



CIRCULAR

CIR/CFD/DIL/1/2012

February 8, 2012

To

All Stock Exchanges

Dear Sir/Madam,

Sub: Amendments to the Equity Listing Agreement

1. As part of SEBI's endeavour to review the listing conditions, certain amendments are hereby carried out to the Equity Listing Agreement. The full texts of amendments to be effected in the Listing Agreements are given at **Annexure-1**. The gist of the amendments are as under:-

a. Amendment to Clause 40A

In addition to the existing methods which listed company can adopt to achieve minimum public shareholding, the listed company may also achieve the minimum level of public shareholding through Institutional Placement Programme (IPP) in terms of Chapter VIII-A of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended.

Further, sale of shares by promoters through stock exchanges shall be now carried out in terms of SEBI circular CIR/MRD/DP/05/2012 dated February 1, 2012.

b. Amendment to Clause 43 & 43A

In order to enhance disclosure requirements, listed entities have been mandated to disclose utilization of funds raised upon conversion/ exercise of warrants issued along with public or rights issue of specified securities.

2. This circular shall be applicable with immediate effect.
3. The above listing conditions are specified in exercise of the powers conferred under Section 11 read with Section 11A of the Securities and Exchange Board of India Act, 1992. The said listing conditions should form part of the existing Listing Agreement of



the stock exchange.

4. All stock exchanges are advised to ensure compliance with this circular and carry out the amendments in their Listing Agreement as per the Annexure to this circular.
5. This circular is available on SEBI website at www.sebi.gov.in under the categories "Legal Framework" and "Issues and Listing".

Yours faithfully,

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Amendments to Listing Agreement

1. Sub-clause (ii)(c) of Clause 40A, shall be substituted by
“(c) sale of shares held by promoters through the secondary market in terms of SEBI circular CIR/MRD/DP/05/2012 dated February 1, 2012; or”
2. After sub-clause (ii)(c) of Clause 40A, the following sub-clause shall be inserted:
“(d) Institutional Placement Programme (IPP) in terms of Chapter VIIIA of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended.”
3. ‘The proviso’ and ‘Explanation to sub-clause (ii)(c) of Clause 40A, shall be omitted.
4. In Clause 43, a new sub-clause (d) shall be inserted:
“(d) The statement referred to in clause (a) shall also be given for warrants issued along with public or rights issue of specified securities”.
5. In Clause 43A, a new sub-clause (5) shall be inserted:
“(5) The statement referred to in clause (1) shall also be given for warrants issued along with public or rights issue of specified securities”.



CIRCULAR

CIR/MRD/DP/ 05/2012

February 1, 2012

The Managing Director and CEO
Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai - 400001

The Managing Director
National Stock Exchange of India Ltd.
Exchange Plaza, Bpandra Kurla Complex
Bandra (E)
Mumbai - 400 051

Dear Sir,

Sub: Offer For Sale of Shares by Promoters through the Stock Exchange Mechanism

In order to facilitate promoters to dilute/offload their holding in listed companies in a transparent manner with wider participation, it has been decided to allow the offer for sale of shares by promoters of such companies through a separate window provided by the stock exchange(s). The guidelines for the same are as under:

1. Eligibility

(a) Exchanges

To begin with, the facility of offer for sale of shares shall be available on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).

(b) Sellers

- (i) All promoter(s)/ promoter group entities of such companies that are eligible for trading and are required to increase public shareholding to meet the minimum public shareholding requirements in terms Rule 19(2)(b) and 19A of Securities Contracts (Regulation) Rules, 1957 (SCRR), read with clause 40A (ii) (c) of Listing Agreement.
- (ii) All promoter(s)/ promoter group entities of top 100 companies based on average market capitalization of the last completed quarter.

For (i) and (ii) above, the promoter/promoter group entities should not have purchased and/or sold the shares of the company in the 12 weeks period prior to the offer and they



Securities and Exchange Board of India

should undertake not to purchase and/or sell shares of the company in the 12 weeks period after the offer.

(c) Buyers

All investors registered with the brokers of the aforementioned stock exchanges other than the promoter(s)/ promoter group entities.

2. Definitions

(a) "Single Clearing Price" is the price at which the shares are allocated to the successful bidders in a proportionate basis methodology.

(b) "Multiple Clearing Prices" are the prices at which the shares are allocated to the successful bidders in a price priority methodology.

(c) "Indicative Price" is the price at which the quantity offered is exhausted.

(d) "Floor Price" is the minimum price at which the seller intends to sell the shares.

3. Size of Offer for sale of shares

The size of the offer shall be atleast 1% of the paid-up capital of the company, subject to a minimum of Rs 25 crores. However, in respect of companies, where 1% of the paid-up capital at closing price on the specified date is less than Rs 25 crores, dilution would be atleast 10% of the paid-up capital or such lesser percentage so as to achieve minimum public shareholding in a single tranche.

Note: Specified date shall be the last trading day of the last completed quarter

4. Advertisement and offer expenses

(a) Advertisements about the offer for sale of shares through stock exchange(s) shall be made after the announcement/ notice of the offer for sale of shares has been made to the stock exchanges in accordance with para 5 (b) below;

(b) All expenses relating to offer for sale of shares through stock exchange(s) shall be borne by the seller(s).



5. Operational Requirements

(a) Appointment of Broker

The Seller(s) would have to appoint Sellers' broker(s) for this purpose. The Seller's broker(s) may also undertake transactions on behalf of eligible buyers.

(b) Announcement/ Notice of the Offer for sale of shares

Seller(s) shall announce the intention of sale of shares at least one clear trading day prior to the opening of offer, along with the following information:

- (i) Name of the seller(s) (promoter/ promoter group) and the name of the company whose shares are proposed to be sold.
- (ii) Name of the Exchange(s) where the orders shall be placed. In case orders are to be placed on both BSE and NSE, one of them shall be declared as the Designated Stock Exchange ("DSE").
- (iii) Date and time of the opening and closing of the offer.
- (iv) Allocation methodology i.e. either on a price priority (multiple clearing prices) basis or on a proportionate basis at a single clearing price.
- (v) Number of shares being offered for sale.
- (vi) The name of the broker(s) on behalf of the seller(s).
- (vii) Floor price, if the seller(s) chooses to announce it to the market or a declaration to the effect that the floor price will be submitted to the stock exchange(s) in a sealed envelope which shall be declared post closure of the offer.
- (viii) Conditions, if any, for withdrawal or cancellation of the offer.

(c) Floor price

- (i) Seller(s) may declare a floor price in the announcement/ notice
- (ii) In case the seller(s) chooses not to publicly disclose the floor price, the seller(s) shall give the floor price in a sealed envelope to DSE before the opening of the offer.
- (iii) The floor price if not declared to the market, shall not be disclosed to anybody, including the selling broker(s).



Securities and Exchange Board of India

- (iv) Sealed envelope shall be opened by the DSE after the closure of the offer for sale and the floor price suitably disseminated to the market.

(d) Timelines

- (i) The duration of the offer for sale shall not exceed one trading day.
- (ii) The placing of orders by trading members shall take place during trading hours.

(e) Order Placement

- (i) A separate window for the purpose of offer for sale of shares shall be created by stock exchanges. Modification/ Cancellation of orders/ bids will be allowed during the period of the offer. However, modification/ cancellation of orders/ bids shall not be allowed during the last 30 minutes of the duration of the offer..
- (ii) Indicative Price and Cumulative orders/ bid quantity information shall be made available online by the exchanges at specific time intervals.
- (iii) No price bands shall be applicable for the orders/ bids placed in the offer for sale. Stock specific tick size as per the extant practice in normal trading session shall be made applicable for this window.
- (iv) In case of shares under offer for sale, the trading in the normal market shall also continue. However, in case of market closure due to the incidence of breach of 'Market wide index based circuit filter', the offer for sale shall be halted.
- (v) Only limit orders/ bids shall be permitted.
- (vi) Multiple orders from a single buyer shall be permitted.
- (vii) In case floor price is disclosed, orders/ bids below floor price shall not be accepted.

6. Risk Management

- (a)** Stock Exchange shall collect 100% of the order value in cash, at the order level for every buy order/ bid. Such funds shall neither be utilized against any other obligation of the trading member nor co-mingled with other segments. Such upfront collection shall also be applicable for all institutional orders.
- (b)** In case of order/bid modification/cancellation, such funds shall be released/collected on a real time basis by the stock exchange.



- (c) The seller(s) shall deposit the entire quantity of shares offered for sale as payin with the clearing corporation/clearing house or DSE prior to the commencement of the offer. No other margin shall be charged on the seller(s).

7. Allocation

- (a) Minimum of 25% of the shares offered shall be reserved for mutual funds and insurance companies, subject to allocation methodology. Any unsubscribed portion thereof shall be available to the other bidders.
- (b) The orders shall be cumulated by the DSE immediately on close of the offer. Based on the methodology for allocation to be followed as disclosed in the notice, the DSE shall draw up the allocation. i.e. either on a price priority (multiple prices) basis or on a proportionate basis at a single clearing price.
- (c) No allocation will be made in case of order/ bid is below floor price.
- (d) No single bidder other than mutual funds and insurance companies shall be allocated more than 25% of the size of offer for sale.

8. Settlement

- (a) The settlement shall take place similar to trade for trade basis and shall be completed latest by T + 2 day (where T is the date of the closure of the offer). The allocation and the obligations resulting thereof shall be intimated to the brokers not later than T+1 day.
- (b) There shall be no netting of settlement at broker's end.
- (c) The clearing house of DSE shall transfer the shares received as payin to the clearing corporation/clearing house of the other stock exchange, to the extent of their obligations.
- (d) Funds collected from the bidders who have not been allocated shares shall be released after the download of the obligation.
- (e) The direct credit of shares shall be given to the demat account of the successful bidder provided it is indicated by the broker/bidder.

9. Issuance of Contract Notes

The brokers shall be required to issue contract note to the client based on the allotment price and quantity in terms of conditions specified by the exchange.

10. Withdrawal of offer



Securities and Exchange Board of India

The offer for sale may be withdrawn prior to its proposed opening. In such a case there will be a cooling off period of 10 trading days from the date of withdrawal before an offer is made once again. The stock exchange(s) shall suitably disseminate details of such withdrawal.

11. Cancellation of offer

Cancellation of offer shall not be permitted during the bidding period. If the seller(s) fails to get sufficient demand at or above the floor price, he may choose to either conclude the offer or cancel it in full.

12. Stock Exchanges are advised to:

- a. take necessary steps and put in place necessary systems for implementation of the above.
- b. make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision.
- 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 the website.
- d. communicate to SEBI, the status of implementation of the provisions of this circular in the Monthly Development Report.

13. 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,

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