

The GIFT IFSC Listing Regime: Building India's Gateway to Global Capital



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Introducing the GIFT IFSC

India has long aspired to establish itself as a global financial hub capable of competing with leading international financial centres while retaining capital formation and financial services within its own regulatory ecosystem. International financial centres have long served as gateways through which global capital is raised, intermediated and invested. Jurisdictions such as the Dubai International Financial Centre (“**DIFC**”), the Abu Dhabi Global Market (“**ADGM**”), Singapore and Hong Kong have successfully developed specialised financial ecosystems by combining regulatory certainty, efficient market infrastructure, tax incentives and access to global investors. These centres have evolved into preferred venues for cross-border banking, asset management, capital markets transactions and financial innovation, often serving regions well beyond their domestic economies.

For many years, India lacked a comparable international financial centre. As a result, a substantial proportion of cross-border financial activity involving Indian businesses, including foreign currency bond issuances, derivatives trading, offshore fund management and overseas capital raising, was undertaken through financial centres outside India. The establishment of the Gujarat International Finance Tec-City International Financial Services Centre (“**GIFT IFSC**”), India's first International Financial Services Centre (“**IFSC**”), seeks to bridge this structural gap. Designed as a specialised financial jurisdiction with a distinct legal, regulatory and tax framework, the IFSC is intended provide an internationally competitive ecosystem from which financial services may be offered to non-residents and, to the extent permitted under applicable law, to residents. At the same time, it operates alongside, rather than entirely outside, India's broader legal and foreign exchange framework.

For issuers and financial sponsors, the GIFT IFSC listing regime represents an alternative pathway to access international pools of capital from within an Indian regulatory environment. However, practical adoption remains at an early stage and continues to involve structuring, regulatory and market-facing considerations that will influence transaction execution.

Defining Features of GIFT IFSC and Underlying Rationale

A defining feature of GIFT IFSC is its regulatory architecture. While India's domestic financial system is regulated by multiple sectoral regulators, financial activities within the IFSC are supervised by a single unified regulator, the International Financial Services Centres Authority (“**IFSCA**”), established under the International Financial Services Centres Authority Act, 2019.

By consolidating regulatory oversight of banking, capital markets, insurance, fund management and other financial services within the IFSCA, the framework aims to create a more integrated and internationally oriented regulatory environment capable of responding to the commercial realities of cross-border financial markets. This unified approach is broadly consistent with the governance models adopted by other international financial centres. For example, the DIFC is regulated by the Dubai Financial Services Authority, while the ADGM is regulated by the Financial Services Regulatory Authority, each of which exercises comprehensive oversight over financial services activities conducted within the respective financial centre. Similarly, Singapore's Monetary Authority of Singapore functions as an integrated financial regulator with responsibility for banking, securities, insurance and other financial services. By consolidating

regulatory oversight within a single authority, GIFT IFSC seeks to provide a comparable level of regulatory coherence and ease of doing business for international market participants.

While this unified model is intended to streamline oversight, transactions involving Indian issuers continue to require parallel consideration of Indian law requirements, including under the Companies Act, 2013 and the Foreign Exchange Management Act, 1999. As a result, issuers and their advisers must navigate both IFSC specific regulations and broader domestic legal frameworks, which may introduce additional complexity when compared with purely offshore listing venues.

The policy objective underlying GIFT IFSC extends beyond providing another venue for securities trading. It seeks to position India as a jurisdiction from which international capital may be raised, invested and managed, while encouraging global financial institutions, intermediaries and investors to operate within an Indian regulatory environment. The development of a competitive listing framework is therefore a natural extension of this broader vision.

The IFSC Exchanges: Building an International Capital Markets Ecosystem

GIFT IFSC currently hosts two recognised stock exchanges: India International Exchange (“**India INX**”), backed by BSE Limited, and NSE International Exchange (“**NSE IX**”), backed by the National Stock Exchange of India. Both exchanges operate under the regulatory oversight of the IFSCA.

Initially focused on offshore trading platforms for derivatives and debt securities, the exchanges have since expanded, their product offerings to include equity securities, depository receipts, exchange-traded funds, real estate investment trusts (“**REITs**”), infrastructure investment trusts (“**InvITs**”), sustainability linked instruments and other internationally recognised capital market products.

A distinguishing feature of the IFSC exchanges is their flexibility with respect to the denomination of listed securities. Unlike domestic Indian exchanges, which operate in Indian Rupees, securities listed on IFSC exchanges may be denominated in foreign currency, enabling issuers to align fundraising currency with their investor base and reducing currency mismatch risks.

From a policy perspective, the establishment of India INX and NSE IX represents more than the addition of new exchanges. Rather, they provide the core institutional infrastructure required to support an international capital markets ecosystem capable of facilitating cross-border capital formation within an Indian jurisdiction.

As the range of products available on the exchanges has expanded, so too has the need for a modern and comprehensive regulatory framework governing listings. This culminated in the introduction of the IFSCA (Listing) Regulations, 2024, which consolidated and modernised the listing regime applicable to securities listed on recognised stock exchanges within GIFT IFSC.

The Listing Framework: From Regulatory Reform to Market Access

Recent legislative and regulatory reforms have laid the foundation for listings on IFSC exchanges. The centrepiece of this framework is the International Financial Services Centres Authority (Listing) Regulations, 2024 (“**Listing Regulations**”) which consolidate and modernise the regime governing the issuance and listing of a broad range of securities, including equity shares, debt instruments, depository receipts, REITs and InvITs.

Complementing this framework are the Companies (Listing of Equity Shares in Permissible Jurisdictions) Rules, 2024, together with related foreign exchange reforms, which permit eligible Indian public companies to directly list their equity shares on recognised stock exchanges in notified jurisdictions such as the IFSC exchanges.

This represents a significant evolution from India’s traditional approach to overseas capital raising, where issuers typically relied upon offshore holding structures or depository receipt programmes. The new framework enables eligible Indian companies to directly access international capital markets while remaining incorporated in India.

In practice, however, the choice between a direct IFSC listing and alternative structures, such as offshore listings or depository receipt programmes, will depend on several factors, including investor familiarity with the IFSC platform, liquidity considerations and the degree of regulatory coordination required across Indian and IFSC regimes. Transactions involving IFSC listings require careful navigation of multiple legal frameworks, including potential sequencing, approval and disclosure considerations across these regimes.

Market Adoption: The Way Forward

The introduction of a comprehensive legal framework has established the foundation for an international equity listing regime within GIFT IFSC. Its success, however, will depend on the extent to which issuers and investors actively utilise the platform.

While debt listings have demonstrated a degree of maturity, the equity listing framework remains at a relatively early stage of development, with market depth and secondary liquidity yet to reach levels typically observed in more established international financial centres. As of mid 2025, only a limited number of issuers have publicly filed draft offer documents under the Listing Regulations. Although modest in number, these filings represent important initial precedents and demonstrate the operational viability of the framework.

Several factors have contributed to the pace of adoption, including the limited number of completed equity listings, evolving investor familiarity with the platform and the need for broader institutional participation to support price discovery and secondary trading. From an issuer perspective, the relative absence of an established ecosystem of research coverage, market making activity and comparable listed peers may also impact valuation certainty and execution timelines in the near term.

International capital markets typically develop through network effects: issuers are attracted to markets offering liquidity and investor depth, while investors gravitate towards markets with diverse issuers and active trading. Developing this virtuous cycle will require time, particularly in the absence of a critical mass of precedent transactions.

Operational and Structural Considerations

Operational aspects will also play an important role in shaping market participation. Continued alignment of settlement, clearing and custody processes with international standards will enhance accessibility for overseas investors and reduce execution complexity. Similarly, investor onboarding processes, infrastructure readiness and ease of participation will influence the attractiveness of the platform. As the market evolves, the publication of regulatory guidance, interpretative positions and transaction precedents by the IFSCA will contribute to greater predictability in execution.

In addition, features commonly seen in mature international markets—such as confidential filing mechanisms, flexibility in disclosure processes and streamlined regulatory review timelines—may further enhance the competitiveness of the IFSC regime, particularly for complex or commercially sensitive transactions.

Conclusion

The GIFT IFSC listing framework represents a significant step towards positioning India as a jurisdiction for international capital formation. The legal and regulatory infrastructure necessary to support such a framework is largely in place, and early transaction activity demonstrates its potential viability.

However, the continued development of the ecosystem will depend on sustained participation by issuers, investors and intermediaries, as well as the deepening of secondary market liquidity and supporting infrastructure. Policy stability and regulatory consistency will remain critical in fostering long term market confidence.

Notwithstanding the progress made, issuers and their advisers will need to carefully evaluate the suitability of the IFSC platform on a transaction specific basis, taking into account regulatory alignment, investor demand and execution considerations.