



ELECTRONIC BOOK MECHANISM FOR ISSUANCE OF SECURITIES ON PRIVATE PLACEMENT BASIS-CLARIFICATIONS¹

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 rationalize 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.

¹ Available at: https://www.sebi.gov.in/legal/circulars/aug-2018/electronic-book-mechanism-for-issuance-of-securities-on-private-placement-basis-clarifications-_40007.html

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. Annexure A to the circular is available at https://www.sebi.gov.in/legal/circulars/aug-2018/electronic-book-mechanism-for-issuance-of-securities-on-private-placement-basis-clarifications-_40007.html
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 under the categories “Legal Framework” and under the drop down “Corp Debt Market”.

Team ICSI

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