



OFFER FOR SALE (OFS) SEGMENT

Frequently Asked Questions (FAQs)

**For
Retail Investors**

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What is Offer for Sale (OFS)?

Offer for Sale (OFS) is a segment wherein Promoter/Promoter Group Entities/ Non Promoters can sell their shares in a transparent manner through the bidding platform for the Exchange. The OFS segment earlier allowed only Promoter/Promoter Group Entities of Listed Companies to act as "Sellers" to dilute/offload their holding to achieve Minimum Public Shareholding of 25% whereas, now the segment has been extended to Non Promoters of eligible Companies holding at least 10% of share capital of the Company.

How will Investors know of an OFS issue?

The Sellers have to inform the Stock Exchange a trading day prior to the opening of the OFS issue. Trading day prior means on T-2 day (T being the OFS issue day), the sellers will inform the Exchanges their intention to open an OFS issue via an OFS announcement notice. The announcement will be disseminated by the Exchange on its website immediately to inform the market.

The announcement notice will have the name of the company, name of sellers, seller members, shares offered, floor price (if any), retail investor reservation and discount etc.

What is Floor Price?

The Floor Price is the price at and above which investors can place their orders. The Sellers have to provide a provide floor price on T-2/T-1 day (T being day of OFS).

Who are the Buyers/Investors and which categories of Investors can participate in OFS?

All investors registered with the brokers of BSE Ltd. Can participate in the OFS Segment. The list of categories are mentioned below:

1. Mutual Funds
2. Insurance Companies
3. Foreign Portfolio Investor (FPIs)
4. Qualified institutional Buyers (QIBs)
5. Trusts, HUFs, Body Corporates, Proprietary
6. Retail Investors
7. Non Resident Indians (NRIs)

Mentioned below are the categories of bidding in OFS segment

Sr. No.	Client Category	OFS Category
1	HUF	NII
2	Individual	RI or NII
3	NRI	NII
4	Corporate	NII
5	Partnership	RI or NII

How Can Retail Investors place orders in OFS?

Retail Investors should approach trading members of BSE with whom they have a registered trading account. There are no other documents required. The retail investor needs to provide the price and quantity they are willing to pay for an ongoing OFS issue.

How is OFS different from normal market?

The OFS system is an order collection system, where the orders are collected via the Exchange bidding platform at and above the floor price mentioned by Sellers. There is no order matching system. Orders below the floor price will not be accepted by the bidding system. Investors can only place buy orders via their trading members but cannot place sell orders.

What is the required lot size?

There is no specific lot size required. Investors can bid even for one share. If there is a lot size specified by the Seller as mentioned in the OFS announcement notice, orders placed in the specified lot size only will be accepted.

Is there any specific Margin Requirements?

As per SEBI OFS guidelines, all investor bids must be backed by 100% cash upfront margin else the bids would be rejected due to insufficient collateral. Any excess funds due to nil allotment or partial allotment and considering discount (if any) would be refunded back to trading members.

Will there be any discount for Retail Investors?

As per the SEBI OFS guidelines, the Sellers can offer discounts to retail investors. The Sellers intending to offer discount to retail investors will mention the details in the OFS announcement notice given to the Exchanges on T-2 day (T being the day of OFS issue). The discount will be either on bid price or on the final allotment price.

Is there any reservation for Retail Investors?

As per the SEBI OFS guidelines, it is mandatory for Sellers to provide minimum 10% reservation for retail investors.

What is the eligibility of Retail Investors to avail reservation and discount?

Retail Investors can place bids via retail investors in both Retail category and/or Non Retail category (Non Institutional Investor (NII) category). Bids placed in Non Retail i.e NII category are not eligible for retail reservation and / or discount.

Retail Investors who place bids in Retail Category upto Rs. 2 Lacs across Exchanges and have their PAN categorised as “Individual” will be eligible for retail reservation and / or discount.

The Retail investors can place bids in both Retail category and Non Retail category (Non Institutional Investor (NII) category). Please refer to the table below for more clarification:

No.	Investor bidding Type	Condition	Action
1.	Investors bids in both Retail and Non Retail	Cumulative bid value across Exchanges greater than Rs. 2 Lacs.	Bids in Retail category will be rejected and only Non Retail bids will be eligible for allocation.

2.	Investors bids in both Retail and Non Retail	Cumulative bid value across Exchanges less than Rs. 2 Lacs.	Both Retail and Non Retail bids will be considered for allocation and Retail bids will be eligible for reservation and/or discount.
3	Investors bids in only Retail	Cumulative bid value across Exchanges greater than Rs. 2 Lacs.	All Retail bids will be rejected and not considered for allocation.
4.	Investors bids in only Retail	Cumulative bid value across Exchanges less than Rs. 2 Lacs.	All Retail bids will be considered for allocation. Retail bids will be eligible for reservation and/or discount.

How will the shares be allocated?

The Designated Stock Exchange will allot the shares based on the allocation methodology i.e. Multiple Clearing Price (price priority) or Single Clearing Price (proportionate) as specified by the Sellers. The allocated shares will be credited to the account in a manner similar to the existing equity market transactions. The shares will be credited to the Trading Members account on T+1.

What is allotment status and contract note?

The Exchange will share the allotment report with the Trading Members at the end of day after issue closure as per the timings in the Exchange notice. Retail Investors can contact their trading members for details.

The Trading Members will have to issue a contract note to those investors who have received allotment as per the allotment price and quantity.

Will STT and Transaction charges be levied?

STT and Transaction charges will be levied.

How to monitor the OFS issue price and quantity details?

On T-2 day (T being the day of OFS) the Exchange will display the OFS issue page incorporation the various details namely, name of the company, name of sellers, seller members, shares offered, floor price (if any), retail investor reservation and discount etc and the links Exchange notices for Issue Open and Live parameters.

On T day (day of OFS) the price and quantity details will be for bids placed on BSE platform will be displayed on real time basis for both Retail and Non Retail categories.

The indicative price will be display at regular time intervals after consolidating the bid information of both Exchanges.

What is Indicative Price?

Indicative price is the volume weighted average price of all the valid/confirmed bids. The indicative price will be separately displayed for Retail and Non Retail Category.

What is Cut off / Clearing Price?

The lowest price at which the OFS issue gets subscribed is termed as the cut off/clearing price. This price will be separately displayed for Retail and Non Retail Category.

Are multiple orders, modification and/or cancellation allowed?

Multiple orders will be allowed. Further, investors opting for multiple orders across Exchanges should be aware that all bids in Retail category amounting more than Rs. 2 Lacs will be rejected.

Investors can modify and/or cancel orders during the OFS issue market hours only.