

CDS and Clearing Limited

Kathmandu, Nepal



New Services for Investors

By:

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Introduction

- Established in 2010
- Formally Inaugurated in 2011
- Objectives
 - To act as a central depository for various instruments
 - Update the transactions in the record by safeguarding the deposit on behalf of the investors
- Started Full Fledged from Jan 2016



Stakeholders Involved

- Beneficial Owner (BO): The investor
- Depository Participant (DP) : Agent of the depository
- Issuer: Issuing Company/Identity
- Registrar and Transfer Agent (RTA): Agent of the Issuer
- Stock Brokers (Clearing Members)
- Banks and Financial Institutions (for Clearing and Settlement and C-ASBA)



Services Currently on Offer

- Depository Services
- Clearing and Settlement Services
- NNA Services (ISINs Creation for Nepal)
- Ownership Transfer of Securities
- Centralized Services for Public Offerings
- Online Portfolio Viewing
- Online Purchase Request (Primary Market)



Depository Services

- 66 Depository Participants (DP)
 - 31 Broker Companies
 - 17 Banks
 - 17 Merchant Banks
 - 1 Finance Company
- Services are offered from 1060 branches of DPs
- 1.2 Mio BO Accounts



Depository Services

- 196 Issuer Companies
 - 123 Bank and Financial Institutions
 - 22 Insurance Companies
 - 15 Mutual Funds
 - 4 Hotels
 - 2 Trading Companies
 - 12 Manufacturing And Processing
 - 18 Hydro Power Companies



Depository Services

- Registered Securities
 - 341 Active Securities/Scripts
 - 313 Equities
 - 15 Mutual Funds(Close Ended)
 - 1 Convertible Preference
 - 12 Debentures
- 76 % of the total listed shares are Dematerialized



Clearing and Settlement Services

- One Stock Exchange
- Fifty Clearing Members
- Four Settlement Banks
- More than 10,000 trades are settled Daily



Investor Oriented Services

- Online Platform for Investors
“Mero Share”
- The revolutionary “C-ASBA”
System



Traditional IPOs

- Everything was managed by Issue Managers
- Limited Collection Centers
- Investors Physically needed to go to the collection centers to submit the IPO form
- From Issue open to allotment it used to take more than 120 days



As a Result





Background

- SEBON Introduced Application Supported by Blocked Amount (ASBA) in July 2017
- Banks and Financial Institutions acquired membership for ASBA
- Investors needed to fill in IPO application through ASBA
- Banks and Financial Institutions processed IPO applications



ASBA Background

- All the qualified applications (funds only) were sent in excel sheet to Issue Managers
- Bank and Financial Institutions had 10 days to do so
- Issue Managers compiled the excel sheet received from BFIs



Issue Manager's tasks

- Issue Managers manually tracked all the valid id
- Validation was done with the help of a system called “BOLD Verification System” developed by CDSC
- Issue Managers manually tracked the duplicate applications, valid and invalid BOLDs



Issue Manager's tasks

- Issue Managers finally prepared the list of all valid applications
- Issue Managers also prepared the report for the BFIs of invalid applications before allotment
- Finally Allotment took place
- The allotted amount to be deducted from Investors' account were reported to the concerned BFIs by the Issue Managers
- Final allotment file were sent to CDSC for further processing



Difficulties faced by Investors

- The validity of the application was not known till the allotment, for example
 - If the BOID entered by investors or by the BFIs was incorrect it could not be known till the allotment
 - That resulted in many rejected applications forcing the investors not to exercise their rights
- For every IPO the Investors had to go to the Bank
 - That was quite time consuming (on an average 2 hrs till the application was finally submitted)



Difficulties faced by Banks

- They needed to put on more staff for the IPO purpose for the following jobs:
 - Application Collection
 - Entry
 - Blocking Amount
 - Preparing report for Issue Managers
 - Releasing Amount of non-qualified/un-allotted applications



Difficulties faced by Issue Managers

- Put in extra human resources for
 - Compilation
 - Entry
 - Finding duplication
 - Removing duplicate applications
 - Preparing final list
 - Sending invalid application report to the BFIs
 - Sending allotted report to the BFIs
 - Preparing final list of allotted shares for CDSC



Difficulties faced by Issue Managers and Regulators

- Number of applications at the end of the day were not known
- Volume of applications at any given time were not known
- There was no mechanism of restricting applications after the issue was closed
 - Because BFIs had 10 days to send report of applications to the Issue Managers



Service Oriented Focus

Considering all the
above issues

We decided to do
something different



Service Oriented Focus

Something that
Makes the Life of
all the Stakeholders
Easier



Service Oriented Focus

Something that
changes the whole
life cycle of an IPO
process



Consideration of “Idea”

- Considering the following benefits to the investors
 - Hassle Free Application Process
 - Less Time Consuming
 - Any-Time Any-Where
 - Proper Record Keeping
 - Lessen Time of Allotment
 - Shorten the time of Return on Investment



The Revolution

C-ASBA



C-ASBA Process

- Bank and Financial Institutions
 - ASBA members registers in CDSC to use the software
 - CDSC provides Admin user name and password to the BFIs
 - BFI's admin user creates users for their branches
 - The users are of two types
 - Maker (who enters)
 - Checker (who approves)



C-ASBA Process

- Issue Managers
 - Issue Managers registers in CDSC to use the software
 - CDSC provides Admin user name and password
 - Admin user creates users for their branches if any
 - The users are of two types
 - Maker (who enters)
 - Checker (who approves)



C-ASBA Process

- Investors
 - Investors fill in the prescribed form by CDSC and gives it to the bank and financial institution where they hold the bank account
 - Investors clearly needs to fill in all the details with BOID
 - The BFIs verifies the details of the investor in both the CBS and CDSC system



C-ASBA Process

- Investors
 - The BFIs checks if the details of the investor in their CBS and CDSC system matches exactly (with spelling)
 - Name
 - Father's Name
 - Grandfather's Name
 - Address
 - Citizenship details



C-ASBA Process for Investors (One Time)

- If the details of an investor matches
 - BFIs Gives CRN number to the investor
 - CRN for each bank account will be unique and will be valid for the application only from that BFIs; for example
 - If the investor has two bank accounts namely in Bank “A” and Bank “B” then the investor needs to get two CRN numbers from those two banks if the investor intends to apply from both the banks
 - If the investor does not want to make application from for example from Bank “B” then they need to get CRN from Bank “A” only



C-ASBA Process for Investors (One Time)

- If the details of an investor **do not** match
 - BFIs asks the investors to correct the details in their respective accounts for example
 - If the error is in the bank account (ex: wrong citizenship number) then the investor needs to ask the bank to correct that or
 - If the error is in their DMAT account, the BFIs asks the investor to go to their DP where they have DMAT account and correct the details
 - After the details are corrected the investor will be issued with the CRN number



C-ASBA Process

- Issue Managers
 - If there is a new IPO/FPO, Issue Managers enters the data in the C-ASBA system
 - Name of the company
 - Issue Open and Close date (with time)
 - Size of the Issue
 - Price per Share
 - Minimum quantity to be applied
 - Maximum quantity to be applied



C-ASBA Application Process

- If there is a new IPO/FPO
- The investors have two choices to fill in the application
 - Through Bank and Financial Institution
 - Online using “Mero Share”



C-ASBA Application Process

- Through Bank and Financial Institutions
 - The investors fill in the following
 - CRN Number
 - BOID
 - Applied Unit
 - BFIs makes and entry and confirm the application instantly



C-ASBA Application Process

- Online using “Mero Share”
 - The investor logs into his/her account by visiting meroshare.cdsc.com.np
 - Click on the link “My ASBA”
 - Select the company he/she wishes to apply
 - Select the bank he/she wish to apply from
 - Fill in the CRN number issued to him/her by that BFI
 - Click Apply button



C-ASBA Application Process

- Online using “Mero Share”
 - On the next screen in “Mero Share” they will be asked to enter the confirmation code which they will get
 - soon after clicking the apply button they will receive an email (the one that is registered in the Mero Share) from CDSC with the “Security Code”
 - Then investor enters the security code and click confirm
 - The application is successfully submitted and the confirmation e-mail is received by the investor



Application Through “Mero Share”

MERO SHARE

Dashboard

My Details

My Shares

My Transaction History

My Portfolio

Pledge Share Detail

My ASBA

Current Issue

Application Report

My Bank Request

Welcome! DEV PRAKASH GUPTA

February 24, 2018 00:42:44

Dashboard • Current Issue

ISSUED COMPANY LIST

SIDDHARTHA BANK LIMITED (SBL NPE009A00008) Right	APPLY
Neco Insurance Ltd. (NIL NPE207A00008) Right	APPLY
Butwal Power Company Ltd. (BPCL NPE192A00002) FPO	APPLY
Shree Investment and Finance Company Ltd. (SIFC NPE159A00001) Right	APPLY
Kamana Sewa Bikas Bank Ltd. (KSBBBL NPE068A00004) Right	APPLY
Karnali Development Bank Ltd. (KRBL NPE070A00000) Right	APPLY
Lumbini Bikas Bank Ltd. (LBBL NPE304A00003) Right	APPLY
Prabhu Bank Ltd. (PRVU NPE022A00001) Right	APPLY
NIC ASIA Growth Fund (NICAGF NPE201801161) IPO	APPLY
Green Development Bank Ltd. (GRDBL NPE285A00004) Right	APPLY

MERO SHARE

Dashboard

My Details

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My Bank Request

DashboardApplication

APPLICATION FORM FOR TEST COMPANY LTD. (TESTCL NPE2017110801 IPO)

Issue Manager: ACE CAPITAL

Issue Open Duration: 2017-11-09 10:00:00 - 2017-12-31 17:00:00

No of Issued Share: 100000000

Price per Share: Rs.10

Minimum Quantity: 500

Maximum Quantity: 100000

Applied Quantity *

Amount

Choose Bank *

Branch Name

Account Number

Bank CRN Number *

1000

10000

Kamana Bikash Bank Ltd.

Kamana Bikash Bank Ltd.- Duipiple Branch

XXXXXXXX XXXXXXXX

XXXXXXXX

Apply

Cancel

Confirmation Code for application TESTCL (NPE2017110801)



Inbox x



CDSC Support <meroshare@cdsc.com.np>

to me ▾

Dear SURESH NEUPANE,

To complete your application request for TESTCL (NPE2017110801), please enter confirmation code provided below:

Confirmation Code: 9231

Thank You!

Please use Firefox or Chrome browser for full functionality. © 2017 CDS and Clearing Ltd. All Rights Reserved.

CONFIRM THE APPLICATION FORM FOR TEST COMPANY LTD. (TESTCL NPE2017110801 IPO)

- Issue Manager: ACE CAPITAL
- Issue Open Duration: 2017-11-09 10:00:00 - 2017-12-31 17:00:00
- No of Issued Share: 100000000
- Price per Share: Rs.10
- Minimum Quantity: 500
- Maximum Quantity: 100000

Applied Quantity	<input type="text" value="1000"/>
Amount	<input type="text" value="10000"/>
Bank Name	<input type="text" value="Kamana Bikash Bank Ltd."/>
Branch Name	<input type="text" value="Kamana Bikash Bank Ltd.- Duipile Branch"/>
Account Number	<input type="text" value="XXXXXXXX"/>
Confirmation Code*	<div><input type="text" value="XXXXXX"/><div>Please fill out this field.</div></div>

* Please check your email for confirmation code.



CDSC Support (UAT) <meroshare@cdsc.com.np>

to me ▾

Dear SURESH NEUPANE,

Your application has been sent successfully.

Application Detail








Applicant Name	SURESH NEUPANE
BOID	XXXXXXXXXXXX
Applied Company	TESTCL (NPE2017110801)
Applied Quantity	500
Applied date	2017-11-28 15:17:02
Status *	unverified

Thank You!

* Please check status to verify block amount for your application.

APPLICATION STATUS FOR TEST COMPANY LTD. (TESTCL NPE2017110801)

Applied Quantity	1000
Amount	10000
Bank Name	Kamana Bikash Bank Ltd.
Branch Name	Kamana Bikash Bank Ltd.- Duipiple Branch
Account Number	XXXXXXXXXXXXXX
Application submitted Date	2017-11-22
Status	Unverified

[Re Apply](#) Dashboard My Details My Shares My Transaction History My Portfolio Pledge Share Detail < My ASBA < My Bank Request



C-ASBA Application Process

- The Back-end Process
 - BFIs download the active application report from CDSC system and upload them to their CBS
 - The amount of the respective application is blocked and report is generated
 - The BFIs uploads the report to the CDSC system
 - The status of the investors' application is set to "verified" if there is sufficient fund in the investor's account



C-ASBA Application Process

- The Back-end Process
 - After the issue closes, the issue manager downloads the report (which is already verified and available)
 - Use the report (data) for allotment
 - Allotment done
 - Issue Manager uploads the allotment report to the CDSC system
 - BFIs are informed about the allotment completion



C-ASBA Application Process

- The Back-end Process
 - BFIs download the allotment report and uploads it to the CBS system
 - Releases the un-allotted amount from the respective investors' account










C-ASBA Application Process

- Separate application report for the BFIs, Issue Managers and SEBON
 - No of total Application
 - No of verified application
 - No. of un-verified application
 - Over subscription report
 - Daily report
- Investors can see the allotted shares online in “Mero Share”
- The record keeping is done



MERO SHARE

 Welc My Details My Shares My Transaction History My Portfolio Pledge Share Detail < My ASBA < My Bank Request

APPLICATION STATUS FOR AARAMBHA MICROFINANCE BITTIYA SANSTHA LIMITED (AARAMBHA NPE20180227) IPO

- Issue Manager: **NIC ASIA**
- Issue Open Duration: **2018-02-27 10:00:00 - 2018-03-05 17:00:00**
- No of Issued Share: **294000**
- Price per Share: **Rs.100**
- Minimum Quantity: **50**
- Maximum Quantity: **1000**

Applied Quantity	50
Amount	5000
Bank Name	Nabil Bank Ltd.
Branch Name	Nabil Bank Ltd.-Lalitpur Branch
Account Number	0210017510402
Application submitted Date	2018-03-05
Status	Allotted
Allotted Quantity	10
Remark	Block Amount Status - Generated



If we could address the Issues

- Difficulties faced by Investors
- ~~• The validity of the application was not known till the allotment, for example~~
 - ~~— If the BOLD entered by investors or by the BFIs was incorrect it could not be known till the allotment~~
 - ~~— That resulted in many rejected applications forcing the investors not to exercise their rights~~
- ~~• For every IPO the Investors had to go to the Bank~~
 - ~~— That was quite time consuming (on an average 2 hrs till the application was finally submitted)~~



If we could address the Issues

- Difficulties Faced by the Banks
 - They needed to put on ~~more staff~~ for the IPO purpose for the following jobs:
 - Application Collection
 - Entry
 - Blocking Amount
 - ~~Preparing report for Issue Managers~~
 - Releasing Amount of non-qualified/un-allotted applications



If we could address the Issues

- Difficulties faced by Issue Managers
- ~~• Put in extra human resources for~~
 - ~~—Compilation~~
 - ~~—Entry~~
 - ~~—Finding duplication~~
 - ~~—Removing duplicate applications~~
 - ~~—Preparing final list~~
 - ~~—Sending invalid application report to the BFIs~~
 - ~~—Sending allotted report to the BFIs~~
 - ~~—Preparing final list of allotted shares for CDSC~~



Difficulties faced by Issue Managers and Regulators

- ~~• No of applications at the end of the day were not known~~
- ~~• Volume of applications at any given time were not known~~
- ~~• There was no mechanism of restricting applications after the issue was closed~~
 - ~~— Because BFIs had 10 days to send report of applications to the Issue Managers~~



The Result

- There was no queue in front of collection centers
- Investors filled the IPO application form from their home through **MERO SHARE**
- Investors were able to complete the applications
 - With limited number of details banks collected many more applications using less human resources
- Issue Managers didn't have to rush for data collection and compilation



The Result (Arambh Microfinance IPO)

- The issue was open by NIC-ASIA Capital from 27 Feb, 2018 and closed on 05 March, 2018
 - The size of the issue was 294,000 units
 - During the IPO Applied Unit was 26,14,880 Units
 - By 1,86,038 applicants out of which
 - 43,456 applications was through **MERO SHARE**
 - Rest were from C-ASBA members
 - 385 rejected applications (Multiple Applications)



The Result (Arambh Microfinance IPO)

- The Issue Manager was able to generate the pre-allotment file within few hours of closing the issue
- The pre-allotment file was entered into the allotment system the same day



The Result (Arambh Microfinance IPO)

Allotment was done in less than 37 hours of closing of the Issue



Further Enhancement

- Integration with Core Banking System
 - So that amount can be blocked at the time of application entry
- Release amount at the time of allotment file uploaded by issue manager



Mero Share

- BO needs to go to the DP and ask for the Mero Share Service username and Password
- DP gets the filled in form for Mero Share from the BO and sends him the username and Password in the assigned e-mail



Mero Share

- BO visit the site meroshare.cdsc.com.np

MERO SHARE

Sign In

DP ID

Login ID

Password

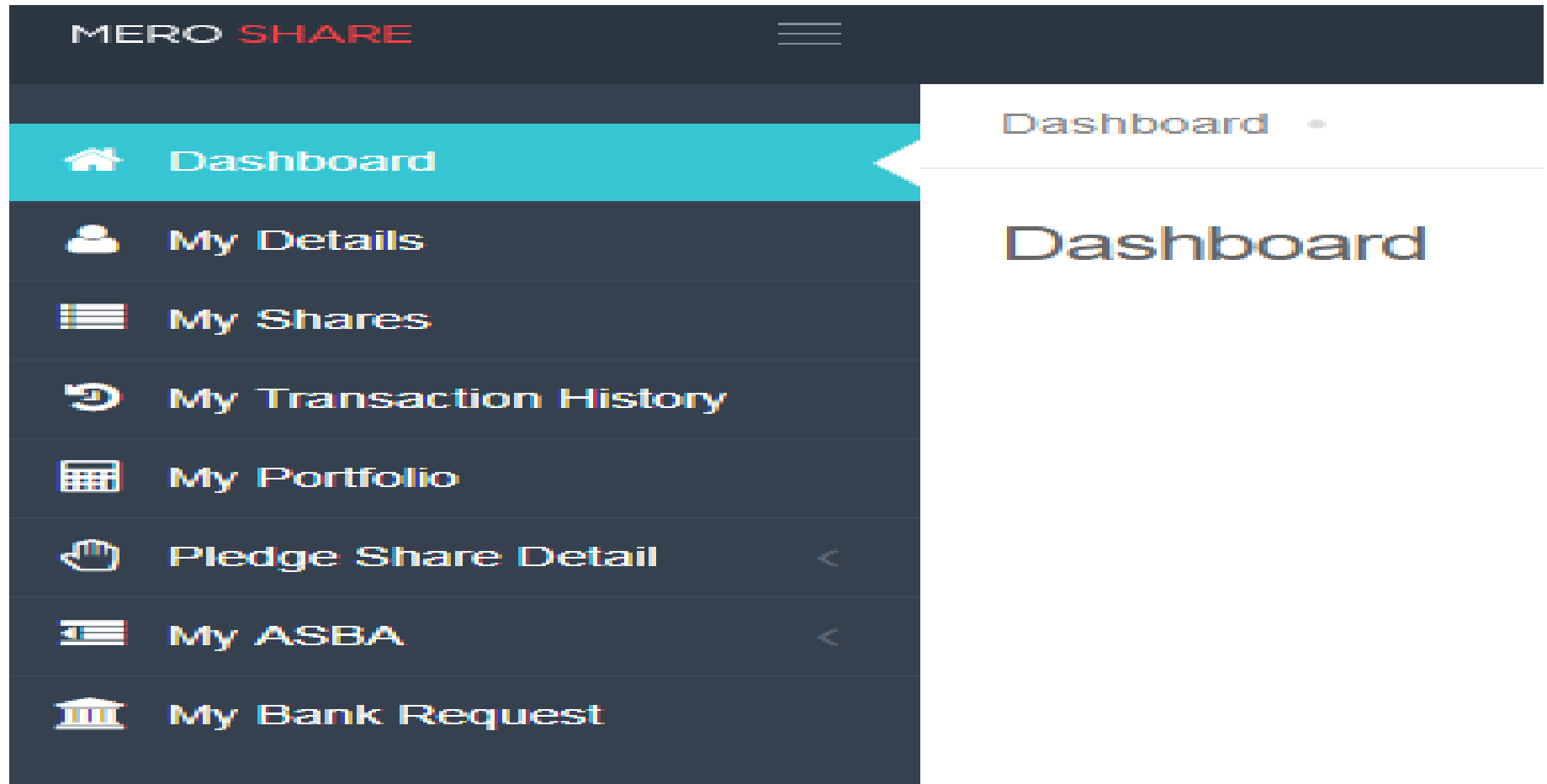
LOGIN

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Mero Share

- The detail screen appears





My Details

MERO SHARE

Dashboard

My Details

My Shares

My Transaction History

My Portfolio

Pledge Share Detail

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My Bank Request

Dashboard My Details

MY DETAIL

DP Name	ACE CAPITAL LIMITED
Customer ID	1301020000093812
Name	SURESH NEUPANE
Gender	M
Date of Birth	XXXXXXXXXXXXXXXXXX
Citizenship Number	XXXXXXXXXXXXXXXXXX
Father's/Mother's Name	XXXXXXXXXXXXXXXXXX
Spouse/Grandfather's Name	XXXXXXX XXXXXXXXXXXXXXXX
Account Open Date	2016-02-26
Contact No.	XXXXXXXXXXXXXXXXXX
Email Address	XXXXXXXXXXXXXXXXXX
Address	XXXXXXXXXXXXXXXXXX
Bank Name	XXXXXXXXXXXXXXXXXX
Account Number	XXXXXXXXXXXXXXXXXX

Dashboard

My Details

My Shares

My Transaction History

My Portfolio

Pledge Share Detail

My ASBA

My Bank Request

Dashboard / My Shares

November 22, 2017 12:18:16

MY SHARES

Linked Account

--Self--

Print

CSV

Show 10 entries

Search:

#	Script	Current Balance	Pledge Balance	Lockin Balance	Freeze Balance	Free Balance
1	AKPL	13	0	0	0	13
2	API	16	0	0	0	16
3	BARUN	10	0	0	0	10
4	CCBL	211	0	0	0	211
5	CLBSL	10	0	0	0	10
6	FOWAD	10	0	0	0	10
7	HIDCL	56	0	0	0	56
8	HPPL	10	0	0	0	10
9	JSLBB	12	0	0	0	12
10	KKHC	16	0	0	0	16

Showing 1 to 10 of 27 entries

First Previous 1 2 3 Next Last

Dashboard

My Details

My Shares

My Transaction History

My Portfolio

Pledge Share Detail <

Report For Pledgor

My ASBA <

My Bank Request

PLEDGOR SHARES DETAIL

CSV

Print

Show 100 entries

Search:

#	Script	Quantity	Pledge Value	Agreement Number	Pledge Sequence No.	Setup Date	Pledge Expiry Date	Pledge Remarks
1	MBL	1,288	128,800	XXXXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXXXX	30-AUG-15	30-AUG-16	PLEDGE BY XXXXXXXXXXXXXXXX
2	MBL	11,444	1,144,400	XXXXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXXXX	27-DEC-15	27-DEC-18	pledge by MFL
3	MBL	2,374	1,144,400	XXXXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXXXX	04-APR-17	27-DEC-18	Pledge due to allotment of Bonus
4	MBL	267	128,800	XXXXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXXXX	04-APR-17	30-AUG-16	Pledge due to allotment of Bonus

Showing 1 to 4 of 4 entries

First

Previous

1

Next

Last



Further Enhancement

- Online request for On Market Transaction
- Online request for Clearing and Settlement entry (CGT details)
- Integration with Online Stock Trading System



Some Initiatives under Development

- **Centralized KYC System**
 - The system is intended to be used by all the stakeholders in the Financial Market (eg. Exchange, Banks, Brokers, DPs, etc)
- **RTA Back-Office System**
 - An Application that will keep record of both physical and dematerialized shares
- **Dividend Distribution System**
 - An application that will transfer cash Dividends to shareholders account and maintain the record



Comments and Suggestions

Your valuable comments and suggestions
will be appreciated



Thank You