

FAQs on ASBA

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

- a) FAQs on ASBA for investors
- b) 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 containing an authorization 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only if his/her application is selected for allotment after the basis of allotment is finalized, or the issue is withdrawn/failed.

2. 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 their banking 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.

3. 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 dematerialized 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.

4. What advantage an investor has in applying 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 taken 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 application form is simpler.

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

5. Is it mandatory for investors eligible for ASBA, to apply through ASBA only?

Yes, it is mandated by SEBI that effective from 1st January 2016, all IPO/FPO/Rights issue applications should be through ASBA only.

6. 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.

7. 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.

8. 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.

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?

Investor is requested to check the form carefully. In case of public issue, the application form for ASBA will be different from the existing application form for public issues. The application forms will be available with designated branches of SCSB.

In case of **rights issue**, there will not be a separate form for ASBA. The investor has to apply by selecting ASBA option in Part A of the Composite Application Form.

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

Yes, you 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 your withdrawal request to the Registrars before the finalization of basis of allotment, who will cancel your bid and instruct SCSB to unblock the application money in the bank account after the finalization of basis of allotment.

14. Who should I approach if I find that I had given all correct details in the ASBA 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 write to SEBI

thereafter 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, BandraKurla Complex,
Bandra(East),
Mumbai: 400051
Tel: +91-22-26449000 / 40459000
Fax: +91-22-26449016-20 / 40459016-20

- 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. Investors need not necessarily have their DP account with the SCSB, where they are submitting the ASBA form.
- 18. 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.
- 19. 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 in entering the data in the electronic bidding system of the stock exchanges, the SCSB shall be responsible.
- 20. 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.
- 21. 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.
- 22. 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 Registrars to the issue.
- 23. 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 the ASBA form is submitted at a branch which is identified as designated branch by the bank.

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

ASBA forms can be submitted only at the SCSBs. In case investor does not have an account with any of the SCSBs, then he cannot make use of the ASBA.

FAQs on ASBA for others

1. 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.

2. 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. (Not provided by CSB)

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

After receipt of ASBA, SCSB is expected to ensure (i) blocking of funds in the bank accounts mentioned in ASBA and (ii) uploading the details given in ASBA received physically or electronically, in the electronic bidding system of Stock Exchange(s). Application data entry in ASBA module is a branch function, while uploading details in the bidding system is a Controlling Branch function.

4. 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.

5. 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.

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:

- a. Total number of ASBAs uploaded by the SCSB
- b. Total number of shares and total amount blocked against the uploaded ASBAs.

For full details, please refer the SEBI Circular No. SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009 issued to Bankers to issue.

6. 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.

7. 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.

8. 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.

9. 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 do the necessary 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.

10. 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.

11. 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.

12. 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.

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

SCSBs have to ensure that not more than five applications are made from a bank account per issue.

Glossary:

1. **SEBI:** The Securities and Exchange Board of India (SEBI) is the regulator for the securities market in India. It was established in the year 1988 and given statutory powers on 30 January 1992 through the SEBI Act, 1992
2. **SCSB:** Self Certified Syndicate Bank (SCSB) is a bank which offers the facility for applying through the ASBA process
3. **DB:** Branches at which an investor can submit ASBA. For CSB, all 390 branches excluding micro branches are listed as DBs
4. **CB:** Controlling Branch acts as a coordinating branch for the Registrar to the Issue, Stock Exchanges and Merchant Bankers. For CSB, Mumbai Fort Branch is assigned the role of CB
5. **Issuer:** The company that issues IPO/FPO/Rights for capital raising
6. **Registrar:** "Registrar to an issue" means the person appointed by a body corporate or any person or group of persons to carry on the following activities on its or his or their behalf:
 - collecting applications from investors in respect of an issue
 - keeping a proper record of applications and monies received from investors or paid to the seller of the securities
 - assisting body corporate or person or group of persons in:
 - (a) Determining the basis of allotment of securities in consultation with stock exchange;
 - (b) Finalizing list of persons entitled to allotment;
 - (c) Processing and dispatching allotment letters, refund orders or certificates and other related documents in respect of an issue
7. **Transfer Agents:** "Share Transfer Agents" means any person/department or division, who on behalf of any body corporate, maintains the records of holders of securities issued by such body corporate and deals with all matters connected with the transfer and redemption of its securities;
8. **R&T Agents:** Registrar to an Issue and Share Transfer Agents
9. **Exchange:** A stock exchange where stock brokers and traders can buy and/or sell stocks (also called shares), bonds, and other securities. viz., BSE (Bombay Stock Exchange) and NSE (National Stock Exchange)
10. **Depository:** Depository is an institution or a kind of organization which holds securities with it, in which trading is done among shares, debentures, mutual funds, derivatives, F&O and commodities. There are two depositories in India. One is the National Securities Depository Limited (NSDL) and the other is the Central Depository Service (India) Limited (CDSL).
11. **Depository Participant (DP):** A DP is an Agent (law) of the depository. They are the intermediaries between the depository and the investors.
12. **Demat Account:** For any investor to avail the services provided by the Depository, has to open Depository account, known as Demat A/c, with any of the DPs. Shares and securities are held electronically in a dematerialized ("Demat") A/c, instead of physical certificates.