

CHAPTER X - INSTITUTIONAL TRADING PLATFORM

PART I: APPLICABILITY

282. (1) The provisions of this Chapter shall apply to issuers seeking listing of their specified securities pursuant to an initial public offer or for only trading on a stock exchange of their specified securities without making a public offer.

(2) The provisions of these regulations, in respect of the matters not specifically dealt or excluded under this Chapter, shall apply *mutatis mutandis* to any listing or trading of specified securities under this Chapter.

Provided that the following shall not apply:

- (a) sub-regulation (2) of regulation 7 on restrictions on the amount of general corporate purposes; and
- (b) sub-regulation (1) and (2) of regulation 6 on eligibility requirements

(3) The institutional trading platform shall be accessible only to institutional investors and non-institutional investors and not to retail individual investors.

Eligibility

- 283.** (1) The following issuers shall be eligible for listing on the institutional trading platform:
- a) an issuer which is 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 at least twenty five per cent of its pre-issue capital is held by qualified institutional buyer(s) as on the date of filing of draft information document or draft offer document with the Board, as the case may be; or
 - b) any other issuer in which at least fifty per cent of the pre-issue capital is held by qualified institutional buyers as on the date of filing of draft information document or draft offer document with the Board, as the case may be.
- (2) No person, individually or collectively with persons acting in concert, shall hold twenty five per cent or more of the post-issue share capital in an entity specified in sub-regulation (1).
- (3) An issuer shall be eligible for listing on the institutional trading platform if none of the promoters or directors of the issuer company is a fugitive economic offender.

PART II: LISTING WITHOUT A PUBLIC ISSUE

Listing without a public issue

- 284.** (1) An issuer seeking listing of its specified securities without making a public offer, shall file a draft information document along with the necessary documents with the Board in accordance with these regulations along with the fee as specified in **Schedule III** of these regulations.
- (2) The draft information document shall contain disclosures as specified for the draft offer documents in these regulations as specified in **Part A of Schedule VI**.
- (3) The regulations relating to the following as stated under the Chapter of Initial Public Offer on Main Board shall not be applicable:
- a) allotment;
 - b) issue opening or closing;
 - c) advertisements;
 - d) underwriting;
 - e) sub-regulation (2) of regulation 5;
 - f) pricing;
 - g) dispatch of issue material; and
 - h) other such provisions related to offer of specified securities to the public.
- (4) The issuer shall obtain an in-principle approval from the stock exchanges on which it proposes to get its specified securities listed.
- (5) The issuer shall list its specified securities on the recognised stock exchange(s) within thirty days:
- a) from the date of issuance of observations by the Board; or
 - b) from the expiry of the period stipulated in sub-regulation (4) of regulation 25, if the Board has not issued any such observations.
- (6) The issuer which has received an in-principle approval from the stock exchange for listing of its specified securities, shall be deemed to have been waived by the Board under sub-rule (7) of rule 19 from the requirement of minimum offer to the public as per the provisions of clause (b) of sub-rule (2) of rule 19 of Securities Contracts (Regulation) Rules, 1957 for the limited purpose of listing on the institutional trading platform.
- (7) Provisions relating to minimum public shareholding shall not be applicable.
- (8) The draft and final information document shall be approved by the board of directors of the issuer and shall be signed by all directors, the Chief Executive Officer, i.e., the Managing Director or Manager within the meaning of the Companies Act, 2013 and the Chief Financial Officer, i.e., the Whole-time Finance Director or any other person heading the finance function and discharging that function.

(9) The signatories shall also certify that all disclosures made in the information document are true and correct.

(10) In case of mis-statement in the information document or any omission therein, any person who has authorized the issue of information document shall be liable in accordance with the provisions of the Act and regulations made thereunder.

Explanation: Under this Part, the phrases 'pre-issue' and 'post-issue', wherever they occur shall be construed as 'pre-listing' and 'post-listing', respectively.

PART III: LISTING PURSUANT TO AN INITIAL PUBLIC OFFER

Disclosures in draft offer document and offer document

285. (1) An issuer seeking to issue and list its specified securities shall file a draft offer document along with necessary documents with the Board in accordance with these regulations along with the fees as specified in **Schedule III** of these regulations.

(2) The draft offer document shall disclose the broad objects of the issue.

(3) The basis of issue price shall include disclosures, except projections, as deemed fit by the issuer in order to enable the investors to take informed decisions and the disclosures shall suitably contain the basis of valuation.

Minimum application size

286. The minimum application size shall be ten lakh rupees.

Allocation and allotment

287. (1) The number of allottees in the initial public offer shall at least be two hundred.

(2) The allocation in the net offer to public category shall be as follows:

(a) seventy-five per cent to institutional investors:

Provided that there shall be no separate allocation for anchor investors;

(b) twenty-five per cent to non-institutional investors

(3) The allotment to institutional investors may be on a discretionary or a proportionate basis whereas the allotment to non-institutional investors shall be on a proportionate basis.

(4) The mode of allotment to institutional investors, i.e., whether discretionary or proportionate, shall be disclosed prior to or at the time of filing of the offer document.

(5) In case of discretionary allotment to institutional investors, no institutional investor shall be allotted more than ten per cent. of the issue size.

(6) Any under-subscription in the non-institutional investor category shall be available for subscription under the institutional investors' category.

PART IV: GENERAL CONDITIONS

Lock-in

288. (1) The entire pre-issue capital of the shareholders shall be locked-in for a period of six months from the date of allotment in case of listing pursuant to a public issue or date of listing in case of listing without a public issue:

Provided that nothing contained in this regulation shall apply to:

a) equity shares allotted to employees, whether currently an employee or not, under an employee stock option or employee stock purchase scheme of the issuer prior to the initial public offer, if the issuer has made full disclosures with respect to such options or scheme in accordance with Part A of **Schedule VI**;

b) equity shares held by an employee stock option trust or transferred to the employees by an employee stock option trust pursuant to exercise of options by the employees, whether

currently employees or not, in accordance with the employee stock option plan or employee stock purchase scheme.

Provided that the equity shares allotted to the employees shall be subject to the provisions of lock-in as specified under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

- c) equity shares held by a venture capital fund or alternative investment fund of Category I or a foreign venture capital investor:

Provided that such equity shares shall be locked-in for a period of at least one year from the date of purchase by the venture capital fund or alternative investment fund or foreign venture capital investor.

- d) equity shares held by persons other than the promoters, continuously for a period of at least one year prior to the date of listing in case of listing without a public issue:

Explanation: For the purpose of clause (c) and (d), in case such equity shares have resulted pursuant to conversion of fully paid-up compulsorily convertible securities, the holding period of such convertible securities as well as that of resultant equity shares together shall be considered for the purpose of calculation of one year period and the convertible securities shall be deemed to be fully paid-up, if the entire consideration payable thereon has been paid at the time of their conversion.

(2) The specified securities held by the promoters and locked-in may be pledged with any scheduled commercial bank or public financial institution or systemically important non-banking finance company as a collateral security for a loan granted by such bank or institution or systemically important non-banking finance company if the pledge of specified securities is one of the terms of sanction of the loan.

(3) The specified securities that are locked-in may be transferable in accordance with regulation 288 of these regulations.

(4) All specified securities allotted on a discretionary basis shall be locked-in in accordance with the requirements for lock-in for the anchor investors on the main board of the stock exchange, as specified under Part A of **Schedule XIII**.

Trading lot

289. The minimum trading lot on the stock exchange shall be ten lakh rupees.

Exit of issuers whose securities are trading without making a public offer

290. An issuer whose specified securities are traded on the institutional trading platform without making a public issue may exit from that platform, if

- a) its shareholders approve such an exit by passing a special resolution through postal ballot where ninety per cent of the total votes and the majority of non-promoter votes have been cast in favor of such proposal; and
- b) the recognised stock exchange where its shares are listed approves of such an exit.

Withdrawal of approval by the stock exchange

291. (1) The recognised stock exchange may delist the specified securities of an issuer listed without making a public issue upon non-compliance of the conditions of listing and in the manner as specified by the stock exchange.

(2) No issuer promoted by the promoters and directors of an entity delisted under sub-regulation (1), shall be permitted to list on the institutional trading platform for a period of five years from the date of such delisting:

Provided that the provisions of this regulation shall not apply to another issuer promoted by any of the independent directors of such a delisted issuer.

Migration to the main board

292.An issuer that has listed its specified securities on a recognised stock exchange may at its option migrate to the main board of that recognised stock exchange after expiry of three years from the date of listing subject to compliance with the eligibility requirements of the stock exchange.