



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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CO.DPSS.POLC.No.S257/02-01-010/2026-27

June 23, 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,

(Saurabh Nath)

Chief General Manager / Officer-in-Charge

Encl.: As Above

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

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Micro, Small & Medium Enterprises (MSMEs) are of great importance in India's economic development, serving as engines of growth and drivers of socio-economic progress. MSMEs face constraints in obtaining adequate finance, particularly in terms of their ability to convert their trade receivables into liquid funds. To address this issue, the Reserve Bank of India has, over time, authorised setting up of Trade Receivables Discounting System (TReDS) platforms in the country for facilitating financing of trade receivables of MSME sellers.

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) **Buyer** - Any person liable to the seller, whether under a contract or otherwise, against an invoice or bill of exchange, to pay any trade receivable.
 - (ii) **Factoring** – refers to factoring business as defined under The Factoring Regulation Act, 2011 (FRA) (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 buyer (in case of reverse factoring), as the case may be.
 - (iv) **Financier** – all entities / institutions allowed to undertake factoring business as per FRA and the rules / regulations made thereunder.
 - (v) **Seller** - Micro, Small and Medium Enterprise (MSME) as [defined](#) under The Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 and as amended from time to time.
 - (vi) **Trade Receivables Discounting System (TReDS)** - a technology platform on a

digital or electronic network for facilitating factoring of trade receivables through multiple financiers.

4. The terms '**assignment**' and '**receivable**' will have the same meaning as defined in FRA.

Chapter II – Authorisation

D. Authorisation of TReDS platforms

5. An entity shall seek authorisation for setting up and operating TReDS platform in accordance with the RBI's [Master Direction on 'Authorisation to operate a Payment System](#).
6. 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.
7. 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.
8. 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.

E. Capital Requirements

9. An applicant shall have a minimum net-worth of ₹25 crore and shall submit a certificate in the format (as provided in [Master Directions on Authorisation to operate a Payment System dated June 15, 2026](#)) from its statutory auditor.
10. Existing entities authorised to operate TReDS platform shall ensure that net-worth criterion is met latest by March 31, 2028.
11. The minimum net-worth shall be maintained on an ongoing basis.

Chapter III – Conduct of Business

F. Participants

12. Sellers, Buyers, Financiers, Insurance Companies and the Credit Guarantee Fund Trust notified by Government of India for participating in TReDS platform.

G. Scope of activities of TReDS platform

13. The TReDS platform (hereinafter referred to as “platform”) shall bring participants together for facilitating uploading, accepting, bidding, discounting, and settlement of the invoices / bills of sellers. It shall put in place a suitable mechanism to establish genuineness of the uploaded invoices / bills.
14. Factoring units once accepted will have same sanctity and enforceability as physical instruments or agreement in writing as provided under Negotiable Instruments Act, 1881, and FRA.
15. The platform shall ensure that participation related Master agreement includes *inter-alia* the following stipulations:
 - (i) The buyer’s unconditional obligation to pay on the due date 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) Since financing a transaction on TReDS will result in assignment of receivables in favour of the financier, the platform shall file the said assignment 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).
16. It shall undertake customer due diligence (CDD) of buyers in accordance with [Reserve Bank of India \(Commercial Banks – Know Your Customer\) Directions, 2025](#), as amended from time to time.
17. The platform shall put in place necessary validation mechanisms to ensure that seller is an MSME, and funds due to seller are credited in the seller’s bank

account only.

18. It shall facilitate the discounting of factoring units by way of receiving bids from multiple financiers in a transparent manner, resulting in flow of funds to the sellers, providing intimation to banks holding working capital / cash credit accounts of buyer and seller, serving of notice of assignment to buyer in favour of financier, with final payment being made by the buyer to the financier on due date.
19. 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 relevant¹ instructions issued by RBI, as applicable.
20. Factoring units discounted under TReDS shall be “without recourse” to the sellers. Default, if any, by the buyer shall not be responsibility of TReDS.
21. 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.
22. Financiers may avail guarantee in respect of factoring units from any credit guarantee fund trust setup by Government of India.
23. Legal proceedings initiated by one participant against another, if any, will be outside the purview of TReDS.
24. The platform shall be in custody of all the Master agreements.

H. Clearing & Settlement

25. The platform shall facilitate 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 authorised payment system.
26. The settlement mechanism can be leveraged to facilitate all types of transactions (financed / discounted or unfinanced), and functionalities (insurance premium collection, claim settlement, fees / commissions etc.) enabled on TReDS.

¹ For example, [Reserve Bank of India \(Commercial Banks – Transfer and Distribution of Credit Risk\) Directions, 2025 dated November 28, 2025](#), and instructions as relevant to other categories of banks or non-banks.

Chapter IV – Other Provisions

I. Reporting requirements

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

J. Repeal and Saving

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

S.No.	Guidelines / Circular
I	Guidelines for the Trade Receivables Discounting System (TReDS) issued on December 03, 2014 (updated upto July 02, 2018)
II	Circular CO.DPSS.POLC.No.S-258/02-01-010/2023-24 dated June 07, 2023 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.

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.
2. System Audit Report², including corrective / preventive action planned with closure date.

Monthly

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

Non-periodic

1. Declaration and Undertaking by the Director - Changes in Board of Directors – as and when any change takes place ([Appendix 2](#)).

² The scope and coverage of system audit will be as per RBI Letter DPSS.CO.OD.No.1325/06.11.001/2019-20 dated January 10, 2020 (as updated from time to time).

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:

I	Personal Details of the Director	
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 (mandatory)	
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 ₹	
II	Relevant Relationships of Directors	
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.	
III	Details of key professional achievements in the areas of	
	<ul style="list-style-type: none"> - Technology and payment system / transaction - Human resources management / legal - Accounting / Finance 	
IV	Proceedings, if any, against the Director	
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 concerned 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 or financial sector regulator(s)? If so, give particulars.	
	F	Has the Director at any time been found guilty of violation of rules / regulations / legislative requirements by income tax / customs / GST / Directorate of Enforcement / 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 a recognised CIC or whether the Director is connected as guarantor / director with any entities which are at default.	
	V	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?	
		Undertaking	
		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	