

Frequently Asked Questions on Social Stock Exchange

1. What is Social Stock Exchange (SSE)?

Ans: Social Stock Exchange (SSE) is a separate segment of the existing Stock Exchange, that can help Social Enterprise(s) (Please see Qs.2 for further details on Social Enterprise) to raise funds from public through the stock exchange mechanism. SSE will act as a medium between Social Enterprises and fund providers and that can help them to select those entities that are creating measurable social impact and reporting such impact. Certain type of Social Enterprises i.e. Not-for-profit organizations (NPOs) that meet the registration criteria (Please see Qs. 9 for details on registration criteria) can register on SSE and undertake to make continuous disclosures on their social impact. Such NPOs may or may not choose to raise funds through SSE, however, would continue to make disclosures including on social impact to stock exchanges.

2. What is a Social Enterprise in the context of Social Stock Exchange? Or Which entity can identify itself as a social enterprise?

Ans: Social Stock Exchange identifies the following two forms of social enterprises that are engaging in the activity of creating positive social impact and that meets primacy of their social intent.

- i. Not-for-profit organization (Please see Qs. 5 for details)
- ii. For profit social enterprise (Please see Qs. 6 for details)

In order to establish primacy of social intent, a Not-for-Profit Organization (NPO) or For-Profit Social Enterprise (FPE) should meet the criteria specified under Regulation 292E(2) of the ICDR Regulations. Briefly, these criteria require that the entity must indulge in activities prescribed under Regulation 292E(2)(a), and that the entity must target underserved or less privileged population segments or regions which have recorded lower performance in the development priorities of central or state governments.

Further, in order to be identified as a For Profit Social Enterprise, it shall demonstrate that 67% of its activities qualifying as eligible activities to the target population shall be demonstrated by either of the following:

- i. At least 67% of its revenue of the immediately preceding 3-year average of revenues comes from providing eligible activities to members of the target population.
or
- ii. at least 67% of the immediately preceding 3-year average of expenditure has been incurred for providing eligible activities to members of the target population.
or
- iii. members of the target population to whom the eligible activities have been provided constitute at least 67% of the immediately preceding 3-year average of the total customer base and/or total number of beneficiaries.

Corporate foundations, political or religious organizations or activities, professional or trade associations, infrastructure, and housing companies, except affordable housing, shall not be eligible to be identified as a Social Enterprise.

3. What are the minimum reporting standards mandated for Social Enterprises?

Ans: The minimum reporting standards have been created by benchmarking elements from various national and international frameworks of measurement that have been developed and are being deployed. The main elements of the reporting standard are as follows:

Section 1- Strategic Intent and Goal Setting

- (a) The social problem to be solved
- (b) The target segment to be served
- (c) The approach to solve the problem

Section 2- Social Impact Scorecard

- (a) Extent of target segment served
- (b) Intensity of impact on median individual
- (c) Dimensions of income, social equity and diversity

Section 3- General information

- (a) Members of governing body
- (b) Demonstration of prior funding history
- (c) Financials, Registrations or licenses

4. Which Social Enterprises are not eligible to get registered or raise funds through Social Stock Exchange/Stock Exchange?

Ans: A Social Enterprise shall not be eligible to register or raise funds through Social Stock Exchange/Stock Exchange if –

- a) any of its promoters, promoter group or directors or selling shareholders (in case of for-profit social enterprise) or trustees are debarred from accessing the securities market by SEBI
- b) if any of the promoters or directors or trustees of the Social Enterprise is a promoter or director of any other company or Social Enterprise which has been debarred from accessing the securities market by SEBI;
- c) if the Social Enterprise or any of its promoters or directors or trustees is a wilful defaulter or a fraudulent borrower;
- d) If any of its promoters or directors or trustees is a fugitive economic offender;
- e) if the Social Enterprise or any of its promoters or directors or trustees has been debarred from carrying out its activities or raising funds by the Ministry of Home Affairs or any other ministry of the Central Government or State Government or Charitable Commissioner or any other statutory body.

5. What is a Not-for-profit organization in the context of Social Stock Exchange?

Or

Which entity can be identified as a not-for-profit organization in the context of Social Stock Exchange?

Ans: A not-for-profit organization is an entity which meets the criteria to be identified as a social enterprise (Please see Qs 2) and is any of the following entities:

- i. a charitable trust registered under the Indian Trusts Act, 1882;
- ii. a charitable trust registered under the public trust statue of the relevant State;
- iii. a Trust registered under the Indian Registration Act, 1908 (16 of 1908) with the relevant Sub-Registrar in those States that have not enacted the law governing public trust;
- iv. a charitable society registered under the Societies Registration Act, 1860;
- v. a charitable society registered under the Societies Registration Act of the relevant State;
- vi. a company registered under section 8 of the Companies Act, 2013 (18 of 2013) including a company registered under section 25 of the repealed Companies Act, 1956.

6. What is a for profit social enterprise in the context of Social Stock Exchange?

Or

Which entity can be identified as a for profit social enterprise in the context of Social Stock Exchange?

Ans: A for profit social enterprise is an entity which meets the criteria to be identified as a social enterprise (Please Qs 2) and is any of the following entities:

- i. A company under the Companies Act, 2013, operating for profit and does not include a company incorporated under section 8 of the Companies Act, 2013 (18 of 2013);
- ii. A company or a body corporate operating for profit

7. What are the ways in which a Not-for-profit organization can raise funds through Social Stock Exchange?

Ans: A Not-for-Profit organization after registering with Social Stock Exchange may raise funds on Social Stock Exchange through

- i. Issuance of Zero Coupon Zero Principal Instruments to eligible investors in accordance with the applicable provisions of this Chapter
- ii. Donations through Mutual Fund Schemes [as shall be specified by
- iii. Any other means that SEBI may specify in future

8. Is it mandatory for a Not-for-profit organization to register in order to raise funds through Social Stock Exchange?

Ans: Yes, it is mandatory for a Not-for-profit organization to register with Social Stock Exchange before it raises funds through Social Stock Exchange.

However, a Not-for-profit organization may continue to raise funds through any other means, as permissible under the law, whether it is registered or not with Social Stock Exchange.

9. What are the criteria for registration on Social Stock Exchange in respect of Not-for-profit organizations?

Ans: SEBI vide its circular dated January 19, 2026, has prescribed certain minimum requirements in order for a not-for-profit organization to register on Social Stock Exchange. In brief, these criteria include mandatory age of NPO as 3 years, valid certificate u/s section 12A/ 12AA/ 12AB/ 10(23C)/ 10(46) of the Income Tax Act, 1961, valid 80G registration, minimum INR 50 lakhs as annual spending and minimum INR 10 lakhs of fund in the past year etc.

Social Stock Exchanges are also permitted to prescribe additional requirements in order for a not-for-profit organization to register on it.

10. Is it mandatory for the Not-for-Profit Organizations registered with Social Stock Exchange to seek listing?

Ans: It is not mandatory for Not-for-Profit Organizations which are registered with Social Stock Exchange under regulation 292F of the ICDR Regulations to seek listing. However, it shall mandatorily seek registration with a Social Stock Exchange before it raises funds through a Social Stock Exchange.

A Not-for-Profit Organization may choose to register on a Social Stock Exchange and not raise funds through it. It can also continue to raise funds through any other means.

11. What structured finance product is available for Not-for-Profit Organizations through social stock exchange mechanism?

Ans: DIBs is one form of the structured finance product available on SSE:

- i. Development Impact Bonds-**These are structured finance products where upon completion of a project that meets pre-agreed social metrics at pre agreed rates, the service provider of the project receives grants from the donor, who is called as “outcome funders”.

The basic principle of a DIB structure is that a grant is made to an NPO after it delivers on pre-agreed social metrics at pre-agreed costs/ rates. The donor who makes the grant when the social metrics are achieved is termed as “Outcome Funder”. Given that the outcome funder makes the payment on a post facto basis, the NPO needs to raise funds to finance its operations. Such a funder is termed as “Risk Funder”. A risk funder not only enables financing of operations on a pre-payment basis, but also undertakes the risk of non-delivery of social metrics by the NPO. To compensate for this risk, a Risk Funder typically earns a small return if the social metrics are delivered.

12. Is it mandatory to register for profit social enterprises in order to raise funds through Social Stock Exchange?

Ans: No, a for profit social enterprise need not register with Social Stock Exchange before it raises funds through SSE. However, a for profit social enterprise shall comply with all provisions of ICDR Regulations, AIF Regulations [as applicable for its fund-raising modes] before it can raise funds through SSE.

13. How can a for profit social enterprise raise funds through Social Stock Exchange?

Ans: A For Profit Social Enterprise may raise funds through-

- i. Issue of Equity Shares (On Main Board, SME Platform or innovators growth platform of stock exchange as the case may be)
- ii. Issue of Equity Shares to an Alternative Investment Fund including a Social Impact Fund
- iii. Issue of Debt Securities
- iv. Any other means that SEBI may specify in future

If for-profit-organizations issue equity shares on Main Board, SME Platform or innovators growth platform of stock exchange as the case may be, it shall also need to meet the eligibility criteria for the respective platform as mandated under the SEBI (ICDR Regulations) 2018.

Similarly, for issuance of equity shares to AIFs, issuance of Debt Securities etc. would require compliance with respective SEBI Regulations.

14. Whether retail investors can invest in securities issued by Social Enterprises in the Social Stock Exchange Platform?

Ans: Retail investors are permitted to invest in securities issued by Social Enterprises. As per SEBI Circular dated March 19, 2025, the minimum application size in respect of issuance of Zero Coupon Zero Principal Instruments shall be rupees one thousand.

15. Can a For-Profit Organization issue Equity Shares to an Alternative Investment Fund?

Ans: Yes. An unlisted For-Profit Organization can issue Equity Shares to an Alternate Investment Fund.

16. Will I qualify for registration if 67% of my activities last year were in one or more items from the list of eligible activities, by my immediately preceding 3-year average is below 67%?

Ans: In case of the entity being a Not-for-profit Organization, the specified condition shall not be applicable.

17. Will an NPO promoted by the promoters of a body corporate be eligible to apply?

Ans: If the NPO is dependent on the corporate for more than 50% of its funding, then it shall not be eligible to apply.

18. Whether an NPO needs to be in operations for 3 years before registering on the Social Stock Exchange?

Ans: Yes, a Not-for-Profit Organization is mandatorily required to be in operations for 3 years before registering on the Social Stock Exchange

19. What proof is needed to demonstrate that the NPO has been in operation for 3 years?

Ans: Documents such as Certificate of Incorporation and audited financial for three years is required to demonstrate that the NPO has been in operation for 3 years.

20. Can an NPO that is not registered on the NGO Darpan portal register on the Social Stock Exchange?

Ans: No, the registration of NPO on the NGO Darpan portal is mandatorily required for registering it on Social Stock Exchange.

21. Who will certify the documents that are needed to be submitted for registration of an NPO?

Ans: The documents are required to be certified by CEO/Managing Trustee/Statutory Auditor/ any two authorized signatories from governing body.

22. If an NPO registers on the SSE, will they have to follow all the compliances even if they do not list any instruments on it?

Ans: Yes. NPO is required to comply with all the applicable SEBI (LODR) Regulations, 2015 and circular thereof.

23. Is this meant for Indian entities only or international NPOs can also get registered?

Ans: Only Indian entities can register in Social Stock Exchange.

24. If any Corporate is promoting one NPO through formation of a Formal Organization and then wants to register the NPO on the SSE, is it permitted?

Ans: If majority (>50%) of the funding for the NPO is coming from the said corporate or the corporate has a controlling interest in the NPO, then it is not allowed.

25. Will it be possible for an NPO to renew the registration after a year if they have not raised any money in the previous year through SSE?

Ans: Yes, NPO may renew the registration after a year if they have not raised any money in the previous year through SSE. This is subject to them having completed all disclosures as required.

26. Suppose, we get registered as a SE, and while moving forward if at any point we fail to follow any guidelines. What would be the potential repercussions?

Ans: Like other listed entities in case of failure to comply with any of the provisions or guidelines SEBI reserves the power to initiate enforcement actions such as issuance of administrative warning, imposing penalties under Chapter VIA of the SEBI Act, or action u/s 11 of the SEBI Act for debarment and/ or penalty.

27. Are For-profit organizations eligible to issue Zero Coupon Zero Principal Instruments for raising funds?

Ans: No. Zero Coupon Zero Principal Instruments shall be issued only by a Not-for-Profit Organization registered on a Social Stock Exchange.

28. Which Not for Profit Organizations are eligible to issue Zero Coupon Zero Principal Instruments? -

Ans. Following conditions need to be fulfilled by Not-for-Profit Organizations to issue Zero Coupon Zero Principal Instruments:

- a) The Not-for-Profit Organization must be registered with Social Stock Exchange, and
- b) Zero Coupon Zero Principal Instruments must have specific tenure and can only be issued for a specific project or activity to be completed within a duration specified in the fundraising document, and
- c) The specific project or activity for which the Zero Coupon Zero Principle Instruments are being issued must fall under the list of eligible activities specified under regulation 292E of SEBI (ICDR) Regulations, 2018.

29. Can Not-for-Profit Organizations make private issuance of Zero Coupon Zero Principal Instruments?

Ans: Yes. The Not-for-Profit Organization registered on a Social Stock Exchange, may also make private issuance of Zero Coupon Zero Principal Instruments to Social Impact Fund(s) registered under the applicable provisions of the Securities and Exchange Board of India (Alternative Investment Funds) Regulations 2012.

30. What is the procedure for public issuance of Zero Coupon Zero Principal Instruments by a Not-for-Profit Organization?

Ans: i. A Not-for-Profit Organization shall file draft fund raising document with the Social Stock Exchange where it is registered along with the fees as specified by the Social Stock Exchange along with application to seek in-principle approval to list Zero Coupon Zero Principal Instruments on Social Stock Exchange.

- i. The Social Stock Exchange shall make draft fundraising document available on its website for a period of at least 21 days for public comments.
- iii. Social Stock Exchange may seek clarification from Not-for-Profit Organization, if required.
- iv. Within 30 days from the filing of the draft fund-raising document or receipt of clarifications, if any, sought by the Social Stock Exchange from Not-for-Profit Organization, whichever is earlier, the Social Stock Exchange shall provide its observation on the draft fund-raising document to the Not-for-Profit Organization.
- v. The Not-for-Profit Organization shall incorporate the observations of the Social Stock Exchange in draft fund-raising document and file the final fund-raising document with the Social Stock Exchange prior to opening the issue.

The same procedure is to be followed for private issuance of Zero Coupon Zero Principal Instruments to the extent applicable.

31. Can Zero Coupon Zero Principal Instruments be issued in physical form?

Ans: No. Zero Coupon Zero Principal Instruments shall be issued in dematerialized form only.

32. Is there any limit for issue size of Zero Coupon Zero Principal Instruments?

Ans: The minimum issue size for issue of Zero Coupon Zero Principal Instruments shall be rupees 50 lakh and minimum application size shall be rupees one thousand.

33. What is the minimum subscription required to be achieved for successful issue of Zero Coupon Zero Principal Instruments?

Ans: The minimum subscription required to be achieved shall be 50-75% of the funds proposed to be raised through issuance of Zero Coupon Zero Principal Instruments. Provided that the minimum subscription required to be achieved shall be 50% in case where the funds raised can be deployed, so as to be aligned with the disclosed object of the issue in a manner that the implementation of the project remains viable and meaningful.

34. Can a Social Enterprise terminate the listing of Zero Coupon Zero Principal Instruments from Social Stock Exchange?

Ans: The Social Enterprise shall terminate the listing of Zero Coupon Zero Principal Instruments in following events-

- a) The object for which the funds were raised has been achieved and a certificate to this effect is submitted to the Social Stock Exchange, or
- b) The tenure to achieve the object for which the funds were raised as provided in the fundraising document has expired.

35. Are instruments listed by Social Enterprises available for trading in secondary market?

Ans: The instruments issued by Not-for-Profit Organizations are not available for trading in secondary market. Whereas the instruments issued by For-Profit Organizations are available for trading in secondary market on respective platforms of the Stock Exchanges, on which they are listed.

36. What is Social Audit?

Ans: Social Audit refers social impact assessment of project/program executed by Social Enterprises through an independent examination by a certified Social audit professional (refer to Q3 below).

37. What is a Social Audit Firm or Social Impact Assessment Organization?

Ans: Social Audit Firm or Social Impact Assessment Organization is an entity which has a track record of minimum three years in conducting social impact assessment or at least two full time Social Impact Assessors, each with a minimum experience of three years, in conducting social impact assessment.

38. Who can act as Social Auditor?

Ans: An individual who is registered with a self-regulatory organization under the Institute of Chartered Accountants of India or such other agency, as may be specified by SEBI, and who has qualified a certification program conducted by National Institute of Securities Market and holds a valid certificate can act as Social Auditor.

39. Is there any Lock-in or minimum period between registration of any NPO and raising of funds from the market?

Ans: No, there is no Lock-in or minimum period between registration of any NPO and raising of funds from the market.

40. Is a merchant banker required to be appointed for preparing the draft fund – raising document?

Ans: Not required.

41. Is there a validity period for the observations issued by SSE on the draft fundraising document?

Ans: A period of 6 months is the validity period for the observations issued by SSE on the draft fund-raising document.

42. Please clarify whether the Funds raised by the NPO are in the form of a grant or a loan?

Ans: Funds raised by the NPO shall be in the form of a grant.

43. Whether private placement of Zero Coupon Zero Principal Instruments be made to any person other than Social Impact Funds registered under SEBI AIFs Regulations?

Ans: Yes, private placement of Zero Coupon Zero Principal Instruments may be made to any person other than Social Impact Funds registered under SEBI AIFs Regulations.

44. Whether the Private Placement of Zero Coupon Zero Principal Instruments issued to Social Impact Funds compulsorily required to be listed on Social Stock Exchange?

Ans: Yes, Private Placement of Zero Coupon Zero Principal Instruments issued to Social Impact Funds compulsorily required to be listed on Social Stock Exchange

45. Do all the funds for a ZCZP instrument project have to be raised via the SSE or some can be outside the SSE also?

Ans: Yes, ZCZP instrument project must be raised via the SSE, or some can be outside the SSE. The prescribed regulations may be referred.

46. Whether NGO/ NPO is required to obtain FCRA registration before raising funds from Foreign Institutional Investor or Individual Non-Resident Donors?

Ans: Foreign Investors are currently not allowed to invest through the SSE.

47. How will the foreign funding and local funding be managed in a single instrument, or will there be separate instruments for NRI's/Foreign investors?

Ans: Foreign funds are currently not permitted.

48. Once a proposal is put up for a project by an NPO, how will the fundraising happen? The investors will look into the proposals and get in touch with the NPO or the NPO will have to proactively seek support?

Ans: The SSE will not be playing a role in marketing for fund raising.

49. Will the investors be treated as donors? How will the funds received be accounted for?

Ans: Yes. Investor will be treated as donors as per normal accounting principles.

50. What happens if the ZCZP issue is not fully subscribed?

Ans: This will need to be specified in the offer document and shall be subject to the regulations.

51. Whether Zero Coupon Zero Principal Instrument holdings are transferable?

Ans: Trading is not permissible in ZCZP, but they can be transferred for other purposes, such as transfer to legal heirs.

52. Whether Zero Coupon Zero Principal Instruments will be subject to securities transaction tax?

Ans: No, Zero Coupon Zero Principal Instruments will not be subject to securities transaction.

53. Whether a Listed NPO can raise additional funds for the same project through another ZCZP instrument?

Ans: Yes, Listed NPO may raise additional funds for the same project through another ZCZP instrument.

54. Can a listed NPO raise funds for more than one project by issuing multiple ZCZP instruments, one for each project?

Ans: Yes, listed NPO may raise funds for more than one project by issuing multiple ZCZP instruments, one for each project.

55. Since, Development Impact Bonds Are Pay-for-Success Funding Structures, will NPOs be allowed to issue them?

Ans: Yes, NPOs will be allowed to issue Development Impact Bonds.

56. Whether a Registered NPO raised fund outside Social Stock Exchange is required to disclose the details of such funds as a part of Annual Disclosure under LODR?

Ans: Yes, Registered NPO raised fund outside Social Stock Exchange is required to disclose the details of such funds as a part of Annual Disclosure under LODR.



57. Is termination of Zero Coupon Zero Principal Instruments equivalent to delisting?

Ans: Yes, termination of Zero Coupon Zero Principal Instruments equivalent to delisting.

58. What is the process for corporates to register for extending funding support?

Ans: Corporates may follow the normal investor registration process.

59. Will foreign investors like FII's, FPI's or NRI investors be allowed to invest in NPOs fund raising?

Ans: Foreign investors like FII's, FPI's or NRI investors, will not be allowed to invest in NPOs fund raising.