भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

CONSULTATION PAPER

DEPARTMENT OF DEBT AND HYBRID SECURITIES – POD II

CONSULTATION PAPER ON ISSUANCE OF DEPOSITORY RECEIPTS AGAINST UNITS OF REITS AND PUBLICLY LISTED INVITS

August 04, 2026

भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

Timeline to Respond

Comments on the Consultation paper (CP) may be sent by August 25, 2026

CONTENTS

1. OBJECTIVE

1.1. The objective of this consultation paper is to seek comments / views / suggestions of the public on the proposed regulatory framework for issuance of Depository Receipts ('DRs') against units of Real Estate Investment Trusts (REITs) and publicly listed Infrastructure Investment Trusts (InvITs).

1.2. The proposals made in the consultation paper are based on the recommendations of the Hybrid Securities Advisory Committee of SEBI ("HYSAC").

2. BACKGROUND

2.1. The Depository Receipts Scheme, 2014 ('DR Scheme') notified by the Central Government vide notification number F.No. 9/1/2013-ECB dated October 21, 2014, as amended by notification number F. No. 9/1/2013-ECB(Pt-2) dated October 07, 2019, *inter-alia* states the following:

a. *'depository receipt' means a foreign currency denominated instrument, whether listed on an international exchange or not, issued by a foreign depository in a permissible jurisdiction on the back of permissible securities issued or transferred to that foreign depository and deposited with a domestic custodian and includes 'global depository receipt' as defined in section 2(44) of the Companies Act, 2013;*

b. *'permissible securities' mean 'securities' as defined under section 2(h) of the Securities Contracts (Regulation) Act, 1956 and include similar instruments issued by private companies which:*
   (i) may be acquired by a person resident outside India under the Foreign Exchange Management Act, 1999; and
   (ii) *is in dematerialised form.*

c. *The following persons are eligible to issue or transfer permissible securities to a foreign depository for the purpose of issue of depository receipts:*
   (a) any Indian company, listed or unlisted, private or public;
   (b) any other issuer of permissible securities;
   (c) any person holding permissible securities;
   which has not been specifically prohibited from accessing the capital market or dealing in securities.

d. *The provisions of this Scheme shall be implemented by the respective authorities, namely, the Reserve Bank of India, the Securities and Exchange Board of India, Ministry of Corporate Affairs and Ministry of Finance.*

2.2. As per Section 2(h) of the Securities Contracts (Regulation) Act, 1956, 'securities' include units issued by any pooled investment vehicle. 'Pooled Investment Vehicle', as defined under Section 2(da) of the Securities Contracts (Regulation) Act, 1956, *inter-alia* includes REITs and InvITs registered with SEBI.

2.3. Foreign Exchange Management (Non-debt Instruments) Rules, 2019 ('NDI Rules') notified by the Central Government vide notification S.O. 3732(E) dated October 17, 2019, as amended from time to time, *inter-alia,* provide provisions for investment in India by a person resident outside India:

a. Rule 6(d) of NDI Rules states that "*a person resident outside India may invest in the depository receipts issued by foreign depositories against eligible securities in the manner and subject to the terms and conditions specified in Schedule IX.*"

b. Paragraph 1(a) of Schedule IX of the NDI Rules states that "*any security or unit in which a person resident outside India is allowed to invest under these rules shall be eligible instruments for issue of Depository Receipts in terms of Depository Receipts Scheme, 2014.*"

c. Rule 6(c) read with paragraph 1 of Schedule VIII of the NDI Rules permit a person resident outside India (other than a citizen of Pakistan or Bangladesh) or an entity incorporated outside India (other than an entity incorporated in Pakistan or Bangladesh) to invest in units of Investment

Vehicles. As per Rule 2(ae) of the NDI Rules, 'Investment Vehicle' include REITs and InvITs registered with SEBI.

d. Paragraph 1(b) of Schedule IX of the NDI Rules states that "*a person shall be eligible to issue or transfer eligible instruments to a foreign depository for the purpose of issuance of depository receipts in accordance with the Depository Receipts Scheme, 2014 and guidelines issued by the Central Government in this regard.*"

2.4. REITs and InvITs are set up as a trust under the Indian Trusts Act 1882 and registered with SEBI under the SEBI (Real Estate Investment Trusts) Regulations, 2014 ('REIT Regulations') and SEBI (Infrastructure Investment Trusts) Regulations, 2014 ('InvIT Regulations') respectively.

2.5. Under the REIT Regulations and InvIT Regulations, REITs and InvITs are permitted to issue units, which represent beneficial interest in the REITs and InvITs. The unitholders of REITs and InvITs are the beneficial owners and hold a fractional interest in the underlying assets of REITs and InvITs.

3. NEED FOR REVIEW

3.1. The units of REITs and InvITs are denominated in Indian Rupees and are listed on recognized stock exchange(s) in India. A REIT / InvIT can invite subscription and allot units to foreign investors subject to guidelines specified by the RBI and the Government.

3.2. A framework for issuance of DRs on units of REITs and InvITs will enable REITs and InvITs to issue DRs in permissible jurisdictions thereby providing an additional investment option for foreign investors. It will be beneficial for foreign investors as DRs allow trading in foreign currency on the permitted international exchange(s). It will also help in attracting foreign capital in REITs and InvITs.

4. PROPOSALS

4.1. Depository Receipts are foreign currency denominated instruments issued in a permissible jurisdiction by a foreign depository on the back of an Indian security deposited with a domestic custodian in India. Units of REITs and InvITs are ‘permissible securities’ under the DR Scheme.

4.2. Further, DRs issued by REITs and InvITs registered with SEBI will be subscribed by foreign investors and hence such investment shall be subject to relevant rules and regulations framed under the Foreign Exchange Management Act, 1999 (‘FEMA’). As per NDI Rules stated in paragraph 2.3 above, a person resident outside India is permitted to invest in units of REITs and InvITs. Accordingly, units of REITs and InvITs are eligible instruments for issue of DRs under the NDI Rules.

4.3. In view of the above, it can be stated that DR Scheme and NDI Rules permit issuance of Depository Receipts against units of REITs and InvITs. However, there is no enabling provision and thus no corresponding framework for issuance of DR on units of REITs / InvITs under the REIT Regulations / InvIT Regulations.

4.4. It may be noted that Privately Listed InvITs involve a trading lot size of Rs. 25 lakhs and are permitted to issue units only to institutional investors and body corporates in the initial offer. Similar restrictions cannot be enforced on DR which are issued and traded on the back of such units in the permissible jurisdiction(s). Hence, it is proposed to permit issuance of DR for REITs and Publicly Listed InvITs (and not for Privately Listed InvITs).

4.5. Accordingly, it is proposed that an enabling provision may be inserted as Regulation 14(12A) in the REIT Regulations / Regulation 14(4)(ma) in the InvIT Regulations, which may read as under:

"Depository Receipts may be issued against units of a REIT / Publicly Offered InvIT subject to compliance with these regulations and in such manner as may be specified by the Board."

4.6. With regard to detailed framework for issue of DRs, it may be noted that Section No. 22 titled *'Framework for issue of Depository Receipts'* under Chapter 1 titled *'Trading'* of SEBI Master Circular for Stock Exchanges and Clearing Corporations dated December 30, 2024, provides the framework for issue of DRs by companies incorporated in India and listed on a Recognized Stock Exchange in India ('Equity DR Framework').

4.7. Accordingly, it is proposed that the detailed framework for issuance of DR on units of REITs and Publicly Listed InvITs may be specified by way of a Circular. The draft framework proposed to be issued in this regard is attached as **Annexure – A**.

4.8. The draft framework is prepared based on the Equity DR Framework of SEBI. A tabular comparison showing the major changes made in the proposed DR framework for REITs and Publicly Listed InvITs vis-a-vis the Equity DR framework is attached as **Annexure – B**.

Consultation

Kindly provide your comments along with supporting rationale on the following proposals:

1. ***Permitting issuance of Depository Receipts for REITs and Publicly Listed InvITs.***
2. ***Draft Framework for issuance of Depository Receipts on units of REITs and Publicly Listed InvITs, attached at Annexure – A.***

5. PUBLIC COMMENTS

5.1. Considering the implications of the aforementioned matter on the market participants, public comments are invited on the above-detailed proposals. The comments/ suggestions should be submitted latest by August 25, 2026, through the online web-based form which can be accessed using this link.

5.2. Kindly go through the instructions mentioned on the above link before submitting comments on the consultation paper.

5.3. In case of any technical issue in submitting your comment through web based public comments form, you may contact Shri Barun Gurani, Manager (barung@sebi.gov.in) through email with the subject *"Consultation Paper on Issuance of Depository Receipts against units of REITs and Publicly Listed InvITs"*.

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