

Public Comments on Draft IFSCA (Listing) Regulations, 2024

The consultation paper seeking comments/suggestions from the public on the **draft IFSCA (Listing) Regulations, 2024** was issued by IFSCA on May 03, 2024. The following comments/suggestions were received:

S. No.	Regulation no./sub regulation no.	Text of the Regulation/ sub-Regulation	Suggestion	Detailed Rationale
1	2	These regulations provide the regulatory framework for issue and listing of various financial products, including specified securities, debt securities and other financial products on the recognised stock exchanges in the international financial services centres in India.	We note that the applicability of the Listing Regulations has been proposed to be expanded to cover other financial products such as Commercial Paper, Certificate of Deposits and other financial products as may be specified by IFSCA. Whilst the definition of a ‘debt securities’ may be retained in the Listing Regulations, however, the IFSCA may consider drafting separate guidelines in respect of the following financial products: (i) security receipts; and (ii) securitised debt instruments.	International investors are already investing in securitised debt instruments through funds incorporated in GIFT City. As such securitised debt instruments have underlying loans originated in India (outside GIFT City), the IFSCA may consider separately issuing regulations in this respect. In this context, we note that the International Finance Corporation (“IFC”) has invested in a GIFT City fund that will “predominantly invest in senior tranches of securitized debt securities backed by granular assets (asset backed securitization or ABS) – majority of which are micro and small enterprises (MSEs) and income generating assets. The targeted asset-originators will be small to mid-tiered non-banking finance companies (NBFCs) in India with a domestic credit rating of BBB- to A+ that extend financing primarily for micro, small and medium enterprises (MSMEs) (including women etc.)” Link on IFC website: https://disclosures.ifc.org/project-detail/SII/46295/vivriti_abs

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2	3	“commercial paper” is an unsecured money market instrument issued in the form of promissory note	<p>This definition is consistent with the Master Direction – Reserve Bank of India (Commercial Paper and Non-Convertible Debentures of original or initial maturity upto one year) Directions, 2024.</p> <p>However, as a ‘promissory note’ is governed by the Negotiable Instruments Act, 1881, as amended (“Negotiable Instruments Act”), please either consider drafting another term or clarify that the enforcement in case of a default would be in accordance with the ‘norms specified by the Authority’</p>	<p>If the issuer of a promissory note fails to repay the amount, a payee can initiate legal proceedings. This includes proceedings under the Negotiable Instruments Act.</p> <p>Further, Sections 134 to 137 of the Negotiable Instruments Act set out the treatment of promissory notes issued outside India – if the term ‘promissory note’ is retained, then we request clarity on whether these commercial papers are issued outside or inside India.</p>
3	3(1) (h)	“debt securities” means non-convertible debt securities which create or acknowledge indebtedness and includes debentures and bonds	Drafting clarification: “debt securities” means non-convertible debt securities which create or acknowledge indebtedness and includes debentures, notes and bonds	The term ‘notes’ is in accordance with market practice
4	5(d)	The directors of an issuer shall ensure to act in the interests of shareholders as well as other stakeholders.	The directors of an issuer shall ensure to act in the interests of holders of listed securities shareholders as well as other stakeholders.	Similar terminology is being used in 5(c)
5	9	<p>9. Eligibility criteria</p> <p>An issuer shall be eligible to make an initial public offer only if:</p> <p>(a) the issuer has an operating revenue, based on consolidated audited accounts, of at least USD twenty million in the last financial year or averaged over the last three financial years; or</p> <p>(b) the issuer has a pre-tax profit, based on consolidated audited accounts, of at least USD</p>	<p>Provide a listing mechanism for issuers under Regulation 10(c) that do not meet the eligibility criteria under Regulation 9, which will be similar to eligibility under Regulation 6(2) of the SEBI ICDR Regulations for Indian companies proposing to undertake an IPO but do not meet the financial threshold provided for in Regulation 6(1) of the SEBI ICDR Regulations.</p> <p>Similar to the SEBI ICDR Regulations, there can be a concept of institutional investor or</p>	A large set of potential issuers will not be able to list their equity shares on Indian International Exchange (“INX”) and NSE International Exchange (“NSE INX”, and together with INX, “IFSC Stock Exchanges”) if it does not have operating profit of at least USD twenty million on a consolidated basis in the last financial year or average over the last three financial years or the issuer does not have at least USD one million in the last financial year or average over the last

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		<p>one million in the last financial year or averaged over the last three financial years; or</p> <p>(c) The issuer has a post issue market capitalization of at least USD twenty five million; or</p> <p>(d) The issuer is a start-up or a small and medium-sized enterprise:</p> <p><i>Explanation:</i> The issuer shall qualify as a start-up or a small and medium-sized enterprise as per the applicable definition in the jurisdiction of its incorporation or in the absence of the same, as may be specified by the Authority; or</p> <p>(e) It qualifies as an issuer under other eligibility criteria specified by the Authority.</p> <p><i>Explanation:</i> “Financial year” for the purposes of these regulations shall mean financial year followed by the issuer.</p>	<p>accredited investors and for the issuers who do not meet the eligibility criterion could undertake IPO if the institutional investor or accredited investors participate to a minimum threshold such as half of the IPO size or 75% of the IPO size.</p>	<p>three financial years on a consolidated basis or does not have a post issue market capitalization of at least USD twenty five million or the issuer is not a start-up or a small and medium-sized enterprise. For instance, it will deter issuers who want to list their equity shares on IFSC Stock Exchanges pursuant to a restructuring, or is currently or was in the past, a loss-making company in any of the last three years.</p>
6	9	<p>An issuer shall be eligible to make an initial public offer only if:</p> <p>(f) 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;</p> <p>(i)</p>	<p>Spelling error of ‘last’ in point (f) to be corrected.</p>	

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		<p>Explanation: The issuer shall qualify as a start-up or a small and medium-sized enterprise as per the applicable definition in the jurisdiction of its incorporation or in the absence of the same, as may be specified by the Authority; or</p> <p>(j) It qualifies as an issuer under other eligibility criteria specified by the Authority.</p> <p>Explanation: “Financial year” for the purposes of these regulations shall mean financial year followed by the issuer</p>	<p>Definition of start-up or a small and medium-sized enterprise shall be incorporated.</p> <p>Specify what does ‘Other eligibility criteria’ include.</p> <p>Moreover, the eligibility criteria should also cover qualitative aspects such as:</p> <p>a) Management has remained unchanged for the last two Financial Years.</p> <p>b) Ownership remains unchanged for the latest financial year.</p> <p>c) The issuer must be in a healthy financial position i.e. positive cash flow from operating activities.</p> <p>d) Whether the Working capital available to the group is sufficient for at least the next 12 months.</p>	<p>Based on our research, numerous international exchanges have integrated qualitative criteria in their regulations. Therefore, we recommend incorporating similar qualitative criteria.</p>
7	9(f)	The issuer has an operating revenue, based on consolidated audited accounts, of at least USD twenty million in the “ las ” financial year or averaged over the last three financial years; or	The word “ las ” to be substituted with the word “ last ”.	Typographical error.
8	9	(f)(g)(h)(i)(j)	Should be renumbered as (a)(b)(c)(d)(e)	Typographical error.
9	10	<p>SR Equity Shares</p> <p>If an issuer has issued SR equity shares or dual class shares to any shareholder, it shall be allowed to do an initial public offer of ordinary shares for</p>	Disclosure of SR equity shares along with the voting rights that they carry should be mandated in the offer document.	-

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		<p>listing on the recognised stock exchange(s) subject to compliance with the following:</p> <p>(a) The issue of SR equity shares had been authorized by a resolution passed at a General meeting of the shareholders of the issuer;</p> <p>The SR equity shares have been held for a period of at least three months prior to the filing of the draft offer document;</p>		
10.	11	<p>Offer for sale</p> <p>In case of an offer for sale, the securities must have been held by the sellers for a period of at least one year prior to the date of filing of the draft offer document:</p> <p>Provided that in case equity shares received on conversion or exchange of fully paid-up compulsorily convertible securities including depository receipts are being offered for sale, the holding period of such convertible securities, including depository receipts, as well as that of resultant equity shares together shall be considered for the purpose of calculation of the period of one year.</p>	<p>The holding period of equity shares proposed to be offered in the IPO can be relaxed to a shorter period of 6 months from the date of filing of the draft offer document to provide flexibility to the issuers.</p>	-
11	12	<p>12. Lead Manager</p> <p>The issuer shall appoint one or more investment bankers as lead manager(s) to the issue and other intermediaries in consultation with the lead</p>	<p>Please replace ‘merchant banker’ in Regulation 33 with ‘investment banker’ in line with the definition of “lead manager” in Regulation 3(t).</p>	

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		<p>manager(s).</p> <p>33. Lead Manager The issuer shall appoint one or more merchant bankers as lead manager(s) to the issue and shall also appoint other intermediaries in consultation with the lead manager(s).</p>	<p>Further, the IFSC Regulations need to clarify on the registration requirements under these regulations or by way of a separate set of regulations.</p>	
12	14	<p>Filing of Offer Document (1) Where size of the proposed issue is hundred million USD or below,</p> <p>(a) the issuer, through the lead manager(s), shall file a draft offer document along with fee with the Authority;</p> <p>(b) the lead manager(s) shall submit a due diligence certificate along with the draft offer document;</p> <p>(c) the draft offer document shall be hosted on the websites of the Authority, recognised stock exchange(s), issuer and the lead manager(s) of the issue.</p>	<p>Investors shall be permitted to provide comments on issuances below hundred million USD and lead managers should be required to file with the IFSCA details of material comments received by them or the issuer from the public on the draft offer document during that period and the consequential changes, if any, that are required to be made in the draft offer document.</p>	-
13	14(1)(b)	<p>14. Filing of Offer Document (1)(b) the lead manager(s) shall submit a due diligence certificate along with the draft offer document.</p>	<p>The lead manager(s) shall submit a due diligence certificate along with the draft offer document.</p>	<p>Please provide a template/ format of such due diligence certificate.</p>

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14	16	<p>16. Disclosures in Offer Document</p> <p>(1) The offer document shall contain all material disclosures which are true, correct and adequate to enable the investors to take an informed investment decision.</p> <p>(2) The lead manager(s) shall exercise due diligence and satisfy themselves about all aspects of the issue including materiality, veracity and adequacy of disclosures in the offer document.</p> <p>(3) The offer document shall contain disclosures relating to the public offer, including the following:</p> <p>(a) Offer Document Summary</p> <p>(b) Risk factors</p> <p>(c) Introduction providing a brief overview of the offer details including basis for offer price</p> <p>(d) General information</p> <p>(e) Capital Structure</p> <p><i>Explanation:</i> Capital structure shall include details of all shareholders holding five per cent or more of the pre-issue paid-up capital.</p>	<p>The disclosure requirements in the offer document prescribed under Regulation 16 of IFSC Regulations need to be explained with more details in certain cases. For instance, “details of major group companies including business and management” is required to be disclosed without defining “group companies”. Disclosure of management of group companies is excessive and not relevant.</p> <p>Further, chapter on Promoters or controlling shareholder and Board of Directors and Key Personnel should be provided.</p> <p>Further, restatement of financial statements could be required on the same basis as provided under the SEBI ICDR Regulations. Also, to consider if requirements such as proforma financials should be included.</p>	<p>While there are disclosure requirements prescribed in IFSC Regulations, these are vague and need clarity on the details and extent of disclosure required under each heading to ensure that offer documents are filed in a standard format that is easy to read by IFSCA and IFSC Stock Exchanges as well as the prospective investors. This can also be achieved through issuance of separate guidance notes similar to some of the offshore jurisdictions like Australia</p>

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		<p>(f)Particulars of the Issue</p> <ul style="list-style-type: none"> i. Objects of the Issue ii. Requirement of Funds iii. Funding Plan iv. Business/Project Appraisal, if any v. Deployment of Funds vi. Basis of Issue Price <p>(g) Underwriting</p> <p>(h) Tax Implications for investors</p> <p>(i) About the Issuer</p> <ul style="list-style-type: none"> i. Industry Description ii. Business Description iii. Organisational structure, Management and Remuneration iv. Shareholders' Agreements and Other material Agreements v. Dividend Policy <p>(j)Financial Statements</p>		

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		<p>(k)Material Related Party Transactions</p> <p>(l)Legal and Other Information</p> <p>i. Outstanding material litigation and material developments</p> <p>ii. Pending material Government/Regulatory approvals</p> <p>(m) Details of major group companies including business and management</p> <p>(n)Other regulatory and statutory disclosures</p> <p>(o)Any other material disclosures</p> <p><i>Explanation:</i> The issuer shall provide details about their materiality policy in the offer document.</p> <p>(4) Disclaimer: The offer document shall contain the following disclaimer in bold:</p> <p><i>"It is to be distinctly understood that filing of the offer document with IFSCA is for the purpose of record and should not in any way be deemed or construed that the same has been cleared or approved by IFSCA. IFSCA does not take any responsibility either for the financial soundness of the issuer or for the correctness of the statements made or opinions expressed in the</i></p>		

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		<p><i>offer document. The issuer and the investment banker(s) have certified that the disclosures made in the offer document are adequate and are in conformity with the IFSCA (Listing) Regulations, 2024. This requirement is to facilitate investors to take an informed decision for making investment. The Issuer is responsible for the correctness, adequacy and disclosure of all relevant information in the offer document."</i></p> <p>(5) Audited financial information of the issuer for at least three financial years shall be disclosed in the offer document:</p> <p>Provided that where the issuer has been in existence for less than three years, audited financial information shall be provided for such period of existence:</p> <p>Provided further that</p> <p style="padding-left: 40px;">(i) financial information in any offer document shall not be older than 135 days;</p> <p style="padding-left: 40px;">(ii) financial information for part of the financial year can be limited reviewed.</p> <p>Provided further that if the issuer has been in existence for less than one year, audited financial</p>		

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		<p>information shall be provided.</p> <p>(6) The issuer shall prepare its financial statements in accordance with IFRS or US GAAP or Ind AS or accounting standards as applicable in its jurisdiction of incorporation:</p> <p>Provided that an issuer preparing financial statements as per the accounting standards of its home jurisdiction (other than IFRS, US GAAP and Ind AS) shall be required to reconcile the same with IFRS.</p>		
15	18	<p>18. Pricing</p> <p>The issuer shall determine pricing in consultation with the lead manager(s) and may be through a fixed price mechanism or through book building mechanism and the same shall be suitably disclosed in the offer document:</p> <p>Provided that in case of listing of equity shares by a public Indian company, the issuer shall also comply with the requirements prescribed under schedule XI of the Foreign Exchange Management (Non-debt Instruments) Rules, 2019.</p>	<p>We recommend that while there is guidance on pricing for Indian companies proposing to list on IFSC Stock Exchanges under the Direct Listing of Equity Shares of Companies Incorporated in India on International Exchanges Scheme (the “Scheme”), clarity is required on applicable laws in relation to pricing of the issues by foreign companies in IFSC Regulations. The Scheme subjects potential Indian issuers to adhere to pricing norms which foreign issuers will not be subjected to any pricing norms.</p> <p>IFSCA may also consider prescribing adjustments for infrequently traded shares, similar to the provisions in the SEBI ICDR Regulations.</p>	-

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			Further, it is also recommended that IFSC Regulations prescribe a robust mechanism for book-building process for price discovery which is more in line with international norms rather than the Indian standards.	
16	20	Minimum public offer The minimum public offer shall not be less than 10% of the post issue paid-up capital of the issuer.	The minimum public offer shall be at least 25% especially since in the initial period market may not have depth so higher public participation will help in avoiding mischief. At a subsequent stage, valuation linked relaxation could be provided. Further minimum number of allottees such as 500 should be provided to ensure depth in the market.	-
17	21	21. Minimum Subscription An offer shall be considered successful only if the minimum subscription as disclosed in the offer document is received: Provided that the concept of minimum subscription shall apply only to fresh issue of specified securities and not for the Offer for Sale component of the public offer.	We recommend that under Regulation 21, clarify what the minimum subscription received in the issue shall be instead of leaving it at the discretion of the issuer company. This could be a lower threshold compared to the Indian regulations such as 50% or 75% of the IPO size especially in cases where the proceeds are proposed to be utilised for capital expenditure or a project.	-
18	21	An offer shall be considered successful only if the minimum subscription as disclosed in the offer document is received	It is suggested to specify the quantum of minimum subscription.	In order to have uniformity for all the entities, and since, the offer document may contain the % of minimum subscription differ from company to company it is suggested to specify the quantum of minimum subscription.
19	22	Anchor Investor	Anchor Investors shall be defined.	-

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		The issuer may offer a portion of the issue size for subscription by an anchor investor, subject to disclosures made in the offer document such as details of anchor investor, proposed maximum limit of allotment to anchor investor, lockup (if any), pricing etc.		
20	24	<p>Allotment</p> <p>(1) Allotment to investors shall be on proportionate basis or discretionary basis and shall be disclosed in the offer document:</p> <p>Provided that no single investor, other than an underwriter, shall be allotted more than 10% of the post issue capital unless specifically disclosed in the offer document.</p> <p>(2) The issuer and lead manager(s) shall ensure that the specified securities are allotted and the payments and refunds are completed within 5 working days from the date of closing of the issue.</p>	<p>The allotment cap in the proviso of 10% should be on “single investor group” and should not be applicable in case of allotment undertaken on proportionate basis.</p> <p>Further, payment mechanism like normal banking channel or ASBA mechanism should be provided as that would also help in reducing timeline for completion of issue process to 3 working days from issue closure from the proposed 5 working days.</p>	-
21	24	(2) The issuer and lead manager(s) shall ensure that the specified securities are allotted and the payments and refunds are completed within 5 working days from the date of closing of the issue.	RTA role not mentioned, provide Issuer and lead manager role in this context explicitly.	The proposed listing regulations 2024, mentions certain activities mentioned which shall be ensured by the Issuer and lead manager(s), which are partly managed by Issuers RTA in the domestic segment based on Issuer instructions. However, as observed there is no mention of RTA, understand Issuer/lead manager shall ensure these activities.

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22	26	The issuer, through the lead manager(s), issuer shall file a post-issue report with the recognised stock exchange(s) giving details 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, date of filing of listing application, etc. within ten working days from the date of closing the issue.	The issuer, through the lead manager(s), <u>issuer</u> shall file a post-issue report with the recognised stock exchange(s) giving details 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, date of filing of listing application, etc. within ten working days from the date of closing the issue.	There seems to be a typo error
23	26	26. Post-issue report The issuer, through the lead manager(s), issuer shall file a post-issue report with the recognised stock exchange(s) giving details 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, date of filing of listing application, etc. within ten working days from the date of closing the issue.	RTA role not mentioned, provide Issuer and lead manager role in this context explicitly.	The proposed listing regulations 2024, mentions certain activities mentioned which shall be ensured by the Issuer and lead manager(s), which are partly managed by Issuers RTA in the domestic segment based on Issuer instructions. However, as observed there is no mention of RTA, understand Issuer/lead manager shall ensure these activities.
24	28	<p>28. Lockup of securities</p> <p>(1) The pre-issue shareholding of promoters and controlling shareholders of the issuer shall be locked-up for a period of 180 days from the date of allotment in the initial public offer:</p> <p>Provided that the lockup provisions shall 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</p>	Exceptions for pledge as a collateral security for a loan granted by a scheduled commercial bank or a public financial institution or a systemically important nonbanking finance company or a housing finance company may not be relevant for non-Indian companies proposing to list. This exception could be more open ended for pledges provided invocation and transfer should be allowed only subject to continuation of lock in on the transferred shares	Similar exceptions are already provided under Regulation 17 of SEBI ICDR Regulations.

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		<p>the date on which they are returned to the lender.</p> <p>(2) The shareholding of the SR Equity Shares shall be locked-up after the initial public offering, until the later of:</p> <p>a)their conversion to ordinary shares; and</p> <p>b)One year from the date of allotment in the initial public offer.</p> <p>(3) The specified securities held by the promoters or controlling shareholders and locked- up may be pledged as a collateral security for a loan granted by a scheduled commercial bank or a public financial institution or a systemically important nonbanking finance company or a housing finance company.</p>		
25	28	The pre-issue shareholding of promoters and controlling shareholders of the issuer shall be locked-up for a period of 180 days from the date of allotment in the initial public offer	Lock-in period of post-issue shareholding and minimum promoter's contribution may also be specified.	To avoid the ambiguity within the lock-in period of the promoter's holding, the lock-in period of post- issue shareholding and minimum promoter's contribution may be specified separately.
26	28	<p>28. Lockup of securities</p> <p>(1) The pre-issue shareholding of promoters and controlling shareholders of the issuer shall be locked-up for a period of 180 days from the date of allotment in the initial public offer:</p>	RTA role not mentioned, provide Issuer and lead manager role in this context explicitly.	The proposed listing regulations 2024, mentions certain activities mentioned which shall be ensured by the Issuer and lead manager(s), which are partly managed by Issuers RTA in the domestic segment based on Issuer instructions. However, as observed there is no mention

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				of RTA, understand Issuer/lead manager shall ensure these activities.
27	29	29 (5) The lead manager(s) shall continue to be responsible for post-issue activities till the applicants have received the securities certificates, credit to their demat account or refund of application monies and the listing agreement is entered into by the issuer with the stock exchange and listing or trading permission is obtained.	RTA role not mentioned, provide Issuer and lead manager role in this context explicitly.	The proposed listing regulations 2024, mentions certain activities mentioned which shall be ensured by the Issuer and lead manager(s), which are partly managed by Issuers RTA in the domestic segment based on Issuer instructions. However, as observed there is no mention of RTA, understand Issuer/lead manager shall ensure these activities.
28	33	<p>12. Lead Manager The issuer shall appoint one or more investment bankers as lead manager(s) to the issue and other intermediaries in consultation with the lead manager(s).</p> <p>33. Lead Manager The issuer shall appoint one or more merchant bankers as lead manager(s) to the issue and shall also appoint other intermediaries in consultation with the lead manager(s).</p>	<p>Please replace ‘merchant banker’ in Regulation 33 with ‘investment banker’ in line with the definition of “lead manager” in Regulation 3(t).</p> <p>Further, the IFSC Regulations need to clarify on the registration requirements under these regulations or by way of a separate set of regulations.</p>	-
29	67	<p>67. Listing of Debt Securities</p> <p>An issuer may list its debt securities on a recognised stock exchange:</p> <p><i>Explanation:</i> The debt securities listed on a recognised stock exchange may be a standalone issuance or a series of issuances such as Medium Term Note programmes.</p>	Listing of Foreign currency bonds under External commercial borrowings by domestic Issuers may also be explicitly mentioned under listing of debt securities.	This will provide guidance for listing of foreign currency bonds in IFSC jurisdiction.

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30	67	Explanation: The debt securities listed on a recognised stock exchange may be a standalone issuance or a series of issuances such as Medium Term Note programmes.	Drafting clarification: Explanation: The debt securities listed on a recognised stock exchange may be a standalone issuance or a series of issuances under a programme (including medium term note programme).	Drafted for consistency with Regulation 69 (4) (extracted below). In case of debt securities issued under a programme (including Medium Term Notes programme), the recognised stock exchange may admit to trading the securities which are issued under the programme. As the term “Medium Term Note” is capitalised, but not defined, the term may either be uncapitalized or defined.
31	70	<p>Credit Rating</p> <ol style="list-style-type: none"> 1) The issuer shall obtain credit rating for its debt securities listed on a recognised stock exchange from a credit rating agency registered either with the Authority or with a regulator in a Foreign Jurisdiction. 2) It shall be mandatory to obtain a credit rating from at least one credit rating agency registered with the Authority; and the issuer may at its discretion, obtain additional credit rating(s) from any globally recognised rating agency which is registered with a regulator in a Foreign Jurisdiction. <p>Explanation: The provisions of this sub-regulation shall come into effect from April 01, 2025, or such other date as may be specified by the Authority.</p>	Credit rating may be kept optional instead of mandatory for debt issuances.	-

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		3) The issuer shall disclose details of the credit ratings in the prospectus, shelf prospectus or information memorandum, as the case may be.		
32	70	(2) It shall be mandatory to obtain a credit rating from at least one credit rating agency registered with the Authority; and the issuer may at its discretion, obtain additional credit rating(s) from any globally recognised rating agency which is registered with a regulator in a Foreign Jurisdiction.	It is recommended that the credit rating shall be kept optional, as in the existing ILS regulations and not compulsory.	It may be noted that the SEBI IFSC guidelines 2015 had mandated credit rating, the same was thereafter removed and made optional when listing in IFSC started following the ILS 2021 guidelines. It is pertinent to note that several smaller ECB issuers who have only just began venturing into listing their debt instruments at GIFT City may find this requirement an additional operational as well as commercial burden.
33	70 (1)	The issuer shall obtain credit rating for its debt securities listed on a recognised stock exchange from a credit rating agency registered either with the Authority or with a regulator in a Foreign Jurisdiction.	The issuer shall obtain credit rating for its debt securities listed or proposed to be listed on a recognised stock exchange from a credit rating agency registered with the Authority and operating from Gift City or from any qualified global credit rating agency registered with a regulator in a foreign jurisdiction. <i>(Refer Appendix 1).</i>	Seeking at least one rating from an IFSCA registered rating agency and operating from Gift City would create and develop the necessary ecosystem, infrastructure, and attract relevant talent at the Gift City and thereby leading to a broader and holistic development of the IFSC.

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				<p>‘Any regulator in Foreign Jurisdiction’ is a broader set from a regulatory perspective, mainly because, with such definition any rating agency registered with domestic regulator of that country would become eligible for issuance of ratings at IFSC. Hence, we have recommended to specify globally recognised rating agencies in the form of qualified status from IFSCA. Further, given the IOSCO principle of adequate regulatory oversight on CRAs, a regular information submission from the qualified global rating agencies should be enabled in the regulations to maintain the rating quality and have adequate control.</p>
34	70 (2)	<p>It shall be mandatory to obtain a credit rating from at least one credit rating agency registered with the Authority; and the issuer may at its discretion, obtain additional credit rating(s) from any globally recognised rating agency which is registered with a regulator in a Foreign Jurisdiction</p>	<p>It shall be mandatory to obtain a credit rating from at least one credit rating agency registered with the Authority and operating from gift city; and the issuer may at its discretion, obtain additional credit rating(s) from any global qualified credit rating agency registered with a regulator in a foreign jurisdiction. <i>(Refer Appendix 1)</i></p>	-

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35	70 (3)	<p>The issuer shall disclose details of the credit ratings in the prospectus, shelf prospectus or information memorandum, as the case may be.</p> <p>Explanation: The provisions of this sub-regulation shall come into effect from April 01, 2025 or such other date as may be specified by the Authority</p>	<p>Explanation: The provisions of this sub-regulation shall come into effect from <u>July 01, 2024</u>, or such other date as may be specified by the Authority</p>	<p>We suggest implementing this provision by 1st July, 2024. This would expedite in creating and developing the necessary ecosystem, infrastructure, and attract talent at the Gift City and thereby lead to a broader and holistic development of the IFSC.</p>
36	72	<p>Exempt Issuers</p> <p>The recognised stock exchange(s) may relax some of the requirements from this chapter or chapter X for the following issuers:</p> <p>(a) Supranational, multilateral or statutory institutions /organizations /agencies; and</p> <p>(b) Entities whose securities are irrevocably guaranteed by a Sovereign; and</p> <p>(c) Any other entity as may be specified by the Authority from time to time.</p>	<p>We recommend deleting this provision.</p>	<p>These entities/ institutions should expect to adhere to high standards of governance and transparency, hence same regulations should continue to be applicable without any exemption.</p>

S. No.	Regulation no./sub regulation no.	Text of the Regulation/ sub-Regulation	Suggestion	Detailed Rationale
37	74 (4)	<p>The independent external review mentioned at sub-regulation (3) may take one or more of the following forms recommended by International Capital Market Association:</p> <p>(a) Second Party Opinion</p> <p>(b) Verification</p> <p>(c) Certification</p> <p>(d) Scoring / Rating</p> <p>Note: A credit rating agency registered with the Authority is also eligible to act as an external reviewer</p>	Agree	-
38	87	The Listed Entity shall 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 stock exchange(s).....	Timeline for “ prior ” and “ outcome ” to be prescribed.	For timely and ease of disclosure of information.

S. No.	Regulation no./sub regulation no.	Text of the Regulation/ sub-Regulation	Suggestion	Detailed Rationale
39	88	The Listed Entity shall immediately disclose to the stock exchanges the proceedings of Annual and extraordinary general meetings.	The word “ immediately ” shall be substituted with the word “ promptly ”.	The word “immediately” is more stringent and demanding. The word promptly gives leverage to the management to make the disclosure in a timely manner Therefore, for the ease of disclosure the substitution may be made.
40	89(1)	The Listed Entity shall immediately disclose to the stock exchanges any change in director, key managerial personnel, auditor or Compliance Officer.	The word “ immediately ” shall be substituted with “ promptly ”.	The word “immediately” is more stringent and demanding. The word promptly gives leverage to the management to make the disclosure in a timely manner Therefore, for the ease of disclosure the substitution may be made.
41	92(2)	The Listed Entity shall ensure that the disclosures received under sub-regulation (1) are immediately disclosed to the recognised stock exchange(s).	The word “ immediately ” shall be substituted with “ promptly ”.	The word “immediately” is more stringent and demanding. The word promptly gives leverage to the management to make the disclosure in a timely manner Therefore, for the ease of disclosure the substitution may be made.
42	93	Shareholding Pattern:	As specified that listed entity shall submit shareholding pattern in format specified by	SEBI has prescribed the format.

S. No.	Regulation no./sub regulation no.	Text of the Regulation/ sub-Regulation	Suggestion	Detailed Rationale
		The Listed Entity shall submit to the stock exchange(s) shareholding pattern of the company, in the format specified by the IFSCA or the stock exchange(s) on a quarterly basis, within fifteen working days from the end of each quarter	IFSCA or stock exchange(s). There is no such format prescribed. In case the company is listed on any other Exchange, it may be permitted to submit in the same format as it is submitting to the other Exchange.	
43	94	The Listed Entity shall disclose to the stock exchange(s) the audited standalone and consolidated financial statements for the full financial year immediately after finalisation of the accounts , but in any event not later than three months of the end of financial year.	The Listed Entity shall disclose to the stock exchange(s) the audited standalone and consolidated financial statements for the full financial year “ promptly ” after the approval of its board of directors. Provided that the finalisation of the accounts shall be done as soon as reasonably possible but not later than three months from the end of financial year.	In order to reduce the time gap between the day of finalisation of accounts and the disclosure to the stock exchange and to establish the authenticity of financial statements. Also, the word “immediately” is more stringent and demanding than “promptly” and promptly gives leverage to the management to make the disclosure in a timely manner Therefore, for the ease of disclosure the amendment may be made
44	94	(1) The Listed Entity shall disclose to the stock exchange(s) the audited standalone and consolidated financial statements for the full financial year immediately after the approval of its board of, but in any event not later than three months of the end of financial year. (2) The Listed Entity shall disclose to the stock exchange(s) the financial statements for each of the first three quarters of its financial year immediately after the approval of its board of directors, but in any event not later than 45 days after the quarter end.	(1) The Listed Entity shall disclose to the stock exchange(s) the audited standalone and consolidated financial statements for the full financial year 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 shall disclose to the stock exchange(s) the limited reviewed financial statements results for each of the first three quarters of its the financial year immediately after the approval of its board of directors, but in any event not later than 45	It is in alignment with SEBI Regulations. Further, similar amendments may also be considered for Regulation 105 and 115.

S. No.	Regulation no./sub regulation no.	Text of the Regulation/ sub-Regulation	Suggestion	Detailed Rationale
			days after the quarter end and 60 days from end of financial year	
45	96	The Listed Entity shall submit to the stock exchange 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.	Timeline for “ quarterly basis ” may be defined.	For the ease of doing business and timely disclosure, the entity may interpret the provisions in accordance with their discretion.
46	99	The Listed Entity shall inform the stock exchange(s) in advance of any proposed corporate action like stock split, consolidation, dividend, bonus etc.	Timelines to make advance information to stock exchange for any proposed corporate action may be specified.	For the ease of doing business and timely disclosure also the word advance is very relative and depends on how much conservative an entity is, therefore, it is suggested to define the word advance in a specified manner.
47	105	The Listed Entity shall disclose to the recognised stock exchange(s) the audited financial statements for the full financial year immediately , but not later than 24 hours, after the finalisation of accounts , but in any event not later than six months of the end of financial year.	The Listed Entity shall disclose to the recognised stock exchange(s) the audited financial statements for the full financial year “ promptly ” after the approval of its board of directors. Provided that the finalisation of the accounts shall be done as soon as reasonably possible but not later than three months from the end of financial year.	In order to reduce the time gap between the day of finalisation of accounts and the disclosure to the stock exchange and to establish the authenticity of financial statements. Also, the word “immediately” is more stringent and demanding than “promptly” and promptly gives leverage to the management to make the disclosure in a timely manner Therefore, for the ease of disclosure the amendment may be made

S. No.	Regulation no./sub regulation no.	Text of the Regulation/ sub-Regulation	Suggestion	Detailed Rationale
48	105	(1) The Listed Entity shall disclose to the stock exchange(s) the audited standalone and consolidated financial statements for the full financial year immediately after the approval of its board of, but in any event not later than three months of the end of financial year. (2) The Listed Entity shall disclose to the stock exchange(s) the financial statements for each of the first three quarters of its financial year immediately after the approval of its board of directors, but in any event not later than 45 days after the quarter end.	(1) The Listed Entity shall disclose to the stock exchange(s) the audited standalone and consolidated financial statements for the full financial year 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 shall disclose to the stock exchange(s) the limited reviewed financial statements results for each of the first three quarters of its the financial year immediately after the approval of its board of directors, but in any event not later than 45 days after the quarter end and 60 days from end of financial year	It is in alignment with SEBI Regulations. Further, similar amendments may also be considered for Regulation 105 and 115.
49	106	The Listed Entity shall immediately disclose to the recognised stock exchange(s) all events which are material or price sensitive.	The word “ immediately ” shall be substituted with “ promptly ”.	The word “immediately” is more stringent and demanding. The word promptly gives leverage to the management to make the disclosure in a timely manner Therefore, for the ease of disclosure the substitution may be made.
50	112	<i>An issuer incorporated in IFSC and desirous of issuing debt securities shall mandatorily apply for listing of its debt securities on a recognised stock exchange.</i>	Several Indian issuers, to take advantage of the lower withholding tax now list their drawdowns under an MTN programme in IFSC. However, because the establishment of MTN in IFSC is not mandatory, despite several requests they continue to establish / update their programme in SGX and only list in IFSC for the fiscal benefit.	In order to make IFSC an-all inclusive destination for raising foreign capital by atleast the Indian issuers, may we suggest that the following edit (in red font) could be considered in the ILS Regulations, 2021: <i>Under: Mandatory listing for issuers based in IFSC and mandatory establishment of MTN of Indian issuers prior to drawdown</i>

S. No.	Regulation no./sub regulation no.	Text of the Regulation/ sub-Regulation	Suggestion	Detailed Rationale
				<p><i>112. An issuer incorporated in IFSC and desirous of issuing debt securities shall mandatorily apply for listing of its debt securities on a recognised stock exchange.</i></p> <p><i>An Indian issuer raising debt securities under a Medium Term Note programme shall mandatorily establish the MTN programme on a recognised stock Exchange in IFSC prior to listing of a proposed drawdown under the said programme.</i></p>
51	117	The issuer shall immediately disclose to the stock exchange any revision in the credit rating.	The word “ immediately ” shall be substituted with “ promptly ”.	The word “immediately” is more stringent and demanding. The word promptly gives leverage to the management to make the disclosure in a timely manner Therefore, for the ease of disclosure the substitution may be made.
52	Addition of new sub regulations		<p>It is suggested to add Regulation 74(5):</p> <p>Appointment of Monitoring Agency: (a)The Issuer shall make arrangements for the use of proceeds of the issue to be monitored by a credit rating agency registered with the Authority. (b) The monitoring agency shall submit its report to the issuer in the prescribed format on a quarterly/half yearly basis, till hundred per cent of the proceeds of the issue have been utilised. (c) The board of directors and the management of the issuer shall provide their comments on the findings of the monitoring agency. (d) The</p>	

S. No.	Regulation no./sub regulation no.	Text of the Regulation/ sub-Regulation	Suggestion	Detailed Rationale
			<p>issuer shall, within 45 days / 60 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 stock exchange(s) on which securities are listed.</p>	
53	Addition of new sub regulations		<p>It is suggested to add Regulation 81:</p> <p>For the above referred financial products (Sub Regulation number 77-80), it shall be mandatory to obtain a credit rating from at least one credit rating agency registered with the Authority operating from Gift City.</p>	<p>This is in line with prevalent regulations in India where the products such as CD/ CP/ InvITs etc. are also rated by CRAs registered with SEBI.</p> <p>This will help in developing the eco system for all intermediaries / Issuers and Investors.</p>
54	Addition of new sub regulations		<p>Appointment of Monitoring Agency:</p> <p>The Issuer shall make arrangements for the use of proceeds of the issue to be monitored by a credit rating agency registered with the Authority. (b) The monitoring agency shall submit its report to the issuer in the prescribed format on a quarterly/half yearly basis, till hundred per cent of the proceeds of the issue have been utilised. (c) The board of directors and the management of the issuer shall provide their comments on the findings of the monitoring agency. (d) The issuer shall, within 45 days / 60 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</p>	<p>This proposal to add monitoring of the utilisation of proceeds of issuance is in line with the SEBI (ICDR) Regulations to ensure that the proceeds are getting utilised as per the objectives referred in the offer document and also to ensure the investor protection for those who have invested in issuance. This would help in boosting the investors` confidence in Gift City capital markets.</p>

S. No.	Regulation no./sub regulation no.	Text of the Regulation/ sub-Regulation	Suggestion	Detailed Rationale
			the stock exchange(s) on which securities are listed	
55	Addition of new sub-regulations		<p>CHAPTER XI: LISTING OF OTHER FINANCIAL PRODUCTS</p> <p>It is suggested to add Regulation 81:</p> <p>For the above referred financial products (Sub Regulation number 77-80), it shall be mandatory to obtain a credit rating from at least one credit rating agency registered with the Authority operating from Gift City.</p>	<p>This is in line with prevalent regulations in India where the products such as CD/ CP/ InvITs etc. are also rated by CRAs registered with SEBI.</p> <p>This will help in developing the eco system for all intermediaries / Issuers and Investors.</p>
56	Addition of new sub-regulations		<p>CHAPTER X: ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) LABELLED DEBT SECURITIES</p> <p>It is suggested to add Regulation 74(5):</p> <p>Appointment of Monitoring Agency: (a)The Issuer shall make arrangements for the use of proceeds of the issue to be monitored by a credit rating agency registered with the Authority. (b) The monitoring agency shall submit its report to the issuer in the prescribed format on a quarterly/half yearly basis, till hundred per cent of the proceeds of the issue have been utilised. (c) The board of directors and the management of the issuer shall provide their comments on the findings of the monitoring agency. (d) The issuer shall, within 45 days / 60 days from the</p>	-

S. No.	Regulation no./sub regulation no.	Text of the Regulation/ sub-Regulation	Suggestion	Detailed Rationale
			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 stock exchange(s) on which securities are listed.	
57	Addition of new sub-regulations		<p>CHAPTER III to CHAPTER VIII: VARIOUS ISSUANCE AND OFFER OF SPECIFIED SECURITIES (IPO/ FPO)</p> <p>Appointment of Monitoring Agency:</p> <p>The Issuer shall make arrangements for the use of proceeds of the issue to be monitored by a credit rating agency registered with the Authority. (b) The monitoring agency shall submit its report to the issuer in the prescribed format on a quarterly/half yearly basis, till hundred per cent of the proceeds of the issue have been utilised. (c) The board of directors and the management of the issuer shall provide their comments on the findings of the monitoring agency. (d) The issuer shall, within 45 days / 60 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 stock exchange(s) on which securities are listed</p>	This proposal to add monitoring of the utilisation of proceeds of issuance is in line with the SEBI (ICDR) Regulations to ensure that the proceeds are getting utilised as per the objectives referred in the offer document and also to ensure the investor protection for those who have invested in issuance. This would help in boosting the investors` confidence in Gift City capital markets.
58	Additional Comments	Regulation 2(o) of IFSCA MII regulations	propose to include a definition of depository	Given the pivotal role that the depository will play in the overall ecosystem, it is

S. No.	Regulation no./sub regulation no.	Text of the Regulation/ sub-Regulation	Suggestion	Detailed Rationale
		“recognised depository” means a depository in an IFSC recognised by the Authority		proposed that its definition be formally incorporated.
59	Additional Comments	-	<ul style="list-style-type: none"> • Many terms used in the IFSC Regulations are not defined such as “group companies”, “anchor investor”, “employees” etc. Please include definitions, as appropriate. • IFSC Regulations appear to be a mix of replica of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements), 2018 (“SEBI ICDR Regulations”) and certain selective relaxation. The objective of the IFSC Regulations is not coming out clearly, that is, if the intent is to provide far more relaxed regulations to attract Indian companies or to provide a similar but alternate platform for Indian issuers. Further, non-Indian issuers would not be able to appreciate that the standards proposed is in line with the global standards or are comparable to other Asian markets such as Singapore and Hong Kong markets. 	-

S. No.	Regulation no./sub regulation no.	Text of the Regulation/ sub-Regulation	Suggestion	Detailed Rationale
			<ul style="list-style-type: none"> Some of the key concepts have not been detailed such as reservation, discount on the IPO price, price band, etc. 	
60	Additional Comments	-	<ul style="list-style-type: none"> We have noted that Singapore Exchange also allows listing of Partly paid shares provided at least one month's notice in advance of the amount and time of payment of each call is given to shareholders. (https://rulebook.sgx.com/rulebook/206-0) 	-
61	Additional Comments	-	<p>Appendix 1: List of qualified rating agencies and information to be sought from a qualified and authorised CRAs on periodic basis</p> <p>List of Qualified Global Credit Rating Agencies:</p> <p>Based on experience of current ratings of listed debt securities, the following rating agencies are considered as qualified global agencies. This is in alignment with the agencies listed in RBI regulations on basel II capital risk weighting:</p> <ol style="list-style-type: none"> S&P Global Moody's Fitch 	-

S. No.	Regulation no./sub regulation no.	Text of the Regulation/ sub-Regulation	Suggestion	Detailed Rationale
			<p>Information to be submitted by Authorized and Qualified global CRA on a periodic basis:</p> <p>The qualified global CRAs shall provide important information about their performance, governance, and processes to IFSCA on an annual basis such as:</p> <ol style="list-style-type: none"> 1. Jurisdiction of rating assignment 2. Governance mechanism for assigning ratings and ratings process 3. Rating committee composition and experience 4. Management of conflict of interests 5. Performance metrics: <ol style="list-style-type: none"> a. 1 year, 3 years and 10 years Transition and default rates b. Sharp rating changes (defined as 3 or more notches) 	

IFSCA Response:

During the public consultation, comments were received from various stakeholders. The regulations were suitably modified based on the comments received from the stakeholders and were placed before the Standing Committee on Primary Markets (SCOP). Pursuant to recommendations of SCOP, the draft regulations were modified and placed before the Authority in the meeting held on June 27, 2024. The comments received from the stakeholders were also placed before the Authority.