

Sanjay Puroo
Deputy General Manager
Corporation Finance Department
Division of Issues and Listing
Phone: +91 22 2644 9612
Email: sanjayp@sebi.gov.in

SEBI/CFD/DIL/MB/IS/5/2009/05/08

August 5, 2009

To All Registered Merchant Bankers

Dear Sirs,

Sub: "Application Supported by Blocked Amount" (ASBA) process

1. SEBI had introduced the process of ASBA vide its circular dated July 30, 2008 and made it applicable to all book built public issues opening on or after September 1, 2008.
2. SEBI held a meeting with a few merchant bankers to review the progress of ASBA mode and to understand the problems, if any, in its implementation. One of the reasons for poor response to ASBA was stated to be lack of incentive for Self Certified Syndicate Banks (SCSBs) to do the assigned task of accepting ASBAs, uploading details in the bidding system and blocking or unblocking of the account. It was pointed out that while commission is being paid for non-ASBA applications, no commission was being paid for ASBA applications. The payment of commissions in the issue process should be based on the principle of fairness which demands a level playing field for both ASBA and non-ASBA applications.
3. It is, hereby, clarified that for the purpose of payment of commission, both type of applications i.e. whether uploaded by Syndicate Members (Non-ASBA) or by SCSBs (ASBA), shall be treated on par and the commission shall be paid accordingly to Syndicate Members or SCSBs, as the case may be.

4. All registered merchant bankers are advised to take note of the above and ensure compliance. The provisions of this circular are applicable with immediate effect. This circular is also available on SEBI website at www.sebi.gov.in under the categories “Legal Framework” and “Issues and Listing”.

5. This circular is issued in exercise of the powers conferred under subsection (1) of Section 11 of the Securities and Exchange Board of India Act, 1992 and shall come in to force with immediate effect.

Yours faithfully,

Sanjay Puro