

Ref.: 13-14/ISS/CIR/006/2568/KS
May 30, 2013

To:
All Registered Intermediaries of ISS

Dear Sir,

Sub.: SEBI Guidelines on Offer For Sale (OFS)

Members are requested to take note that, from now on, clients can participate in the **Offer for Sale (OFS)** only if the client has 100% of Margin paid upfront.

This requirement is as per the SEBI circular vide CIR/MRD/DP/04/2013 dated January 25, 2013 guidelines on Offer for Sale (OFS).

Wherein it is stated that: *“Orders with 100% of margin paid upfront by institutional investors and non-institutional investors. Such orders can be modified or canceled at any time during the trading hours”.*

In view of the above, we request members to keep sufficient funds in client's ledger before sending orders to Surveillance department. The order amount will be blocked till the allotment of shares.

For any further clarifications, you may contact the under-signed or Mr. Sweedin Satav or cns@iseindia.com, Tel.No's.022-61829541 or your Relationship Managers.

Thanking you,

Yours faithfully
For ISE SECURITIES AND SERVICES LTD.

M. N. Kevin Sunder
Senior Manager, CNS Dept.

Encl: As above



CIRCULAR

CIR/MRD/DP/04/2013

January 25, 2013

To,

The Managing Director and CEO,
BSE Limited.

The Managing Director
National Stock Exchange of India Ltd.

Dear Sir / Madam,

Sub: Comprehensive guidelines on Offer For Sale (OFS) of Shares by Promoters through the Stock Exchange Mechanism.

1. Comprehensive guidelines on sale of shares through OFS mechanism were issued vide circular no CIR/MRD/DP/18/2012 dated July 18, 2012. Based on past experience of sale of shares through OFS, the mechanism of OFS has been found to be useful by market participants and popular for offloading shares of promoters in listed companies in order to achieve minimum public shareholding. With the deadline of June 2013 to achieve minimum public shareholding approaching, to encourage promoters to offload their shares through OFS route and based on market feedback, it has been decided to modify the OFS framework to make it more economical, efficient and transparent.
2. The aforesaid circular is amended as under:
 - 2.1. Para 1 (b) (ii) shall be replaced by the following:

All promoters/promoter group entities of top 100 companies by market capitalisation in any of the last four completed quarters, market capitalisation being calculated as average market capitalisation in a quarter.
 - 2.2. Para 2(c) shall be replaced by the following:

Indicative Price is the volume weighted average price of all the valid bids.
 - 2.3. Para 5(d) (ii) shall be replaced by the following:

Orders shall be placed during trading hours.
 - 2.4. Para 5 (d) (iii) shall be omitted.



2.5. Para 5(e) (i) shall be replaced by the following:

A separate window for the purpose of sale of shares through OFS shall be created. The following orders shall be valid in the OFS window:

- A. Orders with 100% of margin paid upfront by institutional investors and non-institutional investors. Such orders can be modified or canceled at any time during the trading hours.
- B. Orders without paying upfront margin by institutional investors only. Such orders cannot be modified or cancelled by the investors or stock brokers, except for making upward revision in the price or quantity.

2.6. Para 5 (e) (ii) shall be replaced by the following:

Cumulative bid quantity shall be made available online to the market throughout the trading session at specific intervals in respect of orders with 100% upfront margin and separately in respect of orders placed without any upfront margin. Indicative price shall be disclosed to market throughout the trading session. The indicative price shall be calculated based on all valid bids/orders.

2.7. Para 6 (a) shall be replaced by the following:

Clearing Corporation shall collect 100% margin in cash from non-institutional investors. In case of institutional investors who place orders/bids with 100% of margin upfront, custodian confirmation shall be within trading hours. In case of institutional investors who place orders without upfront margin, custodian confirmation shall be as per the existing rules for secondary market transactions. The funds collected shall neither be utilized against any other obligation of the trading member nor co-mingled with other segments.

2.8. Para 6 (b) shall be replaced by the following:

In case of order/bid modification or cancellation, such funds shall be released/ collected on a real time basis by clearing corporation.

2.9. Para 8 (i) (b) shall be replaced by the following:

Settlement shall take place on trade for trade basis. For non-institutional orders/bids and for institutional orders with 100% margin, settlement shall take place on T+1 day. In case of orders/bids of



institutional investors with no margin, settlement shall be as per the existing rules for secondary market.

2.10. Para 8 (ii) (a) shall be replaced by the following:

In case of default in pay-in by any investor, 10% of the order value shall be charged as penalty from the investor and collected from the broker. This amount shall be credited to the Investor Protection Fund of the stock exchange.

3. All other conditions for sale of shares through OFS framework shall be as per SEBI circular CIR/MRD/DP/18/2012 dated July 18, 2012.
4. Stock Exchanges are directed to:
 - 4.1. take necessary steps and put in place necessary systems for implementation of the above.
 - 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,

Maninder Cheema
Deputy General Manager
Email: maninderc@sebi.gov.in