



भारतीय प्रतिभूति और विनियम बोर्ड  
Securities and Exchange Board of India

CIRCULAR

CIR/MRD/DP/32 /2014

December 01, 2014

To  
All Stock Exchanges

Dear Sir / Madam,

**Sub: Modification to 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 vide circulars dated CIR/MRD/DP/04/2013 dated January 25, 2013, CIR/MRD/DP/17/2013 dated May 30, 2013 and CIR/MRD/DP/ 24 /2014 dated August 08, 2014.
2. To make it easier for retail investors to participate in OFS, it has been decided that seller may give an option to retail investors to place their bid at cut-off price in addition to placing price bids. In order to do so, following conditions shall be applicable to the OFS:
  - 2.1. Where option for cut-off price is given,
    - 2.1.1. Sellers shall mandatorily announce floor price latest by 5 pm on T-1 day to stock exchange.
    - 2.1.2. Exchanges will decide upon the quantity of shares eligible to be considered as retail bids, based upon the floor price declared by the seller
    - 2.1.3. there shall be no indicative price for the retail portion of OFS
  - 2.2. Retail investors may enter a price bid or opt for bidding at cut-off price.
  - 2.3. Margin for bids placed at cut-off price shall be at the floor price and for price bids at the value of the bid.
  - 2.4. Allocation to retail investors shall be made based on the cut-off price determined in the non-retail category.
  - 2.5. Seller may offer discount to retail investors on the said cut off price.



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- 2.6. Retail bids below the cut-off price shall be rejected. Retail bids at cut-off price shall be allocated on proportionate basis in case of over subscription.
- 2.7. Any unsubscribed portion of retail category after allotment shall be eligible for allocation in the non-retail category.
3. In partial modification to earlier circular, in respect of bids in the retail category, clearing corporation shall collect margin to the extent of 100% of order value in cash or cash equivalents. Pay-in and pay-out for retail bids shall take place as per normal secondary market transactions.
4. Para 5 and para 6 of OFS circular dated July 18, 2012 and para 3.8 & 3.12 of OFS circular dated August 08, 2014 stand accordingly modified. 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 and dated August 08, 2014 remain unchanged.
5. Stock Exchanges are advised to:
- 5.1. take necessary steps and put in place necessary systems for implementation of above.
- 5.2. make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision.
- 5.3. 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.
6. 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,

**Maninder Cheema**  
**Deputy General Manager**  
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