



CIRCULAR

SEBI/HO/CFD/DIL1/CIR/P/2021/47

March 31, 2021

To

All Registered Merchant Bankers

All the Nationwide Stock Exchanges

All Registered Registrars to an Issue and Share Transfer Agents

All Self Certified Syndicate Banks

Dear Sir/Madam,

Sub: Reduction in unblocking/refund of application money

1. Presently, in terms of the SEBI(ICDR) Regulations, 2018, in case of non receipt of minimum subscription, the issuer is mandated to refund all the application monies within a period of “fifteen days” from the closure of the issue. Timelines are stipulated in Regulation 45(2), 86(2), 141(2), 202(2)(b) and 202(3)(a) and (b).
2. Similarly, the present provisions of Regulation 53(2), 94(2), 149(2), 208(2), 272(2) stipulate that in case the issuer fails to obtain listing or trading permission from the stock exchanges where the specified securities were to be listed, it shall refund the entire monies received within “seven days” of receipt of intimation from stock exchanges rejecting the application for listing of specified securities.
3. Considering that ASBA has been mandated for all applicants in public issues, the application money is not transferred but only blocked in the account of the investor and is debited only upon allotment and unblocked if there is no/part allotment. Further, post introduction of UPI mechanism in public issues, intermediaries are responsible to compensate the investors for any delay in unblocking of amounts in the ASBA Accounts exceeding four working days from the bid/issue closing date.

4. Based on various consultations with the market participants it has been decided to reduce the timelines for refund of the moneys to the investors in the above mentioned events to “ four days”.
5. Thus, in Regulation 45(2), 86(2), 141(2), 202(2)(b) and 202(3)(a) and (b) the words ‘fifteen days’ shall be read as ‘four days’ and in Regulation 53(2), 94(2), 149(2), 208(2), 272(2) the word ‘seven days’ and ‘eighth day’ shall be read as ‘four days’.
6. This circular is issued in exercise of powers conferred by Section 11(1) and section 11A 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.
7. A copy of this circular is available on SEBI website at www.sebi.gov.in under the categories “Legal Framework/Circulars”.

Yours faithfully,

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