Use of Unified Payments Interface (UPI) with ASBA in public issue process

1. What is UPI?

Unified Payments Interface (UPI) is an instant payment system developed by the National Payments Corporation of India (NPCI), an RBI regulated entity. UPI is built over the IMPS (Immediate Payment Service) infrastructure and allows you to instantly transfer money between any two parties' bank accounts.

2. What is a UPI ID?

UPI ID (also called Virtual Payment Address or VPA) is a unique ID for using UPI. The UPI Id can be created by registering with one of the UPI enabled mobile applications (App) using your bank account details.

3. From when, use UPI as a payment option in public issues, has been made available?

UPI as a payment mechanism is available for all public issues for which Red Herring Prospectus is filed after January 01, 2019.

4. How is public issue application using UPI different from public issue application using ASBA submitted with intermediaries?

Public issue application using UPI is a step towards digitizing the offline processes involved in the application process by moving the same online. This requires you to have to create a UPI ID and PIN using any of the UPI enabled mobile application. The UPI ID can be used for blocking of funds and making payment in the public issue process. You can accept the request to block the funds for the amount you have bid by entering your UPI PIN in the mobile application. The money shall be blocked and shall be automatically remitted to the Escrow Bank, in case of allotment. UPI in public issue process shall essentially bring in comfort, ease of use and reduce the listing time for public issues.

5. Can I use my existing UPI ID for applying in public issues?

Yes. The existing UPI ID can be used, provided that:
- The bank account associated with the UPI ID is held with a bank whose name is appearing in the 'List of SCSBs eligible to act as an Issuer Bank' available on website of SEBI at

[SEBI | Self Certified Syndicate Banks eligible as Issuer Banks for UPI](#)

You are using a mobile application and a UPI handle that supports use of UPI for public issues. A list of such applications and handles is appearing in the 'List of SCSBs eligible to act as an Issuer Bank' available on website of SEBI;

- The total length of the UPI ID does not exceed 45 characters (e.g. the UPI ID - XYZ@UPI is 7 characters).

6. How "UPI as a payment option" can be used in the public issue process"?

UPI as part of bidding
- Investor will fill in the bid details in the application form as per the existing process along with his UPI ID.

- As per the existing process,investor may submit the application with any of the intermediary (Syndicate Member / Registered Stock Brokers / Registrar and Transfer Agents / Depository Participants), who, on receipt of application will upload the bid details along with UPI id in the stock exchange bidding platform.

- The stock exchange will electronically share the bid details, along with investors UPI id, with the Escrow/Sponsor Bank appointed by the issuer company.
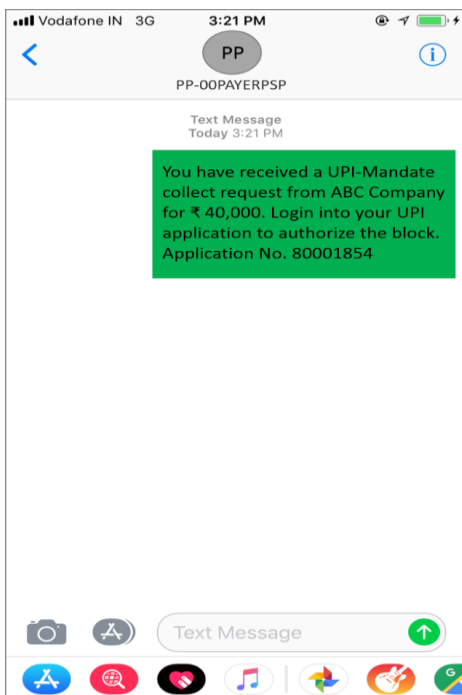
UPI as part of blocking

- The Escrow / Sponsor Bank will initiate a mandate request on the investor i.e. request the investor to authorize blocking of funds equivalent to applicant amount and subsequent debit of funds in case of allotment.

- The request raised by the Escrow/Sponsor Bank, would be electronically received by the investor as SMS/intimation on his / her bank provided mobile no. linked to UPI ID.

- Upon validation of block request by the investor, the said information would be electronically received by the investors' bank, where the funds, equivalent to application amount, would get blocked in investors account. Intimation regarding confirmation of such block of funds in investors account would also be received by the investor.

**UPI as part of payment for shares post allocation process**

- The registrar to the issue, based on information of bidding and blocking received from stock exchange, would undertake reconciliation and prepare the basis of allotment.

- Upon approval of such basis the instructions would be sent to sponsor bank to initiate process for credit of funds in the public issue escrow account and unblocking excess money.

- Based on authorisation given by investor using UPI PIN at the time of blocking, the funds, equivalent to the allotment, would be debited from investors account and remaining funds, if any, would be unblocked.

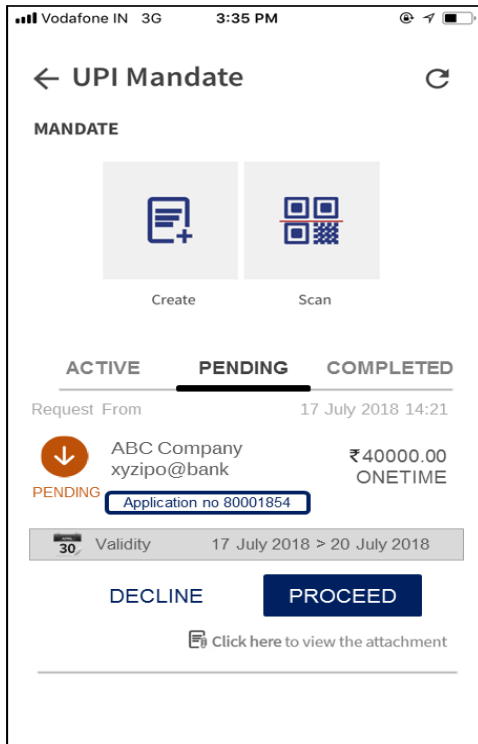**Graphical indicative illustration of the aforesaid process is as under :**
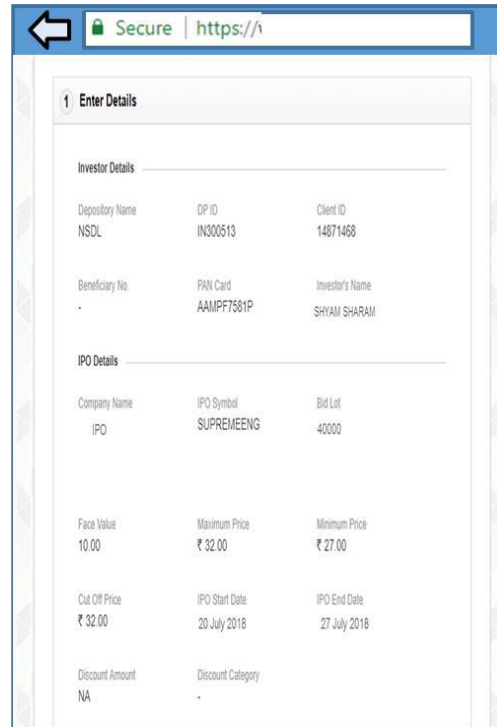
Block request SMS to investor   **Block request intimation through UPI application**
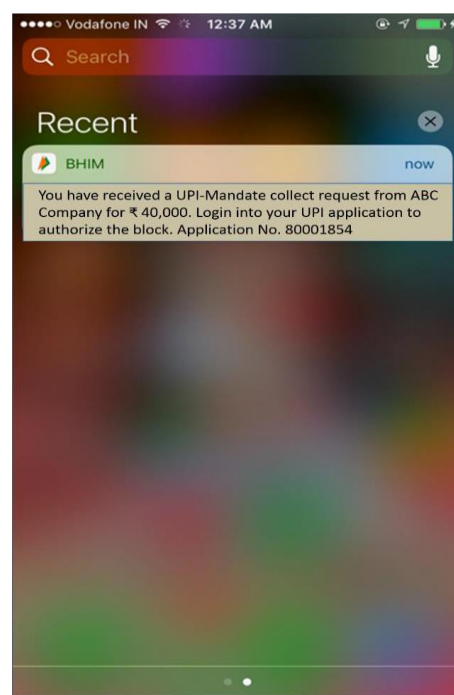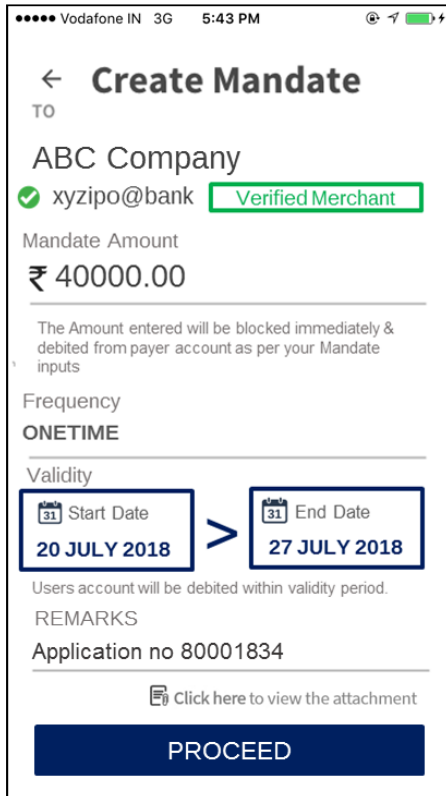
1. Investor UPI application screen

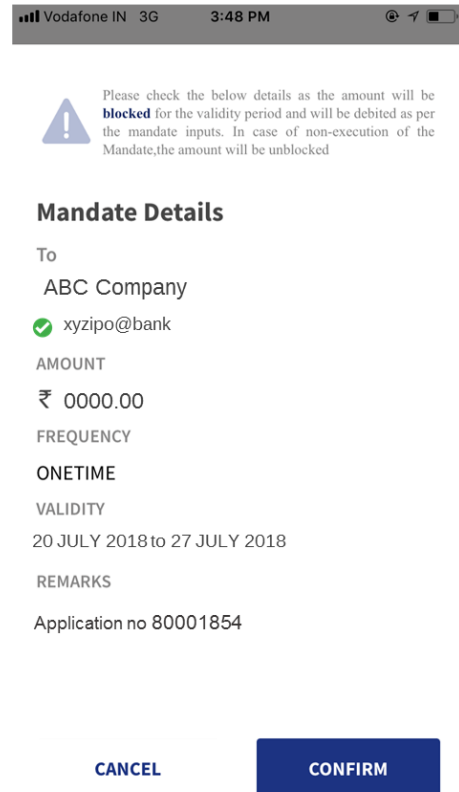**2. Sample of IPO details in attachment**

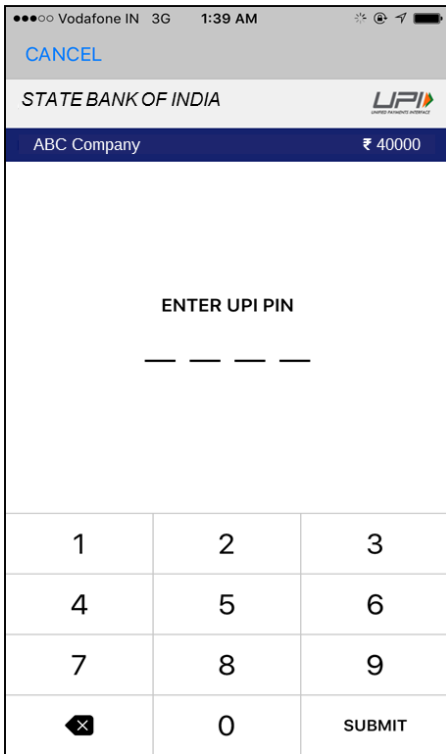This attachment will contain IPO application details submitted by investor
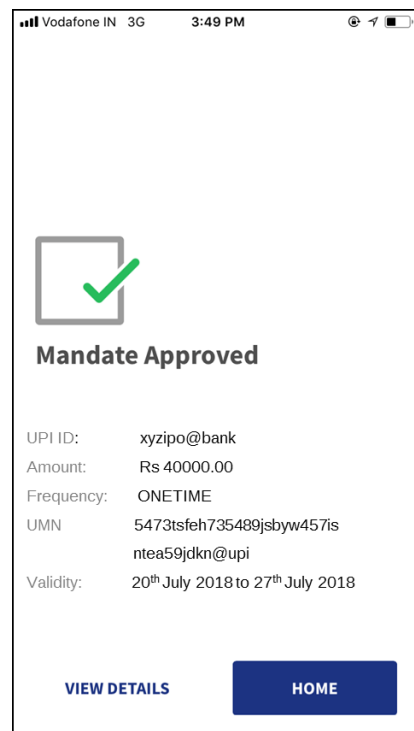
3. Post verification of details above

4. Pre-confirmation page
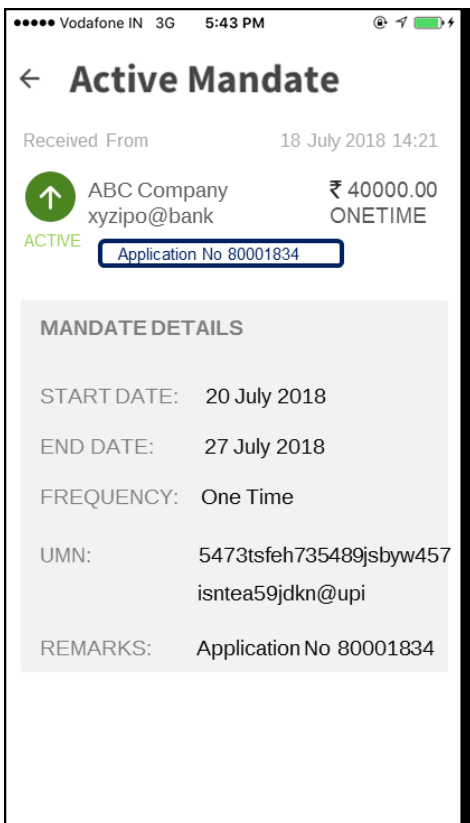
5.Entering of UPI PIN

●●●○○ Vodafone IN   3G   1:39 AM

CANCEL

STATE BANK OF INDIA   UPI

ABC Company   ₹ 40000

ENTER UPI PIN

—   —   —   —

1	2	3
4	5	6
7	8	9
⌫	0	SUBMIT

6.Confirmation page

●ıll Vodafone IN   3G   3:49 PM

Mandate Approved

UPI ID:	xyzipo@bank
Amount:	Rs 40000.00
Frequency:	ONETIME
UMN	5473tsfeh735489jsbyw457is ntea59jdkn@upi
Validity:	20th July 2018 to 27th July 2018

VIEW DETAILS   HOME

7.Approved mandates visible in UPI application

●●●●● Vodafone IN   3G   5:43 PM

← **Active Mandate**

Received From   18 July 2018 14:21

↑ ABC Company   ₹ 40000.00
   xyzipo@bank   ONETIME
ACTIVE
   Application No 80001834

MANDATE DETAILS

START DATE: 20 July 2018

END DATE: 27 July 2018

FREQUENCY: One Time

UMN: 5473tsfeh735489jsbyw457 isntea59jdkn@upi

REMARKS: Application No 80001834

8.Block confirmation SMS to investor

ıll Vodafone IN   3G   3:21 PM

IB

IB-00ISSUERBANK

Text Message
Today 3:21 PM

Your UPI-Mandate is successfully created towards ABC Company for ₹ 40,000. Funds are blocked from A/C No. xxxx1933. Application No. 80001854

Text Message
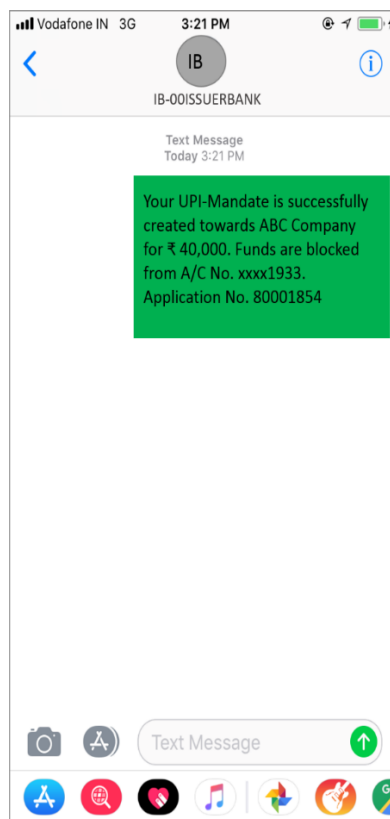
9.Block confirmation application intimation

●●●○○ Vodafone IN   🛜   12:37 AM

Q Search

Recent

BHIM   now

Your UPI-Mandate is successfully created towards ABC Company for ₹ 40,000. Funds are blocked from A/C No. xxxx1933. Application No. 80001854
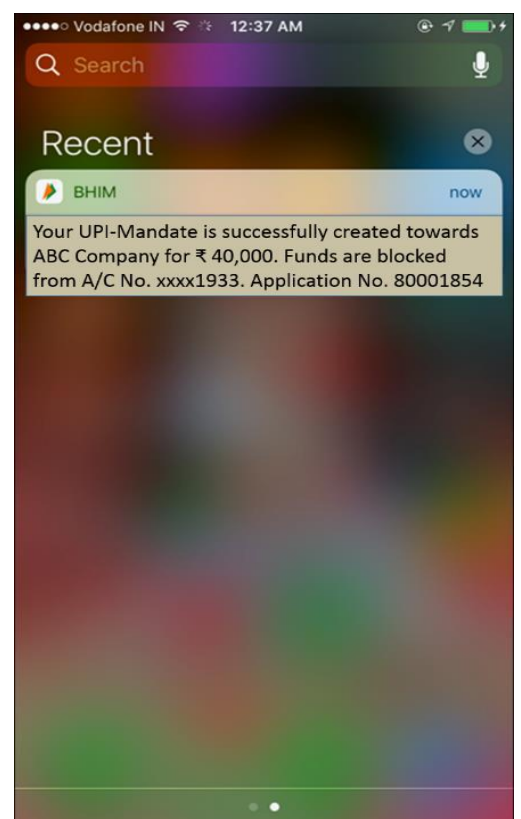
7. Can I submit the application form with UPI as a payment mechanism to a Self-Certified Syndicate Bank (SCSB)?

No. Application forms with UPI as a payment mechanism can only be submitted with**,** a Syndicate Member, or a Registered Stock Broker, or a Registrar and Transfer Agent or a or Depository Participant **('Intermediaries').**

8. Is use of UPI, as a payment mechanism in public issues, mandatory?

The applicability of UPI as a payment mechanism has been prescribed in a Phased manner as under:
- **Phase I:** From January 01, 2019, the UPI mechanism for retail individual investors through intermediaries will be made effective along with the existing process and existing timeline of T+6 days. The same will continue, for a period of 3 months or floating of 5 main board public issues, whichever is later.

- **Phase II:** Thereafter, for applications by retail individual investors through intermediaries, the existing process of physical movement of forms from intermediaries to Self-Certified Syndicate Banks (SCSBs) for blocking of funds will be discontinued and only the UPI mechanism with existing timeline of T+6 days will continue, for a period of 3 months or floating of 5 main board public issues, whichever is later.

- **Phase III:** Subsequently, final reduced timeline will be made effective using the UPI mechanism.

9. Up to what limit can I apply for a public issue in UPI?

The limit for IPO application is 5 Lakhs per transaction on UPI.

10. Are all category of investors eligible to apply in public issues using UPI for payment?

No. Only retail individual investors are allowed to use UPI for payment in public issues. Qualified Institutional Buyers and High Net-worth Individuals shall continue to apply as per the existing process.

11. Will the existing non-UPI channels for making application in public issues will be available for retail investors after introduction of UPI?

Yes. In **Phase I**, all existing channels will be available for retail investors. From **Phase II** onwards, the option of submitting non-UPI application with intermediaries would bed is continued. **Phase II** onwards, investors submitting application forms with intermediaries have to necessarily use UPI as a payment mechanism. The other existing channels, such as submitting applications direction with SCSBs or using 3-in-type accounts will continue to be available.

12. Where will I get an option to apply in a public issue using UPI?

Public issue using UPI may be initiated through any of the intermediaries. The UPI ID can be given to the intermediary with whom the application form is being submitted. All requests for blocking the bid amounts shall be received by you on this UPI ID / App. You would need to enter you UPI PIN to accept the mandate request for blocking the amount.

13. How do I select UPI as the payment option while applying for public issues?

The application form for an IPO, now also includes a field for entering your UPI ID as a payment mechanism. Further, you can get in touch with any of the Intermediary who shall be able to guide you on the process in detail.

14. Can I bid for a public issue through my UPI mobile application?

No. The option to bid for a public issue from UPI application is presently not available. Presently, the application is only available for blocking and payment of funds in public issues.

15. What if my bank is not providing UPI service for public issues?

In case your bank is not providing UPI services for public issues, you may make use of your bank account for blocking of funds and depending upon the Phase (I, II or III) in which the application is being made, submit the application with the respective SCSB or intermediary for the purpose of blocking of funds.

16. If my bank is not live for making payment in public issues through UPI, but my UPI application supports the same, can I still apply for public issues using UPI for payment?

No. In order to use UPI for payment, the bank where you hold an account linked to your UPI ID also needs to be eligible to act as an Issuer Bank in the public issue process. The list of such bank is available on website of SEBI at

https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40

17. Can I apply for a public issue using UPI ID with my Account + IFSC?

No. You must apply by providing your UPI ID only, on which the request for blocking the amount shall be received.

18. In how many public issues can I apply from one UPI ID?

There is no restriction for you on the number of public issues using the same UPI ID.

19. Can I use third party UPI ID or a third party bank account for making payment in public issues?

No. Applications made by retail investors using third party UPI ID or by any category of investors using a third party bank account will not be considered for allocation.

20. Are second / third / joint account holders in a bank account restrained from using the same account for payment in public issues?

SEBI Circular only specifies that applications made by retail investors using third party UPI ID or by any category of investors using a third party bank account are liable for rejection. No specific restriction has been imposed by SEBI on use of bank account by second / third / joint account holder.

21. Will I be notified when the bid is successfully placed?

Yes. Once the bid details are uploaded on the stock exchange platform, the stock exchange shall send an SMS to you regarding bid of your application, on end of day basis. For the last day of bidding, the SMS may be sent out the next working day.

22. Where can an investor submit his application for any grievances in the issue procedure?

Investor should first approach the intermediary to whom the application was submitted. For complaints with respect to blocking / unblocking of funds, investor may approach the bank. For complaints with respect to non-allotment of shares, investor may approach registrar to issue. If the investor is not

satisfied with the response, investor can approach the stock exchange. In case, where an investor is not satisfied with the response of any of the intermediaries, investors may submit a complaint with SEBI on http://scores.gov.in/.

FAQs on scenarios that may arise during blocking of funds using UPI in the public issue process - Creation / modification / cancellation / execution of bid and corresponding block request (mandate):

Scenario 1 - Creation of a block request (mandate)

23. What happens if I don't get a block request from the intermediary on the UPI id that was entered in the application form?

In such a case, you may approach the same intermediary with whom the application form was submitted for re-initiating the process. You may also like to check whether the UPI ID recorded is correct or not.

24. What if there is an inadvertent error while entering the UPI ID?

In such a case, the transaction will not get initiated or may get initiated to wrong UPI ID. The transaction needs to be re-initiated as a new request post submission of correct UPI ID.

25. What if I erroneously decline the request to block funds?

In case the request is erroneously declined by you, the transaction will be declined and you will have to initiate a fresh request. The transaction can be re-initiated by approaching the intermediary with whom the application form was submitted.

26. What if I input wrong UPI PIN while authorising the block request?

The transaction will be declined with 'Wrong UPI PIN' and you will have to re-initiate the transaction. The transaction can be re-initiated by approaching the same intermediary with whom the application form was submitted.

27. What if I get a technical error on the UPI App while accepting the block request?

In case of a technical decline, the transaction can be re-initiated by approaching the intermediary with whom the application form was submitted.

28. Is there any timeline by which I need to act upon the block request?

Yes. As per the indicative activity wise timeline prescribed in the SEBI guidelines, all block requests which have not been acted upon before 5:00 p.m. of the day of closure of the issue, post which the mandate would lapse.

29. How do I know that the block request is not fraudulent?

The block request is not fraudulent in case the UPI ID is marked as a "verified merchant". Please look out for the indication of a Verified Merchant tag when you receive the request on your App for blocking the amount that you have bid. The request is received as a collect request on your UPI enabled App. Further, also please verify the details including your Bid-cum application number, amount and other bid details, enclosed as an attachment as part of such block request.

30. Till what time will amount remain blocked in my account in public issue process?

The amount will be blocked till the finalization of allotment, post which the amount equivalent to allotted shares would be debited and balance amount (in case of partial allotment) will be unblocked.

31. What if my amount is blocked twice for a single block request?

In such a case, you can raise a complaint with the bank with the respective Unique Mandate Number provided for the block request.

32. Where can I check the status of an active requests on my UPI App?

The status of the active requests can be viewed in the Mandate section of your UPI app.

33. What happens if I change my default account after accepting the IPO mandate / blocking request?

The default account is independent of the block request. The execution will happen against the same account for which the UPI PIN was entered by you at the time of accepting the block request.

34. What happens if I deregister from the UPI App after accepting the block request?

De-registration will not be available from the application until the active requests are revoked / executed.

35. What happens if I do not have sufficient balance in my bank account while accepting the block request?

Transaction will be declined in case the account has insufficient funds.

36. Will I receive a block request for public issues on holidays? Will the request be processed successfully on holidays?

While the UPI framework supports both mandate creation as well as execution on a holiday, the uploading of bids in a public issue happens only on working days as defined in SEBI Circular dated November 01, 2018. Accordingly, you may not receive a mandate request on a holiday. However, such mandate requests which are pending in your app can be acted upon by you on a holiday.

37. Can I use the existing UPI PIN for accepting the block request?

Yes. The same UPI PIN can be used to accept a block request for public issue application.

38. How many times do I need to input UPI PIN for creating and processing the block request?

UPI PIN is required only once at the time of confirmation of the request.

39. To whom should I approach if I face issues with the block request? My bank or through my mobile / PSP app?

In such a case, customer should reach out to their bank with the Unique Mandate Number (UMN) for the respective block request.

40. What happens if I change my UPI ID after my amount is blocked for IPO?

Execution of the block request is independent of the UPI ID and will be executed against the same account which was used at the time of creating the request.

Scenario 2 - Modification of a block request (mandate)

41. Can I modify the parameters, like bid quantity, price, amount, etc., when I receive a block request in public issues?

No, the values in the block request cannot be modified. Any modification to the bid details, including the amount, has to be undertaken by approaching the intermediary with whom the application form was submitted. Upon modification of bid amount by the intermediary, you will received a fresh block request with revised amount, which needs to be again authorised by entering your UPI PIN.

42. Till what time I can authorize the modification request?

All modification requests initiated within the prescribed time can been acted upon before 5:00 PM of the day of closure of the issue.

43.What if I get a technical error on the UPI App while modifying the IPO request?

In such a case, you need to initiate a fresh modification request. The transaction can be re-initiated by approaching the intermediary with whom the application form was submitted.

44. Will I be prompted to authorise the modified request?

Yes the customer will receive notification on mobile application as well as SMS for authorising the modification request.

45. What happens if I do not authorise the modification request?

Post the expiry time of the request / mandate, the modification request would lapse and the execution will take place based on the earlier approved request / mandate which is active.

46. How do I know that my modification mandate request is successful?

Once the successful modification is done, a confirmation shall be given by the mobile application.

47. What happens if I change my UPI ID after modification of mandate request?

Execution of the mandate is independent of the said change and will be executed against the same account which was linked at the time of creating the mandate ir-respective of the fact that the UPI ID was changed at a later stage.

Scenario 3 – Cancellation / revocation of a block request (mandate)

48. What if I do not want to proceed with the public issue application after submission with intermediary? Can I withdraw my bid? If yes, how?

As per the extant legal framework, retail individual investors can withdraw bids till issue closure date. During the bidding period you may approach the same intermediary with whom the application form was submitted, for withdrawal of bid.

49. What does revoking a block request mean?

Revoking a mandate request is cancelation of a block request pursuant to cancellation of an IPO bid.

50. Till when can I revoke a block request?

A mandate request once created can be revoked till closure of the issue. The revoke can be initiated through the intermediary with whom the application was submitted.

51. What happens if revoking of a block request fails due to technical error?

In such a case, you would need to re-initiate the revoke request. Such re-initiation can be done through the intermediary with whom the application was submitted.

52. How do I know if my block request is revoked successfully?

Once the revoke request is submitted successfully, the mobile application will provide a success notification.

53. Do I need UPI PIN for revoking a block / mandate request?

Yes, you will need the UPI PIN to revoke the request.

54. What happens if a block / mandate is revoked after the successful block?

On revoking the mandate request, the bid amount will be immediately unblocked in your bank account.

55. In what scenarios will my funds be unblocked?

The money in your account will be unblocked in case the allotted shares are less than the bid quantity or in case of revocation of a block request.

Scenario 4 – Execution of a block request (mandate)

56. What happens if I do not get any shares under the public issue process for applications made using UPI for payment?

In case you do not get any share allotment, the amount blocked in your account will be unblocked.

57. What happens if I get partial allotment? Will my money be unblocked / reinstated for the remaining shares?

In case of part allocation, money will be debited for the allocation value and the residual amount will be unblocked / reinstated to your account.

58. What happens if I do not get any shares but my money remains blocked?

In case the shares have not been allotted to you and money is not unblocked / reinstated in your account, you may raise a complaint through the UPI App or approach your bank / RTA / the intermediary with whom the application was submitted.

59. What happens if I do not get any shares but my money is debited in this process?
In case the shares have not been allotted and money is debited from your account, you may raise a complaint with your application details, either from the UPI App or approach your bank / RTA / the intermediary with whom the application was submitted.

60. When will the allotment of shares be done after I have approved the block request?

Allotment of the share will be done as per the timelines prescribed in SEBI Circular dated November 01, 2018 available at https://www.sebi.gov.in/legal/circulars/nov-2018/streamlining-the-process-of-public-issue-of-equity-shares-and-convertibles_40923.html.

61. Will I be notified when the shares will be allotted?

Under the UPI framework, you will be notified of the debit of funds from your account. However, the process of communicating the share allotment process shall be separate, as per the extant process/es.

62. What happens if I do not receive the shares and my amount is also not debited?

Your money shall be unblocked / reinstated to your account with the expiry of the mandate period in case shares are not allotted to you.

63. What if more money is debited then the allocated shares?

In case amount more than allotment is debited, you may raise a complaint from the UPI App or bring the issue to the knowledge of your bank through any other mode against the Unique Mandate Number.

64. What happens if I change my default account before execution i.e. settlement of the block request?

Execution of the mandate is independent of the default account and will be executed against the same account which was linked at the time of creating the mandate.

65. What happens if I change my UPI ID before execution of the block request?

Execution of the mandate request is independent of the UPI ID and will be executed against the same account which was linked at the time of creating the mandate.

66. Where can I get more details about this process?

You may refer to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 01, 2018 available on SEBI website at www.sebi.gov.in under the categories "Legal" and "Circulars" for more information,

https://www.sebi.gov.in/legal/circulars/nov-2018/streamlining-the-process-of-public-issue-of-equity-shares-and-convertibles_40923.html

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