



CIRCULAR

SEBI/HO/DDHS/CIR/P/2020/233

November 23, 2020

To

Recognised Stock Exchanges

Registered Depositories

National Payments Corporation of India

Registered Depository Participants, Stock brokers, Merchant Bankers,  
Registrars to an Issue and Share Transfer Agents, Bankers to issues,  
Sponsor Banks

Self-Certified Syndicate Banks

Issuers who propose to list Debt securities, Non-convertible redeemable  
preference shares, Securitised Debt Instruments and Municipal Debt  
Securities issued under the respective Regulations

Madam / Sir,

**Sub: Introduction of Unified Payments Interface (UPI) mechanism and  
Application through Online interface and Streamlining the process of  
Public issues of securities under:**

- SEBI (Issue and Listing of Debt Securities) Regulations, 2008 (ILDS Regulations),
- SEBI (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013 (NCRPS Regulations),
- SEBI (Issue and Listing of Securitised Debt Instruments and Security Receipts) Regulations, 2008 (SDI Regulations) and
- SEBI (Issue and Listing of Municipal Debt Securities) Regulations, 2015 (ILDMS Regulations)



1. SEBI Circular No. CIR/DDHS/P/121/2018 dated August 16, 2018 (hereinafter to be referred as 'ASBA Circular') lays down the process for payment for applications in public issue of debt securities through the facility of ASBA.
2. **Introduction of Unified Payments Interface (UPI) mechanism and an additional mode for application through online (app / web) interface in public issues of securities captioned above:**
  - 2.1. After consultation with stakeholders, it has been decided to introduce the following in addition to the already specified modes under the ASBA Circular:
    - 2.1.1. Providing an option to investors to apply in public issues of debt securities through the app / web interface of Stock Exchange(s) with a facility to block funds through Unified Payments Interface (UPI) mechanism for application value upto Rs. 2 Lac;
    - 2.1.2. Permitting the UPI mechanism to block funds for application value upto Rs. 2 Lac submitted through intermediaries (Syndicate members, Registered Stock Brokers, Registrar and Transfer agent and Depository Participants).
3. The process flow for applying through online interface of stock exchanges or intermediaries and availing the option of blocking funds through UPI mechanism is placed at **Annex I** to this Circular.



#### 4. **New entities / mechanisms part of the public issue process using UPI**

4.1. **National Payments Corporation of India (NPCI):** NPCI, a Reserve Bank of India (RBI) initiative, is an umbrella organization for all retail payments in India. It has been set up with the guidance and support of the Reserve Bank of India (RBI) and Indian Banks Association (IBA);

4.2. **Unified Payments Interface (UPI):** UPI is an instant payment system developed by the NPCI. It enables merging several banking features, seamless fund routing & merchant payments into one hood. UPI allows instant transfer of money between any two persons' bank accounts using a payment address which uniquely identifies a person's bank account.

4.3. **Sponsor Bank:** Sponsor Bank means a Banker to the Issue registered with SEBI which is appointed by the Issuer to act as a conduit between the Stock Exchanges and NPCI in order to push the mandate collect requests and / or payment instructions of the retail investors into the UPI.

#### 5. **Validation by Stock Exchanges and Depositories**

5.1. The details of investor viz. PAN, DP ID / Client ID, entered on the Stock Exchange platform at the time of bidding, shall be validated by the Stock Exchange/s with the Depositories on real time basis.

5.2. Stock Exchanges and Depositories shall put in place necessary infrastructure for this purpose.

#### 6. **Other requirements**

6.1. Stock Exchanges shall update demand data on working days on their websites which shall include all the UPI (accepted/pending) and ASBA bids; '*Working day*' for this purpose shall be the working day of the Stock Exchange on which debt securities are listed.



- 6.2. The additional text of data fields required to be included in the Application-and-bidding-form relating to UPI is placed at **Annex II** to this Circular. The roles of the Issuer, Registrar and Collecting Banks is given at **Annex III** of this Circular.
- 6.3. The details of commission and processing fees payable to each intermediary and the timelines for payment shall be disclosed in the offer document.
- 6.4. The intermediaries shall provide necessary guidance to their investors in use of UPI while making applications in public issues.
- 6.5. All entities involved in the process shall co-ordinate with one another to ensure completion of listing of securities and commencement of trading by T+6 day.
- 6.6. Stock Exchanges shall formulate and disclose the operational procedure for applying through the app / web based interface developed by them in order to apply in public issue on their websites.
- 6.7. The Merchant Banker shall ensure that the process of applying through the app / web interface developed by the Stock Exchanges as well as the additional payment mechanism through UPI is disclosed in the offer document.
- 6.8. All entities involved in the process are advised to take necessary steps to ensure compliance with this circular.

#### **Applicability of this circular**

7. The provisions of this circular shall be applicable to a public issue of securities under the captioned Regulations which opens on or after January 01, 2021. Stock Exchanges, NPCI, Sponsor Banks and Self Certified Syndicate Banks shall make required changes to implement the same from January 1, 2021. SEBI Circular no. CIR/IMD/DF-1/20/2012 dated July 27, 2012 shall stand repealed from that date.



**भारतीय प्रतिभूति और विनियम बोर्ड**  
**Securities and Exchange Board of India**

8. This circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities markets.
  
9. This circular is available on SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in) under the categories "Legal Framework -> Circulars".

Yours faithfully,

**Pradeep Ramakrishnan**  
**General Manager**  
**Department of Debt and Hybrid Securities**  
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**Process flow for applying through UPI mechanism**

1. **Modes of application in public issue of securities as mentioned in this circular:**

An investor may apply through any of the following modes:

**Through Self-Certified Syndicate Bank (SCSB) or intermediaries** (viz. Syndicate members, Registered Stock Brokers, Registrar and Transfer agent and Depository Participants)

- a. An investor may submit the bid-cum-application form, with ASBA as the sole mechanism for making payment, physically at the branch of a SCSB, i.e. investor's bank. For such applications, the existing process of uploading of bid on the Stock Exchange bidding platform and blocking of funds in investors account by the SCSB would continue.
- b. An investor may submit the completed bid-cum-application form to intermediaries mentioned above along with details of his/her bank account for blocking of funds. The intermediary shall upload the bid on the Stock Exchange bidding platform and forward the application form to a branch of a SCSB for blocking of funds.
- c. An investor may submit the bid-cum-application form with a SCSB or the intermediaries mentioned above and use his / her bank account linked UPI ID for the purpose of blocking of funds, if the application value is Rs.2 lac or less. The intermediary shall upload the bid on the Stock Exchange bidding platform. The application amount would be blocked through the UPI mechanism in this case.



**Through Stock Exchanges (App/ Web interface)**

- d. An investor may submit the bid-cum-application form through the App or web interface developed by Stock Exchanges wherein the bid is automatically uploaded onto the Stock Exchange bidding platform and the amount is blocked using the UPI mechanism.

**2. Process for investor application submitted with UPI as mode of payment**

**2.1. Bidding and validation process**

- i. Before submission of the application with the intermediary, the investor would be required to have / create a UPI ID, with a maximum length of 45 characters including the handle (Example: InvestorID@bankname).
- ii. An investor shall fill in the bid details in the application form along with his/ her bank account linked UPI ID and submit the application with any of the intermediaries or through the stock exchanges App/ Web interface.
- iii. The intermediary, upon receipt of form, shall upload the bid details along with the UPI ID on the stock exchange bidding platform using appropriate protocols.
- iv. Once the bid has been entered in the bidding platform, the Stock Exchange shall undertake validation of the PAN and Demat account combination details of investor with the depository.
- v. The Depository shall validate the aforesaid PAN and Demat account details on a near real time basis and send response to stock exchange which would be shared by stock exchange with intermediary through its platform, for corrections, if any.
- vi. Once the bid details are uploaded on the Stock Exchange platform, the Stock Exchange shall send an SMS to the investor regarding



submission of his / her application, at the end of day, during the bidding period. For the last day of bidding, the SMS may be sent the next working day.

## 2.2. The Block process

- i. Post undertaking validation with the Depository, the Stock Exchange shall, on a continuous basis, electronically share the bid details along with investors UPI ID, with the Sponsor Bank appointed by the issuer.
- ii. The Sponsor Bank shall initiate a mandate request on the investor i.e. request the investor to authorize blocking of funds equivalent to application amount and subsequent debit of funds in case of allotment.
- iii. The request raised by the Sponsor Bank, would be electronically received by the investor as a SMS / intimation on his / her mobile no. / mobile app, associated with the UPI ID linked bank account.
- iv. The investor shall be able to view the amount to be blocked as per his / her bid in such intimation. The investor shall be able to view an attachment wherein the public issue bid details submitted by investor will be visible. After reviewing the details properly, the investor shall be required to proceed to authorize the mandate. Such mandate raised by sponsor bank would be a one-time mandate for each application in the public issue.
- v. An investor is required to accept the UPI mandate latest by 5 pm on the third working day from the day of bidding on the stock exchange platform except for the last day of the issue period or any other modified closure date of the issue period in which case, he / she is required to accept the UPI mandate latest by 5 pm the next working day.
- vi. An investor shall not be allowed to add or modify the bid(s) of the application except for modification of either DP ID/Client ID, or PAN





- ID but not both. However, the investor can withdraw the bid(s) and reapply
- vii. For mismatch bids, on successful validation of PAN and DP ID/ Client ID combination during T+1 modification session, such bids will be sent to Sponsor Bank for further processing by the Exchange on T+1 day till 1pm
  - viii. The facility of Re-initiation/ Resending the UPI mandate shall be available only till 5 pm on the day of bidding.
  - ix. Upon successful validation of block request by the investor, as above, the said information would be electronically received by the investors' bank, where the funds, equivalent to application amount, would get blocked in investors account. Intimation regarding confirmation of such block of funds in investors account would also be received by the investor.
  - x. The information containing status of block request (e.g. accepted / decline / pending) would also be shared with the Sponsor Bank, which in turn would be shared with the Stock Exchange. The block request status would also be displayed on the Stock Exchange platform for information of the intermediary.
  - xi. The information received from Sponsor Bank, would be shared by stock exchange with RTA in the form of a file for the purpose of reconciliation.

### **3. Post issue closure**

- 3.1. Post closure of the offer, the Stock Exchange shall share the bid details with RTA. Further, the Stock Exchange shall also provide the RTA, the final file received from the Sponsor Bank, containing status of blocked funds or otherwise, along with the bank account details with respect to applications made using UPI ID.
- 3.2. The allotment of debt securities shall be done as per SEBI Circular



No. CIR/IMD/DF/18/2013 dated October 29, 2013.

- 3.3. The RTA, based on information of bidding and blocking received from the Stock Exchange, shall undertake reconciliation of the bid data and block confirmation corresponding to the bids by all investor category applications (with and without the use of UPI) and prepare the basis of allotment.
- 3.4. Upon approval of the basis of allotment, the RTA shall share the 'debit' file with Sponsor bank (through Stock Exchange) and SCSBs, as applicable, for credit of funds in the public issue account and unblocking of excess funds in the investor's account. The Sponsor Bank, based on the mandate approved by the investor at the time of blocking of funds, shall raise the debit / collect request from the investor's bank account, whereupon funds will be transferred from investor's account to the public issue account and remaining funds, if any, will be unblocked without any manual intervention by investor or their bank.
- 3.5. Upon confirmation of receipt of funds in the public issue account, the securities would be credited to the investor's account. The investor will be notified for full/partial allotment. For partial allotment, the remaining funds would be unblocked. For no allotment, mandate would be revoked and application amount would be unblocked for the investor.
- 3.6. Thereafter, Stock Exchanges will issue the listing and trading approval.



**Data fields required in Application-and-Bidding-Form relating to UPI**

**1. Main Application form**

- 1.1. Payment details –UPI ID with maximum length of 45 characters
- 1.2. Acknowledgement Slip for SCSB / Broker / RTA / DP
  - 1.2.1. Payment details to include UPI
- 1.3. Acknowledgement Slip for bidder
  - 1.3.1. Payment details to include UPI ID

**2. Overleaf of Main Application Form**

- 2.1. UPI Mechanism for Blocking Fund would be available for Application value up to Rs.2 Lac
- 2.2. Bidder's Undertaking and confirmation to include blocking of funds through UPI mode
- 2.3. Instructions with respect to payment / payment instrument to include instructions for blocking of funds through UPI mode.



**Role of Issuer, Registrar, Stock Exchange, Intermediaries and  
Collecting Bank**

**1. Issuer**

- (a) Issuer shall use an on-line app based/ web based platform provided by stock exchange(s) for receiving applications in public issue of debt securities.
- (b) For this purpose, the issuer and the stock exchange shall enter into an arrangement which shall contain the inter se rights, duties, responsibilities and obligations of the issuer and stock exchange(s) and provide for a dispute resolution mechanism between the issuer and the stock exchange(s).
- (c) Issuer shall maintain a single escrow account for collecting application money through all the methods. The Sponsor Bank appointed by the issuer may be the same bank with whom the public issue account has been opened.
- (d) Issuer shall appoint one of the SCSBs as Sponsor Bank to act as conduit between the Stock exchanges and NPCI in order to push mandate, collect requests and / or payment instructions of the investors in the UPI.

**2. Registrar**

- (a) The registrar shall have an online or system driven interface with the Stock Exchange to get information/ data/ files pertaining to issue.
- (b) The Registrar shall collect aggregate applications details from the stock exchanges platform to decide the eligible applications and process the allotment as per applicable SEBI Regulations.



- (c) An application without valid application amount shall be treated as invalid application by the Registrar.
- (d) The Registrar shall credit securities to all valid allottees.
- (e) The Registrar shall ensure refund of application amount or excess application amount in the bank account of the applicant as stated in its demat account.

### **3. Stock Exchange**

- 3.1. Stock Exchanges shall provide a platform for making applications through
  - i. Intermediaries.
  - ii. App based/ web interface applications from investors with UPI mode for blocking the mode for application value up to Rs.2 Lacs
- 3.2. The Stock Exchanges shall be responsible for
  - i. accurate, timely and secured transmission of the electronic application file uploaded by all participants on the online platform, to the registrar.
  - ii. disseminating the issue information on Exchange web site on a periodic basis across all categories.
- 3.3. Notwithstanding the responsibility of the Intermediaries as laid down in SEBI regulations, the Stock Exchange shall be responsible for addressing investor grievances arising from applications submitted online through the App based/ web interface platform of stock exchange or through their Trading Members.

### **4. Intermediaries**

- 4.1. The Intermediaries shall be responsible for addressing any investor grievances arising from the applications uploaded by them in respect of quantity, price or any other data entry or other errors made by them.



4.2. If the Intermediary has not entered any details correctly on the stock exchanges platform and it results on the mismatch with the data obtained by the Registrar from the Intermediary shall be responsible for rejection of such applications.

**5. Collecting Bank**

The Collecting Bank shall be responsible for addressing any investor grievances arising from non-confirmation of funds to the Registrar despite successful realization of the payment instrument in favour of the issuer's Escrow Account, or any delay or operational lapse by the Collecting Bank in sending the forms to the Registrar.