



PRESS RELEASES

(184 kb)

Date : Mar 30, 2026

RBI defers implementation of the Amendment Directions on Capital Market Exposures to July 1, 2026

The Reserve Bank of India had issued the final Amendment Directions on Capital Market Exposure on February 13, 2026, after due consideration of the feedback received as part of public consultation. These Amendment Directions were aimed primarily to (i) provide an enabling framework for banks to finance acquisitions by Indian corporates; (ii) rationalise the limits for lending by banks to individuals against shares, units of REITs, InvITs, etc. and (iii) put in place a more principle-based framework for lending to capital market intermediaries (CMLs). The Amendment Directions were to be effective from April 1, 2026.

The Reserve Bank has since received representations from banks, CMLs, and various industry associations seeking an extension of the effective date, and also flagging certain operational and interpretational issues for clarification. On a review, based on further discussions with the stakeholders and on a review, it has been decided to extend the effective date of the said Amendment Directions by three months to July 1, 2026.

Further, a few changes have been carried out to the Amendment Directions, primarily clarifying certain provisions relating to acquisition finance and exposures to capital market intermediaries. The major clarifications are as under:

A. Clarifications to instructions on acquisition finance

- The definition of acquisition finance has been modified to include mergers and amalgamations.
- Acquisition finance may be extended only for acquiring control over a non-financial target company.
- If the target company is a holding company / parent company with control over other subsidiary companies, the criteria of 'potential synergy' must be collectively met for acquisition finance.
- The acquiring company can avail acquisition finance for on-lending to a subsidiary incorporated in India or overseas for the acquisition of a target company.
- Refinance of acquisition finance can take place only when the acquisition finance has been concluded in all aspects and by establishment of control of the target company by the acquiring company. Such refinance should only be used to retire the acquisition finance debt.
- A corporate guarantee from the acquiring company shall be required in cases of acquisition finance extended to a subsidiary or a SPV of the acquiring company.

B. Clarifications to instructions on loan against Financial Assets

- The caps on loans to individuals against eligible securities at ₹1 crore per individual, as well as for subscribing to shares under IPO, FPO, or under ESOP at ₹25 lakh per individual, shall be at banking system level.

C. Clarifications to instructions on credit facilities to CMLs

- Bank financing to CMLs for proprietary trading may be undertaken against 100% collateral comprising of cash or cash equivalents.
- The prohibition on extending finance to market makers against securities in which the market making operations are undertaken, has been removed.
- Intraday facility to non-debt MFs secured by guaranteed receivables due on the same day on account of maturity proceeds of G Secs, T-Bills, SDL, or interest from G-Sec and SDLs held by such mutual funds, or maturity proceeds of TREPS from CCIL, shall not be reckoned as CME.

Accordingly, the Revised Amendment Directions have been issued:

- Reserve Bank of India (Commercial Banks – Credit Facilities) Amendment Directions, 2026 (Revised)
- Reserve Bank of India (Commercial Banks – Concentration Risk Management) Amendment Directions, 2026 (Revised)
- Reserve Bank of India (Commercial Banks – Prudential Norms on Capital Adequacy) Second Amendment Directions, 2026 (Revised)
- Reserve Bank of India (Commercial Banks – Financial Statements: Presentation and Disclosures) Third Amendment Directions, 2026 – (Revised)
- Reserve Bank of India (Commercial Banks – Undertaking of Financial Services) – Amendment Directions, 2026 (Revised)
- Reserve Bank of India (Small Finance Banks – Credit Facilities) Amendment Directions, 2026 (Revised)
- Reserve Bank of India (Small Finance Banks – Concentration Risk Management) Amendment Directions, 2026 (Revised)
- Reserve Bank of India (Small Finance Banks – Prudential Norms on Capital Adequacy) Second Amendment Directions, 2026 (Revised)
- Reserve Bank of India (Small Finance Banks – Financial Statements: Presentation and Disclosures) Second Amendment Directions, 2026 (Revised)

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