

Listing in T+6 Days

After emergence of SEBI in 1992, Indian Stock market has seen number of revolutions. Investors have always been the first priority of the SEBI. From corporatisation of stock brokers to coming up with regulatory guidelines, SEBI has made Indian Stock Market trustworthy in the eyes of investors. Investor started feeling more protected after the emergence of SEBI. Corporatization of stock exchanges, simplified rules, reduced cost of retail investor participation, have encouraged more and more investors.

To make the IPO process easy and to maximise the retail participation, SEBI further streamlined the process of initial public offering by reducing the time period for listing of issues from 12 to 6 days from January 1, 2016. In this regard, necessary amendments to the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 have already been notified. To make listing in six days possible, important notifications are announced by SEBI and suggestions are made to capital market intermediaries.

Among those notification, making ASBA (Application supported by blocked amount) compulsory for all the investors is most important one. ASBA refers to an application mechanism for subscribing to IPO with the bid amount blocked in the bank account of investor rather than application by a cheque, will be applicable to all kinds of investor categories. This benefits retail investors, as only amount upto shares applied by them is blocked. There is no issue of refund of money as amount is blocked only and no actual transfer of fund happens.

SEBI has suggested intermediaries, to co-ordinate with one another to ensure completion of listing of shares and commencement of trading by T+6. It is not practically possible to complete the process of listing in six days.

SEBI has also suggested stock exchanges to provide alerts to investors by email and SMS to investors on their application status. SEBI further advised intermediaries to guide investors on how to apply to public issues besides stipulating that commission payable to intermediaries has to be disclosed in the offer document.

There has been change in regulation for Offer for Sale framework also. While retaining the T-2 (where T is the day of the OFS) practice for announcing the share sale, Sebi has said the announcement can be made two days from banking days and not trading days. The move will allow an issuer to announce an OFS on Friday and conduct the share sale on Monday as Saturday is a banking day.

In last two decades, India's two leading stock exchanges i.e. BSE and NSE, have seen astonishing development. Indian stock exchange has seen number of changes from physical delivery of shares to electronic delivery. And now proposals are there for coming up with Mobile app for making bids in future and schedule of activities.

Of course, there exist some teething problems as banking system is not accustomed to accept bids and process the application money within, say three days of IPO closure. However, IPOs have been successfully completed under the new T+6 regime. It is expected that systems would get strengthen and overcome the procedural difficulties.

After 1st January, 2016, IPOs of companies like Vidli Restaurants Limited, Blueblood Ventures Limited, OFS Technologies Limited, K.P. Energy Limited have come successfully. In times like today, where market sentiments changes within a two weeks time, listing in six days will reduce the investor's exposure to market uncertainty.