

Annexure A

Operational Guidelines for issuance of Securities on Private Placement basis through an Electronic Book Mechanism (as applicable August 16, 2021 onwards)

General Instructions

Electronic Book Mechanism: BSE BOND

In order to streamline procedures for issuance of all private placement of Debt Securities, NCRPS, PDIs, PNCPS, PCPS, RNCPS, and instruments of similar nature which are essentially non-equity regulatory instruments, forming part of a Bank's or NBFC's capital, Municipal Debt Securities, 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 (Electronic Book Mechanism -EBM)

1. Mandatory:

- A. All private placement of debt securities and NCRPS as per the provisions of SEBI NCS Regulations, 2021 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. 100 crore or more
 - b. a shelf issue, consisting of multiple tranches, which cumulatively amounts to Rs. 100 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. 100 crore
- B. Issues of Debt Securities and NCRPS on private placement basis, irrespective of issue size, by issuers who are in existence for less than three years, in accordance with Clause 2.3.8 c. of Schedule II to the SEBI NCS Regulations, 2021
- C. Issuances of PDIs, PNCPS, PCPS, RNCPS, and instruments of similar nature which are essentially non-equity regulatory instruments, forming part of a Bank's or NBFC's capital, issued as per RBI stipulations and listed under Chapter V of the SEBI NCS Regulations, 2021, irrespective of the issue size.

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 may choose to access EBP platform for private placement of:

- a. Municipal Debt Securities
- b. Commercial Paper
- c. Certificate of Deposits
- d. Debt Securities and NCRPS on private placement basis of issue size less than Rs. 100 crores

Also, please note, use of EBP is not applicable for Market Linked Debt Products (“MLDs”)

Enrolment of eligible participants:

1. Issuer:

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

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

3. Eligible Investors:

Qualified Institutional Buyer (“QIB”):

- QIB(s), defined as per Regulation 2(ss) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (hereinafter referred to SEBI ICDR Regulations, 2018) are eligible to use the platform
- Requirements for QIBs whether the bidding is directly by the QIBs or via Arranger(s):

Activity	KYC Verification	Enrolment
Responsibility	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:

Activity:	KYC Verification	Enrolment
Responsible party:	Issuer	BSE BOND

- Requirements for Non-QIB investors bidding through Arranger(s):

Activity:	KYC Verification	Enrolment
Responsible party:	Arranger(s)	BSE BOND

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

https://bond.bseindia.com/Investor_Registration.aspx

All the registered and eligible participants are required to update the necessary Bank account details and Demat details before participating in the bidding process on BSE BOND platform. LEI details will be needed for issuers.

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.
- However, the issuer issuing the securities for the first time through EBP shall provide the above information at least five 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"> • 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 • 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 • The minimum time to keep the bidding window open is at least one hour • 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 • The issuer is required to specify upfront if the issue is open for one or more working days • 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 • Provided that such changes in bidding date and/or time shall be allowed for maximum of two times • Extension of bidding timing is allowed only once up to 5 pm on the same day • Extension of bidding timing is allowed only before the start of last 10 minutes of the bid end time
Bid Modification:	<ul style="list-style-type: none"> • Allowed during the bidding period • If bid is subsequently modified (price/yield or bid value etc.) the bid timestamp for the same shall be revised accordingly • 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
Bid Cancellation:	<ul style="list-style-type: none"> • Allowed during the bidding period • No cancellation of bids is permitted in the last 10 minutes of the bidding period
Multiple Bids	<ul style="list-style-type: none"> • Bidders are permitted to place multiple bids in an issue
Manner of Bidding (Type of Bid Book)	<ul style="list-style-type: none"> • Open Bidding Or • Close Bidding <p>at the discretion of the Issuer</p> <p>The mode selected by the Issuer needs to be mandatorily disclosed in the PPM/IM</p>

c) Issue withdrawal:

<p>Withdrawal of issue:</p>	<p>An Issuer, at its discretion, may withdraw from the issue process under following circumstances:</p> <ol style="list-style-type: none"> I. Issuer is unable to receive the bids up to base issue size. 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 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 <p>Note:</p> <ol style="list-style-type: none"> a. In case the Issuer plans to withdraw the issue before the bidding starts, the same should be done minimum one hour before the bid start time. No debarment will be faced for the same. b. In case, bidding starts at 9:00.a.m , withdrawal for the same can be done one working day prior to the bidding date before 5:00 p.m.
<p>Restriction on usage of ANY EBP:</p>	<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 period of 7 days from the date of such withdrawal</p>

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, range within which such green shoe option, may be retained
 - Issue Type (Fresh, Reissue, ETF issue, AT 1 Instrument)
 - Face Value
- Note:
- a. The face value of each debt security or non-convertible redeemable preference share issued on private placement basis shall be Rs. Ten lakh
 - b. The face value of each security mentioned under Chapter V of SEBI NCS Regulations, 2021 and Chapter 13 as per SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 shall be Rs. One crore
- Description of Instrument
 - Tenor
 - Tenor Remarks
 - Maturity date
 - 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 or five working days in advance as the case may be)
 - 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 lot & multiples of bids thereafter

Note:

- Minimum bid lot shall always be equivalent to face value
- In Case of Non Banking Finance Company (NBFC) and Housing Finance Company (HFC) the minimum bid lot shall be Rs.1 Crore and bids thereafter in the Multiples of Rs.10 Lacs
- In case of Issuance of PDIs, PNCPS, PCPS, RNCPS, and instruments of similar nature which are essentially non-equity regulatory instruments, forming part of a Bank's or NBFC's capital, issued as per RBI stipulations and listed under Chapter V of the SEBI NCS Regulations, 2021, minimum bid lot shall be Rs.1 Crore and in multiple of Rs. 1 Crore thereafter

- 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)
- Nature of Debentures (At par / partly paid/ discount/ premium)
- Allocation option (An issuer can choose either uniform yield or multiple yield allotment or multiple price allotment, provided the same is disclosed in the PPM/IM.)

Note: The settlement value for multiple price allotment will be calculated on NPV basis as per the standard practice and convention followed in fixed income market dealings

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

Optional Uploads: Credit Rating rationale & Credit rating letter, Consent letter from Debenture Trustee, In- Principle approval of Stock Exchange(s), Board Resolution, Financial statements (as per conditions entailed in SEBI NCS Regulations, 2021) 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 At least five working days prior to the issue opening date for issuers issuing the securities for the first time through EBP platform
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 (ss) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 may participate in the bidding process
- Any Non-QIB Investor as mapped by Issuer
- Custodians on behalf of Foreign Portfolio Investors (FPIs)
- The participation shall extend only to Qualified Institutional Buyers (“QIBs”) as registered on BSEBOND platform under following circumstances:
 - For issuances of PDIs, PNCPS, PCPS, RNCPS, and instruments of similar nature which are essentially non-equity regulatory instruments, forming part of a bank’s or NBFC’s capital, issued as per RBI stipulations and listed under Chapter V of the SEBI NCS Regulations, 2021,
 - Issues of debt securities and NCRPS on private placement basis, irrespective of issue size, by issuers who are in existence for less than three years, in accordance with Clause 2.3.8 c. of Schedule II to the SEBI NCS Regulations, 2021

Note:

- a. 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
- b. All eligible participants shall have access to PPM/IM, term sheet and other issue specific information available on BSE BOND
- c. 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)
- d. 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
- In case of Open bidding: All the bids made on a particular issue, would be disclosed on the BSEBOND platform on a real time basis - Yield (%), Demand at that particular yield (in Rs. Crore), Cumulative Demand (in Rs. Crore) and cumulative count of bids
- In case of Close bidding : Only the Cumulative Demand (in Rs. Crore) will be disclosed to issuer as well as the bidders

I. Bid Entry:

- Bid entry can be done by entering bid Amount in (Rs. Cr) and Coupon in(%) / Price in (Rs.)
- Rate / price can be entered up to four decimal places
- A bidder will only be able to enter in the Amount (in Rs. Cr.) if it's a Fixed Rate Issue and Fixed Price Issue
- Multiple bids by a bidder are permitted
- Multiple bid by Arranger is allowed where each bid is on behalf of different investor(s)/ same investor(s)

Note: Arranger(s) can put multiple bids for same investor provided the total of all bids entered is not equal to or more than Rs.15 crore or 5% of the base issue size, whichever is lower

- 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:

- 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-time priority basis.

Bidding Scenario	Allotment
First case scenario	Yield priority
Where two or more bids are at the same yield	Time-priority basis
Where two or more bids have the same yield and time	Pro-rata basis

- 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

Type of Report	Features
Bid Book	Detailed representation of the report is made available to Issuers and Bidders respectively (as case may be) as per the choice of bid book (open/ close) exercised by the issuer at the time of issue setup and as disclosed in the PPM/IM
Mapping Report	Allows an Issuer to view the Arranger(s), Non-QIB(s) mapped for bidding for particular issue
Market Picture	<p><i>Scenario 1: Open Bidding</i> Provides a general overview of the bids received 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)</p> <p><i>Scenario 2: Close bidding</i> . Only Cumulative Demand (in Rs. Crore) will be available at the time of bidding. As soon as the bidding is over detailed market picture is available.</p>
Issue Reports	MIS for the Issuer to view all its past issues created on the BSE BOND platform
Allocation Reports	Provides the Issuer with a MIS of the allocation made
Order Book	Allows the bidder to modify/cancel the respective bid placed initially.
Payment Status report	Allows the Issuer / Investors (eligible allottees) to the issue to view the status of payment / respective confirmation on settlement date

V. Settlement:

- 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.

Mechanism of Settlement	<ul style="list-style-type: none"> • Pay in shall be done through Clearing Corporation of BSE , i.e. Indian Clearing Corporation Limited “ICCL” • Or • Escrow Bank account of the Issuer • In case the Issuer selects the escrow bank account as the mechanism for pay-in, BSE BOND Platform, pursuant to successful closure of issue, shall share the allocation details with the Registrar (“RTA”) to an Issue, associated with the issue • The mechanism of settlement chosen and other details thereby needs to be mandatorily disclosed by the Issuer in the PPM /IM
Settlement Cycle	<ul style="list-style-type: none"> • T+1 day • Or • T+2 day <p>T being the day of bidding / issue day (as per the working day convention of the Stock Exchange)</p> <p>The settlement cycle chosen needs mandatory disclosure by the Issuer in the PMM/IM (Settlement date shall be as per RBI calendar)</p>

- 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

A) Settlement procedure with ICCL

Timeline	Activity for Clearing Corporation Indian Clearing Corporation Limited (“ICCL”)	Activity for Depositories
T Day	Bidding Session	
T+1 Day Or T+2 Day	<ul style="list-style-type: none"> ➤ Successful Bidders to transfer funds from bank account(s) registered with BSEBOND to the bank account of ICCL to the extent of funds pay-in obligation on or before 10:30 hours ➤ Issuer to inform BSE BOND about the final decision of the Issuer to go-ahead with allotment for the issue by 12:00 hours 	<ul style="list-style-type: none"> ➤ Depositories on the instruction of Issuer or through its RTA, will be crediting the securities to the demat account of the investors

	<ul style="list-style-type: none"> ➤ 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 ➤ Clearing Corporation to initiate transfer of funds to the bank accounts designated by the Issuer post receipt of confirmation from RTA and Depositories that process of credit of securities / corporate action has been initiated by them 	
--	--	--

Note:

- a. The funds pay-in by the successful bidders will be made only from the bank account(s), which have been provided/updated on BSE Bond Platform
- b. Further, pay-in received from any other bank account will lead to cancellation of bid and consequent debarment of the bidder from accessing BSE BOND Platform for 30 days

B) Settlement procedure with Escrow Bank account of the Issuer:

SEBI circular: SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021, entails the activities and responsibilities of the Escrow Bank account and the RTA.

- 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
- b. The funds pay-in by the successful bidders will be made only from the bank account(s), which have been provided/updated on BSE Bond Platform
- c. Further, pay-in received from any other bank account will lead to cancellation of bid and consequent debarment of the bidder from accessing BSE BOND Platform for 30 days
- d. 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
- e. RTA, will then reconcile the information received from escrow bank with the details as provided by BSEBOND 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
- f. 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

Note: The indicative timelines of activities suggested for settlement procedure with ICCL will be applicable for activities across settlement procedure with Escrow Bank account of the Issuer as well.

Post Allotment Details:

- BSE / BSE BOND on the website shall, disclose the issue size, yield, , no. of Investors, category of investor etc. as per SEBI circular. This disclosure by BSE/ BSE BOND is made on the basis of successful completion of the provisional allocation process (on the date of bidding itself).
- Issuers, who have made private placements of non-convertible securities and for whom accessing the EBM platform is not mandatory, shall upload details of such private placements as per format specified by BSE/ BSEBOND in line with SEBI NCS Regulations, 2021.
(Note: The said information has to be uploaded with any one of the EBPs within one working day of allotment of securities)
- BSE / BSE BOND shall upload the above data provided by the Issuer on its website to make it available to the public.