



**CIRCULAR**

SEBI/HO/DDHS/CIR/P/2018/122

August 16, 2018

To

All Recognized Stock Exchanges (except Commodity Exchanges)  
All Recognized Depositories  
Issuers of debt securities/NCRPS  
Merchant Bankers and Brokers registered with SEBI  
Registrars to an Issue  
Primary Dealers registered with RBI

Dear Sir / Madam,

**Sub: Electronic book mechanism for issuance of securities on private placement basis - Clarifications**

1. This is in continuation to *SEBI circular No. SEBI/HO/DDHS/CIR/P/2018/05 dated January 05, 2018* (hereinafter "EBP Circular"), which mandated the use of Electronic Book Provider platform (EBP Platform), for private placement of securities.
2. With a view to further rationalise and ease the process of issuance of securities on EBP platform and in consultation with the market participants, it has been decided to provide for the following additional facilities:

a) **Closed bidding**

In addition to the current system of open bidding, closed bidding shall also be permitted on EBP platform subject to the issuer disclosing the mode of bidding in the PPM/IM. Under closed bidding, there shall be no real time dissemination of bids on the EBP platform.

b) **Multiple yield allotment**

An issuer can choose either uniform yield or multiple yield allotment, provided the same is disclosed in the PPM/IM.

c) **Multiple bids by an investor**

Investors are now permitted to place multiple bids in an issue.



d) **Allotment on yield-time priority basis**

Allotment to the bidders shall be done on the basis of "Yield-time priority". Thus, allotment shall be done first on "yield priority" basis, however, where two or more bids are at the same yield, then the allotment shall be done on "time - priority" basis. Further, if two or more bids have the same yield and time, then allotment shall be done on " pro-rata" basis.

e) **Pay-in of funds through escrow bank account of issuer**

In addition to the current process of pay-in of funds through clearing corporation of Stock Exchanges, the pay-in of funds towards an issue on EBP shall also be permitted through escrow bank account of an issuer. An issuer, in its PPM/IM, shall disclose the manner of funds pay-in so chosen and details thereof.

The process of pay-in of funds by investors and pay-out to issuer can be done on either T+1 or T+2 day, where T day is the issue day, and the same shall be disclosed by issuer in PPM/IM.

f) **Depositories to act as EBP**

In addition to the Stock Exchanges, Depositories can also act as EBP.

3. In line with the changes described above the amendments to the EBP Circular dated January 05, 2018 are placed at Annexure-A to this circular.
4. The contents of this circular will come in effect from October 01, 2018.
5. This Circular is issued in exercise of the powers conferred under Section 11(1) read with regulation 31(2) of ILDS Regulations of the Securities and Exchange Board of India Act, 1992.
6. This Circular is available on SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in) under the categories "Legal Framework" and under the drop down "Corp Debt Market".

Yours faithfully,

**Richa G. Agarwal**  
**Deputy General Manager**  
**Department of Debt and Hybrid Securities**  
**Tel No.022-2644 9596**  
**Email id - [richaq@sebi.gov.in](mailto:richaq@sebi.gov.in)**



**Annexure - A**

A. Para 5 of the EBP circular is modified to read as under:

*5. Electronic Book Providers are directed to:*

*5.1. comply with the conditions laid down in this circular;*

*5.2. put in place necessary systems and infrastructure for implementation of this circular;*

*5.3. make consequential changes, if any, to their bidding portal and respective bye-laws; and*

*5.4. communicate and create awareness about these revised guidelines amongst issuers, arrangers and investors.*

B. Clause 1.1.5 of Schedule - A of the EBP circular is modified to read as under:

*"Electronic Book Provider" or "EBP" means a recognized stock exchange or a recognised depository, which pursuant to obtaining approval from SEBI, provides an electronic platform for private placement of securities.*

C. Clause 3.3.1 of Schedule - A of the EBP circular is modified to read as under:

*Details of size of the issue and green shoe option, if any, and a range within which green shoe may be retained (if applicable).*

D. Following additional clauses are added after clause 3.3.3 of Schedule - A of the EBP circular:

*3.3.4 Manner of bidding in the issue i.e. open bidding or closed bidding.*

*3.3.5 Manner of allotment in the issue i.e. uniform yield allotment or multiple yield allotment.*

*3.3.6 Manner of settlement in the issue i.e. through clearing corporation or through escrow bank account of issuer.*

*3.3.7 Settlement cycle i.e. T+1 or T+2 day.*

E. Clause 5.9 of Schedule - A of the EBP circular is modified to read as under:



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*Pay in shall be done through the clearing corporation of Stock Exchanges, as per their operating guidelines, or through an escrow bank account of the issuer, as per Annexure B.*

*Provided that where the issuer has selected the escrow bank account as the mechanism for pay-in, EBP, pursuant to successful closure of issue, shall share the allocation details with the Registrar to an Issue, associated with the issue.*

F. Clause 6.3.4 of Schedule - A of the EBP circular shall be deleted.

G. Clause 6.3.6 of Schedule - A of the EBP circular is modified to read as under:

*All the bids made in a particular issue, shall be disclosed on the EBP platform, in the following format:*

**Table 2**

<b>Yield (%)</b>	<b>Demand at that particular yield ( in Rs. Crore)</b>	<b>Cumulative Demand (in Rs. Crore)</b>

*For issues with open bidding, the aforesaid information shall be disseminated on a real time basis, however, for issues with closed bidding, the information shall be disseminated after closure of bidding.*

H. Clause 6.3.7 of Schedule - A of the EBP circular is modified to read as under:

*6.3.7 Allotment to the bidders shall be done on yield-time priority basis in the following manner:-*

- a) allotment would be done first on "yield priority" basis;*
- b) where two or more bids are at the same yield, then the allotment shall be done on "time-priority" basis;*
- c) where two or more bids have the same yield and time, then allotment shall be done on "pro-rata" basis*

I. In Clause 7.1 of the of Schedule - A of the EBP circular "A recognized stock exchange identified to act as an EBP" shall be replaced by "An electronic book provider"

J. Clause 7.4.8 of Schedule - A of the EBP circular shall be deleted.



## **Annexure-B**

### **A. Process flow of settlement, where funds pay-in is to be made to escrow bank account of issuer**

- a. Successful bidders, in an issue, will make pay-in of funds towards the allocation made to them, in the escrow bank account within the timelines, as provided by the issuer in the PPM/IM. The funds pay-in by the successful bidders will be made only from the bank account(s), which have been provided/updated in the EBP system. Further, pay-in received from any other bank account will lead to cancellation of bid and consequent debarment of the investor from accessing EBP platform for 30 days.
- b. Escrow bank, pursuant to receipt of funds will provide a confirmation to the RTA, associated with the issue, about receipt of funds along with details including name of bank account holder, bank account number and the quantum of funds received.
- c. RTA, will then reconcile the information received from escrow bank with the details as provided by EBP and after reconciliation RTA shall intimate to the issuer about receipt of funds. Subsequently, issuer will initiate the process of corporate action through the RTA to Depository.
- d. RTA, after passing on the instructions for corporate action to the depositories, will issue instruction to the escrow bank to release money to the issuers bank account.

### **B. Responsibilities of various entities involved in the process**

#### **Issuer shall;**

- a. open an escrow bank account/ have a escrow bank account jointly with a RTA, where the role of the RTA in operating such bank account shall be limited to the responsibilities as provided under this circular;
- b. provide the details of escrow bank account in which pay-in of funds has to be made and the timelines by which such pay-in shall be done by the successful bidders;
- c. effect corporate action for credit of securities to the successful bidders, after receiving confirmation from the RTA about receipt of funds.



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**RTA shall;**

- a. undertake reconciliation between information received from the escrow Bank and EBP. Further, after reconciliation, shall intimate the issuer about the receipt of funds and shortfall, if any, and the reasons thereof;
- b. issue instructions to the escrow bank account for the release of funds, after passing on the instructions for corporate action to the depositories;
- c. intimate to the EBP, upon closure of the issue, the status of the issue i.e. successful or withdrawn, details of defaulting investors etc.