

Sub Section - V

Applications Supported by Blocked Amount (ASBA) Facility

This sub-section attempts to cover the basic concepts and questions related to Applications Supported by Blocked Amount (ASBA) Facility. For full particulars of laws governing the primary market, please refer to the Acts/Regulations/Guidelines/Circulars appearing under the Legal Framework Section of our website i.e. www.sebi.gov.in.

FAQs on ASBA facility are presented under the following two broad headings.

- [FAQs on ASBA for investors](#)
- [FAQs on ASBA for others](#)

FAQs on ASBA for Investors

1. What is “ASBA”?

ASBA means “Application Supported by Blocked Amount”. ASBA is an application by an investor containing an authorization to Self Certified Syndicate Bank (SCSB) to block the application money in the bank account, for subscribing to an issue. If an investor is applying through ASBA, his application money shall be debited from the bank account only if his/her application is selected for allotment after the basis of allotment is finalized.

2. What is Self certified Syndicate Bank (SCSB)?

SCSB is a bank which is recognized as a bank capable of providing ASBA services to its customers. Names of such banks would appear in the list available on the website of SEBI. At the following link: <http://www.sebi.gov.in/pmd/scsb.pdf>

3. Detailed procedure of applying in IPO through ASBA.

Under ASBA facility, investors can apply in any public/ rights issues by using their bank account. Investor submits the ASBA form (available at the designated

branches of the banks acting as SCSB) after filling the details like name of the applicant, PAN number, demat account number, bid quantity, bid price and other relevant details, to the bank branch by giving an instruction to block the amount in their account. In turn, the bank will upload the details of the application in the bidding platform. Investors shall ensure that the details that are filled in the ASBA form are correct otherwise the form is liable to be rejected.

4. Can I make application through ASBA facility in all issues?

Yes, you can make application through ASBA facility in all the issues i.e. public and rights.

5. Who can apply through ASBA facility?

SEBI has been specifying the investors who can apply through ASBA. In public issues w.e.f. May 1, 2010 all the investors can apply through ASBA.

In rights issues, all shareholders of the company as on record date are permitted to use ASBA for making applications provided he/she/it:

- a. is holding shares in dematerialized form and has applied for entitlements or additional shares in the issue in dematerialised form;
- b. has not renounced its entitlements in full or in part;
- c. is not a renouncee;
- d. who is applying through blocking of funds in a bank account with the Self Certified Syndicate Bank.

6. What is the advantage to an investor if he applies through ASBA vis-à-vis applying through an application with a cheque?

Applying through ASBA facility has the following advantages:

- (i) The investor need not pay the application money by cheque rather the investor submits ASBA which accompanies an authorization to block the bank account to the extent of the application money.
- (ii) The investor does not have to bother about refunds, as in ASBA only that much money to the extent required for allotment of securities, is deducted

from the bank account only when his application is selected for allotment after the basis of allotment is finalized.

(iii) The investor continues to earn interest on the application money as the same remains in the bank account, which is not the case in other modes of payment.

(iv) The investor deals with the known intermediary i.e. its own bank.

7. Is it mandatory for retail investors to apply through ASBA only?

No, it is not mandatory. A retail investor has the option of making application through ASBA or through cheque. However, non-retail investors i.e. Qualified Institutional Buyers and Non-Institutional Investors, have to mandatorily make use of ASBA facility for making application in public/ rights issue.

8. Where should I submit my Application Supported by Blocked Amount (ASBA)? How shall I know which bank and which branch of that bank is the designated branch for accepting ASBA applications?

List of Self Certified Syndicate Banks (SCSBs) and their designed branches i.e. branches where ASBA application form can be submitted, is available on the websites of BSE (www.bseindia.com) and NSE (www.nseindia.com) and on the website of SEBI (www.sebi.gov.in). The list of SCSB would also be given in the ASBA application form.

9. Can I submit ASBA in any of the banks specified in the list of SCSBs?

No, ASBA can be submitted to the SCSB with which the investor is holding the bank account.

10. How many applications can be made from a bank account?

Five (5) applications can be made from a bank account per issue.

11. Am I required to submit ASBA only physically?

No, you can either fill up the physical ASBA form available with SCSB and submit the same to the SCSB or apply electronically/online through the internet banking facility (if provided by your SCSB).

12. Can I use the existing application form for public issues for applying through ASBA?

Since November 01, 2011, SEBI has prescribed a single form for ASBA as well as non-ASBA applications.

13. Can I withdraw my ASBA bids? If yes, how?

Retail individual investors can withdraw ASBA bids. During the bidding period you can approach the same bank to which you had submitted the ASBA and request for withdrawal through a duly signed letter citing your application number, TRS number, if any.

After the bid closure period, you may send withdrawal request to the Registrar to the issue before the finalization of basis of allotment, who will cancel the bid and instruct SCSB to unblock the application money in the bank account after the finalization of basis of allotment.

However, Non-retail investors i.e. Qualified Institutional Buyers and Non-Institutional Investors are not eligible to withdraw their bids at any time.

14. Whom should I approach if I find that I had given all correct details in the application form, but application has been rejected stating wrong data?

You have to approach the concerned SCSB for any complaints regarding your ASBA applications. SCSB is required to give reply within 15 days. In case, you are not satisfied, you may lodge your complaint with SEBI on <http://scores.gov.in/>. Alternately, you may write to SEBI at the following address:

Investor Grievance Cell, Office of Investor Assistance and Education,
Securities and Exchange Board of India
Plot No.C4-A,'G' Block, Bandra Kurla Complex,
Bandra (East),
Mumbai: 400051

15. Whether my bank account will be blocked or only the amount to the extent of application money is blocked?

No, the entire bank account will not be blocked. Only the amount to the extent of application money authorized in the ASBA will be blocked in the bank account. The balance money, if any, in the account can still be used for other purposes.

16. If I withdraw my bid made through ASBA, will the bank account be unblocked immediately?

If the withdrawal is made during the bidding period, the SCSB deletes the bid and unblocks the application money in the bank account. If the withdrawal is made after the bid closure date, the SCSB will unblock the application money only after getting appropriate instruction from the Registrar, which is after the finalization of basis of allotment in the issue.

17. Do I necessarily need to have a DP account with the SCSB where I intend to submit the ASBA application?

No. It is not necessary to have a DP account with the SCSB, where you are submitting the ASBA.

18. Can I submit my ASBA to a broker as is being done in the present issue process applying through cheque?

Yes, you can submit ASBA with a registered broker of the stock exchange where the securities are proposed to be listed. However, the brokers would only upload the bid and other relevant details of such ASBA forms in the bidding platform provided by the stock exchanges and forward the ASBA forms to the respective SCSBs for blocking the funds.

19. Can I apply in an issue through ASBA facility and through “normal existing system of payment through cheque” in an issue?

No. An investor can apply either through ASBA or through existing system of payment through cheque. If an applicant applies through both, ASBA as well as non-ASBA then both the applications having the same PAN, will be treated as multiple application and hence will be rejected.

20. Are the bids submitted through ASBA and uploaded in the electronic bidding system of the stock exchange, in case of public issue through book building, reflect in the demand graphs displayed in the website of stock exchanges?

Yes. The bids received through ASBA mode will also be reflected in the demand graphs displayed in the website of stock exchanges.

21. Who is responsible for errors in the data uploaded in the electronic bidding system in case of public issue?

In case there is an error in the data furnished in the application form submitted by investor, the investor shall be responsible. In case there is an error by SCSB/ Syndicate Member / Registered Broker in entering the data in the electronic bidding system of the stock exchanges, the respective entity shall be responsible.

22. Will I get the acknowledgement of receipt for applications submitted through ASBA from the SCSB?

Yes. The SCSB shall give a counterfoil as an acknowledgement at the time of submission of ASBA and also the order number, generated at the time of uploading the application details, if sought by the investors in case of need.

23. Will there be any different treatment in allotment for ASBA and Non – ASBA forms?

No. ASBA forms will be treated similar to the non-ASBA forms while finalizing the basis of allotment.

24. What happens when the issue fails/is withdrawn?

In case the issue fails/withdrawn the SCSB shall unblock the application money from the bank accounts upon receiving instructions from the Registrar.

25. In case of any complaints regarding ASBA application whom can I approach?

In case of any complaints the investor shall approach the bank, where the application form was submitted or the Registrar to the issue.

26. In case a person is having bank account with a branch, for example, at Kolkata can he submit IPO application through ASBA at a branch of the bank in Guwahati.

Yes, this can be done provided that your bank have core banking facility and the ASBA form is submitted at a branch which is identified as designated branch by the bank.

27. Is there a better chance of allotment if one applies in IPO through ASBA?

The chance of getting allotment is same for all the applicants whether application is made through ASBA or non-ASBA. ASBA is a simple, easy and smart way of applying in public issues. There are many advantages of applying through ASBA like money does not go out of investors' account, no hassle of refund, investor keep earning interest on the blocked amount as banks have started paying interest on daily basis w.e.f. April 1, 2010 and it gives better opportunity for utilization of money.

28. What if the SCSB is not the applicant's banker?

In case investor does not have an account with any of the SCSBs, then he cannot make use of the ASBA facility.

FAQs on ASBA for others

1. Is issuer required to provide ASBA facility for all issues?

Yes, the issuer is required to provide ASBA mode in all public issues/rights issue where not more than one payment option is given to the investors.

For example, if in any public / rights issue provides payment option as shown below shall not be allowed in ASBA facility.

Amount payable per equity share (Fig in Rs.)	Payment Method -I [⊗] Applicable to all categories of shareholders except NRIs/FIIs			Payment Method -II Applicable to all categories of shareholders including NRIs/FIIs		
	Face Value	Premium	Total	Face Value	Premium	Total
On Application	[●]	[●]	[●]	10	[●]	[●]
First and final call	[●]	[●]	[●]	NA	NA	NA
Total	10	[●]	[●]	10	[●]	[●]

2. Does issuer has discretion to appoint SCSBs?

Issuer is deemed to have entered into an agreement with SCSBs who have been recognized as such by SEBI. As such, issuer has no discretion in choosing SCSBs.

3. What is expected to be ensured by the issuer?

Issuer shall, in consultation with Lead managers, ensure the following:

Registrar to issue appointed by the issuer has capability to comply with the procedures laid down by SEBI for ASBA and shall treat ASBA and Non-ASBA application at par.

Sufficient number of physical ASBA application forms are printed and made available to all SCSBs.

ASBA and Non-ASBA shall be treated at par and the selling commission shall be paid accordingly to Syndicate Members or SCSBs, as the case may be, for collecting ASBA.

4. I am a Bank and want to make a public issue through a book building.

Can I act as a SCSB in the issue?

Yes, you can act as a SCSB.

5. How can a bank become an SCSB?

A bank which is registered with SEBI as a Banker to issue in terms of SEBI (Bankers to an Issue) Regulations can become SCSB subject to the following requirements:

Submit a certification to SEBI confirming that it is capable of discharging the responsibilities of a SCSB.

SEBI to include name of the bank in the list of SCSBs displayed on the website of SEBI.

The bank shall act as SCSB w.e.f. from date of as shall be specified in the list.

For full details, please refer to the Circular No. SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009 issued by SEBI to all registered bankers to issues.

6. How a bank which has become a SCSB, get connectivity with electronic bidding system of Stock exchanges?

The bank can contact the stock exchange offering electronic bidding system, which is presently being offered by Bombay Stock Exchange and National Stock Exchange to get connectivity and ensure that systems are in place to get the connectivity and secured transfer of data from banks to Stock Exchanges.

7. Can a Cooperative Bank, become an SCSB?

Any bank which is registered as bankers to an issue registered with SEBI in terms of SEBI (Bankers to an Issue) Regulations can become SCSB subject to satisfying other conditions specified by SEBI.

8. Can SCSB accept ASBA application electronically also?

Yes, SCSBs can provide a facility of submitting ASBA through the internet banking facility to the investors electronically where the provision to block the account is provided.

9. If a SCSB intends to provide only electronic ASBA, is it possible?

Yes, it is possible; however sufficient information to this effect should be made available to all the clients by the SCSB.

10. What is a SCSB expected to do after receipt of the ASBA?

After receipt of ASBA, SCSB is expected to ensure (i) blocking of funds in the bank accounts mentioned in ASBA and/ or (ii) uploading the details given in ASBA received physically or electronically, in the electronic bidding system of Stock Exchange(s).

11. Is SCSB required to validate/verify details given in ASBA?

No, SCSB is not required to validate the details given in ASBA application. SCSB is however required to follow the normal diligence required in banking transactions.

12. Can SCSB outsource the task of collection of ASBA applications and uploading of the application details?

SCSB is wholly responsible for any omission and commission done during the process and the bids which are uploaded in the electronic bidding system of Stock Exchanges has to be done through SCSB code.

13. Can SCSB transfer the blocked application money to a separate account instead of blocking the money in the same account?

Yes, a SCSB can do it if it serves the purpose of blocking till allotment is finalized and interest, if any, is earned by investor till the amount is transferred to the issuer account. Further, SCSBs shall ensure that clear demarcated funds are available for ASBA applications.

14. How does a SCSB get the file formats for uploading of bids?

In case of public/rights issues, SCSB may approach the Stock Exchange offering electronic bidding system. They will inform SCSB about the file formats. It may be noted that only after the mock trial run done with Stock Exchanges and Registrar; the bank will be in position to submit a certification to SEBI as mentioned in the reply to Question 5 above.

15. What data/details a SCSB is required to send to the Stock exchanges and Registrar?

SCSB is required to upload details like Application number, DP ID, Client ID, Bid Quantity, PAN from ASBA form.

In case of an Electronic ASBA, the ASBA investor himself/herself shall fill in all the above mentioned details in the online application system of the bank, except the application number which shall be system generated. The SCSB shall thereafter upload all the above mentioned details in the electronic bidding system provided by the Stock Exchange(s).

Further, if there is any withdrawal during the bidding period, SCSB shall delete the same for each record individually or through batch upload.

SCSB is also required to send the following details to Registrar:

The SCSB shall send the following aggregate information to the Registrar to the Issue after closure of the bidding period:

- (i) Total number of ASBAs uploaded by the SCSB
 - (ii) Total number of shares and total amount blocked against the uploaded ASBAs.
- For full details, please refer the Circular No. SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009 issued to Bankers to issue, by SEBI.

16. Is it mandatory that only Designated Branch (DB) which accepts the ASBA has to upload the bids in the Electronic Bidding System?

No, it is not mandatory. Depending upon the internal comfort and system of each bank, it is possible for DBs to collect applications, block the amount and then transfer to Controlling Branch (CB) for centralized uploading or DBs to only collect applications and upload directly. It may please be noted that as far as investors are concerned, they would be informed about addresses of DBs where they can submit ASBAs. Thereafter, the procedure to be followed is totally internal to SCSB and it is possible that DBs which accept ASBA, only upload the bids or the DB will transfer the applications to the CB for uploading the bids, subject to timelines specified by SEBI being followed.

17. Will the investor get a confirmation from the Stock Exchanges on upload of bids in case of public issues?

Yes, Stock Exchange electronic bidding system will provide for generation of order number which can confirm the uploading of bids. These order number as

well as application number, will help SCSB as well as the investors in tracking their application. However, in the case of Rights issues, for the time being, the application data is flowing directly from the SCSB to the Registrar and not routed through the stock exchange electronic web enabled interface. Hence, the application data is sent directly to the concerned registrars, who will confirm the receipt of application to SCSBs.

18. What records a SCSB is required to keep in regard to ASBA facility?

Electronic record of ASBA uploaded, account/amount blocked and unblocked. ASBA physical forms may be retained for a period of 6 months with SCSB for redressing complaints if any, of ASBA investor and thereafter the same may be sent to the issuer.

As regards electronic ASBA, SCSB need not take print out or submit such print out to issuer or registrar.

19. What is expected to be done by the SCSB, in case the investor withdraws his ASBA bid during the bidding period or after the bid closure in case of public issues?

ASBA investor interested in withdrawing his/her application during the bidding process will approach the SCSB and request for deletion of the bids. SCSB will perform the necessary action to delete the bids from electronic bidding system and unblock the bank account. However, once the bidding period is over, ASBA investor will write to the Registrar giving all the relevant details like ASBA Number, order number, if available, DP ID, Client ID and PAN, etc, based on which Registrar will remove the bid from the electronic bid file. However, the bank account will be unblocked by SCSB only after the receipt of appropriate instruction from the Registrar after finalization of basis of allotment in the issue.

20. What is the role and responsibility of the Controlling Branch (CB) of SCSB?

CB is expected to act as a central point of co-ordination for various intermediaries with SCSB i.e. Stock Exchanges, Registrar and Merchant Bankers.

21. Does SCSB have the discretion to select issues where it will provide service of ASBA?

No. Once a bank is included in the list of SCSBs maintained by SEBI, it shall act as SCSB for all issues to come where ASBA is applicable.

22. How can the Registrar reconcile the data on ASBA Bids in case of public issues since the Registrar does not get the application in case of ASBA?

Registrar will do the reconciliation based on data received from Stock Exchanges and the aggregate data received from SCSBs after closure of the issue regarding total number of bids uploaded, the total number of shares applied for in such uploaded bids and total amount blocked for such uploaded bids.

23. How many applications can be made from a bank account?

SCSBs have to ensure that not more than Five (5) applications can be made from a bank account per issue.

24. Can ASBA be made against overdraft facility, credit limits etc?

No, for ASBA, SCSBs to ensure that applications are made against a funded deposit account and that clear demarcated funds are available.