach of code of conduct, or violation of applicable regulatory norms.

e. The Stock Exchange shall have the power to cancel or withdraw the enlistment status of any FICP, after following a due process.

Consultation 9: Obligations of Exchanges

Do you agree with the Obligations of Exchanges mentioned at paragraph 4.9? Please provide your comments/views and the supporting rationale for the same.

4.10. Suspension, Cancellation and Voluntary Surrender of Enlistment

Enlistment granted to FICP may be withdrawn by the Stock Exchange in any of the following scenarios:

a. On being satisfied that the continuation of FICP is detrimental to the interest of investors or securities market
b. The FICP at a subsequent date becomes ineligible as per eligibility criteria mentioned in Para 4.3 of this framework
c. On receipt of request from FICP in writing. Exchange shall maintain record of such requests.
d. On receipt of a complaint of irregularity from an OBPP.
e. On noticing irregularities in the operations of FICP, OBPP shall intimate to Exchange for dis-enlistment of FICP after taking necessary action mentioned at para 4.6(l) above.
f. In case of FICP having association with multiple OBPPs, cancellation of association of such FICP by any one OBPP on any grounds other than disciplinary grounds shall not result in dis-enlistment of such FICP with Exchange.

Consultation 10: Withdrawal of Enlistment/Dis-Enlistment of FICP

Do you agree with proposed conditions and scenarios for withdrawal of Enlistment/Dis-Enlistment of FICP mentioned at para 4.10? Please provide your comments/views and the supporting rationale for the same.

4.11. Access to Investor Protection Fund and/or Settlement Guarantee Fund

Any grievance/ complaints against FICP shall not be eligible for any mechanism administered by SEBI/Exchanges (like Settlement Guarantee fund and /or Investor Protection Fund).

Consultation 11: Access to Investor Protection Fund and/or Settlement Guarantee Fund

Do you agree with the proposed exclusion of access to Investor Protection Fund and/or Settlement Guarantee Fund mentioned at para 4.11? Please provide your comments/views and the supporting rationale for the same.

4.12. Format for code of conduct/disclosures/agreements

Recognised Stock Exchanges shall, in consultation with OBPP association, prescribe and publish formats for following documents before commencement of the framework::

a. Code of Conduct for FICPs, specifying the minimum conduct requirements, fiduciary responsibilities, compliance requirements, adherence to high standards of integrity, fairness and ethics, etc.
b. Disclosure/undertaking regarding compliance with Code of Conduct to be provided by FICPs
c. Draft agreement to be executed between OBPP and FICP prior to appointment of FICP.

Consultation 12: Format for code of conduct/disclosures/agreements

Do you agree with the proposal mentioned at paragraph 4.12? Please provide your comments/views and the supporting rationale for the same.

5. Public Comments

5.1. Considering the implications of the aforementioned proposals on the market participants, public comments are invited on the above-detailed proposals. The comments/ suggestions should be submitted through the following mode latest by **September 11, 2026**, through the online web-based form at the following link: *https://www.sebi.gov.in/sebiweb/publiccommentv2/PublicCommentAction.do?doPublicComments=yes*

5.2. The instructions to submit comments on the consultation paper are as under:

1. *Before initiating the process, please read the instructions given on top left of the web form as "Instructions".*
2. *Select the consultation paper you want to comment upon from the dropdown under the tab – "Consultation Paper" after entering the requisite information in the form.*
3. *All fields in the form are mandatory;*
4. *Email Id and phone number cannot be used more than once for providing comments on a particular consultation paper.*
5. *If you represent any organization other than the types mentioned under dropdown in "Organization Type", please select "Others" and mention the type, which suits you best. Similarly, if you do not represent any organization, you may select "Others" and mention "Not Applicable" in the text box.*
6. *There will be a dropdown of Proposals in the form. Please select the proposals one- by-one and for each of the proposal, please record your level of agreement with the selected proposal. Please note that submission of agreement level is mandatory.*
7. *If you want to provide your comments for the selected proposal, please select "Yes" from the dropdown under "**Do you want to comment on the proposal**" and use the text boxes provided for the same.*
8. *After recording your response to the proposal, click on "Submit" button. System will save your response to the selected proposal and prompt you to record your response for the next proposal. Please follow this procedure for all the proposals given in the dropdown.*
9. *If you do not want to react on any proposal, please select that proposal from the dropdown and click on "**Skip this proposal**" and move to the next proposal.*
10. *After recording your response to all the proposals, you may see your draft response to all of proposals by clicking on "**Check your response before submitting**" just before submitting response to the last proposal in the*

dropdown. A pdf copy of the response can also be downloaded from the link given in right bottom of the web page.

11. *The final comments shall be submitted only after recording your response on all of the proposals in the consultation paper*

5.3. In case of any technical issue in submitting your comment through web based public comments form, you may contact the following officials through email with a subject: *"Introduction of Fixed Income Channel Partner (FICP) to distribute Fixed Income Products through Online Bond Platform Provider (OBPP)".*

a) Mr. Rohit Dubey, GM (rohitd@sebi.gov.in)
b) Mr. Kartan Shivaraj, AGM (kartans@sebi.gov.in)

Issued on: August 21, 2026