

CIRCULAR

CIR/MRD/DSA/06/2012

February 21, 2012

To

Managing Director / Chief Executive Officer of
Stock Exchanges and their Clearing Houses/Corporations

Dear Sir/Madam,

Sub: Standardized lot size for SME Exchange / Platform

1. SEBI vide circular dated May 18, 2010 prescribed the framework for setting up of a stock exchange/trading platform by a recognized stock exchange having nationwide trading terminals for Small and Medium Enterprises (SMEs).
2. In this regard it has been decided to standardize the lot size for Initial Public Offer proposing to list on SME exchange/platform and for the secondary market trading on such exchange/platform, as given under:

Price Band (in Rs)	Lot Size (No of shares)
Upto 14	10000
more than 14 upto 18	8000
more than 18 upto 25	6000
more than 25 upto 35	4000
more than 35 upto 50	3000
more than 50 upto 70	2000
more than 70 upto 90	1600
more than 90 upto 120	1200
more than 120 upto 150	1000
more than 150 upto 180	800
more than 180 upto 250	600
more than 250 upto 350	400
more than 350 upto 500	300
more than 500 upto 600	240
more than 600 upto 750	200
More than 750 upto 1000	160
above 1000	100

3. At the Initial Public Offer stage the Registrar to Issue in consultation with Merchant Banker/s, Issuer and the Stock Exchange shall ensure to finalize the basis of allotment in minimum lots and in multiples of minimum lot size, as per the above given table. The secondary market trading lot size shall be the



भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

same, as shall be the IPO Lot Size at the application/allotment stage, facilitating secondary market trading.

4. At the Initial Public Offering stage if the price band decided, falls within two different price bands than the minimum application lot size shall be decided based on the price band in which the higher price falls into. For example: if the proposed price band is at 24-28 than the Lot size shall be 4000 shares.
5. The lot size shall not be reduced by the exchange to below the initial lot size if the trading price is below the IPO issue price.
6. The Stock Exchanges can review the lot size once in every 6 months / wherever warranted, by giving an advance notice of at least one month to the market. However, as far as possible the stock exchange shall ensure that odd lots are not created.
7. Further, the stock exchanges shall ensure that the lot size shall be the same for a securities traded across the Exchanges.
8. In case of oversubscription, if the option to retain ten percent of the net offer to public for the purpose of making allotment in minimum lots is exercised, then it shall be ensured by the Issuer/Stock Exchanges/ Merchant Bankers that the post issue paid up capital of the issuer does not go beyond Rs.25 crore.
9. All the Stock Exchanges are advised to :
 - i. make necessary amendments, if any, to the relevant bye laws, rules and regulations for the implementation of the above decision;
 - ii. disseminate the same on their website for easy access to the issuers and other market participants;
 - iii. communicate to SEBI, the status of implementation of the provisions of this circular in the Monthly Development Report.
10. This Circular is issued in exercise of the powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, read with Section 10 of the Securities Contracts (Regulation) Act, 1956 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market and shall come into effect immediately.
11. This Circular is available on SEBI website at www.sebi.gov.in.

Yours faithfully,

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