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Securities and Exchange Board of India

प्रेस विज्ञप्ति
PRESS RELEASE

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Successful launch of "Demat 2.0"
Pilot project for Tokenised Corporate Bonds

Securities and Exchange Board of India (SEBI) announced the successful launch of "Demat 2.0", a pilot project on tokenisation of corporate bonds. The announcement was made jointly by Shri Sanjay Malhotra, Governor, RBI and Shri Tuhin Kanta Pandey, Chairman, SEBI, at the Global Fintech Fest, Mumbai.

What is Demat 2.0?

Demat 2.0 is the new market infrastructure developed to test a new way of issuing, holding, trading and settling corporate bonds. The bond is created as a digital token on a distributed ledger — a shared electronic record maintained simultaneously by market infrastructure institutions using Distributed Ledger Technology (DLT). The ledger is owned by the depositories.

Demat 2.0 is connected to RBI's wholesale CBDC (e₹) through Unified Market Interface (UMI) of RBI. This enables atomic settlement, i.e., the bond and the money move instantaneously. Thus, the technology improves the efficiency of transactions in securities market. Asset servicing, including interest payments and redemption, can be handled automatically through smart contracts, i.e., instructions written into the ledger that execute on their own. Today this requires the issuer or its registrar to obtain the list of holders from the depositories, compute what is due to each, and route payment separately through the banking channel. On the shared ledger, the details of bondholder are visible to all authorised institutions at once, and payment in e₹ reaches the bondholders' CBDC wallets on the due date. Taken together, these features are expected to make the issue, settlement and servicing of corporate bonds faster, more efficient and less error-prone

Advantages of Demat 2.0:

1. Funds received by the issuer on same day as bidding which generally used to take 2-3 days after bidding.
2. Cost of issuance and servicing expected to reduce for the issuer as manual processes are automated.
3. Reduced file sharing, reconciliation, validations for the market intermediaries involved.
4. Settlement risk is eliminated because of atomic settlement.
5. Funds are received by the investors immediately in secondary market, which used to take 2-3 days. These funds can then be deployed elsewhere.
6. Interest and redemption payments are credited in e₹ to the bondholders' CBDC wallets on the due date, triggered automatically by smart contract.

A potentially more efficient securities market infrastructure is envisaged under Demat 2.0.

Global Precedents. How is India different?

Tokenisation pilots and commercial launches have taken place across the globe. Project Helvetia III in Switzerland, Project Evergreen in Hong Kong, treasury bonds of US, bonds from BlackRock, JP Morgan, AIIB, etc are some of the examples. In these cases, tokenisation has largely been undertaken by individual issuers on separate platforms.

Uniqueness of India:

India is the first country in which corporate bonds have been issued natively on a distributed ledger, with the record of ownership held by a country’s statutory depositories and the funds leg settled in central bank digital currency, within the existing regulated market infrastructure.

Current Status:

Three companies have issued tokenised bonds so far, aggregating ₹1,025 crore:

- REC Limited, a public sector NBFC, was the first issuer, on September 7, 2026, raising ₹500 crore from 18 investors.

- L&T Limited was the second issuer, on September 9, 2026, raising ₹500 crore from 4 investors.
- IIFL, a private NBFC, was the third issuer, on September 9, 2026, raising ₹25 crore from 1 investor.

The pilot is being taken forward in phases. Issuances under the first phase are ongoing. Later phases will extend to buying and selling these bonds through the existing RFQ platforms, and to access for retail investors. The experience gained will guide any wider rollout.

What changes and what does not?

What changes is the technology used to record ownership and service the bond. The safeguards for investors stay exactly as they are. The bond remains the same instrument in law, the company's obligation to repay is unchanged, and the rights of investors are unchanged. Requirements relating to credit rating, debenture trustees, listing and disclosures continue to apply in full. These bonds will also trade in the same manner as bonds held in demat form, so the market is not fragmented.

How to participate?

For investors, taking part is straightforward. Tokenised bonds are held in the investor's existing demat account, with no separate account to open and no fresh KYC. Investors will need to enable Demat 2.0 with their depository and hold wholesale CBDC (e₹) wallet with a participating bank to settle the funds leg.

Frequently Asked Questions (FAQs) explaining the pilot and how to participate are being issued along with this press release.

Mumbai

September 10, 2026