

Frequently Asked Questions on Further Fund Offer 2 (FFO 2)

BHARAT 22 ETF

(An open-ended Exchange Traded Fund investing in S&P BSE Bharat 22 Index)

Managed by ICICI Prudential AMC Ltd.

PRODUCT

1. What is the launch date of Further Fund Offer 2 (FFO 2) for BHARAT 22 ETF?

Further Fund Offer 2 (FFO 2) for Anchor investors opens and closes on October 03, 2019 and for Non-Anchor investors opens and closes on October 04, 2019 (Non Anchor Investor FFO 2 Period). Applications supported by Cheques/Demand Drafts, Transfer requests, RTGS and NEFT will be accepted till the end of business hours upto October 04, 2019*.

Open for all categories of investors such as Retail Individual Investors (RIIs), Retirement Funds (RFs) and Qualified Institutional Buyers (QIBs) / Non-Institutional Investors (NIIs).

*or such other time as may be permitted under the respective modes of transactions, as applicable.

2. What is BHARAT 22 ETF?

Government of India (GOI), as part of its disinvestment programme, approved the setting up of Exchange Traded Fund (ETF) comprising shares of listed Central Public Sector Enterprises (CPSE), some of the strategic holdings of Specified Undertaking of Unit Trust of India (SUUTI) and Public Sector Banks.

ICICI Prudential Asset Management Company Limited (ICICI Prudential AMC/the AMC) was appointed to create, launch and manage the ETF. On August 4, 2017, the Government announced a new ETF by the name "BHARAT 22 ETF" and also, announced the index for BHARAT 22 ETF.

3. Where will BHARAT 22 ETF invest?

BHARAT 22 ETF shall invest in underlying constituent of "S&P BSE Bharat 22 Index", which is also the Benchmark Index of BHARAT 22 ETF.

4. What are the broad highlights of S&P BSE Bharat 22 Index?

There are 22 stocks under the S&P BSE Bharat 22 Index which comprises shares of Central Public Sector Enterprises (CPSE), Public Sector Banks and some of the strategic holding of Specified Undertaking of Unit Trust of India (SUUTI). S&P BSE Bharat 22 Index is well diversified index across six sectors. The stock level capping is at 15% and sector capping is at 20% applied annually at rebalancing.

To know more about the index constituents and for more details, please visit: https://www.bseindia.com/sensex/IndicesWatch_Weight.aspx?iname=BHRT22&index_Code=100#

5. Will there be separate Application form for BHARAT 22 ETF FFO 2?

Yes, there will be separate Application form for BHARAT 22 ETF FFO 2 which will be available on the website of the AMC.

6. Is there any discount to investors?

A 3% Discount* shall be offered to all categories of investors investing in FFO 2 of BHARAT 22 ETF. The discount shall be offered on Government disinvested shares. The discount offered by GOI will not be a discount to the closing market price of the underlying shares of S&P Bharat 22 Index on the FFO 2 Period/ Allotment Date.

*Discount is calculated on FFO 2 Period Reference Market Price, which is determined on the basis of full day volume weighted average price on the BSE during the Non Anchor Investor FFO 2 Period for each of the index constituents of the S&P BSE Bharat 22 Index. Discount will be for all investor categories on Government disinvested shares. In the event an index constituent is purchased from open market to meet the Maximum Amount to be Raised during FFO 2 Period, no discount will be offered on such purchase of index constituent.

7. Which are the index constituents that are not disinvested by Government through this FFO 2 period?

Gol shall disinvest the shares of central public sector enterprises (CPSEs) and public sector banks (PSBs) forming part of the underlying index through this FFO 2 to the extent the shareholding of the Gol post disinvestment is maintained upto 51.5% of the paid-up share capital of those CPSEs and upto 52% of the paid-up share capital of those PSBs, and/or subject to any other limits/conditions specified by the Gol.

Also, Gol would not disinvest, either fully or partially, shares of ITC Limited, REC Limited, Engineers India Limited, National Aluminium Company Limited and Indian Oil Corporation Limited which forms part of the underlying index through this FFO 2.

8. Will there be a discount on stocks that are purchased from open market?

No discount will be offered on stocks purchased from open market. Post closure of FFO 2, till allotment, the AMC shall purchase index constituents which are not disinvested by Govt. from the open market.

9. When and how will the AMC buy the index constituents (where there is no discount offered) from open market?

The AMC shall endeavour to buy the index constituents from open market post closure of FFO 2 Period i.e. October 04, 2019.

The AMC shall endeavour to purchase these index constituents in 3 working days from closure of FFO 2 Period based on approx. Time Weighted Average Price (TWAP) of the individual constituents on a particular date.

TWAP or Time Weighted Average Price is another variant of VWAP (Volume Weighted Average Price). It is mostly used for large institutional investors to execute large orders without disturbing the market volatility. TWAP is defined as the average price of the stock for the specified period of time

Illustration: Value of shares to be bought Rs 11, 25,000 of Company X

Total no. of days: 3 working days (October 07, October 09 and October 10, 2019)

Total buy on a single day: Rs 3, 75,000

Total minutes in a trading day: 375 minutes

Total buying per minute: Rs1000 per min.

10. What is the Total Expense Ratio of BHARAT 22 ETF?

Currently, the expense ratio of BHARAT 22 ETF is up to 0.0095% p.a. of daily net assets of the scheme. Please refer to Supplement to Scheme Information Document (SID) for more details.

11. Do we have Direct or Regular Plan option in BHARAT 22 ETF?

Currently, there are no separate Plans/options under BHARAT 22 ETF.

12. Will the Scheme declare dividend or it will be growth scheme?

The Scheme can declare dividend subject to availability of distributable surplus and approval from the Trustees of the Scheme.

13. What will the tax treatment be in case of short term capital gains (STCG) and long term capital gains (LTCG)?

Taxation of the ETF will be similar to equity shares or equity mutual funds. As per the prevalent tax laws, capital gains arising from investments held up to one year will be classified as STCG* and will be taxed at 15%, plus surcharge and cess as applicable. Long term capital gains exceeding one lakh rupees in a

financial year, arising from the transfer of units of an equity oriented fund', equity shares and units of business trust are chargeable to tax* at 10 per cent plus surcharge and cess, as applicable.

Investors are requested to consult their tax advisors to understand tax implications of subscribing to the units of the Scheme.

*Taxation rates are applicable as per prevailing law.

Investment Process

14. Is ICICI Prudential BHARAT 22 FOF part of the Retail Individual Investors Category during FFO 2 of BHARAT 22 ETF?

Retail Individual Investors category shall not include ICICI Prudential BHARAT 22 FOF.

15. How can I make application/subscription in BHARAT 22 ETF during the FFO 2 Period?

Applicants may submit the physical application at designated Investor Service Centres of ICICI Prudential Asset Management Company Limited or Computer Age Management Services Pvt. Ltd. (CAMS).

Additionally, the below mentioned online modes will be available:

- i. ICICI Prudential AMC or ICICI Prudential Mutual Fund website
- ii. IPRUTOUCH App
- iii. NSE MFSS
- iv. BIMF (BSE IBBS PLATFORM)
- v. NMF II platform of NSE
- vi. e-ETF under web based NSE e-IPO platform
- vii. MF Utility
- viii. CAMSONLINE

16. Is there any lock-in period under BHARAT 22 ETF FFO 2 Period?

There is no lock-in period for Non Anchor Investors. The units allotted to Anchor Investors during the FFO 2 Period shall be locked-in for a period of 30 days from the Allotment Date.

17. Who can make application during Anchor investor FFO 2 Period?

A Qualified Institutional Buyer or a Retirement Fund can apply during the Anchor Investor FFO 2 Period, with a minimum application amount of Rs. 10,00,00,000 (Rupees Ten Crore only) and in multiples of Re. 1 thereafter

18. Who can apply and how much one can apply during Non-Anchor investor FFO 2 Period?

Investors who hold a demat account can apply for units of the ETF during the FFO 2 period. The different categories of investors with respective application amounts under each category is provided in the below table:

Type of Investors	Description	Minimum Investment Amount
Retail Individual Investors (RII)	Natural persons including NRI, sole proprietorship concern and HUF represented by Karta, subject to maximum application amount of Rs. 2,00,000 (Rupees Two Lakhs only) per investor	Rs.5,000 and in multiples of Re. 1 thereafter up to Rs. 2,00,000 per investor.
Retirement Funds (RF)	Any private or public trust, or any other entity, set up with the objective of making investments for the benefit of retirement or social security benefits for employees or workmen in the private or public	

Type of Investors	Description	Minimum Investment Amount
	sector and includes pension funds, gratuity funds, provident funds, annuity funds, deposit-linked insurance funds or superannuation funds, whether regulated by any authority or not.	Rs. 2,00,001 and in multiples of Re.1 thereafter.
Qualified Institutional Buyers (QIB)	<p>Qualified Institutional Buyers shall mean Qualified Institutional Buyers as defined under Regulation 2(1) (zd) of the SEBI (Issue of Capital and Disclosure Requirements), 2009 as amended, save and except (a) provident funds with minimum corpus of twenty five crore rupees; and (b) pension funds with minimum corpus of twenty five crore rupees, and shall include the following, namely:-</p> <ol style="list-style-type: none"> 1. a mutual fund, venture capital fund, alternative investment fund and foreign venture capital investor registered with the SEBI; 2. FPI other than Category III FPI, registered with the SEBI; 3. a public financial institution as defined in section 4A of the Companies Act, 1956 and /or section 2(72) of the Companies Act, 2013; 4. a scheduled commercial bank; 5. a multilateral and bilateral development financial institution; 6. a state industrial development corporation; 7. an insurance company registered with the Insurance Regulatory and Development Authority; 8. National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; 9. Insurance funds set up and managed by army, navy or air force of the Union of India; and Insurance funds set up and managed by the Department of Posts, India. 	
Non Institutional Investors (NII)	All investors who are neither QIBs nor Retirement Funds nor Retail Individual Investors, with a minimum application amount of more than Rs. 2,00,000/- (Rupees	

Type of Investors	Description	Minimum Investment Amount
	Two Lakh only) and multiples of Re. 1 thereafter.	

19. Can I submit multiple applications?

An Investor ideally should submit one application. If multiple applications are submitted by an investor/ investor(s) (with different holding pattern) the applications will be clubbed on first/ sole holder PAN for determining investor category (i.e. Retail Individual). E.g. an Individual Investor A, submits two applications of Rs.1,50,000 each with two different demat accounts with holding pattern as A,B and A,C,B. The total application under Investor A's PAN will be considered as Rs. 3,00,000, thus he will be categorized as Non-Institutional Investors and will not receive the allotment under Retail Individual Investor category.

20. Do I need to pay any transaction charges to the distributor through whom I am applying in the FFO 2 Period?

In case the Distributor has 'opted in' to receive Transaction Charges, Rs 150 (new investor in mutual fund) & Rs 100 (existing investor) will be deducted if the Subscription amount is Rs.10,000 & above.

Further note that transaction charges will be applicable for transactions routed from Physical, ICICI Prudential MF Online portal, Channel Partners and stock exchange platforms through ARN-Holders (Mutual fund distributors) if the distributor is in 'Opt in' list and Transaction charges will not be applicable for transactions routed from stock exchange platforms routed through stock brokers even if the broker is in 'Opt in' list.

21. Can I register nominee for this investment?

Mode of holding for BHARAT 22 ETF is compulsorily dematerialized. The allotment will happen in demat mode. Hence, the nomination details registered in your demat account will be applicable to this investment.

22. Will there be any Folio No. for future reference?

Since the ETF units are compulsorily held in Demat mode and ongoing transactions happen through Secondary market, there will be no MF Folio number. For all future queries on allotment, applicants need to refer the Demat account number and 1st/ Sole Holder's PAN which were used in the FFO 2 Period.

23. I don't have a demat account, but I want to apply for this ETF. Is it mandatory to have a demat account to apply for this FFO 2 Period? Can I apply for it like I apply for any other mutual fund?

Demat account is mandatory to apply for this ETF.

24. Is it mandatory to apply only through cheque and not ASBA?

ASBA facility is not available. You can submit Cheques /Demand drafts, Transfer requests/ RTGS and NEFT along with the application form or invest online through your broker's trading platform to apply for this ETF.

ALLOTMENT PROCESS

25. What is the issue size during the FFO 2 Period?

An 'Initial Amount' of Rs. 2,000 crores plus an "Additional Amount" - The AMC, on the instruction of the Seller/The Government of India, shall notify the Additional Amount to the investors vide public notification/addendum post closure of FFO 2 Period.

26. What will happen if one of the investor category is under/oversubscribed during the FFO 2 Period?

The maximum amount to be raised by BHARAT 22 ETF shall be allocated in the following manner.

- **Anchor investors** : Not exceeding 25% of 'Maximum Amount to be Raised'
- **Non-Anchor Investors** :
 - RILs - Not exceeding 25% of 'Maximum Amount to be Raised'
 - RFs - Not exceeding 25% of 'Maximum Amount to be Raised'
 - QIBs and NIIIs - Not exceeding 25% of 'Maximum Amount to be Raised'

In case of oversubscription in all the above investor categories/ sub-categories, units shall be allotted in proportion to the amount of applications received.

In case of under subscription in all the above investor categories/ sub-categories, all the units applied by investors shall be allotted.

In case of under subscription in one or more of the investor categories/ sub-categories, the undersubscribed portion will be allowed to be met with spill over from the below mentioned categories/ sub-categories in the following order of preference.

- i) RILs
- ii) RFs
- iii) QIBs & NIIIs
- iv) Anchor investors

Please refer the Scheme Information Document for definition of 'Maximum Amount to be Raised'

The below mentioned illustration is for reference purpose only. Actual results may vary.

Category/ Sub- category	% allocation	Maximum amount to be allocated	Scenario 1 - Undersubscription in all investor categories		Scenario 2 - Undersubscription in anchor investor category		Scenario 3 - Under subscription in RILs	
			Subscription amount	Amount allocated	Subscription amount	Amount allocated	Subscription amount	Amount allocated
Anchor investors	25	500	400	400	300	300	600	550
<u>Non-Anchor investors</u>								
RILs	25	500	400	400	550	550	300	300
RFs	25	500	300	300	600	600	550	550
QIBs & NIIIs	25	500	350	350	650	550	600	600
Maximum amount disinvested by Government of India	100	2,000						

27. When will the units be allotted?

For all successful applications, the units will be allotted within 5 business/working days from the closure of the FFO 2 Period. Allotment advices will be processed after the allotment is completed. Allotment will be made in whole units only. The fractional unit payment would be made to client's bank account registered with DP.

28. How and when will I receive allotment intimation?

Post allotment of units, allotment intimation through SMS/email will be sent on the applicant's registered mobile number/email id. Investors whose mobile number/email id isn't available, an allotment advice in physical form shall be sent to the applicant's registered mailing address. All communication will be sent as per the data received from the respective Depositories.

29. Will the Allotment be on First Come First Serve basis?

Allotment will be made on a proportionate basis and not on a first-come first-served basis.

30. How Allotment price will be calculated?

The Allotment Price in the FFO 2 Period will be arrived at as follows:

The Scheme will endeavor to invest the FFO 2 Period proceeds in the underlying Shares on or before the FFO 2 Allotment Date.

Note: The FFO 2 Period proceeds would be invested post adjusting discount offered by the Seller to the Scheme for buying the underlying shares. No discount will be offered on purchase of index constituent from open market.

After investment, the Scheme will determine the allotment price as follows:

FFO 2 Allotment Price =

Amount collected in the FFO 2 Period – Refund on account of application rejections, if any

Net Assets in the Scheme on 1 Working Day prior to the FFO 2 allotment date collected from FFO 2 / NAV of the Scheme on 1 Working Day prior to the FFO 2 Allotment Date

LISTING PROCESS**31. When and where will the ETF units trade post allotment?**

The units will be listed on BSE & NSE within 5 working days from the allotment date. Post listing of these units, trading happens on the exchange similar to any other listed securities.

REFUND PROCESS**32. To which bank account will the refund be credited?**

For all successful applications, either due to rounding off or pro rata allotment, the refund (if any) will be credited to the investors' bank account as registered in his demat account. For Invalid applications, the refund may be processed to bank account mentioned in the application form/source bank account from where the cheque was issued.

In case of BSE/NSE platforms, the refund will be done to the brokers settlement account through exchanges, which in turn will transfer the funds to investors trading account, wherever applicable.

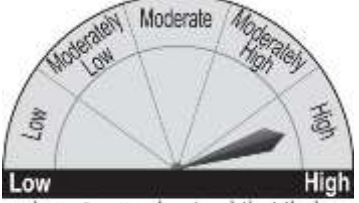
33. When can we expect the refund amount?

Refunds will be processed within 5 business days from the date of allotment.

Index Constituents

S.No.	Index Constituents	Weightage
1	Axis Bank Ltd	8.4%
2	Bank of Baroda	1.1%
3	Bharat Electronics Ltd	3.1%
4	Bharat Petroleum Corp Ltd	4.5%
5	Coal India Ltd	4.2%
6	Engineers India Ltd	1.0%
7	Gail (India) Ltd	4.5%
8	ITC Ltd	14.3%
9	Indian Bank	0.2%
10	Indian Oil Corp Ltd	4.2%
11	Larsen & Toubro Ltd	16.7%
12	NBCC (India) Ltd	1.0%
13	NHPC Ltd	0.9%
14	NLC India Ltd	0.2%
15	NTPC Ltd	7.7%
16	National Aluminium Co. Ltd	3.9%
17	Oil & Natural Gas Corp Ltd	5.2%
18	Power Finance Corp Ltd	0.8%
19	Power Grid Corp of India Ltd	7.4%
20	REC Ltd	1.2%
21	SJVN Ltd	0.2%
22	State Bank of India	9.4%

Data as on September 04, 2019. Source: Asia Index Pvt Ltd. (AIPL).

This Product is suitable for investors who are seeking*:	Riskometer
<ul style="list-style-type: none"> • Long term wealth creation • An Exchange Traded Fund that aims to provide returns that closely correspond to the returns provided by S&P BSE Bharat 22 Index, subject to tracking error. 	 <p data-bbox="1129 510 1426 564">Investors understand that their principal will be at high risk</p>
<p>*Investors should consult their financial advisers if in doubt about whether the product is' suitable for them.</p>	

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