



CIRCULAR

CIR/MRD/DP/ 02/2012

January 20, 2012

To All Stock Exchanges.

Dear Sir,

Sub: Trade controls in Normal Trading Session for Initial Public Offering (IPO) and other category of scrips.

1. SEBI vide circular no. SMD/SED/RCG/271/96 dated January 19, 1996, inter-alia, prescribed no price bands for scrips on the first day of trading pursuant to IPO. Further SEBI vide circular no SEBI/Cir/ISD/1/2010 dated September 2, 2010, inter-alia, prescribed no price bands on the first day of re-commencement of trading for scrips specified under para 1(c) (hereinafter referred to as Re-listed scrips) of the said circular.
2. In light of high volatility and price movement observed on first day of trading, it has been decided to put in place a framework of trade controls for IPO and Re-listed scrips applicable to the normal trading session in the following manner –

Trade Timing

The normal trading session for IPO and Re-listed scrips on their first day of trading shall commence only subsequent to conclusion of the Call Auction session for such scrip on BSE and NSE. The duration of the Call Auction session is prescribed vide SEBI circular no CIR/MRD/DP/01/2012 dated January 20, 2012.

Eligible scrip

I. IPO scrips

Price Bands

- a. For issue size up to ₹ 250 cr, the applicable price bands for the first day shall be –



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- i. In case equilibrium price is discovered in the Call Auction, the price band in the normal trading session shall be 5% of the equilibrium price.
- ii. In case equilibrium price is not discovered in the Call Auction, the price band in the normal trading session shall be 5% of the issue price.
- iii. On Stock exchanges, not eligible to offer Call Auction, the reference price for price bands for the first day shall be –
 - A. in case equilibrium price is discovered in the Call Auction at BSE/NSE, the price band in the normal trading session shall be 5% discovered equilibrium price. In case of multiple equilibrium prices, the discovered equilibrium price closer to the issue price shall be taken as the reference price for price band on the first day.
 - B. in case equilibrium price is not discovered in the Call Auction, the price in the normal trading session band shall be 5% of the issue price.

Additionally, the trading shall take place in TFT segment for first 10 days from commencement of trading.

- b. For issue size greater than ₹ 250 cr, the applicable price bands for the first day shall be –
 - i. In case equilibrium price is discovered in the Call Auction, the price band in the normal trading session shall be 20% of the equilibrium price.
 - ii. In case equilibrium price is not discovered in the Call Auction, the price band in the normal trading session shall be 20% of the issue price.
 - iii. On Stock exchanges, not eligible to offer Call Auction, the reference price for price bands for the first day shall be –
 - A. in case equilibrium price is discovered in the Call Auction at BSE/NSE, the price band in the normal trading session shall be 20% discovered equilibrium price. In case of multiple equilibrium prices, the discovered



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equilibrium price closer to the issue price shall be taken as the reference price for price band on the first day

B. in case equilibrium price is not discovered in the Call Auction, the price band in the normal trading session shall be 20% of the issue price.

II. Re-listed scrips

Price Bands

Trading shall take place in the TFT segment for the first 10 days with applicable price bands, wherein for the first day –

- i. In case equilibrium price is discovered in the Call Auction, the price band in the normal trading session shall be 5 % of the discovered price.
- ii. In case equilibrium price is not discovered in the Call Auction, the scrip shall continue to trade in call auction sessions until price is determined.

3. All other relevant provisions of the circular no. SMD/SED/RCG/271/96 dated January 19, 1996 and circular no. SEBI/Cir/ISD/1/2010 dated September 2, 2010 as amended from time to time, shall remain applicable.

4. Stock Exchanges are advised to:

- a. take necessary steps and put in place necessary systems for implementation of the above.
- b. make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision.
- c. bring the provisions of this circular to the notice of the member of the stock exchange and also to disseminate the same on the website.
- d. communicate to SEBI, the status of implementation of the provisions of this circular in the Monthly Development Report.



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5. This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

Yours faithfully,

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