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Bill No. XXX of 2026

A Bill to provide for the legal recognition, regulation and supervision of asset tokenisation in the country; to lay down a statutory framework for the issuance, trading, custody and settlement of tokenised real-world assets; to ensure investor protection, market integrity and financial stability; and for matters connected therewith or incidental thereto.

BE it enacted by Parliament in the Seventy-seventh Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

1. (1) This Act may be called the Asset Tokenisation (Regulation) Act, 2026.
(2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint, and different dates may be appointed for different provisions of this Act.

Short title and commencement.

Definitions.

2. In this Act, unless the context otherwise requires,—

(a) “Appellate Tribunal” means the Securities Appellate Tribunal referred to in section 17;

(b) “asset” means any property, whether movable or immovable, tangible or intangible, corporeal or incorporeal, and including real estate, commodities, securities, receivables, infrastructure assets, carbon credits, intellectual property rights, or such other class of real-world assets, as may be notified by the Central Government;

(c) “asset token” means a cryptographically secured digital representation of any right, title, interest, claim or economic benefit in an underlying asset, which is generated, issued, stored, or transferred, or traded by using electronic means and recorded on a distributed ledger technology or such similar technology, as may be notified by the Central Government;

(d) “Committee” means inter-regulatory coordination committee constituted under section 8;

(e) “custodian” means an entity registered under this Act and authorised to hold, safeguard, administer or manage underlying assets or asset tokens, on behalf of investors or token holders, in such manner as may be prescribed;

(f) “distributed ledger technology” means a system of electronic records, which is shared, replicated and synchronised across multiple nodes and enables immutable recording of transactions;

(g) “electronic record” shall have the meaning as assigned to it in clause (t) of sub-section (1) of section 2 of the Information Technology Act, 2000;

21 of 2000.

(h) “issuer” means any person, body corporate or special purpose vehicle registered under this Act, which creates, offers or issues asset tokens and includes any person who solicits subscription thereto;

(i) “prescribed” means prescribed by rules made under this Act;

(j) “regulatory authority” means the authority or authorities designated under section 5;

(k) “securities” shall have the meaning assigned to it in clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956;

42 of 1956.

(l) “token holder” means a person who holds, owns or has a beneficial interest in an asset token;

(m) “tokenisation” means the process of converting rights or interests in an asset into one or more asset tokens;

(n) “trading platform” means any electronic system, facility or arrangement, whether physical or virtual, which is registered with the regulatory authority under this Act and which provides for the listing, trading, matching, execution or reporting of transactions in asset tokens, and includes such ancillary services as may be specified by the regulatory authority; and

(o) Words and expressions used but not defined in this Act but defined in the Information Technology Act, 2000, the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Reserve Bank of India Act, 1934, shall have the meanings respectively assigned to them in those Acts.

21 of 2000.
15 of 1992.
42 of 1956.
2 of 1934.

CHAPTER II

LEGAL RECOGNITION OF ASSET TOKENISATION

3. (1) Notwithstanding anything contained in any other law for the time being in force, asset tokens issued in accordance with the provisions of this Act shall be recognised as valid digital representations of the rights, title, interest, claim or economic benefit in the underlying asset.
- (2) The issuance of an asset token shall not, by itself, constitute a transfer of ownership of the underlying asset, except to the extent expressly provided in the tokenisation arrangement or regulations made under this Act.
4. The rights, obligations and entitlements attached to an asset token shall be legally enforceable against the issuer and any other relevant persons in accordance with the disclosures, contractual terms and regulatory requirements governing such asset token, subject to applicable law.

Legal recognition of asset tokens.

Enforceability of rights.

CHAPTER III

REGULATORY AUTHORITIES

5. (1) The Central Government shall, by notification in the Official Gazette, designate one or more existing financial sector regulators as the regulatory authority or authorities for the purposes of this Act.
- (2) Where more than one regulatory authority is so designated, the Central Government may, by notification, specify the scope of jurisdiction of each such authority, having regard to the nature of the underlying asset and the functions to be performed under this Act.
6. The regulatory authority shall, for the purposes of this Act,—
- (a) grant, renew, suspend or cancel registration of issuers, custodians and asset token trading platforms, in such manner as may be prescribed;
- (b) specify eligibility conditions, disclosure standards, prudential norms and governance requirements;
- (c) regulate issuance, trading, custody and settlement of asset tokens;
- (d) protect the interests of token holders and ensure orderly development of the asset-token market;
- (e) call for information, reports or statements from any person or entity regulated under this Act, and to conduct inspections, inquiries and audits thereof;
- (f) issue directions, guidelines, circulars or advisories, consistent with the provisions of this Act and rules made thereunder, as may be necessary for effective implementation of this Act; and
- (g) perform such other functions, or regulate such other matters, as may be prescribed.

Designation of regulatory authority.

Powers and functions of regulatory authority.

CHAPTER IV

CO-ORDINATION AMONG REGULATORS

7. (1) Where the issuance or trading of asset tokens involves securities, the Securities and Exchange Board of India shall be the principal regulatory authority.
- (2) Where asset tokens involve payment systems, stable value arrangements or banking related activities, the Reserve Bank of India shall exercise regulatory oversight.

Inter-regulatory coordination.

(3) Where asset tokens relate to insurance, pension or any other sector, the respective statutory regulator shall exercise jurisdiction.

(4) The regulatory authorities shall consult and coordinate with one another to avoid regulatory overlap, gaps or inconsistency, and may issue joint directions or regulations where necessary.

Inter-regulatory
coordination
committee.

8. (1) The Central Government may, by notification in the Official Gazette, constitute an Inter-regulatory Coordination Committee for the purposes of this Act, having Chairperson and such number of Members and shall perform such functions, as may be prescribed.

(2) The terms and conditions of service, including term of appointment, salary, allowances, and other terms of employment of the Chairperson and Members of the Committee, shall be such as may be prescribed.

CHAPTER V

ISSUANCE AND DISCLOSURE

Conditions for
issuance of
asset tokens.

9. No issuer shall issue asset tokens unless—

(a) the issuer has legal ownership, control or enforceable rights over the underlying asset;

(b) the underlying asset is appropriately valued and verified in such manner as may be prescribed;

(c) full, true and fair disclosures of the nature of underlying asset, the risks, rights and obligations, attached to the asset token, are made to potential investors or token holders;

(d) the issuance complies with the requirements relating to anti-money laundering, know-your-customer requirements and prevention of illicit activities and such other safeguards as may be prescribed.

Offering
document.

10. Every issuer shall, prior to issuance of asset tokens, issue an offering document containing such particulars as may be specified by the regulatory authority.

CHAPTER VI

TRADING, CUSTODY AND SETTLEMENT

Regulation of
trading
platforms.

11. Asset tokens shall be traded only on platforms registered with the regulatory authority and in accordance with such conditions, as may be specified.

Custody of
assets and asset
tokens.

12. (1) The underlying assets and corresponding asset tokens shall be held with a custodian registered under this Act, in such manner as may be prescribed.

(2) Every custodian shall maintain segregation of client assets, keep proper records and implement adequate technological and operational safeguards, in accordance with regulations made under this Act.

Settlement and
record keeping.

13. All transactions in asset tokens shall be recorded and settled in such manner as may be specified, ensuring transparency, auditability and integrity of records.

CHAPTER VII

INVESTOR PROTECTION AND RISK MANAGEMENT

Measures for
investor
protection.

14. The regulatory authority shall establish and maintain mechanisms for grievance redressal, transparency, and prevention of fraud, mis-selling and unfair trade practices, in such manner as may be prescribed.

Risk
management
and compliance.

15. Every issuer, custodian and trading platform shall maintain adequate systems for cyber security, operational resilience and business continuity.

CHAPTER VIII

ADJUDICATION AND APPELLATE MECHANISM

16. (1) For the purpose of adjudging penalties under this Act, the procedure laid down in the Schedule shall be followed:

Adjudication.

Provided that the Central Government may, by notification in the Official Gazette and for reasons to be recorded in writing, amend the Schedule so as to modify the entries mentioned therein with effect from such date as may be specified in the said notification.

(2) The adjudicating officer shall, while adjudging the quantum of penalty, have due regard to the amount of disproportionate gain or unfair advantage, made as a result of the default, the loss caused to investors as a result of the default and the repetitive nature of the default.

15 of 1992.

17. (1) The Securities Appellate Tribunal established under section 15K of the Securities and Exchange Board of India Act, 1992, shall be the Appellate Tribunal for the purposes of this Act and shall exercise the jurisdiction, powers and authority, as may be prescribed.

Appeal to
Appellate
Tribunal.

(2) Any person aggrieved by an order of the adjudicating officer or the regulatory authority under this Act, may prefer an appeal to the Appellate Tribunal.

15 of 1992.

(3) The Appellate Tribunal shall hear and dispose of such appeal in accordance with the provisions of the Securities and Exchange Board of India Act, 1992, and the rules made thereunder, and shall have the same powers in relation to appeals under this Act as it has in relation to appeals under that Act.

(4) An appeal shall be filed within forty-five days from the date on which a copy of the order is received by the aggrieved person.

CHAPTER IX

OFFENCES AND PENALTIES

18. (1) Whoever, directly or indirectly,—

Offences.

(a) issues or offers asset tokens without obtaining registration or approval under this Act;

(b) furnishes false, misleading or incomplete information in any offering document;

(c) engages in fraudulent, manipulative, unfair or deceptive practices in relation to asset tokens; or

(d) contravenes any direction, regulation or order issued by the regulatory authority under this Act,

shall be punishable with imprisonment for a term which may extend to ten years or with fine which may extend to rupees twenty-five crore or three times the amount of gains made, whichever is higher, or with both.

(2) Where an offence under this Act has been committed by a company, every person who, at the time the offence was committed, was in charge of and responsible to, the company for the conduct of its business, shall be deemed to be guilty of the offence and liable to be proceeded against and punished accordingly.

19. (1) Without prejudice to any criminal liability that may be incurred under this Act or any other law for the time being in force, the regulatory authority may impose civil penalties, issue cease and desist orders, suspend or cancel registration, freeze assets or take such other measures, as may be prescribed.

Civil penalties
and
enforcement.

(2) The provisions relating to search, seizure, attachment, investigation and adjudication under applicable financial laws may apply, *mutatis mutandis*, to proceedings under this Act.

CHAPTER X

TRANSITIONAL AND SAVINGS PROVISIONS

Transitional provisions.

20. (1) Any person or entity engaged in asset tokenisation, issuance, trading or custody immediately before the commencement of this Act shall, within such period as may be prescribed, comply with the provisions of this Act.

(2) During the transitional period, such activities may continue subject to such conditions and safeguards as may be specified by the regulatory authority.

Savings.

21. (1) Any asset tokenisation project, pilot or sandbox arrangement approved or permitted by any regulatory authority prior to the commencement of this Act shall be deemed to have been permitted under this Act, for such period and subject to such conditions as may be specified by the regulatory authority.

(2) The regulatory authority may require modification, migration or termination of such projects, pilots or sandbox arrangements where it considers such action necessary in the interest of investors, market integrity or financial stability.

CHAPTER XI

MISCELLANEOUS

Audit reports.

22. (1) Every issuer, custodian, trading platform or other entity registered under this Act shall prepare, at such intervals as may be prescribed, an audit report in respect of its operations relating to asset tokens.

(2) The audit report shall be prepared by an auditor duly qualified under law, and shall contain such particulars, disclosures and certifications as may be specified by the regulatory authority.

(3) A copy of every audit report shall be submitted to the regulatory authority within such time and in such manner as may be prescribed, and shall be made available to investors or token holders subject to such conditions as may be specified.

(4) Where the audit report discloses any material irregularity, fraud, mis-statement or non-compliance, the regulatory authority may take such measures as it considers necessary, including directing corrective action, imposing penalties or initiating proceedings under this Act.

Central Government to provide funds.

23. **The Central Government shall, after due appropriation made by Parliament by law in this behalf, provide adequate funds, for carrying out the purposes of this Act.**

Power to make rules and regulations.

24. (1) The Central Government may, by notification in the Official Gazette, make rules for carrying out the provisions of this Act.

(2) The regulatory authority may, with the prior approval of the Central Government, make regulations consistent with this Act.

(3) Every rule or regulation made under this Act shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or regulation or both Houses agree that the rule or regulation should not be made, the rule or regulation shall thereafter have effect only in such modified form or be of no effect, as the case may be; so however, that any

such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

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| 25. | No suit or legal proceeding shall lie against the Central Government, the regulatory authority or any officer thereof for anything done or intended to be done in good faith under this Act. | Protection of action taken in good faith. |
| 26. | The provisions of this Act shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force. | Act to have overriding effect. |
| 27. | (1) If any difficulty arises in giving effect to the provisions of this Act, the Central Government may, by order published in the Official Gazette, make such provisions not inconsistent with the provisions of this Act as may appear to it to be necessary or expedient for removing the difficulty.

(2) Every order made under this section shall be laid, as soon as may be after it is made, before each House of Parliament. | Power to remove difficulties. |

SCHEDULE

[See section 16]

PROCEDURE FOR ADJUDICATION

1. Appointment and jurisdiction of adjudicating officer.—
 - (a) The regulatory authority shall, by order, appoint one or more adjudicating officers for the purposes of this Act.
 - (b) An adjudicating officer shall exercise jurisdiction over such class of cases or such territorial area as may be specified in the order of appointment.
2. Initiation of adjudication proceedings.—
 - (a) Where the regulatory authority is satisfied that a person has committed a contravention of the provisions of this Act or the rules or regulations made thereunder, it may refer the matter to an adjudicating officer.
 - (b) The adjudicating officer shall issue a notice to the person concerned requiring him to show cause within such time as may be specified as to why an inquiry should not be held against him.
3. Opportunity of being heard.—
 - (a) The adjudicating officer shall give the person concerned a reasonable opportunity of being heard before passing any order.
 - (b) The person concerned may appear either in person or through an authorised representative, as may be prescribed.
4. Inquiry and powers of adjudicating officer.—
 - (a) The adjudicating officer may, for the purpose of inquiry, call for documents, records or information and may examine any person acquainted with the facts of the case.
 - (b) The adjudicating officer shall have the same powers as are vested in a civil court under the Code of Civil Procedure, 1908, while trying a suit in respect of summoning and enforcing attendance, discovery and production of documents.
5. While adjudging the quantum of penalty, the adjudicating officer shall have due regard to—
 - (a) the amount of disproportionate gain or unfair advantage made as a result of the contravention;
 - (b) the amount of loss caused to token holders or other persons;
 - (c) the repetitive nature of the default.
6. Order of adjudicating officer.—
 - (a) The adjudicating officer shall, after completion of inquiry, pass a reasoned order imposing penalty or otherwise.
 - (b) A copy of the order shall be communicated to the parties concerned.
7. Recovery of penalty.—

If any person fails to pay the penalty imposed, the same shall be recoverable as arrears of land revenue or in such manner as may be prescribed.
8. Limitation.—

No order imposing penalty shall be passed after the expiry of three years from the date on which the contravention is alleged to have been committed.

STATEMENT OF OBJECTS AND REASONS

The Bill seeks to establish a comprehensive legal and regulatory framework for the issuance, trading, custody and supervision of tokenised real-world assets in the country.

At present, Indian laws do not contain a dedicated statute addressing asset tokenisation. While certain activities may fall within existing securities, banking or information technology laws, the absence of a clear legislative framework regarding asset-tokenisation has resulted in regulatory uncertainty, fragmented oversight and constrained innovation.

The Bill proposes statutory recognition of asset tokens as digital representations of rights or interests in underlying assets, without altering the legal character of such assets unless expressly provided. It adopts a regulator led approach by designating existing financial sector regulators as authorities under the Act, with jurisdiction determined by the nature of the underlying asset.

The Bill lays down conditions for issuance, disclosure requirements, custody norms, regulated trading, and record keeping obligations. It incorporates strong investor protection measures, risk management requirements and explicit coordination mechanisms among regulators to prevent overlap or gaps in supervision.

To ensure effective enforcement, the Bill provides for civil and criminal penalties aligned with existing financial laws, appointment of adjudicating officers, and appellate remedies before the Securities Appellate Tribunal. Transitional and savings provisions are also included in the Bill to allow existing pilot schemes and sandbox arrangements to migrate into the new framework in a regulated manner.

The proposed legislation is technology neutral, aligned with the Information Technology Act, securities laws and banking laws, and is intended to promote responsible innovation while safeguarding market integrity and financial stability.

Hence, this Bill.

RAGHAV CHADHA.

FINANCIAL MEMORANDUM

Clause 8 of the Bill provides for constitution of an inter-regulatory coordination committee having Chairperson and such number of Members as may be prescribed as well as for their terms and conditions of service including salary and allowances. Clause 23 provides that Central Government shall, after due appropriation made by Parliament by law in this behalf, provide adequate funds, for carrying out the purposes of this Act.

Therefore, the Bill, if enacted, would involve expenditure both of recurring and non-recurring nature from the Consolidated Fund of India. However, it is not possible at this juncture to estimate the exact expenditure likely to be involved.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 24 of the Bill empowers the Central Government to make rules for carrying out the provisions of the Act and also empowers the regulatory authority, with the prior approval of the Central Government, to make regulations consistent with the Act. Clause 27 provides that the Central Government may make such provisions, by order, as may be necessary for removing any difficulty in giving effect to the provisions of this Bill.

As the matters in respect of which the rules and regulations may be made relate to matters of detail only, the delegation of legislative power is of a normal character.