



CONSULTATION PAPER ON THE REGULATORY FRAMEWORK FOR PREFERENTIAL ISSUES AND QUALIFIED INSTITUTIONS PLACEMENTS

A. Objective

1. The objective of this consultation paper is to seek comments / views from public on the proposed regulatory framework for preferential issues and qualified institutions placements (QIPs) by an issuer listed on the recognized stock exchanges in the IFSC.

B. Background

2. The IFSCA (Listing) Regulations, 2024 ("Listing Regulations") provides 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 ("IFSC") in India.
3. Regulation 57 of the Listing Regulations *inter alia* provide an enabling framework for specifying detailed norms by IFSCA for Preferential Issues and QIPs, as follows:

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

C. Relevant IOSCO Principles

4. The relevant IOSCO Principles relating to issuers are Principles 16 - 18 (mentioned below). These Principles have been appropriately considered in the Listing Regulations and the proposed framework for preferential issues and QIPs, to the extent applicable.

Principle 16: There should be full, accurate and timely disclosure of financial results, risk and other information which is material to investors' decisions.

Principle 17: Holders of securities in a company should be treated in a fair and equitable manner.

Principle 18: Accounting standards used by issuers to prepare financial statements should be of a high and internationally acceptable quality.



D. Standing Committee on Primary Markets

5. The draft regulatory framework for preferential issues and QIPs were deliberated in the Standing Committee on Primary Markets (the Committee). The best practices in India and other global markets have been considered during the deliberations in the Committee. The draft regulatory framework for preferential issues and QIPs is based on recommendations of the Committee.

E. Proposed framework

6. The salient features of the proposed framework for preferential issues and QIPs are as under:

I. Key Definitions

i. Preferential Issue:

Preferential Issue means an issue of specified securities by a listed entity to any select person or group of persons on a private placement basis in accordance with this circular.

ii. QIPs

The definition of QIP has already been provided in regulation 3(1) (bb) of the Listing Regulations:

“qualified institutions placement” means issue of specified securities to qualified institutional buyers on a private placement basis and includes an offer for sale of specified securities by the promoters or controlling shareholders on a private placement basis.

As regards definition of qualified institutional buyers, the following definition is proposed:

“qualified institutional buyer” means, -

- a) a retail scheme or a non-retail scheme or a venture capital scheme, by whatever name called, regulated by a regulator in India, IFSC or Foreign Jurisdiction;
- b) a public financial institution;
- c) a bank;
- d) a non-banking financial company regulated by a regulator in India, IFSC or a Foreign Jurisdiction;



- e) a multilateral or bilateral development financial institution;
- f) a sovereign wealth fund;
- g) a state industrial development corporation;
- h) an insurance company;
- i) a provident fund;
- j) an endowment fund;
- k) a university fund;
- l) a pension fund;
- m) an accredited investor other than individual as specified under the IFSCA (Fund Management) Regulations, 2025; or
- n) any other entity as may be specified by the Authority from time to time.

II. Relevant Date

The “Relevant Date” for Preferential Issues / QIPs shall be as under-

- a. In case of a Preferential Issue, the date thirty days prior to the date on which the meeting of shareholders is held to consider the proposed Preferential Issue;
- b. In case of a QIPs of equity shares, the date of the meeting in which the board of directors of the issuer or the committee of directors duly authorised by the board of directors of the issuer decides to open the proposed issue; and
- c. In case of a QIPs of eligible convertible securities, either the date of the meeting in which the board of directors of the issuer or the committee of directors duly authorised by the board of directors of the issuer decides to open the issue of such convertible securities or the date on which the holders of such convertible securities become entitled to apply for the equity shares.

III. General Conditions for Preferential Issues and QIPs

- i. A listed issuer making a Preferential Issue or a QIP of specified securities shall ensure that:
 - a) all equity shares allotted by way of Preferential Issue or a QIP shall be made fully paid up at the time of the allotment;



- b) approval of shareholders has been obtained by way of a special resolution or such other resolution as may be applicable in the jurisdiction of incorporation of the issuer;
- c) the issuer has obtained an in-principle approval from the recognised stock exchange(s) where its equity shares are listed.

IV. Tenure of convertible securities

- i. The tenure of convertible securities shall be as under-
 - a) in case of Preferential Issue, eighteen months from the date of allotment;
 - b) in case of QIP, sixty months from the date of allotment.

V. Additional requirements for Preferential Issues

Disclosures to shareholders

- i. For Preferential Issue, in addition to the disclosure requirements in the jurisdiction of incorporation, the following shall be disclosed in the explanatory statement to the notice for the general meeting proposed for passing the special resolution or such other resolution as may be applicable in the jurisdiction of incorporation of the issuer for issuance of capital:
 - a) objects of the issue along with deployment of funds to be raised;
 - b) intent of the promoters/controlling shareholders, directors or key managerial personnel of the issuer to subscribe to the offer.
 - c) shareholding pattern of the issuer before and after the Preferential Issue;
 - d) time frame within which the Preferential Issue shall be completed;
 - e) the identity of the ultimate beneficial owners of the shares proposed to be allotted and/or who ultimately control the proposed allottees.



- f) the percentage of post Preferential Issue capital that may be held by the allottee(s) and change in control, if any, in the issuer consequent to the Preferential Issue;
- g) Pricing of specified securities

Lock-up requirements in case of Preferential Issue

- ii. The specified securities, allotted on a preferential basis to the promoters and controlling shareholders, shall be locked-up for a period of six months from the date of trading approval granted for the specified securities.

VI. Additional requirements for QIPs

Appointment of lead managers

- i. An issuer shall appoint one or more investment bankers, which are registered with the Authority, as lead manager(s) to the issue.

Placement Document

- ii. The QIPs shall be made on the basis of a preliminary placement document and placement document which shall contain all material information, including those specified in the jurisdiction in which the issuer is incorporated and disclosures as specified in regulation 38 of the Listing Regulations.

F. Regulatory Objective

- 7. The objective of this framework is to provide listed companies with a mechanism for raising capital through a fast-track, cost-effective, and streamlined process, simultaneously ensuring transparency, fair pricing, and protecting the interests of shareholders.

G. Public Comments

- 8. Comments are invited from the public on the draft regulatory framework for preferential issues and QIPs as enclosed at **Annexure-I**.



9. Comments may be sent by email to **Shri Shubham Goyal**, Assistant General Manager at goyal.shubham@ifsc.gov.in and/or **Shri Hemant Verma**, Manager at verma.hemant56@ifsc.gov.in with a copy to **Shri Arjun Prasad**, General Manager at arjun.pd@ifsc.gov.in with subject line “Comments on the regulatory framework for the Preferential Issues and QIPs” latest by **March 27, 2026**.

10. The comments should be provided in the following format:

Name and Designation				
Contact No. and Email Address				
Name of Organisation				
S. No.	Para No.	Text of the para	Comments/Suggestions/Suggested modifications	Detailed Rationale

March 06, 2026
Gandhinagar



Annexure-I

CIRCULAR

F. No.

<Date>

To

**All the investment bankers in the International Financial Services Centre (IFSC)
All the issuers listed on the recognised stock exchanges in the IFSC
All the recognised stock exchanges in the IFSC**

Madam/Sir,

Subject: Framework for preferential issues and qualified institutions placement under the IFSCA (Listing) Regulations, 2024

1. The International Financial Services Centres Authority (Listing) Regulations, 2024 (“Listing Regulations”) provide the regulatory framework for listing of securities and other permitted financial products on the recognised stock exchanges in the IFSC. Regulation 57 of the Listing Regulations enables the listed entities on the Stock Exchanges in the IFSC to make preferential issues or qualified institutions placement (QIP) subject to such requirements as may be specified by the IFSCA (“the Authority”).
2. A listed entity shall raise capital through preferential issue and QIP in accordance with the norms and requirements specified in the circular.

APPLICABILITY

3. This circular shall apply to listed entities with specified securities listed solely on the recognised stock exchange(s) in the IFSC and shall not apply to issuers with secondary listing in IFSC.

DEFINITIONS

4. In this circular, the term(s) defined herein shall bear the same meanings as assigned to them as below:



- i. “*Preferential issue*” means an issue of specified securities by a listed entity to any select person or group of persons on a private placement basis in accordance with the requirements of this circular.
- ii. As per regulation 3 (1) (bb) of the Listing Regulations, “*qualified institutions placement*” means issue of specified securities to qualified institutional buyers on a private placement basis and includes an offer for sale of specified securities by the promoters or controlling shareholders on a private placement basis. For the purpose of this circular, “*qualified institutional buyer*” means, -
 - a) a retail scheme or a non-retail scheme or a venture capital scheme, by whatever name called, regulated by a regulator in India, IFSC or Foreign Jurisdiction;
 - b) a public financial institution;
 - c) a bank;
 - d) a non-banking financial company regulated by a regulator in India, IFSC or a Foreign Jurisdiction;
 - e) a multilateral or bilateral development financial institution;
 - f) a sovereign wealth fund;
 - g) a state industrial development corporation;
 - h) an insurance company;
 - i) a provident fund;
 - j) an endowment fund;
 - k) a university fund;
 - l) a pension fund;
 - m) an accredited investor other than individual as specified under the IFSCA (Fund Management) Regulations, 2025; or
 - n) any other entity as may be specified by the Authority from time to time.

GENERAL CONDITIONS FOR PREFERENTIAL ISSUES AND QIPS

Eligibility Criteria

5. Preferential issue or QIP of specified securities shall not be made to any person who has sold or transferred any equity shares of the issuer during the 30 trading days preceding the relevant date.

For the purpose of this circular, “*relevant date*” means



- i. In case of a preferential issue, the date thirty days prior to the date on which the meeting of shareholders is held to consider the proposed preferential issue;
- ii. In case of a QIP of equity shares, the date of the meeting in which the Board of Directors of the issuer or the Committee of Directors duly authorised by the Board of Directors of the issuer decides to open the proposed issue; and
- iii. In case of a QIP of eligible convertible securities, either the date of the meeting in which the Board of Directors of the issuer or the Committee of Directors duly authorised by the Board of Directors of the issuer decides to open the issue of such convertible securities or the date on which the holders of such convertible securities become entitled to apply for the equity shares.

Explanation: Where the relevant date falls on a weekend or a holiday, the day preceding the weekend or the holiday will be reckoned to be the relevant date.

6. An issuer shall not be eligible to make a preferential issue or a QIP if it has any outstanding dues to the Authority, the stock exchanges on which equity shares are listed or the depository for the equity shares of the issuer. However, this shall not be applicable in a case where such outstanding dues are the subject matter of a pending appeal or proceeding(s) with the authority, the stock exchanges or the depository, as the case may be.

Conditions for making preferential issues

7. A listed issuer making a preferential issue or a QIP of specified securities shall ensure that:
 - i. all equity shares allotted by way of preferential issue or a QIP shall be made fully paid up at the time of the allotment;
 - ii. approval of shareholders has been obtained by way of a special resolution or such other resolution as may be applicable in the jurisdiction of incorporation of the issuer;
 - iii. the issuer has obtained an in-principle approval from the recognised stock exchange(s) where its equity shares are listed.



Tenure of convertible securities

8. The tenure of the convertible securities of the issuer, shall not exceed
 - i. in case of preferential issue, eighteen months from the date of allotment;
 - ii. in case of QIP, sixty months from the date of allotment.
9. Upon exercise of the option by the allottee to convert the convertible securities within the tenure specified in para 8 above, the issuer shall ensure that the allotment of equity shares pursuant to exercise of the convertible securities is completed within 15 days from the date of such exercise by the allottee.

Payment of Consideration

10. Full consideration of specified securities other than warrants, shall be paid by the allottees at the time of allotment of such specified securities except in case of shares issued for consideration other than cash.
11. In the case of warrants, an amount equivalent to at least twenty-five percent of the consideration shall be paid against each warrant on the date of allotment of warrants and the balance seventy-five percent of the consideration shall be paid at the time of allotment of the equity shares pursuant to exercise of options against each such warrant by the warrant holder.

Provided that in case the exercise price of the warrants is based on the formula, at least twenty-five per cent. of the consideration amount calculated as per the formula with conversion date being the relevant date shall be paid against each warrant on the date of allotment of warrants and the balance consideration shall be paid at the time of allotment of the equity shares pursuant to exercise of options against each such warrant by the warrant holder.

12. In case the warrant holder does not exercise the option for equity shares against any of the warrants held by the warrant holder, the consideration paid in respect of such warrant in terms of para (11) above shall be forfeited by the issuer.
13. The issuer shall ensure that the consideration of specified securities, if paid in cash, shall be received from respective allottee's bank account and in the case of joint holders, shall be received from the bank account of the person whose name appears first in the application.



ADDITIONAL REQUIREMENTS FOR PREFERENTIAL ISSUE

Disclosures to shareholders

14. In case of preferential issue, the issuer shall, in addition to the disclosures required under the laws of the jurisdiction in which they incorporated, disclose the following in the explanatory statement to the notice for the general meeting proposed for passing the special resolution or such other resolution as may be applicable in the jurisdiction of incorporation of the issuer for issuance of capital:

- i. objects of the issue along with deployment of funds to be raised;
- ii. intent of the promoters/controlling shareholders, directors or key managerial personnel of the issuer to subscribe to the offer.
- iii. shareholding pattern of the issuer before and after the preferential issue;
- iv. time frame within which the preferential issue shall be completed;
- v. the identity of the ultimate beneficial owners of the shares proposed to be allotted and/or who ultimately control the proposed allottees.

Explanation: The definition of beneficial owner shall be same as specified under the International Financial Services Centres Authority (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022.

- vi. the percentage of post preferential issue capital that may be held by the allottee(s) and change in control, if any, in the issuer consequent to the preferential issue;
- vii. Pricing of specified securities

Explanation: Pricing shall be determined pursuant to the valuation report and the manner of arriving the price shall be disclosed in the explanatory statement.

15. Specified securities may be issued on a preferential basis for consideration other than cash.



Provided that consideration other than cash shall comprise only swap of shares pursuant to a valuation report and the manner in which swap ratio is calculated should be disclosed as a part of the explanatory statement to the special resolution or such other approval applicable to the issuer in the jurisdiction of its incorporation.

Lock-up

16. The specified securities, allotted on a preferential basis to the promoters and controlling shareholders, shall be locked-up for a period of six months from the date of trading approval granted for the specified securities.

Allotment

17. Allotment pursuant to the special resolution or such other resolution as may be applicable in the jurisdiction of incorporation of the issuer for issuance of capital shall be completed within a period of thirty days from the date of passing of such resolution.

Provided that, if any regulatory approval is required for such allotment, then the allotment shall take place within the later of (a) thirty days from the date of passing such resolution; or (b) thirty days from the date of receipt of the regulatory approval.

ADDITIONAL REQUIREMENTS FOR QIPS

Appointment of lead manager

18. In case of QIPs, an issuer shall appoint one or more investment bankers, which are registered with the Authority, as lead manager(s) to the issue.

Placement document

19. The lead manager(s) shall exercise due diligence and shall satisfy themselves with all aspects of the Issue including the veracity and adequacy of disclosures in the offer document.
20. The QIPs shall be made on the basis of a preliminary placement document and placement document which shall contain all material information, including



those specified in the jurisdiction in which the issuer is incorporated and disclosures as specified in regulation 38 of the Listing Regulations.

21. The preliminary placement document and the placement document shall be circulated only to select investors.
22. The preliminary placement document and the placement document shall be placed on the websites of the relevant stock exchange(s) and of the issuer with a disclaimer to the effect that it is in connection with a QIP and that no offer is being made to the public or to any other category of investors.

Allotment

23. For a QIP, allotment pursuant to the special resolution or such other resolution as may be applicable in the jurisdiction of incorporation of the issuer for issuance of capital, shall be completed within a period of one year from the date of passing of such resolution.
24. The circular is issued in exercise of powers conferred by section 12 of the International Financial Services Centres Authority Act, 2019 read with regulations 57 and 130 of the Listing Regulations.

A copy of the circular is available on the website at www.ifsc.gov.in.

Yours faithfully,

Arjun Prasad
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