

#### KEY CONCEPTS

■ Initial Public Offer ■ Listing ■ Further Public Offer ■ Secondary Listing ■ Special Purpose Acquisition Companies (SPAC) ■ Specified Securities ■ Transition Bonds ■ Transition Finance ■ Greenwashing ■ Climate Financing ■ Business Combination ■ ESG-Labelled Securities

#### Learning Objectives

##### To understand the:

- regulatory framework for listing of securities in IFSCs as prescribed by IFSCA.
- various modes of listing available in GIFT IFSC, including IPOs, secondary listings, and listings without public offer.
- process of Initial Public Offering (IPO) in IFSC for companies incorporated in India and outside India.
- concept, structure, and regulatory treatment of Special Purpose Acquisition Companies (SPACs) in IFSC.
- meaning and importance of ESG-labelled debt securities and other sustainable finance instruments permitted for listing in IFSC.
- concept of Transition Bond and Greenwashing
- eligibility criteria, disclosure requirements, and compliance obligations applicable to issuers under different listing routes.
- currency denomination, dematerialisation, and trading requirements for securities listed in IFSC.
- role of IFSCA listing regulations in promoting international capital raising and global market integration.

#### Lesson Outline

- Introduction of Listing at IFSCA
- Applicability
- General Conditions
- Public Offer of Specified Securities – Initial Public Offer and Follow-On Public Offer
- Listing of Specified Securities without Public Offer and Listing of Specified Securities Already Listed in Other Jurisdiction
- Special Purpose Acquisition Companies (SPACs)
- Rights Issue, Preferential Issue, Qualified Institutional Placement
- Listing of Depository Receipts and Debt Securities
- ESG Labelled Debt Securities
- Listing of Other Financial Products
- Transition Bond Framework
- Greenwashing
- Listing Obligations and Disclosure Requirements
- Entities with specified securities listed on recognised stock exchanges as a primary listing
- Secondary Listing of specified securities
- Indian Companies – Listing of Companies incorporated outside India – IPO in GIFT IFSC
- Lesson Round-up
- Glossary
- Test Yourself
- List of Further Readings

### INTRODUCTION OF LISTING AT IFSCA

In financial markets, listing refers to the process where securities (like stocks, bonds, depository receipts, etc.) are officially accepted on a recognised stock exchange so that investors can buy and sell them. At IFSCs, this means securities are listed on exchanges that operate within these special international finance zones and enable trading in both domestic and international currencies. The IFSCA provides the regulatory framework for this process.

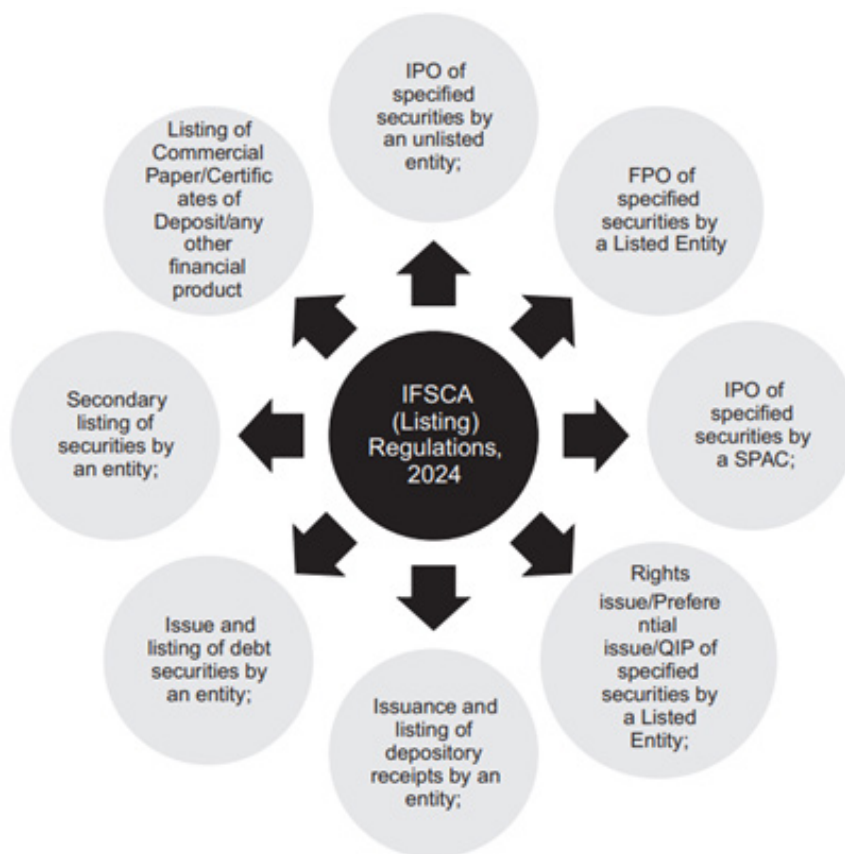
The IFSCA has introduced the IFSCA (Listing) Regulations, 2024, which set out clear, structured rules for how various financial products can be issued and listed on IFSC stock exchanges. These regulations are benchmarked against global standards and are intended to:

- a) Promote ease of doing business in IFSCs.
- b) Protect the interests of investors.
- c) Ensure markets are fair, efficient, and transparent.

Under the IFSCA’s framework, a wide range of financial products can be listed on IFSC-based exchanges. While the official listing page highlights the regulatory framework, it shares that these regulations cover the listing of permitted financial products on recognised IFSC exchanges. This includes long-term instruments such as debt securities and could include other categories such as equity-linked products and depository receipts, aligned with global capital market practices.

### APPLICABILITY

IFSCA (Listing) Regulations, 2024



These regulations 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 IFSCA

## GENERAL CONDITIONS

### General Principles

The underlying principles for an issuer proposing to list its securities or any other permitted financial product on the recognised stock exchange(s) are as under:

- a) There should be true, correct and adequate disclosure of material information in the offer document to enable the investors to take an informed decision.
- b) There should be full, accurate and timely disclosure of financial results, risk and other non-financial information which may be material for investors to take an informed decision.
- c) All holders will be treated in a fair and equitable manner.
- d) The directors of an issuer must ensure to act in the best interest of all stakeholders.

### General Eligibility Criteria

- (1) An issuer will be eligible to list its securities or any other permitted financial product on a recognised stock exchange, subject to the following conditions:
  - a) the issuer is incorporated or set up either in an IFSC or in India or in a Foreign Jurisdiction, in accordance with the relevant laws of its home jurisdiction
  - b) the issuer operates in conformity with its constitution
  - c) the issuer is eligible to issue such securities or other financial products that are proposed to be listed on the recognised stock exchange, in conformity with the relevant laws of its home jurisdiction.

A public Indian company proposing to list its equity shares on a recognised stock exchange must also be required to meet the eligibility criteria of the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 and the Companies (Listing of Equity Shares in Permissible Jurisdictions) Rules, 2024.

The following entities will also be eligible to list its debt securities on a recognised stock exchange:

- a) a supranational or a multilateral, or a statutory institution

- b) a municipality or any similar body
  - c) an entity which offers or proposes to offer sovereign debt securities
- (2) An issuer will not be eligible to list its securities if the issuer or any of its promoters or controlling shareholders or directors, or the existing shareholders offering shares in the issue is –
- a) debarred from accessing the capital market
  - b) a wilful defaulter
  - c) a fugitive economic offender

Here, 'wilful defaulter' or 'fugitive economic offender', by whatever name called, means a person who is categorised as such, as per relevant laws of its home jurisdiction.

### Dematerialised Form

The securities and other permitted financial products listed or proposed to be listed on a recognised stock exchange must be freely transferable and held in dematerialised form.

Debt securities and such other financial products can also be held with an international central securities depository.

### Currency

The securities and other permitted financial products must be denominated in a specified foreign currency for listing and trading on a recognised stock exchange.

## PUBLIC OFFER OF SPECIFIED SECURITIES – INITIAL PUBLIC OFFER (IPO) AND FOLLOW-ON PUBLIC OFFER (FPO)

### Initial Public Offer (IPO)

#### Eligibility criteria

An issuer will 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
- 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
- c) The issuer has a post issue market capitalization of at least USD twenty-five million
- d) It qualifies under any other eligibility criteria specified by the IFSCA

#### SR Equity Shares

An issuer, which has issued SR equity shares, must 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.
- (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.

**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.

In case equity shares received on conversion are being offered for sale, the holding period of convertible securities or depository receipts, and the holding period of resultant equity shares, together, must 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 IFSCA, and 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 IFSCA.
    - 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).

**In-principle approval from recognised stock exchange(s)**

- (1) The issuer must file an application with a recognised stock exchange seeking in-principle approval for listing of specified securities. Where the application is made to more than one recognised stock exchange, the issuer must choose one of them as the designated stock exchange.
- (2) The recognised stock exchange must grant an in-principle approval or reject the application within fifteen days from the date of receipt of complete application from the issuer.

**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), must file a draft offer document along with applicable fee with the IFSCA.
  - b) the lead manager(s) must also submit a due diligence certificate along with the draft offer document.
  - c) the draft offer document must be hosted on the websites of the IFSCA, 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), must file a draft offer document along with applicable fee with the IFSCA.
- b) the lead manager(s) must also submit a due diligence certificate along with the draft offer document.
- c) the draft offer document must be hosted on the websites of the IFSCA, 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) must file with the IFSCA 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 IFSCA can 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
  - ii) the date of receipt of satisfactory reply from the issuer and/or the lead manager(s) where the IFSCA has sought any clarification or additional information from them
  - iii) the date of receipt of clarification or information from any regulator or agency, where the IFSCA has sought any clarification or information from such regulator or agency
  - iv) the date of receipt of a copy of in-principle approval given by the recognised stock exchange(s)
- f) the issuer must carry out changes advised by the IFSCA, if any, in the draft offer document
- g) the issuer shall, through the lead manager(s), file the updated offer document with the IFSCA and the recognised stock exchange(s) prior to going ahead with the issue.

### **Offer Timing**

The offer must be made by the issuer within a period of not more than twelve months from the date of issuance of observations by the IFSCA.

If the proposed size of the issue is USD fifty million or below, the period of twelve months must be from the date of receipt of offer document by the IFSCA. Further, if the offer is not made within the specified time period, a fresh draft offer document shall be filed with the IFSCA and the recognised stock exchange(s).

### **Reservations**

The issuer must choose to make reservations out of the issue size in favour of the following categories of persons, and the same will suitably be disclosed in the offer document:

- (a) employees
- (b) directors
- (c) shareholders (other than controlling shareholders) of its group entities which are listed.

### **Pricing**

The issuer can determine pricing, in consultation with the lead manager(s), either through fixed price or book building process and must suitably disclose the same in the offer document. In case of listing of equity shares by a public Indian company, the issuer must also comply with the requirements prescribed under schedule XI of the Foreign Exchange Management (Non-debt Instruments) Rules, 2019.

**Offer period**

The initial public offer must 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**

- 1) Where the issuer is a company incorporated in India, including in an IFSC, such issuer must comply with the minimum offer and allotment to public and minimum public shareholding norms prescribed under the Securities Contracts (Regulation) Rules, 1957.
- 2) Where the issuer is a company incorporated outside India, the minimum offer and allotment to public must be at least ten per cent of the post issue capital and such issuer must also maintain the minimum public shareholding of ten per cent of the post issue capital on a continuous basis.

**Minimum subscription**

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

**Anchor Investor**

The issuer offers a portion of the issue size for subscription by an anchor investor, by providing relevant disclosures in the offer document such as details of anchor investor, proposed maximum limit of allotment to anchor investor, lockup (if any), pricing etc.

**Underwriting**

A public issue of specified securities may be underwritten by an underwriter and in such a case, adequate disclosures regarding underwriting arrangements must be disclosed in the offer document.

**Monitoring Agency**

The issuer must choose to appoint a credit rating agency registered with the IFSCA or a globally recognised credit rating agency which is registered with a regulator in India or a regulator in a Foreign Jurisdiction, as a monitoring agency for monitoring the use of proceeds of the issue.

Where a monitoring agency has been appointed, the issuer must, within forty-five days from the end of each quarter, publicly disseminate the report of the monitoring agency by uploading the same on its website as well as submitting the same to the recognised stock exchange(s) on which its specified securities are listed.

**Allotment**

- 1) Allotment to investors must be on proportionate basis or discretionary basis as decided by the issuer in consultation with the lead manager(s) and disclosed in the offer document.
- 2) The issuer and lead manager(s) must ensure that the specified securities are allotted and the payments and refunds are completed within eight working days from the date of closing of the issue.

**Listing**

The issuer must list its specified securities on the recognised stock exchange(s) within such period, as specified by the recognised stock exchange(s). In case the issuer has made a simultaneous offer in any other jurisdiction, the specified securities shall be listed on the same date.

**Post-issue report**

The issuer, through the lead manager(s), must file a post-issue report with the recognised stock exchange(s) giving details including relating to number, value and percentage of all applications received, allotments made, basis of allotment, subscription, details of credit of specified securities, details relating to payments and refunds, and the date of filing of listing application, within ten working days from the date of closing of the issue.

**Price stabilisation through green shoe option**

- 1) An issuer must provide a green shoe option for stabilising the post listing price of its specified securities, subject to the following conditions:
  - a) the draft offer document contains all material disclosures about the green shoe option
  - b) the issuer has appointed an investment banker or a broker-dealer registered with the Authority as a stabilising agent, who must be responsible for the price stabilisation process
  - c) the maximum number of specified securities that must be borrowed from pre-issue shareholders for the purpose of allotment or allocation of specified securities must not exceed 15% of the total issue size.
- 2) The price stabilisation process must be available for a period not exceeding ninety days from the date of obtaining trading permission from the recognised stock exchange(s) in respect of the specified securities allotted in the public issue.
- 3) The stabilising agent must open a special account, distinct from the issue account, with a Banking Unit for crediting the monies received from the applicants against the over-allotment and a special account with a depository participant for crediting specified securities to be bought from the market during the stabilisation period out of the monies credited in the special bank account.
- 4) The specified securities bought from the market must be returned to the pre-issue shareholders promptly and not later than two working days after the end of the stabilization period.
- 5) On expiry of the stabilisation period, if the stabilising agent has not been able to buy specified securities from the market to the extent of such securities over-allotted, the issuer must allot specified securities at issue price to the extent of the shortfall within five working days of the closure of the stabilisation period and such specified securities must be returned to the pre-issue shareholders by the stabilising agent in lieu of the specified securities borrowed from them and the demat account with the depository participant must be closed thereafter.
- 6) The issuer must make a listing application in respect of the further specified securities allotted, to all the recognised stock exchanges where the specified securities allotted in the public issue are listed.
- 7) Any monies left in the special bank account after remittance of monies to the issuer and deduction of expenses incurred by the stabilising agent for the stabilisation process must be transferred to the pre-issue shareholders who lent their specified securities towards the green shoe option, and the special bank account must be closed soon thereafter.

**Lockup of securities**

- 1) The pre-issue shareholding of promoters and controlling shareholders of the issuer must be locked-up for a period of one hundred and eighty days from the date of allotment in the initial public offer. The lockup provisions must not apply with respect to the specified securities lent to stabilising agent for the purpose of green shoe option, during the period starting from the date of lending of such specified securities and ending on the date on which they are returned to the lender.

- 2) The shareholding of the SR Equity Shares must be locked up after the initial public offering, until the later of:
  - a) their conversion to ordinary shares
  - b) One year from the date of allotment in the initial public offer.
- 3) The specified securities that are locked up may be pledged as collateral security. Such lockup must continue pursuant to the invocation of the pledge, and the transferee must not be eligible to transfer the specified securities till the lockup period stipulated in these regulations has expired.

**Other responsibilities of lead manager**

- 1) The lead manager(s) must prepare a schedule, listing the activity-wise allocation of responsibilities relating to the issue, the name of the lead manager(s) responsible for each set of activities or sub-activities, and disclose the same in the offer document.
- 2) A lead manager must be designated for coordinating with the IFSCA and must be responsible for ensuring that all intermediaries fulfil their obligations and functions as specified in their agreements with the issuer.
- 3) The responsibilities of the lead manager(s) must continue for all pre and post-issue activities related to the issue.

**Prohibition on payment of incentives**

Any person connected with the issue must not offer or receive any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise, to or from any person for making an application in the public offer, except for fees or commission for services rendered in relation to the issue.

**Follow-On Public Offer or Further Public Offer (FPO)****1. Applicability**

A Listed Entity must make a follow-on public offer of specified securities in the manner provided in the IFSCA (Listing) Regulations, 2024.

**2. 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. In case equity shares received on conversion are being offered for sale, the holding period of convertible securities or depository receipts, and the holding period of resultant equity shares together can 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
  - 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 IFSCA, 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
- ii) such equity shares not being issued by utilisation of revaluation reserves or unrealised profits of the issuer.

### **3. Lead manager**

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

### **4. In-principle approval from recognised stock exchange(s)**

- 1) The issuer must file an application with a recognised stock exchange seeking in-principle approval for listing of specified securities. Where the application is made to more than one recognised stock exchange, the issuer must choose one of them as the designated stock exchange.
- 2) The recognised stock exchange must grant an in-principle approval or reject the application within fifteen days from the date of receipt of the complete application from the issuer.

### **5. Fast track follow-on public offer**

- 1) An issuer must make a 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 IFSCA 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 IFSCA 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. Where the issuer is listed for a period of less than three years, the period under (b) and (d) shall be calculated from the date of initial listing.
- 2) The issuer, through the lead manager(s), must file the offer document along with applicable fee with the IFSCA.
- 3) The lead manager(s) must also submit a due diligence certificate along with the offer document.
- 4) The issuer must simultaneously file the offer document with the recognised stock exchange(s).
- 5) The offer document must be hosted on the websites of the IFSCA, the recognised stock exchange(s), the issuer and the lead manager(s) of the issue.

**6. Follow-on public offer without fast track**

The issuer not meeting the conditions for a fast track follow-on public offer, must make follow-on public offer by filing the draft offer document in the same manner as applicable for Initial Public Offers.

**7. 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 must mutatis mutandis apply to follow-on public offer.

**LISTING OF SPECIFIED SECURITIES WITHOUT PUBLIC OFFER AND LISTING OF SPECIFIED SECURITIES ALREADY LISTED IN OTHER JURISDICTION****Listing of Specified Securities without Public Offer**

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

**Listing of Specified Securities already Listed in other Jurisdiction****1. Secondary Listing without public offer**

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

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

**2. Listing with public offer**

- 1) 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.
- 2) The provisions relating to appointment of lead manager, in-principle approval from recognised stock exchanges, filing of offer document, offer timing, disclosures in offer document, reservations, pricing, offer period, minimum public offer, minimum subscription, anchor investor, underwriting, monitoring agency, allotment, listing, post-issue report, price stabilisation through green shoe option, lockup of securities, other responsibilities of lead manager and prohibition on payment of incentives provided for Initial Public Offers must mutatis mutandis apply to listing by way of public offer. For the purpose of initial disclosures, the issuer may submit the disclosures in a draft offer document by providing references to a recent prospectus or other disclosures made with any stock exchange or any regulatory body.
- 3) A public Indian company, with dual listing in IFSC and in India, must comply with the additional regulatory requirements as may be specified by the IFSCA.

**3. 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 IFSCA from time to time.

**SPECIAL PURPOSE ACQUISITION COMPANIES (SPACs)****Listing Of Special Purpose Acquisition Companies (SPAC)****1. Eligibility**

- 1) A SPAC is eligible to raise capital through initial public offer of specified securities on the recognised stock exchange(s), only where:
  - (a) The target business combination has not been identified prior to the IPO.
  - (b) The SPAC has the provisions for redemption and liquidation in line with these Regulations.
  - (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 must be disclosed in the offer document.

Here, sponsor shall mean a person sponsoring the formation of the SPAC and must include persons holding any specified securities of the SPAC prior to the IPO.

- 2) A SPAC is not eligible to list specified securities if the issuer or any of its sponsors is:
  - a) debarred from accessing the capital market, or
  - b) a wilful defaulter, or
  - c) a fugitive economic offender.

**2. IPO Process**

The provisions relating to appointment of lead manager, in-principle approval from recognised stock exchange(s) and filing of offer document provided for Initial Public Offers must apply to initial public offer by a SPAC.

**3. Offer Timing**

The offer shall be made by the issuer within a period of not more than twelve months from the date of issuance of observations by the IFSCA.

If the offer is not made within the specified time period, a fresh draft offer document shall be filed.

**4. Issue size**

- 1) The issue must be of size not less than USD fifty million or any other amount as may be specified by the IFSCA from time to time.
- 2) The sponsors must hold at least fifteen per cent and not more than twenty per cent of the post issue paid up capital.
- 3) Prior to an IPO, the sponsor must have aggregate subscription (all securities) in the SPAC amounting to USD ten million or an amount equivalent to at least two and half per cent of the issue size, whichever is lower; or any other threshold as may be specified by the IFSCA.

**5. Pricing**

The issue must be through a fixed price mechanism, and the issuer must determine the price in consultation with the lead manager(s).

**6. Offer period**

The initial public offer must be kept open for at least one working day and not more than ten working days.

**7. Underwriting**

- 1) A public issue of specified securities must be underwritten by an underwriter and in such a case adequate disclosure regarding underwriting arrangements must be made in the offer document.
- 2) At least fifty per cent of the underwriting commission is deferred until successful completion of the business combination and must be deposited in the escrow account.
- 3) In case of liquidation, the underwriter must have no right on the deferred commission deposited in the escrow account.

**8. Application and Allotment**

- 1) The minimum application size in an initial public offer of SPAC must be USD one hundred thousand.
- 2) Allotment to investors must be on proportionate basis or discretionary basis, as disclosed in the offer document.
- 3) The issuer and lead manager(s) must ensure that the specified securities are allotted, and the payments and refunds are completed within eight working days from the date of closing of the issue.

**9. SPAC specific obligations**

- 1) The SPAC must 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.
- 2) The proceeds kept in the escrow account must be invested only in short-term investment grade liquid instruments, as disclosed in the offer document.
- 3) The interest and other income derived from the proceeds placed in the escrow account must be withdrawn by the SPAC only for the following purposes:
  1. Payment of taxes
  2. General working capital expenses are subject to prior approval by way of special resolution of the shareholders other than sponsors.
- 4) The SPAC must seek shareholders' approval on the proposed business combination and must file a detailed prospectus with the recognised stock exchange(s) containing all relevant disclosures including the following:
  - a) Information about the target company(ies) must include overview of industry and business, organisational structure, board of directors, management and key managerial personnel (KMPs), major shareholders, material shareholders' agreements, audited financial statements for at least previous three financial years, outstanding material litigations against the company and its directors and KMPs, potential conflicts of interest and other material information
  - b) Information about the business combination transaction including valuation of the entities and the methodologies used for valuation
  - c) Information about the process involved in the business combination and the various regulatory and statutory approvals required for completion of the transaction
  - d) Information about the resultant company that would be formed after completion of the business combination

- e) Any other information as may be required by the recognised stock exchange(s) or the IFSCA.
- 5) The SPAC must seek prior approval from majority of shareholders other than sponsors, for the proposed business combination.
- 6) A shareholder (other than sponsors) who has voted against the proposed business combination must 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).

A SPAC may have the option to not afford the redemption right to the shareholders who have not voted.

- 7) In the event of change in control of the SPAC, it must 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).
- 8) The SPAC shall complete the business combination within the timeline disclosed in the offer document, which shall not exceed thirty-six months from the date of listing on the recognised stock exchange(s).
- 9) Where the business combination is not completed within the specified time frame, the escrow account shall be liquidated, and specified securities shall be delisted in the manner as disclosed in the offer document.

In the event of liquidation and delisting, the sponsors shall not participate in the liquidation distribution.

- 10) A sponsor must not transfer or sell any of his specified securities prior to the completion of a business combination.
- 11) The SPAC must ensure that the businesses combination has an aggregate fair market value of at least eighty per cent of the amount deposited in the escrow account, excluding deferred underwriting commissions held in escrow plus any taxes payable on the income earned on the escrowed funds.
- 12) The SPAC and the sponsors must ensure that there is no related party transaction or connection of sponsor or any of their associates with the business combination.
- 13) Where warrants have been issued in the IPO, the SPAC must comply with the following:
  - a) Each unit consists of one share and not more than one share purchase warrants
  - b) The exercise price of the warrants must not be lower than the price of the equity shares offered in the IPO
  - c) The warrants and the equity shares can be traded separately on the recognised stock exchanges, as per the details disclosed in the offer document
  - d) The warrants are not be exercisable prior to the completion of the business combination
  - e) In case of liquidation of SPAC, the warrants will expire
  - f) The warrants must not have any entitlement to the funds lying in the escrow account upon liquidation or redemption.
- 14) The Authority may, from time to time, specify additional requirements regarding listing of SPACs on the recognised stock exchange(s).

**RIGHTS ISSUE, PREFERENTIAL ISSUE, QUALIFIED INSTITUTIONAL PLACEMENT**

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

**LISTING OF DEPOSITORY RECEIPTS****Depository Receipts****1. Listing of depository receipts**

## a) Eligibility

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

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

**2. Public offer of depository receipts**

## b) Offer size

The issue of depository receipts must be of size not less than USD seven hundred thousand, or any other amount as may be specified by the IFSCA.

## c) Filing of Draft Offer Document

The filing of the draft offer document must be in the manner as specified for the filing of the offer document for the initial public offer.

## d) Pricing

The issuer can determine price of the depository receipts in consultation with the lead manager(s) through fixed price or book building process.

## e) Offer period

The initial public offer of depository receipts must be kept open for at least one working day and not more than ten working days.

## f) Minimum subscription

The listing of depository receipts must be permitted only if the subscription in the offer is not less than USD seven hundred thousand or any other amount as may be specified by the IFSCA.

## g) Allotment

The issuer and lead manager(s) must ensure that the depository receipts are allotted, and the payments and refunds are completed within eight working days from the date of closure of the issue.

## h) Listing

The issuer must list the depository receipts on the recognised stock exchange(s) within such period, as may be specified by the concerned recognised stock exchange.

**3. Secondary Listing without Public Offer**

An issuer, having its depository receipts listed in a jurisdiction outside IFSC, must 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).

**LISTING OF DEBT SECURITIES****1. Listing of Debt Securities**

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

The debt securities proposed to be issued and listed on a recognised stock exchange may be offered on a standalone basis or through a series of issuances (including medium term note programme).

**2. Filing of documents**

- 1) The issuer desirous of listing its debt securities on a recognised stock exchange shall file the listing application along with a copy of the offer document or information memorandum, as applicable, with the recognised stock exchange in accordance with the requirements specified by the recognised stock exchange.
- 2) The issuer must file the listing application with a recognised stock exchange along with applicable regulatory fee and the same must be remitted to the IFSCA in the manner specified by the IFSCA.

**3. Minimum subscription in case of private placement**

The minimum subscription amount for an investor in case of private placement must be disclosed in the offer document.

**4. Credit Rating**

- 1) The issuer must obtain credit rating for its debt securities proposed to be listed on a recognised stock exchange from a credit rating agency registered either with the IFSCA or with a regulator in a Foreign Jurisdiction. The issuer must obtain a credit rating from at least one credit rating agency registered with the IFSCA and can obtain any additional credit rating(s) from a globally recognised rating agency which is registered with a regulator in a Foreign Jurisdiction.
- 2) The issuer must disclose details of the ratings, assigned to the debt securities, in the prospectus, shelf prospectus or information memorandum, as the case may be.

**5. Public Issue**

In respect of a public issue of debt securities on a recognised stock exchange, the issuer must comply with requirements such as appointment of trustee, creation of debenture redemption reserve and such other requirements as may be specified by the IFSCA or the recognised stock exchange(s).

**6. Exempt Issuers**

A recognised stock exchange can, if satisfied on the basis of an application made by an issuer, relax the applicability of certain requirements, in accordance with its internal policy or guidelines, for the following issuers:

- a) Supranational, multilateral or statutory institutions /organisations /agencies
- b) Entities whose securities are irrevocably guaranteed by a Sovereign
- c) Any other entity as may be specified by the IFSCA

**ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) LABELLED DEBT SECURITIES****Applicability**

- 1) This applies to 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 IFSCA, which is listed or proposed to be listed on a recognised stock exchange.
- 2) The requirements under ESG Labelled Debt Securities will be in addition to the requirements detailed in Listing of Debt Securities.

**Recognised Standards**

- 1) The debt securities will be labelled as “green”, “social” or “sustainability” only if the funds raised through the issuance of such debt securities are proposed to be utilised for financing or refinancing projects and/or assets aligned with any of the following recognised standards:
  - a) International Capital Market Association (ICMA) Principles / Guidelines
  - b) Climate Bonds Standard
  - c) ASEAN Standards
  - d) European Union Standards
  - e) Any framework or methodology specified by a competent authority or a financial sector regulator in India
  - f) Other international standards as may be permitted by the IFSCA on case-by-case basis
- 2) The debt securities will be labelled as “sustainability-linked” if they are aligned with any of the recognised standards or any other such qualifying criteria as may be specified by the IFSCA.
- 3) The issuer must appoint an independent external reviewer to ascertain that the ESG labelled debt securities are in alignment with any of the recognised standards, in compliance with the following conditions:
  - a) The reviewer must be independent of the issuer, its directors, senior management, key managerial personnel and advisers
  - b) The reviewer must be remunerated in a way that prevents any conflicts of interest
  - c) The reviewer must have sufficient expertise in assessing ESG debt securities
- 4) The independent external reviewer can take one or more of the following forms recommended by the International Capital Market Association:
  - a) Second Party Opinion
  - b) Verification
  - c) Certification
  - d) Scoring / Rating

A credit rating agency or an ESG rating provider registered with the IFSCA or a regulator in India or a Foreign Jurisdiction will also be eligible to act as an external reviewer.
- 5) The issuer must ensure that the details regarding the independent external reviewer are adequately disclosed and easily accessible to the investors.

**Additional disclosures in Offer document / Information Memorandum**

- 1) The issuer must make the following additional disclosures in the offer document or information memorandum, in respect of ESG labelled debt securities (other than sustainability-linked debt securities):
  - a) A statement on ESG objectives of the issue of debt securities
  - b) Details of process followed by the issuer for evaluating and selecting the project(s) and/or asset(s)
  - c) Proposed use of the proceeds of the issue including details of the project(s) and/or asset(s)
  - d) Details of the systems and procedures to be employed for tracking the deployment of the proceeds of the issue
- 2) The issuer must make the following additional disclosures in the offer document or information memorandum, in respect of sustainability-linked debt securities:
  - a) The issuer must disclose the rationale for issuance of sustainability-linked debt securities and consistency with issuers' overall sustainability and business strategy.
  - b) The issuer must adhere to pre-issuance and post-issuance obligations in accordance with the relevant international standards that the securities are aligned with. For example, where the debt securities are aligned with ICMA Sustainability-Linked Bond Principles (2024), the guidelines related to five core components - Selection of Key Performance Indicators, Calibration of Sustainability Performance Targets, Bond characteristics, Reporting and Verification must be followed for all the disclosures and continuous obligations.

**Additional Continuous Disclosure Requirements**

- 1) The issuer must provide the following additional disclosures to the recognised stock exchange(s), at least on an annual basis, until full utilisation of the proceeds, in respect of ESG labelled debt securities (other than sustainability-linked debt securities):
  - a) Utilisation of proceeds of the issue
  - b) Allocation: List of project(s) and/or asset(s) to which proceeds of the debt securities have been allocated/invested, including a brief description of such project(s) and/or asset(s), and the amounts disbursed.

Where confidentiality agreements restrict the disclosure of details about specific project(s) and/or asset(s), the information must be presented in generic terms or on an aggregated portfolio basis.
  - c) Impact:
    - i) Qualitative performance indicators and, where feasible, quantitative performance measures of the expected/achieved ESG impact of the project(s) and/or asset(s).
    - ii) Where the quantitative benefits/impact cannot be ascertained, then the said fact can be appropriately disclosed along with the reasons for non-ascertainment of the benefits/impact on the ESG.
    - iii) The methods and the key underlying assumptions used in preparation of the performance indicators and metrics must be disclosed.
- 2) The issuer of sustainability-linked debt securities must provide the following additional disclosures to the recognised stock exchange(s), at least on an annual basis, and additionally for any date or period relevant for assessing the performance of Sustainability Performance Targets (SPT), which can lead to a potential adjustment of the debt securities' financial or structural characteristics:

- a) up-to-date information on the performance of the selected Key Performance Indicator(s), including baselines where relevant
- b) any information enabling investors to monitor the level of ambition of the SPTs
- c) a verification report by an independent external reviewer outlining the performance against the SPTs and the related impact, and timing of such impact, on the debt securities' financial and/or structural characteristics.

## TRANSITION BOND FRAMEWORK - IFSC

### The Global Landscape of Transition Finance

#### 1. Global Disclosure Developments

Over the past few years, the global architecture for transition finance has evolved from voluntary principles into structured, mandatory systems. The most significant development is the establishment of a global baseline for disclosure, led by the International Sustainability Standards Board (ISSB). The IFRS S2 standard, strengthened by new 2025 guidance, now requires companies to disclose transition plans if they materially affect climate risk understanding. This global baseline is being implemented across major jurisdictions. The European Union (EU) through its Corporate Sustainability Reporting Directive (CSRD), will see its first disclosures in 2025, while the United Kingdom's (UK) Transition Plan Taskforce (TPT) framework is expected to embed into regulatory requirements by the Financial Conduct Authority (FCA). These developments mark a decisive shift, from optional sustainability reporting to legally enforceable transition accountability.

The IFSCA's Framework for Transition Bonds intends to function as the architect's blueprint for this complex renovation, by mandating credible transition plans, taxonomic alignment, and transparent disclosure mechanisms that enables foreign investors to fund the modernization of India's hard-to-abate sectors. This regulatory framework acknowledges a fundamental truth: achieving economy-wide decarbonization requires not just building the new but systematically upgrading what already exists and cannot be abandoned.

#### 2. Taxonomy Evolution and Market Alignment

Parallel to disclosure reforms, taxonomies defining "green" and "transition" activities have advanced rapidly. These frameworks give investors a common language to assess the credibility of decarbonization efforts.

- Singapore has emerged as a leader through its Singapore-Asia Taxonomy for Sustainable Finance, introducing an "amber" category for credible transition activities. This taxonomy supported its first S\$500 million transition bond in October 2025.
- The ASEAN Taxonomy for Sustainable Finance and the Australian Sustainable Finance Taxonomy similarly integrate transition activities as distinct classifications.
- The EU Platform on Sustainable Finance, in January 2025, issued detailed guidance for evaluating high-quality corporate transition plans, linking disclosure standards with activity classification.

Beyond governments, global coalitions such as the G20 Sustainable Finance Working Group, OECD, and ICMA are shaping common standards. In November 2025, ICMA launched the Climate Transition Bond Guidelines (CTBG), a dedicated instrument-level framework that complements entity-level practices under the Climate Transition Finance Handbook (CTFH).

Together, these developments underscore a growing consensus: transition finance is no longer peripherality, it is becoming a core pillar of sustainable finance, grounded in disclosure, taxonomy, and transparency.

### India's Climate Ambition and the Transition Finance Imperative

At COP26 in Glasgow (November 2021), Prime Minister Narendra Modi announced India's net-zero emissions target by 2070 and updated the country's Nationally Determined Contributions (NDCs). India's climate finance requirements to achieve those targets vary significantly depending on scope, sectoral coverage, and time horizon, as demonstrated in the table below.

Source	Year	Estimates to 2030	Estimates to 2050/2070	Remarks
CEEW-CEF	2021	Part of USD 10.1 trillion	USD 10.1 trillion to 2070 (net-zero)	Investment gap: USD 3.5 trillion, Concessional finance need: USD 1.4 trillion
Climate Policy Initiative	2024	USD 170 billion/year (INR 11 trillion/year)	Not specified to 2070	Covers mitigation sectors, 87% domestic sources
NITI Aayog India Energy Security Scenarios (IESS) 2047	2025	USD 250 billion/year (energy transition only)	USD 250 billion/year to 2047	Energy transition only, excludes EV infrastructure and demand sectors
Centre for Social & Economic Progress	2025	USD 467 billion (2022-2030, four sectors: Steel, Cement, Power and Road transport only)	Not specified	Steel (USD 251Bn), Cement (USD 141Bn), Power (USD 57Bn), Transport (USD 18Bn), 1.3% of GDP annually

India's climate finance landscape between 2020 and 2025 presents a sharp paradox. A raft of supportive policies has successfully "crowded in" significant capital for "green" sectors, particularly renewable energy and electric mobility. However, this success has created a profound sectoral imbalance, leaving the capital-intensive, hard-to-abate industrial sectors, such as steel, cement, chemicals, and heavy transport, facing significant barriers to accessing the transition finance required for their decarbonisation.

CPI in its 2024 report, tracked total green finance flows of \$65 billion in FY 2021-22. The sectoral distribution of this capital is heavily skewed. Clean Energy (primarily solar and wind) and Clean Transport (overwhelmingly electric vehicles) attracted \$23.9 billion and \$9 billion, respectively. Together, these two "green" sectors accounted for 53% of all tracked green finance. The said reports systematically exclude chemicals, petrochemicals, aviation, shipping, and oil & gas transition finance. This omission reflects both data scarcity and the absence of established financing frameworks for these sectors' transition pathways.

As per the Centre for Social and Economic Progress's 2025 study indicates that steel sector requires USD 251 billion (2022-2030) and Cement needs USD 141 billion (additional capital expenditure) for decarbonization efforts. This imbalance is not accidental, it is the direct result of targeted, successful policy interventions aimed at de-risking and incentivising mature green technologies. Against this, hard-to-abate sectors face a combination of policy gaps, market perception issues, and technological risk that deter competitive capital. This has resulted in a situation where investors are comfortable financing inherently "green" assets, they remain hesitant to fund "greening" activities within "brown" industrial sectors. "Framework for Transition Bonds" issued by IFSCA on July 29, 2025, aims to address policy gaps for the Indian and other issuers from hard-to-abate sectors.

## IFSCA's Transition Bond Framework: Bridging Policy and Practice

### 1. Purpose and Context

India's industrial decarbonization challenge requires a financing mechanism tailored to its high-emission sectors where transition is gradual and capital intensive. The IFSCA Framework for Transition Bonds is designed precisely to fill this policy and financing gap.

By allowing companies in hard-to-abate sectors to issue bonds at GIFT IFSC while adhering to credible transition standards, the framework seeks to unlock foreign capital and build investor confidence through transparency, verification, and accountability.

### 2. Structural Design and Core Principles

The framework is built on four core pillars that collectively strengthen its credibility and investor appeal:

1. **Credible entity-level transition plans** aligned with the Paris Agreement and supported by measurable emission-reduction targets.
2. **Taxonomic alignment** with recognized international frameworks or technology roadmaps to ensure consistency and comparability.
3. **Mandatory independent external reviews** such as second-party opinions, certification, or verification, to safeguard investor trust.
4. **Comprehensive disclosure requirements**, both at issuance and annually, covering governance, emission metrics, and capital expenditure rollout.

These pillars directly address global investors' expectations for clarity, accountability, and science-based alignment, key prerequisites for scaling transition finance.

### 3. Taxonomic Flexibility and Global Alignment

Recognizing that India's own Climate Finance Taxonomy remains in draft form, IFSCA has adopted a pragmatic approach. Issuers are permitted to reference internationally recognized taxonomies and technology roadmaps, such as:

- EU, Japan, Singapore-Asia, ASEAN, and Australian frameworks, and
- Japan's METI and the International Energy Agency (IEA) decarbonization roadmaps.

This flexibility provides immediate functionality for Indian issuers while maintaining international credibility and minimizing transaction costs, crucial for attracting foreign institutional capital familiar with these benchmarks.

### 4. Disclosure Architecture and Governance Integrity

Drawing on ICMA's Climate Transition Finance Handbook, the framework mandates detailed disclosures across four key dimensions:

- **Transition Plan & Governance:** Measurable GHG reduction targets, board-level oversight, and linkage with overall sustainability strategy.
- **Business Model Materiality:** Project-level relevance, sectoral emissions footprint, and Scope 3 emissions reporting timeline.
- **Science-based Strategy:** Transparent use of modeling frameworks such as SBTi, ACT, and IEA scenarios.
- **Implementation Transparency:** Capital expenditure roadmap, timeline for phasing out incompatible activities, and disclosure of locked-in emissions.

Together, these requirements institutionalize credibility and ensure that transition bonds reflect authentic, verifiable climate action.

### 5. Integration with Domestic Policy Ecosystem

IFSCA Framework for Transition Bonds create a powerful policy synergy with India's newly notified Greenhouse Gases Emission Intensity (GEI) Target Rules, 2025, operationalizing the Carbon Credit Trading Scheme (CCTS) effective from fiscal year 2025-26. Hence, establishing a dual-pathway financial model for hard-to-abate sectors. This has the potential to create a triple financial value proposition for transition-focused companies. First, access to cost-effective foreign capital through transition bonds to finance low-carbon infrastructure, technology upgrades, and decarbonization pathway. Second, compliance revenue through carbon credit generation and trading when emissions reductions exceed intensity targets and third, regulatory certainty within India's evolving carbon market framework. This complementarity addresses a fundamental challenge in hard-to-abate transition finance i.e. the extended capital payback periods (often 15-25 years for CCS infrastructure) that make pure debt financing unattractive without auxiliary revenue streams. By combining transition bond financing with carbon credit monetization under the GEI framework, India's policy architecture converts compliance obligations into financial opportunities.

### 6. Outlook and Potential Impact

The framework explicitly targets hard-to-abate sectors such as steel, cement, chemicals, aviation, shipping etc. Industries such as steel and cement alone are estimated to require USD 392 billion in investment by 2030. If the IFSCA succeeds in mobilizing even 10% of the capital requirements, taking conservative estimates, for the steel and cement sectors during 2025–2030, and if this effort is complemented by similar mobilization in other hard-to-abate sectors, it could potentially facilitate around USD 10 billion in annual investments by 2030.

#### Structural Barriers to Transition Finance

In spite of lot of potential for transition finance, the full utilization of the IFSCA's "Framework for Transition Bonds" is facing following barriers.

- a) **Lack of Climate Finance taxonomy:** India's draft Climate Finance Taxonomy (released May 2025) acknowledges the need to address *"transition, in line with country circumstances, in hard-to-abate sectors"* with iron, steel, and cement prioritized. However, taxonomy remains in draft form as of October 2025, creating regulatory uncertainty.
- b) **Sector Specific Transition Roadmap:** The Asia Investor Group on Climate Change's consultation response to India's taxonomy highlights that *"the government could consider issuing guidance for corporate transition plans, aligned with national targets and sectoral roadmaps to help standardize disclosures and improve investor confidence in transition-aligned activities"*. The absence of clearly defined transition pathways, technical screening criteria for intermediate decarbonization steps, and prescribed sunset dates creates hesitation among institutional investors accustomed to binary green/non-green classifications.
- c) **Risk Perception:** Hard-to-abate sectors face multiple risk layers such as technology risk (CCS, Green hydrogen), asset stranding risk and long payback period, discourage the investor from finance transition activities.

#### Building India's Transition Finance Future

The IFSCA Framework for Transition Bonds marks a significant milestone in India's sustainable finance journey. While green finance has successfully driven growth in renewable energy and electric mobility, the next frontier lies in transforming the country's industrial core, the hard-to-abate sectors that power its economic engine.

The framework fills this critical gap by introducing a credible, transparent, and globally aligned mechanism to channel capital into these sectors' decarbonization pathways.

Yet, its success will depend on implementation depth, policy convergence, and market adoption. The transition finance ecosystem in India still faces foundational challenges: the absence of a finalized national taxonomy, lack of sector-specific decarbonization roadmaps, and persistent perception of technological and policy risk among investors. Addressing these will require a coordinated approach among regulators, industry bodies, government and financial institutions to standardize disclosures, validate credible transition plans, and provide blended finance instruments that reduce perceived risks.

Looking ahead, India's transition finance architecture must evolve from being regulation-driven to market-led. The real test will be whether private capital, domestic and global, views transition finance not as compliance, but as opportunity. By linking financial performance with measurable climate outcomes, instruments such as transition bonds can reshape how capital markets support industrial competitiveness and sustainability.

IFSCA framework has the potential to anchor GIFT-IFSC as a regional hub for transition finance, setting benchmarks for emerging economies balancing growth and decarbonization. In doing so, India would not only steer its own industrial transition but also demonstrate how developing nations can finance climate ambition without compromising development priorities.

## GREENWASHING

### The Evolution of ESG and Climate Financing Over the Last Decade

Consider entrusting your capital to a “green” fund, convinced that your investment is a bulwark against ecological ruin—only to unearth the disconcerting truth that it sustains the industries you sought to thwart. Over the past decade, the realm of Environmental, Social, and Governance (ESG) investing and climate financing has undergone extraordinary metamorphosis, evolving from a peripheral interest to an institutional subject to a formidable multi-trillion-dollar force concerning all stakeholders. The *Global Landscape of Climate Finance 2024* report by the Climate Policy Initiative reveals that climate finance reached an impressive USD 1.46 trillion in 2022, with projections exceeding USD 1.5 trillion in 2023.

As an affirmation to this, the Climate Bonds Initiative notes that the market for Green, Social, Sustainability, and Sustainability-Linked (GSS+) bonds swelled to USD 5.4 trillion by the close of Q3 2024. Yet, amid this virtuous ascent, a sinister undercurrent emerges -*greenwashing*. This article on greenwashing discusses it in the following phases:

- a. the meteoric rise of ESG and climate financing,
- b. the pervasive challenge of greenwashing,
- c. global regulatory efforts to curb its risks, and
- d. the pioneering approach of the International Financial Services Centres Authority (IFSCA) in tackling this deception.

### Climate Financing

Climate financing, in particular, has gained traction as governments and corporations commit to net-zero targets. Green bonds, sustainability-linked loans, and ESG-labeled debt securities have emerged as key instruments, with issuers raising trillions of dollars to fund renewable energy, carbon reduction, and social impact projects. Regulatory bodies worldwide, recognizing the potential of finance to drive sustainability, have introduced disclosure mandates and taxonomies to standardize and legitimize these efforts. Meanwhile, institutional

investors, pension funds, and retail clients have increasingly integrated ESG criteria into their decision-making, pushing asset managers to innovate and market “sustainable” financial products.

### The Green Tightrope: Navigating the Perils of Promise and Pitfalls

However, this rapid expansion has not come without challenges. Below is a summary of various challenges that have accompanied the rise of sustainable finance. The table highlights the interconnected nature of these challenges, with each feeding into the others, creating a complex landscape for stakeholders.

Sr. No	Category	Specific challenges
1	Regulatory Environment	Fragmented regulations, lack of unified frameworks
2	Data and Analytics	Data quality, measurement difficulties, inconsistent ratings
3	Standardization and Trust	Lack of definitions, greenwashing, transparency issues

The rise of climate and ESG financing is a double-edged sword, offering immense potential but fraught with significant hurdles. Addressing these challenges requires co-ordinated global action, improved data infrastructure, and innovative financial instruments coupled with constant supervision to ensure that the promise of sustainability is not just a mirage.

### The Shadows Beneath the Green Boom: Setting the Stage for Greenwashing

#### What is Greenwashing?

By now a well-known concept, Greenwashing refers to the deceptive practice of making unsubstantiated, exaggerated, or misleading claims about the sustainability benefits of a product, service, or entity. In the context of the financial market, it involves financial institutions, asset managers, or issuers promoting investments as environmentally or socially beneficial, often labeled as “green,” “sustainable,” or “ESG-compliant” without sufficient evidence or alignment with actual sustainability outcomes. This can include overstating the environmental impact of a fund, selectively reporting ESG metrics, or concealing negative externalities like continued fossil fuel investments. Below are some examples of greenwashing in international financial markets.

- i. DWS, the asset management arm of Deutsche Bank, faced allegations of greenwashing in 2021-2023 after claiming its funds were heavily ESG-integrated. A whistleblower, Desiree Fixler (former head of sustainability), revealed that despite marketing claims of using an ESG integration for investment decisions, ESG factors were minimally considered. DWS has agreed to a \$19 million fine to settle the charges, marking the largest-ever greenwashing penalty imposed on an asset manager by the SEC.
- ii. In 2023, Barclays classified a \$10 billion revolving credit facility to Shell as “social and environmental” financing within its \$150 billion sustainability target. Critics, including environmental groups, labeled this as greenwashing, arguing that Shell’s modest carbon intensity reduction goals (9-13% by 2025) and continued oil and gas expansion contradicted sustainability claims.

#### Greenwashing challenges

Greenwashing can undermine the credibility of the sustainable finance market and hinder the transition to a low-carbon economy. If investors cannot trust the environmental claims made by companies, they may lose faith and become reluctant to invest in sustainable products, slowing the flow of capital to genuinely sustainable projects. Additionally, it may mislead stakeholders and risk a regulatory backlash.

### Greenwashing in the Financial Market: Insights from Global Regulatory Guidance

As greenwashing has gained prominence, regulatory bodies worldwide have issued reports and recommendations to address it. Below, we examine key findings and strategies from the International Organization of Securities Commissions (IOSCO), Securities and Exchange Board of India (SEBI), Financial Conduct Authority (FCA) UK, International Capital Market Association (ICMA), and Australian Securities & Investments Commission (ASIC).

#### IOSCO

IOSCO published a report on “Supervisory Practices to Address Greenwashing” in December 2023 and a paper on “IOSCO Good Sustainable Finance Practices” in November 2022 Identifying good practices to counter the risk of greenwashing. The good practices identified by IOSCO are focused on product-level disclosures which cover areas like naming, labeling and classification of sustainability- related products, investment objectives, and strategies disclosure, monitoring of compliance and sustainability-related performance of products.

#### SEBI

SEBI has introduced guidelines for green debt securities to avoid occurrences of greenwashing by emphasizing fund utilization, continuous monitoring, and disclosure requirements. Further, vide circular dated February 03, 2023, SEBI also issued a circular on “*Dos and don'ts relating to green debt securities to avoid occurrences of greenwashing*”.

#### FCA UK

**FCA UK** has also come up with the Anti greenwashing rule for all FCA-authorized firms. The Rule requires that references made to the sustainability characteristics of a product or service are (i) consistent with the sustainability characteristics of the product or services and (ii) clear, fair, and not misleading. FCA also came up with guidance to help firms understand and comply with the anti-greenwashing rule.

#### ICMA

ICMA published a report on market integrity and greenwashing risks in sustainable finance in October 2023 and identified four areas of concern of greenwashing concerning sustainable bonds viz. lack of ambition, strategic inconsistency, mismanagement of wider sustainability risks, and actual deception.

#### ASIC

ASIC issued an “information sheet 271” in June 2022 on avoiding greenwashing while offering or promoting sustainability-related products. It focuses on disclosure requirements and investor protection measures.

#### Common Parameters to Mitigate Greenwashing Risk

Parameter	IOSCO	SEBI	FCA (UK)	ICMA	ASIC
Clear Definitions/Labels	Yes	Yes	Yes	Yes	Yes
Transparent Disclosures	Yes	Yes	Yes	Yes	Yes
Third-Party Verification	Yes	Yes	-	Yes	Yes
Alignment with Standards	Yes	Yes	Yes	Yes	Yes
Use of Proceeds Clarity	Yes	Yes	Yes	Yes	Yes
Impact Reporting	Yes	Yes	Yes	Yes	Yes

Parameter	IOSCO	SEBI	FCA (UK)	ICMA	ASIC
Regulatory Oversight	Yes	Yes	Yes	-	Yes

Across these bodies, transparency, alignment with recognized frameworks, and robust disclosures are universal priorities. SEBI and ICMA emphasize third-party reviews, while IOSCO and FCA focus on regulatory enforcement. ASIC uniquely ties greenwashing to consumer law, reflecting a broader accountability lens.

### IFSCA efforts to combat greenwashing

#### IFSCA Circular Principles to Mitigate Greenwashing in ESG-Labeled Debt Securities

On November 21, 2024, IFSCA issued a circular titled “*Principles to Mitigate the Risk of Greenwashing in ESG Labelled Debt Securities in the IFSC.*” Aimed at issuers of financial instruments at IFSCs, the circular outlines five key principles:

**A. *Being True to Label - Avoid misleading labels and terminology***

Issuers must align ESG-labeled securities with recognized frameworks (e.g., ICMA Principles) and avoid misleading terminology. Additionally, offer documents should specify how proceeds contribute to sustainability goals.

**B. *Screen the Green - Transparency in methodology for project selection and evaluation***

Issuers shall disclose in the offer documents ESG objectives, project selection processes, and fund allocation plans in offer documents, avoiding vague or generic statements to describe investment screening criteria.

**C. *Walk the talk - Managing and tracking the use of proceeds***

The issuer should outline procedures along with internal control to ensure that funds are directed only towards projects or activities as defined in the offer document.

**D. *Overall Impact - Quantification of Negative Externalities***

The issuer should quantify the negative externalities associated with ESG debt utilization. This could include metrics for residual environmental impacts or potential environmental risks associated with the financed projects.

**E. *Be alert - Monitoring and Disclose***

Issuers of green debt securities should continuously monitor and disclose the environmental impact of their projects financed by the issuance.

### Greenwashing - Comparative Analysis of IFSCA Circular with Global regulatory efforts

**IOSCO:** IFSCA's emphasis on external reviews and impact reporting mirrors IOSCO's call for verifiable disclosures and oversight, though IFSCA is more prescriptive about annual reviews.

**SEBI:** The IFSCA circular builds on SEBI's third-party verification and disclosure mandates but adds specificity on negative externalities and project-level impact, reflecting a deeper focus on transparency.

**FCA (UK):** While FCA (UK) focuses on labels and anti-greenwashing rules, IFSCA goes further by requiring detailed tracking systems and external validation, offering a more hands-on approach.

**ICMA:** IFSCA aligns closely with ICMA's voluntary principles, providing further guidance and adding quantitative impact assessment, which strengthens accountability.

**ASIC:** Both emphasize clarity in claims, but IFSCA's structured principles and mandatory reviews contrast with ASIC's broader, principle-based guidance.

Greenwashing is not merely a regulatory hurdle; it is a mirage that lures investors into a desert of false promises, leaving sustainable ambitions parched. The evolution of ESG and climate financing reflects humanity's hope for a greener future, but the shadow of greenwashing reveals a stark truth: not all that glitters green is gold. Bodies like IOSCO and regulators like SEBI and IFSCA are arming investors with tools — transparency, verification, and accountability—to pierce this illusion. Yet, the most profound defense lies in the investor. The fight against greenwashing is not just about compliance, it's about reclaiming the soul of sustainable finance.

## LISTING OF OTHER FINANCIAL PRODUCTS

### Listing of Funds and Investment Trusts

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

### Listing of Commercial Papers

An issuer may list commercial paper on a recognised stock exchange in such manner and subject to such conditions as may be specified by the IFSCA.

### Listing of Certificates of Deposit

An issuer may list a certificate of deposit on a recognised stock exchange in such manner and subject to such conditions as may be specified by the IFSCA.

### Listing of other financial products

An issuer may list such other financial product on a recognised stock exchange in such manner and subject to such conditions as may be specified by the IFSCA.

## LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS UNDER IFSCA (LISTING) REGULATIONS, 2024

### General Obligations

#### 1. Applicability

The provisions must apply to the securities listed on the recognised stock exchange(s) under IFSCA (Listing) Regulations, 2024.

#### 2. Principles governing disclosures and obligations

The Listed Entity must make disclosures and abide by its obligations under the regulations in accordance with the following principles:

- a) Information must be prepared and disclosed in accordance with applicable accounting standards for financial disclosure
- b) The Listed Entity must implement the applicable accounting standards in letter and spirit in the preparation of financial statements, taking into consideration the interests of all stakeholders, and must also ensure that the annual audit is conducted by an independent and qualified auditor
- c) The Listed Entity must refrain from misrepresentation and ensure that the information provided to recognised stock exchange(s) and investors is not misleading

- d) The Listed Entity must provide adequate and timely information to recognised stock exchange(s) and investors
- e) The Listed Entity must ensure that the disseminations made under the provisions of the regulations and circulars issued are adequate, accurate, explicit, timely and presented in simple language
- f) The Listed Entity must ensure that the channels for disseminating information provides for equal, timely and cost efficient access to relevant information by investors
- g) The directors of the Listed Entity must 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 must abide by all applicable laws of its home jurisdiction as well as securities laws and also such other requirements as may be specified by the IFSCA and the recognised stock exchange(s).
- i) The Listed Entity must make the specified disclosures and follow its obligations in letter and spirit taking into consideration the interest of all stakeholders.
- j) The Listed Entity must ensure that the relevant filings, reports, statements, documents and information are duly filed within the specified timelines and contain requisite information.
- k) The Listed Entity must ensure that periodic filings, reports, statements, documents must contain information that can enable investors to track the performance of a Listed Entity over a period of time and can provide sufficient information to enable investors to assess the current status of a Listed Entity. It must include all material updates on the business, financial performance, management, etc.

### 3. General obligation of compliance

The Listed Entity must ensure that key managerial personnel, directors, promoters, controlling shareholders or any other person dealing with it comply with responsibilities or obligations as assigned to them under the regulations.

### 4. Compliance Officer and Obligations

- 1) A Listed Entity must appoint a **qualified company secretary** as the compliance officer. Where the entity is incorporated outside India, a company secretary or equivalent must be appointed as compliance officer.
- 2) The compliance officer of the Listed Entity must be responsible for
  - a) ensuring conformity with the applicable regulatory obligations under these regulations, in letter and spirit
  - b) co-ordination with and reporting to the IFSCA, recognised stock exchange(s) and depositories with respect to compliance with rules, regulations and other directives of these authorities in such manner as may be specified
  - c) ensuring that the correct procedures are followed to ensure the correctness, authenticity and comprehensiveness of the information, statements and reports filed under the regulations.

**ENTITIES WITH SPECIFIED SECURITIES LISTED ON RECOGNISED STOCK EXCHANGES AS A PRIMARY LISTING****1. Material or Price Sensitive Information**

- 1) The Listed Entity must immediately make disclosure to the recognised stock exchange(s) of any event or information concerning it or any of its subsidiaries or associates which, in the opinion of the board of directors of the Listed Entity, is material or price sensitive. The Listed Entity must consider the following criteria for determination of materiality of events/ information:
  - a) the omission of an event or information, which is likely to result in discontinuity or alteration of event or information already available publicly
  - b) the omission of an event or information which is likely to result in a significant market reaction if the said omission came to light at a later date
  - c) where the criteria specified in (a) and (b) are not applicable, an event/information can be treated as being material if in the opinion of the board of directors of Listed Entity, the event / information is considered material. For the purpose of the regulations, immediately means promptly but not later than twenty-four hours.
- 2) The Listed Entity must frame a policy for the determination of materiality, based on criteria specified in these regulations, duly approved by its board of directors, which must be disclosed on its website.

**2. Amendment to Memorandum or Articles of Association**

The Listed Entity must immediately disclose to the recognised stock exchange(s) any amendment to its constitutional documents viz. memorandum or articles of association or any other similar document, by whatever name called.

**3. Intimation about Board Meeting**

- 1) The Listed Entity must give prior intimation about the meeting of the board of directors and immediately disclose outcome of the meeting of the board of directors, to the recognised stock exchange(s) in respect of any of the following proposals:
  - a) dividends
  - b) buyback of securities
  - c) decision with respect to fund raising or change in capital
  - d) financial results
  - e) decision on voluntary delisting by the Listed Entity from stock exchange(s)
  - f) any material business event such as acquisition, demerger, sale or purchase of assets/ businesses/ companies
  - g) material litigation
- 2) The intimation must be given at least two working days in advance, excluding the date of the intimation and date of the meeting.

**4. Annual and Extraordinary General Meetings**

The Listed Entity must immediately disclose to the recognised stock exchange(s) the proceedings of Annual and extraordinary general meetings, by whatever name called.

**5. Change in Director, KMP, Auditor or Compliance Officer**

- 1) The Listed Entity shall immediately disclose to the recognised stock exchange(s) any change in director, key managerial personnel, auditor or Compliance Officer.
- 2) In case of a resignation of the auditor of the Listed Entity, detailed reasons for resignation of auditor, as given by the said auditor, shall be disclosed by the Listed Entity to the recognised stock exchange(s) as soon as possible but not later than one working day of receipt of such reasons from the auditor.
- 3) In the case of a resignation of any director, key managerial personnel or compliance officer, such person shall inform to the recognised stock exchange(s), in writing if he is aware of any irregularities which would have a material impact on the Listed Entity, including financial reporting, as soon as possible but not later than one working day.

**6. Adverse opinion by auditor**

The Listed Entity must immediately disclose to the recognised stock exchange(s) any adverse opinion, disclaimer of opinion, qualified opinion by the auditor on the financial statements of-

- i) the Listed Entity
- ii) any of the Listed Entity's subsidiaries or associates, if the adverse opinion, disclaimer of opinion, or qualified opinion has a material impact on the consolidated accounts of the Listed Entity.

**7. Investigation**

- 1) The IFSCA or a recognised stock exchange may require a Listed Entity to appoint a competent person to review or investigate its affairs and report its findings to the IFSCA, recognised stock exchange(s) and its Audit Committee.
- 2) The Listed Entity must ensure that any information with respect to the appointment of a person and findings by such person must be immediately disclosed to the recognised stock exchange(s) for public dissemination.

**8. Encumbrances**

- 1) The promoters and the controlling shareholders of the Listed Entity must disclose details of any encumbrance of specified securities of the Listed Entity created or invoked or released, within two working days of such creation or invocation or release, as the case may be, to:
  - a) The recognised stock exchange (s)
  - b) The Listed Entity
- 2) The Listed Entity must ensure that the disclosures received are immediately disclosed to the recognised stock exchange(s).

**9. Shareholding Pattern**

The Listed Entity must submit its shareholding pattern to the recognised stock exchange(s), in such form and manner as may be specified by the IFSCA or the recognised stock exchange(s) on a quarterly basis, within fifteen working days from the end of each quarter.

**10. Financial Statements**

- 1) The Listed Entity must disclose the audited standalone and consolidated financial statements for the full financial year to the recognised stock exchange(s) immediately after the approval of its board of directors, but in any event not later than three months of the end of the financial year.

- 2) The Listed Entity must disclose the financial statements for first half of the financial year to the recognised stock exchange(s) immediately after the approval of its board of directors, but in any event not later than forty-five days after the end of first half year.
- 3) The Listed Entity must prepare its financial statements in accordance with IFRS or US GAAP or Ind AS or other accounting standards as applicable in its home jurisdiction. A Listed Entity preparing financial statements as per the accounting standards of its home jurisdiction (other than IFRS, US GAAP and Ind AS) must be required to reconcile the same with IFRS.

#### **11. Annual Report**

- 1) The Listed Entity must submit the annual report to the recognised stock exchange(s) immediately after the finalisation of the same, and also publish the annual report on its website.
- 2) The annual report must contain the following:
  - a) Audited standalone and consolidated financial statements
  - b) Directors report
  - c) Management discussion and analysis report
  - d) Corporate Governance practices
  - e) Sustainability Report, if applicable
  - f) Mandatory requirements as specified in the laws of the jurisdiction of incorporation

#### **12. Statement of deviation(s) or variation(s)**

- 1) The Listed Entity must submit to the recognised stock exchange(s) the statement(s) of deviation (indicating category-wise variation between projected utilisation of funds made by it in its offer document), if any, in the use of proceeds from the objects stated in the offer document on a quarterly basis for public issue.
- 2) The statement(s) specified in 1), must be continued to be given till such time the issue proceeds have been fully utilised or the purpose for which these proceeds were raised has been achieved.
- 3) The statement(s) specified in 1), must be submitted to the recognised stock exchange(s) immediately after review by the audit committee but not later than forty five days from the end of quarter.
- 4) The Listed Entity must furnish an explanation for the variation, in the directors' report in the annual report.

#### **13. Corporate Governance**

- 1) The Listed Entity must describe its corporate governance practices in its annual report in the manner specified by the laws of the jurisdiction of its incorporation.
- 2) The Listed Entity must also comply with the corporate governance norms as may be specified by the IFSCA.

#### **14. Sustainability Report**

- 1) The Listed Entity must disclose to the recognised stock exchange(s) a sustainability report with respect to environmental, social and governance factors for financial year, no later than six months after the end of its financial year. This will not apply to the Listed Entities having market capitalisation of less than USD 50 million.
- 2) The sustainability report specified in (1) must be prepared based on:

- a) internationally accepted reporting standards such as Global Reporting Initiative, International Sustainability Standards Board, Task Force on Climate-related Financial Disclosures
- b) Business Responsibility and Sustainability Reporting
- c) any other standards that may be specified by the IFSCA

**15. Corporate actions**

- 1) The Listed Entity must inform the recognised stock exchange(s) in advance of any proposed corporate actions such as stock split, consolidation, dividend, bonus issues or similar events.
- 2) The Listed Entity must give notice of the record date for such corporate action to the recognised stock exchange(s), wherever applicable at least three working days in advance, specifying the purpose of the record date.

**16. Meetings of shareholders and voting**

- 1) The Listed Entity must provide the remote e-voting facility to its shareholders in respect of all shareholders' resolutions.
- 2) The Listed Entity must submit the voting results to the recognised stock exchange(s), within two working days from the date of conclusion of its General Meeting.
- 3) The Listed Entity must send proxy forms to holders of the securities in all cases, mentioning that a holder may vote either for or against each resolution.
- 4) The Listed Entity must provide a one-way live webcast of the proceedings of the annual general meetings to all its shareholders.

**17. Whistle-blower mechanism**

The Listed Entity must establish a whistle-blower mechanism for directors, employees and others to report genuine concerns while ensuring adequate safeguards against victimisation of persons who use such mechanism.

**18. Website**

The Listed Entity must maintain a functional website that contains basic information about the entity, including details about its business, board of directors, key managerial personnel, compliance officer, financial statements, e-mail address for grievance redressal and annual reports.

**19. Dissemination by recognised stock exchange(s)**

The recognised stock exchange(s) must ensure that the disclosures made by the Listed Entities are immediately disseminated on their websites.

**SECONDARY LISTING OF SPECIFIED SECURITIES****1. Disclosure by entities with secondary listing of specified securities**

The issuer with secondary listing of specified securities on a recognised stock exchange must comply with the following requirements:

- a) It must ensure that the specified securities are continued to be listed on its home exchange and abide by the listing and other rules of such exchange and home regulator
- b) It must release all disclosures in English to the recognised stock exchange(s) simultaneously with their release to its home exchange and home regulator where it has a primary listing

- c) It must comply with such other requirements as may be specified by the IFSCA or recognised stock exchange(s)

### **Listing Obligations and Disclosure Requirements for Companies having Depository Receipts listed on Recognised Stock Exchange (s)**

#### **1. Financial Statements**

- 1) The Listed Entity must disclose the audited financial statements for the full financial year to the recognised stock exchange(s) immediately after the approval of its board of directors, but in any event not later than three months of the end of financial year.
- 2) The Listed Entity must disclose the financial statements for first half of the financial year to the recognised stock exchange(s) immediately after the approval of its board of directors, but in any event not later than forty-five days after the end of first half year.
- 3) The Listed Entity must prepare its financial statements in accordance with IFRS or US GAAP or Ind AS or other accounting standards as applicable in its home jurisdiction. A Listed Entity preparing financial statements as per the accounting standards of its home jurisdiction (other than IFRS, US GAAP and Ind AS) must be required to reconcile the same with IFRS.

#### **2. Material or price-sensitive events**

- 1) The Listed Entity must immediately make disclosure to the recognised stock exchange(s) of any event or information concerning it or any of its subsidiaries or associates which, in the opinion of the board of directors of the Listed Entity, is material or price sensitive. The Listed Entity must consider the following criteria for determination of materiality of events/ information:
  - a) the omission of an event or information, which is likely to result in discontinuity or alteration of event or information already available publicly
  - b) the omission of an event or information which is likely to result in significant market reaction if the said omission came to light at a later date
  - c) where the criteria specified in (a) and (b) are not applicable, an event/information may be treated as being material if in the opinion of the board of directors of Listed Entity, the event / information is considered material.
- 2) The Listed Entity must frame a policy for determination of materiality based on criteria specified in the regulations, duly approved by its board of directors, which must be disclosed on its website.

#### **3. Shareholding pattern**

The Listed Entity must submit its shareholding pattern to the recognised stock exchange(s), in the format specified by the IFSCA or by such recognised stock exchange(s) on a quarterly basis, within fifteen working days from the end of each quarter.

#### **4. Corporate Governance**

- 1) The Listed Entity must describe its corporate governance practices in its annual report in the manner specified by the relevant laws in its home jurisdiction.
- 2) The Listed Entity must also comply with the corporate governance norms as may be specified by the IFSCA.

#### **5. Change of depository bank**

- 1) The Listed Entity must take prior approval of the recognised stock exchange(s) before changing its depository bank.

- 2) The Listed Entity must disclose any change of depository bank to the recognised stock exchange(s) within twenty-four hours of such change.

#### **6. Corporate actions**

- 1) The Listed Entity must inform the recognised stock exchange(s) in advance of any proposed corporate action pertaining to the depository receipts or the underlying securities.
- 2) The Listed Entity must give notice of the record date to the recognised stock exchange(s), wherever applicable, at least three working days in advance, specifying the purpose of the record date.

#### **7. Other compliances**

The Listed Entity must comply with the following additional requirements:

- a) Where the underlying specified securities are listed on its home exchange, it must abide by the listing and other rules of such exchange and home regulator
- b) It must release all disclosures in English to the recognised stock exchange(s) simultaneously with their release to its home exchange or home regulator where it has a primary listing
- c) It must comply with such other requirements as may be specified by the IFSCA or recognised stock exchange(s).

#### **8. Voting Rights**

The voting rights of the depository receipts holders must be exercised in accordance with the depository agreement.

#### **9. Dissemination by recognised stock exchange(s)**

The recognised stock exchange(s) must ensure that the disclosures made by the Listed Entities are immediately disseminated on their websites.

### **Listing Obligations and Continuous Disclosure Requirements for Debt Securities**

#### **1. Material or price-sensitive events**

- 1) The issuer must immediately disclose to the recognised stock exchange(s) all events which are material or price sensitive.
- 2) The issuer must immediately disclose to the recognised stock exchange(s) the following events:
  - a) any redemption or cancellation of the debt securities
  - b) details of any interest payment(s), except where the debt securities are having fixed rate
  - c) any buy back or put option exercised
  - d) any delay in payment of principal and/or interest amount
  - e) any modification in terms and conditions of the issue

#### **2. Financial Statements**

- 1) The issuer must disclose the audited financial statements for the full financial year to the recognised stock exchange(s) immediately after the approval of its board of directors, but in any event not later than three months of the end of the financial year.
- 2) The issuer must prepare its financial statements in accordance with IFRS or US GAAP or Ind AS or other accounting standards as applicable in its home jurisdiction. An issuer preparing financial statements as per the accounting standards of its home jurisdiction (other than IFRS, US GAAP and Ind AS) must be required to reconcile the same with IFRS.

### 3. Annual Report

The issuer must submit to the recognised stock exchange(s) a copy of the annual report immediately after the finalisation of the same, but in any event not later than six months of the end of financial year.

### 4. Revision in Credit Rating

The issuer must immediately disclose to the recognised stock exchange(s) any revision in the credit rating of its debt securities listed on such exchange(s).

### 5. Record Date

The issuer must disclose the record date relevant to the holders of debt securities in a timely manner.

### 6. Exempt Issuers

A recognised stock exchange, if satisfied on the basis of an application made by an issuer, can relax the applicability of certain requirements, in accordance with its internal policy or guidelines, for the following issuers:

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

## REGULATORY FRAMEWORK UNDER FOREIGN EXCHANGE MANAGEMENT (NON-DEBT INSTRUMENTS) RULES, 2019 AND COMPANIES (LISTING OF EQUITY SHARES IN PERMISSIBLE JURISDICTIONS) RULES, 2024

On July 28, 2023, Union Minister for Finance and Corporate Affairs announced the direct listing of Indian Companies at GIFT- IFSC exchanges. Accordingly, the Department of Economic Affairs (DEA), Ministry of Finance, has amended Foreign Exchange Management (Non-debt Instruments) Rules, 2019, and notified the **'Direct Listing of Equity Shares of Companies Incorporated in India on International Exchanges Scheme' (Direct Listing Scheme)**. Simultaneously, the Ministry of Corporate Affairs (MCA) has issued Companies (Listing of Equity Shares in Permissible Jurisdictions) Rules, 2024.

Direct Listing Scheme provides an overarching framework for issuing and listing of equity shares of public Indian companies on international exchanges. Prior to this, Indian companies were not allowed to issue or list equity shares abroad.

Apart from framework provided under the Scheme, an unlisted Indian company may issue equity shares on international exchanges subject to compliance with the Companies (Listing of equity shares in permissible jurisdictions) Rules, 2024. Further, such company will also be required to adhere to the regulatory framework of permitted international exchanges in GIFT-IFSC.

Further, as per the framework provided under the Scheme and Companies (Listing of equity shares in permissible jurisdictions) Rules, 2024 issued by Ministry of Corporate Affairs, a listed public Indian company is also required to ensure compliance with the conditions and other requirements as per the norms notified by the Securities and Exchange Board of India (SEBI).

### Issue and Listing on International Exchanges

As per Direct Listing Scheme, a public Indian company may issue equity shares or offer equity shares of existing shareholders, subject to the following conditions, namely:-

- (i) such issue or offer of equity shares of existing shareholders shall be permitted and such shares shall be listed on any of the specified International Exchange

- (ii) such issue or offer of equity shares of existing shareholders shall be subject to prohibited activities, and sectoral caps
- (iii) such equity shares to be issued by the public Indian company or offered by its existing shareholders on an International Exchange shall be in dematerialised form and rank pari passu with equity shares listed on a recognised stock exchange in India.

The prior Government approval, wherever applicable, must be obtained.

### Permissible holder

As per Direct Listing Scheme, Permissible holder means a holder of equity shares of the Company which are listed on International Exchange, including its beneficial owner. A permissible holder is not a person resident in India

A holder who is a citizen of a country which shares land border with India, or an entity incorporated in such a country, or an entity whose beneficial owner is from such a country, shall hold equity shares of such public Indian company only with the approval of the Central Government. A permissible holder may purchase or sell equity shares of an Indian company listed on an international exchange subject to limit specified for foreign portfolio investment.

### Eligibility

Under the Scheme, only public Indian companies, listed or unlisted, are allowed to issue and list their shares on an international exchange. Para 3 of the Direct Listing Scheme provides that a public Indian company shall be eligible to issue equity shares in permissible jurisdiction, if-

- (a) the public Indian company, any of its promoters, promoter group or directors or selling shareholders are not debarred from accessing the capital market by the appropriate regulator; (b) none of the promoters or directors of the public Indian company is a promoter or director of any other Indian company which is debarred from accessing the capital market by the appropriate regulator;
- (c) the public Indian company or any of its promoters or directors is not a wilful defaulter;
- (d) the public Indian company is not under inspection or investigation under the provisions of the Companies Act, 2013;
- (e) none of its promoters or directors is a fugitive economic offender.

Additional eligibility conditions may be specified by the permitted international exchanges under their regulations.

Further, Rule 5 of Companies (Listing of equity shares in permissible jurisdictions) Rules, 2024 provide that a company shall not be eligible for issuing its equity shares for listing in accordance with these rules, in case it –

- (a) has been registered under section 8 or declared as Nidhi under section 406 of the Companies Act, 2013;
- (b) is a company limited by guarantee and also having share capital;
- (c) has any outstanding deposits accepted from the public as per Chapter V of the Companies Act, 2013 and rules made thereunder;
- (d) has a negative net worth;
- (e) has defaulted in payment of dues to any bank or public financial institution or non-convertible debenture

holder or any other secured creditor, provided that this clause shall not apply if the company had made good the default and a period of two years had lapsed since the date of making good the default;

- (f) has made any application for winding-up under the Act or for resolution or winding-up under the Insolvency and Bankruptcy Code, 2016 and in case any proceedings against the company for winding-up under the Act or for resolution or winding-up under the Insolvency and Bankruptcy Code, 2016 is pending;
- (g) has defaulted in filing of an annual return under section 92 or financial statement under section 137 of the Act within the specified period.

### Obligations of companies

The public Indian company must ensure compliance with extant laws relating to issuance of equity shares, including requirements prescribed in this Scheme, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992, the Depositories Act, 1996, the Foreign Exchange Management Act, 1999, the Prevention of Money-laundering Act, 2002 or the Companies Act, 2013 and rules and regulations made thereunder, as applicable.

### Filing of Prospectus

As per rule 4(4) of Companies (Listing of equity shares in permissible jurisdictions) Rules, 2023, the concerned unlisted public company shall file the prospectus in e-Form LEAP-1 within seven days after the same has been finalised and filed in the permitted international stock exchange.

### LESSON ROUNDUP

- IFSCA acts as a single unified regulator for capital market activities in IFSCs, ensuring transparency, efficiency, and investor protection.
- Listing refers to the admission of securities for trading on recognised stock exchanges in IFSCs, mainly located at GIFT IFSC.
- The regulatory framework is governed by the IFSCA (Listing) Regulations, 2024, which prescribe rules for issuance, listing, trading, and compliance.
- Securities listed in IFSCs must be held in dematerialised form and are generally denominated in foreign currencies, in line with global market practices.
- The chapter discusses various modes of listing, including:
  - a) Initial Public Offerings (IPOs)
  - b) Follow-on Public Offers (FPOs)
  - c) Secondary listings
  - d) Listings without public offer
- Both Indian companies and companies incorporated outside India are permitted to list their securities in IFSCs, subject to regulatory compliance.
- Special emphasis is given to IPOs by foreign incorporated companies, enabling access to international capital through GIFT IFSC.

- The Special Purpose Acquisition Companies (SPACs) act as an alternative route for capital raising and their listing framework in IFSCs.
- Debt securities and ESG-labelled instruments such as green bonds, social bonds, and sustainability-linked securities are permitted for listing, promoting sustainable finance.
- The roles and responsibilities of issuers, stock exchanges, and intermediaries are outlined to ensure orderly market functioning.
- Provisions related to disclosures, corporate governance, and investor protection are emphasised to maintain market integrity.
- The IFSC listing framework supports international capital flows, enhances market liquidity, and strengthens India's position as a global financial centre.

### GLOSSARY

**Listing:** The process by which securities are admitted for trading on a recognised stock exchange in an IFSC.

**Recognised Stock Exchange (IFSC):** A stock exchange authorised by IFSCA to operate and facilitate trading of securities in an IFSC.

**Securities:** Financial instruments such as equity shares, debt securities, depository receipts, and other permitted instruments that can be issued and listed in IFSCs.

**Initial Public Offering (IPO):** The first public issue of securities by a company for the purpose of listing on a recognised stock exchange in an IFSC.

**Follow-on Public Offer (FPO):** An issue of securities by a company that is already listed on an IFSC stock exchange.

**Secondary Listing:** Listing of securities that are already listed on another recognised stock exchange.

**Listing without Public Offer:** Admission of securities for trading without making a public issue, subject to IFSCA regulations.

**Company Incorporated Outside India:** A company formed and registered under the laws of a foreign jurisdiction that is eligible to list securities in IFSCs.

**Special Purpose Acquisition Company (SPAC):** A company with no commercial operations formed for the purpose of acquiring or merging with another company, permitted to list in IFSCs under IFSCA regulations.

**Business Combination:** A merger or acquisition undertaken by a SPAC with a target company within a prescribed time period.

**Debt Securities:** Instruments representing borrowed funds, such as bonds and debentures, issued by entities and listed in IFSCs.

**ESG-Labelled Securities:** Debt securities labelled as green, social, sustainability, or sustainability-linked instruments that focus on environmental, social, and governance objectives.

**Dematerialisation:** The process of holding securities in electronic form instead of physical certificates.

**Disclosure Requirements:** Information that an issuer is required to provide to ensure transparency and enable informed investment decisions.

**TEST YOURSELF**

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

**A. Very Short Answer Questions**

1. What is meant by the listing of securities in an IFSC?
2. Name the main IFSC in India where listing activities take place.
3. Which regulations govern the listing of securities in IFSCs?
4. In what form must securities be held in IFSCs?
5. Are securities in IFSCs generally denominated in Indian Rupees or foreign currency?
6. What is a secondary listing?

**B. Short Answer Questions**

1. Explain the role of IFSCA in regulating listing and issuance of securities in IFSCs?
2. What are the different modes of listing permitted under the IFSCA Listing Regulations?
3. Briefly explain the concept of an IPO in GIFT IFSC?
4. Who can list securities in IFSCs – Indian companies, foreign companies, or both? Explain.
5. What are SPACs? Why are they permitted to list in IFSCs?
6. Write a short note on ESG-labelled debt securities permitted in IFSCs.
7. State the importance of dematerialisation in IFSC listings.

**C. Long Answer / Descriptive Questions**

1. Explain the process and regulatory requirements for IPOs in IFSCs?
2. Describe the listing framework for companies incorporated outside India in GIFT IFSC?
3. Explain the concept, structure, and regulatory treatment of Special Purpose Acquisition Companies (SPACs) in IFSCs?
4. Explain the significance of ESG and sustainable finance instruments in the IFSC regulatory framework?

**LIST OF FURTHER READING**

- IFSCA (Listing) Regulations, 2024
- [www.ifsc.gov.in](http://www.ifsc.gov.in)
- [https://aigcc.net/wp-content/uploads/2025/07/Public-Consultation-response\\_India-Taxonomy\\_050625.pdf](https://aigcc.net/wp-content/uploads/2025/07/Public-Consultation-response_India-Taxonomy_050625.pdf)
- <https://www.ifrs.org/news-and-events/news/2025/06/ifrs-publishes-guidance-disclosures-transition-plans/>
- <https://www.gov.uk/government/consultations/climate-related-transition-plan-requirements/transition-plan-requirements-implementation-routes-accessible-webpage>
- <https://www.mas.gov.sg/-/media/mas-media-library/development/sustainable-finance/singaporeasia-taxonomy-updated.pdf>

