



LISTING FRAMEWORK

GIFT IFSC

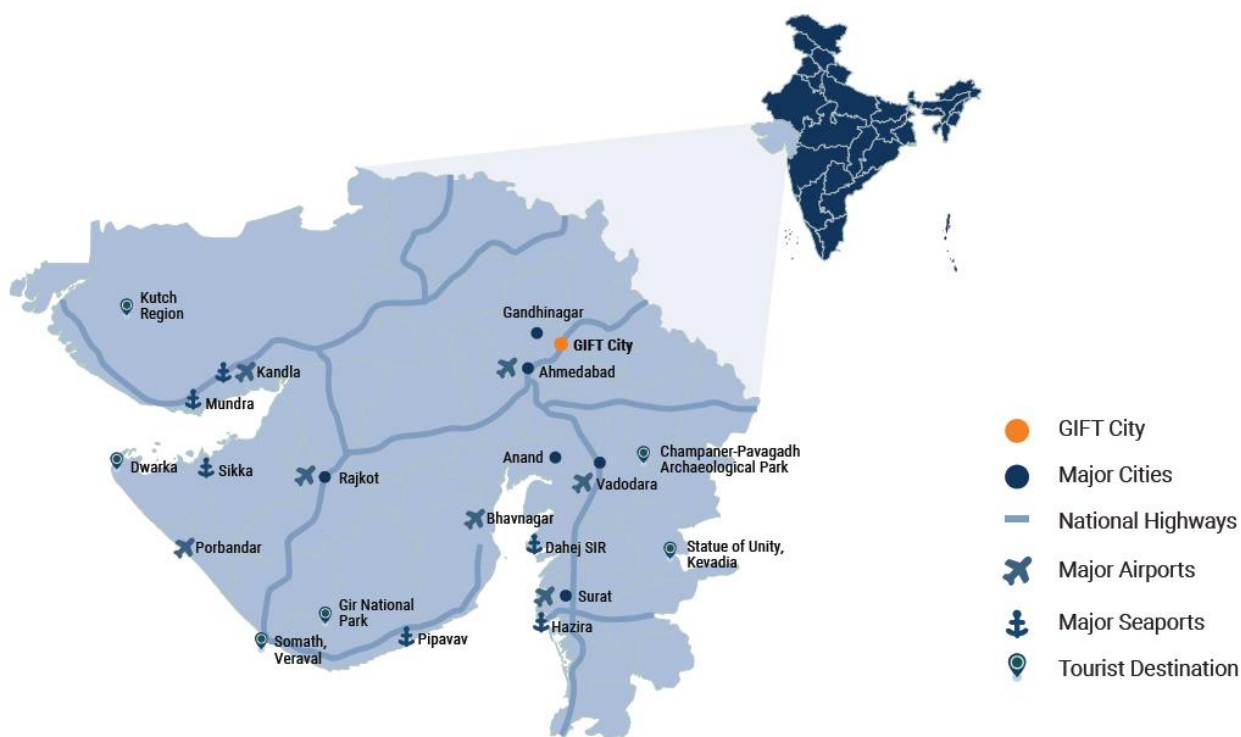
2024

THE NEW INDIA

Land of unlimited opportunities

- India is one of the fastest growing major economies in the world and has emerged as the **5th largest** economy on nominal GDP terms
- India's total stock market capitalization has crossed USD 4 trillion, making it the **fourth largest** in the world.
- India clocked highest ever overall exports of \$ 776 Bn in FY 2022-23
- India received the highest-ever FDI inflows of \$ 84.8 Bn in FY 2021-22
- India has ~1.3 Bn people with unique digital identity (Aadhar)
- There are 1.2 Bn mobile phone users including 750 Mn smartphone users in India
- 67% of India's population is in the age group of 15-64

International Financial Services Centre (IFSC) in GIFT City, Gujarat



GIFT City

Spread across 886 acres, Gujarat International Finance-Tec City (GIFT) consists of a Multi-Service Special Economic Zone (SEZ), which has been notified as India's maiden International Financial Services Centre, and an exclusive Domestic Tariff Area (DTA). An area of 261 acres has been demarcated as SEZ and an additional 625 acres has been demarcated as DTA. The city is situated on the banks of river Sabarmati and is strategically located between the business capital (Ahmedabad) and political capital (Gandhinagar) of Gujarat.

Conceptualized as a vertical city, GIFT city hosts state of the art infrastructure such as District Cooling System (DCS), Automated Waste Collection System (AWCS), and Underground Utility Tunnel. Such high-quality infrastructure has contributed in developing GIFT City as one of the world's leading Smart City.

International Financial Services Centres Authority (IFSCA)

The Government of India established International Financial Services Centres Authority under the International Financial Services Centres Authority Act 2019 passed by the Union Parliament.

The IFSCA has a statutory mandate to develop and regulate financial institutions, financial services, and financing products within the IFSCs in India. Government of India, with effect from October 2020, granted IFSCA the regulatory powers of four domestic regulators namely Reserve Bank of India (RBI), Securities & Exchange Board of India (SEBI), Insurance Regulatory and Development Authority of India (IRDAI) and Pension Fund Regulatory and Development Authority (PFRDA) for the IFSCs in India.

Overview of IFSC

IFSC Business Activities



Asset Management

- Alternative Investment Fund
- Portfolio Manager
- Investment Advisers
- Wealth Management
- Custodial Services
- Mutual Funds



Capital Markets

- Stock Exchanges
- Clearing Corporation
- Depository
- Depository Participant
- Broker



Insurance

- Indian & Foreign Insurer
- Indian & Foreign Reinsurer
- Indian & Foreign Intermediaries



Banking

- Indian Banks
- Foreign Banks



Other Financial Institutions

- Finance Company
- Global Corporate Treasury Centre
- International Trade Finance Services Platform



Professional Service Providers

- Asset Management Support Services
- Legal and Compliance Services
- Accounting and Auditing Services
- Consultancy Services
- Trusteeship Services*



Emerging Business Segments

- Global In-House Centre
- International Bullion Exchange
- Aircraft Leasing and Finance
- Global FinTech Hub

*Other than Debenture Trusteeship Services

IFSC OPPORTUNITIES

- Access to large hinterland economy
- Access to international markets
- Connecting ~30 Mn strong Indian diaspora which has a combined net worth of ~USD 3 Tr to India through IFSC
- Inbound and outbound gateway for International Financial Services
- Emerging as a leading hub for Fund Administration
- Poised to become a global finance and accounting hub
- Attracting global talent to the world class FinTech Hub in GIFT City

IFSC Competitive Tax Regime

- 100% Tax Holiday on Business Income (for 10 out of 15 years)
- Minimum Alternate Tax* @ 9%
- No CTT/STT/GST/Stamp Duty
- Withholding tax benefit on interest paid on Debt Instruments
- Competitive Tax Regime for Funds

*MAT provisions not applicable for companies opting for concessional tax rate under Sec. 115 BAA of Income Tax Act, 1961

IFSCA Vision

To provide world-class regulatory environment and develop IFSCs into leading Global Financial Centres with a primary focus on India's economic development apart from serving as a regional and global financial hub.



Hon'ble Prime Minister, Shri Narendra Modi

*“GIFT City is an important **gateway** to connect India with global opportunities. When you integrate with GIFT City, you will integrate with the whole world”*

July 29, 2022



Hon'ble Finance Minister, Ms. Nirmala Sitharaman

*“The Government has taken a decision to enable direct listing of listed/unlisted companies on IFSC exchanges, which will be operationalised shortly enabling start-ups and companies of like nature to access global market through **GIFT IFSC**. This will also facilitate access to global capital and result in better valuation for Indian companies.”*

July 28, 2023

IFSCA Listing Regulations

- IFSCA (Issuance and Listing of Securities) Regulations, 2021 notified
- Listing of various specified securities enabled
- Framework for listing of Green bonds, Social bonds, Sustainability bonds and Sustainability linked bonds specified

IPOs and FPOs

SMEs and Start-ups

SPACs

Secondary Listing

Depository Receipts

Debt Securities

ESG Debt Securities

IFSCA Regulations enable companies incorporated in India, IFSC and FATF compliant Foreign Jurisdictions to list their securities

IFSCA Ecosystem

- ✓ Stock Exchanges
- ✓ Clearing Corporations
- ✓ Depository
- ✓ Investment Bankers
- ✓ Custodians
- ✓ Broker Dealers
- ✓ Clearing Members
- ✓ Depository Participants
- ✓ Banking Ecosystem
- ✓ Debenture Trustees

IFSCA Listing Regulations Parameters

IPOs

Eligibility	<ul style="list-style-type: none">• The issuer shall have commenced business at least 3 yrs prior to the date of filing of prospectus
Financial Performance	<ul style="list-style-type: none">• Operating revenue \geq USD 20 mn in the preceding FY; or• Avg. pre-tax profit \geq USD 1 mn in the preceding 3 FY
Offer Details	<ul style="list-style-type: none">• Issue size \geq USD 15 million (or as specified by IFSCA)
Min. Subscription	<ul style="list-style-type: none">• 75% of the issue size; and• at least 200 investors
Allotment	<ul style="list-style-type: none">• Not more than 10% to a single investor
Lock-up	<ul style="list-style-type: none">• Pre-issue shareholding of all shareholders locked up for 180 days

IPOs by Start-ups & SMEs

Start-Ups

- (a) Less than 10 years
- (b) Annual turnover not exceeded USD 20 million
- (c) Working towards innovation, development or improvement of products or processes or services, or it is a scalable business model with a high potential of employment generation or wealth creation

SMEs

Annual Turnover \leq USD 50 million since incorporation

Offer Details	<ul style="list-style-type: none">• Issue size between USD 2 mn & USD 15 mn
Min. Subscription	<ul style="list-style-type: none">• 75% of the offer size; and• at least 50 investors
Lock-up	<ul style="list-style-type: none">• No lock-up provisions

Listing without public offer permitted for startups and SMEs.

IFSCA Listing Regulations Parameters

Secondary Listing

Framework enables secondary listing of the specified securities of the company on the stock exchanges in IFSC if the securities are already listed in an FATF compliant jurisdiction.

Depository Receipts (DRs)

IPO of DRs

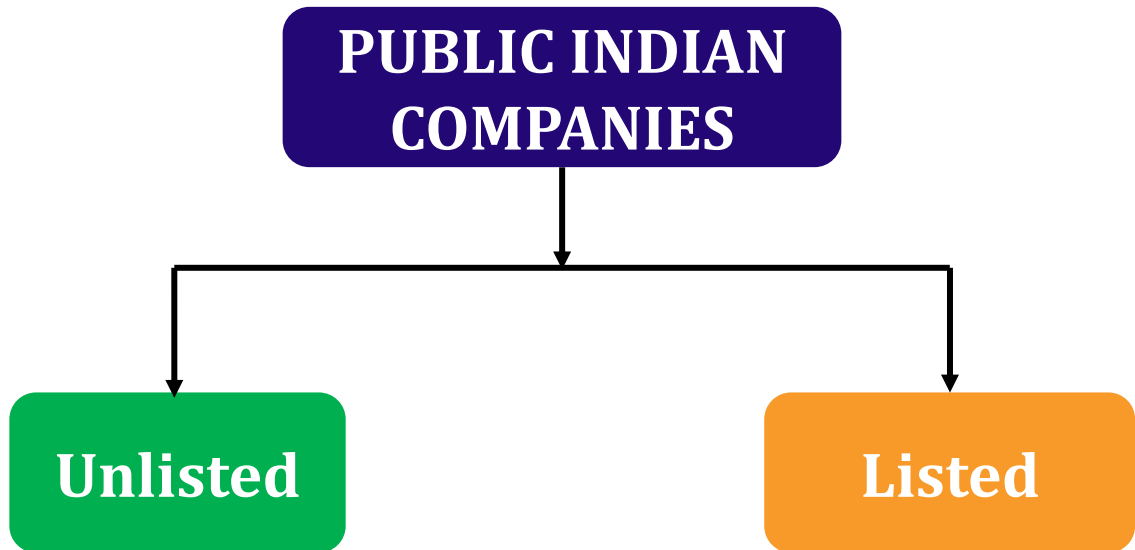
- **Offer size** – minimum USD 700,000/-
- **Minimum subscription** - minimum USD 700,000/-
- **Secondary listing** permitted

SPACs (Special Purpose Acquisition Company)

- **IPOs:** SPACs must raise at least \$50 million through an IPO.
- **Sponsors:** SPAC sponsors must own at least 15% to 20% of the post-issue paid-up capital.
- **Escrow:** 100% Proceeds of the IPO to be kept in interest bearing escrow account controlled by an independent custodian.
- **Application Size:** minimum USD 100,000
- **Subscription and allotment:** 75% of the issue size with at least 50 subscribers. No single applicant shall be allotted more than 10% of the post-issue capital.
- **Redemption:** If a shareholder (other than sponsors) has voted against the proposed business combination, he shall have the redemption right for converting his securities into a pro rata portion of the aggregate amount held in the escrow account (net of taxes payable).
- **Timeline:** Within the timeline disclosed in the offer document (not exceeding 36 months)

Direct Listing

Listing → IPO + OFS



Direct Listing: Regulatory Framework - A snapshot

The Foreign Exchange Management (Non-debt Instruments) Rules, 2019

The Companies Listing of equity shares in permissible jurisdictions) Rules 2024

IFSCA (Issuance and Listing of Securities) Regulations, 2021

SEBI Regulations (Indian listed companies)

Direct Listing (cont.)

Foreign Investment Limits

- Foreign holding shall not exceed limits prescribed under Schedule I of the Foreign Exchange Management (Non-debt Instruments) Rules, 2019
- Subject to limit specified for foreign portfolio investment under these Rules

Pricing



Unlisted public company – Issue Price for initial listing of equity shares shall be determined by a book-building process and shall not be less than the fair market value. Subsequent issuance and transfer of equity shares for the purpose of additional listing shall be as per applicable pricing norms of the international exchange and the permissible jurisdiction



Listed public company – Issue Price shall not be less than the price applicable to a corresponding mode of issuance of such equity shares, to domestic investors under the applicable laws.



Direct Listing (cont.)

Advantages to Issuers

- ❑ **Expanded Investor Base and Valuation:** *Listing on international exchanges provides access to a broader, more diverse pool of investors, including specialized investors with industry-specific interests. This exposure can lead to a higher valuation of the company's shares.*
- ❑ **Diversification and Financial Flexibility:** *International listings diversify the company's funding sources and allow for raising funds in foreign currencies.*
- ❑ **Global Visibility and Expansion:** *Listing on reputable international exchanges enhances a company's global visibility, positions it as a global player, and facilitates expansion into international markets.*
- ❑ **Exit Strategy:** *This serves as an exit strategy for early investors, founders, or private equity firms seeking to monetize their investments.*

Benefits to Investors



**Trading in
foreign
currency (USD)**



**Extended
Trading
Hours**



Tax benefits

Debt Listing Framework

Who can Issue?

1. Indian or Foreign entity or IFSC Entity
2. Public or Private
3. Supranational, Multilateral and statutory bodies
4. Municipalities, SPVs of State/Central Governments
5. Sovereign

Operational Ease

1. Flexible Financial Reporting
2. Exempt issuer category for certain issuer types
3. Optional Credit Rating
4. Optional to appoint Debenture Trustee
5. Simplified Secondary Listing Process
6. Exchange Connectivity for Disclosures

Types of Issuances

1. Foreign Currency Bonds & Masala Bonds
2. Medium Term Notes and Standalone Issuances

Mandatory listing for debt issuances by issuers based in IFSC

Minimum subscription in case of private placement – USD 100,000

ESG Labelled Bonds

Framework for ESG Labelled Bonds



Green Bonds



Social Bonds



Sustainable Bonds



Sustainability-linked Bonds

Recognised Framework

- ICMA Principles / Guidelines
- Climate Bonds Standard
- ASEAN Standards
- European Union Standards / Taxonomy
- Any framework or methodology specified by a competent authority in India

ESG Disclosure and Obligations

Green, Social and Sustainability Bonds

✓ Pre-issuance Disclosures

- ESG objectives of the issue
- Process for evaluation and selection of projects/assets
- Proposed utilization of the proceeds
- Systems and procedures to track the deployment

✓ Annual Disclosures until full allocation

- Utilization Report
- Allocation Report
- Impact Report

Sustainability-linked bonds

✓ Pre-issuance Disclosures

- Rationale for the issuance consistent with issuer's overall sustainability strategy
- All Pre-issuance obligations in accordance with aligned International standards

✓ Annual Disclosures

- Performance of selected KPIs
- Verification Report by External Reviewer on performance against SPTs and related impact

IFSC Advantages - Debt

1 Ease of raising funds by all types of issuers

2 Alignment of listing frameworks vis-à-vis global exchanges

3 Transparent and Simplified listing process

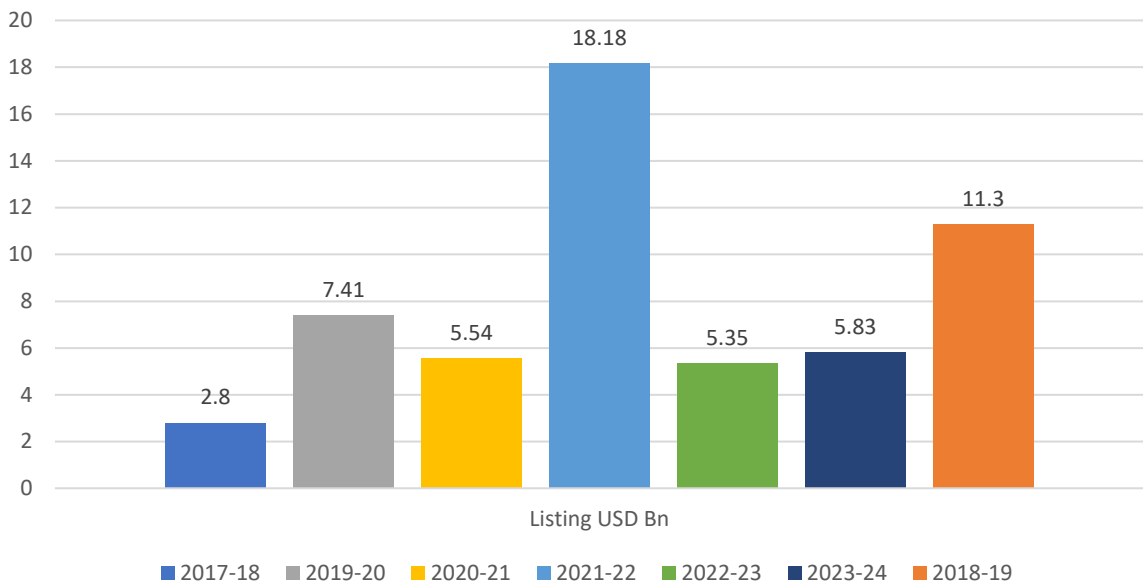
4 Cost competitive Listing fees and Services

5 Settlement of securities through International CSDs

6 Tax Advantage for Exclusive Listings

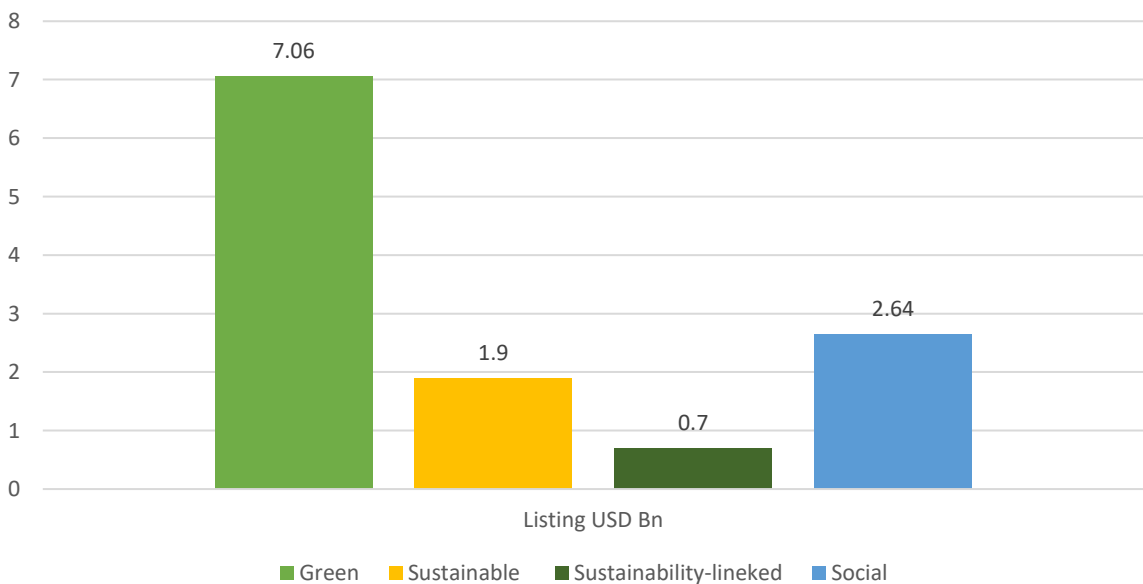
Debt Listings at IFSC

Total ESG Debt Listing in USD Bn



\$ 56.41 Bn
Total Debt Listings

ESG Debt listing in USD Bn



\$ 11.60 Bn
ESG-labelled Debt

Listing Obligations and Disclosure Requirements

Companies with specified securities listed on stock exchanges

- **Disclosures:** Material information, Board meetings, Shareholder meetings, Change in directors and KMPs, Resignation of auditors, Adverse opinions by auditors, Details of encumbrances, shareholding pattern, financial statements, corporate governance, etc.
- **Reports:** Annual report, quarterly financial results, sustainability report

Secondary Listing of specified securities

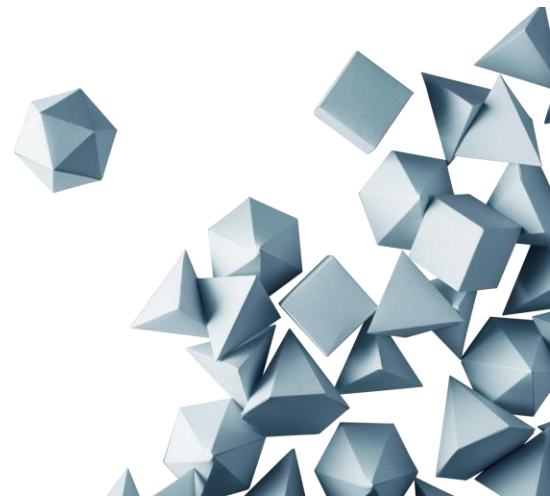
- Maintain listing on home exchange
- Release disclosures on IFSC exchanges at the same time as they are released at its home exchange

Depository Receipts

Disclosures: Financial statements, material or price sensitive events, shareholding pattern, corporate governance, change of depository, corporate actions and other compliances, etc.

Debt Securities

Disclosures: Material or price sensitive events, financial statements, annual report, revision in credit rating, etc.



Disclaimer: The information contained in this brochure is to give holistic view on financial services markets in GIFT IFSC. While all efforts have been taken to make this brochure as accurate as possible, please refer the print versions, notified Gazette copies of Acts/ Rules/ Regulations/ Circulars/FAQs issued by the IFSCA or Government of India. The IFSCA shall not be responsible for any loss to any person/entity caused by any defect or inaccuracy inadvertently or otherwise stated in this brochure.



International Financial Services Centres Authority (IFSCA),
2nd & 3rd Floor, PRAGYA Tower, Block 15, Zone 1, Road 1C, GIFT SEZ,
GIFT City, Gandhinagar, Gujarat - 382 355



+91-79-6180-9800



info-desk@ifsc.gov.in



www.ifsc.gov.in