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**To All Registered Merchant Bankers/Stock exchanges**

Dear Sirs,

**Sub.: Amendments to the SEBI (Disclosure and Investor Protection) {DIP} Guidelines, 2000**

- 1.0** SEBI, under the provision of Section 11(1) of SEBI Act, is hereby issuing the amendments to SEBI (DIP) Guidelines, 2000; (hereinafter referred as “the guidelines”) for modifying the provisions mainly pertaining to the book building process.
- 2.0** The amendments are **detailed in the Annexure** and are categorized and summarized as follows:

**2.1 Enhancing the allocation category for retail individual investors**

At present, in a book built issue allocation to Retail Individual Investors (RIIs), Non Institutional Investors (NIIs) and Qualified Institutional Buyers (QIBs) is in the ratio of 25: 25: 50 respectively. SEBI has decided to increase the allocation to RIIs from the existing 25% to 35% and correspondingly reduce the allocation to NIIs from the existing 25% to 15%.

Further, in case the book built issues are made pursuant to the requirement of mandatory allocation of 60% to QIBs in terms of Rule 19(2)(b) of SCRR , the respective figures shall be 30% for RIIs and 10% for NIIs. This is a transitory provision pending harmonization of the QIB allocation in terms of the aforesaid Rule with that specified in the guidelines.

## **2.2 Redefining “ Retail Individual Investors” (RII)**

The RII, at present, is defined in value terms as one who can apply for shares upto a maximum amount of Rs.50,000/-. SEBI has decided to redefine the RII as one who can apply up to Rs.1,00,000/-.

## **2.3 Reducing the bidding period.**

The existing guidelines provide a maximum bidding period of 10 days extendable by three more days, if there is a revision in price band. SEBI has decided to reduce the bidding period from current 5 – 10 days (including holidays) to 3-7 working days.

## **2.4 Timing of disclosure of Price Band/ Floor Price in case of listed companies.**

The existing guidelines require all issuers (whether listed or unlisted), making a public issue through book building process to disclose the price band/ floor price in the Red Herring Prospectus (RHP)/application form. SEBI has decided to give an option to **listed issuers** to either (a) disclose price band in RHP /application form/abridged prospectus (current practice) or (b) to disclose the price band /floor price atleast one day before bid opening.

## **2.5 Data reporting at website of stock exchanges.**

In order to ensure dissemination of relevant information in public domain, it is proposed to amend the guidelines inter alia to (i) improve the contents of and to ensure uniformity in data display on the websites of the concerned stock exchanges and (ii) to ensure availability of data for a further period of 3 days after the closure of the bids/issue.

## **3.0 Applicability**

**3.1** All the amendments made vide this circular, except the one at sr.no 2.5 above, shall be applicable to those public issues whose draft offer documents are filed with SEBI on or after April 4, 2005.

**3.2** The concerned stock exchanges are requested to put adequate systems in place to ensure compliance with the amendments at sr.no.2.5 above. The same may be done at the earliest and in any case not later than 90 days from the date of issuance of this circular.

**4.0** This circular along with the annexure is available in SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in). Full text of SEBI (DIP) guidelines 2000 including the amendments issued vide this circular is also available in SEBI's web site under Issues and Listing.

Yours faithfully,

**Neelam Bhardwaj**

Encl.: a/a

## ANNEXURE

### AMENDMENTS TO THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000

#### CHAPTER I – DEFINITIONS

1. In clause 1.2.1, in sub-clause (xxiva), for the letters and figures “Rs. 50,000/-“, the following letters and figures shall be substituted, namely “Rs. 1,00,000/-“.

#### CHAPTER XI – GUIDELINES ON BOOK BUILDING

2. In clause 11.3.1(viii)(a), the following proviso shall be inserted, namely:

“Provided that in case of a further public issue of a class of securities which is already listed on a recognised stock exchange, it shall not be necessary to disclose the floor price or price band in the red-herring prospectus if the same is disclosed by way of an announcement made by the issuer or the merchant banker at least one day before the opening of the bid in all those newspapers where pre-issue advertisement was released.

“Provided further that where the issuer opts not to make the disclosure of the price band or floor price in the red-herring prospectus in terms of the foregoing proviso, the following shall be additionally disclosed in the red-herring prospectus:

- (a) a statement that the floor price or price band, as the case may be, shall be disclosed one before the opening of the bid;
- (b) a statement that the investors may be guided in the meantime by the secondary market prices;
- (c) names and editions of the newspapers where the announcement of the floor price or price band would be made;
- (d) names of websites (with address), journals or other media in which the said announcement will be made.”

3. In clause 11.3.2, after sub-clause (iii), the following sub-clauses shall be inserted, namely:

“(iv) the broad parameters on which allocation is proposed to be made to Qualified Institutional Buyers

(v) the proposed manner of allocation among respective categories of investors, in the event of under subscription.”

4. In clause 11.3.4.1(i) –
  - a. for the words and figure “5 days”, the following words shall be substituted, namely, “three working days”;
  - b. for the words and figures “10 days”, the following words shall be substituted, namely, “seven working days”;
  - c. for the words and figures “13 days”, the following words shall be substituted, namely, “ten working days”;
5. In clause 11.3.4.1, after sub-clause (xi), the following sub-clause shall be inserted, namely:
  - xii. The stock exchanges shall display data pertaining to book built issues in a uniform format, interalia giving category wise details of bids received Indicative format is given in Schedule XXX. The data pertaining to an issue shall be displayed on the site for a period of atleast three days after closure of bids.
6. In clause 11.3.5(i),
  - a. in sub-clause (a), for the figures “25%” the following figures shall be substituted, namely, “35%”;
  - b. in sub-clause (b), for the figures “25%” the following figures shall be substituted, namely “15%”.
7. The following proviso to be added after the first proviso to clause 11.3.5 (i)

“Provided further that, in respect of issues made under Rule 19(2)(b) of Securities Contract (Regulation) Rules 1957, with 60% mandatory allocation to Qualified Institutional Buyers, the percentage allocation to retail individual investors and non institutional investors in terms of clause 11.3.5(i)(a) shall be 30% and 10% respectively.”
8. Sub clause (iv) of Clause 11.3.5 shall be substituted with the following, namely:

“In the event of under subscription in any category, the undersubscribed portion shall be allocated to the bidders as per disclosures made in terms of clause 11.3.2(v).

**Provided that**, the unsubscribed portion in the "Qualified Institutional Buyer" category, shall not be available for subscription to other categories, in case the issuer company has made an issue of securities under clause 2.2.2 or clause 2.3.2 of these guidelines.)”

9. Sub clause (v)(a) of clause 11.3.5 shall be substituted with the following, namely :  
 “The allocation to QIBs shall be made as per disclosures made in terms of clause 11.3.2(iv)”

## **SCHEDULES**

10. In Schedule XXIX under serial no. (o), the item numbered as (s) shall be renumbered as (iv)
11. After Schedule XXIX, the following new schedule shall be inserted

### **“SCHEDULE XXX [Clause 11.3.4.1(xii)]**

#### **<NAME OF THE ISSUE>- BID DETAILS**

<b>Sr. No.</b>	<b>Category</b>	<b>No. of shares offered / reserved</b>	<b>No of shares bid for</b>	<b>No of times / %age of total meant for the category</b>
1	QIBs			
1 (a)	FIs			
1 (b)	Domestic Financial Institutions (Banks / FIs / Insurance Companies etc.)			
1 (c)	Mutual Funds			
1 (d)	Others			
2	Non Institutional Investors			
2(a)	Corporates			
2(b)	Individuals (other than RIIs)			
2(c)	Others			
3	Retail Individual Investors (RIIs)			
3 (a)	Cut off			
3 (b)	Price bids			
4	Reservation categories, if any			
4(a)	Cut off			
4(b)	Price bids			

Notes:

1. The graph should have the title "**Graphical display of bids received**".
2. A statement to the effect that the position indicated above is only bids position and does not necessarily convey the subscription to the issue .
3. Statement as to how the multiple bids are accounted for in the data and graph.
4. Time of updation.
5. Additional comments, if any.