

Sebi plans to allow trading in shares ahead of listing

TIMES NEWS NETWORK

Mumbai: Sebi is working on a 'when listed' concept for trading in shares of companies that are in the process of listing after the IPO bidding has closed and shares have been allotted.

Currently, stocks of to-be listed companies are traded in the unofficial (grey) market. The Sebi move is aimed at neutralising the impact of this grey market where a popular concept, GMP (grey market premium), at times decides the listing price.

On Tuesday, Sebi chairperson Madhabi Puri Buch said that the regulator is against 'the black market' for to-be listed stocks that exist and operates after shares in the IPO are allotted and the listing. An IPO investor who has got allotment in the offer, the investor's "entitlement to those shares is crystallised" and "should have the right to sell those shares," Buch told reporters.

In the unofficial market, however, the duration of trading in yet-to-be-listed stocks happens for a much longer duration, usually for at least 15 days to the listing day. The Sebi chief was speaking at the annual conference of the Association of Investment Bankers of India (AIBI) in the city. "We feel that if investors want to do that, why not give them that opportunity in a proper, regulated way," she said.

A similar process is available in the govt bond market. Christened 'when issu-

ed' segment, here those govt bonds are traded for which the govt notification has already been issued but the bonds are yet to be sold in the market, usually 3-4 days after notification. Typically, yet-to-be-issued gilts are traded in this segment for that intervening period and once they are actually issued, trading in these bonds stops.

In 2024, Dalal Street over 91 large companies getting listed through the IPO route, raising a record Rs 1.6 lakh crore, data from Prime Database showed.

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During Tuesday's conference, Mahavir Lunawat, the president of AIBI, said that in the next two years, around 1,000 companies could go for listing through the IPO route. Sebi chief, who was addressing the gathering after Lunawat's, said that the regulator, which is using various AI tools to process offer documents to speed up the system, was ready to handle such a large number of IPO applications.

Buch said that the regulator was developing a standardized template for IPO submissions that will streamline the process for companies and merchant bankers. The template will utilize a simple fill-in-the-blanks approach, called the standard parameters. In addition, there will also be space for disclosing no-standard information that could be specific to companies or industries.