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CDSL/OPS/DP/POLCY/2019/575

November 14, 2019

SEBI CIRCULAR STREAMLINING THE PROCESS OF PUBLIC ISSUE OF EQUITY SHARES AND CONVERTIBLES

DPs are advised to refer to SEBI Circular no. **SEBI/HO/CFD/DCR2/CIR/P/2019/133** dated November 08, 2019 regarding **Streamlining the Process of Public Issue of Equity Shares and convertibles – Extension of time lime for Implementation of Phase II of Unified Payments Interface with Application Supported by Blocked Amount** [refer Annexure].

DPs are advised to take note of the same and ensure compliance.

Queries regarding this communiqué may be addressed to **CDSL – Helpdesk**: on telephone numbers (022) 2305-8624, 2305-8639, 2305-8642, 2305-8663, 2305-8640, 2300-2041 or 2300-2033. Emails may be sent to: helpdesk@cdslindia.com.

sd/-

Ashish Bhatt
Vice President - Operations

SEBI/HO/CFD/DCR2/CIR/P/2019/133

Nov 08, 2019

To

Recognized 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

National Payments Corporation of India

Dear Sir / Madam,

**Sub: Streamlining the Process of Public Issue of Equity Shares and convertibles-
Extension of time line for implementation of Phase II of Unified Payments Interface
with Application Supported by Blocked Amount**

1. This refers to SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, vide which SEBI had introduced the use of Unified Payments Interface (UPI) as a payment mechanism with Application Supported by Blocked Amount (ASBA) for applications in public issues by retail individual investors through intermediaries (Syndicate members, Registered Stock Brokers, Registrar and Transfer agent and Depository Participants), with effect from January 01, 2019. Implementation of the same was to be carried out in a phased manner to ensure gradual transition to UPI with ASBA.

2. Vide SEBI Circular SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, Phase II was implemented from July 01, 2019. In Phase II, for applications by retail individual investors through intermediaries, the process of physical movement of forms from intermediaries to Self-Certified Syndicate Banks (SCSBs) for blocking of funds was discontinued and only the UPI mechanism with existing timeline of T+6 days was mandated, for a period of 3 months or floating of 5 main board public issues, whichever is later.
3. Since then, two big public issues have used the facility of UPI 2.0, wherein it was seen that the platform has become increasingly acceptable given the number of applications received in ASBA with UPI as a payment mechanism. Presently, 47 and 5 self-certified syndicate banks are eligible to act as issuer banks and sponsor banks in UPI respectively.
4. National Payments Corporation of India (NPCI) has assessed the situation with respect to infrastructure at banks and their logistics and suggested further tweaking of systems, procedures and timelines for various activities for smoother operations of ASBA with UPI as a payment mechanism. Similar contraction of timelines is required to be carried out by the intermediaries in the securities market.
5. In order to ensure that the transition to UPI in ASBA is smooth for all the stakeholders, it has been decided, after consultation with various intermediaries and NPCI, to extend the timeline for implementation of Phase II of the aforesaid Circular till March 31, 2020.
6. The revised timelines for the existing T+6 environment are placed at Annexure 1.

7. In terms of regulation 23(5) and regulation 271 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, these timelines and processes shall continue to form part of the agreements being signed between the intermediaries involved in the public issuance process and lead managers shall continue to coordinate with intermediaries involved in the said process.
8. All entities involved in the process are advised to take necessary steps to ensure compliance with this circular.
9. The modalities and the date for T+3 listing shall be intimated later.
10. The aforesaid Circulars dated November 1, 2018 and June 28, 2019, shall stand modified to the extent stated under this Circular.
11. 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.
12. This circular is available on SEBI website at www.sebi.gov.in under the categories "Legal Framework" and "Issues and Listing".

Yours faithfully,

Narendra Rawat
General Manager
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Detailed Timelines of Activities to be adhered in T+6 listing – Phase II(Annexure 1)

Sr. 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 entities:</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) <p>Retails investors submitting application with any of the entities at (ii) to (v) above (hereinafter referred as 'Intermediaries'), have to use UPI and shall also their UPI ID in the bid-cum-application form.</p>	<p>Issue opening date to issue closing date (where T is issue closing date)</p>
2.	<p>The aforesaid entities 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> <p>(i) <u>For applications submitted 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)</p>	

	<p>and blocked funds available in the bank account specified in the form, to the extent of the application money specified.</p> <p>(ii) <u>For applications submitted to intermediaries, with use of UPI for payment:</u> After accepting the application form, respective intermediary shall capture and upload the relevant bid details, including UPI ID, in the electronic bidding system of stock exchange(s).</p> <p>Stock exchange(s) shall validate the electronic bid details with depository's records for DP ID/Client ID and PAN Combination, on a real time basis through API Integration 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 viz. DP ID/Client ID or Pan ID (Either DP ID/Client ID or Pan ID can be modified but not BOTH), Bank code and Location code, in the bid details already uploaded.</p>	
3.	<p><u>For retail applications submitted to intermediaries, with use of UPI for payment:</u> Stock Exchange to share bid details including the UPI ID with Sponsor Bank on a continuous basis through API integration, to enable Sponsor Bank to initiate mandate request on investors for blocking of funds.</p> <p>Sponsor Bank to initiate request for blocking of funds through NPCI to investor. Investor to accept mandate request for blocking of funds, on his / her mobile application, associated with UPI ID linked bank account.</p>	Issue opening date to issue closing date (where T is issue closing date)
4.	<u>Reconciliation Steps to be done on daily basis (for UPI Mandates):</u>	Issue opening date

<p><u>Step 1:</u> Sponsor bank shall do a reconciliation of bid requests received from exchange(s) and sent to NPCI. Sponsor bank shall ensure that all the bids received from exchange(s) are pushed to NPCI.</p> <p><u>Step 2:</u> NPCI shall ensure that all the bid requests received from sponsor bank are pushed to the corresponding payment system participants of issuer banks. The issuer banks/sponsor bank shall download the mandate related UPI settlement files and raw data files from NPCI portal on daily basis after every settlement cycle and shall do a three way reconciliation with Banks UPI switch data, CBS data and the UPI raw data. NPCI shall coordinate with issuer banks /sponsor bank on continuous basis.</p> <p><u>Step 3:</u> The issuer banks shall process all the incoming bid requests from NPCI and shall send the response to NPCI in real time. NPCI shall further facilitate the flow of these responses to sponsor bank.</p> <p><u>Step 4:</u> Sponsor bank shall do a reconciliation of bid responses received from NPCI and sent to exchange(s). Sponsor bank shall ensure that all the responses received from NPCI are sent to the exchange(s) platform with detailed error code and description, if any.</p> <p><u>Step 5:</u> Sponsor bank shall do a final reconciliation of all bid requests and responses (obtained in Step 1 and Step 4) throughout their lifecycle on daily basis and share the consolidated report not later than 07:00 PM to Merchant Banker</p> <p><u>Step 6:</u> Merchant Banker shall share the consolidated file received from sponsor bank with SEBI on daily basis not later than 09:00 PM as per the format mentioned in Annexure 'A'</p> <p><u>Step 7:</u> On 'T' day, after the closure of issue, Sponsor Bank shall share the consolidated data to Merchant Banker not later than 07:00 PM. Merchant Banker shall share the consolidated data as on 'T' day (data obtained on daily basis in step 6) to SEBI not later than 09:00 PM as per the format mentioned in Annexure 'A'</p>	<p>to issue closing date (where T is issue closing date) – on daily basis</p>
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	<p>The objective of the reconciliation exercise is to ensure that every bid entered in the exchange(s) bidding platform has successfully completed its entire lifecycle and got its response updated back in the same exchange(s) bidding platform.</p> <p>Merchant Banker shall be responsible for the reconciliation exercise and shall coordinate with NPCI, Sponsor Bank and Exchange(s) on continuous basis. Merchant Banker shall be the nodal entity for any issues arising out of public issuance process.</p>	
5.	Issue Closes	T (Issue closing date)
6.	<p><u>For retail applications submitted to intermediaries with use of UPI for payment:</u></p> <p>Sponsor Bank may not accept bid details from Stock Exchanges post 11:00 a.m.</p> <p>Sponsor Bank to initiate request for blocking of funds of investor, with confirmation cut off-time of 12:00 p.m.</p> <p>All pending requests at the cut-off time would lapse.</p> <p>Applicant to accept mandate request for blocking of funds prior to cut off-time of 12:00 p.m.</p> <p>Sponsor Bank to send confirmation of funds blocked (Final Certificate) to the registrar through stock exchange not later than 06:00 PM</p> <p><u>For QIB & NII application submitted to intermediaries:</u></p>	T+1

Intermediaries 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.

Field No.	Details
1.	Symbol
2.	Intermediary Code
3.	Intermediary Name
4.	Bank Code
5.	Bank Name
6.	Location Code
7.	Application No
8.	Category
9.	PAN
10.	DP ID
11.	Client ID
12.	Quantity
13.	Amount
14.	Order No
15.	Exchange

(*The character length for each of fields of the schedule to be forwarded by the intermediaries along with each application form to the designated branches of the respective SCSBs for blocking of funds shall be uniformly prescribed by the stock exchange(s))

Designated branches of SCSBs may not accept schedule and applications after T+1 day 11:00 AM

SCSBs to begin blocking of funds.

	<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> <p><u>For all applications submitted to SCSB</u></p> <p>The respective SCSB to send confirmation of funds blocked (Final Certificate) to the registrar not later than 06:00 PM</p> <p>On 'T+1' day, after the closure of modification and mandate acceptance by applicant, NPCI shall share the analysis of failures in UPI mandate transactions, duly classifying them into business declines and technical declines and further sub-classifying them as per their error descriptions to sponsor bank not later than 08:00 PM</p> <p>On 'T+1' day, after the closure of modification and mandate acceptance by applicant, Sponsor Bank shall share the final consolidated data (Annexure 'A') and the error description analysis report received from NPCI to Merchant Banker not later than 08:15 PM</p> <p>Merchant Banker shall share the final consolidated data as per the format mentioned in Annexure 'A' (by ensuring that point 4 of the 'detailed timelines of Activities to be adhered in T+6 listing – Phase II' is strictly adhered to) and the error description analysis report received from sponsor bank to SEBI not later than 09:00 PM</p>	
7.	<p>Third party confirmation process to be initiated by Registrar not later than 09:00 am on T+2. SCSBs and Issuer Banks to provide confirmation on the third party applications to the registrar not later than 09:00 pm on T+2.</p>	

	<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>Registrar shall reconcile the compiled data received from the stock exchange(s), all SCSBs and Sponsor Bank (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> <p>Merchant Banker shall submit a report of compliance with all activities in T+2 to SEBI not later than 10:00 PM.</p>	T+2
8.	<p>For every bid entered in the exchange(s) bidding platform, the audit trail shall be maintained by NPCI. The liability to compensate the investor in case of failed transactions shall be with the concerned entity in the ‘ASBA with UPI as the payment mechanism’ process (Sponsor Bank/ NPCI/ Issuer Banks) at whose end the lifecycle of the transaction has come to a halt.</p> <p>NPCI shall share the audit trail of all disputed transactions/investor complaints to the sponsor bank/Issuer banks.</p> <p>Merchant Banker shall obtain the audit trail from Issuer banks/Sponsor banks for analysis and fixation of liability.</p>	Issue opening date to ‘T+2’ (where T is issue closing date)
9.	Finalisation of technical rejection and minutes of the meeting between issuer, lead manager, registrar.	

	<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 to issue funds transfer instructions to SCSBs.</p> <p>Registrar to issue funds transfer instructions to Sponsor Bank in two files, one for debit processing and the other for unblocking of funds.</p> <p>Merchant Banker shall submit a report of compliance with all activities in T+3 to SEBI not later than 09:00 PM.</p>	T+3
10.	<p>Registrar to receive confirmation for pre-issue capital lock-in from depositories.</p> <p>SCSBs and Sponsor Bank 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>	T+4

	<p>Registrar to send bank-wise data of allottees, amount due on shares allotted, if any, and balance amount to be unblocked to SCSBs and Sponsor Bank.</p> <p>Merchant Banker shall submit a report of compliance with all activities in T+4 to SEBI not later than 09:00 PM</p> <p>Sponsor bank, in coordination with NPCI and Issuer banks, shall share the data points 4 to 8 mentioned in Annexure 'B' with the Registrar.</p> <p>Registrar shall coordinate with Sponsor Bank/SCSB's and submit a comprehensive report on status of debit/unblock requests of allottees/Non-allottees not later than 08:00 PM as per the format mentioned in Annexure 'B' to Merchant Banker.</p> <p>Merchant Banker shall submit a comprehensive report on status of debit/unblock requests (Annexure 'B') received from the Registrar to SEBI not later than 09:00 PM.</p>	
11.	<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>	T+5

	<p>Issuer, merchant banker and registrar to initiate the process of publishing the allotment advertisement.</p> <p>Stock exchange(s) to issue commencement of trading notice.</p> <p>Merchant Banker shall submit a report of compliance with all activities in T+5 to SEBI not later than 09:00 PM</p>	
12.	<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>Trading commences</p> <p>Merchant Banker shall identify the non-adherence of timelines and processes ('T' to 'T+6' days) mentioned in 'detailed timelines of activities to be adhered in T+6 listing – Phase II' and submit a report to SEBI with a comprehensive analysis of entities responsible for the delay and the reasons associated with it.</p> <p>Merchant Banker should diligently follow all the activities mentioned in 'detailed timelines of activities to be adhered in T+6 listing – Phase II' on daily basis from 'T' day to 'T+6' day.</p>	T+6
<p>* <u>Working days will be all trading days of stock exchanges, excluding Sundays, and bank holidays</u></p>		

Annexure 'A'

Exchange(s)	**Bank ASBA		Syndicate ASBA					
	No of Unique Applications	No of Shares Blocked	**Online		UPI			
			No of Unique Applications	No of Shares Blocked	No of Unique <u>successful</u> Applications	No of Shares <u>successfully</u> Blocked	No of Unique <u>failed</u> Applications, if any	No of Shares <u>failed to get</u> Blocked
BSE								
NSE								
Total								

** - Data to be obtained by merchant banker from registrar/exchange(s)

Annexure 'B'

S.No.	Data Point	Count	Date of Activity
1.	Total No of unique applications received	Total	
		Bank ASBA	
		Online UPI	
2.	Total No of Allottees	Total	
		Bank ASBA	
		Online UPI	
3.	Total No of Non-Allottees	Total	
		Bank ASBA	
		Online UPI	
4.	Out of total UPI Allottees (Debit execution file), How many records were processed successfully?	Count : No of shares: Amount:	
5.	Out of total UPI Allottees (Debit execution file), How many records failed?	Count: No of shares: Amount:	
6.	Out of total UPI Non-Allottees (Unblocking file), How many records were successfully unblocked?		
7.	Out of total UPI Non-Allottees (Unblocking file), How many records failed in unblocking?		
8.	Whether offline revoke is taken up with issuer banks due to failure of online unblock system? If yes, Share a separate list of bank-wise count and application numbers.		