

An Overview on Listing and Issuance of Securities in International Financial Services Centre

Lesson 13

KEY CONCEPTS

- International Financial Services Centre (IFSC) ■ International Financial Services Centres Authority (IFSCA)
- Specified Securities ■ Debt Securities ■ ESG Debt Securities ■ Depository Receipts ■ Market Infrastructure Institution ■ Special Purpose Acquisition Company (SPAC) ■ Foreign Jurisdiction

Learning Objectives

To understand:

- Listing and Trading of Securities in IFSC and the Regulatory Framework
- Applicability and Key Definitions under IFSCA (Listing) Regulations, 2024
- Eligibility criteria and issue process for making IPO and FPO
- The concept of Special Purpose Acquisition Company (SPAC) and regulatory framework for listing of SPACs
- The eligibility criteria and process for issuance of Depository Receipts
- Regulatory prescriptions for listing of debt securities on the recognized stock exchanges in IFSC
- Framework on listing of ESG Debt Securities
- Listing Obligations and Disclosure Requirements under IFSCA (Listing) Regulations, 2024 – General Obligations

Lesson Outline

- Listing and Trading of Securities in IFSC
- Background on the Regulatory Framework in IFSC
- IFSCA (Listing) Regulations, 2024
- Important Definitions
- Applicability
- Salient Features of IFSCA (Listing) Regulations, 2024
- Initial Public Offer
- Further Public Offer
- Rights Issues or Preferential Issues or QIPs
- Special Purpose Acquisition Company (SPAC)
- Regulatory Framework for Listing of SPACs
- Secondary Listing of Specified Securities
- Depository Receipts
- Initial Public Offer of Depository Receipts
- Listing of Debt Securities
- Environment, Social and Governance (ESG) Debt Securities
- Listing Obligations and Disclosure Requirements
- Lesson Round-Up
- Glossary
- Test Yourself
- List of Further Readings
- Other References

REGULATORY FRAMEWORK

- International Financial Services Centres Authority (Listing) Regulations, 2024
- International Financial Services Centres Authority Act, 2019
- SEBI (International Financial Services Centres) Guidelines, 2015
- IFSCA (Fund Management) Regulations, 2025

LISTING OF SECURITIES IN IFSC

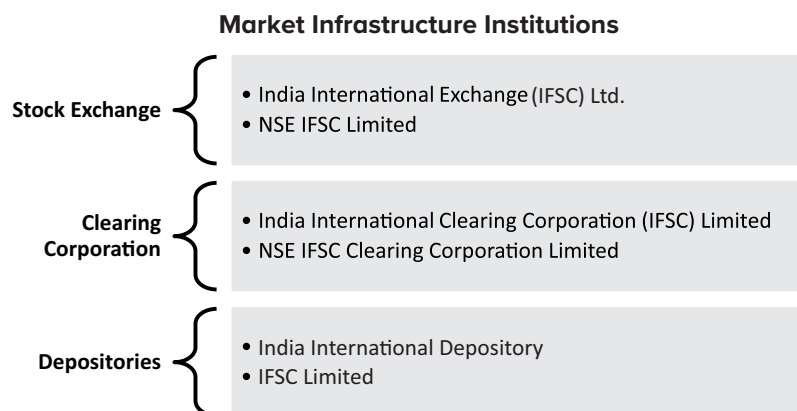
In Globalized world, international capital acts as an important driver of economic growth and development. The setting up of the IFSC in India is aimed at tapping global capital flows to meet India's development needs and simultaneously provide international issuers a globally competitive financial platform for the full range of international financial services.

Section 23 (3) of the Companies Act, 2013 has been notified on September 28, 2020, enabling listing of equity shares of public Indian companies in permissible foreign jurisdictions, including IFSC. Prior to the establishment of International Financial Services Centres Authority (IFSCA or Authority), the listing of equity in IFSC by companies incorporated in India and foreign jurisdiction was regulated by a combination of SEBI (IFSC) Guidelines, 2015, relevant provisions of SEBI (Issue of Capital and Disclosure requirements) Regulations, 2018, Companies Act, 2013 and Foreign currency depository receipt scheme and circulars issued thereunder.

Post the establishment of IFSCA, the Authority in its endeavor to develop a comprehensive and consistent regulatory framework based on global best practices with a special focus on ease of doing business, enacted an all-encompassing framework {International Financial Services Centres Authority (Issuance and Listing of Securities) Regulations, 2021} now replaced with IFSCA (Listing) Regulations, 2024 to facilitate issuers to access world's capital markets. Through a cross-border listing, a company can reach beyond its home jurisdiction to identify a foreign stock exchange that meets its particular corporate financing needs. In order to provide an ecosystem for Fintech companies, IFSCA enabled the listing of startups in IFSC. Further, considering the recent innovative methods for raising of capital by companies in some jurisdictions, such as by Special Purpose Acquisition Companies (SPACs), the IFSCA enabled the listing of SPAC on the recognised stock exchanges, in order to facilitate sponsors, raise capital to undertake an acquisition of a company or assets.

The countries worldwide are investing into Environment, Social, Governance (ESG) projects, pursuant to the Paris Agreement and Sustainable Development Goals. The financial sector has been identified as being instrumental in advancing the zero-carbon energy transition. Considering the importance of Environment, Social and Governance issues and the ESG targets, there is a need for the regulators to provide an ecosystem for sustainable financing. IFSCA aims to move towards becoming a prominent international centre for sustainable finance, supporting the needs for ESG financing. Towards this direction, IFSCA has enabled the listing of green bonds, social bonds, sustainable bonds and sustainability linked bonds.

However, to leverage the advantage of vast global potential of capital requirement a dedicated Market Infrastructure Institutions (MII's) are important. Presently in GIFT-IFSC the following MII's are there: -



BACKGROUND ON THE REGULATORY FRAMEWORK IN IFSC

The development of capital markets in IFSC has been a priority area of the IFSCA and towards this end, it has issued a robust regulatory framework in respect of issuance and listing of securities in IFSC. The IFSCA (Issuance and Listing of Securities) Regulations, 2021 (“Listing Regulations”) were notified and published in the Gazette of India on July 16, 2021. These regulations have been formulated with the dual objectives of ensuring ease of doing business and protecting the interests of investors in the capital market ecosystem. The Listing regulations provide the unified regulatory framework for issuance and listing of specified securities and debt securities by companies incorporated in IFSC, India and foreign jurisdictions.

It is to be noted that, Ministry of Corporate Affairs has issued notification on August 05, 2021, under section 393A of the Companies Act, 2013 exempting foreign companies/ companies incorporated outside India from the provisions of sections 387 to 392 of the Companies Act, 2013 in so far as they relate to the offering for subscription in the securities, requirements related to the prospectus, and all matters incidental thereto in the IFSCs. Thus, the said notification facilitated listing of Foreign Companies.

Additionally, in order to ensure that capital markets in IFSCs support the financing of innovative business models especially those in the areas of fintech, corporate restructurings, etc., the framework provides for dedicated chapters relating to issuance and listing of securities by Start-ups, Small and Medium Enterprises (SMEs) and Special Purpose Acquisition Companies (SPACs).

IFSCA constituted a Standing Committee on Primary Markets (“SCOP”), in February 2024 to advise IFSCA on policy and regulatory matters for the development of a vibrant and robust primary market in GIFT IFSC. The Committee recommended that the IFSCA’s regulatory framework for listing of companies should be aligned with other international financial centres such as Singapore, Hong Kong, USA and UK. Following extensive deliberations in the SCOP and public consultations, it was decided to replace the existing IFSCA (Issuance and Listing of Securities) Regulations, 2021 with the New Listing Regulations. Accordingly, IFSCA vide gazette notification dated August 20, 2024 notified IFSCA (Listing) Regulations, 2024.

The salient features of the New Listing Regulations are as under:

Particulars	Regulatory requirements
A. Listing of Specified Securities	
Eligibility criteria	<ul style="list-style-type: none"> i. Operating revenue of USD 20 million in the last financial year or averaged over last three financial years; or ii. Pre-tax profit of USD 1 million in the last financial year or averaged over the last three financial years; or

Particulars	Regulatory requirements
	<ul style="list-style-type: none"> iii. Post issue market capitalization of at least USD 25 million: or iv. Any other eligibility criteria specified by the Authority
Filing of offer document	Issuers will be required to file offer document with IFSCA for seeking observations (Exemption provided for issuers with proposed issue size of USD 50 million or less).
Disclosures in offer document	<p>Disclosures in Offer document shall include:</p> <ul style="list-style-type: none"> i. Offer Document Summary ii. Risk factors iii. Introduction providing a brief overview of the offer details iv. General Information v. Capital Structure vi. Particulars of the issue vii. Underwriting viii. Tax implication for the investors ix. About the Issuer x. Financial Statements xi. Material related party transactions xii. Legal and other information xiii. Details of major group companies xiv. Regulatory and other disclosures xv. Any other material disclosures
Accounting Standards	Financial statements shall be prepared in accordance with US GAAP, IFRS or Ind AS. In case of any other accounting standard, the financial statements shall be reconciled with IFRS.
Pricing	<p>Fixed price or Book building mechanism.</p> <p>Indian company shall comply with requirements prescribed in the Direct Listing Scheme notified under FEM (NDI) Rules, 2019</p>
Minimum Public Offer and Shareholding	<p>Indian Company: In accordance with the Securities Contracts (Regulation) Rules, 1957</p> <p>Foreign Company: Minimum public offer as well as minimum public shareholding of 10 per cent. of the post issue capital</p>
Underwriting	Disclosures regarding underwriting arrangements shall be made in the offer document.

Particulars	Regulatory requirements
Monitoring Agency	Optional (issuer may choose to appoint a CRA registered with the Authority or registered with any other regulator as a monitoring agency).
Lock-up	Pre-issue shareholding of promoters and controlling shareholders shall be locked up for a period of 180 days.
B. Listing of Debt Securities	
Filing of Documents	Issuer shall file listing application along with the offer document / information memorandum with the recognised stock exchange
Disclosures in the offer document	Issuer Disclosures Issue related disclosures (Regulation 70)
Credit Rating	Credit rating mandatory Further, w.e.f. April 01, 2025, issuer shall be required to obtain a credit rating from at least one CRA registered with IFSCA and may obtain any additional credit rating(s) from a globally recognised CRA.
ESG Labelled Debt Securities	Additional requirements for listing of “Green”, “Social”, “Sustainability” and “Sustainability linked” debt securities specified in the regulations. The requirements are based on global best practices including ICMA and Climate Bonds Standards.
C. Continuous Obligations and Disclosure Requirements	
Equity Listing	<ul style="list-style-type: none"> i. Material or Price Sensitive Information: Immediately ii. Amendment to Constitution Documents: Immediately iii. Intimation about Board Meetings: at least two working days in advance iv. Proceedings of the AGM and EGM: Immediately v. Change in Director, KMP, Auditor & Compliance Officer: Immediately vi. Adverse opinion by the Auditor: Immediately vii. Disclosure of encumbrances by promoters and controlling shareholders: within 2 working days viii. Shareholding Pattern on quarterly basis: within 15 working days ix. Financial Statements: Quarterly within 45 days; Annual within 3 months x. Annual Report: Immediately after finalisation xi. Statement of Deviation of use of proceeds on quarterly basis: within 45 days xii. Sustainability Report: Within six months from the end of Financial Year xiii. Notice of record date for corporate actions (3 working days in advance) xiv. Whistleblower Mechanism

Particulars	Regulatory requirements
Debt Issuer	<ul style="list-style-type: none"> i. Material or Price Sensitive Information: Immediately ii. Financial Statements: within 3 months iii. Annual Report: within 6 months iv. Revision in Credit Rating: Immediately

INTERNATIONAL FINANCIAL SERVICES CENTRES AUTHORITY (LISTING) REGULATIONS, 2024

Important Definitions

“Business Combination” means a merger or amalgamation or acquisition of shares or assets of one or more companies having business operations by a Special Purpose Acquisition Company

“Debt Securities” means non-convertible debt securities which create or acknowledge indebtedness and includes debentures and bonds.

“Depository Receipt” means a negotiable financial instrument representing underlying securities of an issuer in another jurisdiction.

“Foreign Jurisdiction” means a country, other than India, whose securities market regulator is a signatory to International Organization of Securities Commission’s Multilateral Memorandum of Understanding (IOSCO’s MMOU) (Appendix A signatories) or a signatory to bilateral Memorandum of Understanding with the IFSCA, and which is not identified in the public statement of Financial Action Task Force as:

- i. a jurisdiction having a strategic Anti-Money Laundering or Combating the Financing of Terrorism deficiencies to which counter measures apply; or
- ii. a jurisdiction that has not made sufficient progress in addressing the deficiencies or has not committed to an action plan developed with the Financial Action Task Force to address the deficiencies.

“Key managerial personnel”, in relation to a company incorporated in India, shall have the same meaning as assigned to it under clause (51) of section 2 of the Companies Act, 2013, and in relation to a company incorporated outside India shall mean:

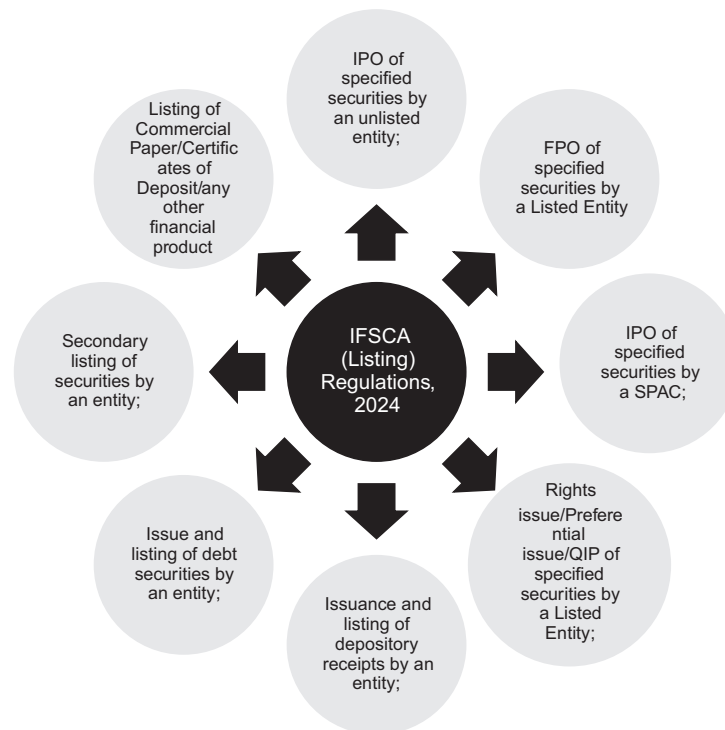
- (i) the chief executive officer or the managing director or the manager;
- (ii) the company secretary or the corporate secretary;
- (iii) a whole-time director;
- (iv) the chief financial officer; and
- (v) such other officer as may be designated as key managerial personnel by the Board of the company

“Listed Entity” means an entity whose specified securities or debt securities or depository receipts or any other permitted financial products are listed on a recognised stock exchange under these regulations;

“Special Purpose Acquisition Company” or “SPAC” means a company which does not have any operating business and has been formed with the primary objective to effect a business combination.

“Specified Securities” means equity shares and convertible securities.

“SR equity shares” means such class of equity shares of an issuer which grants their holders voting rights superior to the ordinary equity shares issued by that issuer.

Applicability**IFSCA (Listing) Regulations, 2024**

These regulations shall apply to:

- a) an initial public offer of specified securities by an unlisted entity;
- b) a follow-on public offer of specified securities by a Listed Entity;
- c) an initial public offer of specified securities by a Special Purpose Acquisition Company;
- d) a rights issue or a preferential issue or a qualified institutions placement of specified securities by a Listed Entity;
- e) issuance and listing of depository receipts by an entity;
- f) issue and listing of debt securities by an entity;
- g) secondary listing of securities by an entity;
- h) listing of Commercial Paper or Certificates of Deposit or other financial products as permitted by the Authority

SALIENT FEATURES OF IFSCA (LISTING) REGULATIONS, 2024**Initial Public Offer****Eligibility**

An issuer shall be eligible to make an initial public offer of specified securities, only if:

- (a) the issuer has an operating revenue, based on consolidated audited accounts, of at least USD twenty million in the last financial year or averaged over the last three financial years; or

- (b) the issuer has a pre-tax profit, based on consolidated audited accounts, of at least USD one million in the last financial year or averaged over the last three financial years; or
- (c) The issuer has a post issue market capitalization of at least USD twenty five million; or
- (d) It qualifies under any other eligibility criteria specified by the Authority.

Explanation: “Financial year” for the purposes of these regulations shall mean financial year followed by the issuer in accordance with the applicable laws of its home jurisdiction.

SR Equity Shares

An issuer, which has issued SR equity shares, shall be allowed to make an initial public offer of its ordinary shares for listing on a recognised stock exchange, subject to the conditions that:

- (a) The issue of SR equity shares had been authorised by a resolution passed at a general meeting of the shareholders of the issuer; and
- (b) The SR equity shares have been held for a period of at least three months prior to the filing of the draft offer document.

Filing of Offer Document

- (1) Where size of the proposed issue is USD fifty million or below,
 - (a) the issuer, through the lead manager(s), shall file a draft offer document along with applicable fee with the Authority;
 - (b) the lead manager(s) shall also submit a due diligence certificate along with the draft offer document;
 - (c) the draft offer document shall be hosted on the websites of the Authority, the recognised stock exchange(s) where the specified securities are proposed to be listed, the issuer and the lead manager(s) of the issue.
- (2) Where size of the proposed issue is more than USD fifty million,
 - (a) the issuer, through the lead manager(s), shall file a draft offer document along with applicable fee with the Authority;
 - (b) the lead manager(s) shall also submit a due diligence certificate along with the draft offer document;
 - (c) the draft offer document shall be hosted on the websites of the Authority, the recognised stock exchange(s) where the specified securities are proposed to be listed, the issuer and the lead manager(s) for seven working days, inviting comments from public;
 - (d) the lead manager(s) shall file with the Authority details of material comments received by them or by the issuer from the public on the draft offer document during such period and the consequential changes, if any, that are proposed to be made pursuant thereto, in the draft offer document;
 - (e) the Authority may issue observations, if any, on the draft offer document within twenty-one working days from the later of the following dates:
 - (i) the date of receipt of the draft offer document; or
 - (ii) the date of receipt of satisfactory reply from the issuer and/or the lead manager(s) where the Authority has sought any clarification or additional information from them; or

- (iii) the date of receipt of clarification or information from any regulator or agency, where the Authority has sought any clarification or information from such regulator or agency; or
- (iv) the date of receipt of a copy of in-principle approval given by the recognised stock exchange(s).
- (f) the issuer shall carry out changes advised by the Authority, if any, in the draft offer document;
- (g) the issuer shall, through the lead manager(s), file the updated offer document with the Authority and the recognised stock exchange(s) prior to going ahead with the issue.

Offer period

The initial public offer shall be kept open for at least one working day and not more than ten working days: In case the issuer has made a simultaneous offer in any other jurisdiction, the offer period may be for same period as applicable in the other jurisdiction.

Minimum public offer

Where the issuer is a company incorporated in India, including in an IFSC, such issuer shall comply with the minimum offer and allotment to public and minimum public shareholding norms prescribed under the Securities Contracts (Regulation) Rules, 1957.

Where the issuer is a company incorporated outside India, the minimum offer and allotment to public shall be at least ten per cent. of the post issue capital and such issuer shall also maintain the minimum public shareholding of ten per cent. of the post issue capital on a continuous basis.

Minimum subscription

An offer shall be considered successful only if the minimum subscription as disclosed in the offer document is received. However, the concept of minimum subscription shall apply only to fresh issue of specified securities and not for the Offer for Sale component of the public offer.

FOLLOW-ON PUBLIC OFFER**Applicability**

A Listed Entity may make a follow-on public offer of specified securities in the manner as specified.

Offer for sale

(1) In case of an offer for sale, the specified securities must have been held by the existing holders for a period of at least one year prior to the date of filing of the draft offer document. However, in case equity shares received on conversion are being offered for sale, the holding period of convertible securities or depository receipts, as the case may be, and the holding period of resultant equity shares together shall be considered for the purpose of calculation of the period of one year.

Where equity shares arising out of conversion are being offered for sale, such conversion should be completed prior to filing of the offer document and full disclosures of the terms of conversion should be made in the draft offer document.

(2) The requirement of holding equity shares for a period of one year shall not apply:

- a) Where the equity shares offered for sale were acquired pursuant to any scheme of merger or amalgamation in lieu of business and invested capital which had been in existence for a period of more than one year prior to approval of such scheme; or
- b) Where the equity shares offered for sale were issued under a bonus issue on securities held for a period

of at least one year prior to the filing of the draft offer document with the Authority, and also subject to the following:

- (i) such equity shares being issued out of free reserves and share premium existing in the books of account as at the end of the financial year preceding the financial year in which the draft offer document is filed with the Authority; and
- (ii) such equity shares not being issued by utilisation of revaluation reserves or unrealized profits of the issuer.

Lead manager

The issuer shall appoint lead manager(s) to the issue and other intermediaries in consultation with the lead manager(s).

Fast track follow-on public offer

1. An issuer may make follow-on public offer through the fast track route, if the issuer satisfies the following conditions:
 - (a) equity shares of the issuer have been listed on a recognised stock exchange for a period of at least eighteen months;
 - (b) issuer has complied with all the regulatory requirements specified by the Authority and the recognised stock exchange(s) in the preceding three years;
 - (c) no show-cause notice has been issued and pending against the issuer or its promoters or controlling shareholders or whole-time directors by the Authority or any other financial sector regulator;
 - (d) there is no adverse opinion, disclaimer of opinion, qualified opinion by the auditors on the financial statements of the issuer, or any of the issuer's subsidiaries or associates (having a material impact on the issuer's consolidated accounts), in the preceding three years;
 - (e) there has not been any disclosure relating to irregularities having a material impact on the issuer, by any director, key managerial personnel or compliance officer.

Explanation: Where the issuer is listed for a period of less than three years, the period under clause (b) and (d) shall be calculated from the date of initial listing.

2. The issuer, through the lead manager(s), shall file the offer document along with applicable fee with the Authority.
3. The lead manager(s) shall also submit a due diligence certificate along with the offer document.
4. The issuer shall simultaneously file the offer document with the recognised stock exchange(s).
5. The offer document shall be hosted on the websites of the Authority, the recognised stock exchange(s), the issuer and the lead manager(s) of the issue.

Disclosures in the offer document for a follow-on public offer

- (1) The offer document for a follow-on offer shall contain all material disclosures which are true, correct and adequate to enable the investors to take an informed investment decision.
- (2) For the purpose of 'materiality' of disclosure under this regulation, the issuer shall provide the details of its 'materiality policy', wherever applicable, in the offer document and ensure the disclosure of all material information post filing of offer document and prior to listing.

- (3) The lead manager(s) shall exercise due diligence and satisfy themselves about all aspects of the issue including the materiality, veracity and adequacy of disclosures in the offer document.
- (4) The offer document shall contain the requisite disclosures relating to the public offer, including the following:
- (a) Offer Document Summary;
 - (b) Risk factors;
 - (c) Introduction providing a brief overview of the offer details;
 - (d) General information;
 - (e) Capital Structure- it shall include details of all shareholders holding five per cent. or more of the paid-up capital;
 - (f) Particulars of the Issue:
 - i. Objects of the Issue;
 - ii. Requirement of Funds;
 - iii. Funding Plan;
 - iv. Business/Project Appraisal, if any;
 - v. Deployment of Funds;
 - vi. Basis of Issue Price;
 - (g) Underwriting;
 - (h) Tax implications for investors;
 - (i) Financial Statements;
 - (j) Material Related Party Transactions;
 - (k) Legal and Other Information:
 - i. Outstanding material litigation and material developments;
 - ii. Pending material Government/Regulatory approvals;
 - (l) Details of major group entities including their business;
 - (m) Other regulatory and statutory disclosures;
 - (n) Any other material disclosures;
- (5) The offer document shall contain the following disclaimer in bold:

“It is to be distinctly understood that filing of the offer document with IFSCA is for the purpose of record and should not in any way be deemed or construed that the same has been cleared or approved by IFSCA. IFSCA does not take any responsibility either for the financial soundness of the issuer or for the correctness of the statements made or opinions expressed in the offer document. The issuer and the lead manager (s) have certified that the disclosures made in the offer document are true, correct and adequate and are in conformity with the IFSCA (Listing) Regulations, 2024. This requirement is to facilitate investors to take an informed decision for making investment. The Issuer shall at all times be responsible for the correctness, adequacy and disclosure of all relevant information in the offer document.”

Issue Process

The provisions relating to offer timing, pricing, offer period, minimum subscription, anchor investor, underwriting, monitoring agency, allotment, listing, post-issue report, other responsibilities of lead manager and prohibition on payment of incentives provided for Initial Public Offers shall mutatis mutandis apply to follow-on public offer under this Chapter.

LISTING OF SPECIFIED SECURITIES WITHOUT PUBLIC OFFER

Listing of specified securities without public offer

An issuer may list its specified securities on a recognised stock exchange without making public offer in the manner as may be specified by the Authority.

LISTING OF SPECIFIED SECURITIES ALREADY LISTED IN OTHER JURISDICTION

Secondary Listing without public offer

An issuer, having its specified securities listed in a jurisdiction outside IFSC, may list those specified securities on a recognised stock exchange(s), without making public offer, subject to the following conditions:

- (a) It shall file listing application, in the manner specified by the recognised stock exchange(s); and
- (b) It shall comply with the listing requirements of the recognised stock exchange(s) and such other conditions as may be specified by the Authority.

Listing with public offer

- (a) An issuer, having its specified securities listed in a jurisdiction outside IFSC, may list the specified securities on a recognised stock exchange(s) through a public offer.
- (b) The provisions relating to appointment of lead manager, in-principle approval from recognised stock exchanges, filing of offer document, minimum public offer, minimum subscription, underwriting, provided for Initial Public Offers shall mutatis mutandis apply to listing by way of public offer:
- (c) A public Indian company, with dual listing in IFSC and in India, shall comply with the additional regulatory requirements as may be specified by the Authority.

Qualified Institutions Placements

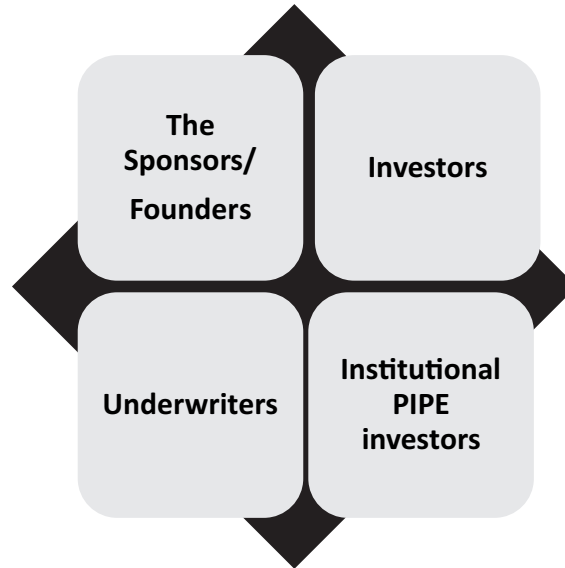
A public Indian company having its equity shares listed on a stock exchange in India may be permitted to make a qualified institutions placement in the manner as may be specified by the Authority from time to time.

SPECIAL PURPOSE ACQUISITION COMPANY (SPAC)

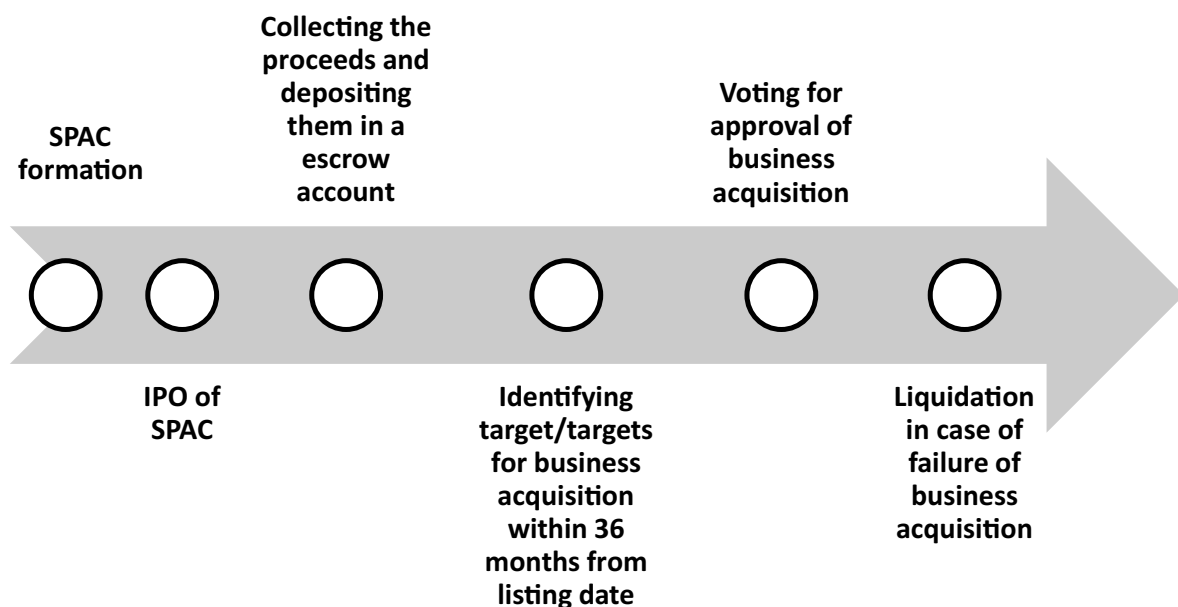
SPAC is a company which does not have any operating business and has been formed with the primary objective to affect a business combination. The SPACs have witnessed a surge in recent years in some of the jurisdictions (particularly USA) and are seen as an alternative to traditional IPOs for many companies to raise funds.

The IFSCA has specified the regulatory framework for listing of SPACs based on global best practices. The Authority's listing framework gives scope for innovation and at the same time has the necessary checks and balances to protect the interests of investors. The framework on SPACs is aimed at facilitating the start-up ecosystem by providing access to global capital.

The entities involved in SPAC



Process flow of SPAC



LISTING OF SPECIAL PURPOSE ACQUISITION COMPANIES (SPAC)

Eligibility

A SPAC is eligible to raise capital through initial public offer of specified securities on the recognised stock exchange(s), only where:

- the target business combination has not been identified prior to the IPO;
- The SPAC has the provisions for redemption and liquidation in line with these Regulations; and

- c) The sponsor of the SPAC has a good track record in SPAC transactions, business combinations, fund management or investment banking activities and the same shall be disclosed in the offer document.

A SPAC shall not be eligible to list specified securities under these regulations if the issuer or any of its sponsors is:

- debarred from accessing the capital market; or
- a wilful defaulter; or
- a fugitive economic offender.

Initial Disclosures in the Offer Document

The offer document shall contain all material disclosures which are true, correct and adequate to enable the investors to take an informed investment decision.

Issue size

- (a) The issue shall be of size not less than USD 50 million.
- (b) The sponsors shall hold at least fifteen per cent and not more than twenty per cent of the post issue paid up capital. Prior to an IPO, the sponsors shall also have aggregate subscription (all securities) in terms of amount in the SPAC company prior to or simultaneous to the IPO, amounting to at least 2.5 per cent of the issue size or USD 10 million, whichever is lower.

■ SPAC

- **Underwriting** May be underwritten with disclosures in the offer document
- **IPO size and other requirements:**
 - \$ 50 million;
 - Minimum application size: \$ 100,000
- **Acquisition:** Aggregate fair market value equal to at least 80% of the aggregate amount deposited in the escrow account
- **Time period for business acquisition:** The SPAC Issuer shall complete the business combination within the timeline disclosed in the other document, not exceeding 36 months from the date of listing on the recognised stock exchange.
- **Liquidation:** Sponsors shall not participate in liquidation distribution
- **Lock-up:** Locked up for a period of 1 year from date of closing of business acquisition.

Underwriting for SPAC IPO

- (a) May be underwritten and in such case adequate disclosure regarding underwriting arrangements shall be disclosed in the offer document.
- (b) At least fifty per cent of the underwriting commission shall be deferred until successful completion of the business combination and shall be deposited in the escrow account.

- (c) In case of liquidation, the underwriter shall waive their rights on the deferred commission deposited in the escrow account.

Application and Allotment

- (1) Minimum application size : USD 1,00,000.
- (2) Allotment shall be on proportionate basis or discretionary basis, as disclosed in the offer document.
- (3) The issuer and lead manager(s) shall ensure that the specified securities are allotted, and the payments and refunds are completed within five working days from the date of closing of the issue.

Protection to investors of SPAC IPO through escrow account

- (a) The SPAC issuer shall ensure that the entire proceeds of the IPO are kept in an interest-bearing escrow account controlled by an independent custodian until consummation of the SPAC 's business combination.
- (b) The escrow funds shall be invested only in instruments disclosed in the offer document and shall include only short-term investment grade liquid instruments.
- (c) The interest and other income derived from the amount placed in the escrow account may be withdrawn by the SPAC issuer for the following purposes:
 - (i) Payment of taxes; and
 - (ii) General working capital expenses, subject to prior approval by way of special resolution of the shareholders other than sponsors.

Prospectus regarding proposed business combination

The SPAC shall file a detailed prospectus with the recognised stock exchange(s) containing all relevant disclosures regarding the proposed business combination, while seeking shareholders' approval.

Shareholders' approval

The SPAC shall seek prior approval by way of majority of shareholders other than sponsors, for the proposed business combination.

Redemption rights of shareholder

- (a) If a shareholder (other than sponsors) has voted against the proposed business combination, he shall have the redemption right for converting his securities into a pro rata portion of the aggregate amount held in the escrow account (net of taxes payable).
- (b) In the event of change in control of the SPAC, the SPAC issuer shall provide the redemption option to the shareholders (other than sponsors) for converting their securities into a pro rata portion of the aggregate amount held in the escrow account (net of taxes payable).

Conditions related to Business Combination

- (a) Shall complete the business combination within the timeline disclosed in the offer document, not exceeding thirty-six months from the date of listing on the stock exchange(s).
- (b) The SPAC issuer shall ensure that the businesses acquisition shall have an aggregate fair market value equal to at least 80% of the aggregate amount deposited in the escrow account, excluding deferred

underwriting commissions held in escrow and any taxes payable on the income earned on the escrowed funds.

- (c) The SPAC and the sponsors shall ensure that there is no related party transaction or connection of sponsor or any of their associates with the business combination.

Liquidation

If the business combination is not completed within the permitted time frame, the escrow account shall be liquidated in terms of the IFSCA Listing Regulations and disclosures in the offer document.

Post business combination

- (a) The resultant entity shall be required to meet the listing eligibility criteria set out in the IFSCA Listing Regulations within 180 days, in order to continue listing on the recognized stock exchange(s). The resultant entity shall comply with the listing obligations and continuous disclosure requirements specified in the IFSCA Listing Regulations.
- (b) The shareholding of the sponsors of the SPAC in the resultant entity shall be locked up for a period of one year from the date of closing of the business combination. The shareholding of the controlling shareholders, directors and key managerial personnel of the resultant entity shall be locked up for a period of one year from the date of closing of the business combination.

RIGHTS ISSUE, PREFERENTIAL ISSUE AND QUALIFIED INSTITUTIONS PLACEMENT

A Listed Entity shall make rights issues, preferential issues or qualified institutions placement of specified securities, subject to compliance with the requirements that may be specified by the IFSCA.

SECONDARY LISTING OF SPECIFIED SECURITIES

Listing without Public Offer

Any company which is having its specified securities listed in India (outside IFSC) or in a Foreign Jurisdiction can list its specified securities on a recognised stock exchange(s), without public offer, if it fulfils the following conditions:

- a) It files an application in the manner as may be specified by the recognized stock exchanges(s);
- b) It fulfils the obligations/ requirements as laid down by the recognized stock exchanges(s) and also those laid down by the Authority, from time to time.

Listing with Public Offer

- a) Any company which is having its specified securities listed in India (outside IFSC) or in a Foreign Jurisdiction can list its specified securities on a recognised stock exchange(s) by undertaking public offer.
- b) The provisions relating to appointment of lead manager, in-principle approval from recognised stock exchange(s), filing of offer document, offer timing, initial disclosures in offer document, pricing, offer period, issue size, minimum subscription, underwriting, allotment, listing, post-issue report, other responsibilities of lead manager and prohibition on payment of incentives provided for Initial Public Offers under the IFSCA (issuance and listing of securities) regulations, 2021, shall *mutatis mutandis* apply to secondary listing with public offer by such issuer.

DEPOSITORY RECEIPTS

Eligibility

An issuer incorporated outside an IFSC shall be eligible to make an issue of depository receipts only if–

- (1) It is authorised to issue depository receipts as per the applicable laws of its home jurisdiction; and
- (2) The underlying securities represented by such depository receipts is in dematerialised form, fully paid and free from all encumbrances.

INITIAL PUBLIC OFFER OF DEPOSITORY RECEIPTS

Offer size

The issue of depository receipts shall be of size not less than USD 700,000 (or equivalent in foreign currency), or any other amount as may be specified by the Authority from time to time.

Pricing

The price of the DRs can be determined through consultation with the lead managers(s) or through book building process.

Offer period

The initial public offer of DRs shall be kept open for at least three working days and not more than ten working days.

Minimum subscription

The listing of DRs shall be permitted only if the subscription in the offer is not less than USD 700,000 (or equivalent in foreign currency) or any other amount as may be specified by IFSCA from time to time.

Allotment

The allotment, payments and refunds must be completed within 5 working days from the date of closing of the issue.

Listing

The DRs shall list on the stock exchange(s) within the period, as specified by the stock exchange(s).

Secondary Listing without Public Offer

An issuer, having its depository receipts listed in a jurisdiction outside IFSC, may list its depository receipts on a recognised stock exchange by filing the listing application in such form and manner as may be specified by the recognised stock exchange(s).

First Listing of Depository Receipts in IFSC

Dr. Reddy's Laboratories Ltd. ("DRLL") is a listed company with equity shares listed on BSE Limited and National Stock Exchange Limited and American Depository Receipts listed on New York Stock Exchange. DRLL listed its depository receipts, as a secondary listing, on NSE IFSC Limited on December 09, 2020. This marked the first listing of DRs in IFSC (since its formation in 2015).

LISTING OF DEBT SECURITIES

An issuer may list its debt securities on a recognised stock exchange.

The regulatory framework facilitates listing of debt securities (including issuances under Medium Term Notes) on the recognized stock exchanges in IFSC.

Minimum subscription in case of private placement

In case of private placement, the minimum subscription amount per investor shall be disclosed in the offer document.

Credit Rating

- (a) Issuers can obtain credit rating for their debt securities from a credit rating agency, who may be registered with the Authority or registered in India or any Foreign Jurisdiction.
- (b) If the credit rating has been obtained, it is mandatory to disclose the details of the credit ratings in the prospectus, shelf prospectus or information memorandum, as the case may be.

Public Issue

With respect to a public issue of debt securities on a recognised stock exchange, the issuer shall meet compliances such as appointment of trustee, creation of debenture redemption reserve etc. that may be specified by the Authority or the recognised stock exchange(s), from time to time.

Exempt Issuers

The recognised stock exchange(s) may relax some of the requirements for the following class of issuers:

- (a) Supranational, multilateral or statutory institutions /organizations /agencies;
- (b) Entities whose securities are irrevocably guaranteed by a Sovereign; and
- (c) Any other entity as may be specified by the Authority from time to time.

ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG) DEBT SECURITIES

Applicability

Environmental, Social and Governance (ESG) labelled debt securities including “green”, “social”, “sustainability”, “sustainability linked” debt securities or any other ESG labelled debt securities as may be specified by the Authority, which is listed or proposed to be listed on a recognised stock exchange.

Green/ Social/ Sustainability/ Sustainability-linked Bonds

Green bonds are targeted to finance projects or activities with positive environmental benefits. Proceeds from social bonds go towards social projects or activities to achieve positive social output or address a particular social issue. The social projects generally target communities such as those living below the poverty line, marginalized communities, migrants, unemployed, women, people with disabilities, and displaced persons. Sustainable bonds are raised to achieve a combination of green and social objectives. On the other hand, sustainability-linked bond issuers focus on improving their performance against specified Key Performing Indicators (KPIs) and link certain targets directly to the coupon paid to investors. Unlike green bonds, the use of proceeds can be for general corporate purposes also.

ESG Focused Bonds

- Aligned with Principles / Taxonomies prescribed by:
 - ICMA
 - Climate Bonds Standard
 - ASEAN
 - European Union
 - India
 - Other international standards
- External Independent Review: Mandatory
- Additional disclosures
 - Allocation Report
 - Impact Report

Labelling of Green, Social or Sustainable Bonds

The debt securities shall be labelled as green, social or sustainability if the funds raised through the issuance of such debt securities are to be utilised for financing or refinancing projects and/or assets aligned with any of the following recognised frameworks:

- (a) International Capital Market Association Principles / Guidelines;
- (b) Climate Bonds Standard;
- (c) ASEAN Standards;
- (d) European Union Standards / Taxonomy;
- (e) Any framework or methodology specified by a competent authority in India; or
- (f) Other international standards.

The debt securities shall be labelled as '*sustainability-linked*', if aligned with any of the above recognised frameworks.

Review of ESG debt securities

In order to ensure review of the ESG debt securities, the issuer will have to employ an independent external reviewer who can ensure compliance with the aforesaid frameworks and also comply with the following conditions:

- (a) Reviewer shall be independent of the issuer, its directors, senior management, key managerial personnel and advisers;
- (b) Reviewer shall be remunerated in a way that prevents any conflicts of interests; and
- (c) Reviewer shall have sufficient expertise in assessing ESG debt securities.

IFSCA FRAMEWORK ON LISTING OF ESG DEBT SECURITIES – AN OVERVIEW**Listing of ESG Debt Securities**

- 1) The debt securities shall be labelled as green, social, sustainability-linked if aligned with any of the recognized frameworks such as International Capital Market Association Principles/ Guidelines, Climate Bonds Standard, ASEAN Standards, European Union Standards/ Taxonomy, any framework or methodology specified by a competent authority in India or other international standards (to be considered on a case-by-case basis).
- 2) It is mandatory for the issuers to appoint an independent external reviewer to ascertain that the ESG debt securities are in alignment with the mentioned recognized framework(s).
- 3) The issuers of green bonds, social bonds and sustainable bonds are mandated to provide additional disclosures in the offer documents including statement on ESG objectives, details of process followed by the issuer for evaluating and selecting the projects and/ or assets, proposed utilization of the proceeds of the issue, and details of the systems and procedures to be employed for tracking the deployment of the proceeds of the issue. Post listing, the issuers are also required to provide additional disclosures on an annual basis (until full allocation of the proceeds) on (a) Utilization of proceeds of the issue, (b) Allocation Report, and (c) Impact report.
- 4) The issuers of sustainability linked debt securities are required to provide additional disclosures in the offer document including rationale for issuance of sustainability-linked debt securities and consistency with issuers' overall sustainability and business strategy. Further, the issuer shall adhere to pre-issuance and post-issuance obligations in accordance with the international standards that the securities are aligned with.

LISTING OF OTHER FINANCIAL PRODUCTS**Listing of Funds and Investment Trusts**

An issuer may list a fund or an investment trust on a recognised stock exchange in terms of IFSCA (Fund Management) Regulations, 2025.

Listing of Commercial Papers/ Certificates of Deposit or any other financial product

An issuer may list commercial paper/certificate of deposit/other financial products on a recognised stock exchange in such manner and subject to such conditions as may be specified by the Authority.

**Listing Obligations and Disclosure Requirements under IFSCA (Listing) Regulations, 2024
General Obligations****Principles governing disclosures and obligations**

The listed entity shall make disclosures and abide by its obligations under IFSCA (Listing) Regulations, 2024, in accordance with the following principles:

- a. Information shall be prepared and disclosed in accordance with applicable standards of accounting and financial disclosure.
- b. The listed entity shall implement the prescribed accounting standards in letter and spirit in the preparation of financial statements taking into consideration the interest of all stakeholders and shall also ensure that the annual audit is conducted by an independent, competent and qualified auditor.

- c. The listed entity shall refrain from misrepresentation and ensure that the information provided to recognised stock exchange(s) and investors is not misleading.
- d. The listed entity shall provide adequate and timely information to recognised stock exchange(s) and investors.
- e. The listed entity shall ensure that disseminations made under provisions of these Regulations and circulars made thereunder, are adequate, accurate, explicit, timely and presented in a simple language.
- f. Channels for disseminating information shall provide for equal, timely and cost efficient access to relevant information by investors.
- g. The directors of the Listed Entity shall act in good faith in order to promote the objects of the company for the benefit of its members as a whole, and in the best interests of the Listed Entity, its employees, the shareholders, the society and for the protection of environment.
- h. The listed entity shall abide by all the provisions of the applicable laws including the securities laws and also such other guidelines as may be issued from time to time by IFSCA and the recognised stock exchange(s) in this regard and as may be applicable.
- i. The listed entity shall make the specified disclosures and follow its obligations in letter and spirit taking into consideration the interest of all stakeholders.
- j. Filings, reports, statements, documents and information which are event based or are filed periodically shall contain relevant information and shall be filed within the specified timelines.
- k. Periodic filings, reports, statements, documents and information reports shall contain information that shall enable investors to track the performance of a listed entity over regular intervals of time and shall provide sufficient information to enable investors to assess the current status of a listed entity.

General obligation of compliance

The listed entity shall ensure that key managerial personnel, directors, promoters, controlling shareholders or any other person dealing with the listed entity complies with all or any of the conditions, as may be, assigned to them under the IFSCA Listing Regulations.

Compliance Officer and his Obligations

A listed entity shall appoint a **qualified company secretary** as the compliance officer and the compliance officer of the listed entity shall be responsible for-

- (a) ensuring conformity with the regulatory provisions applicable to the listed entity in letter and spirit;
- (b) co-ordination with and reporting to IFSCA, recognised stock exchange(s) and depositories with respect to compliance with rules, regulations and other directives of these authorities in the manner as specified from time to time; and
- (c) ensuring that the correct procedures have been followed that would result in the correctness, authenticity and comprehensiveness of the information, statements and reports filed by the listed entity under the IFSCA Listing Regulations.

LESSON ROUND-UP

- Section 23 (3) of the Companies Act, 2013 has been notified on September 28, 2020, enabling listing of equity shares of public Indian companies in permissible foreign jurisdictions, including IFSC.
- On recommendations of Standing Committee on Primary Markets, IFSCA replaced the existing IFSCA (Issuance and Listing of Securities) Regulations, 2021 with the New Listing Regulations vide gazette notification dated August 20, 2024
- An issuer shall be eligible to make an initial public offer only if the issuer has an operating revenue of at least USD 20 million in the preceding financial year or an average pre-tax profit, based on consolidated audited accounts, of at least USD 1 million during the preceding three financial years or issuer shall have commenced business at least three years prior to the date of filing of prospectus.
- An issuer listed on a recognised stock exchange may make a follow-on public offer of specified securities in the manner provided in these regulations.
- SPAC is a company which does not have any operating business and has been formed with the primary objective to affect a business combination. The IFSCA has specified the regulatory framework for listing of SPACs based on global best practices.
- The SPAC shall seek prior approval by way of majority of shareholders other than sponsors, for the proposed business combination.
- Any company which is having its specified securities listed in India (outside IFSC) or in a Foreign Jurisdiction can list its specified securities on a recognised stock exchange(s), without public offer, if it files an application in the manner as may be specified by the recognized stock exchanges(s) and it fulfils the obligations/ requirements as laid down by the recognized stock exchanges(s) and the Authority.
- The issue of depository receipts shall be of size not less than USD 700,000 (or equivalent in foreign currency), or any other amount as may be specified by the Authority from time to time. The DRs shall list on the stock exchange(s) within the period, as specified by the stock exchange(s).
- Issuers who are incorporated in the IFSC and are desirous of issuing debt securities shall mandatorily apply for listing of its debt securities on a recognised stock exchange.
- Green bonds are targeted to finance projects or activities with positive environmental benefits. Proceeds from social bonds go towards social projects or activities to achieve positive social output or address a particular social issue.
- The debt securities shall be labelled as green, social, sustainability-linked if aligned with any of the recognized frameworks such as International Capital Market Association Principles/ Guidelines, Climate Bonds Standard, ASEAN Standards, European Union Standards/ Taxonomy, any framework or methodology specified by a competent authority in India or other international standards (to be considered on a case-by-case basis).
- The listed entity shall ensure that key managerial personnel, directors, promoters, controlling shareholders or any other person dealing with the listed entity complies with all or any of the conditions, as may be, assigned to them under the IFSCA Listing Regulations.

GLOSSARY

Authority: Authority means the International Financial Services Centres Authority established under sub-section (1) of section 4 of the International Financial Services Centres Authority Act, 2019.

Financial Services: Financial Services shall mean activities a financial institution is allowed to carry out as specified in the respective Act of the Parliament or by the Government of India or by any regulatory authority empowered to regulate the concerned financial institution.

Convertible Securities: Convertible Securities means securities which are convertible into or exchangeable with equity shares of the issuer at a later date, with or without the option of the holder of such securities and includes convertible debt instruments and convertible preference shares.

Convertible Debt Instrument: An instrument which creates or acknowledges indebtedness and is convertible into equity shares of the issuer at a later date at or without the option of the holder of the instrument, whether constituting a charge on the assets of the issuer or not.

Designated Stock Exchange: A recognised stock exchange chosen by the issuer on which securities of an issuer are listed or proposed to be listed for the purpose of a particular issue of securities.

Information Memorandum: Listing particulars or offering memorandum or offering circular or any document that provides investors with certain information about the issuer and the securities in connection with an application for listing of securities.

Lead Manager: A merchant banker appointed by the issuer to manage the issue and in case of a book built issue, the lead manager(s) appointed by the issuer shall act as the book running lead manager(s) for the purposes of book building.

Recognised Stock Exchange: A stock exchange in an IFSC recognised by the Authority.

TEST YOURSELF

(These are meant for recapitulation only. Answers to these questions are not to be submitted for evaluation)

1. Enumerate the applicability for issuance and listing of securities under the IFSCA (Listing) Regulations, 2024.
2. What is the eligibility criteria and minimum subscription requirement for an issuer to make an initial public offer in terms of IFSCA (Listing) Regulations, 2024?
3. An issuer may make follow-on public offer through the fast-track route, if certain conditions are fulfilled. Explain.
4. What is Special Purpose Acquisition Company (SPAC)? Briefly explain the Regulatory Framework for Listing of SPACs in IFSC.
5. What are the categories of debt securities which are eligible for listing on a recognised stock exchange in an IFSC?
6. Write a short note on Green Bonds.

