Public Issue of shares

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About Public Issue of shares:

- When a **company raises funds by selling or issuing its equity shares to the public through an offer document** it is called a public issue.
  - **Initial Public Offerings (IPO):** IPO is a type of issue where an **unlisted company raises capital by making a fresh issue of securities** or offering its existing securities for sale **to the public for the first time.**
  - **Further Public Offer (FPO) / Follow-on Public Offer (FPO):** When a **listed company** wants additional capital, it m**akes either a fresh issue of securities or an offer for sale of existing securities to the public** it is called a Follow-on Public Offer (FPO).
  - **Offer for Sale (OFS):**
    - Institutional investors like venture funds, private equity funds etc. invest in a company at its nascent stage.
    - Once the company grows bigger these investors sell their shares to the public through the issue of offer document and subsequently shares get listed on the stock exchange.

        - Offer for sale (OFS) is also a **special mechanism through which the promoters can sell their stake in the market.**
        - **Only promoters or shareholders holding more than 10% of the share capital in a company can come up with such an issue**.
    - **Both retail and institutional investors can invest in an OFS** and buy shares of the Company.

Q1) What is a Follow-on Public Offer (FPO)?

When a listed company wants additional capital, it makes either a fresh issue of securities or an offer for sale of existing securities to the public; it is called a Follow-on Public Offer (FPO).

Source: SEBI Halves Public Issue Listing Time To Three Days
