

CORRIGENDUM TO WORKBOOK FOR RTA CORPORATE EXAMINATION

February, 2012

Kindly note the following updates. Candidates attempting the examinations from May 10th, 2012 will need to answer questions in the examination on the basis of this update, read along with the prescribed Workbook.

Chapter 2

1. In section 2.1, under the sub topic 'Public Investors', the first line of the fourth para should read as:

"Public investors in shares may be retail investors, high net worth individuals (HNI), **non-institutional investors** or institutional investors."

2. In section 2.4, last two lines of the second paragraph should read as:

"The board of directors of the company will **recommend** the dividend to be declared. Shareholders approve such dividend **within the limits recommended by the board**, in an annual general meeting."

3. In section 2.6, under the topic 'Rights Issue of Shares

(a) the fifth para should read as:

"Investors have to subscribe to a rights issue, by paying for and buying the equity shares being offered. The rights issue is kept open **for a minimum period of fifteen days and maximum period of thirty days** during which investors subscribe to the shares or can also sell/renounce their right entitlement."

(b) the first line of the seventh para should read as:

"An abridged letter of offer must be dispatched to **all existing shareholders** at least **three days** before the issue opens."

(c) the eighth para has been revised as:

"A company cannot withdraw a rights issue after announcing the **record date**. If the company does so, it will not make an application for listing any securities within a minimum period of 12 months **from the record date announced**."

Chapter 3

1. In section 3.1, before the fourth para, the following para has been inserted:

"**An amount equivalent to at least 25% of the consideration is required to be paid against each warrant on the date of allotment of warrants. The balance 75% is required to be paid at the time of allotment of equity shares. In case the warrant holder does not exercise the option to take equity shares against the warrants held by him, the consideration paid (i.e. 25%) shall be forfeited by the issuer.**"

2. In section 3.3 the last para should be read as:

"SEBI has laid down the regulations to be followed by companies for IDRs. This includes the **eligibility conditions for an issuing company, conditions for issue of IDR, minimum subscription required, fungibility, filing of draft prospectus, due diligence certificates, payment of fees, issue**

advertisement for IDR, disclosures in prospectus and abridged prospectus, post-issue reports and finalisation of basis of allotment. “

Chapter 4

1. In section 4.4 the second line of the sub topic ‘Commercial Paper’ should read as:

“They can be issued for various maturities between a minimum of 7 days and maximum of upto one year from the date of issue. A company is eligible to issue a CP if the tangible net worth is not less than Rs 4 crore, the company has a sanctioned working capital limit by banks or FIs and the borrowal account of the company is classified as a Standard Asset by the bank/FI. “

Chapter 6

1. In section 6.1, in the ninth para, and in all other places of occurrence in the workbook SEBI Disclosure and Investor Protection Guidelines has been replaced with **SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.**

2. In section 6.3, under the sub topic Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, in point b, the **net worth requirement** for a **category I applicant** has been revised to **Rs.50 lacs** and for a **category II applicant** it has been revised to **Rs. 25 lacs.**

3. In section 6.3, under the subtopic Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, in point b, it has been further specified that investor complaints should be redressed within **30 days.**

Chapter 7

1. Section 7.3, Firm Allotments has been replaced with **Reservations.** The first and second paras should read as:

“A public issue of shares could be combined with a reservation of shares to certain categories of investors such as the employees, specified shareholders or other persons associated with the issuer as depositors, bondholders or subscribers to services of the issuer making an initial public offer or to retail individual investors for specified categories of issue provided such shares are allotted at a price that is higher than the price at which shares are allotted to the public.

The issuing company can have differential pricing for the retail investors, which can be at a discount not exceeding 10% of the price at which shares are allotted to other categories of investors. Shares issued on a reservation basis will be **locked-in for a period of one year.”**

2. In section 7.6, the fourth para has been revised as:

“A follow-on public offer, as in the case of an initial public offer, is exempt from the requirements of the contribution of the promoter and the lock-in on the promoters’ holding if the company has been listed and not infrequently traded on a recognised stock exchange for at least 3 years and has a track record of paying dividends for at least Immediately preceding 3 years.”

3. In section 7.7, Buy Back of Securities, the second paragraph has been revised as:

“The process of making a buyback offer is described in the regulations. **Board resolution is required to be passed in all cases of buyback. If it is within 10% of the aggregate of the paid-up equity capital and free reserves of the Company, the regulations require only a board resolution to be passed and certain other conditions to be fulfilled.** A special resolution has to be passed at the general meeting allowing the buy back the shares if the proposed buy back is in excess of 10% of **the aggregate of the paid-up equity capital and free reserves** of the company. Buy back cannot however exceed **25% of the total of the paid-up capital and free reserves of the company.**”

4. Section 7.7, Buy Back of Securities, in the fourth paragraph the following has been inserted:

“A copy of the general meeting resolution, if passed is required to be filed with SEBI and the Stock Exchanges within 7 days of the date of passing of the resolution.”

5. In Section 7.7, under the subsection Buy Back through a Tender, last line of the second para has been revised as:

“The specified date shall not be later than 30 days from the date of the public offer. The company shall file a draft offer letter with SEBI **within 7 working days** of the public announcement and send the offer letter to the shareholders **not earlier than 21 days** of such filing with SEBI.”

6. In Section 7.7, under the subsection Buy Back through Stock Exchange, the first line of the second para has been revised as:

“Information about the shares bought-back shall be given to the stock exchange on a daily basis and publish the information in a national daily on a fortnightly basis **and every time when an additional five percent of the buyback has been completed.**”

7. In Section 7.7, the subsection Buy Back through Book Building, has been revised as **Buy Back through Reverse Book Building.**

Chapter 8

1. Before section 8.1 the following line has been added to the preceding para:

“If the shares are allotted to promoter or promoter group, the said shares shall be locked-in for a period of three years from the date of allotment of the shares.”

2. In section 8.1, the definition for QIB in the third para has been revised to include foreign institutional investors.

3. In section 8.2, Rights Issue, the following para has been inserted:

“The rights issue by a listed issuer is subject to the Companies Act as well as the SEBI ICDR. Most of the conditions applicable for public issue also apply to the rights issue. In addition, specific requirements have been prescribed for rights issue like announcement of record date, restrictions on rights issue, letter of offer, abridged letter of offer, pre-issue advertisement for rights, reservation for employees alongwith rights issue and utilisation of funds raised in rights issue.”

Chapter 9

1. In section 9.3, under the sub-topic Categories of Investors in public issue, Qualified Foreign Investors has been added. Further, the para following QIF has been revised as:
“At least 25% of each class or kind of equity shares is required to be offered and allotted to public. If the post issue capital of the company calculated at offer price is more than four thousand crore rupees; the company is required to offer and allot at least 10% of each class or kind of equity shares to the public.”
2. In section 9.6, the third line has been revised to “**under-writing is mandatory**” and the fourth line has been deleted.
3. In section 9.8, under subsection Fixed Price Issue, the requirement to send CAN to investors has been revised from within 30 days to within **15 working days**.

Chapter 10

1. In section 10.1, the second last point under the sub-topic post issue work has been revised as:
Manage the issue work so that the shares are listed on the stock exchange within **limits prescribed by SEBI, from time to time.**”
2. In section 10.2, under subsection ASBA, the last line of the second paragraph has been revised as:
“All investors will be eligible to apply through the ASBA process. However, Qualified Institutional Buyers and Non-Institutional Investors, making application in public/ rights issue shall mandatorily make use of ASBA facility. SCSB is required to give ASBA investors an acknowledgement for receipt of ASBA’s.”
3. In section 10.2, under subsection ASBA Process, the following has been **added** on Roles and Responsibilities of RTAs in ASBA Process:
“Role and responsibilities of the Registrar to the Issue is specified in the circular issued by SEBI on ASBA process. The extract of the same is given below.
 1. Registrar to the Issue shall obtain the electronic bid data (including the Application Supported by Blocked Amount (ASBA) bid data) from the Stock Exchange(s) and match the DP ID, Client ID and PAN specified in the electronic bid file with the depository’s database, for the purpose of acceptance of applications and finalisation of the basis of allotment.
 2. Registrar to the issue shall intimate before opening of the issue the basis of commission payable to SCSBs, the bid/ issue opening and closing date/time, including details of revision in price band/ floor price/ bidding period, if any to SCSBs.
 3. Registrar to the Issue shall inform each Self Certified Syndicate Bank (SCSB) about errors, if any, in the bid details, along with an advice to send the rectified data within a specific date, which shall be specified by the Registrar.
 4. Once the basis of allotment is approved by the Designated Stock Exchange, the Registrar to the Issue shall provide the following details to the Controlling Branch (CB) of each SCSB, along with instructions to unblock the relevant bank accounts and transfer the requisite money to the issuer’s account designated for this purpose, within the timelines specified in the ASBA facility:
 - (i) Number of shares to be allotted against each valid ASBA.
 - (ii) Amount to be transferred from the relevant bank account to the issuer’s account, for each valid ASBA.

(iii) The date by which the funds referred in sub-para (ii) above, shall be transferred to the issuer's account designated for this purpose.

(iv) Details of rejected ASBAs, if any, along with reasons for rejection and details of withdrawn/ unsuccessful ASBAs, if any, to enable SCSBs to unblock the respective bank accounts.

5. The Registrar to the Issue shall be responsible for the correctness and validity of the information furnished by it to SCSBs and shall be liable for all its omissions and commissions in discharging its responsibilities in the ASBA facility.

6. Unless otherwise specified in the regulations/ circulars for ASBA facility, Registrar to the Issue shall ensure that uniform procedure is followed for ASBA and non-ASBA.

7. Registrar to the Issue shall act as a nodal agency for redressing complaints of ASBA and Non-ASBA investors, including providing guidance to ASBA investors regarding approaching the SCSB concerned.

8. Registrar to the Issue shall maintain accurately, at all times, the electronic records relating to ASBAs received from all SCSBs, including the following:

(i) ASBAs taken from the electronic bidding system of the Stock Exchange(s) and ASBAs furnished by SCSBs in respect of the issue;

(ii) particulars relating to allotment of equity shares against valid ASBAs;

(iii) particulars relating to the requisite money to be transferred to the issuer's account against valid ASBAs; and

(iv) Details of rejected/ withdrawn/ unsuccessful ASBAs, if any."

Chapter 12

1. In section 12.1, the fourth para has been revised as:

"The inward counter of the R&T agent will verify the physical documents with the details in the covering letter and DRF and **forward the documents for dematerialisation.**"

2. In section 12.1, the last para the first and fifth item under steps to be followed for dematerialization at the time of IPO have been respectively revised as:

"The Company, R&T agent and the depository enter into an agreement for **admission** of securities in the depository."

"The **issuing company or the R&T agent** may also maintain the details of the beneficial owners. **The DRF should be stored for atleast a period of 5 years.**"

3. In section 12.2, the fifth point and the twelfth point under the heading 'steps involved in the process' have been respectively revised as:

"The depository verifies the information and a **confirmation can be obtained from the system** by the R&T / DP."

"The R&T agent shall **ensure that the applicable revenue stamps are affixed.**

4. At the end of section 12.2, the following line has been added:

"**The RRF should be stored for atleast a period of 5 years.**"

Chapter 13

1. The last line in section 13.5, Transmission, has been revised as:

“The R&T agent has to give effect to the transmission **within 30 days** of receiving all valid documents.”

Chapter 14

1. The first and second points in section 14.3 Listing of Securities have been revised as:

“Minimum continuous public holding of 25% of total number of issued shares of every class of security listed. The public shareholding can be 10% for those classes of shares **where the post issue capital of the company calculated at offer price is more than Rs.4000 cores.**”

“**The post-issue paid up capital shall not be less than Rs 10 Crore.**”

Annexures

Annexure A has been added to chapter 9.

Annexure A: CIR/CFD/DIL/3/2010

Indicative timeline schedule for various activities in the proposed issue process(Non-ASBA)

Sl. No.	Details of Activities	Due Date (Working Day)
1.	Syndicate members upload bid details in the electronic bidding system of stock exchange(s). Syndicate members need to ensure that required documents are attached with the application form.	Issue opening date to issue closing date (where T is issue closing date)
2.	Issue closes.	T
3.	Stock exchange(s) to allow syndicate members to undertake modification of selected fields in the bid details already uploaded. Registrar to get the electronic bid details from the stock exchanges at the end of the day.	T+1
4.	Issuer, merchant banker and registrar to submit relevant documents to the stock exchange(s) except listing application, allotment details and demat credit and refund details for the purpose of listing permission. Syndicate members to forward a schedule (containing application number, payment instrument number and amount), application forms and payment instruments to collecting banks. Collecting banks may not accept bid schedule, bid applications and	T+2

	<p>payment instrument after T+2 day.</p> <p>Registrar to give bid file received from the stock exchanges containing the application number and amount to all the collecting banks who can use this file for validation at their end.</p> <p>Registrar to commence validation of the electronic bid details with depositories records for DP ID, Client ID and PAN.</p>	
5.	<p>Registrar to continue validation of the electronic bid details with depositories records.</p> <p>Collecting banks to commence clearing of payment instruments.</p>	T+3
6.	<p>Registrar to complete validation of the electronic bid details with depositories records.</p> <p>Collecting banks to start forwarding application forms along with bank schedules to registrar.</p>	T+4
7.	<p>Registrar to prepare list of rejected bids based on mis-match between electronic bid details and depositories data base.</p> <p>Registrar to undertake “Technical Rejection” test based on electronic bid details and prepare list of technical rejection cases.</p>	T+5
8.	<p>Collecting banks to submit status of clearance status of payment instrument i.e. “Final Certificate” to the registrar.</p>	T+6
9.	<p>Collecting banks to ensure that all application forms are forwarded to the registrar.</p> <p>Registrar to undertake and complete reconciliation of final certificate received from the collecting banks with electronic bid details.</p> <p>Registrar submits the final basis of allotment to Designated Stock Exchange(s) for approving the basis of allotment.</p>	T+7
10.	<p>Designated stock exchange(s) to approve the basis of allotment.</p> <p>Registrar to prepare funds transfer schedule based on approved allotment.</p> <p>Registrar to give instructions to depositories to carry out lock-in for pre issue capital.</p>	T+8
11.	<p>Registrar and merchant banker to issue funds transfer instructions to collecting banks.</p> <p>Collecting banks to credit the funds in Public Issue Account of the issuer and confirm the same.</p> <p>Issuer to make allotment.</p> <p>Registrar to give instruction to depositories for credit of shares to</p>	T+9

	<p>successful allottees.</p> <p>Registrar to receive confirmation for pre-issue capital lock-in from depositories.</p>	
12.	<p>Issuer and registrar to file allotment details with designated stock exchange(s) and confirm all formalities are completed except demat credit and refund.</p> <p>Registrar to complete refund dispatch.</p> <p>Registrar to issue bank-wise data of allottees, allotted amount and refund amount to collecting banks.</p>	T+10
13.	<p>Registrar to receive confirmation of demat credit from depositories and submit the same to the stock exchange(s).</p> <p>Issuer and registrar to file confirmation of demat credit and refund dispatch with stock exchange(s).</p> <p>Issuer to make a listing application to stock exchange(s) and stock exchanges to give listing and trading permission.</p> <p>Issuer, merchant banker and registrar to publish allotment advertisement before the commencement of trading, prominently displaying the date of commencement of trading, in all the newspapers where issue opening/closing advertisements have appeared earlier.</p> <p>Stock exchange(s) to issue commencement trading notice.</p>	T+11
14.	Trading commences	T+12

*Working days will be all days excluding Sundays and bank holidays

Indicative timeline schedule for various activities in the proposed issue process (ASBA)

Sl. No.	Details of Activities	Timeline/ Due date
1.	<p>An ASBA investor, intending to subscribe to a public issue, shall submit a completed ASBA form to a Self Certified Syndicate Bank (SCSB), with whom the bank account to be blocked, is maintained, through one of the following modes -</p> <p>(i) Submit the form physically with the Designated Branches (DBs) of the SCSB (“Physical ASBA”);</p> <p style="text-align: center;">or</p> <p>(ii) Submit the form electronically through the internet banking facility offered by the SCSB (“Electronic ASBA”).</p>	Issue opening date to issue closing date (where T is issue closing date)

2.	The SCSB shall give an acknowledgement by giving the counter foil or specifying the application number to the ASBA investor, as a proof of having accepted his/ her ASBA, in a physical or electronic mode respectively.	-do-
3.	If the bank account specified in the ASBA does not have sufficient credit balance to meet the application money, the ASBA shall be rejected by the SCSB.	-do
4.	(i) After accepting a Physical ASBA, the SCSB shall block funds available in the bank account specified in the Physical ASBA, to the extent of the application money specified in the ASBA. The SCSB shall then capture and upload the relevant details in the electronic bidding system as specified by the stock exchange(s) for a particular issue. (ii) In case of an Electronic ASBA, the ASBA investor himself/ herself shall fill in all the relevant details, except the application number which shall be system generated. The SCSB shall thereafter upload all the details specified by the stock exchange(s).	-do
5.	The SCSB (Controlling Branch (CB) or DBs) shall provide Transaction Registration Slip(s)/ Order number(s), confirming upload of ASBA details in the electronic bidding system of the stock exchange. The Transaction Registration Slip(s)/ Order number(s) shall be provided to the ASBA investor as a proof of uploading the details of ASBA, only on demand.	-do
6.	In case an ASBA investor wants to withdraw his/ her ASBA during the bidding/ offer period, he/ she shall submit his/ her withdrawal request to the SCSB, which shall do the necessary, including deletion of details of the withdrawn ASBA from the electronic bidding system of the stock exchange(s) and unblocking of funds in the relevant bank account.	-do
7.	Stock exchange to allow SCSBs to undertake modification of selected fields in the bid details already uploaded Registrar to get the electronic bid details from the stock exchanges at the end of the day.	T+1
8.	The SCSB shall send investor category-wise the following aggregate information as per the format specified by the Registrar to the issue, to the registrar: (i) Total number of ASBAs uploaded by the SCSB (ii) Total number of shares and total amount blocked against the uploaded ASBAs.	T+2
9.	The Registrar shall reconcile the compiled data received from the stock exchange(s) and all SCSBs (hereinafter referred to as the “reconciled data”).	T+2 to T+6

10.	The registrar shall then match the reconciled data with the depositories' database for correctness of DP ID, Client ID and PAN. In case any DP ID, Client ID or PAN mentioned in the bid file for ASBAs does not match with the one available in the depositories' database, such ASBA shall be rejected by the registrar.	
11.	In case an ASBA investor wants to withdraw his/her ASBA after the bid closing date, he/she shall submit the withdrawal request to the registrar. The registrar shall delete the withdrawn bid from the bid file.	
12.	The registrar shall reject multiple ASBAs determined as such, based on common PAN.	
13.	The registrar shall finalise the basis of allotment and submit it to the Designated Stock Exchange for approval.	T+7
14.	Once the basis of allotment is approved by the Designated Stock Exchange, the registrar shall provide the following details to the CB of each SCSB, along with instructions to unblock the relevant bank accounts and transfer the requisite money to the issuer's account designated for this purpose, within the timelines specified in the ASBA facility: (i) Number of shares to be allotted against each valid ASBA (ii) Amount to be transferred from the relevant bank account to the issuer's account designated for this purpose, for each valid ASBA (iii) The date by which the funds referred to in sub-para (ii) above, shall be transferred to the issuer's account designated for this purpose. (iv) Details of rejected ASBAs, if any, along with reasons for rejection and details of withdrawn/ unsuccessful ASBAs, if any, to enable SCSBs to unblock the respective bank accounts.	T+8
15.	SCSBs shall unblock the relevant bank accounts for: (i) Transfer of requisite money to the issuer's account designated for this purpose against each valid ASBA. (ii) Withdrawn/ rejected/ unsuccessful ASBAs. The CB of each SCSB shall confirm the transfer of requisite money against each successful ASBA to the Registrar to the Issue.	T+9
16.	The Issuer shall make the allotment. Registrar to give instruction to depositories for credit of shares to successful allottees.	T+9
17.	Issuer and registrar to file allotment details with Designated Stock Exchange and confirm all formalities are complete except demat credit.	T+10
18.	Registrar to receive confirmation of demat credit from depositories and submit the same to the stock exchange(s). Issuer and registrar to file confirmation of demat credit and refund dispatch with stock exchange(s).	T+11

	<p>Issuer to make a listing application to stock exchange(s) and stock exchanges to give listing and trading permission.</p> <p>Issuer, merchant banker and registrar to publish allotment advertisement before the commencement of trading, prominently displaying the date of commencement of trading, in all the newspapers where issue opening/closing advertisements have appeared earlier.</p> <p>Stock exchange(s) to issue commencement trading notice.</p>	
19.	Trading commences	T+12