

CONSULTATION PAPER

Review of the minimum application size for contribution towards subscription of Zero Coupon Zero Principal Instruments issued by Non- profit organizations on Social Stock Exchange

Background

1. In terms of Paragraph 1(AC) of SEBI Circular SEBI/HO/CFD/PoD-1/P/CIR/2022/120 dated September 19, 2022 (as amended vide Circular SEBI/HO/CFD/PoD-1/P/CIR/2023/196 dated December 28, 2023) the minimum application size in case of issuance of Zero Coupon Zero Principal Instruments issued by Non- profit organizations on Social Stock Exchange is presently Rupees ten thousand.
2. It is also noted that Social Stock Exchanges are taking steps for introducing Unified Payment Interface (UPI) facility to block funds for individual investors applying in ZCZP instrument for application value upto Rs 5 Lakhs through Syndicate Members with (3-in-1 Account) and Registered Stock Broker / Syndicate Members.

Feedback

3. The Social Stock Exchange Advisory Committee (SSEAC) and SEBI had organized a special outreach session for NPOs and Donors to help increase further interest in the SSE platform. After the initial 10 listings to showcase proof of concept of fund raising by NPOs on SSE through issuance of ZCZP, it was gathered in the meeting that a number of ZCZP issues are expected to line up of substantial issue size i.e. more than Rs 5 Crore.
4. Further, issuers have highlighted that the retail interest in “Giving” through SSE is increasing; however, the minimum application size of Rupees ten thousand may be prohibitive for many.

SSEAC Recommendation

5. Based on the deliberations in the special outreach session, and the fact that introduction of UPI mechanism for applications will boost reach of SSE platform, SSEAC has recommended that minimum application size for ZCZP issuance may be reduced to Rs. five thousand or such other smaller amount so as to enable more retail participation in ZCZP issuances by NPO on SSE.

Matter for public consultation

6. Should minimum application size for NPOs issuing ZCZP be reduced from the existing limit of Rs. Ten thousand?
- If yes, should it be reduced to Rs. 5,000 (Rs. Five thousand only)?
 - If yes, should it be reduced to Rs. 1,000 (Rs. One thousand only)?

Proposed text in the Circular

7. Paragraph 1(AC)(4) of the SEBI Circular SEBI/HO/CFD/PoD-1/P/CIR/2022/120 dated September 19, 2022 (as amended vide Circular SEBI/HO/CFD/PoD-1/P/CIR/2023/196 dated December 28, 2023) shall be replaced as below:

*“(4) The minimum application size shall be rupees **xyz*** thousand.”*

*xyz shall be determined based on feedback received on the proposal at Para 5 above.

8. Public Comments are solicited on the aforesaid proposal with respect to minimum application size for ZCZP issuance on Social Stock Exchange. The comments / suggestions along with rationale should be submitted not later than March 14, 2025 through the following link:

<https://www.sebi.gov.in/sebiweb/publiccommentv2/PublicCommentAction.do?doPublicComments=yes>

9. In case of any technical issue in submitting your comment through web based public comments form, you may write to consultationcfid@sebi.gov.in with the subject: "Review of minimum application size for ZCZP issuance on Social Stock Exchange".
