ADRs, GDRs and IDRs

May 28, 2020

- Shares of foreign stocks offered in foreign markets are comprehensively known as depositary receipts.

- ADRs and GDRs are two types of depositary receipts with other types including European depositary receipts (EDRs), Luxembourg depositary receipt (LDRs), and Indian depositary receipts (IDRs).
- ADRs are shares of a single foreign company issued in the U.S.
- **How are such ADRs created?**
  - An American depository house acquires shares from Indian shareholders and subsequently issues ADRs to US investor (in dollar terms) according to conversion ratios that vary from stock to stock.
- GDRs are shares of a single foreign company issued in more than one country as part of a GDR program.
- Companies can issue depositary receipts in individual countries or they may choose to issue their shares in multiple foreign markets at once through a GDR.
- IDRs are similar to ADRs and GDRs. Here, a foreign company lists its shares in Indian stock exchange.