

Info Capsule

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Streamlining the Process of Public Issue of Equity Shares and convertibles-Implementation of Phase II of Unified Payments Interface with Application Supported by Block Amount – (SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019

This circular has reference to SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, vide which SEBI had introduced the use of Unified Payments Interface (UPI) as a payment mechanism with Application Supported by Block Amount (ASBA) for applications in public issues by retail individual investors through intermediaries (Syndicate members, Registered Stock Brokers, Registrar and Transfer agent and Depository Participants), with effect from January 1, 2019. Implementation of the same was to be carried out in a phased manner to ensure gradual transition to UPI with ASBA.

In order to ensure that the transition to UPI in ASBA is smooth for all the stakeholders, the timeline for implementation of Phase I of the aforesaid Circular was extended by 3 months i.e. till June 30, 2019, vide Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019.

Accordingly, Phase II of the aforesaid Circular dated November 01, 2018, shall become effective from July 1, 2019. Thereafter, for applications by retail individual investors through intermediaries, the existing process of, investor submitting bid-cum-application form with any intermediary along with bank account details, and movement of such application forms from intermediaries to Self-Certified Syndicate Banks (SCSBs) for blocking of funds, will be discontinued i.e. Channel III at Para 5.1 of Circular dated November 01, 2018 would discontinue. For such applications only the UPI mechanism would be the permissible mode i.e. Channel IV at Para 5.1 of the Circular dated November 01, 2018.

The details are available at: https://www.sebi.gov.in/legal/circulars/jun-2019/streamlining-the-process-of-public-issue-of-equity-shares-and-convertibles-implementation-of-phase-ii-of-unified-payments-interface-with-application-supported-by-blocked-amount_43429.html