

## LISTING ON INSTITUTIONAL TRADING PLATFORM UNDER THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009

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### FAQs

#### 1. WHAT IS AN INSTITUTIONAL TRADING PLATFORM (“ITP”) AND HOW IS IT DIFFERENT FROM OTHER TRADING PLATFORMS?

ITP is a trading platform for listing and trading of equity shares or convertible securities of: (i) companies which are intensive in the use of technology, information technology, intellectual property, data analytics, bio technology or nano technology; and (ii) companies in which a major portion of the share capital is held by qualified institutional buyers (“QIBs”).

On August 14, 2015, the Securities and Exchange Board of India (“SEBI”) notified the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2015 which, inter alia, replaced the existing Chapter XC of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (the “ICDR Regulations”), with a new set of regulations laying down the terms and conditions for entities desirous of listing on the ITP (the “ITP Regulations”).

The ITP established by BSE Limited (“BSE”) pursuant to the ITP Regulations is known as BSE Hi-Tech (“BSE Hi-Tech”).

#### 2. HOW IS BSE HI-TECH DIFFERENT FROM BSE SME PLATFORM?

BSE Hi-Tech should not be confused with the BSE SME platform, and unlike listing on the BSE SME platform, listing on BSE Hi-Tech does not mandate an initial public offering.

#### 3. WHO IS ELIGIBLE TO LIST ON BSE HI-TECH?

The following categories of entities are eligible to list on BSE Hi-Tech:

- (i) entities which are intensive in the use of technology, information technology, intellectual property, data analytics, bio technology or nano technology to provide products, services or business platforms with substantial value addition, and in which at least 25% of the share capital is being held by QIBs; or
- (ii) entities in which at least 50% of the share capital is being held by QIBs.

#### 4. WHO IS ELIGIBLE TO INVEST IN AN ENTITY LISTED ON BSE HI-TECH?

BSE Hi-Tech is accessible to institutional investors and non-institutional investors.

Institutional investors are: (i) QIBs (as explained below); and (ii) family trusts or systemically important non-banking financial corporations registered with the Reserve Bank of India (“RBI”) or intermediaries registered with SEBI, all with net-worth of more than INR 500 crore as per the last audited financial statements.

In terms of the definition provided under the ICDR Regulations, a QIB means: (i) a mutual fund, venture capital fund, alternative investment fund and foreign venture capital investor registered with SEBI; (ii) a foreign portfolio investor, other than category III foreign portfolio investor, registered with SEBI; (iii) a public financial institution; (iv) a scheduled commercial bank; (v) a multilateral and bilateral development financials institution; (vi) a state industrial development corporation; (vii) an insurance company registered with the Insurance Regulatory and Development Authority; (viii) a provident fund with minimum corpus of INR 25 crore; (ix) a pension fund with minimum corpus of INR 25 crore; (x) a national investment fund set up by the Government of India; (xi) an insurance fund set up and managed by army, navy or air force of the Union of India; or (xii) an insurance fund set up and managed by the Department of Posts, India.

Non-institutional investors are investors other than QIBs and retail individual investors. (A retail individual investor is defined under the ICDR Regulations as an investor who applies for bids for specified securities for a value of not more than INR 2,00,000).

**5. DOES PRE-ISSUE/PRE-LISTING SHAREHOLDING OF INSTITUTIONAL INVESTORS OTHER THAN QIBs GET COUNTED FOR DETERMINING ELIGIBILITY OF AN ENTITY TO LIST ON BSE HI-TECH?**

No. Whilst family trusts, systemically important non-banking financial corporations registered with RBI and intermediaries registered with SEBI are eligible to invest in an entity listed on BSE Hi-Tech, any pre-issue/pre-listing shareholding of these investors in an entity will not be counted for the purpose of determining eligibility of such entity to list on BSE Hi-Tech.

For the purpose of determining eligibility of an entity to list on BSE Hi-Tech pre-issue/pre-listing shareholding of only QIBs will be counted.

**6. ARE THERE ANY POST-ISSUE SHAREHOLDING RESTRICTIONS UNDER THE ITP REGULATIONS?**

As per the ITP Regulations, no person, individually or collectively with persons acting in concert, can hold 25% or more of the post-issue or post-listing share capital of an entity listed on BSE Hi-Tech.

The words 'persons acting in concert' shall have the same meaning assigned to it under Regulation 2(1)(q) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (the "Takeover Regulations").

**7. CAN AN ENTITY LIST ANY TYPE OF SECURITIES ON BSE HI-TECH?**

No, only specified securities can be listed on BSE Hi-Tech.

Specified securities have been defined under the ICDR Regulations as equity shares and convertible securities (including convertible debt instruments and convertible preference shares).

**8. IS THERE A MINIMUM TRADING LOT?**

Yes, the minimum trading lot is INR 10 lakhs and multiples of INR 10 lakhs, as per the ITP Regulations.

**9. CAN AN ENTITY LISTED ON BSE HI-TECH LIST ITS SPECIFIED SECURITIES ON ANY OTHER PLATFORM?**

The ITP Regulations apply to entities which seek listing of their specified securities exclusively on the ITP. As a result, an entity whose securities are listed on BSE Hi-Tech cannot list its specified securities on any other platform.

However, an entity that has listed its specified securities on BSE Hi-Tech may at its option migrate to the main board of BSE after expiry of 3 years from the date of listing.

**10. CAN A PRIVATE LIMITED COMPANY LIST ON BSE HI-TECH?**

No, a private limited company cannot list on BSE Hi-Tech. A private limited company will need to convert into a public limited company, in accordance with the provisions of the Companies Act, 2013, in order to list on BSE Hi-Tech.

**11. IS IT MANDATORY FOR AN ENTITY TO UNDERTAKE A PUBLIC ISSUE IN ORDER TO LIST ON BSE HI-TECH?**

No, it is not mandatory to undertake a public issue for the purpose of listing on BSE Hi-Tech. However, an entity desirous of listing without a public issue will need to comply with the requirements prescribed under Regulation 106Z of the ICDR Regulations.

**12. ARE THERE ANY DISCLOSURES THAT NEED TO BE MADE TO SEBI AND THE RECOGNIZED STOCK EXCHANGE BY AN ENTITY LISTING WITHOUT A PUBLIC ISSUE?**

Yes, the entity is required to file a draft information document with SEBI. The draft information document should contain disclosures similar to those applicable to a draft offer document to be filed in case of a listing pursuant to a public issue (as specified under the ITP Regulations), along with other necessary documents.

**13. ARE THERE ANY EXEMPTIONS FOR AN ENTITY LISTING WITHOUT A PUBLIC ISSUE?**

Provisions of the ICDR Regulations which relate to offer of specified securities to public are not applicable to an entity listing without a public issue.

Specifically, regulations relating to the following shall not be applicable in case of listing without public issue: (i) allotment; (ii) issue opening / closing; (iii) advertisement; (iv) underwriting; (v) restriction on outstanding convertible securities at the time of listing as prescribed under Regulation 26(5) of the ICDR Regulations; (vi) pricing; (vii) dispatch of issue material; and (viii) other such provisions related to offer of specified securities to public.

Further, provisions relating to minimum public shareholding are also not applicable to an entity listed on BSE Hi-Tech without undertaking a public issue.

**14. WHAT IS THE TIMEFRAME FOR LISTING ON BSE HI-TECH WITHOUT A PUBLIC ISSUE?**

An entity is required to list its specified securities in the following manner: (i) within 30 days from the date of issuance of observations on the draft information document by SEBI; or

(ii) upon the expiry of the period stipulated in Regulation 6(2) of the ICDR Regulations, if SEBI has not issued any observations.

**15. WHAT ARE THE REQUIREMENTS THAT MUST BE COMPLIED WITH BY AN ENTITY LISTING ON BSE HI-TECH PURSUANT TO A PUBLIC ISSUE?**

An entity seeking to list on BSE Hi-Tech pursuant to a public issue will have to comply with the conditions set out in Regulation 106ZA of the ICDR Regulations. Specifically, the entity is required to file a draft offer document along with necessary documents with SEBI. The offer document must set out the broad objects of the issue as well as basis of the issue price which may include disclosures, except projections, as deemed fit by the issuers in order to enable investors to take an informed decision. Disclosure requirements for the offer document in case of a listing on BSE Hi-Tech is much lesser compared to the disclosure requirements for an offer document in case of a listing on the main board pursuant to an initial public offering.

Minimum application size has to be INR 10 lakh and the number of allottees has to be more than 200.

Further, an entity seeking to list on BSE Hi-Tech pursuant to a public issue should also comply with regulations, prescribed under other chapters of the ICDR Regulations, which relate to offer of specified securities to the public, unless specifically excluded or dealt with under Chapter XC of the ICDR Regulations.

**16. IN CASE OF A LISTING PURSUANT TO A PUBLIC ISSUE, ON WHAT BASIS CAN AN ENTITY ALLOT SECURITIES TO DIFFERENT INVESTORS AND DIFFERENT CLASSES OF INVESTORS?**

Allocation in the net offer to public category has to be as follows: (i) 75% to institutional investors (with no separate allocation to anchor investors); and (ii) 25% to non-institutional investors. Any under-subscription in the non-institutional investor category will be available for subscription under the institutional investors' category.

Whilst allotment to institutional investors may be on a discretionary or proportionate basis, allotment to non-institutional investors can be made only on a proportionate basis. If allotment to institutional investors is made on a discretionary basis, no institutional investor can be allotted more than 10% of the issue size.

**17. IS THERE ANY LOCK-IN ON THE SHARES OF THE ENTITY POST LISTING? IF YES, ARE THERE ANY EXEMPTIONS FROM SUCH LOCK-IN REQUIREMENTS?**

Yes, the entire pre-issue capital of the listed entity shall be locked-in for a period of six months from the date of allotment in case of listing pursuant to public issue, or from the date of listing in case of listing without public issue. Following shares have been exempted from lock-in:

- (i) Equity shares allotted to employees of the entity under an employee stock option plan prior to public issue/listing and where the entity has made full disclosures with respect to such options or schemes in accordance with Part A of Schedule VIII of the ICDR Regulations.

- (ii) Equity shares held by a venture capital fund or alternative investment fund of Category I or a foreign venture capital investor. However, such shares will be locked in for a period of at least one year from the date of purchase by such investor.
- (iii) Equity shares held by persons other than promoters, which have been held for a continuous period of at least one year prior to the date of listing in case of listing without a public issue.

Additionally, in case of an entity listing pursuant to a public issue, all specified securities allotted on a discretionary basis shall be a locked-in for a period of 30 days from the date of allotment in the public issue.

**18. IS THE HOLDING PERIOD OF CONVERTIBLE SECURITIES TAKEN INTO ACCOUNT FOR CALCULATING THE TIME PERIOD SET OUT IN EXEMPTIONS (II) AND (III) ABOVE?**

In cases where the equity shares have been issued pursuant to conversion of fully paid-up compulsorily convertible securities, the holding period of such convertible securities together with the holding period of the resultant equity shares shall be considered for the purpose of calculation of the holding period of one year.

**19. CAN LOCKED-IN SECURITIES BE OFFERED AS COLLATERAL FOR A LOAN? ARE THE LOCKED-IN SECURITIES TRANSFERABLE?**

Yes, locked-in securities held by the promoters may be pledged with any scheduled commercial bank or public financial institution as collateral security for a loan.

Further, locked-in securities may be transferred (in accordance with Regulation 40 of the ICDR Regulations) in the following manner:

- (i) in case of specified securities held by promoters - to another promoter or any person of the promoter group or a new promoter or a person in control of the issuer; and
- (ii) in case of specified securities held by persons other than promoters - to any other shareholder of the company.

Provided that, in case of both (i) and (ii) above, lock-in on such specified securities shall continue for the remaining period with the transferee and such transferee shall not be eligible to transfer them till the lock-in period stipulated has expired.

**20. WILL THE TAKEOVER REGULATIONS APPLY TO ENTITIES LISTED ON BSE HI-TECH?**

The Takeover Regulations will apply to entities listed on BSE Hi-Tech pursuant to a public issue.

However, the Takeover Regulations will not apply to entities listed on an ITP without undertaking a public issue. The Takeover Regulations have been recently amended to this effect.

**21. WILL THE SECURITIES AND EXCHANGE BOARD OF INDIA (DELISTING OF EQUITY SHARES) REGULATIONS, 2009 (THE “DELISTING REGULATIONS”) APPLY TO ENTITIES LISTED ON BSE HI-TECH?**

The Delisting Regulations will apply to entities listed on BSE Hi-Tech pursuant to a public issue.

However, the Delisting Regulations will not apply to entities listed on an ITP without undertaking a public issue. The Delisting Regulations have been recently amended to this effect.

**22. HOW CAN AN ENTITY, LISTED WITHOUT MAKING A PUBLIC ISSUE, VOLUNTARILY EXIT BSE HI-TECH?**

An entity whose specified securities are listed on BSE Hi-Tech without making a public issue may exit BSE Hi-Tech, if the shareholders of such entity approve the exit by passing a special resolution through postal ballot where 90% of the total votes, and majority of non-promoter votes, are cast in favor of such proposal.

Further, approval from BSE is also required for the exit.

**23. CAN A RECOGNIZED STOCK EXCHANGE DELIST SPECIFIED SECURITIES OF AN ENTITY LISTED WITHOUT MAKING A PUBLIC ISSUE? IF YES, CAN SUCH AN ENTITY RELIST ON THE ITP AT A LATER POINT?**

Yes, a recognized stock exchange may delist the specified securities of an entity listed without making a public issue upon non-compliance with the conditions of listing.

No entity promoted by promoters and directors of a delisted entity shall be permitted to list on the ITP for a period of 5 years from the date of delisting. However, please note that such restrictions shall not apply to any other entity promoted by the independent directors of the delisted entity.

**24. IN CASE OF A LISTING PURSUANT TO A PUBLIC ISSUE, ARE THERE ANY OTHER REQUIREMENTS THAT MUST BE COMPLIED WITH BY THE ISSUING ENTITY WITH RESPECT TO ALLOTMENT?**

In addition to the regulations listed in Chapter XC of the ICDR Regulations, all other provisions of the ICDR Regulations, in respect of the matters not specifically dealt with or excluded under the Chapter XC, shall apply *mutatis mutandis* to a listing of specified securities on an ITP.

Further, provisions of the Companies Act, 2013, as applicable to a public issue, will also have to be complied with by the issuing entity.

**25. CAN AN ENTITY WHICH IS LISTED ON BSE HI-TECH MAKE ANY FURTHER ISSUANCE OF SECURITIES OTHER THAN A PUBLIC ISSUE? IF SO, WHAT ARE THE SPECIAL CONDITIONS WHICH MUST BE FULFILLED BY SUCH AN ENTITY?**

Yes, an entity listed on BSE Hi-Tech may make further issuance of securities, including, by way of a rights issue, bonus issue, or preference issue. Any such issuance will need to be made in compliance with the applicable provisions of the ICDR Regulations, the Companies Act, 2013, and other applicable laws and regulations, which would otherwise apply to such type of issuances.

**26. IS MARKET MAKING MANDATORY IN CASE OF LISTING ON BSE HI-TECH?**

No, market making is not mandatory but optional in case of listing on BSE Hi-Tech.

**27. CAN A NEWLY INCORPORATED ENTITY LIST ITS SECURITIES ON BSE HI-TECH?**

The ITP Regulations do not impose any restrictions on newly incorporated entities from listing on the ITP.

**28. IS IT NECESSARY TO HIRE THE SERVICES OF A MERCHANT BANKER?**

Yes, it is necessary to hire the services of a merchant banker in connection with listing on BSE Hi-Tech.

**29. IS IT COMPULSORY TO LIST ON MULTIPLE ITPs ON DIFFERENT STOCK EXCHANGES?**

No, it is not compulsory to list on multiple ITPs of different stock exchanges. However, entities have the option to do so.

**30. CAN AN ENTITY LISTED ON BSE HI-TECH SUBSEQUENTLY ISSUE SHARES TO ITS INVESTORS ON A PROPORTIONATE BASIS?**

Yes, an entity listed on BSE Hi-Tech may subsequently undertake a rights issue or preferential issue, in accordance with the ICDR Regulations, Companies Act, 2013, and other applicable provisions, as applicable to a rights issue or preferential issue.

**31. HOW CAN AN INVESTOR TRANSACT IN SCRIPS LISTED ON BSE HI-TECH?**

Similar to scrip codes which are allotted to equity shares listed on the main board of the BSE, scrip codes will be allotted to the securities of a company listed on the BSE Hi-Tech under Group "H".

**32. WHAT WILL BE THE SETTLEMENT CYCLE FOR SECURITIES LISTED ON THE BSE HI-TECH?**

The settlement cycle for securities listed on the BSE Hi-Tech will be a T+2 cycle (similar to settlement cycle for shares listed on the main board of the BSE).

**33. DO THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 APPLY TO AN ENTITY LISTED ON BSE HI-TECH?**

Yes, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 will be applicable to an entity listing on BSE Hi-Tech.

**34. CAN A FOREIGN PORTFOLIO INVESTOR DEAL IN SECURITIES LISTED ON BSE HI-TECH?**

Yes, like other platforms of BSE, BSE Hi-Tech can also be accessed by a foreign portfolio investor.

**35. ARE THERE ANY SPECIAL TAX PROVISIONS THAT ARE APPLICABLE TO BSE HI-TECH?**

No. Taxation provisions that are applicable to the main board and other trading platforms of BSE apply to BSE Hi-Tech as well.

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