

# Update

## Subscription to IPOs – Available Online

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October 05, 2012

Check at:

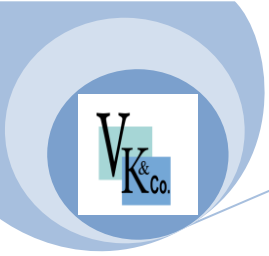
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## Update

Owing to the economic conditions and drawbacks of the rural population in India, SEBI has always tried to initiate new reforms through its regulations for the upliftment of the people in this area.

On October 04, 2012 Hon'ble Finance Minister's announcement<sup>1</sup> while presenting Union Budget 2012-13 on public issues in electronic form and use of nationwide broker network of Stock Exchanges for submitting application forms seems to have created a benchmark for the rural development. It will also help companies to reach the rural population with an ease, which otherwise wouldn't have been possible and will also help to reduce the cost of issuance of Initial Public Offers (IPOs).

In order to come up with such an initiative it becomes mandatory to consult with other various market participants; hence, SEBI further decided to introduce an additional mechanism for investors to submit application forms in public issues using the stock broker ("Broker") network of Stock Exchanges, who may not be syndicate members in an issue.

### **HOW THE NEW MECHANISM WILL WORK:**

1. SEBI will introduce an additional mechanism for investor to submit application forms in public issues using the Broker network of Stock Exchanges.
2. This mechanism will be used to submit ASBA (Applications Supported by Block Amount) as well as non-ASBA applications by investors.
3. Stock Exchanges will make provisions for availability of the forms on their websites/ broker terminals.
4. Price band of the issue will remain pre-filled in the downloadable form.
5. More than 1000 locations will be made available to submit application form. Such locations are nothing but a part of nationwide broker network of the Stock Exchange and also where there is a broker terminal.
6. Based on the feedback from market participant it has been decided to increase number of broker centers into two phases. First phase will cover around 400 broker centers by January 01, 2013. Remaining centers to be covered by March 01, 2013.

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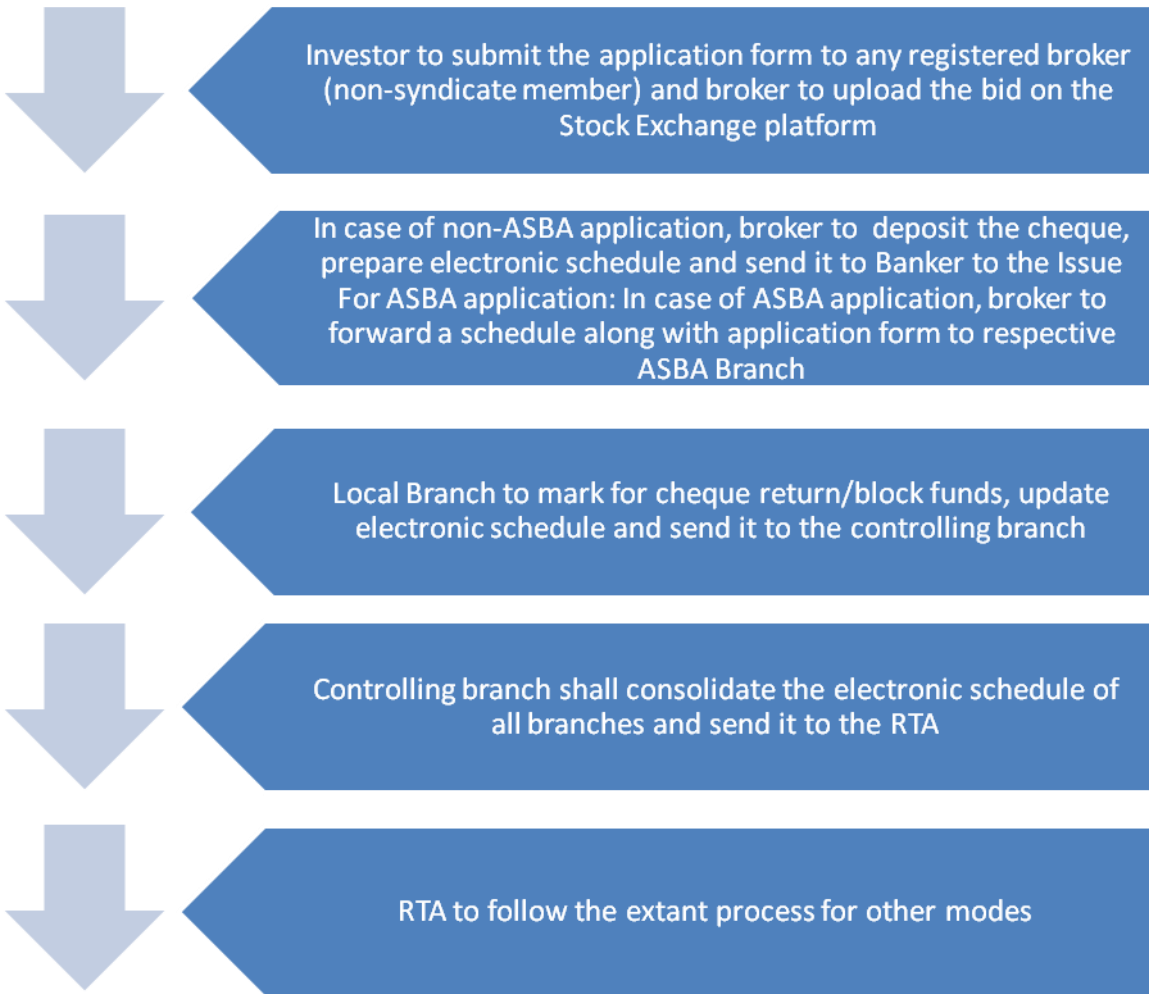
<sup>1</sup> [http://www.sebi.gov.in/cms/sebi\\_data/attachdocs/1349351021904.pdf](http://www.sebi.gov.in/cms/sebi_data/attachdocs/1349351021904.pdf)

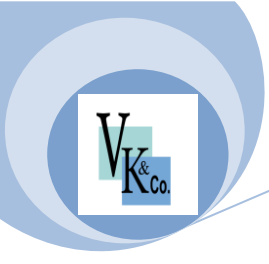


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- 7. All details relating to Brokers and the broker centers as well will be disclosed by the stock exchange at their website at least 15 days before the dates specified above.

### STEPS INVOLVED IN THE IPO AS PER THIS MECHANISM





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### KEYS POINTS

- The vision of SEBI with regard to this initiative is way ahead than just reaching out to the rural population for the IPO.
- Mobilization of savings by rural population.
- Capitalization of hard earned savings.
- Hassle free investment by investors – as they might be reluctant to spend on brokerage
- Apart from the development of rural areas this reform would also prove cost effective to the companies.
- Will also help in creating paperless environment for IPOs.
- It will also reduce the mal functioning caused due to insider trading.

### CONCLUSION

This circular shall be applicable for all offer documents to be filed with Registrar of Companies on or after January 01, 2013.

With a focus for a bright start for 2013, we are hoping more of such productive reforms from SEBI to uplift the progress graph of Capital Market.