भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

Consultation Paper on Facilitating Ease of Doing Business relating to Anchor Investor Allocation, Long-Term Institutional Participation and Retail Quota in Initial Public Offerings (IPO) under ICDR Regulations 2018

1. Objective:

1.1. This consultation paper seeks comments / suggestions from the public on the following proposals relating to amendments to SEBI (ICDR) Regulations, 2018, ("ICDR Regulations") with the objective of facilitating ease of doing business and addressing practical challenges in the current framework relating to:

1.1.1. Discretionary allotment under Anchor portion in Initial Public Offer (IPO)

1.1.2. Reservation for Allocation for Life Insurance Companies registered with IRDAI and Pension Funds registered with PFRDA along with Domestic Mutual Funds in the Anchor Book

1.1.3. Flexibility in sizing the retail portion in large IPOs

1.2. The proposals relating to above provisions are discussed in the separate sections which are as under:

1.2.1. Section I: Discretionary allotment under Anchor portion in IPO

1.2.2. Section II: Reservation for Allocation for Life Insurance Companies registered with IRDAI and Pension Funds registered with PFRDA along with Domestic Mutual Funds in the Anchor Book

1.2.3. Section III: Flexibility in sizing the retail portion in large IPOs

Issued on: July 31, 2025

Section - I

1. **Discretionary allotment under Anchor portion in IPO**:

1.1. **Existing provisions**:

1.1.1. In terms of the regulation 32(3) of ICDR Regulation, in an issue made through the book building process, the issuer may allocate up to sixty per cent. of the portion available for allocation to qualified institutional buyers to anchor investors in accordance with the conditions specified in this regard in Schedule XIII of ICDR.

1.1.2. In terms of the Schedule XIII, the allocation to anchor investors in case of public issue on the main board, through the book building process, shall be on discretionary basis and subject to the following:

Category	Anchor Allocation Size (₹crore)	No. of Permitted Investors	Minimum Allotment per Investor (₹ crore)
I	Up to 10	Maximum 2	5
II	Above 10 and up to 250	Minimum 2 and Maximum 15	5
III	Above 250	Minimum 5 and Maximum 15 for first ₹250 crore, plus 10 additional investors for every additional ₹250 crore or part thereof	5

1.1.3. Further, one-third of the anchor investor portion shall be reserved for domestic mutual funds.

1.2. **Need for review**:

1.2.1. Representation has been received from stakeholders to review the limit of maximum Anchor investors allowed for allocations based on size of Anchor portion as prescribed in the current framework mentioned above. The need for such review arises as each FPI fund investing in the Anchor portion is considered separate application for allocation in the Anchor portion despite having the same beneficial owner (due to each FPI fund having a different PAN and PAN being the identifier for each investor) thereby limiting the ability of different FPI funds (with the same beneficial ownership) to invest in the Anchor portion or leading to an exhaustion of the available investor limits, in certain situations.

1.2.2. This may put FPI at a disadvantage compared to Mutual Funds where schemes of a Mutual Fund are considered as a single application for allotment, given Mutual Fund has one PAN.

1.2.3. Moreover, FPIs are active participants in IPOs; however, the current cap on the discretionary (Anchor) portion poses challenges in attracting certain investor classes—such as large FPIs and global investment funds,—who typically have diverse investment horizons and prefer large, assured allocations. Many of these global funds also follow a minimum investment size criterion, which becomes difficult to meet under the existing framework.

1.2.4. Further, over the past five years, the average IPO size on the main board has been approximately above ₹3000 crore, with even the smallest IPOs typically exceeding ₹300–₹500 crore. In light of this, the use of Category I under Schedule XIII of SEBI ICDR Regulations, which permits anchor allocation of up to ₹10 crore to a maximum of two investors, has become virtually redundant.

1.3. **Proposals and Rationale**:

Proposal 1

1.3.1. In order to address the above issue, it is proposed to increase the number of permissible Anchor Investor allottees for allocations above ₹250 crore. Specifically, a minimum of 5 and a maximum of 15 investors shall be allowed for allocations up to ₹250 crore. For every additional ₹250 crore or part thereof, an additional 15 investors instead of 10 may be permitted, subject to a minimum allotment of ₹5 crore per investor.

1.3.2. The proposal aims to ease participation for large FPIs operating multiple funds with distinct PANs, which currently face allocation limits due to line caps. By increasing the number of permissible anchor lines, the framework would accommodate such investors, enabling larger, more diversified anchor books and attracting global funds with minimum size criteria.

1.3.3. As a result of the above proposal, the number of applications where the size of the Anchor portion is between Rs. 250 crore and Rs. 500 crore, will increase by 5 allottees from the existing 25 to 30. Moreover, the impact analysis at different Anchor portion sizes is given below, and demonstrates the increase in the number of lines pursuant to the suggested change:

IPO Size (Rs. crore)	Anchor Size (Assuming 30%) (Rs. crore)	Max No. of application as per Current Regulations	Max No. of application as per Proposal
250	75	15	15
500	150	15	15
833	250	15	15
835	251	25	30
1,000	300	25	30
1,500	450	25	30
2,500	750	35	45
5,000	1,500	65	90
10,000	3,000	125	180
15,000	4,500	185	270
25,000	7,500	305	450
30,000	9,000	365	540

Proposal 2:

1.3.4. In view of the para 1.2.4 , it is proposed to Merge Category I with Category II, such that for any anchor investor allocation up to ₹250 crore, the following norms shall apply:

1.3.4.1. Minimum of two anchor investors

1.3.4.2. Maximum of fifteen anchor investors

1.3.4.3. Minimum allotment of ₹5 crore per anchor investor

1.3.5. Given the prevailing deal sizes, most issuances fall within the threshold of Category II or higher, which prescribes participation by a larger pool of anchor

investors with a higher minimum allocation. Hence, Category I has limited practical relevance in the current market context and may be reconsidered or rationalized to reflect the evolved IPO landscape.

1.4. Amendment to ICDR Regulations:

1.4.1. The proposed amendments to Schedule XIII of ICDR Regulations are placed at **Annexure I.**

1.5. Public comments:

1.5.1. Public comments / suggestions are invited on the following:

***Proposal 1**: Whether the increase in the number of permissible Anchor Investor allottees for allocations above ₹250 crore as proposed above is required?*

***Proposal 2**: Whether the merger of category I with category II under Anchor Investor allocations as proposed above poses any challenge to Issuer?*

Section – II

1. **Reservation for Allocation for Life Insurance Companies registered with IRDAI ('Insurance Companies') and Pension Funds registered with PFRDA ('Pension Funds') along with Domestic Mutual Funds ('Mutual Funds') in the Anchor Book**

1.1. **Existing Provision:**

1.1.1. As per Schedule XIII of ICDR Regulations, one third of the anchor portion is reserved for MFs (subject to demand). Moreover, as per Regulation 32 of ICDR, there is also a reservation of up to 5% for Mutual Funds in the non-anchor qualified institutional buyers book. Currently there is no reservation for Insurance Companies or Pension Funds in the anchor portion.

1.2. **Need for review:**

1.2.1. In the context of source of funds, while Mutual Funds are retail and institutional driven products, Insurance Companies draw their funds from 2 sources:

1.2.1.1. Policyholder corpus and Shareholder corpus (built up with the profits/ surplus accrued)

1.2.1.2. ULIPs which are equity linked products

1.2.2. Insurance Companies typically have stable source of funds as insurance products are viewed more as safety products than yield products.

1.2.3. Further, IRDAI has certain conditions on Insurance Companies investing in IPOs including size limits, good performance record, dividend track record, actively traded within 3 months of listing, etc.

1.2.4. The following trend is seen in case of subscription by Insurance Companies in the anchor portion of recent large issues: Allocation to Insurance Companies have been ~3-11%, with an average of ~6%. In fact, it is only recently in the last 1 year that the Insurance Companies interest in IPOs/ anchor portion has increased.

S. No.	Issuer	Issue Size (Rs. crore)	% allocation to Insurance Companies in the Anchor Portion
1	HDB Financial Services	12,500	11.00%
2	Vishal Mega Mart	8,000	5.63%

3	Hexaware Technologies	8,750	3.23%
4	Hyundai Motors	27,850	9.32%
5	Bajaj Housing	6,560	11.08%
6	LIC India	20,557	5.5%
7	Zomato	9,375	0.7%
8	Star Health	6,019	6.7%
	Average		6.65%

1.2.5. While Pension Funds are allowed to invest in IPOs, they have certain restrictions. Additionally, Pension Fund Regulatory and Development Authority (PFRDA) has permitted pension funds to invest in IPOs of companies that are part of the top 200 companies by market cap listed on the BSE and NSE.

1.3. **Proposals and Rationale**:

Proposal 1

1.3.1. It is proposed to include Insurance Companies and Pension Funds in the reserved category of Anchor Portion along with Mutual Funds.

Proposal 2

1.3.2. It is also proposed to increase the reservation from existing thirty three per cent to forty per cent of the anchor investor portion for Life insurance companies registered with IRDAI, pension funds registered with PFRDA and domestic mutual funds.

Provided that one-third of the anchor investor portion shall be reserved for domestic mutual funds, and the remaining 7% shall be reserved for Insurance companies and Pension Funds. In case of undersubscription by Insurance Companies / Pension Funds in the 7% reservation for them, the unsubscribed portion of such reservation shall be available to domestic Mutual Funds.

1.3.3. With growing interest from insurance companies and pension funds in IPOs, the proposed increase in anchor reservation to 40% will ensures their participation. It would diversify the long-term investor base while retaining the existing one-third reservation for mutual funds, enhancing the depth and stability of anchor investments.

1.4. Amendment to ICDR Regulations:

1.4.1. The proposed amendments to Schedule XIII of ICDR Regulations are placed at **Annexure I.**

1.5. Public comments:

1.5.1. Public comments / suggestions are invited on the following:

***Proposal 1**: Whether the increase in the reservation limit available under the anchor allotment for specified institutions as proposed above is required?*

***Proposal 2**: Whether the inclusion of Insurance Companies and Pension Funds under the reservation category exists in Anchor allotment as proposed above appropriate?*

Section - III

1. **Flexibility in sizing the retail portion in large IPOs**

1.1. **Existing Provision:** Regulation 32 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI ICDR Regulations") prescribes the manner of allocation in the net offer to the public for the Retail Individual Investors (RIIs), Non-Institutional investors(NIIs) and Qualified institutional Buyers(QIBs). The existing issue structure for an IPO through the book building process is summarised below:

Investor category	IPOs under ICDR Regulation 6(1)*	IPOs under ICDR Regulation 6(2)	Allocation
a) Retail individual investors (Bid of upto Rs. 2 lac)	Not less than 35%	Not more than 10%	Proportionate subject to minimum bid lot ^
b) Non-Institutional (**NII**)			
Non-Institutional 1 (Bid Rs. 2 – 10 lacs)	Not less than 5%	Not more than 5%	Proportionate subject to minimum bid lot^
Non-Institutional (Bid > Rs. 10 lacs)	Not less than 10%	Not more than 10%	Proportionate subject to minimum bid lot^
c) QIBs	Not more than 50%	Not less than 75%	
Anchor portion	60% of the QIB portion, with 33% reservation to mutual funds (**MFs**), subject to demand, with allocation on a discretionary basis	60% of the QIB portion, with 33% reservation to MFs, subject to demand, with allocation on a discretionary basis	Discretionary
Main Book QIB (Non-Anchor)	40% of the QIB portion, of which	40% of the QIB portion, of which	Proportionate

	atleast 5% allocated to MFs	atleast 5% allocated to MFs	

**Unsubscribed portion in Retail and NII portions may be allocated to applicants in any other portion.*

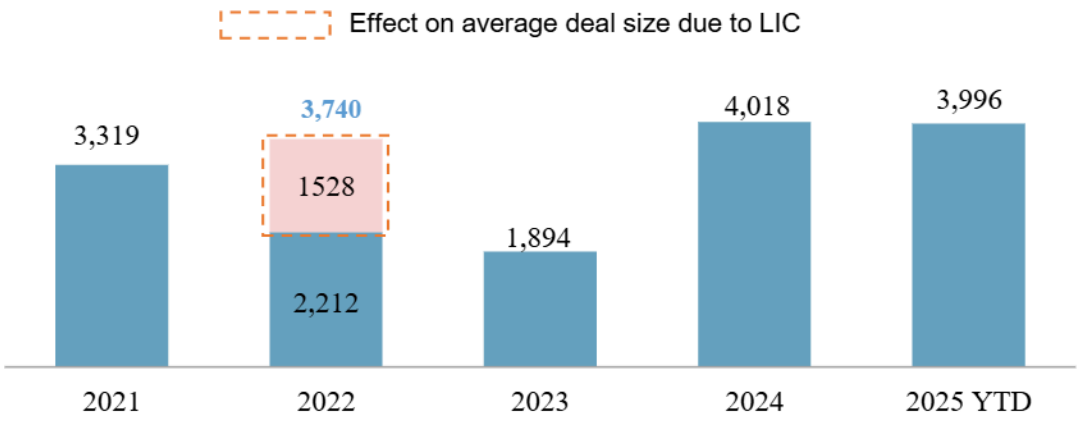
^ Minimum bid lot: Rs. 12,000 – 15,000 in the Retail portion and >Rs. 2 lac In the NII portion.

Note 1: Reservation for MFs in the QIB category is subject to demand.

Note 2: The percentages mentioned in (a), (b) and (c) above are allocations in the net offer to the public (being the total offer to the public excluding any IPO reservations).

1.2. **Need for review:**

1.2.1. The average IPO size has been on the rise, and for IPOs > Rs. 1,000 crore, average issue size has been ~Rs. 4,000 crore in CY2024, likely to increase further in CY2025 and 2026. This reflects the maturity and growing confidence in the Indian capital markets.



1.2.2. Despite market fluctuations, Retail investors have continued to invest in the capital markets through MFs. While direct participation by Retail investors has remained flat over the last 3 years, their participation through MFs has seen a secular uptick.

1.2.3. The Indian mutual fund industry has crossed Rs. 70 lakh crore in AUM in May 2025, reaching new highs, driven by robust Retail participation and consistent SIP inflows. The growth of SIPs is particularly encouraging, indicating a shift towards disciplined, long-term investment. Monthly SIP contributions stood at a record Rs. 26,688 crore in May 2025, which also marked the industry's 51st consecutive month of positive equity inflows.

Year	Total SIP Flows (Rs. crore)	Monthly Avg SIP Flows (Rs. crore)
2025 YTD	131,645	26,329

2024	268,323	22,360
2023	183,741	15,312
2022	149,437	12,453
2021	114,016	9,501

1.2.4. For large sized IPOs, Retail and NII subscription has remained muted. While conglomerate and popular PSU IPOs like Bajaj Housing Finance, Tata Tech, LIC, Bharti Hexacom etc., saw robust response from Retail/ NII, other issuers coming to the equity market with large sized IPOs saw an undersubscription in both categories.

IPOs since 2022 with deal value >= Rs. 5,000cr					Retail			NII			Overall
S. no.	Company	Period	6(1) / 6(2)	Offer Size (Rs. cr)	Portion Size (Rs. cr)	Bids (Rs. cr)	Subs (x)	Portion Size (Rs. cr)	Bids (Rs. cr)	Subs (x)	Subs (x)
1	Hyundai Motor	Oct-24	6(1)	27,859	9,758	4,294	0.4	4,158	2,381	0.6	2.4
2	LIC	May-22	6(1)	20,557	6,270	10,094	1.6	2,814	6,686	2.4	3.0
3	HDB Financial	Jun-25	6(1)	12,500	3,931	5,851	1.5	1,685	17,780	10.6	17.6
4	Swiggy	Nov-24	6(2)	11,327	1,134	1,202	1.1	1,695	664	0.4	3.6
5	NTPC Green	Nov-24	6(2)	10,000	881	3,170	3.6	1,320	1,114	0.8	2.6
6	Hexaware Tech.	Feb-25	6(1)	8,750	3,156	316	0.1	1,299	274	0.2	2.8
7	Vishal Mega Mart	Dec-24	6(1)	8,000	2,804	6,842	2.4	1,200	17,948	15.0	28.8
8	Bajaj Housing	Sep-24	6(1)	6,560	2,050	15,459	7.5	879	37,664	42.8	67.4
9	Ola Electric	Aug-24	6(2)	6,146	613	2,368	3.9	921	2,028	2.2	4.5
10	Afcons Infra.	Oct-24	6(1)	5,430	1,899	1,785	0.9	811	4,241	5.2	2.8
11	Delhivery	May-22	6(2)	5,235	522	141	0.3	782	32	0.0	1.6

IPOs above Rs. 5,000 crs since 2022											
Issuer	Issue Opening	Offer Type	Offer Size Rs. crs	Offer Price (Rs. per Share)	Market Cap at Offer Price (Rs. crs)	Offer to the Public (%)	Listing Date	Closing Price on Listing Date (Rs. per Share)	Premium/ Discount (%)	CMP (Rs. per Share)	Premium/ Discount (%)
Hyundai Motor	15/10/2024	IPO	27,870	1,960	1,59,258	17.50%	22/10/2024	1,819.60	-7%	2,135.80	9%
LIC	04/05/2022	IPO	21,008	949	6,00,242	3.50%	17/05/2022	875.25	-8%	932.65	-2%

HDB Financial	25/06/2025	IPO	12,500	740	61,388	20.36%	02/07/2025	840.95	14%	814.85	10%
Swiggy	06/11/2024	IPO	11,329	390	87,300	12.98%	13/11/2024	456.00	17%	389.85	0%
NTPC Green	19/11/2024	IPO	10,010	108	91,010	11.00%	27/11/2024	121.65	13%	111.98	4%
Hexaware Tech.	12/02/2025	IPO	8,759	708	43,025	20.36%	19/02/2025	762.55	8%	857.40	21%
Vishal Mega Mart	11/12/2024	IPO	8,000	78	35,168	22.75%	18/12/2024	111.93	44%	137.63	76%
BAJAJ HOUSING	09/09/2024	IPO	6,560	70	58,297	11.25%	16/09/2024	165.00	136%	123.36	76%
OLA ELECTRIC	02/08/2024	IPO	6,146	76	33,522	18.33%	09/08/2024	91.20	20%	42.29	-44%
Afcons Infra.	25/10/2024	IPO	5,433	463	17,029	31.90%	04/11/2024	474.20	2%	419.45	-9%
Delhivery	11/05/2022	IPO	5,236	487	35,284	14.84%	24/05/2022	536.35	10%	421.15	-14%

1.2.5. In large IPOs, the Retail investor category is also large, especially under Reg 6(1) IPOs requiring 35% of the offer to Retail investors. Given the allocation methodology and experience in recent deals, these large Retail portions require lacs of Retail applicants for the Retail portion to be fully subscribed. For e.g. a Rs. 5,000 crore IPO depending upon the minimum retail application size would need about 7- 8 lac bidders and many more in larger offerings. Simply put, in case of large IPOs, the size of the Retail portion increases substantially and requiring significant Retail participation. This is specially challenging in tepid or uncertain markets. Due to global situations and conflicts in different parts of the world, equity markets have been volatile resulting in launch windows becoming narrower. While overflow of demand is permitted in IPOs from retail to QIB category, undersubscription has a negative impact on the sentiment for the IPO and also creates a negative perception.

1.2.6. Further, from data across over 280 IPOs since 2020, it is observed that, given the allocation methodology in retail portion, the average application size is approx. Rs. 20,000. This would translate into a need for at least 7-8 lac applications for an IPO of Rs 5000 cr and at least 17.50 lac applications for an IPO of Rs. 10,000 crore for one time subscription.

1.3. **Proposal and Rationale:**

<u>Proposal 1</u>

1.3.1. In light of the above, it is proposed to revise the issue structure for large IPOs (i.e., those exceeding ₹5,000 crore) under Regulation 6(1) of the SEBI (ICDR) Regulations. Specifically, the allocation to the Retail category may be reduced

from the existing 35% to 25% in a graded manner, while the allocation to the QIB category may be increased from 50% to 60% (upto 8000 crore) in a graded manner.

1.3.2. It may be noted that in QIB there is reservation for MFs in both anchor and non-anchor portion which also represents Retail Individual Investors indirectly. Reducing the retail portion from 35% to 25% in a graded manner and increasing the QIB share to 60% in a graded manner better reflects market realities, ensures demand stability, and enhances issuer confidence in volatile or clustered market conditions.

1.3.3. The proposed change on the retail portion shall be as follow:

IPO Size	Current retail portion (35% of IPO size)	PROPOSAL - Retail Reservation	Retail Portion	Retail as a % of IPO size	Reduction in retail portion - to be added to QIB	Net QIB Portion (50% of IPO Size + Reduction in retail portion)	QIB as a % of IPO size
1000	350	35% of IPO size	350	35%		500	50%
2000	700		700	35%		1000	50%
4000	1,400		1,400	35%		2000	50%
4999	1,750		1,750	35%		~2500	50%
5000	1,750		1,750	35%		2500	50%
5001	**1,750**	**35% of 5000 crore + 10% of incremental IPO size(subject to minimum of 25%)**	**1,750**	**35%**		**2500**	**50%**
6000	**2,100**		**1,850**	**31%**	**250**	**3250**	**54%**
7000	**2,450**		**1,950**	**28%**	**500**	**4000**	**57%**
8000	**2,800**		**2,050**	**26%**	**750**	**4750**	**59%**

Proposal 6:

1.3.4. Further, It is proposed to enhance reservations for MFs from the existing 5 % to 15% in the Non-Anchor QIB category.

1.3.5. Despite market fluctuations, Retail investors have continued to invest in the capital markets through MFs. While direct participation by Retail investors has remained flat over the last 3 years, their participation through MFs has seen a secular uptick. Thus, the lower allocation to the Retail portion would be compensated by the higher reservation for domestic MFs in the QIB portion as illustrated below at para 1.3.6.

Comparison between Existing and Proposed Scenario:

Investor category	IPOs under ICDR Regulation 6(1)*	Proposed Scenario under Regulation 6(1)	Allocation
d) Retail individual investors (Bid of upto Rs. 2 lac)	Not less than 35%	If Net offer < 5000 crore: Not less than 35 % to RIIs If Net Offer > ₹5,000 crore: • Not less than 35% of the portion up to ₹5,000 crore to RIIs and Not less than 10% of the portion exceeding ₹5,000 crore to RIIs. • In all cases, total allocation to RIIs shall not be less than 25% of the Net Offer	Proportionate subject to minimum bid lot ^
e) Non-Institutional (**NII**)			
Non-Institutional 1 (Bid Rs. 2 – 10 lacs)	Not less than 5%	Not more than 5%	Proportionate subject to minimum bid lot^
Non-Institutional (Bid > Rs. 10 lacs)	Not less than 10%	Not more than 10%	Proportionate subject to minimum bid lot^
f) QIBs	Not more than 50%	Not more than 60%	
Anchor portion	60% of the QIB portion, with 33% reservation to	60% of the QIB portion, with ^^40% reservation to MFs/ICs/PFs, subject to	Discretionary

	mutual funds (**MFs**), subject to demand, with allocation on a discretionary basis	demand, with allocation on a discretionary basis	
Main Book QIB (Non-Anchor)	40% of the QIB portion, of which atleast 5% allocated to MFs	40% of the QIB portion, of which atleast 15% allocated to MFs	Proportionate

**Unsubscribed portion in Retail and NII portions may be allocated to applicants in any other portion.*

^ Minimum bid lot: Rs. 12,000 – 15,000 in the Retail portion and >Rs. 2 lac In the NII portion.

^^ Out of 40%, 33% shall be reserved solely for MFs and 7% for Pension Funds & Life Insurance Companies

Note 1: Reservation for MFs in the QIB category is subject to demand.

Note 2: The percentages mentioned in (a), (b) and (c) above are allocations in the net offer to the public (being the total offer to the public excluding any IPO reservations).

1.3.6. For instance, the proposed structure and its impact in case of large IPOs (assuming the size of IPO is Rs. 8000 crore) is shown as below:

Current and Proposed calculations:

	Current Scenario *(Amount in Rs. crore)*		**Proposed Scenario** *(Amount in Rs. crore)*	
	%	Amount	%	Amount
QIB	**50% of IPO size**	**4,000**	**59% of IPO Size**	**4,750**
Anchor	*60% of QIB*	*2,400*	*60% of QIB*	*2,850*
- MF, ICs and PFs Reservation	~33% of Anchor (this is solely reserved for MFs)	800	~40% of Anchor (33% of anchor portion shall be reserved solely for MFs and 7% for Insurance companies and Pension funds)	1,140
Non-anchor QIBs	*40% of QIB*	*,1600*	*40% of QIB*	*1,900*
- MF Reservation	5% of Non-anchor QIB	80	15% of Non-anchor QIB	285
NII	**15% of IPO size**	**1,200**	**15% of IPO Size**	**1,200**
NIIs - A (>=10 lacs)	*10% of IPO size*	*800*	*10% of IPO size*	*800*
NIIs - B (b/w 2-10 lacs)	*5% of IPO size*	*400*	*5% of IPO size*	*400*
Retail	**35% of IPO size**	**2,800**	**~26% of IPO size***	**2,050**
Effective Retail participation – direct and through MFs	***~46% of IPO size***	***3,680 (800+80+2800)***	***~44% of IPO size***	***3,475 (1140+285+2050)***

1.4. Amendment to ICDR Regulations:

1.4.1. The proposed amendments to Schedule XIII of ICDR Regulations are placed at **Annexure I.**

1.5. **Public comments:**

1.5.1. Public comments / suggestions are invited on the following:

***Proposal 1**: Whether the revision in the existing issue structure for large IPOs (i.e., those exceeding ₹5,000 crore) under Regulation 6(1) of the SEBI (ICDR) Regulations as proposed above appropriate?*

***Proposal 2**: Whether the increase in the reservation limit for Mutual funds from existing 5% to 15% under the non-anchor QIB category as proposed above is appropriate?*

2. Public Comments:

2.1. In order to take into consideration, the views of various stakeholders, public comments are invited on Proposals mentioned in Section I, Section II and Section III at paragraphs 1.3, 1.3 and 1.3 respectively.

2.2. Need to amend provisions of SEBI (ICDR) Regulations as proposed at **annexure I** in order to resolve the existing challenges as mentioned in Section I, Section II and Section III at paragraphs 1.2, 1.2 and 1.2 respectively.

3. Submission of Public Comments:

3.1. Considering the implications of the aforementioned matters on the market participants, public comments are invited on the above-detailed proposals. The comments/ suggestions should be submitted latest by August 21, 2025, through the following link:
https://www.sebi.gov.in/sebiweb/publiccommentv2/PublicCommentAction.do?doPublicComments=yes

3.2. In case of any technical issue in submitting your comment through web based public comments form, you may send your comments through e-mail to consultationcfd@sebi.gov.in with the subject *"Consultation Paper on Facilitating Ease of Doing Business relating to Anchor Investor Allocation, Long-Term Institutional Participation and Retail Quota in Initial Public Offerings (IPO) under ICDR Regulations 2018"*.

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Annexure I

1.1. Proposed amendments to ICDR Regulations:

1.1.1. With respect to proposals of section I, following amendments be included to the relevant clause of Schedule XIII of the ICDR Regulations:

Existing Provision	Proposed Recommendation
2(1) (c) "anchor investor" means a qualified institutional buyer who makes an application for a value of at least ten crore rupees in a public issue on the main board made through the book building process in accordance with these regulations or makes an application for a value of at least two crore rupees for an issue made in accordance with Chapter IX of these regulations; *...*	*2(1) (c) "anchor investor" means a qualified institutional buyer who makes an application for a value of at least ten crore rupees in a public issue on the main board made through the book building process in accordance with these regulations or makes an application for a value of at least two crore rupees for an issue made in accordance with Chapter IX of these regulations;* *...*
SCHEDULE XIII - BOOK BUILDING PROCESS *...* *(10)* ***Anchor Investors***	***SCHEDULE XIII - BOOK BUILDING PROCESS*** *...* *(10)* ***Anchor Investors***
a) An anchor investor shall make an application of a value of at least ten crore rupees in a public issue on the main board made through the book building process or an application for a value of at least two crore rupees in case of a public issue on the SME exchange made in accordance with ***Chapter IX*** *of these regulations.*	*a) An anchor investor shall make an application of a value of at least ten crore rupees in a public issue on the main board made through the book building process or an application for a value of at least two crore rupees in case of a public issue on the SME exchange made in accordance with* ***Chapter IX*** *of these regulations.*
b) Up to sixty per cent. of the portion available for allocation to qualified institutional buyers shall be available for allocation/allotment ("anchor investor portion") to the anchor investor(s).	*b) Up to sixty per cent. of the portion available for allocation to qualified institutional buyers shall be available for allocation/allotment ("anchor investor portion") to the anchor investor(s).*
c) Allocation to the anchor investors shall be on a discretionary basis, subject to the following:	*c) Allocation to the anchor investors shall be on a discretionary basis, subject to the following:*
(I) In case of public issue on the main board, through the book building process:	*(I) In case of public issue on the main board, through the book building process:*
(i) maximum of 2 such investors shall be permitted for allocation up to ten crore rupees	~~*(i) maximum of 2 such investors shall be permitted for allocation up to ten crore rupees*~~
(ii) minimum of 2 and maximum of 15 such investors shall be permitted for allocation above ten crore rupees and up to two fifty	*(i~~i~~) minimum of 2 and maximum of 15 such investors shall be permitted for allocation up to two fifty crore rupees, subject to minimum*

crore rupees, subject to minimum allotment of five crore rupees per such investor; *(iii) in case of allocation above two fifty crore rupees; a minimum of 5 such investors and a maximum of 15 such investors for allocation up to two fifty crore rupees and an additional 10 such investors for every additional two fifty crore rupees or part thereof, shall be permitted, subject to a minimum allotment of five crore rupees per such investor.* ……..	*allotment of five crore rupees per such investor;* *(ii~~i~~) in case of allocation above two fifty crore rupees; a minimum of 5 such investors and a maximum of 15 such investors for allocation up to two fifty crore rupees and an additional ~~10~~ 15 such investors for every additional two fifty crore rupees or part thereof, shall be permitted, subject to a minimum allotment of five crore rupees per such investor.* …….

1.1.2. With respect to proposals of section II, following amendment be included to the clause (10)(d) of Schedule XIII of the ICDR Regulations:

Existing Provision	**Proposed Recommendation**
….. *(d) One-third of the anchor investor portion shall be reserved for domestic mutual funds.* ……	….. *d) Of the anchor investor portion:* *(i) thirty three per cent shall be reserved for domestic mutual funds; and* *(ii) seven per cent shall be reserved for life insurance companies and pension funds.* *Provided that the aggregate reservation under sub-clauses (i) and (ii) above shall be forty per cent of the anchor investor portion.* *Provided further that any under-subscription in reserved category specified in sub-clause (ii) above may be allocated to domestic mutual funds.* *Provided further that any under-subscription in any of the reserved categories specified in sub-clause (i) or sub-clause (ii) above may be met with oversubscription in the other reserved category.* *Explanation: For the purpose of this clause –* *(A) "life insurance company" means an entity registered with the Insurance Regulatory and Development Authority of India;* *(B) "pension fund" means a fund registered with the Pension Fund Regulatory and*

	Development Authority under the Pension Fund Regulatory and Development Authority Act, 2013, having a minimum corpus of twenty-five crore rupees. ……

1.1.3. With respect to proposals of section III, following amendments be included to the regulation 32 of ICDR Regulations in case of IPO under regulation 6(1).

Existing Provision	**Proposed Recommendation**
Allocation in the net offer ***32.*** *(1) In an issue made through the book building process under sub-regulation (1) of regulation 6 the allocation in the net offer category shall be as follows:* *(a) not less than thirty five per cent. to retail individual investors* *(b) not less than fifteen per cent. to non-institutional investors;* *(c) not more than fifty per cent. to qualified institutional buyers, five per cent. of which shall be allocated to mutual funds:* *Provided further that the unsubscribed portion in either of the categories specified in clauses (a) or (b) may be allocated to applicants in any other category:* *Provided that in addition to five per cent. allocation available in terms of clause (c), mutual funds shall be eligible for allocation under the balance available for qualified institutional buyers.*	***Allocation in the net offer*** ***32.*** *(1) In an issue made through the book building process under sub-regulation (1) of regulation 6 the allocation in the net offer category shall be as follows:* *(a) not less than thirty five per cent. to retail individual investors* *(b) not less than fifteen per cent. to non-institutional investors;* *(c) not more than fifty per cent. to qualified institutional buyers, fifteen per cent. of which shall be allocated to mutual funds:* ***Provided that****, where the size of the net offer exceeds five thousand crore rupees, allocation to retail individual investors shall be:* *(i) not less than thirty-five per cent of the portion of the net offer up to five thousand crore rupees; and* *(ii) then, not less than ten per cent of the portion of the net offer that exceeds five thousand crore rupees:* ***Provided further that****, in all cases in this proviso, the total allocation to retail individual investors shall not be less than twenty-five per cent of the net offer:* ***Provided further that****, if the total allocation to retail individual investors based on the first proviso above is less than thirty-five per cent of the net offer, which shall be added to the portion available for allocation under clause (c) above:* ***Provided further that****, any unsubscribed portion in either of the categories specified in clause (a) or clause (b) may be allocated to*

	applicants in any other category, subject to compliance with applicable regulations: ***Provided further that**, in addition to the allocation of fifteen per cent specified under clause (c), mutual funds shall also be eligible for allocation under the remaining portion available to the qualified institutional buyers.*