POLICY ON IPO / FPO APPLICATIONS THROUGH UPI-ASBA MECHANISM

SEBI has prescribed ASBA as the mandatory mechanism for public issues, with UPI being one of the mechanisms available to eligible individual investors applying through intermediaries. The current framework also includes SEBI's September 24, 2024 circular on UPI usage for public issues through intermediaries and subsequent operational requirements.

1. OBJECTIVE

The objective of this Policy is to establish a uniform, transparent and controlled process for accepting and processing applications from clients for Initial Public Offers (IPOs), Further Public Offers (FPOs) and other public issues of securities through the **UPI-based Application Supported by Blocked Amount (ASBA) mechanism**.

2. SCOPE

This Policy applies to:

- IPO applications;
- FPO applications;
- public issues of equity shares and other securities where ASBA/UPI-ASBA is applicable;
- applications submitted through the Trading Member's online platform;
- applications submitted through branches/offices, where permitted;
- applications received through authorised persons, subject to applicable restrictions;
- modification/cancellation of bids; and
- UPI mandate processing and monitoring.

The Policy shall apply to all employees, branches, Authorised Persons and other personnel involved in the IPO/FPO application process.

3. ELIGIBILITY FOR UPI-ASBA

The Trading Member shall accept UPI-based applications only from investor categories and within limits permitted under the prevailing SEBI/Exchange framework.

As per SEBI's FAQ framework, individual investors may use UPI for public issue applications, subject to the applicable category and monetary limits. The current framework permits individual investors to apply through UPI up to the prescribed maximum amount, while the retail category limit remains separately applicable.

The system/process shall accordingly ensure that:

- the applicant is eligible for the UPI mechanism;
- the application is within the applicable category limit;
- the UPI ID is valid and capable of processing public issue mandates;
- the linked bank account is eligible under the applicable framework; and
- applications falling outside UPI eligibility are processed only through permitted ASBA channels.

4. CLIENT APPLICATION PROCESS

The following process shall be followed:

Step 1 – Client Instruction

The client shall submit the IPO/FPO application through an approved channel.

The application shall contain, as applicable:

- Client/UCC details;
- PAN;
- demat account details;
- issue name;
- investor category;
- number of shares/lots;
- bid price;
- UPI ID;
- application amount; and
- other information prescribed by the Exchange/issue document.

Step 2 – Validation

Before uploading the bid, the system/operations team shall validate:

- client status;
- PAN;
- demat account;
- investor category;
- bid quantity;
- price;
- lot size;
- applicable investment limit;
- UPI ID;
- issue opening/closing time; and
- other applicable validations.

Step 3 – Bid Upload

The bid shall be uploaded to the Stock Exchange bidding platform within the prescribed timelines.

The bid details submitted to the Exchange shall be reconciled with the client's instruction.

Step 4 – UPI Mandate

The client shall receive a UPI mandate/request from the relevant intermediary/bank/NPCI ecosystem, as applicable.

The client shall independently verify the details and authorise the mandate using the client's UPI application and UPI PIN.

Employees, branches and Authorised Persons shall not ask the client to disclose the UPI PIN, OTP, password or other authentication credentials.

Step 5 – Mandate Status

The IPO/Operations Department shall monitor:

- mandate initiated;
- mandate accepted;
- mandate rejected;
- mandate expired;
- mandate revoked;
- amount blocked; and
- other exception statuses.

Only applications having the required valid status shall be treated in accordance with the applicable Exchange/issue process.

5. UPI ID AND BANK ACCOUNT CONTROLS

The Trading Member shall ensure that:

1. the UPI ID is provided by the client;
2. the UPI ID is linked to an eligible bank account;
3. the UPI mandate is raised only against the client's application;
4. funds are blocked in the client's bank account;
5. the Trading Member does not receive or hold the application money in its own bank account;
6. employees/Authorised Persons do not provide their own UPI IDs for client applications;
7. the client is not instructed to transfer funds to an employee, Authorised Person or Trading Member for IPO subscription; and

8. any failed/incorrect UPI transaction is escalated through the prescribed process.

SEBI's framework describes UPI public-issue applications as an ASBA process in which the investor's funds are blocked in the bank account and are utilised according to the allotment outcome.

6. BID MODIFICATION

Modification of an IPO/FPO application shall be permitted only:

- within the period prescribed by the Stock Exchange/issue;
- on the basis of a valid client instruction; and
- through the prescribed system/process.

The revised application shall be independently recorded and linked to the original instruction.

Where modification results in an increased application amount, the applicable UPI mandate shall be appropriately processed/revised as per the prevailing framework.

7. BID CANCELLATION / WITHDRAWAL

Cancellation/withdrawal of an application shall be processed only:

- within the permitted period;
- on receipt of authenticated client instruction; and
- through the prescribed Exchange/IPO system.

Evidence of cancellation instruction shall be preserved.

The Trading Member shall not cancel or withdraw an application merely on verbal instructions received through an unauthorised intermediary.

8. CLIENT COMMUNICATION

All IPO/FPO communication shall clearly state that:

- investment in an IPO/FPO involves market risk;
- allotment is not guaranteed;
- the Trading Member does not guarantee allotment or listing gains;
- the client should independently read the offer document;
- UPI mandate approval must be completed by the client within the prescribed timeline;
- funds will be blocked in the client's bank account;
- the client should not share UPI PIN/OTP/password with anyone; and

- any unauthorised communication or request for transfer of IPO funds to a personal account should be reported immediately

9. REVIEW AND AMENDMENT

This Policy shall be reviewed:

- at least annually;
- whenever SEBI issues a relevant circular/regulation;
- whenever NSE/BSE issues material operational changes;
- whenever NPCI/UPI requirements change; or
- whenever an operational deficiency or regulatory observation warrants modification.

The Compliance Department shall ensure that the latest regulatory requirements are incorporated into the Policy.

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