



**CIRCULAR**

CIR/MRD/DP/ 36 /2016

February 15, 2016

To  
All Stock Exchanges

Dear Sir / Madam,

**Sub: Review of Offer for Sale (OFS) of Shares through Stock Exchange Mechanism**

1. Comprehensive guidelines on sale of shares through Offer for Sale mechanism were issued vide circular no CIR/MRD/DP/18/2012 dated July 18, 2012. These guidelines have been modified based on the representation/suggestion received from various stakeholders from time to time.
2. In order to further streamline the process of OFS with an objective to encourage greater participation of all investors including retail investors, it has been decided that:
  - a. The Seller shall notify to the stock exchanges its intention for sale of shares latest by 5 pm on T-1 day (T day being the day of the OFS). Stock exchanges shall inform the market immediately upon receipt of such notice.
  - b. On the commencement of OFS on T day only non-retail investors shall be permitted to place their bids. Cut off price shall be determined based on the bids received on T day as per the extant guidelines.
  - c. The retail investors shall bid on T+ 1 day and they may place a price bid or opt for bidding at cut off price. The seller shall make appropriate disclosures in this regard in the OFS notice.
  - d. Settlement for bids received on T+1 day shall take place on T+3 days (T+1 day being trade day for retail investors). Discount, if any to retail investors, shall be applicable to bids received on T+1 day.
  - e. In order to ensure that shares reserved for retail investors do not remain unallocated due to insufficient demand by the retail investors, the bids of non- retail investors shall be allowed to carry forward to T+1 day.



**भारतीय प्रतिभूति और विनिमय बोर्ड**  
**Securities and Exchange Board of India**

- f. Unsubscribed portion of the shares reserved for retail investors shall be allocated to non-retail bidders (un-allotted bidders on T day who choose to carry forward their bid on T+1 day) on T+1 day at a price equal to cut off price or higher as per the bids. In this regard, option shall be provided to such non-retail bidders to indicate their willingness to carry forward their bids to T+1 day. If the non-retail bidders choose to carry forward their bids to T+1 day, then, they may be permitted to revise such bids. Settlement for such bids shall take place on T+3 day.
3. Accordingly, para 5 b & (d) (i) & 8 (i) of circular dated July 18, 2012, para 2.5 & 2.9 of circular dated January 25, 2013, para 3.9 & 3.10 of OFS circular dated August 08, 2014, 2.1.1 of circular dated December 01, 2014 and para 2.1 of circular dated June 26, 2015 stands modified as above. All other conditions for sale of shares through OFS framework contained in the circulars CIR/MRD/DP/18/2012 dated July 18, 2012, CIR/MRD/DP/04/2013 dated January 25, 2013, CIR/MRD/DP/17/2013 dated May 30, 2013, CIR/MRD/DP/ 24 /2014 August 08, 2014, CIR/MRD/DP/32 /2014 December 01, 2014 and circular CIR/MRD/DP/12/2015 dated June 26, 2015 remain unchanged.
4. Stock Exchanges are advised to:
- 4.1. take necessary steps and put in place necessary systems for implementation of above on or before March 01, 2016.
- 4.2. make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision.
- 4.3. bring the provisions of this circular to the notice of the member brokers of the stock exchange to also to disseminate the same on their website.
5. This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

Yours faithfully,

**Susanta Kumar Das**  
**Deputy General Manager**  
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