



INDIAN MARKET PRACTICE FOR IPO/FPO/IPP

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I. Scope and Definitions

The scope of this document is to describe the market practice for the usage of:

- MT502 for IPO bid subscription
- MT509 for IPO subscription instruction processing status
- MT515 for confirmation of allotment/refund details
- MT545 for confirmation of receipt of shares
- MT564 for notification of effective listing date

It covers the following business domain:

- IPO bid instruction and confirmation.
- Settlement of shares: Allotment and refund details, and receipt of shares.
- Financial instrument: Equities
- Service: Custody

This document aims at presenting a high level overview of the common elements for an IPO and to bring closer the identified practices by harmonising the different views to establish a global market practice for IPO.

II. Background

IPO is the offer of equity shares by the company to the public. It is an invitation to the public to make investments in the company by its promoters. The IPO process has a systematic cycle – it starts and ends with the Issuer. Besides the Issuer, it also involves many parties including the Stock Exchanges, the Lead Managers, the Bookrunners, and the Syndicate members, the Brokers, the Lawyers, the Auditing Firms, the Registrars, the Custodians, the Investors and the PR Firms. The entire timeframe of an IPO process can range from six months to more than a year.

This document will focus on two parties – the Custodians and the Investors – with a particular focus on the IPO bid and allotment process. IPO bid processing in India for institutional clients is done by custodians whereas in some other countries, it is done end to end by the brokers. With the increased focus for companies to raise capital through IPO, we would expect to see a steady increase in IPO volumes in the near future. With this reason, custodian banks are requesting to have a more seamless and straight-through processing capability at their back office systems for IPO bid and allotment instructions.

This document will be drafted as a global market practice document which will be distributed to the global SMPG for discussion and approval.

III. Problems

The current pains faced by custodians include:

- Absence of structured message format: Custodians usually receive IPO instructions from their institutional clients by fax and/or SWIFT MT599. There is no straight-through processing for MT599 due to its free format based message nature.
- Inefficiency: Most of the IPO instructions are received in the last few hours on the last day of bidding. With no automation, it leads to high pressure situations as instructions need to be captured and checked manually, thus increasing processing error risk.

IV. Actors and Roles

Two main roles are involved in this process:

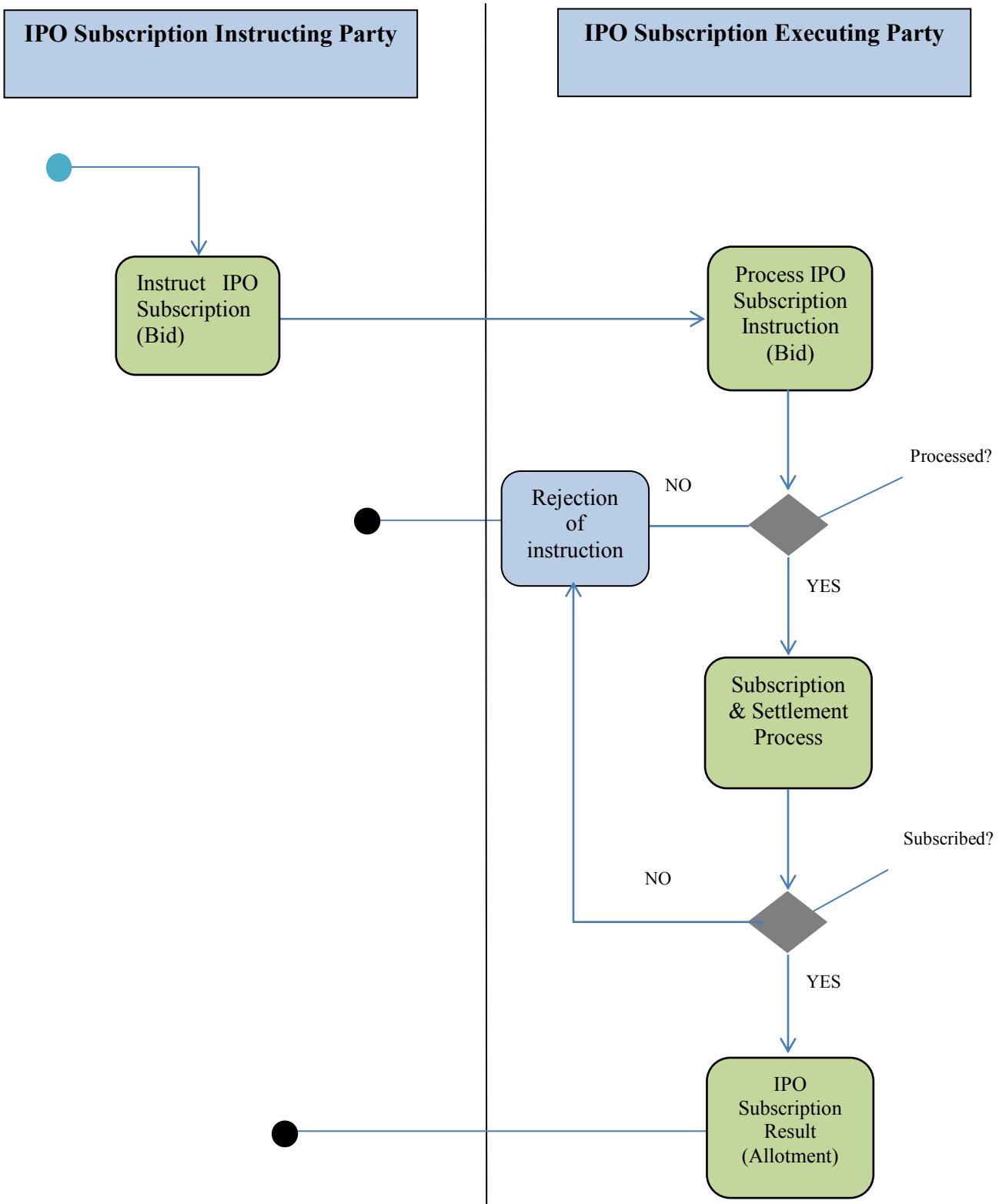
1. IPO subscription instructing party - The party instructing an IPO subscription
2. IPO subscription executing party - The party executing an IPO subscription

Note: There may be one or more intermediaries between the subscription instructing party and the subscription executing party. The subscription instruction process remains the same whatever the number of parties involved in the chain. These will therefore not be described specifically in this document.

The actors that would typically play those roles are:

IPO Subscription Instructing Party	IPO Subscription Executing Party
Institutional Investors (Investment banks, brokerage houses, mutual funds, hedge funds, insurance companies etc.)	Global Custodian Sub-Custodian

V. Activity Diagram



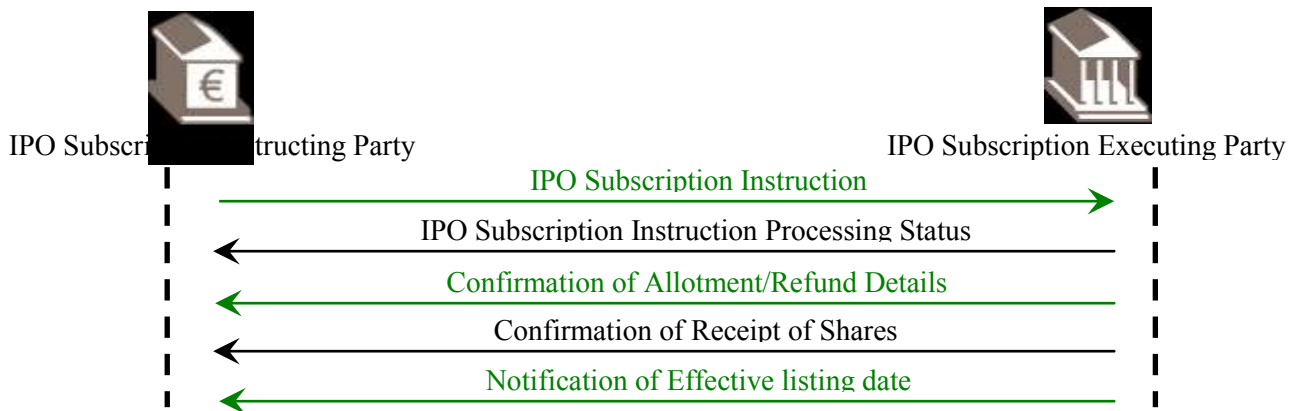
Descriptions of the activities	
IPO Subscription Instructing Party	IPO Subscription Executing Party
<p><u>Instruct IPO Subscription</u>: Instruction of bidding of IPO shares.</p>	<p><u>Process IPO Subscription Instruction</u>: Validation of the details of the instruction before further processing, e.g. valid price range, ISIN, a/c number, expiry date, etc.</p>
	<p><u>Processed YES/NO</u>: If YES, i.e. the instruction is ready for further processing. The next step is the uploading of bids on the exchange. A status update may occur following a YES or a NO.</p>
	<p><u>Allotment and Settlement Process</u>: The Executing Party purchases IPO shares based on the previous received instruction. The settlement process will follow the normal trade settlement cycle.</p>
	<p><u>Subscribed YES/NO</u>: If YES, i.e. the subscription is successful, meaning instructed amount of shares have been fully/partially purchased and allotted. The settlement has been completed. If partially subscribed, excess money will be refunded on a specified date. A status update may occur following a YES or a NO.</p>
	<p><u>Update Status</u>: Update status of each progress in the IPO subscription cycle.</p>

VI. Communication Flows

In **green**, the main communication requirements for this process.

In **black**, the surrounding communication requirements.

Example:



Business Flows	Scope
Instruct IPO Subscription	To instruct the custodian about the bidding details of the IPO.
IPO Subscription Instruction Processing Status	To confirm the receipt and processing of IPO instruction.
Confirmation of Allotment/Refund Details	To inform the investor of the shares allotment details: <ul style="list-style-type: none"> • Share allotment price • Number of shares allotted • Additional amount to be paid if any • Amount to be refunded if any • Settlement date for the shares credit and cash refund
Confirmation of Receipt of Shares	To inform the investor of the receipt of shares.
Notification of Effective listing date	To inform the investors of the shares listing date.

VII. Business Data Requirements

For the above-described different communication needs, the following business data are required. Focus is on the processes described in the MP:

A. IPO subscription instruction

Business elements	Additional information
Message reference	16x
Price	Bid price(s)
Quantity of financial instrument	<ul style="list-style-type: none"> • Bid quantity • Expressed as units
Payment Amount	Bid cash settlement amount used to derive the appropriate quantity of financial instrument to be bought
Multiple bids option	Up to 3 options
Identification of the financial instrument	<ul style="list-style-type: none"> • ISO 6166 International Securities Identification Number [ISIN] • Name of the IPO/subscription
Expiry date	Date on which an order expires (offer period: min 3 days, max 10 days)
Value date	For the settlement of the payment amount (Eg. 100% margin payment in India)
Party details	Lead Manager/Syndicate Member/Broker (through whom the bids are placed)
Safekeeping account to be credited	-
Account name	-
Cash account	Cash account to be debited
Funding by client	<ul style="list-style-type: none"> • FX Booking • Utilisation of existing funds in the account • Partial FX and Partial Cash
Revision/Cancellation of an existing bid	Provide SWIFT reference no of the last instruction

B. IPO subscription instruction processing status

Business elements	Additional information
Message reference	16x
Trade date	ISO 8601 Date/Time
Payment Amount	Bid cash settlement amount used to derive the appropriate quantity of financial instrument to be bought
Quantity of financial instrument	Expressed as units
Identification of the financial instrument	<ul style="list-style-type: none"> • ISO 6166 International Securities Identification Number [ISIN] • Name of the subscription
Safekeeping account to be credited	-
Account name	-
Cash account	-
Value date	For the settlement of the payment amount
Reasons for rejection	-

C. Confirmation of allotment/refund details

Business elements	Additional information
Message reference	16x
Price	Share allotment price
Identification of the financial instrument	<ul style="list-style-type: none"> • ISO 6166 International Securities Identification Number [ISIN] • Name of the IPO/subscription
Account	Account to be credited
Allotted quantity	Number of shares received
Refund amount	Excess money to be refunded for partial subscription
Settlement date	<ul style="list-style-type: none"> • ISO 8601 Date/Time • Settlement date for the shares credit and cash refund
Party details	Lead Manager/Syndicate Member/Broker
Expected demat credit date	ISO 8601 Date/Time
New ISIN	<ul style="list-style-type: none"> • ISO 6166 International Securities Identification Number [ISIN] • Name of the IPO/subscription

D. Confirmation of receipt of shares

Business elements	Additional information
Message reference	16x
Message link	<ul style="list-style-type: none"> • Related IPO deal reference • Related message reference
Settlement date	ISO 8601 Date/Time
Trade date	ISO 8601 Date/Time
Deal price	IPO issued price
Identification of the financial instrument	<ul style="list-style-type: none"> • ISO 6166 International Securities Identification Number [ISIN]

	<ul style="list-style-type: none"> Name of the IPO/subscription
Quantity of financial instrument	Quantity of financial instrument effectively settled
Safekeeping account to be credited	-
Account name	-
Cash account	Cash account to be debited
Revision/Cancellation of an existing bid	Provide SWIFT reference no of the last instruction

E. Notification of effective listing date

Business elements	Additional information
Message reference	16x
Corporate action reference	16x
Sender's message reference	16x
Corporate action event indicator	Specifies the type of corporate event
Mandatory/Voluntary indicator	Specifies whether the event is mandatory, mandatory with options or voluntary
Processing Status	Specifies the status of the details of the event
Identification of the financial instrument	<ul style="list-style-type: none"> ISO 6166 International Securities Identification Number [ISIN] Name of the IPO/subscription
Place of listing	Place where the referenced financial instrument is listed
Effective Date/Time	Date/time at which the shares commence trading in the stock exchange

VIII. Bidding Process

1. The bidding process in India begins with a public announcement made by the Issuer either through the fixed price issue method or the book building price issue method, depending on the demand.
2. Fixed Price Issue: Price at which the securities are offered and would be allotted is made known in advance to the investors.
3. Book Building Issue: A 20% price band is offered by the issuer within which investors are allowed to bid and the final price is determined by the issuer only after closure of the bidding.
4. Book Building is essentially a process used by companies to raise capital through Public Offerings (both Initial Public Offers and Follow-on Public Offers) to aid price and demand discovery. It is a mechanism where, during the period for which the book for the offer is open, the bids are collected from investors at various prices, which are within the price band specified by the issuer. The issue price is only determined after the bid closure based on the demand generated in the process.
5. During the Book Building process, the issuer will specify the number of securities to be issued and the price band for the bids. Bids have to be entered within the specified price band and the client can bid up to a maximum of 3 bids only. The client has the opportunity to revise his bid upward before the book closes. Bidding is done with the name of the company and there is no ISIN code.
6. The institutional investor would have their money blocked in the bank account under ASBA (Application Supported by Blocked Amount). This means that 100% of the maximum of the 3 bids placed has to be blocked. In case of price priority, the total of 3 bids is required to be blocked. The investor's money will only be debited from its bank INR account to the extent of shares allotted by the issuer. The issuer will auto credit the shares (temporary ISIN) in case of FPO/IPP) into the depository account of the respective investors as per allotment made
7. Subsequently issuer will apply of listing and trading approval with the exchange(s).
8. In case of FPO/IPP, the depository will auto transfer the shares from temporary ISIN to clean ISIN on the day of trading & listing date approved.

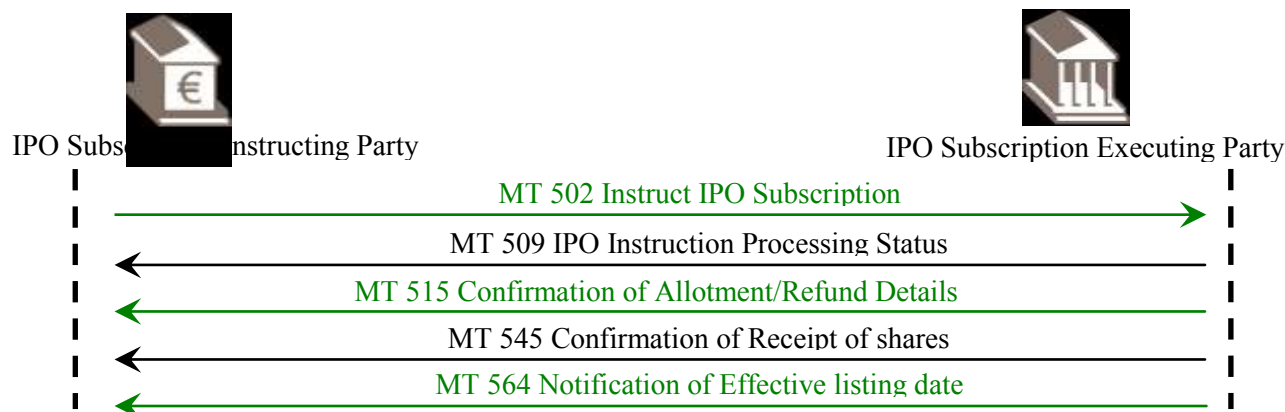
IX. Market Practice Rules

- If indicated in the Order to buy or sell message type (MT502), some fields will become mandatory such as the place of trade, safekeeping and cash account, indicative price, IPO, FPO or IPP order (under buy/sell indicator), amount and quantity of financial instrument. When this is the case, these elements have to be provided in the message.
- Narrative form is needed for any declarations or disclaimers required from the investor from time to time depending on the prospectus.
- Deal price should be restricted to 2 decimal places only.

X. ISO 15022 Illustration

A. Sequence Diagram

The ISO 15022 illustrations shows how the MP will be implemented using ISO 15022 messages.



B. IPO Subscription Instruction using MT 502

Business elements	ISO 15022
Instruction Identification	:20C::SEME//16x
Order Details Indicator	:22F::TRTR/TRAD
Primary Market	:94B::TRAD//PRIM or EXCH (Depends if it's IPO or FPO or IPP)
Buy/Sell Indicator: IPO Order or FPO Order or IPP Order	:22H::BUSE//IPOO or :22H::BUSE//FPOO or :22H::BUSE//IPPO
Payment Indicator (Against Payment)	:22H::PAYM//APMT
Expiry Date	:98A/C::EXPI//YYYYMMDD
Currency	:11A::FXIB//3!a or FXIS//3!a
Buyer	:95P::BUYR//BICCODE or :95Q::BUYR//4*35x
Investor	:95P::INVE//BICCODE or :95Q::INVE//4*35x
Seller (Issuer/Issuer Agent)	:95P::SELL//BICCODE or :95Q::SELL//4*35x
Introducing Broker – Lead Manager	:95P::INBR//BICCODE or :95Q::INBR//4*35x

Initial Public Offering – Market Practice

Party Narrative	:70C::PACO//4*35x
Declaration Details Narrative	:70E::DECL//10*35x
Safekeeping Account	:97A::SAFE//35x
Cash Account	:97A::CASH//35x
Bid Quantity	:36B::ORDR//UNIT/15d if 1 bid :36B::ORDR//UNIT/15d if 2 bids :36B::ORDR//UNIT/15d if 3 bids (repetitive)
Bid Price (Deal price to be restricted to 2 decimal places only)	:90B::DEAL//ACTU/INRXXXXX (up to 3 bid prices)
Quantity of Financial Instrument (Cancel)	:36B::CANC//UNIT/15d
Financial Instrument & IPO/FPO/IPP Name	:35B::ISINXXXXXXX [Name of IPO or FPO or IPP]
Issue Date	:98A::ISSU//YYYYMMDD
Indicative Issue Price	:90B::INDC//ACTU/INRXXXX
Trade Instruction Processing Narrative - Disclaimer	:70E::TPRO//NARRATIVE
Financial Instrument Attribute Narrative -	:70E::FIAN//NARRATIVE <u>Always use FIAN Narrative to instruct partial cash balance/partial FX booking.</u>
Settlement transaction indicator	:22F::SETR/ISSU and/or SYND
Cash Settlement system	:22F::CASY//GROS
Settlement Transaction Condition Indicator (Instruct Cash Account Balance)	:22F::STCO//IAAB
Delivering Agent	:95P/Q::DEAG//[Underwriter]
Receiving Agent	:95P/Q::REAG//[CUST]
Place of Settlement	:95P/Q::PSET//[BIC OF CSD]
Beneficiary	:95P/Q::BENM//[Issuer]
Account with Institution of the beneficiary	:95P/Q::ACCW//BANKXXX

IPO Instruction Processing Status using MT 509

Business elements	ISO 15022
Instruction Identification	:20C::SEME//16x
Linked Message	:13A::LINK//502
Related Message Reference	:20C::RELA//16x
Status Code (Instruction processing status)	:25D::IPRC//4!c
Status Code (Rejection Reason codes to specify the reason for rejecting the IPOO or FPOO or IPPO bids instructed by clients, if any.)	:24B::REJT//4!c
Prepayment Value Date	:98A/C::PVAD//YYYYMMDD
Expected Confirmation Date	:98A::XCDT//YYYYMMDD
Tentative Listing Date	:98A::TLDT//YYYYMMDD
Trade Date	:98A/C::TRAD//YYYYMMDD
Currency to Buy or Sell	:11A::FXIB or FXIS//INR
Buy/Sell Indicator: IPO Order or FPO Order or IPP Order	:22H::BUSE//IPOO or :22H::BUSE//FPOO or :22H::BUSE//IPPO
Payment Indicator (Against Payment)	:22H::PAYM//APMT
Account Owner	:95P/R::ACOW/IDENTIFIER CODE
Safekeeping Account	:97A::SAFE//35x
Executed Settlement Amount	:19A::PREX//3!a15d

Initial Public Offering – Market Practice

Debit Blocked Amount	:19A::DBAM//3!a15d
Deal Price (Deal price to be restricted to 2 decimal places only)	:90B::DEAL//ACTU/3!a15d (up to 3 bids)
Ordered Quantity	:36B::ORDR//UNIT/15d if 1 bid :36B::ORDR//UNIT/15d if 2 bids :36B::ORDR//UNIT/15d if 3 bids (repetitive)
Financial Instrument & IPO/FPO/IPP Name	:35B::ISINXXXXXXXX [Name of IPO or FPO or IPP]
Rejection Reason Codes	:24B::REJT//4!c

Confirmation of Allotment/Refund Details using MT 515

Business elements	ISO 15022
Instruction Identification	:20C::SEME//16x
Order Details Indicator	:22F::TRTR/TRAD
Linked Message	:13A::LINK//502
Related Message Reference	:20C::RELA//16x
Trade Date	:98A/C::TRAD//YYYYMMDD
Settlement Date	:98A/C::SETT//YYYYMMDD
Deal Price (restricted up to 2 decimal places only)	:90B::DEAL//ACTU/3!a15d (up to 3 bids)
Place of Trade	:94B::TRAD//PRIM or EXCH (Depends if it is IPO or FPO or IPP)
Settlement Amount (Repeatable only if qualifier IPOO or FPOO or IPPO codes are used)	:19A::SETT//3!a15d
Buy/Sell Indicator: IPO Order or FPO Order or IPP Order	:22H::BUSE//IPOO or :22H::BUSE//FPOO or :22H::BUSE//IPPO
Payment Indicator (Against Payment)	:22H::PAYM//APMT
Currency to Buy or Sell	:11A::FXIB or FXIS//3!a
Buyer	:95P::BUYR//4!a2!a2!c :95Q::BUYR//4*35x
Safekeeping Account (For Buyer & Investor)	:97A::SAFE//35x
Cash Account (For Buyer, Seller & Investor)	:97A::CASH//35x
Investor	:95P::INVE//BICCODE :95Q::INVE//4*35x
Seller	:95P::SELL//BICCODE or :95Q::SELL//4*35x
Introducing Broker – Lead Manager	:95P::INBR//BICCODE or :95Q::INBR//4*35x
Party Narrative	:70C::PACO//4*35x
Declaration Details Narrative	:70E::DECL//10*35x
Quantity of Financial Instrument Confirmed	:36B::CONF//UNIT/15d
Financial Instrument & IPO/FPO/IPP Name	:35B::ISINXXXXXXXX [Name of IPO or FPO or IPP]
Issue Date	:98A::ISSU//YYYYMMDD
Financial Instrument Attribute Narrative [New ISIN – Line 1 Demat Credit Date – Line 2]	:70E::FIAN//35B-NEWISIN//ISINXXXXXXXX //98A-DMAT//YYYYMMDD
Disclaimer Narrative	:70E::TPRO//DISCLAIMER
Settlement (Issuance or Syndicated)	:22F::SETR//ISSU or SYND
Cash Settlement System Indicator	:22F::CASY//GROS or :22F::RTGS//YRTG or :22F::RTGS//NRTG

Initial Public Offering – Market Practice

Delivering Agent	:95P::DEAG//[Underwriter]
Receiving Agent	:95P::REAG//[CUST]
Place of Settlement	:95P::PSET//[BIC OF CSD]
Account with Institution of the beneficiary	:95P::ACCW//BANKXXX :95Q::ACCW//4*35x
Beneficiary	:95P::BENM//ISSUER :95Q::BENM//4*35x
Refund Amount	:19A::REFD//3!a15d
Trade Amount	:19A::RESU//3!a15d
Value Date	:98A/C::VALU//YYYYMMDD
Exchange Rate	:92B::EXCH//3!a/3!a/15d

Confirmation of Receipt of Shares using MT 545

Business elements	ISO 15022
Instruction Identification	:20C::SEME//16x
Linked Message	:13A::LINK//502
Related Message Reference	:20C::RELA//16x
Place of Trade	:94B::TRAD//PRIM or EXCH (Depends if it is IPO or FPO or IPP)
Trade Date	:98C::TRAD//YYYYMMDD
Settlement Date	:98C::SETT//YYYYMMDD
Effective Settlement Date	:98C::SETT//YYYYMMDD
Financial Instrument & IPO/FPO/IPP Name	:35B::ISINXXXXXXXX [Name of IPO or FPO or IPP]
Payment Status Indicator	:22F::PAYS//FULL
Classification Type	:12A::CLAS//30x
Expiry Date	:98A::EXPI//YYYYMMDD
Issue Date	:98A::ISSU//YYYYMMDD
Indicative Price	:90B::INDC//ACTU
Settlement Instruction Processing Narrative	:70E::SPRO//NARRATIVE
Quantity of Financial Instrument Settled	:36B::ESTT//4!c/15d
Safekeeping Account	:97A::SAFE//35x
Cash Account	:97A::CASH//35x
Place of Safekeeping	:94F::SAFE//4!c
Settlement (Issuance or Syndicated or Trade)	:22F::SETR//ISSU or SYND or TRAD
Cash Settlement System Indicator (Real time / Gross)	:22F::CASY//GROS or :22F::RTGS//YRTG or :22F::RTGS//NRTG
Delivering Agent	:95P::DEAG//[Underwriter]
Seller	:95P::SELL//BICCODE
Place of Settlement	:95P::PSET//[BIC OF CSD]
Account with Institution of the beneficiary	:95P::ACCW//BANKXXX
Beneficiary	:95P::BENM//ISSUER
Cash Account	:97A::CASH//35x
Settled Amount	:19A::ESTT//3!a15d
Trade Amount	:19A::RESU//3!a15d
Exchange Rate	:92B::EXCH//3!a/3!a/15d

Notification of Effective Listing date using MT 564

Business elements	ISO 15022
Corporate Action Reference	:20C::CORP//16x

Initial Public Offering – Market Practice

Sender's Message Reference	:20C::SEME//16x
Corporate Action Event Indicator (Trading Status: Active)	:22F::CAEV//ACTV
Financial Instrument & IPO/FPO/IPP Name	:35B::ISINXXXXXXX [Name of IPO or FPO or IPP]
Place of Listing	:94B::PLIS//EXCH [Name of Stock Exchange]
Safekeeping Account	:97A::SAFE//35x
Effective Date for Listing	:98A::EFFD//YYYYMMDD
Narrative (Declaration Details)	:70E::DECL//10*35x
Narrative (Additional Text for the second stock exchange, if any.)	:70E::ADTX//10*35x [Stock Exchange no. 2]
Narrative (Disclaimer)	:70E::DISC//10*35x
Recipient of Message	:95P/Q::MERE//[IPO team]

C. Example

Business Scenario:

Multi Commodity Exchange of India Ltd declares a price range and multiple of shares quantity in which client will have to bid in the IPO. E.g. Price range falls between INR125 to INR140 with multiple of 100 shares. JP Morgan Investment Management ("Client") manages a fund and wishes to purchase Multi Commodity Exchange of India Ltd shares in their initial public offering. Client has maximum 3 options for bidding in an IPO in the same application. Amount to be blocked will be the highest amount in multiple bids. In the example below, the amount payable by the client will be INR1, 875,000. However, for price priority issues, total amount would be blocked i.e. INR4,835,000.

Option	Shares	Price (INR/share)	Bid Amount (INR)
1	10,000	140.00	1,400,000
2	12,000	130.00	1,560,000
3	15,000	125.00	1,875,000

The bid will be rejected if quantity of shares is not in multiple of 100 declared by the company, or bid price is not within the price range. Client has the option to revise the bid with respect to the quantity and the price. There is no restriction to the client on the number of revisions that can be made in an IPO. For any upward revision, clients will have to make additional payment.

JP Morgan Investment Management sends an MT 502 to its custodian bank in India with the instruction to subscribe the IPO of Multi Commodity Exchange of India Ltd.

Multiple bids in one message:

MT 502
:16R:GENL
:20C::SEME//123456789
:23G:NEWM
:98A/C::PREP//20120724113000
:22F::TRTR//TRAD
:16S:GENL
:16R:ORDRDET
:94B::TRAD//PRIM
:16R:PRIC
:90B::DEAL//ACTU/INR140,00
:16S:PRIC
:16R:PRIC

Message reference

Preparation date/time
Trade Transaction Type Indicator

Trade executed in Primary mkt

Option 1 Price

Field 90B:
Deal price to be restricted to 2 decimal places only.

Initial Public Offering – Market Practice

:90B::DEAL//ACTU//INR130,00
:16S:PRIC
:16R:PRIC
:90B::DEAL//ACTU//INR125,00
:16S:PRIC
:22H::BUSE//IPOO
:22H::PAYM//APMT
:98A::EXPI//20120802
:98B::RSET//WISS or
:98A::RSET//20120816
:11A::FXIS//USD
:16R:TRADPRTY
:95P::BUYR//BICCODE
:97A::SAFE//111111111
:97A::CASH//333333333
:16S:TRADPRTY
:16R:TRADPRTY
:95P::INVE//BICCODE or
:95Q::INVE//4*35x
:97A::SAFE//222222222
:97A::CASH//444444444
:16S:TRADPRTY
:16R:TRADPRTY
:95P::SELL//BICCODE or
:95Q::SELL//4*35x
:97A::CASH//555555555
:70E::DECL//NARRATIVE
:16S:TRADPRTY
:16R:TRADPRTY
:95P::INBR//BICCODE or
:95Q::INBR//4*35x
:70C::PACO//ADDITIONALDETAILS
:16S:TRADPRTY
:36B::ORDR//UNIT/10000,
:36B::ORDR//UNIT/12000,
:36B::ORDR//UNIT/15000,
:35B:ISIN XX0000294034
[NAME OF IPO]
:16R:FIA
:98A::ISSU//20120816
:90B::INDC//ACTU//INR125,
:70E::FIAN//[Narrative to instruct
custodians to use partial cash balance +
partial FX booking]
:16S:FIA
:70E::TPRO//DISCLAIMER
:16S:ORDRDET
:16R:SETDET
:22F::SETR//ISSU
:22F::SETR//SYND
:22F::CASY//GROS
:22F::RTGS//YRTG or NRTG
:22F::STCO//IAAB
:16S:SETPRTY
:16R:SETPRTY

Option 2 Price

Option 3 Price

Buy/Sell Indicator – IPO Order

Payment Indicator – Against Payment

Expiry Date

Settlement Date/Time

Currency to Sell

Buyer

Safekeeping account

Cash Account

Investor

Safekeeping account

Cash Account

Seller (Issuer/Issuer Agent)

Cash Account

Declaration Details Narrative

Introducing Broker – Lead Manager

Details

Party Narrative

Ordered Qty (1)

Ordered Qty (2)

Ordered Qty (3)

ISIN & Name of IPO

Issue Date

Indicative (Issue) Price

FIAN Narrative to instruct partial cash balance/partial FX booking

Disclaimer Narrative

Settlement relates to Issuance or Syndicated

Cash – Gross Settlement

Real Time Gross Settlement

Settlement Transaction Condition

Indicator – Utilise Cash Balance in the account

Initial Public Offering – Market Practice

:95P::DEAG//XXXX	Delivering Agent
:16R:SETPRTY	
:16S:SETPRTY	
:95P::REAG//XXXX	Receiving Agent
:16R:SETPRTY	
:16S:SETPRTY	
:95P::PSET//XXXX	Place of Settlement
:16R:SETPRTY	
:16R:CSHPRTY	
:95P::ACCW//BICCODE	Account with Institution
:16S:CSHPRTY	
:16R:CSHPRTY	
:95P/Q::BENM//ISSUER	Beneficiary of Money (Issuer/Issuer Agent)
:97A::CASH//88888888	Cash Account
:16S:CSHPRTY	
:16R:AMT	
:19A::DEAL//INR1875000,	Trade Amount (PxQty)
:19A::RESU//USD1875,	Trade Amount (USD) mandatory if EXCH is used
:98A::VALU//20120816	Value Date
:92B::EXCH//USD/INR/1000,	Exchange Rate
:16S:AMT	
:16S:SETDET	

Due to the multiple bids option, there is a need to have proper linkage for First Bid Option Quantity with First Bid Price, Second Bid Option Quantity with Second Bid Price and Third Bid Option Quantity with Third Bid Price to avoid any confusion at the sub-custodian level. The first sequence of the qualifier ORDR is associated with the first bid DEAL, the second sequence of the qualifier ORDR associated with the second bid DEAL and the third sequence of the qualifier ORDR to be associated with the third bid DEAL. Only the highest trade amount will be blocked in the cash account of the client.

JP Morgan's custodian bank in India sent a MT509 to JP Morgan to confirm the receipt and processing of the instruction.

MT 509	
:16R:GENL	
:20C::SEME//01330	Message reference
:23G:INST	Function of message: For Confirmation purpose
:98E::PREP//20120724113000	Preparation date
:16R:LINK	
:13A::LINK//502	Related Message Type
:20C::RELA//123456789	Related Message Reference
:16S:LINK	
:16R:STAT	
:25D::IPRC//PACK	Status Code: Acknowledged
:16S:STAT	
:16S:GENL	
:16R:TRADE	
:98C::PVAD//YYYYMMDD	Value Date
:98C::XCDT//YYYYMMDD	Expected Confirmation Date
:98C::TLDT//YYYYMMDD	Tentative Listing Date

Initial Public Offering – Market Practice

:98C::TRAD//YYYYMMDD
:11A::FXIB//INR
:22H::BUSE//IPOO
:22H::PAYM//APMT
:95R::ACOW/A1B2C3D4/12345ABCD
:97A::SAFE//22222222
:19A::PREX//INR1875000,
:19A::DBAM//INR4835000,
:90B::DEAL//ACTU//INR140,00
:90B::DEAL//ACTU//INR130,00
:90B::DEAL//ACTU//INR125,00
:36B::ORDR//UNIT/10000,
:36B::ORDR//UNIT/12000,
:36B::ORDR//UNIT/15000,
:35B::ISIN XX0000294034
:16S::TRADE

Trade Date
Currency to buy
Buy/Sell Indicator – IPO Order

Account Owner

Executed settlement amount
 Debit Blocked Amount

Deal Price (1)
Deal Price (2)
Deal Price (3)
Ordered Qty (1)
Ordered Qty (2)
Ordered Qty (3)
 ISIN of IPO

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In the event where the custodian bank decides to send an MT 509 to reject the instruction:

JP Morgan’s custodian bank in India can send an MT509 to JP Morgan to reject the instruction.

There can be many reasons for rejection, for example:

- Bid quantity not in multiple lots
- Bid price not within price bands
- Mention of incorrect issuer name/ISIN
- Funding details not provided or insufficient funding
- No reference of previous instruction for revision
- No/less clarity in revised instruction for bid options mentioned in instruction
- Declaration missing/incomplete
- Client not eligible to participate in the bid
- Incorrect/incomplete instructions

In the following example, we assume that JP Morgan’s custodian bank in India rejects the instruction due to incomplete declaration provided.

MT 509	
:16R::GENL	
:20C::SEME//01330	
:23G::INST	
:98E::PREP//20120724113000	
:16R::LINK	
:13A::LINK//502	
:20C::RELA//123456789	
:16S::LINK	
:16R::STAT	
:25D::IPRC//PACK	
:16R::REAS	
:24B::REJT//INDL	
:70D::REAS//6*35x	
:16S::REAS	
:16S::STAT	
:16S::GENL	

Message reference
Function of message: For Confirmation purpose
 Preparation date

Related Message Type
 Related Message Reference

Status Code: Acknowledged

Incomplete Declaration Provided
 Additional Reason Narrative

The client/investor decides to revise one of the bids upwards (option 2). An MT 502 will be sent to the custodian bank in India with the instruction to revise the bids. In case of a revise in bids, the function REPL should be used.

Option	Shares	Price (INR/share)	Bid Amount (INR)
1	10,000	140.00	1,400,000
2	12,000 13,000	130 135.00	1,560,000 1,755,000
3	15,000	125.00	1,875,000

Revised bids in one message:

MT 502	
:16R:GENL	
:20C::SEME//987654321	Message reference
:23G:REPL	Replaced
:98A/C::PREP//20120724113000	Preparation date/time
:22F::TRTR//TRAD	Trade Transaction Type Indicator
:16S:GENL	
:16R:LINK	
:13A::LINK//502	Related Message Type
:20C::RELA//123456789	Related Message Reference
:16S:LINK	
:16R:ORDRDET	
:94B::TRAD//PRIM	Trade executed in Primary mkt
:16R:PRIC	
:90B::DEAL//ACTU//INR140,00	Option 1 Price
:16S:PRIC	
:16R:PRIC	
:90B::DEAL//ACTU//INR135,00	Option 2 Price
:16S:PRIC	
:16R:PRIC	
:90B::DEAL//ACTU//INR125,00	Option 3 Price
:16S:PRIC	
:22H::BUSE//IPOO	Buy/Sell Indicator – IPO Order
:22H::PAYM//APMT	Payment Indicator – Against Payment
:98A::EXPI//20120802	Expiry Date
:98B::RSET//WISS or :98A::RSET//20120816	Settlement Date/Time
:11A::FXIS//USD	Currency to Sell
:16R:TRADPRTY	
:95P::BUYR//BICCODE	Buyer
:97A::SAFE//111111111	Safekeeping account
:97A::CASH//333333333	Cash Account
:16S:TRADPRTY	
:16R:TRADPRTY	
:95P::INVE//BICCODE or :95Q::INVE//4*35x	Investor
:97A::SAFE//222222222	Safekeeping account
:97A::CASH//444444444	Cash Account
:16S:TRADPRTY	
:16R:TRADPRTY	
:95P::SELL//BICCODE or	Seller (Issuer/Issuer Agent)

Initial Public Offering – Market Practice

:95Q::SELL//4*35x	
:97A::CASH//55555555	Cash Account
:70E::DECL//NARRATIVE	Declaration Details Narrative
:16S:TRADPRTY	
:16R:TRADPRTY	
:95P::INBR//BICCODE or :95Q::INBR//4*35x	Introducing Broker – Lead Manager Details Party Narrative
:70C::PACO//ADDITIONALDETAILS	
:16S:TRADPRTY	
:36B::ORDR//UNIT/10000,	Ordered Qty (1)
:36B::ORDR//UNIT/13000,	Ordered Qty (2)
:36B::ORDR//UNIT/15000,	Ordered Qty (3)
:35B::ISIN XX0000294034 [NAME OF IPO]	ISIN & Name of IPO
:16R:FIA	
:98A::ISSU//20120816	Issue Date
:90B::INDC//ACTU/INR125,	Indicative (Issue) Price
:70E::FIAN//[Narrative to instruct custodians to use partial cash balance + partial FX booking]	FIAN Narrative to instruct partial cash balance/partial FX booking
:16S:FIA	
:70E::TPRO//DISCLAIMER	Disclaimer Narrative
:16S:ORDRDET	
:16R:SETDET	
:22F::SETR//ISSU	Settlement relates to Issuance or Syndicated
:22F::SETR//SYND	Cash – Gross Settlement
:22F::CASY//GROS	Real Time Gross Settlement
:22F::RTGS//YRTG or NRTG	Settlement Transaction Condition Indicator
:22F::STCO//IAAB	
:16R:SETPRTY	
:95P::DEAG//XXXX	Delivering Agent
:16R:SETPRTY	
:16S:SETPRTY	
:95P::REAG//XXXX	Receiving Agent
:16R:SETPRTY	
:16S:SETPRTY	
:95P::PSET//XXXX	Place of Settlement
:16S:SETPRTY	
:16R:CSHPRTY	
:95P::ACCW//BICCODE	Account with Institution
:16S:CSHPRTY	
:16R:CSHPRTY	
:95P/Q::BENM//ISSUER	Beneficiary of Money (Issuer/Issuer Agent)
:97A::CASH//88888888	Cash Account
:16S:CSHPRTY	
:16R:AMT	
:19A::DEAL//INR1875000,	Trade Amount (PxQty)
:19A::RESU//USD1875,	Trade Amount (USD) mandatory if EXCH is used
:98A::VALU//20120816	Value Date
:92B::EXCH//USD/INR/1000,	Exchange Rate
:16S:AMT	
:16S:SETDET	

JP Morgan's custodian bank in India resends an MT509 to confirm the receipt and processing of the instruction.

Initial Public Offering – Market Practice

MT 509
:16R:GENL
:20C::SEME//01330
:23G:INST
:98E::PREP//20120724113000
:16R:LINK
:13A::LINK//502
:20C::RELA//987654321
:16S:LINK
:16R:STAT
:25D::IPRC//PACK
:16S:STAT
:16S:GENL
:16R:TRADE
:98C::PVAD//YYYYMMDD
:98C::XCDT//YYYYMMDD
:98C::TLDT//YYYYMMDD
:98C::TRAD//YYYYMMDD
:11A::FXIB//INR
:22H::BUSE//IPOO
:22H::PAYM//APMT
:95R::ACOW/A1B2C3D4/12345ABCD
:97A::SAFE//222222222
:19A::PREX//INR1875000,
:19A::DBAM//INR4835000,
:90B::DEAL//ACTU//INR140,00
:90B::DEAL//ACTU//INR135,00
:90B::DEAL//ACTU//INR125,00
:36B::ORDR//UNIT/10000,
:36B::ORDR//UNIT/13000,
:36B::ORDR//UNIT/15000,
:35B:ISIN XX0000294034
:16S:TRADE

Message reference
Function of message: For Confirmation purpose
 Preparation date

Related Message Type
 Related Message Reference

Status Code: Acknowledged

Value Date
Expected Confirmation Date
Tentative Listing Date
Trade Date
Currency to buy
Buy/Sell Indicator – IPO Order

Account Owner

Executed settlement amount
 Debit Blocked Amount

Deal Price (1)

Deal Price (2)

Deal Price (3)

Ordered Qty (1)

Ordered Qty (2)

Ordered Qty (3)

ISIN of IPO

After subscription, whereby the Issuer has determined the issued price and the allotment, JP Morgan is allotted Option 1 bid -- 10,000 shares, so JP Morgan's custodian bank sends an MT 515 to notify the allotment and refund details.

MT 515
:16R:GENL
:20C::SEME//123456789
:23G:NEWM
:98A/C::PREP//20120724113000
:22F::TRTR//TRAD
:16R:LINK
:13A::LINK//502
:20C::RELA//PREVREFNO
:16S:LINK
:16S:GENL
:16R:CONFDET
:98A/C::TRAD//YYYYMMDD
:98A/C::SETT//YYYYMMDD
:90B::DEAL//ACTU//INR140,00
:94B::TRAD//PRIM

Message reference

Preparation date
 Trade Transaction Type Indicator

Linked Message
Related Message Ref

Trade Date (Date of Registration)
Settlement Date (Date of Allotment)
Deal Price
Place of Trade

Initial Public Offering – Market Practice

:22H::BUSE//IPOO	Buy/Sell Indicator – IPO Order Against Payment
:22H::PAYM//APMT	
:16R::CONFPRTY	
:95P::BUYR//BICCODE	Buyer
:97A::SAFE//111111111	Safekeeping account
:97A::CASH//333333333	Cash Account
:16S::CONFPRTY	
:16R::CONFPRTY	
:95P::INVE//BICCODE or :95Q::INVE//4*35x	Investor
:97A::SAFE//222222222	Safekeeping account
:97A::CASH//444444444	Cash Account
:16S::CONFPRTY	
:16R::CONFPRTY	
:95P::SELL//BICCODE or :95Q::SELL//4*35x	Seller
:97A::CASH//444444444	Cash Account
:70E::DECL//NARRATIVE	Declaration Details Narrative
:16S::CONFPRTY	
:16R::CONFPRTY	
:95P::INBR//BICCODE or :95Q::INBR//4*35x	Introducing Broker – Lead Manager Details
:70C::PACO//ADDITIONALDETAILS	Party Narrative
:16S::CONFPRTY	
:36B::CONF//UNIT/10000,	Quantity confirmed
:35B::ISIN XX0000294034 NAME OF IPO	ISIN & Name of IPO
:16R::FIA	
:98A::ISSU//20120816	Issue Date – Date of Allotment
:70E::FIAN//35B-NEWISIN//ISINXXXXXX //98A-DMAT//YYYYMMDD	Financial Instrument Attribute Narrative: New ISIN (Line 1) Expected demat credit date (Line 2)
:16S::FIA	
:70E::TPRO//DISCLAIMER	Disclaimer Narrative
:16S::CONFDET	
:16R::SETDET	
:22F::SETR//ISSU	Settlement relates to Issuance or Syndicated
:22F::SETR//SYND	
:22F::CASY//GROS	Cash – Gross Settlement
:22F::RTGS//YRTG or NRTG	Real Time Gross Settlement
:16R::SETPRTY	
:95P::DEAG//XXXX	Delivering Agent
:16S::SETPRTY	
:16R::SETPRTY	
:95P::REAG//XXXX	Receiving Agent
:16S::SETPRTY	
:16R::SETPRTY	
:95P::PSET//XXXX	Place of Settlement
:16S::SETPRTY	
:16R::CSHPRTY	
:95P::ACCW//BICCODE	Account with Institution
:16S::CSHPRTY	
:16R::CSHPRTY	
:95P/Q::BENM//ISSUER	Beneficiary of Money
:97A::CASH//8888888	Cash Account
:16S::CSHPRTY	

Initial Public Offering – Market Practice

:16R:AMT
:19A::REFD//INR475000,
:19A::RESU//USD475,
:19A::SETT//INR1400000,
:98A::VALU//20120816
:92B::EXCH//USD/INR/1000,
:16S:AMT
:16S:SETDET

Refund Amount
Trade Amount (USD) mandatory if EXCH is used
Settlement Amount
Value Date
Exchange Rate

Settlement Amount can be repeatable to denote French Auction/Price Priority issues.

On the actual shares credit date, JP Morgan’s custodian bank sends an MT 545 to JP Morgan to notify the actual receipt of shares in their account.

MT 545	
:16R:GENL	
:20C::SEME//123456789	
:23G::NEWM	
:98A/C::PREP//20120724113000	
:16R:LINK	
:22F::LINK//INFO	
:20C::RELA//REF	
:16S:LINK	
:16S:GENL	
:16R:TRADDET	
:94B::TRAD//PRIM/	
:98A/C::SETT//YYYYMMDDHH	
:98A/C::TRAD//YYYYMMDDHH	
:98A/C::ESET//YYYYMMDDHH	
:35B::ISINXXXX	
[NAME OF IPO]	
:16R:FIA	
:22F::PAYS//FULL	
:12A::CLAS//EQ	
:11A::DENO//CCY	
:98A::EXPI//YYYYMMDD	
:98A::ISSU//YYYYMMDD	
:90B::INDC//ACTU	
:16S:FIA	
:16S:TRADDET	
:16R:FIAC	
:36B::ESTT//UNIT/1000	
:97A/B::SAFE//111111111	
:97A/E::CASH//333333333	
:94F::SAFE//CUST OR ICSD	
:16S:FIAC	
:16R:SETDET	
:22F::SETR//ISSU	
:22F::SETR//SYND	
:22F::SETR//TRAD	
:22F::RTGS//YRTG or NRTG	
:22F::CASY//GROS	
:16R:SETPRTY	
:95P::DEAG//XXXX	
:16S:SETPRTY	

Message reference

Preparation date

**Linked Message for Information
Related Message Ref**

**Place of trade – Primary mkt
Settlement Date/Time
Trade Date/Time
Effective Settlement Date/Time
ISIN/Name of IPO**

Payment Status Indicator
Classification Type
Currency Code
Expiry Date
Issue Date
Indicative Price

**Qty of Fin. Instrument Settled
Safekeeping a/c
Cash a/c
Place of safekeeping**

**Settlement relates to Issuance
or Syndicated
Or Trade**

Real Time Gross Settlement
Cash Settlement

Delivering Agent

Initial Public Offering – Market Practice

:16R:SETPRTY	
:95P/Q:SELL//XXXX	Seller
:16S:SETPRTY	
:16R:SETPRTY	
:95P::PSET//XXXX	Place of Settlement
:16S:SETPRTY	
:16R:CSHPRTY	
:95P::ACCW//XXXXXXXXXX	Account with Institution
:16S:CSHPRTY	
:16R:CSHPRTY	
:95P/Q::BENM//XXXXXXXXXX	Beneficiary of Money
:97A/E::CASH//XXXXXXXXXX	Cash Account
:16S:CSHPRTY	
:16R:AMT	
:19A::ESTT//INR1400000,	Settled Amount
:19A::RESU//USD1400,	Trade Amount (USD) mandatory if EXCH is used
:98A/C::VALU//YYYYMMDD	Value Date
:92B::EXCH//USD/INR/1000,	Exchange Rate
:16S:AMT	
:16S:SETDET	

Nearing to the IPO listing date, JP Morgan’s sub-custodian bank sends an MT564 to notify the effective listing date. If the IPO is to be listed in more than one stock exchange, JP Morgan Investment Management will receive separate MT564 to indicate multiple stock exchanges with the corporate action reference making the link between the different listings. Alternatively, narrative can be used to indicate multiple stock exchanges. However, for STP objective, change request should be proposed for field 94B to allow repetition for multiple stock exchanges.

MT 564	
:16R:GENL	
:28E::ONLY	Only page of notification
:20C::CORP//54321	Corporate Action Reference
:20C::SEME//12345	Sender's Message Reference
:23G::NEWM	
:22F::CAEV//ACTV	Indicate trading in the security has commenced
:22F::CAMV//MAND	Mandatory CA event
:98A::PREP//20121212	
:25D::PROC//COMP	Processing status: Complete
:16S:GENL	
:16R:USECU	Underlying Securities
:35B::ISINXXXXXX [NAME OF IPO]	ISIN and Name of the IPO
:16R:FIA	
:94B::PLIS//EXCH Bombay Stock Exchange	Place of listing Stock Exchange no.1
:16S:FIA	
:16R:ACCTINFO	
:97A/C::SAFE//11111111	Safekeeping Account
:16S:ACCTINFO	
:16S:USECU	
:16R:CADETL	
:98A::EFFD//20121214	Effective Date for listing
:16S:CADETL	
:16R:ADDINFO	

Initial Public Offering – Market Practice

:70E::DECL//10*35x
:70E::ADTX//10*35x
NSE Details
:70E::DISC//10*35x
:95Q::MERE//IPO team
:16S:ADDINFO

Declaration details
Additional Text
Stock Exchange no. 2
Disclaimer
Recipient of Message