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### Sebi brings down listing time for IPOs to 12 days

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Investors subscribing to initial public offers (IPOs) would now have to wait for lesser time to see their allotted shares listed.

The Securities and Exchange Board of India (Sebi) has reduced the time gap between the public issue closure and the listing of shares to 12 days from the existing 22 days.

The new timeline will apply to all public issues opening on or after May 1, 2010.

The regulator aims to ultimately bring down the timeline to seven days within this calendar year.

Experts believe the move will benefit investors as it reduces market volatility risks and speculative activity in the grey market. Also, it would reduce the cases of withdrawal of application by retail investors.

"The move is positive from investors' perspective as it reduces their exposure to market movements during the time between the date of closure of the issue and the listing day," said Mehul Savla, director at Ripple Equity Pvt Ltd.

The regulator has specified that syndicate members would now be required to capture all data relevant for the purposes of finalising the basis of allotment while uploading bid data in the electronic bidding system of the stock exchanges.

"It is emphasised that the lead managers or their agents would be responsible for the accuracy of data entry and for resolving investor grievances," said the circular.

The registrar to the issue would now be required to validate the bids and finalise the basis of allotment only on the basis of the final electronic bid file provided by the stock exchanges.

"The move is a rational one as it avoids the duplication of data capturing process by registrars. Some of the formalities at exchanges and depositories have also been simplified which will help to reduce the timeline," said M V M V Ramnarayan, director, Intime Spectrum Registry Ltd.

The merchant bankers have welcomed the move, but have some apprehensions on the actual implementation as most of the investors apply on the last day and the collection of all application forms from various bidding centres takes time. They also feel that a bit of strengthening is required on the banking side as clearance of cheques becomes a problem if there are holidays in between.

The regulator will also make suitable changes in the application supported by blocked amount (ASBA) process, which is now open to all categories of investors, to make it consistent with the revised timelines. The ASBA process ensures that only the requisite amount of funds is debited from the investor's bank account on allotment of shares.

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