

NSE Tweaks Listing Rules to Strengthen SME Platform

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The National Stock Exchange has tweaked the framework for listing of small and medium enterprises (SMEs) in an effort to encourage issues by such companies on its special SME platform.

The bourse said on Monday that it will let SMEs choose whether to let their shares trade in call auctions in fixed time slots during the day or follow the normal practice of allowing the stocks to trade in market hours.

"Either the merchant banker or the issuer can opt for any one option before the shares are listed," said Ravi Tyagi, head of NSE's SME project.

If a company chooses the call auction route, NSE will allot the time slot in which this will take place depending on the level of trading activity through the day.

"The slots could be for an hour each. If liquidity increases, we will increase the number of slots," Tyagi said. He said segregating trading in such slots will reduce the burden on market-makers, who are



expected to provide two-way quotes for 75% of total trading time.

So, in the case of a one-hour slot, the market-maker will be active for just 45 minutes each day. Among other offerings, NSE said it will arrange training for compliance officers of SMEs, and sponsor research reports on these companies from Crisil.

NSE, which has named its SME bourse 'Emerge', also announced the filing of the first SME draft red herring prospectus by the Chennai-based Thejo Engineering.

The launch of SME exchanges has been

delayed for almost a year after stringent guidelines from Securities & Exchange Board of India (Sebi), kept merchant bankers away. Merchant bankers of an SME IPO have to fully underwrite the issue and assign market-makers for 3 years.

This is the third attempt at a specialised bourse for SMEs, after Over-the-counter Exchange of India (OTCEI), launched in 1990, and BSE Indonext, launched in 2007, failed to take off.

BSE on Monday launched its SME bourse fully, with the listing of BCB Finance, a Mumbai-based broking house and NBFC. BCB Finance raised ₹8.85 crore through an issue of 35.4 lakh shares, which was oversubscribed 1.5 times. The stock listed at ₹27, or 8% above its post-IPO offer price of ₹25. BCB is promoted by Uttam Bagri, a member of BSE board.

"We are aware of the failure of OTCEI, but this time the attempt has been carefully thought of," RK Mathur, secretary at the ministry of micro, medium and small enterprises, said at BCB's listing ceremony. "The government will not let this time's experiment fail," he said.