

CIRCULAR

SEBI/HO/MRD/MRD-PoD-3/P/CIR/2024/20

March 21, 2024

All Recognized Stock Exchanges
All Recognized Clearing Corporations
All Depositories

Dear Sir/ Madam

Subject: Introduction of Beta version of T+0 rolling settlement cycle on optional basis in addition to the existing T+1 settlement cycle in Equity Cash Markets

1. SEBI vide Circular No. SEBI/HO/MRD2/DCAP/P/CIR/2021/628 dated September 07, 2021 allowed for introduction of T+1 rolling settlement cycle. All stock exchanges, clearing corporations and depositories (collectively referred to as “Market Infrastructure Institutions (MIIs)”) jointly decided to shift to T+1 settlement cycle in a phased manner, which was fully implemented w.e.f. January 27, 2023.
2. The significant evolution of technology, architecture and capacity of MIIs, presents opportunities for further advancing clearing and settlement timelines. Further, India’s depository ecosystem has visibility of individual client level holdings in digital form, and so has the ability to effect immediate transfer of securities and also India’s payments and settlements ecosystem has long allowed for real time transfer of funds.
3. A shortened settlement cycle will bring cost and time efficiency, transparency in charges to investors and strengthen risk management at clearing corporations and the overall securities market ecosystem.

4. Accordingly, based on the recommendations of Working Group consisting of MIs, public comments, and recommendations of Risk Management Review Committee of SEBI, a proposal on introduction of optional T+0 settlement and subsequent optional Instant Settlement, in addition to the existing T+1 settlement cycle was placed before SEBI Board for approval.
5. Pursuant to deliberations and approval of the Board, it has been decided to put in place a framework for introduction of the Beta version of T+0 settlement cycle on optional basis in addition to the existing T+1 settlement cycle in equity cash market, for a limited set of 25 scrips and with a limited number of brokers.
6. The operational guidelines in this regard are as under:
 - a. Eligible Investors: All investors are eligible to participate in the segment for T+0 settlement cycle, if they are able to meet the timelines, process and risk requirements as prescribed by the MIs.
 - b. Surveillance Measures: The surveillance measures as applicable in T+1 settlement cycle shall be applicable to scrips in T+0 settlement cycle.
 - c. Trade Timings: One continuous trading session from 09:15 AM to 1:30 PM.
 - d. Price Band: The price in the T+0 segment will operate with a price band of ± 100 basis points from the price in the regular T+1 market. This band will be re-calibrated after every 50 basis points movement in the underlying T+1 market.
 - e. Index calculation and settlement price computation: T+0 prices will not be considered in index calculation and settlement price computation. There shall be no separate close price for securities based on trading in T+0 segment.

- f. Netting of Obligations: There shall be no netting in pay-in and pay-out obligations between T+1 and T+0 settlement cycle.
7. To ensure smooth implementation, the MIs shall publish other operational guidelines (including mechanism for trading, clearing and settlement, risk management, etc.) and Frequently Asked Questions (FAQs) along with the list of 25 scrips for the Beta version of T+0 settlement cycle and disseminate the same on their respective websites.
8. On periodic basis, MIs shall disseminate the list of brokers that are participating in the Beta version of T+0 settlement cycle on their websites.
9. MIs shall provide a fortnightly report on the progress of activities in the Beta version of T+0 settlement cycle till further direction.
10. The provisions of this circular shall come into force with effect from March 28, 2024.
11. SEBI shall continue to do further stakeholder consultation including with users of the Beta version of T+0 settlement cycle.
12. All MIs are advised to:
- a. take necessary steps and put in place necessary systems for implementation of the above;
 - b. make necessary amendments to the relevant bye-laws, rules and regulations, wherever required, for the implementation of the above; and
 - c. bring the provisions of this circular to the notice of market participants (including investors) and also to disseminate the same on their websites;

13. This circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act 1992, read with Regulation 51 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, Section 26(3) of the Depositories Act, 1996 and Regulation 97 of Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
14. This circular is available on SEBI website at www.sebi.gov.in at “Legal Framework - Circulars”.

Yours faithfully,

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