

CIRCULAR

SEBI/HO/MRD/MRD-PoD-3/P/CIR/2024/82

June 14, 2024

To

All Recognized Stock Exchanges

All Recognized Clearing Corporations

All Depositories

Sir/Madam,

Subject: Modification in Framework for Offer for Sale (OFS) of Shares to Employees through Stock Exchange Mechanism

1. SEBI vide Master Circular No. SEBI/HO/MRD2/PoD-2/CIR/P/2023/171 dated October 16, 2023 at paragraph 19 of Chapter 1 has specified the comprehensive framework on Offer for Sale (OFS) of shares through stock exchange mechanism. Further, SEBI vide Circular No. SEBI/HO/MRD/MRD-PoD-3/P/CIR/2024/6 dated January 23, 2024 issued Framework for Offer for Sale (OFS) of Shares to Employees through Stock Exchange Mechanism.
2. Paragraph 5 of SEBI Circular dated January 23, 2024 prescribed the procedure for offering of shares to the employees in OFS through stock exchanges. Paragraphs 5 (i) and (vi) of the said circular states as under:

“5. (i) OFS to employees shall be on T+1 day along with the retail category under a new category called as "Employee".

...

(vi) Employees shall place bids only at cut-off price of T+1 day. The allotment price shall be based on the Cut-off of the retail category, subject to discount, if any.”

3. Based on the feedback received from certain stakeholders and deliberations in the Secondary Market Advisory Committee of SEBI (SMAC), it has been decided that employees shall place bids on T+1 day at cut-off price of T day.
4. Accordingly, paragraph 5(vi) of SEBI Circular dated January 23, 2024 shall be read as under:

“5. (vi) Employees shall place bids only at cut-off price of T day. The allotment price shall be based on the Cut-off of the T day, subject to discount, if any.”
5. All other provisions of the aforesaid circulars shall remain unchanged.
6. The provisions of this circular shall come into effect from **30th day** of issuance of this circular.
7. All MIs are advised to:
 - i. take necessary steps and put in place necessary systems for implementation of the above.
 - ii. make necessary amendments to the relevant bye-laws, rules and regulations, wherever required, for the implementation of the above; and
 - iii. bring the provisions of this circular to the notice of the market participants (including investors) and disseminate the same on their website.
8. This circular is issued in exercise of the powers conferred under section 11(1) of the Securities and Exchange Board of India Act 1992 read with regulation 51 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, section 26(3) of the Depositories Act, 1996 and regulation 97 of Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

9. This circular is available on SEBI website at www.sebi.gov.in at “Legal Framework - Circulars.”

Yours faithfully,

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