



Consultation paper on Regulatory Framework for Dematerialisation of securities by entities in the IFSC jurisdiction

A. Objective of the Consultation paper

The objective of this consultation paper is to seek comments from the public on the proposal for dematerialization of securities by entities in the IFSC jurisdiction.

B. Background and proposal

1. India International Depository IFSC Ltd is designated as the issuing agency for International Securities Identification Numbers ("ISIN") within GIFT City, IFSC. However, it has been observed that certain entities continue to obtain ISINs and hold securities through depositories located in the domestic jurisdiction, even when such securities are issued by entities established in IFSC jurisdiction.
2. Section 23G of the Depositories Act, 1996 empowers the International Financial Services Centres Authority ("IFSCA") to regulate depositories of financial products, financial services and financial institutions within the International Financial Services Centres.
3. Regulation 44 of IFSCA (Market Infrastructure Institutions) Regulations, 2021 ("MII Regulations") provides that all securities and other permitted financial productions in IFSC shall be eligible to be held in dematerialized form with a depository registered with the IFSCA.
4. Regulation 72 of the MII Regulations empowers IFSCA to specify norms, procedures, manners or guidelines by way of circulars to the Market Infrastructure Institutions.



C. Draft Framework and Proposal for Public Comments

1. A draft circular on the “**Dematerilisation of securities by entities in IFSC jurisdiction**” is placed as **Annexure -1**. Comments and suggestions from the public and stakeholders are invited on the draft framework.
2. Comments on the draft circular may be sent by email to **Mr. Saurabh Kumar, Manager, IFSCA** at saurabh.kumar1@ifsc.gov.in with a copy to **Mr. Pawan Kumar Chowdhary, DGM, IFSCA** at pawan.kc@ifsc.gov.in and **Mr. Arjun Prasad, GM, IFSCA** at arjun.pd@ifsc.gov.in latest by November 16, 2025.
3. The comments may be provided in the following format (MS Word or MS Excel only):

Name and Details of the Person / Entity [Organization name (if applicable), Contact No., Email address]			
Sr. No	Paragraph No. of the Draft Circular	Comments/Suggestions along with revised Clause in line with the suggestion	Detailed rationale along with supporting information

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Annexure – 1

DRAFT CIRCULAR

To,

All Entities set up in the IFSC

Sub: Dematerialisation of securities by entities in the IFSC

Background

1. International Financial Services Centres Authority (“IFSCA” / “the Authority”) has been taking various measures to promote ease of doing business, deepen market infrastructure, and strengthen the ecosystem in the International Financial Services Centre (IFSC). It has been observed that certain entities operating in the IFSC continue to obtain International Securities Identification Numbers (ISINs) and hold their securities with the domestic depositories in India.
2. The securities issued by an entity in the IFSC are treated as foreign securities under the Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder. In order to promote regulatory coherence, it has been decided that the entities in the IFSC jurisdiction shall obtain ISINs from a depository registered with IFSCA, instead of domestic depositories, for the purpose of dematerialisation of securities and other permitted financial products issued by them:

Explanation: For the avoidance of doubt, it is clarified that while the mandate is to shift the issuance of ISINs from domestic depositories to a depository in the IFSC, the issuer may continue to use an International Central Securities Depository (ICSD)



for the issuance and listing of securities and financial products, as permitted under the IFSCA (Listing) Regulations, 2024.

3. In order to provide sufficient time for transition, it has been decided that the entities in the IFSC that have already dematerialised their securities with the domestic depositories in India shall migrate such securities to a depository in the IFSC by March 31, 2026.

Responsibilities of Depository in the IFSC

4. To ensure a smooth transition, a depository in IFSC shall:
 - 4.1. Ensure a seamless migration from domestic depositories to minimise disruption for issuers and investors.
 - 4.2. Facilitate adequate disclosures regarding the migration process, including account opening requirements and procedural guidance for issuers and investors.

Compliance and Monitoring

5. All entities in the IFSC jurisdiction are required to comply with the above directions within the stipulated timeframe.
6. Depository in IFSC shall submit a compliance report to IFSCA by April 30, 2026 confirming the completion of migration by IFSC entities within the prescribed timelines.

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