Inside GIFT City's Exchanges: From GIFT Nifty to Global Bonds and Bullion



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Abstract. GIFT City's International Financial Services Centre brings together three exchanges with distinct roles: NSE International Exchange (NSE IX), India International Exchange (India INX) and India International Bullion Exchange (IIBX). This article explores their products, the significance of GIFT Nifty, international debt listings and bullion trading through electronic depository receipts. It explains how trading, clearing, banking, custody and vaulting fit together, examines participant access, and assesses the challenges of liquidity, market concentration and policy dependence. The focus is on the exchanges' economic roles and day-to-day market functioning.

Keywords: GIFT City; IFSC; NSE IX; India INX; IIBX; GIFT Nifty; Global Securities Market; Bullion Depository Receipts; clearing and settlement; FEMA; LRS.

1. INTRODUCTION



1.1 GIFT City's exchanges are more than trading screens: they connect international investors, issuers and bullion businesses through a specialised market infrastructure within India. Understanding this ecosystem requires looking beyond a familiar benchmark such as GIFT Nifty to the institutions that execute, clear, settle and safeguard each transaction.

1.2 The article examines the three exchanges, their different market functions and the infrastructure supporting them. It also considers participant eligibility and foreign-exchange requirements. Product availability and access conditions are not uniform across exchanges and should be checked against the applicable current rules.

2. THE CASE FOR ONSHORING RUPEE TRADING

2.1 The BIS Triennial Survey 2025 shows that foreign exchange derivatives involving the rupee averaged USD 132.1 billion a day in April 2025. Non-deliverable forwards (NDFs) made up 53.4 per cent of this, against USD 17.2 billion in 2013. By sales-desk location, the United Kingdom accounted for 29.3 per cent, Singapore 27.7 per cent and India 22.7 per cent.

2.2 An article in the August 2020 RBI Bulletin had already described the INR NDF market as the second largest in the world and nearly three times the size of the onshore deliverable forward market. It reported that once Indian banks were allowed to deal in NDFs from 1 June 2020, the gap between offshore and onshore rates, which had exceeded 100 paise in March 2020, closed almost entirely. INR derivatives launched on

India INX and NSE IFSC on 8 May 2020 averaged USD 172 million a day in their first weeks.

2.3 The central idea is to offer an internationally accessible market within India's regulatory jurisdiction. Foreign-currency products, extended trading sessions and cross-border connectivity help accommodate international participants. For practitioners, this makes exchange rules, IFSCA requirements and the applicable FEMA framework integral to understanding a transaction.

3. THE THREE EXCHANGES

3.1 Table 1 provides an overview of each exchange.

Table 1: IFSC exchanges at a glance

Exchange	Business	Key figures
NSE IX	GIFT Nifty and other index, single-stock and currency derivatives; depository receipts; listing of equity, REITs, InvITs and ESG debt	Cumulative turnover of USD 2.92 trillion from July 2023 to March 2026; over 99.7 per cent of turnover among IFSC international exchanges
India INX	Debt listing and trading; derivatives. Promoted by BSE; operating since January 2017	Reports over USD 64 billion of debt listed
IIBX	Spot bullion through Bullion Depository Receipts (BDRs); monthly gold and silver futures	Gold volume of 916 kg in FY 2025-26, against 93,073 kg in FY 2024-25

3.2 Taken together, IFSC exchanges reported an average monthly turnover of over USD 105 billion in the first quarter of FY 2026-27 and debt listings of over USD 2.2 billion in the same quarter.

3.3 Three exchanges, three market functions. NSE IX is best known for index derivatives, India INX has an important international securities-listing business, and IIBX links bullion trading to physical metal. These are overlapping but distinct roles. GIFT Nifty is a product suite on NSE IX, not a fourth exchange.

3.4 Reading exchange statistics correctly. Derivatives turnover measures trading activity; open interest measures outstanding contracts; debt-listing value measures securities admitted to a market; and bullion volume measures metal traded. These indicators should be considered separately. A large listing total does not, by itself, establish an active secondary market or ready execution for every instrument.

4. NSE IX AND GIFT NIFTY

4.1 NSE IX was set up in June 2017. On 3 July 2023, trading in Nifty contracts previously traded as SGX Nifty moved to NSE IX under the name GIFT Nifty. The contracts are denominated in US dollars and are traded for almost 21 hours a day. The initial suite covered the Nifty 50, Bank, Financial Services and IT indices.

4.2 Volumes have grown steadily. NSE reports cumulative turnover of USD 2.92 trillion across 63.37 million contracts from July 2023 to March 2026. March 2026 recorded the highest monthly turnover, at USD 129.80 billion, against the earlier high of USD 106.22 billion in October 2025.

4.3 Dedicated clearing infrastructure supports margin collection, settlement obligations and default management. The cross-border Connect arrangement also involves SGX's clearing and settlement framework for its participant network. The relevant member and access route therefore matter: the location of order matching should not be confused with the complete clearing chain.

4.4 The NSE IFSC exchange also offers unsponsored depository receipts on leading US stocks, which can be purchased through an IFSC broker. Fractional trading is available. Resident investors can use this route only subject to the conditions described in paragraph 7.3.

4.5 The Connect model. The NSE IX–SGX GIFT Connect became fully operational on 3 July 2023. It enabled international participants using SGX's network to access trading and matching of GIFT Nifty in GIFT City. Its importance lies in bringing orders into a common execution venue while preserving international connectivity, rather than merely changing the name of a contract.

4.6 Why extended trading hours matter. Longer sessions allow participants in different time zones to respond to developments outside

the mainland Indian market's normal hours. GIFT Nifty provides a market for index exposure, not ownership of the index's constituent shares. Its price reflects a derivative contract and may differ from the cash index because of financing, dividends, expiry and market conditions.

4.7 Beyond the flagship. NSE IX's published market interface covers equity derivatives, currency derivatives and US-stock receipts. A listed product is not necessarily equally liquid across all expiries or trading sessions. A balanced assessment should therefore distinguish product breadth from actual trading depth and examine contract specifications, market activity and the applicable access route.

5. INDIA INX AND THE DEBT MARKET

5.1 Table 2 summarises the debt listings on IFSC exchanges in FY 2025-26, based on IFSCA's annual review.

Table 2: Debt listings on IFSC exchanges, FY 2025-26

" INR derivatives launched on India INX and NSE IFSC on 8 May 2020 averaged USD 172 million a day in their first weeks. "

Measure	Position
Listings in the year	USD 5.20 billion across 30 issues, all private placements
Cumulative since 2017	USD 70.31 billion
Outstanding at 31 March 2026	USD 49.20 billion
Peak year	FY 2021-22, at USD 18.19 billion
ESG-labelled issues	USD 1.37 billion (26 per cent of the year's total)
Largest issuers	Muthoot Finance, Exim Bank, Mumbai International Airport, Sammaan Capital, ReNew Treasury IFSC
Sector	Finance and banking: 29 of 30 issues, about 85 per cent of value

5.2 Two features stand out. Listings in FY 2025-26 were less than 30 per cent of the FY 2021-22 peak. The five largest issuers raised USD 4.5 billion, or about 86 per cent of the year's total.

5.3 Both exchanges claim leadership. India INX states that debt worth over USD 64 billion is listed on its exchange, while NSE IX states that it holds over 73 per cent of listings in 2025-26. These measures describe different periods and bases: a cumulative listing total should not be compared directly with a share of annual issuance.

5.4 The Global Securities Market. India INX's GSM platform provides listing services to Indian and foreign issuers. Its debt framework accommodates foreign-currency bonds, rupee-denominated Masala Bonds, and green, social and sustainable bonds. Issuers can approach the market through standalone issues or issuance programmes. This gives the exchange a capital-raising role distinct from the high-frequency turnover of a derivatives market.

5.5 Listing is a continuing responsibility. A bond listing is not simply admission to an exchange. Investors also rely on offering documents, financial disclosures, payment information and compliance with ongoing listing obligations. For ESG-labelled debt, the financing label must be supported by the relevant framework and reporting; the label alone does not establish credit quality or trading liquidity.

5.6 What would signal a deeper debt market? Broader participation by issuers and investors, a more diverse sector mix, reliable disclosures and active secondary trading would complement headline listing totals. Annual issuance, outstanding debt and cumulative listings should be reported separately so that readers can distinguish new fund-raising from the historical size of the platform.

6. IIBX AND BULLION

6.1 Legal character. Bullion spot delivery contracts and bullion-backed BDRs were notified as financial products in 2020. A gazette notification of 24 December 2021 added them to the definition of "securities" under the Securities Contracts (Regulation) Act, 1956.

6.2 Mechanics. Spot contracts are traded and cleared on a T+0 basis. BDRs are settled every 30 minutes, while funds are settled four

times a day, through links with India International Depository IFSC Limited. T+2 contracts were introduced on 5 May 2026. Bullion is held in three vaults at GIFT IFSC and two in Chennai.

6.3 Participants. Buyers are mainly Qualified Jewellers and holders of tariff rate quota (TRQ) allocations under the India-UAE arrangement. IFSCA has eased the eligibility norms for Qualified Jewellers: bullion-related business accounting for at least 60 per cent of turnover in each of the last three years, or 90 per cent in the last full year, and a net worth of at least ₹15 crore.

6.4 Residents. IFSCA's circular of 17 June 2022 states that resident individuals cannot invest in BDRs through LRS. Only a notified Qualified Jeweller may buy BDRs, and only to import gold through IIBX.

6.5 Volumes. Table 3 compares the last two years.

Table 3: IIBX gold volumes

Item	FY 2024-25	FY 2025-26
Total gold	93,073 kg	916 kg
Through the TRQ route	92,655 kg	235 kg
Other gold	418 kg	681 kg
Silver (spot)	—	Nil

6.6 Gold volume fell by about 99 per cent. In FY 2024-25 almost all gold volume—nearly 99.6 per cent—came through the TRQ route, so the exchange's volumes followed trade-policy settings more than market demand. The annual report records that the TRQ allocation is under challenge in the Delhi High Court, that the second 80-tonne e-auction round is under challenge in the Rajasthan High Court, and that DGFT has stopped imports of gold as platinum alloy at duty rates below the prescribed rate. Total income for the year was about ₹17 crore, a decline of 55 per cent, and the loss before tax was about ₹13.6 crore.

6.7 IIBX received recognition as a Qualified Central Counterparty from IFSCA in March 2026. Monthly silver futures were launched in August 2025 and monthly gold futures in January 2026.

6.8 From physical bars to electronic ownership. IIBX's design connects bullion held in approved vaults with Bullion Depository Receipts maintained through the depository system. The depository supports electronic holding, ownership transfers, settlement, and creation and extinguishment of receipts. Physical bullion is therefore not moved each time electronic ownership changes; the vaulting and depository records provide the link between the traded receipt and the underlying metal.

6.9 Quality and documentation matter. The bullion deposit process involves approved or permitted refiners, prescribed documentation and verification by the vault manager and depository. Bar details, weight, fineness and origin records support traceability. Importing metal into the domestic market remains a separate process, subject to the applicable import permissions and customs requirements.

6.10 Two markets within the bullion platform. Spot trading connects buyers with bullion represented by receipts, while futures introduce contracts with specified future expiries. IIBX's published interface now displays both gold and silver spot products and futures. Their existence does not establish equal participation or liquidity; spot volumes, futures turnover and open interest need separate analysis.

6.11 The development challenge. Transparent exchange prices, standardised metal and organised settlement are important foundations. Sustained growth also depends on reliable supply, eligible buyers, workable import arrangements and economic competitiveness. The sharp movement in the reported gold volumes illustrates why the exchange should be assessed as both a financial market and a channel connected to physical trade.

7. WHO CAN PARTICIPATE: FEMA AND LRS

7.1 IFSC units operate under a specialised FEMA framework. Non-resident participation is also subject to the relevant product rules, intermediary onboarding, ownership checks and any applicable approval requirements. The ability to access one segment should not be assumed to confer eligibility across all three exchanges.

7.2 Table 4 sets out the position of residents.

Table 4: Resident participation

Participant	Position
Resident individuals	Resident individuals may use LRS within its applicable annual limit and conditions. The RBI circular of 10 July 2024 broadened IFSC remittances to permissible financial services and products within IFSCs and permissible current or capital account transactions in other foreign jurisdictions through an IFSC foreign currency account. This is not blanket permission to trade every exchange product; product-specific restrictions still apply.
Corporates, firms, HUFs and trusts	LRS is not available. Overseas investment is governed by the Overseas Investment Rules, 2022.

7.3 The Master Direction on LRS also lays down the following:

(a) Remittances to an IFSC for financial services, and for permissible transactions through a foreign currency account in the IFSC, are allowed. Residents cannot use that account to settle domestic transactions with other residents.

(b) Banks cannot extend credit for LRS remittances, and PAN is mandatory.

(c) Funds may be retained and reinvested, but unspent or realised foreign exchange that is not reinvested must be repatriated within 180 days.

(d) The limit of USD 250,000 applies to all LRS remittances in the financial year taken together.

7.4 LRS also does not permit remittances for margins or margin calls to overseas exchanges. This restriction limits the scope for resident individuals to participate in IFSC derivatives such as GIFT Nifty.

8. DIRECT LISTING OF INDIAN COMPANIES

8.1 Section 23 of the Companies Act, 2013, as amended in 2020, was brought into force on 30 October 2023 to allow direct listing in permissible jurisdictions. The Companies (Listing of Equity Shares in Permissible Jurisdictions) Rules, 2024, and the FEMA (Non-debt Instruments) Amendment Rules, 2024 followed on 24 January 2024. The IFSC is the only permissible jurisdiction at present, and the route is open to unlisted public companies.

8.2 The IFSCA (Listing) Regulations, 2024 require an issuer to meet any one of three tests: operating revenue of USD 20 million, pre-tax profit of USD 1 million, or post-issue market capitalisation of USD 25 million. Other conditions include a minimum subscription of 90 per cent, at least 50 allottees, and a cap of 25 per cent of proceeds for general corporate purposes.

8.3 Non-residents of every category may buy and sell such shares. Indian residents may not. A company listing in this manner therefore reaches foreign investors only. Reports indicate that the first issuers are still preparing their offer documents.

8.4 Direct equity listing is distinct from the debt-listing and derivative businesses discussed earlier. Its development should be assessed through actual issuances, investor participation, continuing disclosures and secondary-market trading, rather than the existence of an enabling framework alone.

9. BEHIND THE TRADE: THE SUPPORTING INFRASTRUCTURE

9.1 Execution and settlement are different stages. An exchange provides the venue where orders are matched. Clearing arrangements establish obligations and manage counterparty risk; settlement completes the required transfer of funds, securities or receipts. The exact chain varies by product and access route, particularly where an international exchange connection is involved.

9.2 Banking and custody complete the market. Foreign-currency banking services support funding and payments, while depositories and custodians support electronic holdings, ownership records and settlement. Bullion adds another physical layer: vault managers and metal-verification procedures. The quality of these supporting institutions is as important as the speed of the trading platform.

9.3 Risk controls do not eliminate risk. Margins, position monitoring and default-management arrangements help protect market functioning, but do not guarantee an investor against losses. Market movements, thin liquidity, operational disruptions and the terms of the individual contract remain relevant. Long trading

hours should therefore be understood alongside robust monitoring and clear settlement procedures.

9.4 What makes an exchange internationally competitive? Reliable technology, transparent rules, predictable settlement, effective supervision and a broad intermediary network help attract repeat participation. Sustained liquidity requires more than a long product list: participants must be able to enter and exit positions with confidence in the market's functioning.

10. PRACTICE CHECKLIST

10.1 Table 5 lists the market-access and operational points to be checked and documented for an IFSC exchange transaction.

Table 5: Exchange transaction checklist

Area	Question	Record
Status	Is the client a resident, a non-resident or an IFSC unit? Is there a beneficial owner from a land-border country?	Residential status assessment; ownership chart
Instrument	Which exchange segment and product are involved? What are the contract size, expiry and settlement terms?	Product specifications; contract note
Currency	Was the consideration in foreign currency?	Contract notes; USD bank statements
LRS (residents)	Has the annual limit been observed? Is the purpose permitted, and is any prohibited margin funding or credit involved?	LRS ledger; Form A2; remittance records
Repatriation	Have unspent funds been reinvested or brought back within 180 days?	Account statements
Settlement route	Which intermediary, clearing arrangement and depository or vault support the transaction?	Account agreements; settlement statements; custody records

11. OBSERVATIONS AND CONCLUSION

11.1 The exchanges at GIFT City have moved beyond the experimental stage. NSE IX has brought trading in Nifty contracts, which previously took place in Singapore, under Indian regulation, and has recorded turnover of USD 2.92 trillion between July 2023 and March 2026. Foreign and Indian clients will increasingly transact on these platforms, and advisers need to understand them.

11.2 The data, however, call for a measured view. Four features stand out:

(a) Derivatives turnover is concentrated almost entirely on one exchange. NSE IX reports over 99.7 per cent of turnover among IFSC international exchanges.

(b) Debt listings of USD 5.20 billion in FY 2025-26 were less than 30 per cent of the FY 2021-22 peak, and five issuers accounted for about 86 per cent of the total.

(c) IIBX gold volumes fell by about 99 per cent in FY 2025-26. Since nearly all of the earlier volume came through the TRQ route, bullion trading depends on trade policy and duty settings.

(d) Resident participation is narrow. BDRs, margin remittances and directly listed Indian shares are closed to residents under the present rules.

11.3 For chartered accountants and other advisers, these exchanges create work beyond transaction execution: understanding product documentation, reviewing participant eligibility, reconciling trades and settlement records, assessing internal controls and supporting issuer disclosures. A derivative position, a listed bond and a bullion receipt require different operational understanding and should not be treated as interchangeable investments.

11.4 The next stage of development will be judged by market depth as much as market size: more diverse participants, active trading across products, reliable settlement and stable access rules. The three exchanges offer different routes into international finance—index exposure, capital raising and bullion trade. Their lasting contribution will depend on turning that infrastructure into markets that participants use consistently and confidently.

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