

## **Sub Section - IV**

### **Applications Supported by Blocked Amount (ASBA) Facility**

This sub-section attempts to cover the basic concepts and questions related to Applications Supported by Blocked Amount (ASBA) Facility. For full particulars of laws governing the primary market, please refer to the Acts/Regulations/Guidelines/Circulars appearing under the Legal Framework Section of our website i.e. [www.sebi.gov.in](http://www.sebi.gov.in).

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

- FAQs on ASBA for investors
- 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 by an investor containing an authorization to Self Certified Syndicate Bank (SCSB) 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.

##### **2. 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. At the following link: <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>

### 3. 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 designate 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 the bank 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.

Investors can also apply in IPOs through online/electronic mode if the SCSBs are providing such facility.

### 4. Who can apply through ASBA facility?

In public issues and rights issue, all investors have to mandatorily apply through ASBA.

### 5. 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 designated branches i.e. branches where ASBA application form can be submitted, is available on the websites of BSE, NSE at –

BSE	NSE
<a href="https://www.bseindia.com/Static/PublicIssues/scsb.aspx">https://www.bseindia.com/Static/PublicIssues/scsb.aspx</a>	<a href="https://www1.nseindia.com/products/content/equities/ipos/asba_procedures.htm">https://www1.nseindia.com/products/content/equities/ipos/asba_procedures.htm</a>

SEBI website link can be accessed at –

Home» Intermediaries / Market Infrastructure Institutions» Recognised Intermediaries» Self-Certified Syndicate Banks under the direct ASBA facility (equity issuances).

**6. Can I submit ASBA in any of the banks specified in the list of SCSBs?**

Yes. ASBA can be submitted in any of the SCSB branches specified in the list of SCSBs. However, the investor needs to hold a savings bank account with the SCSB in which the application is submitted.

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

Only one application can be made from a bank account in a Public Issue. In case of Rights Issue, more than one application can be made upto rights entitlement being applied for.

**8. 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) or UPI.

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

Retail individual investors can withdraw ASBA bids upto the closure of the issue. 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.

However, Non-retail investors i.e. Qualified Institutional Buyers and Non-Institutional Investors are not eligible to withdraw their bids at any time.

**10. Whom should I approach if I find that I had given all correct details in the application form, but application has been rejected stating wrong data?**

Please 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 lodge your complaint with Merchant Banker and SEBI on <http://scores.gov.in/>

**11. 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.

**12. If I withdraw my bid made through ASBA, will the bank account be unblocked immediately?**

In the event of valid withdrawal, the SCSB deletes the bid in stock exchanges platform and unblocks the application money in the bank account

**13. Do I necessarily need to have a DP account with the SCSB where I intend to submit the ASBA application?**

No. It is not necessary to have a DP account with the SCSB, where you are submitting the ASBA application.

**14. 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.

**15. 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/ Syndicate Member / Registered Broker in entering the data in the electronic bidding system of the stock exchanges, the respective entity shall be responsible.

**16. Will I get the acknowledgement of receipt for physical 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.

**17. 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.

**18. 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 Lead Manager / Registrar to the issue.

**19. 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 that your bank has core banking facility and the ASBA form is submitted at a branch which is identified as designated branch by the bank.

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

In case investor does not have an account with any of the SCSBs, then he cannot make use of the ASBA facility.

## **FAQs on ASBA for others**

### **1. Is issuer required to provide ASBA facility for all issues?**

Yes. In all public issues like IPOs, FPOs and Rights Issues, issuer is mandatorily required to provide only ASBA as mode for payment.

### **2. Does issuer have discretion to appoint SCSBs?**

Any Bank which is registered as Banker to the Issue can act as an SCSB. Hence, Issuer has no discretion in choosing SCSBs and all SCSBs whose name appears in the SEBI Website as a recognized intermediary will act as a deemed SCSBs for public Issues.

### **3. What is expected to be ensured by the issuer for ASBA facility?**

Issuer shall, in consultation with Lead managers, ensure the following:

- Sufficient number of physical ASBA application forms are printed and made available to all SCSBs.
- Registrar to issue appointed by the issuer has capability to comply with the procedures laid down by SEBI for ASBA.
- Alternately, SCSBs can also provide an online/electronic ASBA facility to investors for applying in IPOs.

### **4. I am a Bank and want to make a public issue through a book building. Can I act as a SCSB in the issue?**

Yes, you can act as a SCSB provided your name appears in the list of SCSBs on SEBI's website.

### **5. How can a bank become an SCSB?**

A bank which is registered with SEBI as a Banker to the Issue in terms of SEBI (Bankers to an Issue) Regulations can become SCSB subject to the following requirements etc:

Submit a certification to SEBI confirming that it is capable of discharging the responsibilities of a SCSB.

SEBI to include name of the bank in the list of SCSBs displayed on the website of SEBI.

**6. How a bank which has become a SCSB can get connectivity with electronic bidding system of Stock exchanges?**

The bank can contact the stock exchange offering electronic bidding system, which is presently being offered by Bombay Stock Exchange and National Stock Exchange to get connectivity and ensure that systems are in place to get the connectivity and secured transfer of data from banks to Stock Exchanges.

**7. Can a Cooperative Bank, become an SCSB?**

Any bank which is registered as bankers to an issue with SEBI in terms of SEBI (Bankers to an Issue) Regulations can become SCSB subject to satisfying other conditions specified by SEBI.

**8. 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.

**9. If a SCSB intends to provide only electronic ASBA, is it possible?**

Yes, it is possible; however sufficient information to this effect should be made available to all the clients by the SCSB.

**10. What is a SCSB expected to do after receipt of the ASBA?**

After receipt of ASBA, SCSB is expected to ensure (i) blocking of funds



in the bank accounts mentioned in ASBA and/ or (ii) uploading the details given in ASBA received physically or electronically, in the electronic bidding system of Stock Exchange(s).

**11. 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

**12. Can SCSB outsource the task of collection of ASBA applications and uploading of the application details?**

Yes. SCSB is wholly responsible for any omission and commission done during the process and the bids which are uploaded in the electronic bidding system of Stock Exchanges has to be done through SCSB code.

**13. How does a SCSB get the file formats for uploading of bids?**

In case of public/rights issues, SCSB may approach the Stock Exchange offering electronic bidding system for file formats.

**14. 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, Amount, PAN from ASBA form.

In case of an Electronic ASBA, the ASBA investor himself/herself shall fill in all the above mentioned details in the online application system of the bank, except the application number which shall be system generated. The SCSB shall thereafter upload all the above mentioned details in the electronic bidding system provided by the Stock Exchange(s).

Further, if there is any withdrawal during the bidding period, SCSB shall delete the same for each record and unblock such application amount in

the bank account of the investor.

The SCSB shall send the following aggregate information to the Registrar to the Issue after closure of the bidding period:

- (i) Total number of ASBAs uploaded by the SCSB
- (ii) Total number of shares and total amount blocked against the uploaded ASBAs.

**15. 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 control and systems 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. As far as investors are concerned, they should be informed about addresses of DBs where they can submit ASBAs.

**16. Will the investor get a confirmation from the Stock Exchanges on upload of bids in case of his subscription?**

Yes, Stock Exchange electronic bidding system will provide for generation of order number which can confirm the uploading of bids in IPOs/FPOs. This order number as well as application number, will help SCSB as well as the investors in tracking their application.

**17. 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.

**18. What is expected to be done by the SCSB, in case the investor withdraws his ASBA bid during the bidding period?**

Once a valid application for withdrawal is received, SCSB will perform the necessary action to delete the bids from electronic bidding system and unblock the amount from the respective customer bank account.

**19. 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 public issues.

**20. 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.

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

Only one application can be made from a bank account in a Public Issue/FPO. In case of Rights Issue, more than one application can be made upto rights entitlement.

**22. Can ASBA be made against overdraft facility, credit limits etc?**

No, for ASBA, SCSBs to ensure that applications are made against a bank account in which clear demarcated funds are available.