

CIRCULAR

CIR/CFD/POLICYCELL/11/2015

November 10, 2015

To

**Recognised Stock Exchanges
Depositories
Registered Stock Brokers
Registered Merchant Bankers
Registered Registrars to an Issue and Share Transfer Agents
Registered Depository Participants
Registered Bankers to an Issue**

Dear Sir/Madam,

Sub: Streamlining the Process of Public Issue of Equity Shares and Convertibles

1. As a part of the continuing endeavor to streamline the process of public issue of equity shares and convertibles, it has been decided, in consultation with the market participants -

(i) to reduce the time taken for listing after the closure of issue to 6 working days as against the present requirement of 12 working days, and

(ii) to broad-base the reach of investors by substantially enhancing the points for submission of applications.

In this regard, necessary amendments to the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 have already been notified.

2. The operational details to implement the above are outlined below:

2.1. All the investors applying in a public issue shall use only Application Supported by Blocked Amount (ASBA) facility for making payment i.e. just writing their bank account numbers and authorising the banks to make payment in case of allotment by signing the application forms, thus obviating the need of writing the cheques.

2.2. In addition to the Self Certified Syndicate Banks (SCSBs), Syndicate Members and Registered Brokers of Stock Exchanges, the Registrars to an Issue and Share Transfer Agents (RTAs) and Depository Participants (DPs) registered with

SEBI are now permitted to accept application forms (both physical as well as online) in public issues.

2.3. The RTAs and DPs shall provide their contact details, where the application forms shall be collected by them, to the recognized stock exchanges by November 30, 2015 as per the format specified at **Annexure-A** and the same shall be disclosed by the stock exchanges on their websites. RTAs and DPs shall regularly update the said details by furnishing current information to the stock exchanges which shall be disclosed by the stock exchanges.

Processing of Applications by Intermediaries

2.4. Intermediaries accepting the application forms shall be responsible for uploading the bid along with other relevant details in application forms on the electronic bidding system of stock exchange(s) and submitting the form to SCSBs for blocking of funds (except in case of SCSBs, where blocking of funds will be done by respective SCSBs only). They shall undertake the various activities in accordance with indicative timelines as specified in this circular.

2.5. All applications shall be stamped and thereby acknowledged by the intermediary at the time of receipt.

Alerts by Stock Exchanges

2.6. Similar to the systems prevalent in case of secondary market transactions, the stock exchanges shall develop the systems to facilitate the investors to view the status of their public issue applications on their websites and sending the details of applications and allotments through SMS and E-mail alerts to the investors.

Timelines

2.7. The revised indicative timelines for various activities are specified at **Annexure-B** to this circular.

2.8. All intermediaries shall co-ordinate with one another to ensure completion of listing of shares and commencement of trading by T+6.

Other Requirements

2.9. Amount of commission payable to RTA / DP shall be determined on the basis of applications which have been considered eligible for the purpose of allotment. In order to determine to which RTA / DP the commission is payable to, the terminal from which the bid has been uploaded will be taken into account.

2.10. The details of commission and processing fees payable to each intermediary and the timelines for payment shall be disclosed in the offer document and this shall be implemented strictly.

3. The intermediaries shall provide guidance to their investors on making applications in public issues.
4. The merchant bankers shall ensure that appropriate disclosures are made in offer documents in accordance with this circular.
5. All intermediaries are advised to take necessary steps to ensure compliance with this circular.
6. The responsibilities of various intermediaries and indicative timelines, prescribed vide the following circulars, shall stand modified to the extent stated under this circular:
 - i. SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009;
 - ii. CIR/CFD/DIL/2/2010 dated April 06, 2010;
 - iii. CIR/CFD/DIL/3/2010 dated April 22, 2010;
 - iv. CIR/CFD/DIL/7/2010 dated July 13, 2010;
 - v. CIR/CFD/DIL/8/2010 dated October 12, 2010;
 - vi. CIR/CFD/DIL/1/2011 dated April 29, 2011;
 - vii. CIR/CFD/DIL/2/2011 dated May 16, 2011;
 - viii. CIR/CFD/DIL/12/2012 dated September 13, 2012;
 - ix. CIR/CFD/DIL/13/2012 dated September 25, 2012;
 - x. CIR/CFD/14/2012 dated October 04, 2012;
 - xi. CIR/CFD/DIL/1/2013 dated January 02, 2013; and
 - xii. CIR/CFD/DIL/4/2013 dated January 23, 2013.
7. This circular shall be applicable for all public issues **opening on or after January 01, 2016.**
8. This circular is being issued in exercise of the powers under section 11 read with section 11A of the Securities and Exchange Board of India Act, 1992.
9. This circular is available on SEBI website at www.sebi.gov.in under the categories "Legal Framework" and "Issues and Listing".

Yours faithfully,

Harini S Balaji
General Manager
+91-22-26449372
harinib@sebi.gov.in

Format for Submission of Details to Stock Exchanges

**Name of the RTA / DP:
Registration No.**

Nodal Officer

Name : xxx
Designation : xxx
Address : xxx
Telephone : xxx
Mobile : xxx
E-mail : xxx

Sl. No	State	City	Office Address	Contact Person	Contact Number	Fax	E-mail
1.	xxx	xxx	xxx	xxx	xxx	xxx	xxx
2.							
3.							

Indicative Timeline Schedule for Various Activities

Sl. No.	Details of Activities	Due Date (working day*)
1.	<p>An investor, intending to subscribe to a public issue, shall submit a completed bid-cum-application form to any of the following intermediaries:</p> <ul style="list-style-type: none"> i. an SCSB, with whom the bank account to be blocked, is maintained ii. a syndicate member (or sub-syndicate member) iii. a stock broker registered with a recognised stock exchange (and whose name is mentioned on the website of the stock exchange as eligible for this activity) ('broker') iv. a depository participant ('DP') (whose name is mentioned on the website of the stock exchange as eligible for this activity) v. a registrar to an issue and share transfer agent ('RTA') (whose name is mentioned on the website of the stock exchange as eligible for this activity) 	
2.	<p>The aforesaid intermediaries shall, at the time of receipt of application, give an acknowledgement to investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the application form, in physical or electronic mode, respectively.</p> <ul style="list-style-type: none"> (i) <u>For applications submitted by investors to SCSB:</u> After accepting the form, SCSB shall capture and upload the relevant details in the electronic bidding system as specified by the stock exchange(s) and may begin blocking funds available in the bank account specified in the form, to the extent of the application money specified. (ii) <u>For applications submitted by investors to other intermediaries:</u> After accepting the application form, respective intermediary shall capture and upload the relevant details in the electronic bidding system of stock exchange(s). <p>Stock exchange(s) shall validate the electronic bid details with depository's records for DP ID, Client ID and PAN, by the end of each bidding day and bring the inconsistencies to the notice of intermediaries concerned, for rectification and re-submission within the time specified by stock exchange.</p> <p>Stock exchange(s) shall allow modification of selected fields in the bid details already uploaded on a daily basis.</p>	<p>Issue opening date to issue closing date (where T is issue closing date)</p>

3.	Issue Closes	T (Issue closing date)																						
4.	<p>Stock exchange(s) shall allow modification of selected fields (till 01:00 PM) in the bid details already uploaded.</p> <p>Registrar to get the electronic bid details from the stock exchanges by end of the day.</p> <p>Syndicate members, brokers, DPs and RTAs to forward a schedule as per format given below along with the application forms to designated branches of the respective SCSBs for blocking of funds.</p> <table border="1" data-bbox="370 632 789 1119"> <thead> <tr> <th>Field No.</th> <th>Details*</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Symbol</td> </tr> <tr> <td>2.</td> <td>Intermediary Code</td> </tr> <tr> <td>3.</td> <td>Location Code</td> </tr> <tr> <td>4.</td> <td>Application No.</td> </tr> <tr> <td>5.</td> <td>Category</td> </tr> <tr> <td>6.</td> <td>PAN</td> </tr> <tr> <td>7.</td> <td>DP ID</td> </tr> <tr> <td>8.</td> <td>Client ID</td> </tr> <tr> <td>9.</td> <td>Quantity</td> </tr> <tr> <td>10.</td> <td>Amount</td> </tr> </tbody> </table> <p>(*Stock exchange(s) shall uniformly prescribe character length for each of the above-mentioned fields)</p> <p>SCSBs to continue / begin blocking of funds.</p> <p>Designated branches of SCSBs may not accept schedule and applications after T+1 day.</p> <p>Registrar to give bid file received from stock exchanges containing the application number and amount to all the SCSBs who may use this file for validation / reconciliation at their end.</p>	Field No.	Details*	1.	Symbol	2.	Intermediary Code	3.	Location Code	4.	Application No.	5.	Category	6.	PAN	7.	DP ID	8.	Client ID	9.	Quantity	10.	Amount	T+1
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10.	Amount																							
5.	<p>Issuer, merchant banker and registrar to submit relevant documents to the stock exchange(s) except listing application, allotment details and demat credit and refund details for the purpose of listing permission.</p> <p>SCSBs to send confirmation of funds blocked (Final Certificate) to the registrar by end of the day.</p>	T+2																						

	<p>Registrar shall reconcile the compiled data received from the stock exchange(s) and all SCSBs (hereinafter referred to as the “reconciled data”).</p> <p>Registrar shall reject multiple applications determined as such, based on common PAN.</p> <p>Registrar to undertake “Technical Rejection” test based on electronic bid details and prepare list of technical rejection cases.</p>	
6.	<p>Finalisation of technical rejection and minutes of the meeting between issuer, lead manager, registrar.</p> <p>Registrar shall finalise the basis of allotment and submit it to the designated stock exchange for approval.</p> <p>Designated Stock Exchange(s) to approve the basis of allotment.</p> <p>Registrar to prepare funds transfer schedule based on approved basis of allotment.</p> <p>Registrar / Issuer to initiate corporate action to carry out lock-in for pre-issue capital held in depository system.</p> <p>Registrar and merchant banker to issue funds transfer instructions to SCSBs.</p>	T+3
7.	<p>Registrar to receive confirmation for pre-issue capital lock-in from depositories.</p> <p>SCSBs to credit the funds in public issue account of the issuer and confirm the same.</p> <p>Issuer shall make the allotment.</p> <p>Registrar / Issuer to initiate corporate action for credit of shares to successful allottees.</p> <p>Issuer and registrar to file allotment details with designated stock exchange(s) and confirm all formalities are complete except demat credit.</p> <p>Registrar to send bank-wise data of allottees, amount due on shares allotted, if any, and balance amount to be unblocked to SCSBs.</p>	T+4

8.	<p>Registrar to receive confirmation of demat credit from depositories.</p> <p>Issuer and registrar to file confirmation of demat credit, lock-in and issuance of instructions to unblock ASBA funds, as applicable, with stock exchange(s).</p> <p>Issuer to make a listing application to stock exchange(s) and stock exchange(s) to give listing and trading permission.</p> <p>Issuer, merchant banker and registrar to publish allotment advertisement before the commencement of trading, prominently displaying the date of commencement of trading, in all the newspapers where issue opening/closing advertisements have appeared earlier.</p> <p>Stock exchange(s) to issue commencement of trading notice.</p>	T+5
9.	Trading commences	T+6
<p>* Working days will be all days excluding Sundays and bank holidays</p>		