

REGULATORY UPDATE

SEBI Relaxes SSE Framework for NPO Fund Raising

April 15, 2026 | Social Stock Exchange Framework (ICDR Regulations)

Context & Market Need

The Social Stock Exchange (SSE) aims to enable transparent and efficient fund raising by Not-for-Profit Organisations (NPOs). However, early implementation highlighted certain practical challenges:

- Limited fund-raising readiness of NPOs post registration
- Difficulty in achieving high subscription thresholds
- Need for greater flexibility to improve SSE participation
- In response, SEBI has issued a circular introducing targeted relaxations to the SSE framework.

SEBI's Response: Key Relaxations

SEBI has introduced three targeted relaxations to address the key implementation challenges in the SSE framework, aimed at providing NPOs a longer runway and improving the viability of fund-raising issuances.

The circular dated April 15, 2026 introduces partial modifications to the Master Circular on Social Stock Exchange dated January 19, 2026.

Key Relaxations at a Glance

REGISTRATION VALIDITY

NPOs may remain registered on SSE without fund raising for up to 3 years (2 years initial + 1 year extension with SSE approval).

MINIMUM SUBSCRIPTION

Minimum subscription reduced from 75% to 50% where SSE confirms meaningful fund deployment and project viability, subject to due diligence and enhanced disclosures.

Enhanced Disclosure Requirements

In cases of under-subscription, the Fund Raising Document must now include the following disclosures:

- Plan to raise remaining funds if minimum subscription threshold is met but full target is not achieved
- Impact on social objectives if balance funds are not arranged
- Mandatory refund if minimum subscription (75% or applicable 50%) is not achieved
- SSE to undertake due diligence before granting in-principle approval for reduced subscription threshold

Strategic Significance

The amendments are expected to strengthen the SSE ecosystem by:

- Providing longer runway for NPO fund-raising readiness
- Improving success probability of SSE issuances
- Encouraging broader participation in social impact funding
- Maintaining investor protection through due diligence and enhanced disclosures

SEBI's amendments reflect a balanced and facilitative approach towards strengthening the Social Stock Exchange ecosystem while ensuring robust safeguards for investors and donors.

BOTTOM LINE:

SEBI's amendments reflect a balanced and facilitative approach towards strengthening the Social Stock Exchange ecosystem while ensuring robust safeguards for investors and donors. NPOs and intermediaries should review their fund-raising strategies in light of these relaxations.