

MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO. 4090

TO BE ANSWERED ON FRIDAY, JANUARY 4, 2019/PAUSHA 14, 1940 (SAKA)

SEBI Recommendations for Listing on Overseas Stock Exchanges

4090: SHRIMATI MAUSAM NOOR, M.P.

Will the Minister of FINANCE be pleased to state:

- a) whether a report by a committee constituted by the Securities and Exchange Board of India (SEBI) has made recommendations allowing Indian companies to directly list on overseas stock exchanges, without first listing in India;
- b) if so, the benefits or advantages for the Indian investors therefrom;
- c) whether the Government has accepted the recommendation in-principle;
- d) whether the recommendations further suggested a prohibition of entities incorporated in certain jurisdictions from investing in the shares of these companies; and
- e) if so, the details thereof and the reasons pertaining to the same?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI. PON.RADHAKRISHNAN)

(a) and (b): Yes Madam. The Committee has cited that companies incorporated in India can benefit from overseas listing, inter alia, by way of access to broader investor base, better valuation, increased analyst coverage, increased brand awareness and visibility, etc. The said benefits which may accrue to the Indian companies would, in turn, benefit the Indian investors/ shareholders of such companies.

(c): The Committee submitted its report to SEBI on December 04, 2018. SEBI has forwarded the Report to Department of Economic Affairs, Ministry of Corporate Affairs, Department of Revenue and the Reserve Bank of India for examining and taking forward the issues in the Committee Report that come under their respective purview.

(d) and (e): The Foreign Exchange Management Act (FEMA), inter-alia, provides for framework governing purchase by a person resident outside India of equity shares issued by an Indian company listed in India. Further, Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017, inter-alia, provides restrictions / conditions such as prohibited activities, entry routes, sectoral caps and related conditions, as may be existing from time to time. The framework also prohibits entities incorporated in certain countries from investing in India, except under the Government route.

The Committee has recommended extension of said framework with similar restrictions / conditions for purchase by a person resident outside India of equity shares of a company incorporated in India listed on a foreign stock exchange.
