

Operating Guidelines for NSDL Electronic Bidding Platform

Background:

In order to streamline procedures for issuance of debt securities on private placement basis, SEBI vide its circular no SEBI/HO/DDHS/CIR/P/2018/05 dated January 5, 2018 has laid down a framework for issuance of debt securities on private placement basis through an electronic book mechanism. The same have been modified by SEBI vide its Circular no SEBI/HO/DDHS/CIR/P/2018/122 dated August 16, 2018, through which, SEBI also permitted Depositories to act as EBP service provider.

Operating Guidelines:

The operating guidelines shall be applicable to all Users who use/access NSDL-EBP platform of the National Securities Depository Limited (hereinafter referred as “NSDL” and/or “Depository” and/or “Electronic Bidding Platform Provider”) for issuances of debt securities. Eligible debt securities for the EBP platform shall be as defined under Regulation 2(e) of SEBI(Issue and Listing of Debt Securities) Regulations, 2008 and SEBI (Issue and Listing of Debt Securities by Municipalities) Regulations, 2015, ‘Commercial paper’ and/or ‘Certificate of Deposits’ as defined under RBI guidelines and non-convertible redeemable preference shares as defined under Regulation 2(k) of SEBI (Non-Convertible Preference Shares) Regulations, 2013 via private placement mechanism.

➤ **Applicability of EBP**

As specified by SEBI from time to time.

➤ **Definition, Eligibility and Enrolment of Users**

‘User’ shall mean an Issuer, Arranger, Qualified Institutional Buyers (QIBs), non-Qualified Institutional Buyers (non-QIBs) and Custodians as identified by SEBI from time to time and who have enrolled and / or are eligible and / or have entered into an agreement with / provided an undertaking to the EBP in this regard.

| Issuer |
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| <ol style="list-style-type: none">1. An issuer shall be defined as the entity issuing any of eligible securities as defined by SEBI from time to time2. The Issuer shall agree to the terms and conditions for availing the service of NSDL-EBP platform. |
| Arranger |
| <ol style="list-style-type: none">1. SEBI registered Merchant Banker, broker or a RBI registered Primary Dealer, who on behalf of the eligible users bid on the EBP platform; or any other entity as specified by SEBI from time to time2. The Arranger shall agree to the terms and conditions for availing the service of NSDL-EBP platform.3. Arranger(s) shall be eligible to participate in the bidding for an issue only if authorised by the Issuer |
| Investors – Qualified Institutional Buyers |
| <ol style="list-style-type: none">1. Qualified Institutional Buyers (QIBs) shall be as defined in the Regulation 2 (zd) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 or as notified |

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| <p>by SEBI from time to time</p> <ol style="list-style-type: none"> The QIBs who wish to participate directly on the platform shall agree to the terms and conditions for availing the service of the NSDL-EBP platform Depository will provide unique code to each User which can be used to participate in NSDL-EBP platform All QIBs are allowed to participate in all issues on NSDL-EBP QIBs can enter proprietary bid provided that the minimum application or bid value is more than or equal to minimum bid size QIBs bidding on proprietary basis, for an amount equal to or more than Rs.15 crore or 5% of the base issue size, whichever is lower, shall bid directly i.e. shall enter the bids directly on EBP platform. Provided that the foreign portfolio investors may bid through their pre-registered custodians. |
| <p>Investors – Non-Qualified Institutional Buyers</p> |
| <ol style="list-style-type: none"> All users other than QIBs as defined above shall be considered as Non-Qualified Institutional Buyers (non-QIB). Any non-QIB Investor, including Arranger(s), has to be authorized by the Issuer to participate in a particular issue on EBP Platform The non-QIBs who wish to participate directly on the platform, shall agree to the terms and conditions to avail the service of the NSDL-EBP platform Depository will provide unique code to each User which can be used to participate in NSDL-EBP platform Non-QIBs can enter proprietary bid provided that the minimum application or bid value is more than or equal to minimum bid size Non-QIBs bidding intending to bid on proprietary basis for an amount equal to or more than Rs.15 crore or 5% of the base issue size, whichever is lower, shall bid directly i.e. shall enter the bids directly on EBP platform |
| <p>Custodian</p> |
| <ol style="list-style-type: none"> Custodian may choose to bid on behalf of its FPI clients The custodian who wish to participate on behalf of FPIs shall agree to the terms and conditions to avails the services of the NSDL-EBP platform |
| <p>User Registration / Know Your Client (KYC)</p> |
| <ol style="list-style-type: none"> Investors, both QIB and non-QIB, as well as arrangers having a demat account with NSDL can access NSDL-EBP platform without any further KYC. They can also use existing demat account credentials to access the EBP platform. In respect of users not having demat account with NSDL, KYC will be done in the following manner: <ol style="list-style-type: none"> The user shall provide the required details along with its PAN to NSDL on EBP platform. NSDL-EBP shall verify and confirm the KYC compliance from SEBI registered KRA. Investors and Arrangers whose KYC compliance is verified can be registered on NSDL EBP. <p>For non-QIB investors bidding through Arrangers, the KYC and enrolment on EBP us required to be ensured by the Arranger.</p> Issuers registration shall be done through Issuer portal. Any changes in the KYC regulations by SEBI, the updated regulations will be applicable from the date as specified in the relevant regulatory notification |
| <p>Bank Account Details</p> |
| <ol style="list-style-type: none"> All Issuers, Investors and Arrangers shall ensure updated bank account details are linked to their respective EBP Issuer/Investor/Arranger/Custodian codes as per the procedure provided by Depository from time to time. Issuer shall disclose the details |

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| <p>of the escrow account on EBP, in case issuer carries out the settlement through an escrow mechanism.</p> <ol style="list-style-type: none"> 2. An Issuer/Investor/Arranger/Custodian can have pre-registered multiple bank accounts linked to their respective codes 3. The fund pay-in for a successful bid has to be made only from one of the linked accounts 4. The mechanism for adding and updating the bank account details will be as specified by EBP from time to time. The addition and modification has to be supported by necessary documents or validation mechanism as specified. |
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➤ **Market Parameters**

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| Bidding Session |
| <ol style="list-style-type: none"> 1. Bidding session will be minimum of 60 minutes 2. Bidding can be kept open for multiple days, however bidding slot will be a continuous one spanning multiple days 3. The modification to the bidding start date and time can be done by the Issuer directly to EBP ensuring that such announcement is made within the operating hours of the EBP at least a day before the bidding date 4. Provided that such changes in bidding date or time shall be allowed for maximum of two times 5. Bidding window, once started, can be extended only once before the start of the last 10 minutes of the bidding window 6. Bidding window extension cannot span multiple days 7. Pre-closure of bidding window is not permissible |
| Bidding Hours |
| Bidding window can be open only during the market hours as defined by NSDL-EBP. |
| Bidding Holiday Master |
| As per holiday master notified by Depository for the purpose of NSDL-EBP Platform |
| Securities Eligible for issuance on EBP Platform |
| All securities as specified by SEBI from time to time will be eligible for using the EBP platform |

➤ **Pre-Bid Procedure**

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| Issue setup authority |
| <ol style="list-style-type: none"> 1. Issue can be set-up by the Issuer 2. The service offered by the Depository on the Platform do not constitute an offer to sell, a solicitation of an offer to purchase or a recommendation of any interest in any fund, security, business venture or investment opportunity described herein |
| Issue Parameters |
| <ol style="list-style-type: none"> 1. Issuer has to fill in the issue parameters as specified by the EBP and / or SEBI from time to time 2. In case of a reissuance, the Issuer has also to specify the ISIN of the existing security and the accrued interest as on the date of pay-in (banking date) for the reissued securities 3. The Bids in case of reissuance will be made by amount in INR (face value) & the Price |

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| <ol style="list-style-type: none"> 4. The Bidding for reissuance will be on clean price basis 5. No information regarding issues presented on the website shall be construed to fall within the meaning of a “public offer” as contemplated under Section 23 read with Section 42 of the Companies Act, 2013 |
| Issue related uploads |
| <ol style="list-style-type: none"> 1. Necessary issue specific documentation like Term sheet, Private Placement Memorandum (PPM)/Information Memorandum (IM) and Credit rating letters/Rating reports or Rating rationale or any other document as mandated by the regulators or as specified by the EBP or any other relevant information which the issuer intends to inform from time to time 2. Mode of bidding (open/close), manner of allotment (uniform/multiple yield), manner of settlement (through clearing corporation/escrow bank account of issuer) and settlement cycle (T+1 or T+2) should be mandatorily disclosed in PPM/IM. |
| Minimum Market notification time |
| <ol style="list-style-type: none"> 1. Issuer shall provide an Issue Notification including the private placement Memorandum (PPM)/ Information memorandum (IM), term sheet, mode of bidding (open/close), manner of allotment (uniform/multiple yield), manner of settlement (through clearing corporation/escrow bank account of issuer) and settlement cycle (T+1 or T+2) to the EBP at least two working days prior to the start of issue opening date. 2. Issuer has to notify the issue to the eligible users during market hours as defined by NSDL-EBP 3. Issuer shall make the bidding announcement on EBP at least one working day before initiating the bidding process. Issuer has to make the bidding announcement to the eligible users during market hours as defined by NSDL-EBP. In case the announcement is not made within the specified timelines, the issue will be deemed cancelled 4. Issue Opening Date and Issue Closing Date to be considered as Bid Open date and Bid Close date 5. The Issuer may choose to disclose estimated cut off yield to the EBP, however the same has to be disclosed at least one hour prior to opening of the bidding for the issue 6. The Issuer can withdraw the issue at least one hour before the issue opens. |
| Eligible Users |
| <ol style="list-style-type: none"> 1. Arrangers as appointed by Issuer 2. All QIBs enrolled for direct participation on NSDL-EBP platform. 3. From all non-QIB Investors enrolled with the EBP for direct participation, only eligible users, as authorised by the Issuer, may participate in the bidding Process 4. In case the investor is Non-Banking Financial Company (not eligible to be a QIB) registered with Reserve Bank of India and Housing Finance Company registered with National Housing Bank, the eligible users may participate in the bidding process subject to them complying with RBI requirements, if any prescribed in this regard |
| Intimation to market |
| <ol style="list-style-type: none"> 1. Only the eligible users shall have access to PPM and issue specific information and to the bidding portal provided by EBP. 2. The Depository shall intimate the issue related information to the eligible users in a manner as specified by SEBI from time to time. |

➤ **Bidding Procedure**

| Types of Bids |
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| <ol style="list-style-type: none"> 1. An Arranger can place multiple bid on behalf of investor provided that the cumulative bids placed for an investor should not be equal to or more than Rs.15 crore or 5% of the base issue size 2. Arrangers are allowed to enter consolidated bids on behalf of multiple Investors subject to conditions specified by SEBI. The bid amount for each client will be subject to minimum bid value as specified in the issue details 3. Investors participating directly can place bids only for self (proprietary). Users will be allowed to enter multiple bids i.e. single user can enter more than one bid 4. Bids on behalf of an Investor cannot be made by more than one Arranger 5. Cancellation and Modification of bids will be allowed during bidding time as specified by SEBI 6. Every bid will be assigned a timestamp (in milliseconds). The timestamp of bid will be attached at the time of bid entry. If bid is modified (price/yield or bid value), new timestamp will be attached to the bid 7. In the last 10 minutes of bidding period, cancellation is not allowed. Revision is allowed only for improvement of rate and bid size 8. Bid can be made by amount in INR (face value) & coupon /Price in basis Point |
| Rules for Consolidated Bids |
| <ol style="list-style-type: none"> 1. A consolidated bid is one where the Arranger enters a single combined bid on behalf of self and/or multiple Investors 2. The clients on whose behalf the bids are being entered have to be enrolled on the NSDL-EBP platform. 3. Each multiple bid will be treated as unique bid placed by Arranger/Investor/Custodian 4. In case of users entering consolidated bids (for single PAN); they have to provide the scheme wise allocation within specified timelines. |
| Bid Book Disclosure |
| <ol style="list-style-type: none"> 1. Issuer shall disclose mode of bidding (Open/Close) in the PPM/IM. 2. In case of open bidding, the bid information, such as bid value and bid rate / price (except the bidder name), will be available to the market during the bidding window. 3. In case of closed bidding, the same shall be disclosed post bidding. Only the cumulative bids amount (INR in crore) will be displayed to the eligible users during the bidding period. |
| Action After Bidding Period |
| <ol style="list-style-type: none"> 1. System will determine the initial cut-off rate computed on the base issue size 2. However, in case of a green-shoe option, the issuer will have an option to pick up amount up to the green-shoe amount above the base issue size. The cut-off for this will be computed basis the total accepted size 3. After the end of the bidding window the Issuer has the option to <ul style="list-style-type: none"> - Withdraw the issue - Or Accept the issue <p>In case of multiple yield allotment, system shall display the price and settlement obligation up to the accepted amount. The settlement value for multiple yield allotment will be calculated on NPV basis as the convention followed in fixed income market dealings. Issuer shall confirm the same and close the issue at the system determined cut-off rate/price.</p> |

4. Acceptance or withdrawal of the issue by the Issuer shall be within 1 hour after bidding closure
5. In case the Issuer does not accept or withdraw the issue before the specified deadline, then the issue will be withdrawn by the system and the Issuer will be debarred as per rules specified by SEBI from time to time

➤ **Post Bidding Procedure**

| Allotment |
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| <ol style="list-style-type: none"> 1. Depository will provide the complete bid book information to Issuer in an electronic format, once the issue is accepted by the Issuer 2. The successful bids will be determined by the EBP system on yield-time priority basis as specified by SEBI. 3. EBP will electronically inform all the bidders about the status of their respective bids 4. EBP will also electronically notify all the successful bidders about <ul style="list-style-type: none"> - Total payable amount in INR - Details of the pay-in account where the amount is to be deposited - Pay-in date and cut-off time 5. Issuer needs to provide the bank account details into which the issue proceeds will be credited by the clearing corporation or the escrow bank account details if the issuer has selected the escrow bank account as the mechanism for pay-in. 6. Depository reserves the right to cancel any bids placed by Bidder or any transaction, if found in contravention of Terms & Conditions, or when requested/directed by any competent legal authority(ies), or if found that occurrence of material events have bearing on the performance/ operations of the Issuer or an informed appraisal of the status/ position of the Issuer by Bidder/ its client |
| Dissemination of Issue details |
| <ol style="list-style-type: none"> 1. EBP will disseminate the issue bidding & allotment information to market as specified by SEBI/EBP from time to time 2. At the end of the bidding window, EBP will, on an anonymous basis, disclose the aggregate volume data, including yield/coupon/price, amount including the amount of oversubscription, total bids received, rating(s), category of Investor etc. 3. EBP will upload the allotment data on its website to be made available to the public as per the format specified by EBP or SEBI from time to time |
| Dissemination of details for Issues not done through Electronic Book Mechanism |
| <ol style="list-style-type: none"> 1. For issues which are not done through Electronic Book Mechanism, the Issuer will disclose the bidding information to one of the EBP platforms in the format and timelines as specified by EBP and/or SEBI from time to time |

➤ **Clearing and Settlement**

- **Settlement through Clearing Corporation**

| Clearing |
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| <ol style="list-style-type: none"> 1. Successful Bidders shall be required to transfer funds from bank account(s) registered with EBP to the bank account of the Clearing Corporation to the extent of funds pay-in obligation on or before 10.30 hours on T+1 or T+2 day as defined by Issuer at the time |

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| <p>of issue setup, T being the bidding end date</p> <ol style="list-style-type: none"> All funds pay-in obligations need to be fulfilled in totality. Partial fund receipt against any given obligation will be treated as a default and debarment penalty will be applicable as specified by the regulations The pay-in is required to be made from one of the accounts available in the EBP system on the pay-in date before the pay-in cut-off time. Any amount received from third party accounts or from accounts not specified in the EBP system will be refunded and no allotment will be made against such payments EBP shall display to the Issuer about the funds collected from the bidder on T+1 or T+2 day EBP shall also display the details of bidder(s) who failed to provide funds towards their obligation, either in part or in full, to the Issuer The Issuer will need to confirm to EBP if it is going ahead with the issue by 12.00 noon on T+1 or T+2 day Issuer/RTA shall give instruction to depositories for crediting securities to successful bidders by 12.00 noon on T+1 or T+2 day In case the issue is called off by the Issuer, then Clearing Corporation appointed by Issuer will initiate the return of funds received from successful bidders. The complete process of pay-in and pay-out will be completed in one day i.e. either on T+1 or on T+2. |
| Clearing Corporation (CC) |
| CC to access the NSDL-EBP platform |
| Settlement |
| <ol style="list-style-type: none"> On the basis of funds pay-in status, the issuer (or RTA on behalf of the issuer) will issue instructions to the Depository to credit securities to the demat account of the investors. Depositories shall confirm to the Clearing Corporation of the allotment made to the investors. This confirmation to include details such as names, Settlement demat account and the quantum of securities credited The Clearing Corporation shall reconcile the confirmation as received from the depositories with the details of successful bidders, who have made pay-in of the funds, as available with them. On reconciliation Clearing Corporation shall transfer the funds to the bank account designated by the Issuer on T+1 or T+2 day |

- **Settlement through Escrow Bank Account of Issuer**

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| Registrar and Share Transfer |
| <ol style="list-style-type: none"> In case the settlement is through Escrow Bank Account of Issuer, Issuer shall appoint a RTA RTA shall get enrolled on NSDL-EBP. Depository will provide unique code to each one of them |
| Agent (RTA) |
| RTA to access the NSDL-EBP platform |
| Clearing & Settlement |
| <ol style="list-style-type: none"> EBP shall share the allocation details with the Issuer / Registrar to the issue(RTA), associated with the issue, pursuant to successful closure of the issue The indicative timelines of activities for the settlement procedure with clearing corporation of EBP will be applicable for activities across settlement procedure with Escrow bank account of Issuer as well. RTA shall confirm the status of the issue on EBP, i.e. successful or withdrawn, details of defaulting investors, etc., upon closure of the issue |

➤ **Other Rules**

| Withdrawal of Issue |
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| <ol style="list-style-type: none">1. An Issuer may withdraw any issue subject to conditions as specified by SEBI from time to time2. In case, the Issuer withdraws an issue outside the permissible conditions as specified by SEBI, appropriate action will be taken on the Issuer as per SEBI guidelines |
| Non-fulfilment of Obligation by Bidders |
| <ol style="list-style-type: none">1. In case of non-fulfilment of any funds obligation by an Investor or an Arranger, such bidders shall be debarred from accessing the bidding platform across all EBPs for a period of thirty days from the date of such default.2. In case a bid is placed by an Arranger/Custodian on behalf of an Investor and there is a default, then the default liability shall be on the Investor. |
| Debarment of Entities |
| <ol style="list-style-type: none">1. Details of all entities debarred on NSDL-EBP shall be shared with other EBP providers as per timelines specified by SEBI from time to time2. The debarment will be effective from the next working day3. The debarment will be effective across EBP providers4. An Issuer will not be able to conduct bidding during the debarment period. Any issue setup previously and falling within the debarment period will be cancelled. However, any other obligations arising out of current or previous issuances will continue to exist5. An Arranger/Custodian or Investor will not be able to place any bids during the debarment period. All other obligations arising out of any bids made prior to start of debarment will continue to exist |