



भारतीय प्रतिभूति
और विनिमय बोर्ड
**Securities and Exchange
Board of India**

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CFD/DIL-1/OW/2020/17828/1
October 23, 2020

Citigroup Global Markets India Private Limited
1402, 14th floor,
First International Financial Centre,
G-Block, Bandra Kurla Complex,
Bandra East, Mumbai - 400098

Dear Sir,

Sub: Request for Interpretative Letter under the SEBI (Informal Guidance) Scheme, 2003, in relation to provisions of

(a) SEBI (ICDR) Regulations, 2018

(b) Circular issued by SEBI in relation to OFS through stock exchange mechanism

(c) SEBI (REIT) Regulations, 2014

(d) SEBI (InvIT) Regulations, 2014

1. This is with reference to your letter dated August 21, 2020 on the captioned subject.
2. In your letter under reference, you have inter-alia, represented as under:
 - 2.1 Citi India is registered with SEBI as a (i) merchant banker under SEBI (Merchant Banker) Regulations, 1992 ("MB Regulations"), (ii) stock broker under SEBI (Stock Broker) Regulations, 1992 ("SB Regulations"), and (iii) research analyst under SEBI (Research Analyst) Regulations, 2014.
 - 2.2 Accordingly, it acts as a book running lead manager, syndicate member, or underwriter (collectively referred to herein as "BRLM") in capital market transactions pertaining to initial public offering (IPO), further public offering (FPO), rights offering and qualified institutions placement (QIP) of specified securities and units of REITs and InvITs in accordance with applicable regulations. Further, it also acts as selling broker for its clients in relation to offer

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सेबी भवन, प्लॉट स. सी 4-ए, "जी" ब्लॉक, बॉद्रा कुर्ला कॉम्प्लेक्स, बॉद्रा (पूर्व), मुंबई - 400 051.
दूरभाष : 2644 9950 / 4045 9950 (आई.वी.आर. एस.), 2644 9000 / 4045 9000 फैक्स : 2644 9019 से 2644 9022 वेब : www.sebi.gov.in

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for sale (OFS) of shares through stock exchange mechanism in accordance with applicable circulars including circular number CIR/MRD/DP/18/2012 dated July 18, 2012.

- 2.3 SEBI has specified various provisions of the primary market regulations and the OFS Circulars that deal with restrictions on advertisement and publicity which the issuer companies and BRLM and sellers and selling members are required to comply with in relation to the primary market transactions and the OFS transactions.
 - 2.4 SEBI regulations require stock exchanges and syndicate members to disclose bidding data on stock exchange website and bidding terminals of syndicate members respectively for public information. The data is required to be updated by stock exchanges on an hourly basis. Further, such bidding data is also reported by newspapers during the course of the issue period.
 - 2.5 However, as specified in ICDR Regulations, REIT Regulations and InvIT Regulations, public communication, including advertisement material, relating to issue of specified securities or units are required to contain only such information as contained in the draft offer document/offer document.
 - 2.6 With regard to OFS transactions on stock exchange platform, the seller in an OFS transaction is not required to disclose any information regarding the listed company. However, by virtue of being a listed company, certain information regarding the company is available on the websites of the stock exchange(s) and therefore available to the public. Further, OFS circular do not stipulate any restrictions on a selling broker from sharing any information available from reliable public sources such as website of the stock exchanges.
3. Based on the above facts as stated in your letter, you have sought informal guidance by way of an interpretative guidance from SEBI on the following issue:
 - i. Whether a BRLM can share the standalone or aggregate bidding data available on the website of the stock exchanges for IPO, Rights issue, and FPO of specified securities and units with the investors, during the bidding period;



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- ii. Whether a BRLM can share the standalone or aggregate bidding data available on the website of the stock exchanges for IPO, Rights issue, and FPO of specified securities and units with investors, as and when requested by such investors, during the bidding period;
 - iii. Whether a selling broker can share information available on the website of the stock exchanges in an OFS transaction with investors;
 - iv. Whether a selling broker can share information available on the website of the stock exchanges in an OFS transaction with investors, as and when requested by such investors; and
 - v. Whether a BRLM can share information (other than the bidding data) available in the public domain, including information on the websites of the stock exchanges and the issuers in an IPO, Rights issue, FPO, QIP and OFS of specified securities and units as and when requested by investors.
4. In this regard, it may be noted that we have considered the submissions made by you in your letter reference and without necessarily agreeing with your analysis, our views on the queries raised by you are as follows:

4.1. For Query no. (i) & (ii) :

4.1.1. *Relevant extract of the provisions of SEBI (ICDR) Regulations, 2018:*

Regulation 42, 83 and 138 - "All public communication, publicity materials, advertisements and research reports shall comply with the provisions of Schedule IX."

Regulation 43(4), 84(2) & 139 (4) - "During the period the issue is open for subscription, no advertisement shall be released giving an impression that the issue has been fully subscribed or oversubscribed or indicating investors' response to the issue."

In terms of clause 10 of Schedule IX, "No information which is extraneous to the information disclosed in the draft offer document or offer document, as the case may be, or otherwise, shall be given by the issuer or any member of the issue management team or syndicate to any particular section of the investors or to any research analyst in any manner whatsoever, including at



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road shows, presentations, in research or sales reports or at bidding centres.”

4.1.2. Relevant extract of the provisions of SEBI (InvIT) Regulations, 2014:

For a public issue of units of an InvIT, in terms of Regulation 15(6), “With respect to advertisements pertaining to the offer of units by an InvIT with respect to public issue of its units,

(i) such advertisement material shall not be misleading and shall not contain anything extraneous to the contents of the offer document;

....

(iii) the advertisements shall be in accordance with any circulars or guidelines as may be specified by the Board in this regard.”

4.1.3. Circular No.: CIR/IMD/DF/55/2016 dated May 11, 2016, specifying guidelines for public issue of units of InvITs:

a. In terms of clause 9,

“9. Bidding process

...

(7) The bidding terminals shall contain an online graphical display of demand and bid prices updated at periodic intervals, not exceeding thirty minutes.

...

(11) The stock exchanges shall continue to display on their website, the data pertaining to book built issues in a uniform format, inter alia giving category-wise details of bids received, for a period of atleast three days after closure of bids.”

b. In terms of clause 13,

“13. Public communications, publicity materials, advertisements and research reports.

(1) Any public communication including advertisement, publicity material, research reports, etc. concerned with the issue shall not contain any matter extraneous to the contents of the offer document

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(5) No such public communication shall be issued giving any impression that the issue has been fully subscribed or oversubscribed during the period the issue is open for subscription."

c. In terms of clause 14(4),

"The post-issue merchant banker shall ensure that InvIT, advisors, brokers or any other entity connected with the issue do not publish any advertisement stating that issue has been oversubscribed or indicating investors' response to the issue, during the period when the public issue is still open for subscription by the public."

4.1.4. SEBI (REIT) Regulations, 2014 and Circular No.: CIR/IMD/DF/136/2016 dated December 19, 2016, specifying guidelines for public issue of units of REITs:

Analogous provisions pertaining to REITs similar to the provisions for InvITs as specified at Para 4 and 5 above have been specified for public issues of units for REITs in REIT Regulations and circulars issued thereunder at Regulation 15(3) and Regulation 15(5) of REIT Regulations, clauses 9(7), 9(11), 13(1), 13(5) and 14(4) of the aforementioned circular.

- 4.1.5. The standalone and aggregate bidding data is displayed on the website of the stock exchanges in the accepted/standard format specified by SEBI and is publically available information. This data being extraneous to the information disclosed in the draft offer document or offer document is explicitly permitted to be shared for the interests of investors by the Stock Exchanges. Further, SEBI Regulations prohibit entities associated with the public issue of units from issuing advertisements which give any impression of status of subscription/oversubscription of the issue during the issue period. While publicly available information may not create information asymmetry among investors, any effort to selectively present the standalone or aggregate bidding data (on their own by BRLM or on request by investors) may create information asymmetry and may cause prejudice to the mind of some investors which is not warranted and not the intent of SEBI regulations. Hence, the BRLM shall not share the bidding data (standalone and aggregate) with the investors or on request of investors during the bidding period.



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4.2. For Query no. (iii)& (iv):

4.2.1. Relevant provisions of the OFS circular:

Para 2.6 of SEBI Circular no. CIR/MRD/04/2013 dated 25.01.2013 states *"Cumulative bid quantity shall be made available online to the market throughout the trading session at specific intervals in respect of orders with 100% upfront margin and separately in respect of orders placed without any upfront margin. Indicative price shall be disclosed to market throughout the trading session. The indicative price shall be calculated based on all valid bids/orders."*

4.2.2. Clause 4(a) of the circular CIR/MRD/DP/18/2012 dated July 18, 2012 states that *"Advertisement about the offer for sale of shares through stock exchange(s), if any, shall be made after the announcement/ notice of the offer for sale of shares to the stock exchanges in accordance with para 5(b) below and its contents shall be restricted to the contents of the notice as given to the stock exchange under para 5(b)."*

4.2.3. The objective of Clause 4(a) of the circular CIR/MRD/DP/18/2012 dated July 18, 2012 may be construed as restricting a selling broker from sharing investors' response to any investors in an Offer for Sale. Further, adequate provisions are made for disclosing the information relating to bidding data, which available to the investors. In order to avoid any kind of mis-information/lag between sending the information by broker/merchant banker and receipt of information by investor, the seller broker/merchant banker may direct the investors/clients to the publically available sources.

4.3. For Query no. (v):

4.3.1. The regulations specifically state that no information extraneous to that disclosed in the draft offer document or offer document shall be given by the issuer or any member of the issue management team or syndicate to any particular section of the investors. Hence, the BRLMs shall not share information (other than the bidding data) available in the public domain, including information on the websites of the stock exchanges and the issuers in an IPO, Rights issue, FPO, QIP and OFS of specified securities and units as and when requested by investors.

4.3.2. It is reiterated that nothing in the regulation prohibits the BRLM from directing the investors regarding the channels wherefrom publicly available information can be accessed. Hence, In order to avoid any kind of mis-information/lag between sending the information by broker/merchant banker and receipt of



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information by investor, the seller broker/merchant banker may direct the investors/clients to the publically available sources.

5. The above position is based on the information furnished in your letter under reference. Different facts or conditions might lead to a different result. Further, this letter does not express a decision of the Board on the question referred.
6. You may also note that the above views are expressed only with respect to the clarification sought in your letter under reference with respect to Securities and Exchange Board of India (ICDR) Regulations, 2018, Circular issued by SEBI in relation to OFS through stock exchange mechanism , SEBI (REIT) Regulations, 2014 and SEBI (InvIT) Regulations, 2014 and do not affect the applicability of any other law or requirements of any other SEBI Regulations, Guidelines and Circulars administered by SEBI or of the laws administered by any other authority.

Yours truly,


Yogita Jadhav