

## Sebon asks CDSCL to defer C-ASBA implementation for a month

Securities Board of Nepal (Sebon) has instructed CDS and Clearing Ltd to defer the implementation of Centralized Application for ASBA-based Issuance (C-ASBA) by a month.

The new system, which is an upgraded version of the Applications Supported by Blocked Amount (ASBA) system, allows investors to apply primary shares through a uniform process at all ASBA members which is operated in a centralized way by the CDSCL.

The capital market is now gearing up for the implementation of C-ASBA once all public issues are made mandatory to use ASBA. Under the system, investors' money equivalent to the subscription of initial public offering (IPO) or follow-on public offer (FPO) gets blocked until the share allotments are made. Respective bank or financial institutions (BFIs) will deduct funds from the applicant's bank account only after share allotments are made and the remaining fund is freed.

Earlier on Tuesday, CDSCL published a notice, announcing mandatory implementation of C-ASBA, stating that guideline of the new system has already been approved by the Sebon.

Under C-ASBA, all institutions involved in the public issue process are woven under the centralized electronic system operated by the CDSCL through software. Officials say C-ASBA will reduce the time taken for the allotment of public issue as the demat accounts of the applicant gets verified prior to the application under this new system which is linked with the centralized system. Similarly, investors, who are registered once at C-ASBA, can apply for shares from their home through Internet, ending the requirement to manually submit application forms. As issue managers will be able to get all applications from all BFIs instantly through the software, the allotment process will also be completed immediately after the subscription is closed, according to CDSCL officials.

However, Sebon -- the capital market regulator -- on Wednesday directed the CDSCL to postpone implementation of the system by a month, stating that more than 2,500 branch offices of bank and financial institutions (BFIs), who are ASBA members, need some to complete preparation and develop infrastructure to join C-ASBA.

Sebon officials say that the stock market regulator had to intervene after ASBA members made complaints at the regulatory body, stating that they need some preparation time. "As ASBA members need some time to train themselves on the new system, while investors should get C-ASBA registration number for the new system to be effectively implemented, the Sebon has decided to instruct CDSCL to make the system mandatory only after a month," a senior official of Sebon told Republica.

Source: My Republica, 25<sup>th</sup> January 2018