

NSE Clearing Limited

PART F

OFFER FOR SALE (OFS)

1. CLEARING AND SETTLEMENT

Clearing and settlement of deals shall be specified by the relevant authority from time to time. Currently all settlements for OFS are in accordance with SEBI circular SEBI/HO/MRD/MRD-PoD-3/P/CIR/2023/10 dated January 10, 2023 and circular SEBI/HO/MRD/MRD-PoD-3/P/CIR/2024/6 dated January 23, 2024.

1.1. Designated Clearing Corporation

Clearing members and custodians in capital market segment of NCL may continue to maintain the designated clearing corporation for OFS and will be permitted to change the designated clearing corporation for OFS as per process set out by the Clearing Corporations.

1.2. Settlement Type and Series

Clearing and settlement of bids received in OFS on respective trading days shall be in following settlement type and series:

OFS Day	Margin Category	Series (Category)	Settlement Type
T Day	100%	IS (Non Retail)	H
T Day	0%	IS (Non Retail)	T
T+1 Day	100%	RS (Retail) & ES(Employee)	H
T+1 Day	100%	IS (Non Retail) Carry Forward	H
T+1 Day	0%	IS (Non Retail) Carry Forward	T

Members are required to refer the settlement calendar issued by clearing corporation for each OFS mentioning the settlement number, settlement date, settlement type, custodian confirmation timings and settlement timings.

1.3. Confirmation of custodial participant trades

As per SEBI Circular SEBI circular SEBI/HO/MRD/MRD-PoD-3/P/CIR/2023/10 dated January 10, 2023, in case of institutional investors who place orders or 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.

Custodians and members can use 'NMASS' interface to facilitate online order inquiry and confirmation. This interface would enable custodians associated with NSE Clearing Ltd. to carry out confirmations of bids placed across Exchanges. Members associated with NCL would be able to view the confirmation status of CP orders which are marked for confirmation by Custodians.

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In case of rejection / non confirmation of institutional bids by the Custodians for upfront margin bids, such bids shall not be considered towards allocation. In case of rejection / non confirmation of institutional bids by the custodians where no upfront margin is paid, the obligation to fulfil the settlement will fall on the clearing member of the trading member who will settle the same through the respective Clearing Corporation selected by them for OFS.

1.4. Settlement

Settlement shall take place on trade for trade basis. Obligation shall be computed at trading member/CP level across Exchanges and grossed up at clearing member/custodian level. The obligation shall be computed considering the allotment of bids provided by the Designated Stock Exchange for the OFS.

The funds pay-in and securities pay-out shall happen through the settlement account and pool account of the clearing member/custodian in capital market segment.

For non-institutional orders or bids and for institutional orders with 100% margin, settlement shall take place on T+1 day. In case of orders or bids of institutional investors with no margin, settlement shall be as per the existing rules for secondary market transactions.

Settlement for bids received on T+1 day shall be carried out as per the existing rules for secondary market transactions.

2. RISK MANAGEMENT

Clearing Corporation shall collect 100% margin in cash from non-institutional investors for bids placed on T day and T+1 day of OFS. In respect of bids in the retail category on T+1 day of OFS, clearing corporation shall collect margin to the extent of 100% of order value in cash or cash equivalents.

Margins in form of cash shall be provided as early pay-in (EPI) of funds for the settlement type as 'H' and settlement number as specified for the respective OFS. The procedure for providing EPI of funds shall be same as being done currently through the NMASS in Capital market segment. The EPI of funds confirmed by the primary clearing bank shall be considered as collaterals for order validation. The primary clearing banks shall not be able to confirm the funds placed by the members / custodians post OFS bidding period.

Trading Cum Clearing Members and Professional Clearing Members will be required to set trading member wise limits. Based on the type of the bid, margins shall be blocked from the limits of the trading member set by clearing member. In respect of Self Clearing Member and Custodian the margins shall be blocked from the collateral provided by the clearing member/custodian.

Clearing member who wish to utilise the cash or cash equivalents provided as collaterals towards OFS shall make the required amount available in collateral pool and send mail to collaterals_ops@nsccl.co.in to block the collateral towards OFS. Subsequently clearing members can set trading member-wise limits through facility provided in NMASS system as given below

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- Trading member wise limits can be set based on early pay-in of funds provided by the clearing member and that shall not exceed the total early pay-in of funds for a settlement type and settlement number
- Trading member wise limits can be set based on collateral provided by clearing member and that shall not exceed the total collateral
- Only upward revision of trading member wise early pay-in of funds and collateral limits will be allowed

EPI of funds in excess of order value and for unallocated bids shall be released on T day (T being the day of OFS) after download of obligations.

These funds shall not be utilized against any other obligation of the trading member or commingled with other segments.

The clearing member of seller(s) shall deposit the entire quantity of shares offered for sale including the additional shares disclosed, as pay-in with the designated clearing corporation prior to the commencement of the offer. No other margin shall be charged on the seller(s).

3. HANDLING OF DEFAULT IN PAY-IN

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. In such a case, on the settlement day the Custodian / Trading member shall be required to inform NSCCL on the shortage details.

Settlement Guarantee Fund shall not be available for OFS through stock exchange mechanism.

4. SECURITIES TRANSACTION TAX

Securities Transaction tax (STT) shall be applicable on transactions executed on exchange, as specified in circulars issued by Exchanges from time to time. Members shall be required to pay the STT, along with the pay-in obligation. The STT amount shall be collected as per the timelines stipulated for the funds pay-in. A separate transaction shall be created and the monies shall be collected from the settlement account of members through their clearing banks as per the process currently followed in respect of settlement obligations.

5. STAMP DUTY

Stamp duty shall be collected on allotted quantity. Stamp duty shall be determined on the trade date as mentioned in the settlement calendar issued from time to time by way of circular. Stamp duty calculation shall be done as per methodology specified below. Members may note that the value of taxable securities transaction and the applicable State/Union Territory (UT) shall be determined with respect to the Offeror (Seller). If the state/UT of the Offeror is not available then the state of member through whom transaction was executed will be considered. Members shall be required to pay the stamp duty, as part of and along with the pay-in obligation. The stamp duty amount shall be collected as per the timelines stipulated by the Clearing

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Corporation from time to time. A separate transaction shall be created and the monies shall be collected from the settlement account of members through their clearing banks as per the process currently followed in respect of settlement obligations.

Computation of stamp duty at client level:

- a) Aggregate of all the allotted orders shall be taken to arrive at the following values:
 - I. Total Sell Quantity (SQTY) – This is the sum of the allotted quantity on the trade date
 - II. Total Sell Value (SVAL) - This is the sum of the allotted value (Allotted quantity * Allotted price) on the trade date
- b) Stamp Duty shall be calculated by applying the prescribed rate:
 - I. Stamp Duty on Sell Value (SDSVAL) = SVAL * Applicable stamp duty rate.

The total stamp duty liability for a client will be arrived at by summing up the total stamp duty for each security in various settlements arrived at as above and rounded off to the nearest rupee i.e. value with 50 paise and above will be increased to one rupee and value less than 50 paise it shall be ignored.

Computation of stamp duty at member level:

The total stamp duty liability for a member is arrived at by summing up the total stamp duty for each client.

6. REPORTS

Format for reports provided by clearing corporation is given in **Part D**

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Tender-Offers under Takeovers, Buy Back and Delisting through the stock exchange mechanism

1. CLEARING AND SETTLEMENT

Clearing and settlement of deals shall be specified by the relevant authority from time to time.

1.1. Settlement Type and Series

Clearing corporation shall issue settlement calendar for each tender offer mentioning the settlement type, settlement number, trade start date, trade end date, obligation date and settlement date. In case of delay in receipt of Acceptance details from RTA or delay in funds pay-in by buying member as per specified timelines, Clearing Corporation may notify revised settlement schedule.

1.2. Funds Settlement

Funds Settlement

The funds pay-in obligation for demat and physical shares shall be effected through the existing settlement account of the buying member. Buying member shall ensure availability of funds obligation in its fund settlement account as per time lines specified in settlement calendar, failing which the securities pay-out shall not be made. Funds pay-out shall be made only in case buying clearing member makes funds pay-in

Funds pay-out for demat bids shall be made directly to the shareholder (offering shares towards tender offer) bank account as per details received from the respective depositories. Shareholder's are requested to update their active bank account details with the depositories for seamless transfer of funds pay-out to their bank accounts. In case of any rejection while crediting the funds pay-out to the shareholder's bank account, the funds pay-out shall be directed to the clearing member's settlement bank account for further transfer to respective shareholder's.

Funds pay-out for physical orders shall be made directly to the clearing members settlement bank account for further transfer to respective shareholder's.

The funds pay-out of bids confirmed by custodian will be credited to the settlement bank account of custodian. Bids pertaining to NRI/FPI (which are not settled through custodian), funds will be transferred to member's settlement bank account.

1.3. Securities Settlement

The settlement of securities obligation for demat shares shall be effected through the special pool account of Clearing Corporation.

Tendering of shares shall be done in accordance with SEBI Circular no. SEBI/HO/CFD/DCR-III/CIR/P/2021/615 dated August 13,2021 and provide irreversible early pay-in of shares through the mechanism of the depositories.

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The shares received through early pay-in mechanism in the respective settlement type and number shall be deemed to be securities pay-in on behalf of the clearing members and custodians whose bids received allotment

The pay out of the securities shall be made to the securities pool account of the buying member.

The direct credit of shares shall be given to the escrow demat account of the Acquirer provided it is indicated by the buying member. For the same, the existing facility of client direct pay-out in the Capital Market Segment shall be available.

In case of partial or non-acceptance of orders or excess pay-in, demat shares shall be released to the respective shareholder's demat account from which early pay-in was received. In case of any rejection while crediting the shares to the shareholder's demat account, the shares shall be directed to the pool account of the clearing member for further transfer to respective shareholder's.

2. SECURITIES TRANSACTION TAX

Securities Transaction tax (STT) shall be applicable on transactions executed on exchange, as specified in circulars issued by Exchanges from time to time. Members shall be required to pay the STT, along with the pay-in obligation. The STT amount shall be collected as per the timelines stipulated for the funds pay-in. A separate transaction shall be created and the monies shall be collected from the settlement account of members through their clearing banks as per the process currently followed in respect of settlement obligations.

3. STAMP DUTY

Stamp duty shall be collected on accepted quantity as informed by the Registrar and Transfer Agent (RTA) to the Clearing Corporation from the offeror (seller). Stamp duty shall be determined on the obligation date mentioned in the settlement calendar issued from time to time by way of circular. Stamp duty calculation shall be done as per methodology specified below .

In case of change in methodology the same shall be specified by way of circular. All the accepted orders shall be identified based on the client/proprietary details provided by the members at the time of order entry on the Exchange system. Members may note that the value of taxable securities transaction and the applicable State/Union Territory (UT) shall be determined with respect to the client/proprietary details of the accepted orders. Therefore the Clearing Corporation shall only reckon the client/proprietary details entered by the member while placing the order. It is therefore imperative that members exercise extreme caution and diligence while entering the client/proprietary details at the time of entering an order. If the State/UT of the client is not available then the state of member through whom transaction was executed will be considered.

Members shall be required to pay the stamp duty, as part of and along with the pay-in obligation. The stamp duty amount shall be collected as per the timelines stipulated by the Clearing Corporation from time to time. A separate transaction shall be created and the monies

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Computation of stamp duty at client level:

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The total stamp duty liability for a client will be arrived at by summing up the total stamp duty for each security in various settlements arrived at as above and rounded off to the nearest rupee i.e. value with 50 paise and above will be increased to one rupee and value less than 50 paise it shall be ignored.

Computation of stamp duty at member level:

The total stamp duty liability for a member is arrived at by summing up the total stamp duty for each client.

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