

NSE IFSC Receipts Investor Fact Sheet

EXPANDING THE PRODUCT COVERAGE OF THE EXCHANGE BEYOND EXISTING CLIENTELE



This fact sheet provides an overview of NSE IFSC Receipts issued by HDFC Bank IBU and exclusively traded on NSE IFSC

and includes information and features regarding the product, its structure, risks and fees.

This fact sheet is not to be construed as legal, tax, accounting or investment advice of any manner. Nor is it a substitute for reading the Product Disclosure Statement.

Investors are advised to seek appropriate professional advice before making an investment decision.

Please call us for more information



NSE IFSC Limited,
Unit No.1201, Brigade International
Financial Centre, 12th floor, Block-14,
Road 1C, Zone -1, GIFT SEZ,
Gandhinagar, Gujarat - 382355
Toll Free 1800 266 0052
www.nseifsc.com

What is a NSE IFSC Receipt?

A NSE IFSC Receipt is a negotiable financial instrument in the nature of an unsponsored 'depository receipt', issued by the NSE IFSC Receipts Custodian, namely HDFC Bank Limited IFSC Banking Unit (HDFC Bank IBU), on the basis of underlying securities issued by a U.S.-listed company, which gives the holder of such NSE IFSC Receipts a proportionate beneficial interest in the underlying security itself.

It is a negotiable financial instrument in the nature of a depository receipt as defined under the International Financial Services Centres Authority (Issuance and Listing of Securities) Regulations, 2021.

NSE IFSC Receipts are created without the involvement, participation, or consent of such U.S.-listed company or of the U.S. exchange(s) on which such underlying securities are listed.

What is the purpose of a NSE IFSC Receipt?

The business model offered by NSE IFSC not only provides an additional investment opportunity to the Indian investors but also makes the entire process of investment easy and affordable. Investors are provided an option to trade in fractional quantity when compared to the underlying securities traded in the US markets.

Who can trade a NSE IFSC Receipt?

Trading Members may have the following categories as clients for trading in NSE IFSC Receipts,

a) Person resident outside India

b) Non-resident Indians

c) Individual resident in India who is eligible under FEMA to invest funds offshore, to the extent allowed in the Liberalized Remittance Scheme of Reserve Bank of India

However, US¹ and Canadian² residents shall not be allowed to trade in NSE IFSC Receipts.

Who is the Issuer of the NSE IFSC Receipt?

The NSE IFSC Receipts are issued by HDFC Bank IBU, solely in its capacity as the NSE IFSC Receipts Custodian.

How are NSE IFSC Receipts issued?

The NSE IFSC Receipt is based on an underlying security issued by an underlying U.S. listed company.

The Underlying securities are held by the US Custodian on the instructions of the NSE IFSC Receipts Custodian. The NSE IFSC Receipts are issued by NSE IFSC Receipts Custodian based on the deposit of Underlying shares in with the US custodian.

The issuance of NSE IFSC Receipts is based on the Underlying Share to NSE IFSC Receipt ratio as defined by the NSE IFSC Ltd. from time to time.

What is meant by Underlying Share to NSE IFSC Receipt ratio?

NSE IFSC Receipts are issued based on ratio defined by NSE IFSC which is expressed in terms of underlying share to NSE IFSC Receipts

¹ means (i) any natural person resident or physically present in the US, (ii) any legal entity (including, without limitation, corporation, limited liability company, trust and partnership) incorporated or organized under the laws of the US or one of its states, (iii) any legal entity (including, without limitation, corporation, limited liability company, trust and partnership) incorporated or organized outside the US, but owned by, or created for the benefit of, or managed by, US Persons, (iv) any agency or branch of a non-US person that is located in the US, and (v) the estate of a US Person or the estate of a non-US Person the executor, trustee or administrator is a US Person. Notwithstanding the foregoing, the following shall not be considered a US Person: (x) An agency or branch of a US Person if such agency or branch (i) is located, and operates for a valid business purpose, outside the US, and (ii) is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulations, respectively, in the non-US jurisdiction where

located and operating, and (y) a subsidiary (including, without limitation, a subsidiary in the form of a corporation, limited liability company, trust and partnership) incorporated or organized outside the US if such subsidiary (i) is located, and operates for a valid business purpose, outside the US, (ii) is not owned by natural persons, estates or trusts, and (iii) is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulations, respectively, in the non-US jurisdiction where located and operating.

² Resident of Canada means an individual or entity that is, or is deemed to be, resident in Canada (or, if a partnership, a "Canadian Partnership") as determined in accordance with the Income Tax Act (Canada)

ratio as 1:N (example 1:100, 1:200 and so on) and is linked to the value of the underlying share.

Where can I find the list of NSE IFSC Receipts available for trading?

NSE IFSC Receipts shall be based on the underlying shares which are part of the S&P 500 index and are listed on Nasdaq or NYSE exchange. The list of NSE IFSC Receipts available for trading can be downloaded at the Exchange website www.nseifsc.com.

How are NSE IFSC Receipts traded?

NSE IFSC Receipts can be bought or sold like any other product on the NSE IFSC platform.

Investors are required to open an account with a Trading Member registered with NSE IFSC Ltd. The investors are also required to maintain a Depository Participant (DP) Account.

NSE IFSC Receipts can be traded (bought or sold) through a registered TM. All orders for trading in NSE IFSC Receipts are matched by NSE IFSC through its online order matching. Investors may refer to the Product Disclosure Statement, Exchange circulars and FAQs for further information.

How are traded NSE IFSC Receipts settled?

NSE IFSC Clearing Corporation Limited (NICCL) shall provide settlement guarantee for all trades in NSE IFSC Receipts executed on the NSE IFSC platform.

The settlement of funds and NSE IFSC Receipts shall happen on T+3 day.

How are NSE IFSC Receipts converted back to underlying shares?

An investor can request the conversion of NSE IFSC Receipts into the underlying share, if the NSE IFSC Receipts held by such investor represents a whole number of Underlying Shares. The investor

may submit a Cancellation Request to take delivery of the Underlying Shares in the US brokerage account.

For further details on conversion of NSE IFSC Receipts into underlying shares, investors may refer to the Product Disclosure Statement.

In which currency are the NSE IFSC Receipts traded and settled?

NSE IFSC Receipts are issued and traded in U.S. Dollars, and any amounts paid to Holders in connection with NSE IFSC Receipts will be paid in U.S. Dollars.

Does ownership of NSE IFSC Receipt mean that the investor is a shareholder of the underlying (foreign) company?

No. The Holder of a NSE IFSC Receipt holds the legal title to the NSE IFSC Receipt and has a beneficial interest in the Underlying Share, as per the ratio defined by NSE IFSC, to which their NSE IFSC Receipt relates to. *However, the Holder is not the registered holder of the Underlying Share.*

What are the market timings for trading in NSE IFSC Receipts?

To begin with, NSE IFSC Receipts will be available for trading during US Market hours viz. 9:30 a.m. to 4 p.m. Eastern Standard Time i.e. 7:00 p.m. to 1:30 a.m. Indian Standard Time (Based on Daylight Saving).

What are the Fees applicable to investors desiring to invest in NSE IFSC Receipts?

The tentative fees which may be levied by each of the parties facilitating the transactions in NSE IFSC Receipts are listed below. These fees may be subject to change from time to time and investors are requested to refer to the latest applicable charges or consult the concerned parties for further details.

- Brokerage charges levied by the IFSCA registered broker
- Exchange transaction charges levied by NSE IFSC
- Issuance fee levied by HDFC Bank IBU
- Cancellation fee levied by HDFC Bank IBU
- Processing / Service fee levied by HDFC Bank IBU for Corporate actions
- Demat Account charges / Annual Maintenance Charges levied by the Depository Participants
- Transaction fees levied by Depository / Depository Participant.

Investors are advised to refer to the Product Disclosure Statement and Exchange circulars for more details.

What information is available on the Exchange website?

The following information related to NSE IFSC Receipts shall be available on the Exchange website www.nseifsc.com:

- Information relating to trading in an NSE IFSC Receipt, including real time and historical prices; trading volumes; corporate actions
- Information relating to the underlying shares and their trading and closing prices
- Information on corporate actions of underlying shares
- Product Disclosure Statement
- Creation and Cancellation Forms
- Applicable fees and charges;
- Other relevant documents such as the Master Deed Poll, Fact Sheet etc.

What are the risks associated with NSE IFSC Receipts?

Investing in NSE IFSC Receipts carries risk. Some of the significant risks are as follows:

- a. General price and volatility risk
- b. Risk of illiquidity.
- c. Underlying Share Risk
- d. Risk of Cancellation and Termination of the NSE IFSC Receipt
- e. Other risks such as Force Majeure, changes in law, settlement, trading, etc.

For details, kindly refer to the Product Disclosure Statement.

What are the Taxes applicable to an Indian Retail Investor?

Tax considerations shall apply as per the relevance to specific investors or classes of investors and their particular tax status. Therefore, each prospective investor should consult their own professional adviser as to the tax consequences of an investment in the NSE IFSC Receipts.

For details of tax considerations, investors may refer to the Product Disclosure Statement.

Where can one find more information on the NSE IFSC Receipts?

Investors may refer to the Product Disclosure Statement and other relevant documents, circulars available on the Exchange website at www.nseifsc.com, for more information relating to NSE IFSC Receipts.