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Organization Type : Others

Specify Organization Type : Indian Association of Investment Professionals

Organization Name : Indian Association of Investment Professionals

Consultation Paper : Consultation paper on review of provisions pertaining to Electronic Book Provider (EBP) Platform and Request For Quote (RFQ) Platform

Description : Consultation paper on review of provisions pertaining to Electronic Book Provider (EBP) Platform and Request For Quote (RFQ) Platform

Regulation : NCS Regulations

Proposal 1 : Part A - Review of provisions pertaining to Electronic Book Provider (EBP) Platform

Description :

Conformity to Proposal : Partially Agree

Do you want to comment on the proposal : Yes

Comment : We appreciate SEBI's efforts to increase the efficacy of the EBP platform. Most of the recommendations are a step in the right direction and we believe would further the objective of increasing the depth and transparency of debt market. We are sharing our views below on some of the changes proposed in the draft circular. Point 1 - Making EBP mandatory for all private placement issues of the issue size above Rs. 20 crore. - We believe that although reducing the threshold for making EBP platform mandatory may increase the documentation and compliance requirements for some issuers, this is a step that will bring more transparency to the issuing process and even help some issuers by increasing the reach of their issue to more investors. Therefore, we would support this recommendation from SEBI. Point 4. - Increase in Anchor portion - We believe that anchor investor play a very important role in the success of the debt issue, and it may not be fair to the anchor investor if limit the quantum to 30%, we would propose that this quantam can be increased. We believe that an investor who has committed to support the issue, needs to be incentivized and not limited to lower quantum. Basis the feedback from working committee, SEBI has already proposed to increase the quantum for lower rated issuer, we however believe that this could be extended across the board. Further, we would recommend that higher anchor portion should be allowed for first time or new issuers so as to ease their access to the market. Point 7. - Rationalising Green Shoe portion in issue -We would recommend that we continue with the greenshoe option of 5 times, as we believe that any overuse of this option by issuer would be reflected in the pricing of the issue. Point 8. Reduction in timeline for EBP Set up and Point 9 . Reduction in Settlement time and Point 10. Reduction in Listing time - We are in support of reducing the timelines of the issues as it improves market efficiency and help issuers to raise money faster and for investors to deploy funds more efficiently. Further, we would recommend that for large and regular issuers, the reduced timeline is completely acceptable while SEBI can look to provide some leeway for smaller issues. We believe the reduction in timeline will not only make issuers and investors efficient but will also push to make the market infrastructure efficient. Therefore, we support this recommendation from SEBI. 11. Mandating Open bidding for issue sizes above Rs. 1000 crore - The EBP system currently allows the issuer to choose between open and closed bidding. The current market has majority of the issues being done via closed bidding. We would recommend that we continue with the current process which leaves the option with issuer, as it will otherwise be unfair to the issuer. We believe that making it mandatory open bidding is not fair to issuers, we would suggest that SEBI needs to relook at this proposal.

Rational : We are sharing our recommendation with the rationale to promote both a fair and transparent market for investors and issuers.

We believe that a closed issue helps issuers to have aggressive bidding for their issues and raise funds at a finer pricing. We believe that irrespective of the size, issuers should have the option to select between open or closed bidding. We would suggest that though open bidding may help investors, but making it mandatory may push the costing for issuers.

Proposal 2 : Basis of allotment - provisions pertaining to Electronic Book Provider Platform

Description :

Conformity to Proposal : Strongly Disagree

Do you want to comment on the proposal : Yes

Comment : 12. Basis of allotment – Remove ‘time’ from ‘price time priority’ and ‘yield time priority’ - We strongly believe that time priority is a bedrock of the auction process. Time priority is essential to have the book build over time.This incentivizes participants to submit orders promptly, enhancing liquidity and market depth. It promotes fairness by treating all participants equally based on timing, not just order size or identity. Time priority also reduces the chances of last-minute order flooding or manipulation. By rewarding early intent, it fosters greater confidence and discipline among market participants. Overall, it supports a more transparent and efficient price discovery process. Further, we believe that the option to have a multiple price auction or a uniform price auction should be left with the issuer.

Rational : We are sharing our recommendation with the rationale to promote both a fair and transparent market for investors and issuers.

Proposal 3 : Part B- Review of the Request For Quote (RFQ) Platform

Description :

Conformity to Proposal : -- Not Chosen --

Do you want to comment on the proposal : -- No Comment --

Comment : -- Not Commented --

Rational : -- Rational not provided --