



भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

Consultation Paper on Draft Circular for “Electronic Book Provider platform for issuance of instruments by Not for Profit Organizations on Social Stock Exchange”

1. Objective

- 1.1. To solicit comment/views/suggestions from the public on the draft circular titled “Electronic Book Provider platform for issuance of instruments by Not for Profit Organizations on Social Stock Exchange” placed at **Annexure-A**.

2. Public Comments

- 2.1. Public comments are invited on the draft circular annexed to this consultation paper. The comments/ suggestions should be submitted latest by July 24, 2025, through the online web-based form which can be accessed using the following link:
<https://www.sebi.gov.in/sebiweb/publiccommentv2/PublicCommentAction.do?doPublicComments=yes>
- 2.2. In case of any technical issue in submitting your comment through the web-based public comments form, you may write to consultationcfd@sebi.gov.in with the subject "Comments on Consultation Paper on Draft Circular titled Electronic Book Provider platform for issuance of instruments by Not for Profit Organizations on Social Stock Exchange".

Issued on: July 03, 2025

DRAFT CIRCULAR

SEBI/HO/CFD/PoD/P/CIR/2025/....

Date: XX, 2025

To,

All Social Enterprises

All Recognized Stock Exchanges and All Recognized Depositories

All Merchant Bankers and Brokers registered with SEBI

All Social Impact Fund registered with SEBI

Sir / Madam,

Sub: Electronic Book Provider platform for issuance of instruments by Not for Profit Organizations on Social Stock Exchange.

1. In terms of Regulation 292G(a) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (ICDR Regulations), a not for profit organization (NPO) is permitted to raise funds on Social Stock Exchange (SSE) by issuing Zero Coupon Zero Principal (ZCZP) Instruments.
2. In order to streamline the issuance of ZCZP instruments issued by NPOs on SSE, and such other instruments as may be specified from time to time for issuance by NPOs, a need is felt to provide for a mechanism of SSE Electronic Book Provider (SSE-EBP) platform.
3. The mechanism of the SSE-EBP, eligible participants, obligations/ responsibilities of various entities, process of bidding and allotment etc. are provided at Annexure I of this Circular.
4. The SSE should make operational such SSE-EBP mechanism for the purpose of fund raising by NPOs on the SSE platforms.

5. 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 Regulation 292K of the ICDR Regulations to protect the interests of investors and to promote the development of, and to regulate the securities market and shall come into effect immediately.
6. A copy of this circular is available on SEBI website at www.sebi.gov.in under the categories “Legal → Circulars”.

Yours faithfully,

Social Stock Exchange - Electronic Book Provider platform

Primary issuances through SSE-EBP platform shall comply with the stipulations provided as under:

1. The following are the eligible **Participants** (i.e. bidders) on the SSE-EBP Platform:
 - 1.1. QIBs as defined under Regulation 2 (ss) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (ICDR Regulations).
 - 1.2. Any non-QIB, including non-institutional investors and retail individual investors (*except foreign portfolio investors, foreign funds and foreign investor backed funds*), who is desirous of participating in a particular issue on the SSE-EBP Platform.
2. The following issues of instruments may be made through the SSE-EBP platform:
 - 2.1. An issuance of ZCZP as per the provisions of ICDR Regulations, 2018 as under:
 - i. a single issue of Rs. 50 lakh or more; or
 - ii. a shelf issue, consisting of multiple tranches, with each issue of Rs 50 lakh or more. Validity of the shelf document shall be of one year.
 - 2.2 Such other instruments as may be specified by the Board from time to time
3. The obligations of issuers are as under:
 - 3.1. The issuer shall ensure compliance with all requisite laws, rules, regulations, etc.
 - 3.2. The Issuer shall provide the Draft Fund Raising Document - DFRD (in case of NPOs) and term sheet (i.e. summary of important terms and conditions related to an issue) to the SSE-EBP at least two working days prior to the issue opening date and specify the eligible activity/ies that it is aiming to address.
However, the issuer issuing the securities for the first time through SSE-EBP platform shall provide the above information at least five working days prior to the issue to the opening date and specify the eligible activity/ies that it is aiming to address.
 - 3.3. The DFRD and the term sheet, *inter-alia*, discloses the following:
 - 3.3.1. Details of size of the issue.

- 3.3.2. Highlights clearly that the issue would provide no financial return in case of issuance of ZCZP.
- 3.3.3. Bid opening and closing date.
- 3.3.4. Minimum Bid lot.
- 3.3.5. Manner of allotment in the issue.
- 3.3.6. Manner of settlement in the issue i.e. through escrow bank account of issuer.
- 3.3.7. Subsequent to closure of the issue, the issuer shall ensure following details of the issue are provided on the SSE-EBP platform:

Table 1: Details of allotment in placement

Details of Investors to whom allotment		
Name	QIB/ Non- QIB/ non-institutional/ Retail	Amount invested in Rs.

4. Participants:

- 4.1. Participants, prior to entering into a bidding process shall be required to enrol with SSE-EBP. Such enrolment of a participant on an SSE-EBP will be onetime exercise and shall be valid till the time such enrolment is annulled or rescinded. SSE shall promote enrolment of participants and enable the same at all times (other than pre-notified downtime as required for system maintenance and backup).
- 4.2. The KYC verification and enrolment of the eligible participants on the SSE-EBP shall be done in the following manner:
 - 4.2.1. KYC verification shall be undertaken by SSE-EBP by obtaining/ utilizing existing KYCs of clients from KYC Registration Agencies (KRAs) registered with SEBI or on the basis of the guidelines as prescribed by SEBI from time to time.
 - 4.2.2. For QIB and non-QIB investors bidding, KYCs and enrolment shall be done by the SSE-EBP.
 - 4.2.3. For individual investors with valid Demat accounts, KYC may not be required, however, a new enrolment would be required with SSE-EBP.
- 4.3. SSE-EBP platform shall not be available for bidding by Foreign Portfolio Investors or foreign funds or foreign investor backed funds.

- 4.4. SSE-EBPs shall ensure that all eligible participants are notified about every DFRD filed or which are in any given category of eligible activities, have access to the term sheet, DFRD and other issue specific information available with them.
- 4.5. Each SSE-EBP shall ensure that it does not provide any preferential access to any bidder on a selective basis other than as notifying participants exercising a specific choice of seeking notification only about an issuer in one or more categories of eligible activities.

5. Bidding, allotment and settlement process:

5.1. *Bidding timings and period:*

- 5.1.1. In order to ensure operational uniformity across various SSE-EBP platforms, the bidding on the SSE-EBP platform shall take place between 9 a.m. to 5 p.m. only, on the working days of the recognized stock exchanges.
- 5.1.2. The bidding window shall be open for the period as specified by the issuer in the bidding announcement; however, the same shall be open for at least one hour.
- 5.1.3. An issuer can provide details of the desirous participant(s) for a particular issue, to the SSE-EBP, not later than one hour before the bidding start time.

5.2. *Bidding announcement:*

- 5.2.1. Issuer shall make the bidding announcement on SSE-EBP at least one working day before initiating the bidding process.
- 5.2.2. Bidding announcement shall be accompanied with details of bid opening and closing time, and any other details as required by the SSE-EBP from time to time.
- 5.2.3. Any change in bidding time and/ or date by the issuer shall be intimated to the SSE-EBP, ensuring that such announcement is made within the operating hours of the SSE-EBP, at least a day before the bidding date.
- 5.3. The bidding process on SSE-EBP platform shall be on an anonymous order pooling system.
- 5.4. Bid shall be made by way of entering bid in terms of amount. Further, the bid amount shall be specified in Rupees (INR).
- 5.5. Bidding process shall be based on the following:

- 5.5.1. The face value remaining constant, bids/ quotes shall be placed by the bidders in terms of amount.
- 5.6. Bids once made shall not be allowed for cancellation.
- 5.7. Modification of the bids shall be allowed i.e. bidder can modify the bids made in an issue, subject to the following:
 - 5.7.1. Such modification in the bids can be made only during the bidding period;
 - 5.7.2. Such modification shall be only for upward/ downward revision in terms of the bid size.
- 5.8. The bid placed in the system shall have an audit trail which includes bidder's identification details, time stamp and unique order number. Further against such bids, the SSE-EBP shall provide an acknowledgement.
- 5.9. Allotment and settlement amount for the bidders shall be based on the following:
 - 5.9.1. All bids shall be arranged as per 'bid size time priority'.
 - 5.9.2. Allotment shall be done on first come first serve basis. If two or more bids have the same bid size and time, then allotment shall be done on 'pro-rata' basis.

6. Pay-in obligations:

- 6.1. Pay-in of funds through escrow bank account of issuer: The pay-in of funds towards an issue on SSE-EBP shall be permitted through the escrow bank account of issuer. An issuer, in its DFRD, shall disclose the manner of pay-in of funds so chosen and details thereof. The process of pay-in of funds by investors and pay-out to issuer can be done on either T+1 or T+2 day, where T day is the issue closing day, and the same shall be disclosed by the issuer in the DFRD.
- 6.2. In case of non-fulfillment of pay-in obligations by allottees, such allottees shall be debarred from accessing the bidding platform across all SSE-EBPs for a period of thirty days from the date of such default.
- 6.3. Pay-in shall be done in escrow bank account of issuer, pursuant to successful closure of issue, SSE-EBP shall share the allocation details with the Registrar to an Issue (RTA), associated with the issue.
- 6.4. Process flow of settlement, where funds pay-in is to be made to escrow bank account of issuer:

- 6.4.1. Successful bidders, in an issue, will make pay-in of funds towards the allocation made to them, in the escrow bank account within the timelines, as provided by the issuer in the DFRD. The funds pay-in by the successful bidders will be made only from the bank account(s), which have been provided/ updated in the SSE-EBP platform. Further, pay-in received from any other bank account can lead to cancellation of bid and consequent debarment of the participant from accessing SSE-EBP platform for 30 days.
- 6.4.2. Escrow bank, pursuant to receipt of funds will provide a confirmation to the RTA, associated with the issue, about receipt of funds along with details including name of bank account holder, bank account number and the quantum of funds received.
- 6.4.3. RTA, will then reconcile the information received from escrow bank with the details as provided by SSE-EBP and after reconciliation RTA shall intimate to the issuer about receipt of funds. Subsequently, issuer will initiate the process of corporate action through the RTA to Depositories.
- 6.4.4. RTA, after passing on the instructions for corporate action to the depositories, will issue instruction to the escrow bank to release money to the issuers bank account.

7. Withdrawal of offer by an issuer:

- 7.1. An issuer, at its discretion, may withdraw from the issue process at any time; however, subsequent to such withdrawal, the issuer shall not be allowed to access any of the SSE-EBP platforms for a period of seven days from the date of such withdrawal.
- 7.2. If an issuer withdraws from the issue because of any of the reasons as outlined below, the restrictions mentioned in the above paragraph shall not be applicable:
 - 7.2.1. issuer is unable to receive the bids up to the 75% of issue size; or
 - 7.2.2. bidder has defaulted on payment towards the allotment, within stipulated timeframe, due to which the issuer is unable to fulfill the base issue size.

8. Responsibilities of various entities involved in the process:

- 8.1. Issuer shall:

- 8.1.1. Open an escrow bank account/ have an escrow bank account jointly with a RTA, where the role of the RTA in operating such bank account shall be limited to the responsibilities as provided under this circular;
- 8.1.2. Provide the details of escrow bank account in which pay-in of funds has to be made and the timelines by which such pay-in shall be done by the successful bidders; and
- 8.1.3. Effect corporate action for credit of securities to the successful bidders, after receiving confirmation from the RTA about receipt of funds.

8.2. RTA shall:

- 8.2.1. Undertake reconciliation information received from the escrow Bank and SSE-EBP. Further, after reconciliation, shall intimate the issuer about the receipt of funds and shortfall, if any, and the reasons thereof;
- 8.2.2. Issue instructions to the escrow bank account for the release of funds, after passing on the instructions for corporate action to the depositories; and
- 8.2.3. Intimate to the SSE-EBP, upon closure of the issue, the status of the issue i.e. successful or withdrawn, details of defaulting investors etc.

9. Obligations and duties of SSE-EBP:

9.1. SSE-EBP shall:

- 9.1.1. Provide an online platform for placing bids;
- 9.1.2. Have necessary infrastructure like adequate office space, equipment, risk management capabilities, manpower and other information technology infrastructure to effectively discharge the activities of an SSE-EBP;
- 9.1.3. Ensure that Participants are notified about every DFRD filed or which are in any given category of eligible activities and that the DFRD, term sheet and other issue related information is available to the eligible participants on its platform immediately on receipt of the same from the issuer;
- 9.1.4. Have adequate backup, disaster management and recovery systems;
- 9.1.5. Ensure safety, secrecy, integrity and retrievability of data.
- 9.1.6. SSE-EBP shall ensure that all details regarding the issuance is updated on its website.

- 9.1.7. SSE-EBP shall together ensure that the operational procedure is standardized across all SSE-EBP platforms and the details of such operational procedure are disclosed on their websites.
- 9.2. SSE-EBP shall ensure coordination amongst themselves and also with depositories so as to ensure that the cooling-off period for issuers and debarment period for investors is adhered to.
- 9.3. SSE-EBP shall ensure that bidding is done in the manner as specified.
- 9.4. The SSE-EBP shall be responsible for accurate, timely and secured bidding process of the electronic bid by the bidders.
- 9.5. The SSE-EBP shall provide a facility to the eligible participants to define the limits/ range, within which quotes may be placed, from its user interface, to avoid 'fat finger' errors.
- 9.6. The SSE-EBP shall be responsible for addressing investor grievances arising from bidding process.
- 10. CISA Audit of SSE-EBP Platform:** The SSE-EBP platform shall be subject to audit by a Certified Information Systems Auditor (CISA) at least once a year.
- 10.1. SSE-EBP are directed to:
- 10.1.1. Comply with the conditions laid down hereunder;
- 10.1.2. Put in place necessary systems and infrastructure for implementation and make consequential changes, if any, to their bidding portal and respective exchange bye-laws; and communicate and create awareness about these provisions amongst issuers, arrangers and investors.
