



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA

वेबसाइट : [www.rbi.org.in/hindi](http://www.rbi.org.in/hindi)

Website : [www.rbi.org.in](http://www.rbi.org.in)

ई-मेल/email : [helpdoc@rbi.org.in](mailto:helpdoc@rbi.org.in)



संचार विभाग, केंद्रीय कार्यालय, शहीद भगत सिंह मार्ग, फोर्ट, मुंबई - 400 001

Department of Communication, Central Office, Shahid Bhagat Singh Marg, Fort, Mumbai - 400 001 फोन/Phone: 022 - 2266 0502

April 08, 2026

## RBI Issues Draft Directions for 'Trade Receivables Discounting System'

Micro, Small and Medium Enterprises (MSMEs) play an important role in the economic fabric of the country. MSMEs face constraints in obtaining adequate finance, particularly in terms of their ability to convert their trade receivables into liquid funds. In order to address this issue the Reserve Bank of India has, over time, issued guidelines regarding setting up of Trade Receivables Discounting System (TReDS) platforms in the country for facilitating financing of trade receivables of MSME sellers.

As announced in [Statement on Developmental and Regulatory Policies dated April 08, 2026](#), with a view to rationalise and harmonise the applicable guidelines, a comprehensive review has been undertaken. Accordingly, RBI today released the draft [Reserve Bank of India \(Trade Receivables Discounting System\) Directions](#).

The comments / feedback on the draft Directions may be submitted by the regulated entities and members of public / other stakeholders on or before May 01, 2026 through the '[Connect 2 Regulate](#)' section on the website by following the corresponding hyperlink provided against each document in the page where they are hosted.

Press Release: 2026-2027/48

(Brij Raj)  
Chief General Manager

## DRAFT FOR COMMENTS

CO.DPSS.POLC.No. /02-01-010/2026-27

\*\*\*\*\* \*\*, 2026

The Trade Receivables Discounting System Platform Operators and Participants

Madam / Dear Sir,

### **Reserve Bank of India (Trade Receivables Discounting System) Directions, 2026**

This has reference to the [Guidelines for the Trade Receivables Discounting System \(TReDS\) \(updated as on July 02, 2018\)](#) and subsequent circulars on the subject. With a view to rationalising and harmonising the applicable guidelines, a comprehensive review of the existing instructions has now been undertaken and accordingly it has been decided to issue a Master Direction. The directions, inter-alia:

- a. Streamline capital requirements for authorised entities with that of other non-bank PSOs.
- b. Simplify onboarding process for MSME sellers.
- c. Permit financiers to avail credit guarantee cover for exposures undertaken on TReDS.

2. These directions are issued under Section 18 read with Section 10(2) of the Payment and Settlement Systems Act, 2007 (51 of 2007).

Yours faithfully,

(Gunveer Singh)

Chief General Manager-in-Charge

Encl.: As Above

**Reserve Bank of India (Trade Receivables Discounting System)**  
**Directions, 2026**

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## Chapter I – Preliminary

### A. Short Title and Commencement

1. These Directions shall be termed as the Reserve Bank of India (Trade Receivables Discounting System) Directions, 2026 and shall be effective immediately.

### B. Applicability

2. Entities authorised by the Reserve Bank of India to operate TReDS platforms under the Payment and Settlement Systems Act, 2007.

### C. Definitions

3. For the purpose of these Directions, notwithstanding any other definition used in any other context, scheme, law or document, the following definitions are used:
  - (i) **Buyers** - Any person liable to the seller, whether under a contract or otherwise, against an invoice or bill of exchange, to pay any receivable.
  - (ii) **Factoring** – refers to factoring business as defined under the Factoring Regulation Act, 2011 (as amended from time to time).
  - (iii) **Factoring Unit** – refers to trade receivable in the form of invoice / bill uploaded either by the seller (in the case of factoring) or by buyers (in case of reverse factoring), as the case may be.
  - (iv) **Financiers** – all entities / institutions allowed to undertake factoring business as per the Factoring Regulation Act, 2011 (FRA) and the rules / regulations made thereunder.
  - (v) **Sellers** - Micro, Small and Medium Enterprises (MSMEs) as defined under the MSME Development (MSMED) Act, 2006 and as amended from time to time.
  - (vi) **Trade Receivables Discounting System (TReDS)** –means a system for facilitating financing of trade receivables. It is a technology platform on a digital or electronic network for facilitating factoring of trade receivables through multiple financiers.
4. The terms '**assignment**', '**receivable**' will have the same meaning as defined in Factoring Regulation Act, 2011.

## Chapter II – Authorisation

### D. Authorisation of TReDS platforms

5. An entity shall seek authorisation for setting up and operating TReDS platform by submitting an application, in Form A, through RBI's [online portal](#).
  - (i) The entity must be a company incorporated in India and registered under the Companies Act. The Memorandum of Association of the entity must cover the proposed activity of operating as a TReDS platform.
  - (ii) An entity regulated by any of the financial sector regulator(s) shall apply along with a 'No Objection Certificate' from such regulator(s), within 45 days of obtaining the no objection certificate.
  - (iii) Application of an entity, not meeting the minimum net-worth criteria, or which is incomplete, shall be returned.
6. Any takeover or acquisition of control or change in the management of an entity operating TReDS platform should adhere to directions issued vide [RBI circular CO.DPSS.POLC.No.S-590/02-14-006/2022-23 dated July 04, 2022](#), as amended from time to time.
7. An entity having Foreign Direct Investment (FDI) shall be guided by the Consolidated FDI policy of the Government of India and the relevant foreign exchange management regulations on this subject.
8. The entity shall also be guided by the [RBI circular CO.DPSS.AUTH.No.S190/02.27.005/2021-22 dated June 14, 2021](#) on 'Investment in entities from FATF non-compliant jurisdictions', as amended from time to time.

### E. Capital Requirements

9. An applicant shall have a minimum net-worth of ₹25 crore and shall submit a certificate in the enclosed format ([Appendix 1](#)) from its statutory auditor.
10. Existing entities authorised to operate TReDS platform shall ensure that net-worth criterion is met latest by March 31, 2027.
11. The minimum net-worth shall be maintained on an ongoing basis.

## **F. Governance**

12. The directors of the entity shall satisfy the fit and proper criteria as below:
- (i) The person has a record of fairness and integrity, including but not limited to:
    - a) financial integrity;
    - b) good reputation and character; and
    - c) honesty.
  - (ii) Such person has not incurred any of the following disqualifications:
    - a) Convicted by a court for any offence involving moral turpitude or any economic offence or any offence under the laws administered by the RBI;
    - b) Adjudged insolvent and not discharged;
    - c) An order, restraining, prohibiting or debaring the person from accessing or dealing in any financial system, passed by any regulatory authority, and the period specified in the order has not elapsed;
    - d) Found to be of unsound mind by a court of competent jurisdiction and the finding is in force; and
    - e) Is financially not sound.
13. The applicant entity is required to submit a declaration in the enclosed format ([Appendix 3](#)). RBI may check 'fit and proper' status of the applicant entity and its management by obtaining inputs from other regulators, government departments, or any other agency as deemed fit.

## **Chapter III – Conduct of Business**

### **G. Participants**

14. Sellers, Buyers, Financiers, Insurance Companies and National Credit Guarantee Trustee Company Limited (NCGTC).

### **H. Scope of activities of TReDS platform**

15. The TReDS platform (hereinafter called as "platform") shall bring participants together for facilitating uploading, accepting, discounting, and settlement of the invoices / bills of sellers. It shall put in place a suitable mechanism to ensure genuineness of the uploaded invoices / bills.

16. The platform shall ensure that participation related agreement includes:
- (i) The buyer's unconditional obligation to pay on the due date is without any recourse once the factoring unit is accepted. There shall be no option for the buyer for set-offs with respect to quality of goods or otherwise.
  - (ii) Seller's undertaking / declaration to the effect that in respect of goods or services underlying the factoring unit, no finance has been extended by any other financier / working capital financing bank and that such goods or services are not charged to any other financier / working capital financing banker (i.e., finance availed through the TReDS would not be a part of existing charge / hypothecation).
  - (iii) Financing transaction on TReDS will result in assignment of receivables in favour of the financier. The platform shall file assignment of receivables in favour of financier with the central registry (CERSAI), as provided under [Registration of Assignment of Receivables \(Reserve Bank\) Regulations, 2022 dated January 14, 2022](#) (as amended from time to time).
  - (iv) The platform shall be in custody of all the agreements.
17. It shall undertake customer due diligence (CDD) of buyers in accordance with [Reserve Bank of India \(Commercial Banks – Know Your Customer\) Directions, 2025](#). Necessary validation mechanisms shall be put in place to ensure that funds due to seller are credited in the seller's bank account only.
18. It shall facilitate the discounting of factoring units by the financiers, resulting in flow of funds to the sellers, with final payment of the factoring unit being made by the buyer to the financier on due date.
19. Factoring units discounted under TReDS shall be "without recourse" to the sellers. Default, if any, by the buyer shall not be responsibility of TReDS.
20. Financiers may avail insurance facility for TReDS transactions, subject to the following:
- (i) Premium for insurance shall not be levied on the seller.
  - (ii) Credit insurance shall not be treated as a Credit Risk Mitigant (CRM) to avail any prudential benefits.

21. Financiers may avail guarantee in respect of factoring units from NCGTC.
22. It may also enable further discounting / re-discounting of the discounted factoring units by the financiers, resulting in its assignment in favour of other financiers. Such transfers shall be subject to applicable provisions of RBI's '[Reserve Bank of India \(Commercial Banks - Transfer and Distribution of Credit Risk\) Directions, 2025 dated November 28, 2025](#)'.
23. Legal proceedings initiated by one participant against another, if any, will be outside the purview of TReDS.

#### **I. Clearing & Settlement**

24. The platform shall ensure efficient and seamless settlement of transactions between financier and seller for financing of trade receivables and between buyer and financier on the due date, using any existing payment system.
25. The settlement mechanism can be leveraged to facilitate all types of transactions (financed/discounted or otherwise), and functionalities (insurance premium collection, claim settlement, fees / commissions etc.) enabled on TReDS.

### **Chapter IV – Other Provisions**

#### **J. Reporting requirements**

26. TReDS entity shall submit returns to RBI as listed in [Annexure](#) to this MD.

#### **K. Repeal and Saving**

27. With the issuance of this Master Direction, the following circulars and guidelines issued by Reserve Bank stand repealed:

<b>S.No.</b>	<b>Guidelines / Circular</b>
1.	<a href="#">Guidelines for the Trade Receivables Discounting System (TReDS)</a> issued on December 03, 2014 (updated upto July 02, 2018)
2.	<a href="#">Circular CO.DPSS.POLC.No.S-258/02-01-010/2023-24 dated June 07, 2023</a> on “Expanding the Scope of Trade Receivables Discounting System”

- (i) Notwithstanding such repeal, all authorisation / approvals granted, actions taken,

and acknowledgements issued under the aforesaid circulars / guidelines shall continue to be valid and shall be deemed to have been granted under this Master Direction.

- (ii) The circulars and guidelines so repealed shall be deemed to have been in force until the date of coming into effect of this Master Direction.

## Annexure

### Reporting requirements for Authorised TReDS entities

(to be submitted by TReDS entities to respective Regional Office of DPSS, RBI)

#### Annual

1. Net-worth Certificate - Audited Annual report with statutory auditor certificate on Net-worth – by September 30th ([Appendix 1](#)).

Explanation: For the purposes of these directions, computation of net worth of an entity shall be guided by the directions in [RBI circular DPSS.CO.AD.No.1344 02.27.005/2014-15 dated January 16, 2015 on 'Computation of Net-worth'](#), as amended from time to time. In addition to the items provided in the said circular, "net worth" shall also include preference shares that are compulsorily convertible to equity. Compulsorily convertible preference shares can be either non-cumulative or cumulative, and they should be compulsorily convertible into equity shares and the shareholder agreements should specifically prohibit any withdrawal of this preference share capital at any time. Additionally, if Deferred Tax Assets have been included in any of the components, the same shall be deducted while arriving at the net-worth value.

2. IS Audit and Cyber Security Audit conducted by CERT-In empanelled auditors and Report thereof, with observations noted, if any, including corrective / preventive action planned with closure date. The scope of audit shall encompass all relevant areas of information system processes and applications.

#### Monthly

1. TReDS Statistics – by 7th of next month ([Appendix 2](#)).

#### Non-periodic

1. Declaration and Undertaking by the Director - Changes in Board of Directors – as and when any change takes place ([Appendix 3](#)).

### Net-worth Certificate

(to be submitted by TReDS entities by September 30<sup>th</sup> to respective Regional Office of DPSS, RBI)

With reference to the paragraph 9 of the **Reserve Bank of India (Trade Receivables Discounting System) Directions**, we have perused the records maintained by the \_\_\_\_\_ (Company). On the basis of our perusal of the records, the audited / unaudited (strike off whichever is not applicable) financial statements for the financial year ended \_\_\_\_\_ and the information and explanations given to us, we certify that the Company's net-worth computed in accordance with the paragraph 6 (c) of the above Master Direction as on is ₹ \_\_\_\_\_.

This certificate has been provided by us at the request of the Company. The details for net-worth computation are given below:

#### Computation of Net-worth of \_\_\_\_\_ as on \_\_\_\_\_

Particulars	Amount (₹)
Equity Share Capital	
<b>Add:</b>	
Preference Shares Compulsorily Convertible into Equity Capital	
Free Reserves	
Share Premium Account	
Capital Reserves (representing surplus arising out of sale proceeds of assets)	
<b>Less:</b>	
Revaluation Reserves	
Accumulated Losses	
Book Value of Intangible Assets	
Deferred Revenue Expenditure	
Deferred Tax Assets	
<b>Net-worth as on</b>	

Place:

Date:

Stamp:

Signature:

Name and Designation:

### Declaration and Undertaking by the Director

(with enclosures as appropriate as on ..... )

(to be submitted by the TReDS entity to DPSS, Central Office, RBI, Mumbai as and when a new Director is appointed)

**Name of the TReDS entity:**

<b>I</b>		<b>Personal Details of the Director</b>	
	A	Full name	
	B	Date of birth	
	C	Educational qualifications	
	D	Background and relevant experience	
	E	Permanent address	
	F	Present address	
	G	Director Identification Number ( <b>mandatory</b> )	
	H	e-mail address / telephone number	
	I	Permanent Account Number under the Income Tax Act and name and address of Income Tax circle	
	J	Any other information relevant to Directorship of the Company	
	K	Director in the company since (please give previous details also in case of broken period)	
	L	a) Number of shares held in the company b) Amount involved in ₹	
<b>II</b>		<b>Relevant Relationships of Directors</b>	
	A	List of Relatives if any who are connected with the company (refer Section 2 (77) of the Companies Act, 2013)	
	B	List of entities if any, in which he / she is considered as being interested (other Directorships)	
	C	List of entities in which he / she is considered as holding substantial interest	
	D	Cases, if any, where the director or entities listed in II (b) and (c) above are in default or have been in default in the last five years in respect of credit facilities obtained from the bank or any other bank.	
<b>III</b>		<b>Details of key professional achievements in the areas of</b>	
		- Technology and payment system / transaction	
		- Human resources management / legal	
		- Accounting / Finance	
<b>IV</b>		<b>Proceedings, if any, against the Director</b>	

	A	If the Director is a member of a professional association / body, details of disciplinary action, if any pending or commenced or resulting in conviction in the past against him / her or whether he / she has been banned from entry of at any profession / occupation at any time.	
	B	Details of prosecution, if any, pending or commenced or resulting in conviction in the past against the Director and / or against any of the entities listed in II (B) above for violation of economic laws and regulations and similar statutory provision of the respective country.	
	C	Details of criminal prosecution, if any pending or commenced or resulting in conviction in the past against the Director.	
	D	Whether the Director attracts any of the disqualifications envisaged under Section 164 of the Companies Act, 2013 and similar statutory provision of the respective country ?	
	E	Has the Director or any of the entities at II (B) and (C) above been subject to any investigation at the instance of Government department or agency ? If so, give particulars.	
	F	Has the Director at any time been found guilty of violation of rules / regulations / legislative requirements by customs / excise / income tax / foreign exchange / other revenue authorities ? If so, give particulars.	
	G	Whether the Director at any time come to the adverse notice of regulators such as SEBI, RBI, IRDA, MCA, etc. ?	
	H	Whether the name of the Director appears or has at any time in the past appeared in the list of defaulters as published by CRISIL or whether the Director is connected as guarantor / director with entities which are at default.	
<b>V</b>		Any other explanation / information in regard to items I to IV and other information considered relevant for judging fit and proper status of the Director?	
		<b>Undertaking</b>	
		I confirm that the above information is to the best of my knowledge and belief, true and complete. I undertake to keep the Company duly informed as soon as possible, of all events which take place subsequent to my appointment and which are relevant to the information provided above.	
		Place	Signature of Director
		Date	