



**CIRCULAR**

SEBI/HO/MRD/DOPI/CIR/P/2018/159

December 28, 2018

To

All Recognized Stock Exchanges

Dear Sir / Madam,

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

1. Comprehensive guidelines on Offer for Sale of Shares through stock exchange mechanism were issued vide circular no CIR/MRD/DP/18/2012 dated July 18, 2012. These guidelines have been modified from time to time based on the representation/suggestion received from various stakeholders.
2. Considering that the OFS mechanism has been successfully used to divest stake by promoters and large shareholders of top 200 companies by market capitalization, market representations indicated that its use may be extended to a wider set of companies. Further, market feedback indicated that clarity may be brought in conditions relating to cancellation of OFS in light of modifications to framework carried out vide circular dated February 15, 2016.
3. Accordingly, the OFS framework is modified as follows:
  - a. OFS mechanism shall be available to companies with market capitalization of Rs.1000 crores and above, with the threshold of market capitalization computed as the average daily market capitalization for six months period prior to the month in which the OFS opens.



- b. If the seller fails to get sufficient demand from non-retail investors at or above the floor price on T day, then the seller may choose to cancel the offer, post bidding, in full (both retail and non-retail) on T day and not proceed with offer to retail investors on T+1 day.
4. Para 3.1 of circular dated August 08, 2014 and Para 11 of circular dated July 18, 2012 stand modified accordingly. 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, circular CIR/MRD/DP/12/2015 dated June 26, 2015, circular CIR/MRD/DP/ 36 /2016 dated February 15, 2016 and CIR/MRD/DP/ 65 /2017 dated June 27, 2017 remain unchanged.
5. Stock Exchanges are advised to:
  - a. take necessary steps and put in place necessary systems for implementation of above.
  - b. make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above.
  - c. bring the provisions of this circular to the notice of the member brokers of the stock exchange and also to disseminate the same on their website.
6. This circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992.
7. This circular is available on SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in) under the categories “Legal Framework” and “Takeovers”.

Yours faithfully,

**Amit Tandon**  
**Deputy General Manager**  
**+91-22-26449373**  
**[amitt@sebi.gov.in](mailto:amitt@sebi.gov.in)**