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B.Com Honours

Semester VI

Calicut University

FUNDRAISING SERVICES IN INVESTMENT BANKING

Course Code: COM6EJ315 • Module 3 Notes

Module III: Global Capital Markets & International Securities

Covers international listing centres, international bond markets (Eurobonds, Masala Bonds), Depository Receipts (ADR/GDR mechanism), limited two-way fungibility, & Foreign Currency Convertible Bonds (FCCBs).

Unit 11: International Listing Centres & Bond Markets

Global Markets: Major listing centres (NYSE, NASDAQ, LSE, SGX, Luxembourg). Bond Types: Domestic Bonds, Foreign Bonds (Yankee, Samurai, Bulldog), Eurobonds, & **Masala Bonds** (INR-denominated bonds issued in overseas markets).

Unit 12: Bond Structures, MTNs, & Depository Receipts

Depository Receipts (DRs): Negotiable financial instruments issued by a foreign depositary bank representing equity shares of an Indian issuing company held by a local custodian bank.

Unit 13: American (ADR) & Global Depository Receipts (GDR)

ADR vs GDR:
- **ADRs (American Depository Receipts):** Traded on US stock exchanges (NYSE/NASDAQ) denominated in USD; subject to SEC filing.
- **GDRs (Global Depository Receipts):** Traded on European stock exchanges (LSE/Luxembourg) denominated in USD/Euros for global institutional investors.

Unit 14: Fungibility of DRs & Foreign Currency Convertible Bonds (FCCBs)

FCCBs: Foreign currency denominated bonds issued to non-resident investors containing an embedded option to convert into equity shares of the issuing company at a pre-determined conversion price.

Practical Case Framework 1 (International Financing Debt & Equity Instruments Comparison Matrix): Compare security type, currency denomination, issuing target market, and equity conversion feature.

International Securities Architecture Comparison Table:

International Security Instrument	Currency Denomination	Primary Target Market & Investor Base
American Depository Receipt (ADR)	US Dollars ($ USD $)	United States public retail & institutional investors
Global Depository Receipt (GDR)	US Dollars ($ USD $) or Euros ($ € $)	European & international institutional investors
Masala Bond (INR Bond)	Indian Rupee ($ INR $)	Overseas investors (Exchange rate risk borne by buyer)
FCCB (Convertible Bond)	Foreign Currency ($ USD $)	Global bond buyers with equity conversion option

Practical Case Framework 2 (ADR vs GDR Technical & Regulatory Architecture Matrix): Compare depository receipt type, listing exchange venue, regulatory authority, and voting rights status.

ADR vs GDR Technical Architecture Table:

Depository Receipt Type	Listing & Trading Venue	Regulatory Filing Authority
ADR Level I (OTC Traded)	Over-The-Counter (OTC) US Market	Exempt from full US SEC registration
ADR Level II / Level III (Public IPO)	NYSE / NASDAQ Stock Exchanges	Full US SEC filing under US GAAP/IFRS
GDR (Global Listing)	London Stock Exchange / Luxembourg	UK Financial Conduct Authority (FCA) / EU prospectus