

## **Annexure A**

### **Updated Operational Guidelines for issuance of Securities on Private Placement basis through an Electronic Book Mechanism**

#### **General Instructions**

##### **Electronic Book Mechanism: BSE BOND**

In order to streamline procedures for issuance of all private placement of debt securities, NCRPS, Commercial Paper and Certificate of Deposits and enhance transparency to discover prices, issuance of debt securities, on private placement basis through an electronic book mechanism shall be as per following operating guidelines.

#### **System Configuration / Requirements**

##### **BSE BOND platform (Electronic Book Mechanism):**

BSE BOND platform can be accessed from internet by plugging in via a browser. The URL is as under:

<https://bond.bseindia.com/>

#### **Applicability of BSE BOND (EBM)**

##### **1. BSE BOND (Electronic book mechanism) would be mandatory:**

All private placement of debt securities and NCRPS shall be required to be made through BSE BOND if it is:

- a. a single issue, inclusive of green shoe option, if any, of Rs 200 crore or more
- b. a shelf issue, consisting of multiple tranches, which cumulatively amounts to Rs 200 crore or more, in a financial year
- c. a subsequent issue, where aggregate of all previous issues by an issuer in a financial year equals or exceeds Rs 200 crore

Issuer cannot do any bilateral deal with any investor without using BSE BOND platform if it fulfils with the requirements as stated above.

##### **2. Optional:**

An issuer, irrespective of issue size, if desires, may choose to access EBP platform for private placement of:

- a. Debt securities as per provisions of ILDM Regulations
- b. Commercial Paper
- c. Certificate of Deposits

Also, please note that SEBI Circular no. SEBI/HO/DDHS/CIR/P/2018/05 issued by SEBI on January 5, 2018 is not applicable for Market Linked Debt Products (“MLDs”)

## **Participants Enrolment**

### **1. Issuer:**

Issuer can register themselves with BSE BOND from the below URL:

[https://bond.bseindia.com/Issuer\\_Registration.aspx](https://bond.bseindia.com/Issuer_Registration.aspx)

### **2. Arrangers:**

- SEBI registered Merchant Banker
- Trading Member Registered with BSE
- RBI registered Primary Dealers who on behalf of the eligible participants bid on the EBP platform (BSE BOND) any other registered intermediaries as notified by SEBI from time to time, may act as the arranger.

Arranger(s) shall be eligible to participate in the bidding for an issue only if they are mapped by the Issuer to bid in its issue on BSE BOND platform.

Arranger can register themselves with BSE BOND from the below URL:

[https://bond.bseindia.com/Arranger\\_Registration.aspx](https://bond.bseindia.com/Arranger_Registration.aspx)

### **3. Eligible Participants:**

*Qualified Institutional Buyer (“QIB”):*

- QIB(s), defined as per Regulation 2(zd) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 are eligible to use the platform
- Requirements for QIBs whether the bidding is directly by the QIBs or via Arranger(s):

<b>Activity</b>	KYC Verification	Enrolment
<b>Responsibility</b>	BSE BOND	BSE BOND

- All QIBs are allowed to participate as Investors in all issues conducted on the BSE BOND platform.

*Non-QIB Investor:*

- Any Non-QIB investors including Arranger(s), who/which has been authorized / mapped by the issuer, to participate in a particular issue on BSE BOND
- Requirements for Non-QIB investors bidding directly:

<b>Activity:</b>	KYC Verification	Enrolment
<b>Responsible party:</b>	Issuer	BSE BOND

- Requirements for Non-QIB investors bidding through Arrangers:

<b>Activity:</b>	KYC Verification	Enrolment
<b>Responsible party:</b>	Arranger	BSE BOND

Investor(s) can register themselves with BSE BOND from the below URL:

[https://bond.bseindia.com/Investor\\_Registration.aspx](https://bond.bseindia.com/Investor_Registration.aspx)

**Note:** All the registered and eligible participants are required to update the necessary Bank account and Demat details before participating in the bidding process on BSE BOND platform.

## **Operational Parameters**

### **1. Issue Parameters:**

#### a) Issue Set-up:

- The issuer has to setup the issuance at least 2 working days prior to the issue opening date
- Issuer shall make the bidding announcement on BSE BOND with details of bid opening and closing time at least 1 working day before initiating the bidding process
- Issue set up will be allowed all throughout the day. If the issue is created on BSE BOND post 5.00 p.m.; the day will not be counted towards the mandatory two days requirement. Further the issue notification will be executed only at 9.00 a.m. on the next working day
- The 'Issue Opening date' and 'Issue Closing date' are synonymous to 'Bid Open date' and 'Bid Close date' respectively for activities pertaining to the BSE BOND platform

#### b) Bidding Mechanism:

Bid Timings:	<ul style="list-style-type: none"> <li>• The placing of Bids/Orders by Participants will take place from 9 a.m. to 5 p.m. Monday to Friday, on working days of BSE</li> <li>• The Bidding for a particular issue will be allowed on the working days of BSE. The bidding window shall be open for the period as specified by the issuer in the bidding announcement / issue set-up</li> <li>• The minimum time to keep the bidding window open is at least one hour</li> </ul>
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	<ul style="list-style-type: none"> <li>• The bidding can be kept open for more than one working day and the same is for continuous time slots. i.e. to say the session spill over will move on to the next working day</li> <li>• The issuer is required to specify upfront if the issue is open for one or more working days</li> <li>• Any change in bidding time and/ or date by the Issuer shall be intimated to participants, ensuring that such announcement is made within the operating hours of the EBP, at least a day before the bidding date</li> <li>• Provided that such changes in bidding date and/or time shall be allowed for maximum of two times</li> <li>• Extension of bidding timing is allowed only once up to 5 pm on the same day</li> <li>• Extension of bidding timing is allowed only before the start of last 10 minutes of the bid end time</li> </ul>
Bid Modification:	<ul style="list-style-type: none"> <li>• Allowed during the bidding period</li> <li>• In last 10 minutes of the bidding period revision is allowed only to improve the coupon / yield and upward revision in terms of bid amount</li> </ul>
Bid Cancellation:	<ul style="list-style-type: none"> <li>• Allowed during the bidding period</li> <li>• No cancellation of bids is permitted in the last 10 minutes of the bidding period</li> </ul>
Multiple Bids	<ul style="list-style-type: none"> <li>• Multiple bids by a bidder is not permitted</li> <li>• If multiple bids are entered, the first bid will be considered as valid. Multiple bid by an Arranger is allowed where each bid is on behalf of different investor(s)</li> </ul>

**c) Issue withdrawal:**

Withdrawal of issue:	<p>An Issuer, at its discretion, may withdraw from the issue process as per the following conditions:</p> <ol style="list-style-type: none"> <li>I. Issuer is unable to receive the bids up to base issue size.</li> <li>II. Bidder has defaulted on payment towards the allotment, within stipulated timeframe, due to which the issuer is unable to fulfil the base issue size</li> <li>III. Cut off yield in the issue is higher than the estimated cut off yield disclosed to BSE BOND, where the base issue size is fully subscribed</li> </ol>
Restriction on usage of ANY EBP:	<p>If the Issuer has withdrawn the issue apart from any of the above conditions, the issuer will not be able to use any of the platforms provided by any EBP for the</p>

	period of 7 days from the date of such withdrawal
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**d) Estimated Cut off yield:**

- Estimated cut off yield means yield so estimated by the issuer, prior to opening of issue on BSE BOND platform
- Disclosure of estimated cut off yield by BSE BOND to the eligible participants, pursuant to closure of issue, shall be at the discretion of the Issuer
- For issuers who have withdrawn the issue in terms of provisions of point 1(c) (iii) of exceptions mentioned above, BSE BOND shall mandatorily disclose the estimated cut off yield to the eligible participants
- Estimated Cut Off yield should be disclosed on BSE BOND at least one hour prior to the Bid start time
- An Issuer may choose to disclose the estimated cut-off yield to all the eligible participants before the bidding

**Pre-Bid Procedure**

- 1. Issue Initiation:** Issuer shall have to enter in details pertaining to the issue, which will be viewed by the respective participants of the issue

Details pertaining to Issue Initiation will include various details such as:

- Issue Name
- Issue Size
- Green Shoe Option (based on the disclosure made by the Issuer in the PPM and term sheet). If yes, disclosure of amount is mandatory
- Face Value
- Description of Instrument
- Tenor
- Tenor Remarks
- Notification Timing (This field will allow an Issuer to define the time for sending out notification to the eligible participants prior to the mandatory two working days where systems sends out notification automatically)
- Credit Rating
- Coupon frequency
- Interest payment type
- Secured Type
- Guarantee Type
- Put option
- Call option
- Estimated Cut Off Yield (optional)
- Bid Open Date/ Bid Close Date – (At least two working days in advance)
- Bid Start Time/ Bid End Time – (At least one working day in advance)
- Pay-In date for Funds as per PPM
- Deemed Allotment Date
- Bidding type (Fixed Rate/Yield based/Price Based/ Fixed Price)
- Minimum Bid Size

Minimum bid lot shall be Rs.10 Lacs and in the Multiples of Rs.10 Lacs thereafter. In Case of Non Banking Finance Company (NBFC) and Housing Finance Company (HFC) the minimum bid lot shall be Rs.1 Crore and in the Multiples of Rs.10 Lacs thereafter

- Multiple of Single Bid
- Issue Status (Inactive mode will allow the Issuer to create & save the Issue prior to going live. The Issuer can make its Issue live once the status is changed to Active)
- Allocation option

**2. Mandatory Uploads:** Issuer shall be required to upload Private Placement Memorandum (“PPM”)/ Information Memorandum (“IM”) and Term Sheet

**Optional Uploads:** Credit Rating rationale, Consent letter from Debenture Trustee, In-Principle approval of Stock Exchange, Board Resolution or any other documents as required by the Investor(s) and the Mapped Arranger(s) at the discretion of the issuer.

**3. Time line for issue setup and bidding window :**

Activity	Timeline
Uploading Private Placement Memorandum (“PPM”)/ Information Memorandum (“IM”) and Term Sheet	At least two working days prior to the start of issue opening date
Bidding announcement on BSE BOND along with details of bid opening and closing time	At least one working day before initiating the bidding process
Minimum time frame for Bidding window	The issue shall be open for at least one hour

**4. Market Participants for the Issue:**

- Arrangers as mapped by Issuer post the issue details are entered on BSE BOND. Such mapping has to be done two working days prior to the Bid Start Time
- Qualified Institutional Buyers as per Regulation 2 (zd) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 may participate in the bidding process
- Any Non-QIB Investor as mapped by Issuer
- Custodians on behalf of Foreign Portfolio Investors (FPIs)

Note:

1. Participants, prior to entering into the bidding process shall be required to enrol with BSE BOND. Such enrolment of a participant on BSE BOND will be one time exercise and shall be valid till the time such enrolment is annulled or rescinded
2. All eligible participants shall have access to PPM/IM, term sheet and other issue specific information available on BSE BOND
3. Eligible participants 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, will bid directly i.e. will enter the bids directly on BSE BOND platform. (Rs. 15 cr or above or 5% of base issue size should be calculated on each ISIN)
4. The Foreign Portfolio Investors (FPIs) may bid directly or through their Custodians

## 5. Bidding process:

- The bidding on the BSE BOND platform shall take place between 9 a.m. to 5 p.m. only, on the working days of BSE
- The bidding window shall be open for the period as specified by the issuer in the bidding announcement; however the same shall be open for at least one hour
- Bidding process on BSE BOND platform shall be on an anonymous order driven system
- All the bids made on a particular issue, would be disclosed on the BSE BOND platform on a real time basis - Yield (%), Demand at that particular yield (in Rs. Crore), Cumulative Demand (in Rs. Crore)

### I. Bid Entry:

- Bid entry can be done by entering bid Amount in (Rs. Cr) and Coupon/Price in basis points (bps) i.e. rate / price can be entered up to four decimal places
- A bidder will only be able to enter in the Amount if it's a Fixed Rate Issue and Fixed Price Issue
- Multiple bids by a bidder is not permitted
- Multiple bid by Arranger is allowed where each bid is on behalf of different investor(s)
- Only Arrangers that are mapped to an Issue will be allowed to enter bids on behalf of their investors (QIB and Non-QIB), subject to prior registration of such investor with BSE BOND platform
- Arrangers mapped to an Issue are also allowed to bid on propriety, client and consolidated basis
- For bids made by an arranger for any particular issue, an arranger shall disclose following to the EBP at the time of bidding:
  - Specify that whether the bid is proprietary bid or is being entered on behalf of an eligible participant or is a consolidated bid i.e. an aggregate bid consisting of proprietary bid and bid(s) on behalf of eligible participants
  - For consolidated bid, arranger shall disclose breakup between proprietary bid and bid(s) made on behalf of eligible participants. Further, for bids entered on behalf of eligible participants, following shall be disclosed:
    - a) Names of such eligible participants;
    - b) Category (i.e. QIB or non-QIB); and
    - c) Quantum of bid of each eligible participant
- An Arranger shall not bid on behalf of eligible participants if the amount exceeds the limits as defined by SEBI Circular i.e 5% of issue size or 15 cr whichever is lower
- All QIBs and Non-QIBs registered with the BSE BOND platform will be allowed to bid on propriety basis
- The Registered Custodial Clearing Members will be allowed to bid on "Client" basis only for FPI clients
- Modification and cancellation of the respective bid made by the bidder will be allowed as defined in this operational guidelines in line with SEBI Circular
- BSE BOND shall provide a facility for generation of acknowledgement number against such bids

### II. Bid Close Time:

- Issuer and Bidder can view a report for all the bids received during the bidding and post the Bid Close time
- Post the bidding being closed, the Issuer has an option to:-
  - ✓ Withdraw the issue or
  - ✓ Proceed with Allocation

### III. Post Bidding procedure:

- Issuer will be able to view all the bids in the Bid Book Report post the bidding period
- Allotment to the bidders shall be done on yield priority basis in the following manner:-
  - All the bids shall be arranged in the ascending order of the yields and a cut-off yield shall be determined
  - All the bids below the cut-off yield shall be accepted and full allotment should be made to such bidders
  - For all the bids received at cut-off yield, allotment shall be made on pro-rata basis in the multiple of bidding lot size

Example:

Base issue size: Rs. 500 Crs.

Green Shoe: Rs. 500 Crs.

Estimated cut-off yield: 7.50%

Following bids are received:

<b>Amount (Rs.Crs)</b>	<b>Rate (%)</b>
100	7.00
100	7.10
100	7.20
100	7.50
200	7.60
100	7.70
300	7.80

As the Issuer has stated an estimated cut-off yield of 7.50% and the base issue of Rs.500 Crs. is not getting subscribed at the said rate, the Issuer can withdraw the issue or accept at the base issue size at the rate of 7.60% or the entire issue at 7.80% or any amount more than or equal to base issue upto the total book size. i.e ≥ Rs. 500 upto Rs. 1000 Crs.

- The Issuer shall be required to accept or withdraw the issue on the BSE BOND platform
- Acceptance or withdrawal of the issue by the issuer shall be within 1 hour after bidding closure but not later than 6.00 pm on bidding closure day
- Once the Issuer has done the provisional allocation, the Arrangers and Investors can view the allocation of their respective bid in Allocation Report

### IV. Reports



- Bid Book will allow an Issuer to view all the bid(s) received for an Issue
- Bid Book will allow a bidder to view all the bid(s) placed by the bidder for a particular issue
- Mapping Reports will allow an Issuer to view the Arranger(s) mapped for bidding for particular issuer
- Market Picture will provide a general overview of the bids received (without disclosing the individual bid) to the Issuer and the participants of the Issue. The details provided will be Yield (%), Demand at that particular yield (in Rs. Crore), Cumulative Demand (in Rs. Crore)
- Issue Reports will serve as an MIS for the Issuer to view all its past issues created on the BSE BOND platform
- Allocation Report will provide the Issuer with an MIS of the allocation made
- Order Book will allow the bidder to modify/cancel the respective bid placed initially. The modification/ cancellation can be carried out as defined in this operating guidelines document in line with Circular no: SEBI/HO/DDHS/CIR/P/2018/05 issued by SEBI on January 5, 2018.

#### V. Settlement:

- Pay-in towards the allotment of securities shall be done from the account of the bidder, to whom allocation is to be made
- Provided that for the bids made by the arranger on behalf of eligible participants, funds pay-in towards allotment of securities shall be made from the Bank account of such eligible participants
- In case of non-fulfilment of bidding obligations by bidders, 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
- Pay in shall be done through clearing corporation of BSE , i.e. Indian Clearing Corporation Limited "ICCL"

#### Settlement Summary:

Timeline	Activity for Clearing Corporation Indian Clearing Corporation Limited ("ICCL")	Activity for Depositories
T Day	Bidding Session	
T+1 Day	<ul style="list-style-type: none"> <li>➤ Successful Bidders to transfer funds from bank account(s) registered with BSE BOND to the bank account of ICCL to the extent of funds pay-in obligation on or before 10:30 hours</li> <li>➤ Issuer to inform BSE BOND about the final decision of the Issuer to go-ahead with allotment for the issue by 12:00 hours</li> <li>➤ Issuer to give instruction to RTA for crediting securities to successful bidders. RTA to provide corporate action file along with all requisite documents to Depositories by 12:00 hours</li> </ul>	<ul style="list-style-type: none"> <li>➤ Depositories on the instruction of Issuer or through its RTA, will be crediting the securities to the demat account of the investors</li> </ul>

	➤ Clearing Corporation to initiate transfer of funds to the bank accounts designated by the Issuer	
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**VI. Post Allotment Details:**

- BSE / BSE BOND on the website shall, disclose the issue size, yield, ISIN, no. of Investors, category of investor etc. as per SEBI circular. This disclosure by BSE/ BSE BOND is made on the basis of details received from the Issuer on successful completion of the Final Allocation.
- For total issue size being below Rs.200 crore in a year, issuer shall report the details as per the format specified by the BSE / BSE BOND for the issues conducted off the platform.
- BSE / BSE BOND shall upload the above data provided by the Issuer on its website to make it available to the public.