



Industry report
on
**Capital Markets and Market Infrastructure
Institutions in India**

Date: June 16, 2026

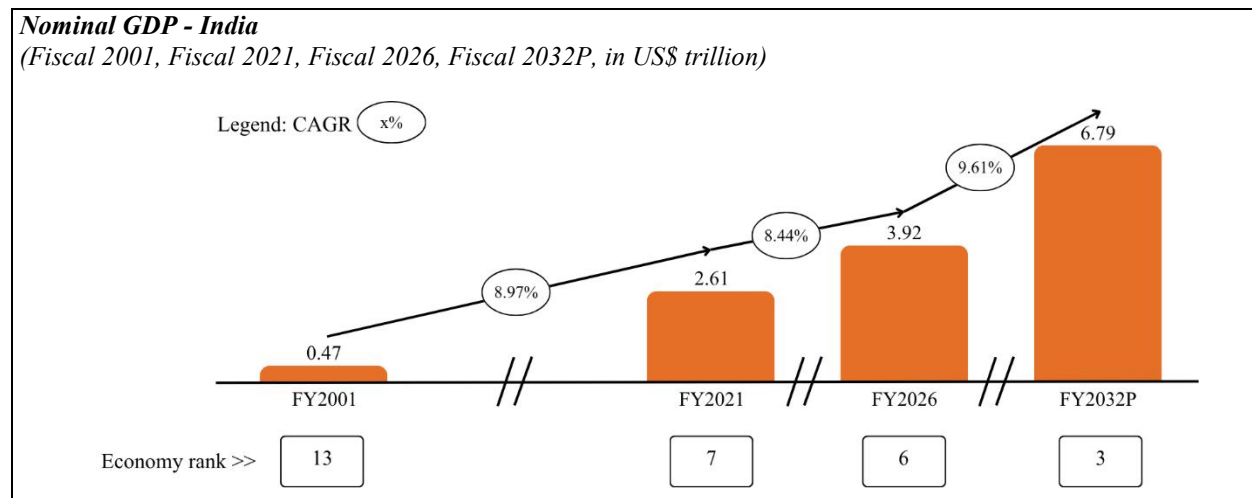
Section 1: Overview of Indian Macro-Economy

India is the fastest-growing G20 economy, set to become the world's third largest by Fiscal 2032P. India's policy framework has consistently balanced growth and stability with reform, strengthening macro fundamentals and deepening investor confidence. Four structural drivers underpin this trajectory: a young workforce expanding productive capacity, a rising middle class generating investable surplus, rapid digitisation widening financial access and knowledge flows, and a dynamic entrepreneurial base. Together with higher disposable incomes and financial inclusion, these forces are channelling household incomes towards financial savings and investments, strengthening domestic capital markets and sustaining long-term growth.

1.1. India, currently the fastest-growing Group of 20 (“G20”) economy, is projected to become the world’s third largest by Fiscal 2032P

According to the International Monetary Fund (“IMF”), World Economic Outlook released in April 2026 (“WEO”), Indian economy, in terms of nominal Gross Domestic Product (“GDP”), has expanded from US\$0.47 trillion in Fiscal 2001 to US\$3.92 trillion in Fiscal 2026. In Fiscal 2028P, India’s nominal GDP is projected to reach US\$4.58 trillion, ranking it as the fourth-largest economy globally. With projected growth of 9.61% per year between Fiscal 2026 and Fiscal 2032P, nominal GDP is expected to reach US\$6.79 trillion by Fiscal 2032P, with India expected to become world’s third-largest economy. Sustained long-term economic expansion is expected to support continued growth in India’s financial markets over the coming decades. Structural drivers such as increasing household financialisation, formalisation of savings, expanding domestic investor base, regulatory strengthening and digital infrastructure development may contribute to further broadening and deepening of capital markets in line with the country’s economic progression.

Exhibit 1: India is the expected to become world’s third largest economy by FY2032P



Note(s): 'FY' in the exhibits denotes Fiscal Year; 'FY20XX' is identical to 'Fiscal 20XX'

Source(s): IMF WEO

1.2. India’s comprehensive reform agenda has fundamentally strengthened its macroeconomic fundamentals and investment attractiveness

Macroeconomic stability has deepened alongside growth. According to IMF WEO, headline inflation, as measured by the average Consumer Price Index (“CPI”) averaged 5.07% between Fiscal 2021 and Fiscal 2026, remaining within the Reserve Bank of India’s (“RBI”) target band. According to RBI, the current account deficit held near ~0.60% of GDP for Fiscal 2026, down from ~1.10% of GDP in Fiscal 2016, supported by buoyant services exports and steady remittance inflows. Additionally, the decline in the fiscal deficit from ~9.20% of GDP in Fiscal 2021 to ~4.40% in Fiscal 2026RE (Revised Estimates) and ~4.30% of GDP in Fiscal 2027BE (Budget Estimates), according to Union Budget disclosures, reflects prudent fiscal management and sustained efforts towards consolidation. Reinforcing this confidence, one of the “Big 3” credit rating agencies upgraded India’s long-term sovereign credit rating to “BBB” from “BBB-” with a “Stable” outlook in August 2025, underscoring optimism around India’s fiscal discipline and growth outlook. India’s sovereign credit rating has improved, supported by multiple credit rating agencies upgrading India's long-term sovereign credit rating in Calendar Year (“CY”) 2025. India has been included in major global bond

indices, with phased additions underway across emerging market debt benchmarks making debt instruments more attractive to foreign investors.

Notwithstanding the external headwinds arising from the West Asia crisis, including elevated oil import costs and potential disruptions to Gulf remittances, India has continued to pursue fiscal consolidation and maintain inflation within target, reflecting the underlying resilience of its macroeconomic framework. Structural regulatory reforms have reinforced this macroeconomic resilience. The introduction of Goods and Services Tax (“GST”) in CY2017 unified the national market, widened the formal tax base, and delivered a step-change in revenue buoyancy, with monthly gross GST revenue rising from an average of ₹0.95 trillion (US\$10.72 billion) in Fiscal 2021 to ₹1.94 trillion (US\$21.94 billion) in 11M Fiscal 2026 with a record ₹2.23 trillion (US\$ 25.28 billion) in April 2025, according to data released by the Goods and Services Tax Network (“GSTN”). The Insolvency and Bankruptcy Code (“IBC”), introduced in CY2016 and subsequently amended to tighten timelines and extend coverage to Micro, Small and Medium Enterprises (“MSMEs”), strengthened creditor confidence and improved capital recycling across the financial system. The reduction in headline corporate tax rates to ~25.00% in CY2019, alongside a concessional ~15.00% rate for new manufacturing entities, enhanced India's cost-competitiveness and reinforced its appeal as a destination for foreign investment.

Consequently, India's inbound investment momentum is accelerating. According to National Securities Depository Limited (“NSDL”) data, from Fiscal 2021-2026, Foreign-Portfolio Investors (“FPI”) accounted for net investments across equity, debt, hybrid, mutual funds and Alternate Investment Funds (“AIFs”) amounting to US\$41.81 billion, reflecting greater market depth, governance quality, and macro-stability. According to NSDL, gross purchases across debt by FPIs in India rose from ₹4.13 trillion (US\$46.75 billion) in Fiscal 2024 to ₹6.43 trillion (US\$72.85 billion) in Fiscal 2026. As of March 31, 2026, the total FPI Assets Under Custody (“AUC”) stood at US\$735.00 billion, with the financial services sector accounting for 27.81% of the total FPI AUC, followed by the oil, gas and consumable fuels sector at 7.09%. According to RBI, gross Foreign Direct Investment (“FDI”) inflows comprising investments in equity through the Automatic Route and Approval Route, and in equity capital of unincorporated bodies, re-invested earnings, and other capital, totalled US\$484.58 billion from Fiscal 2021 to Fiscal 2026, underscoring sustained global confidence in India's long-term fundamentals across sectors such as digital infrastructure, manufacturing, and energy transition.

According to RBI, India's net FDI inflows (Provisional) stood at US\$7.65 billion in Fiscal 2026, recovering from a near-negligible US\$0.96 billion in Fiscal 2025, though remaining significantly below the peak of US\$43.96 billion recorded in Fiscal 2021. Net FDI inflows have witnessed a sustained decline from Fiscal 2021 through Fiscal 2025, reflecting broader global capital flow headwinds and rising repatriations, before partially recovering in Fiscal 2026. India's liberal repatriation framework, which permits foreign investors to freely remit returns and exit capital, while reflective of a mature and open investment climate. Alongside this, India's Outward Direct Investment (“ODI”) has grown significantly over the period, with Indian corporates increasingly establishing and acquiring overseas operations, underscoring the growing confidence and global ambitions of Indian enterprises. According to Department of Economic Affairs, India's actual ODI outflows rose from US\$15.70 billion in Fiscal 2021 to US\$26.75 billion in Fiscal 2026. Four catalysts are transforming India's economic architecture by enhancing productivity and capital formation.

I. India has a once-in-a-generation demographic opportunity

The first catalyst is India's demographic dividend. With a median age of 28.83 years and a working-age (age 15-64) share of 68.43% as of CY2025 according to the United Nations (“UN”), World Population Prospects-2024 Revision (“WPP”), India will add nearly 110.10 million people to the labour force between CY2020 and CY2030P, representing a substantial pool of potential investors. Additionally, the percentage share of population within 0-25 years of age bracket stood at 43.47% as of CY2025. This younger cohort transmits growth through three channels: rising employment and income deepen the pool of domestically sourced long-term capital; digital fluency accelerates technology adoption and productivity gains; and their demographic weight sustains aggregate demand, giving firms the certainty needed to commit investment. Together, these dynamics transform favourable demographics into a durable engine of productivity, purchasing power, and capital formation.

II. India is witnessing the largest middle-class expansion in modern history, second only to China

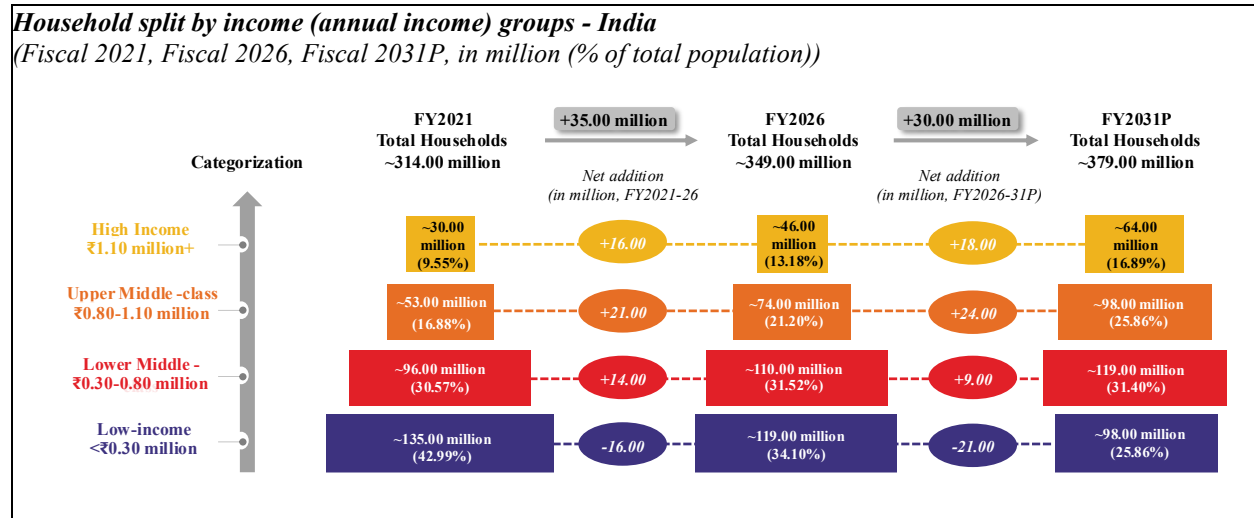
The second catalyst is the rapid inversion of India's income pyramid. According to IMF WEO, India's nominal GDP has grown from US\$2.61 trillion to US\$3.92 trillion from Fiscal 2021 to Fiscal 2026 with a real GDP growth rate of

7.60% as of Fiscal 2026 which was the highest among the G20 economies. According to Ministry of Statistics and Programme Implementation (“**MoSPI**”), Gross National Income (“**GNI**”) per capita (current prices) has risen from ₹144,512.00 (US\$1,636.05) in Fiscal 2021 to ₹240,147.00 (US\$2,718.75) in Fiscal 2026, expanding the middle and upper-middle-income brackets (households earning ₹0.80 million (US\$9,096.95) and beyond). Households earning beyond ₹0.80 million are projected to rise from 34.38% of the population in Fiscal 2026 to 42.74% by Fiscal 2031P. Upper-income and ultra-high-income segments (above ₹2.50 million annual income) are expanding the fastest, creating a broader market for premium goods and financial services. Transmission mechanisms of the income shift are as follows:

1. **Deeper consumption:** According to MoSPI, private consumption grew at roughly 12.61% Compound Annual Growth Rate (“**CAGR**”) from Fiscal 2021, reaching about ₹219.64 trillion by Fiscal 2026, and has remained stable at nearly 61.50% of nominal GDP (base year 2011-2012). Discretionary categories such as travel and digital entertainment are growing, outpacing staples.
2. **Increasing financialisation:** Rising incomes have resulted in increased savings with gross savings attributed to households and Non-Profit Institutions Serving Households (“**NPISHs**”) reaching 21.70% of GDP (base year 2022-2023) in Fiscal 2025 according to MoSPI, underpinning long-term domestic capital formation. These savings are increasingly getting invested in financial instruments such as mutual funds through Systematic Investment Plan (“**SIP**”) inflows. According to Association of Mutual Funds in India (“**AMFI**”), Assets Under Management (“**AUM**”) from B30 cities (beyond top 30 cities that contribute the highest mutual fund AUM) has increased nearly 3x since March 2021, rising from ₹5.36 trillion to ₹13.89 trillion in March 2026, pushing their share in total industry AUM from 17.06% in March 2021 to 18.86% in March 2026.
3. **Expanded credit:** Middle and upper-income households are the principal drivers of retail credit growth. As for March 2026, personal loans accounted for 32.49% of outstanding bank credit (food + non-food), according to RBI, and are expected to gain further traction as financial inclusion and income stability rise.

Wealth remains concentrated with the top decile of adults (about 146.39 million people) holding ~65.00% of total wealth in CY2025. However, the combination of rising incomes, digital access and financial literacy is steadily broadening asset ownership. A larger share of incremental household financial savings is being allocated towards market-linked instruments, reflecting a structural shift from physical to financial assets. The result is an economy with stronger internal demand, healthier household balance sheets and a larger pool of domestic capital ready to finance the next phase of investment-led growth.

Exhibit 2: Indian households are witnessing a strong upward income mobility



Note(s): 'FY' in the exhibits denotes Fiscal Year; 'FY20XX' is identical to 'Fiscal 20XX'. Percentage figures have been rounded to two decimal places; consequently, percentages may not aggregate to 100.00%

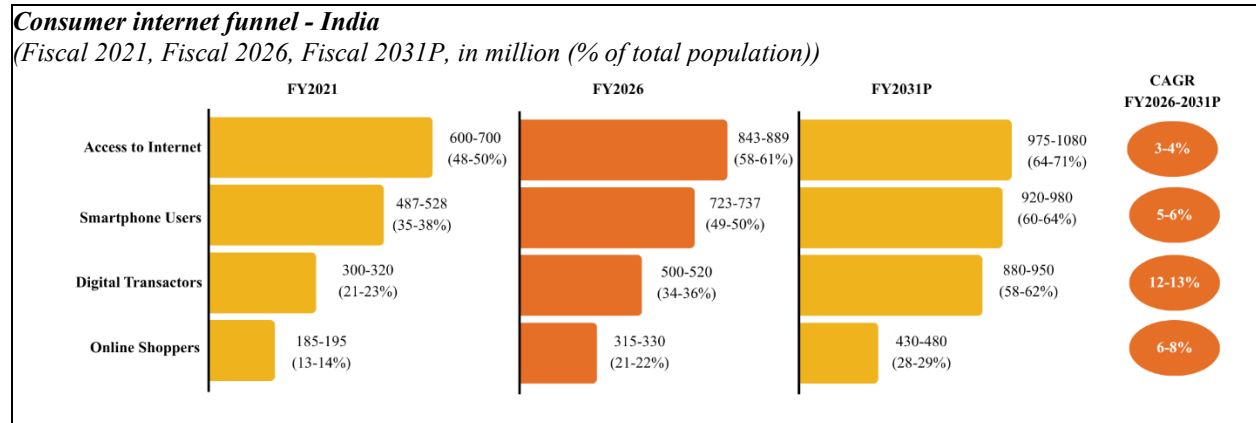
Source(s): Redseer research and analysis

III. Nationwide digitisation is democratising economic participation through enhanced financial access and rapid knowledge diffusion

The third catalyst leveraging this stronger financial base is nationwide digital reach. Smartphone penetration has increased from 35-38% of the population in Fiscal 2021 to 49-50% in Fiscal 2026 and is projected to reach 60-64% by Fiscal 2031P implying a total number of smartphone users standing at 920-980 million for Fiscal 2031P. Meanwhile, average mobile data prices have declined by over 96.76% in the past decade falling to US\$0.08-0.10 per Gigabyte (“GB”). This combination of increased penetration of smartphones and ultra-low connectivity costs has driven average monthly data usage per wireless subscriber from 0.12 GB in 9M Fiscal 2016 to 24.98 GB in 9M Fiscal 2026, according to Telecom Regulatory Authority of India (“TRAI”), effectively placing internet access in the hands of hundreds of millions of consumers and small businesses.

India's digital transformation has been anchored by the JAM Trinity comprising Jan Dhan, Aadhaar and Mobile, which laid the groundwork for universal financial access. Building on this, Unified Payments Interface (“UPI”) and the Account Aggregator framework have created seamless digital pathways for commerce and finance. According to National Payments Corporation of India (“NPCI”), UPI processed roughly 241.62 billion transactions in Fiscal 2026, with the share of adults transacting digitally rising from 21–23% in Fiscal 2021 to 34–36% in Fiscal 2026, accelerating the mobilisation of household savings into productive investments. Broader connectivity has further accelerated knowledge diffusion, with social media, online education, and emerging AI tools widening financial literacy and lowering barriers to skill development even in Tier II+ cities, together enhancing labour productivity, elevating consumption quality, and deepening the domestic capital pool.

Exhibit 3: Indian consumers are getting rapidly digitised



Note(s): 'FY' in the exhibits denotes Fiscal Year; 'FY20XX' is identical to 'Fiscal 20XX'; Source(s): Redseer research and analysis

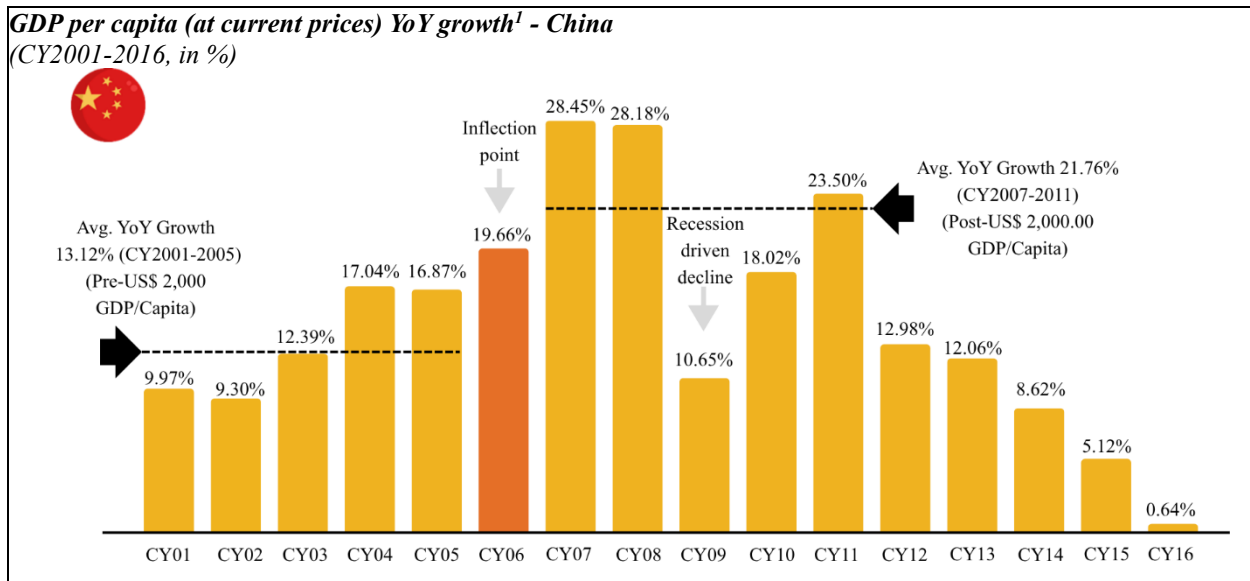
IV. Rising entrepreneurial culture is broadening capital formation and expanding India's enterprise base

The fourth catalyst is India's entrepreneurial ecosystem. As per the Press Information Bureau ("PIB"), India had over 223,000 Department for Promotion of Industry and Internal Trade ("DPIT") recognised start-ups as of March 2026, making it the third-largest start-up ecosystem globally, with 128 unicorns at a combined valuation exceeding ~US\$350.00 billion. This has created a growing pool of investable enterprises across technology, consumer platforms, and manufacturing, expanding the equity market pipeline through Initial Public Offerings ("IPOs") and late-stage funding. With more than half of start-ups now originating from Tier II and Tier III cities, the investment opportunity set is widening geographically, strengthening India's positioning as a hub for investment-led growth.

1.3. India is at a critical inflection point; people are earning more, resulting in higher savings and investments, further supporting sustained economic growth

These enablers are converging to create an "income inflection moment" in India's economic evolution. According to IMF WEO, GDP per capita has accelerated from US\$1,862.20 in Fiscal 2021 to US\$2,675.32 in Fiscal 2026, decisively crossing the US\$2,000.00 threshold that analysis identifies as a critical tipping point for sustained acceleration in income growth typically followed by subsequent moderation, as can also be seen in case of China. Rising incomes are expected to drive significantly higher savings and investments.

Exhibit 4: China's GDP per capita growth before and after reaching the US\$2,000.00 threshold



Note(s): 1. Following China touching the milestone of US\$2000.00 GDP per capita in CY2006, GDP per capita (at current prices) YoY growth is shown for the previous five years leading up to this benchmark and the subsequent 10 years

Source(s): IMF WEO, Redseer research and analysis

Financial inclusion in India is expanding across sectors such as banking, insurance, pensions, postal services and investment products, broadening household access to formal financial instruments and facilitating a gradual shift from savings to investments. The Financial Inclusion Index, tracked by the RBI to measure product accessibility, affordability and availability, has risen from ~53.90 in Fiscal 2021 to ~67.00 in Fiscal 2025, reflecting improvements in access, usage and quality of financial services. In parallel, access to capital market products has increased meaningfully, supported by growth in demat accounts, expansion of digital broking platforms, rising mutual fund folios and higher retail participation across equity and derivative segments. The increasing integration of capital markets within the broader financial inclusion framework indicates a structural deepening of India's financial ecosystem, with households gaining greater access not only to banking services but also to market-linked investment avenues. As household incomes and financial inclusion grow, a larger share of disposable income is likely to be channelled into investments alongside consumption. Traditionally, Indian households have preferred physical assets such as gold and real estate as their primary means of saving. This preference appears to be gradually shifting, supported by improving financial literacy, wider digital access, and a broader range of accessible financial products, with the gap between physical and financial asset holdings in household savings narrowing over time. This trend may continue to gain momentum as incomes rise and financial markets develop further.

Section 2: Capital Markets in India - Evolution and Global Comparison

India's capital markets have matured rapidly, underpinned by financial inclusion, digital infrastructure, and a strong regulatory framework. Market capitalisation of entities listed on National Stock Exchange of India Limited ("NSE") has grown ~102x in three decades, positioning India as the fourth largest equity market globally with leadership in equity derivatives volumes. A widening base of individual investors, Domestic Institutional Investors ("DIIs"), High Net-worth Individuals ("HNIs"), and FPIs has enhanced resilience, with non-promoter individual ownership in NSE-listed companies surpassing that of FPIs for the first time in Fiscal 2025. Despite this progress, underpenetration in corporate bonds, free-float, and alternative assets offers significant headroom for growth. The establishment of Gujarat International Finance Tec-City ("GIFT City") and its International Financial Services Centre ("IFSC"), which is regulated by the International Financial Services Centres Authority ("IFSCA"), the unified regulator established under the IFSCA Act, 2019, has deepened integration with global markets, while the expansion of passive products and new instruments continues to broaden the depth and diversity of India's capital markets.

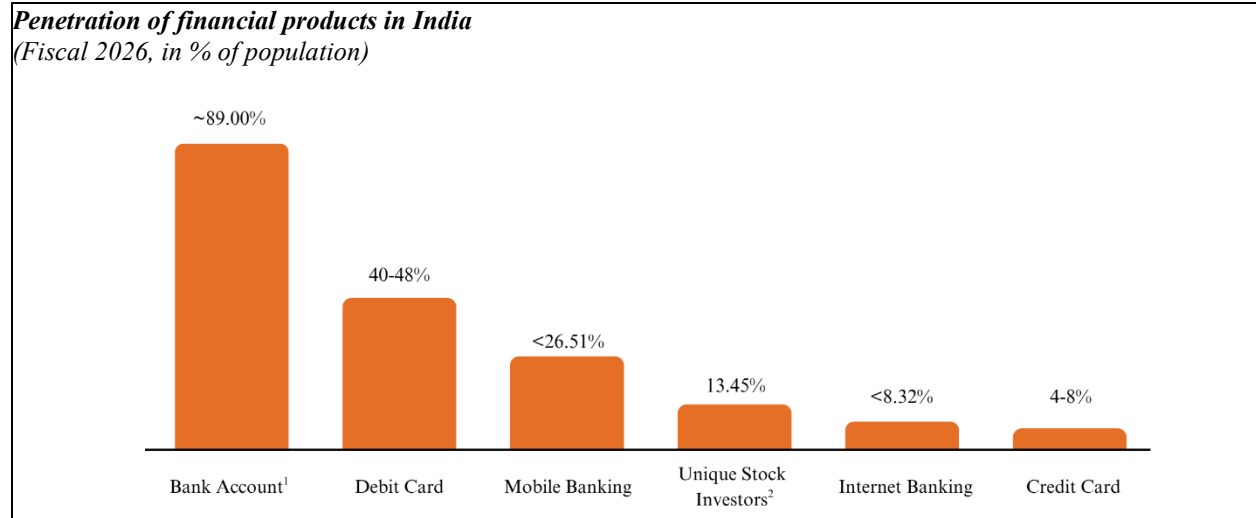
For competitive benchmarking, "leading listed stock exchange groups globally" is the set defined as listed exchange operators as of March 2026, with latest disclosed annual revenues exceeding US\$1.00 billion, and includes Intercontinental Exchange, Inc. ("ICE"), London Stock Exchange Group plc ("LSEG"), Nasdaq, Inc. ("Nasdaq"), Deutsche Börse AG ("Deutsche Borse"), CME Group Inc. ("CME Group"), Cboe Global Markets, Inc. ("Cboe"), Hong Kong Exchanges and Clearing Limited ("HKEX"), B3 S.A. – Brasil, Bolsa, Balcão ("B3"), Euronext N.V. ("Euronext"), Miami International Holdings, Inc. ("MIAX"), TMX Group Limited ("TMX"), Japan Exchange Group, Inc. ("JPX"), and Singapore Exchange Limited ("SGX"). These global exchange groups have been considered for the purpose of describing the competitive landscape but are not direct peers of NSE. They operate in developed and mature capital markets under different regulatory regimes and market structures. They also earn a materially larger share of their revenue from non-trading activities such as index licensing, data services and technology solutions, which makes their overall business model different from that of NSE.

Additionally, BSE Limited ("BSE") and Multi Commodity Exchange of India Limited ("MCX") have been included in the set as listed exchange operators within the Indian capital markets ecosystem alongside National Stock Exchange of India Limited ("NSE"). MCX, however, operates primarily in commodity derivatives, which differ from equity cash and equity derivatives in terms of the underlying assets traded, the categories of market participants, the price discovery mechanisms, and the associated revenue drivers. Additionally, MCX is smaller in scale and liquidity. It is therefore not a direct peer to NSE.

2.1. Deepening of financial services sector in India

India's financial sector has undergone significant formalisation over the past decade. As per The Global Findex Report 2025, World Bank approximately 960–980 million adults (aged 15+) held bank accounts as of 2024, enabled by government-led inclusion policies and Aadhaar-based digital identity. However, penetration remains shallow across market-based financial products. The number of unique stock market investors in India stood at over 139 million as of March 2026 implying an investor penetration basis adult population (aged 18+) of 13.45%.

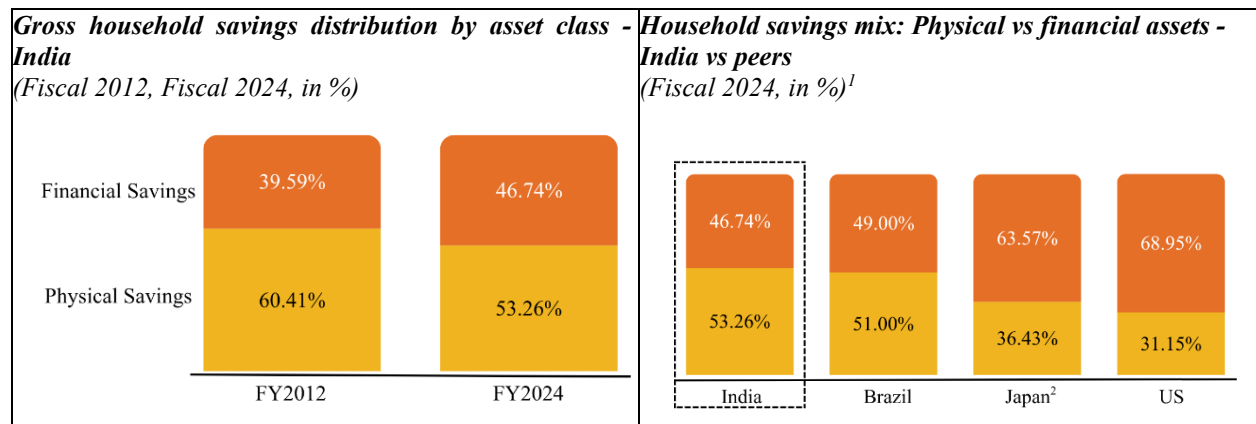
Exhibit 5: Indian households are witnessing rising financial inclusion



Notes: Population penetration calculated with India's population for CY2025 as the base as per UN WPP, 1. Figures for bank account ownership are for adults aged 15+ and correspond to CY2024 with penetration calculated with India's population (aged 15+) as of CY2024 as the base, 2. Unique stock investor figures are as per address by the Securities and Exchange Board of India ("SEBI")'s Chairman dated 07 February, 2026
Source(s): UN WPP, The Global Findex Report 2025, World Bank, SEBI, RBI, Redseer research and analysis

Net household savings have grown at a 7.27% CAGR between Fiscal 2019 and Fiscal 2024 according to MoSPI, accompanied by a structural shift in asset preferences. However, there is significant headroom for growth, as India's gross savings-to-GDP ratio stands at 30.27% for Fiscal 2025, below higher-saving economies such as China (42.83%, CY2024) and Singapore (40.10%, CY2024) as per the World Bank. According to MoSPI, the share of financial assets in gross household savings rose from 39.59% in Fiscal 2012 to 46.74% in Fiscal 2024, with the corresponding share of physical assets such as real estate and gold declining from 60.41% to 53.26% over the same period. As per NSE, cumulative household equity wealth creation from April 2020 to March 2026 was estimated at ~₹44.00 trillion through direct participation and via mutual funds, reflecting a substantial role of capital market instruments in household wealth creation.

Exhibit 6: Indians are increasingly investing their savings in financial assets vs physical assets



Notes: 'FY' in the exhibits denotes Fiscal Year; 'FY20XX' is identical to 'Fiscal 20XX', 1) Figures for Brazil correspond to July 2024; figures for India correspond to Fiscal 2024; figures for Japan correspond to CY2023; figures for US correspond to CY2024. 2) Data for Japan includes both households and private unincorporated enterprises

Source(s): MoSPI, Federal Reserve, Economic and Social Research Institute ("ESRI"), Redseer research and analysis

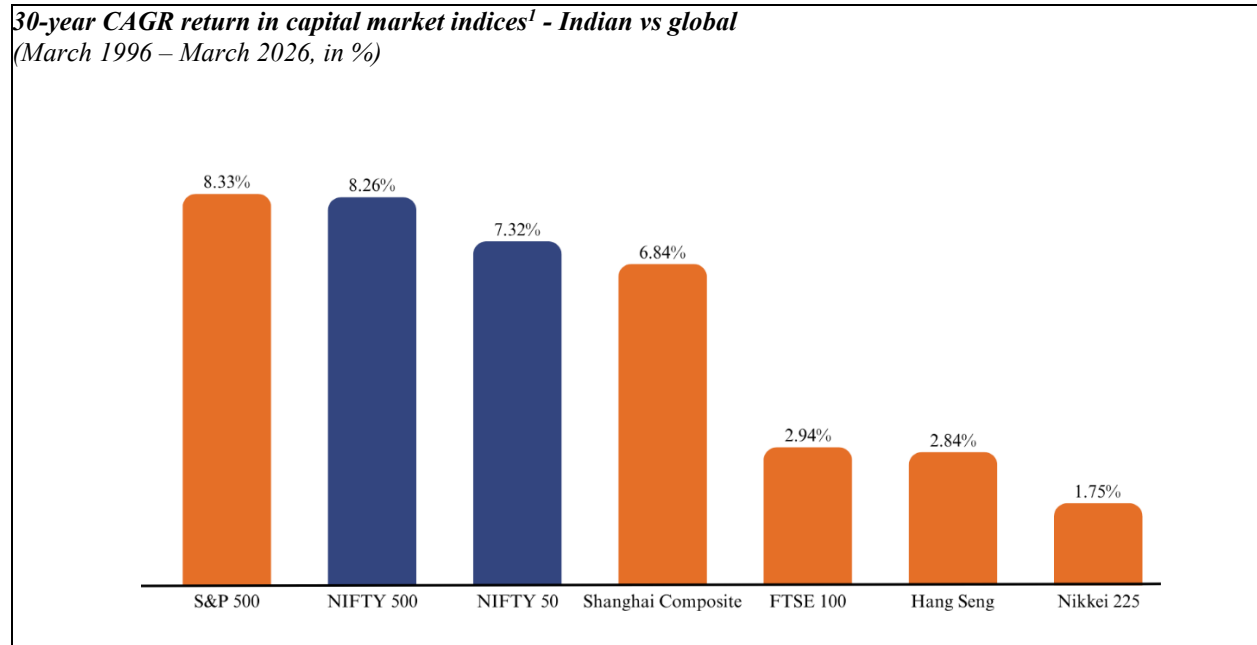
Financial assets have been a growing component of household savings, but the distribution remains concentrated. As of Fiscal 2024, according to MoSPI, total deposits account for 40.55% of gross financial savings. Meanwhile, mutual funds make up only 6.97%, and shares and debentures make up 8.05% highlighting that scope for market-linked products to gain share as household savings financialise remains considerable.

2.2. Evolution of Indian capital markets

Over the last three decades, Indian capital markets have developed from having a geographically fragmented and manually traded exchange ecosystem to a nationally integrated, technology-led exchange ecosystem, marked by technological developments and innovations such as electronic trading, shortened settlement cycles, and the rise of investment products and platforms. In Fiscal 1995, NSE was the first exchange in India, among the ones still operational, to introduce a fully automated, screen-based electronic trading system through its National Exchange for Automated Trading ("NEAT") platform. According to the World Federation of Exchanges data, NSE witnessed number of new listings through IPO (including both domestic and foreign) of 219 in Fiscal 2026 placing NSE among the top two exchange groups globally in terms of number of new listings through IPO in Fiscal 2026. Additionally, NSE has been among the top three exchange groups globally in terms of number of new listings through IPO from Fiscal 2023 to Fiscal 2026. According to SEBI, in the mainboard segment, all IPO listings, except one, got listed on NSE in Fiscal 2026. Additionally, out of total 111 listings (Mainboard IPOs, Infrastructure Investment Trusts ("InvITs") (public and private issues) and Real Estate Investment Trust ("REITs") (public issues)), choosing to list on both NSE and BSE in Fiscal 2026, 78 listings chose NSE as their designated stock exchange implying a market share of 70.27% in Fiscal 2026. However, this share rose to 90.24% in Fiscal 2026 for listings with issue size greater than ₹10 billion.

As per World Federation of Exchanges, NSE also retained its position as the largest equity derivatives exchange globally with over 36.99 billion (including NSE International Exchange ("NSEIX")) contracts traded in Fiscal 2026. While India leads globally in terms of options contracts traded, the corresponding premium turnover remains significantly lower compared to US. As per NSE, in Q4 Fiscal 2025, premium turnover in options in India stood at ~US\$449.00 billion, versus ~US\$2,062.00 billion in US. In Q4 Fiscal 2026, India recorded a premium turnover in options of ~US\$690.00 billion, compared to ~US\$2,959.00 billion in US. This highlights substantial headroom for growth as contract sizes, institutional participation, and depth of markets expand further. Additionally, indices in the Indian capital markets have delivered consistent returns. Over 30 years (March 1996 to March 2026), Nifty 50 has posted annualised returns of 10.98% in ₹ terms (7.32% in US\$ terms), and Nifty 500 has posted annualised returns of 11.94% in ₹ terms (8.26% in US\$ terms) outperforming major developed and emerging market indices. Over the same period, market capitalisation of NSE-listed entities has grown by nearly 102x. As of April, 2026, India is the fourth largest equity market globally after US, China (including Hong Kong), and Japan. The markets now offer competitive and stable investment outcomes, attracting diverse investor classes such as FPIs, DIIs, family offices and HNIs, and individual investors.

Exhibit 7: Capital market indices returns in India have superseded most major global indices returns

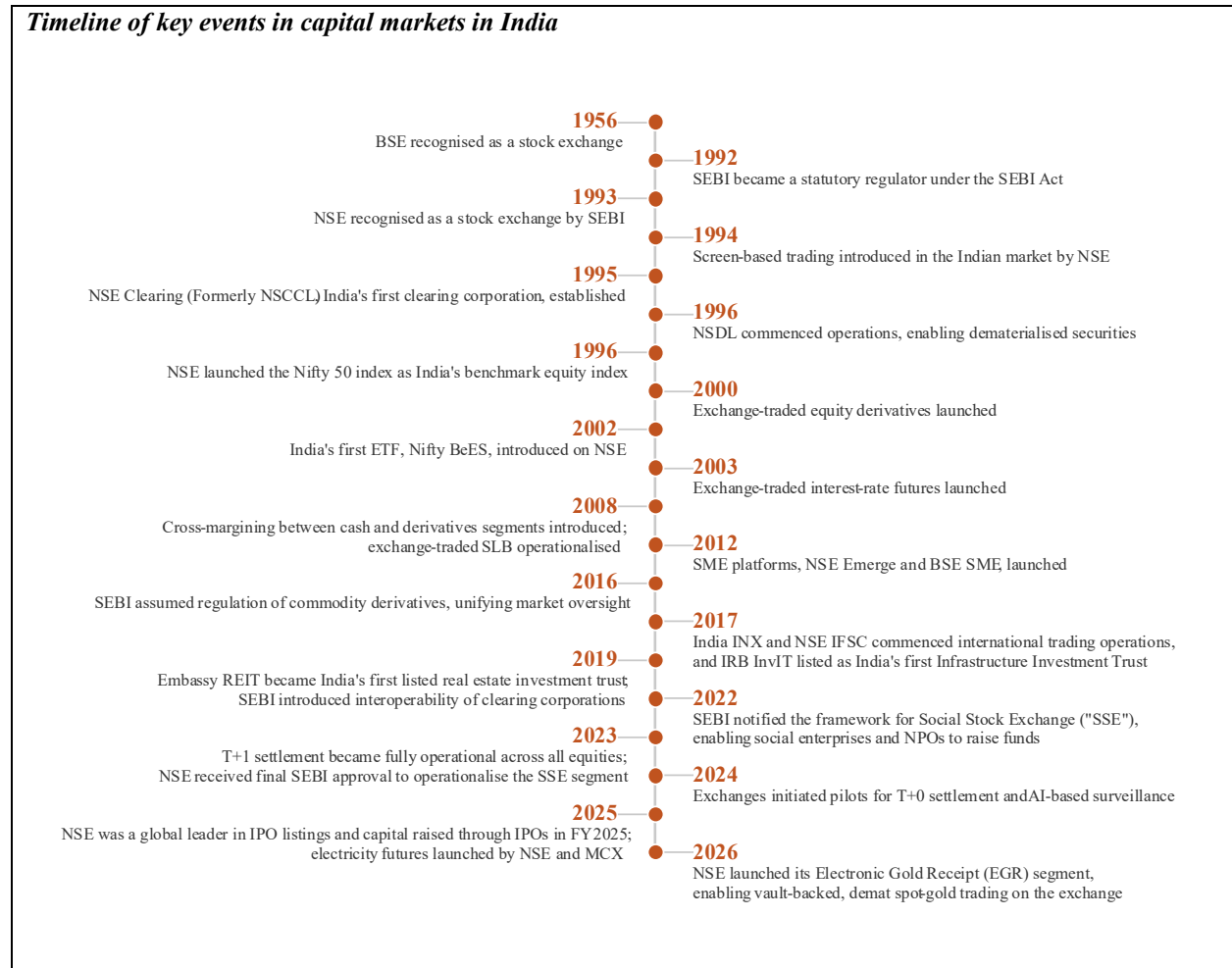


Note(s): 1. Returns shown are 30-year point-to-point price returns for benchmark equity indices, expressed in US\$. Returns are calculated using the absolute index value on the selected date, converted into US\$ using the average exchange rate of the respective currency's exchange rate (1 unit of local currency to US\$)

Source(s): Redseer research and analysis

India's capital markets have been underpinned by a strong and evolving regulatory framework anchored by the SEBI. Maintaining the integrity and stability of the securities market has remained central to SEBI's mandate, achieved through a calibrated mix of regulatory vigilance, supervisory oversight, and timely enforcement. Its proactive and adaptive approach has ensured that India is regarded as one of the most trusted and well-regulated capital markets among emerging economies, reinforcing investor confidence and sustaining steady flows of both domestic and foreign capital.

Exhibit 8: Indian capital markets have significantly evolved over the last 70 years



Source(s): Redseer research and analysis

This combination of digital infrastructure, regulations, and returns has resulted in growth in both primary and secondary markets. As per SEBI, Fund mobilised across equity (public issues, Qualified Institutional Placements (“QIPs”) and preferential allotments), debt (public issues and private placement) and business trusts (REITs and InvITs) rose from ₹5.83 trillion in Fiscal 2016 to ₹13.92 trillion in Fiscal 2026.

Despite strong growth demonstrated by the Indian capital market, it remains underpenetrated relative to key developed countries and regional peers. As of Fiscal 2025, market capitalisation to GDP ratio of India remains lower at 131.24%, as compared to 216.29%, 156.69% and 150.40% for US (CY2024), Japan (CY2024) and Canada (CY2024) respectively as per World Bank data.

2.3 Drivers for sustained growth in the Indian capital markets

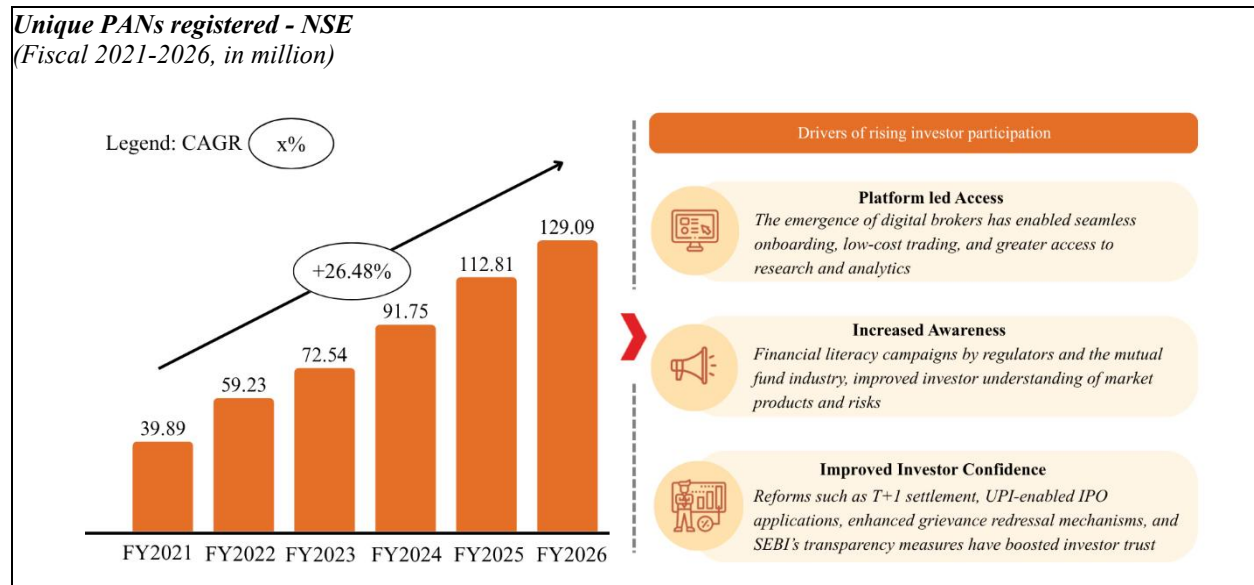
India’s capital markets have demonstrated resilience and structural maturity over the past five years, underpinned by macroeconomic strength, regulatory reforms, and the transformation of the domestic investor base. The expansion of capital markets is increasingly driven by long-term participation from diverse investor classes.

2.3.1. Individual investors and the financialisation of savings

From Fiscal 2021 to Fiscal 2026, the unique investor count on NSE (number of unique Permanent Account Number (“PAN”) registered), grew from 39.89 million to 129.09 million enabled by India’s robust digital infrastructure and simplified onboarding norms. In perspective, the investor base today surpasses the population of most countries, reflecting the unprecedented scale of capital markets participation in India. This reflects that individual investors have

been increasingly allocating their savings to capital markets with the flow of net financial assets of the households towards equities and mutual funds increasing from 5.41% in Fiscal 2021 to 26.89% in Fiscal 2025, as per RBI. From Fiscal 2021 to Fiscal 2026, individual investors contributed to net inflows of approximately ₹4.49 trillion into Indian equities (net inflows into secondary market, NSE). Their participation, through both direct stock ownership and mutual fund channels, has established non-promoter individual ownership in NSE listed universe at ~18.70% in March 2026. In value terms, this amounts to ~₹76.50 trillion, reflecting an annualised growth of ~29.60% since March 2020.

Exhibit 9: Number of unique PANs registered on NSE has been consistently rising, driven by multiple drivers



Note(s): 'FY' in the exhibits denotes Fiscal Year; 'FY20XX' is identical to 'Fiscal 20XX'. Figures correspond to end-of-period values
Source(s): NSE Market Pulse

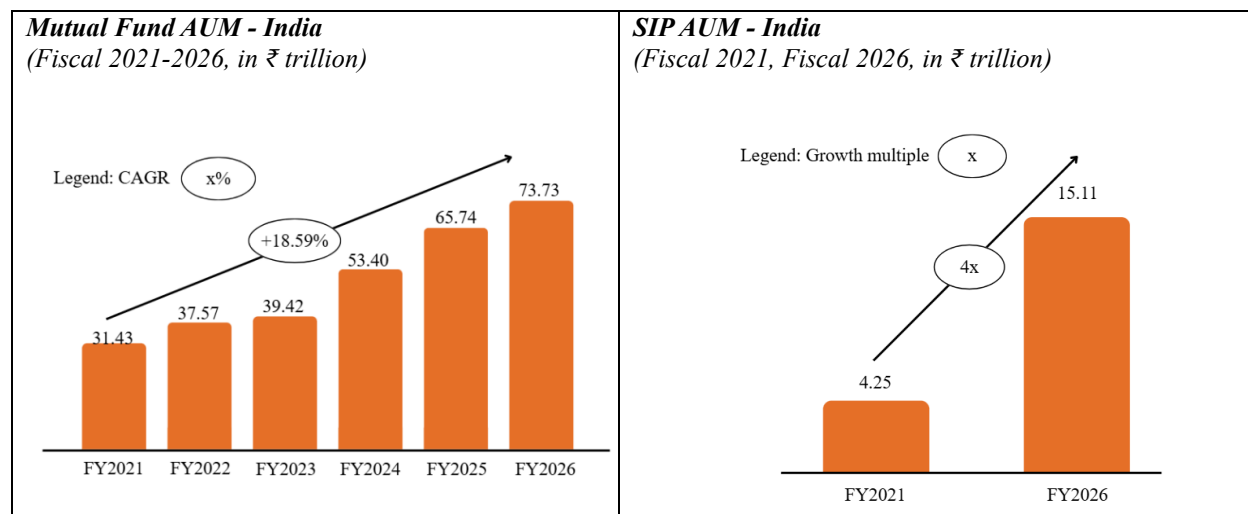
According to AMFI data, SIP contributions in India have risen from ₹960.80 billion in Fiscal 2021 to ₹3,495.89 billion in Fiscal 2026. According to SEBI data, demat accounts across Indian depositories have grown from 55.13 million as of March 2021 to 224.51 million as of March 2026. Individual investors (including individual domestic investors, Non-Resident Indian (“NRIs”), sole proprietorship firms and Hindu Undivided Families (“HUFs”)) contribute 33.40% of the total cash market turnover on NSE as of Fiscal 2026. This share has remained broadly consistent over the past 10 years. Trading activity has been on an upswing across the country, with equity participation steadily expanding beyond metros into Tier II and Tier III regions. As per NSE Market Pulse, as of March 2026, Maharashtra led with over ~20.20 million registered investors (~15.60% share), followed by Uttar Pradesh with over ~15.10 million (~11.70% share) and Gujarat with over ~11.00 million investors (~8.50% share). Together with West Bengal (~7.60 million), Rajasthan (~7.40 million), and Tamil Nadu (~7.30 million), these states accounted for over half of NSE’s registered investor base (~52.90%). At the same time, the growing momentum in smaller states is evident. Investors from outside the top 10 states now contribute ~27.20% of the investor base in Fiscal 2026, up from ~22.90% in Fiscal 2020, reflecting the widening depth and reach of India’s equity markets. In Fiscal 2025, individual investor (direct + indirect) ownership of the total market cap surpassed FPIs’ ownership for the first time since Fiscal 2006.

2.3.2. Rising ownership of DIIs

DIIs have played a stabilising role in Indian equity markets. According to the India Ownership Tracker Q4 Fiscal 2026, DIIs’ share (comprising Domestic Mutual Funds (“DMFs”), banks, financial institutions, insurance companies and other institutional non-promoters) in NSE listed firms stood at ~19.60%.

Mutual funds have been a key contributor to the growth of DIIs. According to AMFI data, the mutual fund industry in India manages an AUM of ₹73.73 trillion as of March 2026 and has grown at a CAGR of 18.60% since March 2021. Systematic investment plans contribute ₹15.11 trillion of the total industry AUM as of March 2026. SIP minimum ticket sizes of ₹500.00 per month (and ₹100.00 for select micro-SIP schemes) promote financial inclusion. The number of mutual fund schemes (including open-ended schemes, close ended schemes, interval schemes and fund of funds scheme (domestic)) has grown from 1,789 in March 2021 to 1,854 in March 2026.

Exhibit 10: Mutual fund AUM has been consistently rising with SIPs growing at a 4x multiple



Note(s): 'FY' in the exhibits denotes Fiscal Year; 'FY20XX' is identical to 'Fiscal 20XX'. Figures denote end-of-period values
 Source(s): AMFI

Other factors that have contributed to the growth include product and channel diversification, regulatory incentive, investor education and awareness, increased distribution reach and simplified KYC norms.

2.3.3. Role of NRIs and HNIs

Family offices and HNIs represent an expanding source of market capital and have been particularly active while investing in capital markets. HNIs, along with NRIs, account for ~21.70% and ~46.30% of the direct and regular mutual fund AUM, respectively, as of March 2025, as per AMFI. Three structural shifts have accelerated their participation:

- Monetisation events through IPOs, stake sales, and Private Equity (“PE”) exits
- Access to sophisticated products such as Portfolio Management Services (“PMS”), AIFs and direct market strategies
- A generational shift towards financial asset preference over traditional physical assets

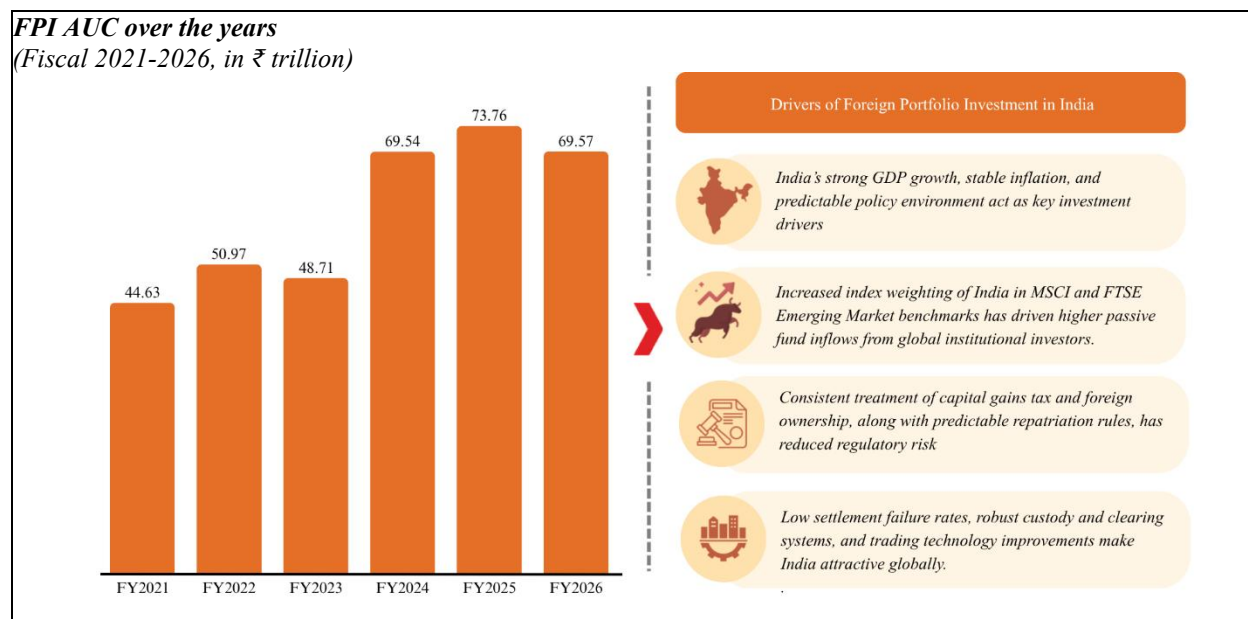
The HNI segment has consistently led pre-IPO and anchor placements. Family offices are increasingly allocating to both private and listed equities, creating a recurring loop of capital deployment and realisation.

Additionally, the markets are witnessing a new wave of HNIs. This includes senior corporate professionals and young founders who have benefitted from monetising high value Employee Stock Ownership Plans (“ESOPs”). These individuals are looking for ways to efficiently deploy their capital and move further ahead in their wealth creation journey. This, in turn, is leading to greater participation in financial markets and innovation in financial products as these new investors seek returns beyond what has been provided by traditional assets.

2.3.4. FPI participation in India

India’s position as one of the fastest-growing major economies has made it a preferred destination for FPIs. As per NSDL, the AUC for FPI investments has risen from ₹44.63 trillion in March 2021 to ₹69.57 trillion in March 2026. Even when FPIs turn net sellers, the quantum of outflows is small compared to the scale of assets they hold in India. Despite periodic outflows due to global risk aversion, FPIs have consistently returned, underscoring structural confidence in India’s long-term growth. Recent events in West Asia, however, have contributed to moderation of FPI ownership in NSE listed companies to ~15.80%, the lowest in 17 years, as per India Ownership Tracker Q4 Fiscal 2026. The growing counterweight of DIIs’ and retail investors’ ownership has meaningfully absorbed FPI selling pressure, contributing to greater market stability.

Exhibit 11: FPI AUC has been steadily rising in India driven by multiple contributors



Note(s): 'FY' in the exhibits denotes Fiscal Year; 'FY20XX' is identical to 'Fiscal 20XX'. Figures denote end-of-period values
Source(s): NSDL

2.4. Structural under penetration and headroom for expansion in Indian capital markets

Despite expansion in the capital markets and rising participation across investor classes, India's capital markets remain characterised by a traditional reliance on bank funding, underdevelopment in the corporate bond market, historically low free float, and nascency in alternative assets.

2.4.1. Bank-loan-led corporate funding

Corporate funding in India has historically been dominated by corporate loans from both banks and Non-Banking Financial Companies ("NBFCs"). As per RBI, industry (Micro and Small, Medium and Large) and services accounted for approximately 49.82% of the gross bank credit in India as of March 2026 amounting to ₹106.43 trillion. This reflects the central role banks and NBFCs have played in financing Indian corporates, even as credit deployment patterns evolve.

As India's financial markets mature, corporations are increasingly tapping into alternative funding channels beyond traditional bank lending. As per NSE Market Pulse, corporate funding facilitated by outstanding corporate bonds at ₹59.10 trillion, as of March 2026, accounted for nearly half the amount of outstanding bank credit to industries and services as of March 2026. The growth of the corporate bond market along with rising external commercial borrowings and increased use of commercial papers, has begun to diversify the funding mix for Indian businesses.

2.4.2. Underdeveloped corporate bond market and nascent (on-exchange) markets for Foreign Exchange ("FX") and Interest-Rate ("IR") derivatives

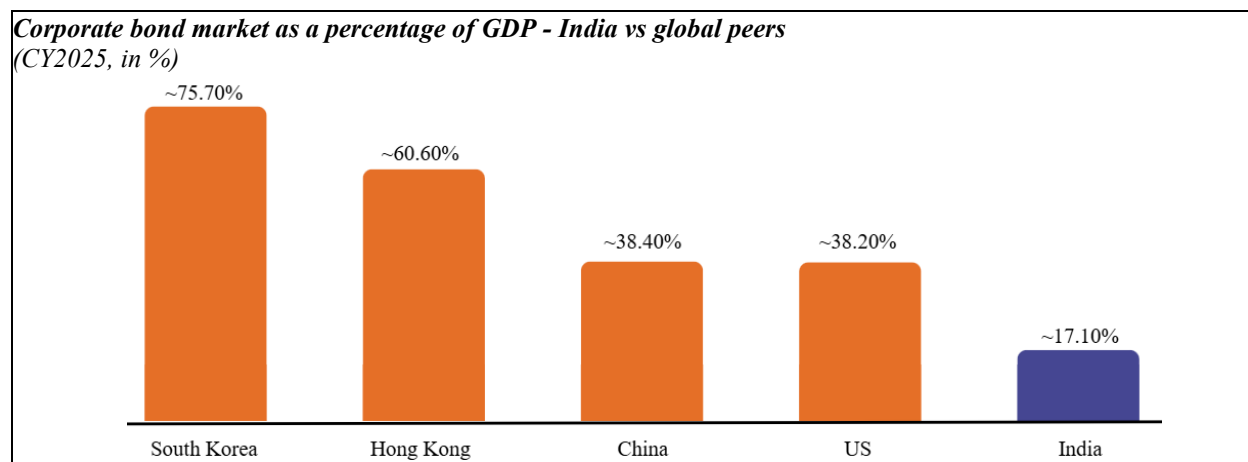
India's corporate bond market remains underdeveloped, with outstanding bonds at ~17.10% of GDP as of Fiscal 2026, well below China (~38.40%, CY2025), South Korea (~75.70%, CY2025), Hong Kong (~60.60%, CY2025), and US (~38.20%, CY2025), as per NSE Market Pulse. While India's equity markets are deep and globally integrated, the corporate debt segment continues to lag in scale. Issuances remain concentrated among top-rated corporates, with limited public placements and narrow investor participation.

On the regulatory side, RBI's ongoing enhancements to market infrastructure, such as permitting repo transactions in corporate bonds, expanding Held-to-Maturity ("HTM") limits for banks, and operationalising the Partial Credit Enhancement ("PCE") framework, are laying the foundation for a deeper and more liquid corporate bond market. NSE introduced India's first formal, screen-based exchange platform for debt trading with the launch of its Wholesale Debt Market segment in CY1994. NSE mobilised debt fundraising (including Commercial Papers ("CPs") and Non-

Convertible Debentures (“NCDs”) (both private and public)) of ₹15.55 trillion in Fiscal 2026. In Fiscal 2026, NSE held a 58.06% market share in commercial paper issuances, measured by the amount raised. According to SEBI data, in Fiscal 2026, total number of Urban Local Bodies (“ULBs”) issuing municipal bonds in India stood at 14. Out of these, 12 got listed with their bonds on NSE implying a market share of 85.71%.

India’s exchange-traded FX and IR derivatives markets remain at a nascent stage. While Over-The-Counter (“OTC”) markets dominate volumes, on-exchange platforms are yet to evolve into active risk management hubs. Strengthening these markets is critical for improving hedging efficiency, transparency, and broad-based access.

Exhibit 12: Indian corporate bond market remains underpenetrated



Note(s): Figures for India correspond to Fiscal 2026
 Source(s): NSE Market Pulse

2.4.3. Lack of free-float and liquidity

A large number of listed companies in India have significant promoter holdings, resulting in relatively lower free float compared to global peers. As promoters gradually dilute their stakes and the government reduces its ownership through divestments and stake sales, the investable float is expected to rise, driving higher trading volumes and deeper market liquidity.

2.4.4. Rise of Alternatives and sponsor-led market cap creation

Private market activity and listed equity expansion in India are getting increasingly linked. AIFs, PE and Venture Capital (“VC”) vehicles raise and deploy capital outside the listed universe, yet most large private positions seek eventual liquidity through public listings or secondary block sales. According to SEBI, cumulative AIF commitments rose from ₹4.05 trillion in December 2020 to ₹15.74 trillion in December 2025. Venture Capital Fund commitments also doubled to ₹0.68 trillion during the same period.

2.4.5. Access to international markets

India is expanding offshore access to its capital markets through the IFSC at GIFT City in Gujarat. Established as India’s first IFSC and regulated by the IFSCA, GIFT provides a globally aligned framework for banking, capital markets, fund management, insurance, bullion, and aircraft/ship leasing, positioning India as a competitive hub for global financial flows. NSEIX Global Access IFSC Limited (“NSEIX GA”) was the first entity in GIFT City to be granted a Global Access Provider licence under the regulatory framework of the IFSCA. According to World Federation of Exchanges data, in Fiscal 2026, NSEIX held a market share of 99.81% in terms of number of contracts traded in the equity derivatives segment among exchanges at GIFT IFSC. In Fiscal 2026, NSEIX launched GIFT Nifty 50 Zero Days to Expiration (“0DTE”) Options, which made NSEIX the first exchange in India to offer international investors same-day expiry options on the Nifty 50 Index at GIFT IFSC.

The successful migration of SGX Nifty to GIFT Nifty on NSEIX in July 2023 was a landmark development, onshoring India’s offshore Nifty index derivatives benchmark from Singapore to India’s own International Financial Services Centre at GIFT City. GIFT Nifty has since become one of the most actively traded internationally-traded index futures

globally, driving turnover in equity index futures at NSEIX to expand at a CAGR of 67.29% from Fiscal 2023 to Fiscal 2026.

2.4.6. Growth of passive investing

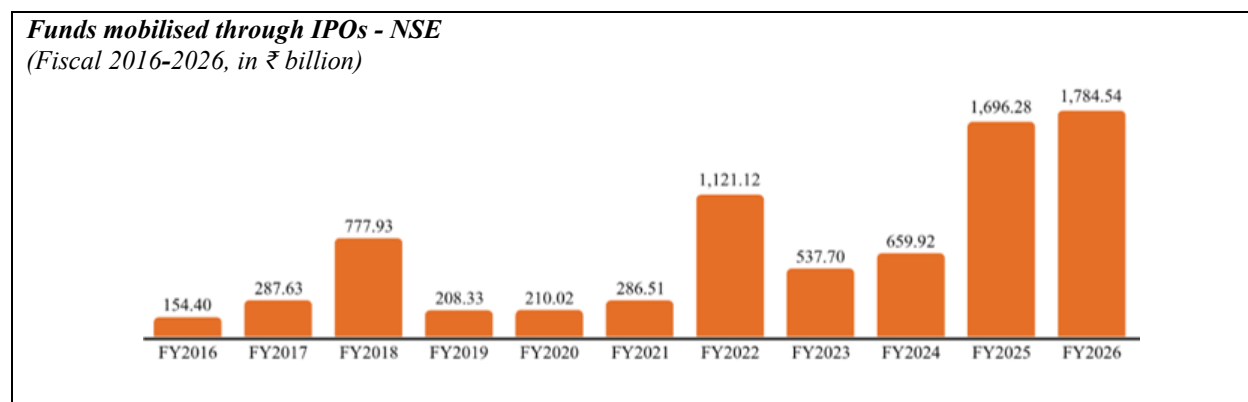
Passive investing in India has shifted from niche to core, as investors embrace low-cost, rules-based exposure and the simplicity of tracking broad indices. Steady SIP adoption in index funds, an expanded shelf spanning equity, debt and factor/thematic indices and continued institutional participation have anchored liquidity and made passive vehicles a standard tool for accessing market beta, implementing allocation tilts, and containing costs. As per NSE, as of March 2026, total equity and debt passive Average AUM (“AAUM”) stood at ₹11.56 trillion, with equity share at ₹9.55 trillion and debt share at ₹2.02 trillion. Within equity passive AAUM, index funds AAUM stood at ₹2.08 trillion (domestic ₹2.01 trillion and international ₹0.07 trillion) and Exchange-Traded Fund (“ETF”) AAUM stood at ₹7.47 trillion. Within debt passive AAUM, index funds stood at ₹1.03 trillion and ETFs stood at ₹0.98 trillion. Additionally, as of March 2026, total passive AUM (domestic + global) tracking Nifty indices stood at ~US\$91.20 billion. The total index funds and ETFs (excluding gold and silver) AUM in India stood at ₹11.22 trillion as of March 2026, according to AMFI data. Of this, ₹8.14 trillion was tracked by Nifty indices as per AMFI data, implying a share of 72.53% as of March 2026. The total schemes in index funds and ETFs (excluding gold and silver) in India stood at 644 as of March 2026, according to AMFI. Of this, 495 schemes track Nifty indices, implying a share of 76.86% as of March 2026.

As of Fiscal 2026, the AAUM of the Indian mutual fund industry represented 22.97% of GDP, while passive AAUM accounted for 3.34% of GDP. In comparison, ETF AUM in the United States accounted for 43.47% of GDP in CY2025. This gap suggests significant potential for further expansion of passive investing in India, supported by increasing investor awareness, broader product availability, continued digital adoption, and a growing preference for low-cost, index-linked investment strategies.

2.5. Capital formation is expected to be a key driver of the Indian capital market

In India, capital formation through the primary markets has been on a steady upward trajectory in recent years, with issuers across sectors raising equity to fund expansion, strengthen balance sheets, and enhance visibility. In Fiscal 2026, total funds mobilised on NSE stood at ₹20.33 trillion with ₹1.78 trillion mobilised by fresh listings and Offer for Sale (“OFS”) across the mainboard and Small and Medium Enterprises (“SME”) segments in the primary market. According to the World Federation of Exchanges, total capital raised through IPO (fresh issues and OFS) on NSE stood at US\$20.06 billion in Fiscal 2026 placing NSE among the top five exchange groups globally in terms of total capital raised through IPO (fresh issues and OFS) in Fiscal 2026.

Exhibit 13: Capital raised in the primary market through IPOs has been on the rise in the past decade



Note(s): 'FY' in the exhibits denotes Fiscal Year; 'FY20XX' is identical to 'Fiscal 20XX'. Figures for funds mobilised include both Mainboard and NSE EMERGE IPOs

Source(s): NSE Market Pulse

A confluence of structural enablers is positioning India as one of the more favourable environments globally for capital formation, spanning ease of doing business, regulatory maturity and a deepening pipeline of investable enterprises.

As per the latest World Bank, Doing Business Report (“DBR”) ranking published in CY2019, India ranked at 63, improving by 79 ranks from CY2014. India also has a maturing regulatory framework governed by rollouts of new regulations and periodic revisions in the existing rules by SEBI. India also has a vibrant entrepreneurial ecosystem in

terms of number of DPIIT recognised startups reaching more than 223,000 as of March 2026 with more than 50.00% of these startups coming from Tier II and Tier III cities.

According to MSME dashboard, Government of India, India's MSME sector comprises over ~80.00 million enterprises yet only a few hundred currently are listed, making addressable pipeline vast. India's SME listing ecosystem has emerged as an important channel for broad-based capital formation, enabling small and medium enterprises to tap public equity markets via dedicated platforms like NSE EMERGE and BSE SME. These listings have helped hundreds of smaller firms access institutional and retail capital, strengthening their growth pathways. As of May 31, 2026, a total of 1453 companies were listed on the SME platforms across exchanges in India.

As this ecosystem matures, SME listings are increasingly contributing to widening India's investable universe and deepening market liquidity. Exchange-led Memoranda of Understanding ("**MoU**") with multiple state governments, aimed at building capital market awareness and listing readiness among regional businesses, represent a coordinated effort to systematically convert this latent potential into a sustained expansion of India's listed SME universe.

2.6. Landscape and evolution of Indian capital market instruments

2.6.1. Cash equities

According to World Federation of Exchanges, in Fiscal 2026, NSE's cash equity markets saw the number of trades reaching 7.95 billion, ahead of major global players such as Nasdaq at 5.93 billion and ICE, with its subsidiary New York Stock Exchange ("**NYSE**") serving as its primary cash equity trading venue at 5.38 billion.

2.6.2. Equity derivatives

India has emerged as a global leader in equity derivatives trading with contracts traded across equity derivatives at NSE (including NSEIX) standing at 36.99 billion as of Fiscal 2026 as per World Federation of Exchanges. This trading activity is more pronounced in equity index options with contracts traded reaching 34.69 billion contracts in Fiscal 2026.

Key drivers include the rise in dominance of proprietary traders, who account for ~50.70% of NSE's equity options premium turnover through High-Frequency Trading ("**HFT**") algorithms and arbitrage strategies; the favourable treatment of derivatives as business income, allowing loss offsets against other income; and the rapid rise of algorithmic trading, which now accounts for ~55.00% of cash market segment and ~66.00% of equity derivatives trades on NSE. The Securities Transaction Tax ("**STT**") framework was revised in Union Budget Fiscal 2027, with rates on futures, options selling, and options exercise increased as part of broader measures to temper excessive short-term speculation. STT on sale of equity futures was increased from 0.02% to 0.05% of the contract value, STT on options selling was increased from 0.10% to 0.15% of premium value, and STT on option exercise was increased from 0.125% to 0.15% of intrinsic price. These revisions were introduced with the stated objective of curbing excessive speculative trading in the futures and options products, and the higher transaction cost structure affected participation levels, particularly in high-frequency or leveraged strategies, and moderated derivatives turnover.

2.6.3. Other derivatives

Commodity derivatives include futures and options contracts based on underlying commodities like metals, energy, and agricultural products. In Fiscal 2026, commodity derivatives turnover on NSE reflects both a recovery in futures and a continued rise in options. ADT in commodity futures increased to ~₹517.00 million in Fiscal 2026 from ~₹10.00 million in Fiscal 2025, following a decline from ~₹214.00 million in Fiscal 2024. In May, 2008, an RBI-SEBI committee laid the framework for exchange-traded currency derivatives and NSE was the first exchange in India to launch exchange-traded currency derivatives on August 29, 2008.

2.6.4. Other instruments

In addition to the cash and the derivatives segments, Indian capital markets have multiple other instruments which, while nascent right now, have strong growth potential. Some of these instruments include:

- **Tri-party repo:** In India, tri-party repos are primarily conducted in government securities, with corporate bond-backed tri-party repos also available, enabling participants to efficiently deploy collateral while a neutral third party manages valuation, substitution, and margin calls. In US, tri-party repos accommodate a broader collateral universe spanning treasuries, agency securities, and mortgage-backed securities,

administered through large custodial banks. Compared to US, India's collateral eligibility remains narrower but is gradually expanding, signalling scope for further deepening of the market.

- **Securities Lending & Borrowing (“SLB”):** The SLB framework in India enables regulated short selling, facilitates borrowing of securities for settlement, and allows investors to earn returns on idle holdings. The SLB mechanism was formally introduced in India in CY2008. The broad framework for short selling and securities lending and borrowing scheme for all market participants was specified by SEBI in December 2007. Notably, naked short selling is expressly prohibited under SEBI's framework, ensuring all short positions are backed by actual securities borrowing through the SLB mechanism.
- **ETFs:** ETFs offer low-cost, index-linked exposure and trade like stocks. In India, ETF AUM (including Gold and other ETFs) has grown ~4x in five years to reach ₹10.66 trillion (US\$120.70 billion) as of March 2026 as per AMFI, driven by BHARAT Bond, Employees' Provident Fund Organisation (“EPFO”) allocations, and rising individual SIPs. In comparison, ETF financial assets in the US stood at US\$13,373.19 billion as of December 2025, indicating a significantly larger base. The difference in scale suggests that, despite this growth, the Indian market remains at an earlier stage relative to the US, reflecting significant headroom for growth.
- **REITs & InvITs:** REITs and InvITs are SEBI-regulated yield vehicles that pool investor capital into income-generating real estate and infrastructure assets, respectively. India's market has expanded to five listed REITs with gross AUM exceeding ~₹2.70 trillion as of March 2026 as per Indian REITs Association. InvITs have also scaled up, with 28 registered InvITs (seven listed) and market capitalisation of ~₹2.60 trillion as of December 2025 as per Bharat InvITs Association.

In addition to the above segments, Indian capital markets are expanding beyond conventional equities and derivatives by bringing structure and transparency to markets that have historically operated in a fragmented or bilateral manner. Recent initiatives, such as the launch of electricity futures and the listing of ESG-linked bonds, demonstrate how regulated exchange platforms can standardise products, reduce counterparty risk, and create deeper pools of liquidity:

- **Electricity futures:** In India, these contracts were introduced on MCX on 10 July 2025, followed by NSE on 14 July 2025. Since launch, NSE's electricity futures have shown steady traction and improving linkage with the physical power market. As per NSE Market Pulse, across the August-March 2026 contracts, cumulative traded volume stood at 29,399.00 Million Units (“MUs”), compared with 51,913.00 MUs in the spot market, implying a futures-to-spot ratio of 0.57.
- **Electronic Gold Receipts (“EGRs”):** SEBI introduced the Gold Exchange Framework on January 10, 2022, with BSE launching EGR trading on 24 October 2022 and NSE launching its EGR segment on 4 May 2026. By bringing gold onto regulated exchange platforms, EGRs address fragmented price discovery, purity concerns, and the absence of a standardised national spot price in India's physical gold market. Given India's position as one of the world's largest gold consumers, EGRs are expected to deepen organised participation, support the emergence of a domestic reference price, and lay the foundation for adjacent gold-linked products on exchanges over time.
- **Environmental, Social, and Governance (“ESG”) debt securities:** India's sustainable finance market has been progressively formalised, making it an increasingly relevant destination for FPIs with sustainability mandates. SEBI introduced Green Debt Securities in CY2017, channelling capital towards environmentally focused projects. In CY2024, the Non-Convertible Securities (“NCS”) Regulations were amended to formally recognise a broader category of ESG Debt Securities, and on June 5, 2025, SEBI introduced a comprehensive framework covering three additional instrument types.
 - a) Social Bonds finance projects delivering positive social outcomes such as affordable housing, healthcare, and education.
 - b) Sustainability Bonds combine green and social objectives.
 - c) Sustainability-Linked Bonds tie financial terms to the issuer's achievement of pre-defined sustainability performance targets rather than ring-fencing proceeds for specific projects.

The framework aligns with internationally recognised standards including the International Capital Market Association (“**ICMA**”) Principles, the Association of Southeast Asian Nations (“**ASEAN**”) Taxonomy for Sustainable Finance, and the EU Green Bond Standard, whilst mandating third-party verification and standardised disclosures to address concerns around purpose-washing. On IFSC exchanges, ESG-labelled instruments have gained meaningful traction, accounting for a significant share of cumulative debt listings. These developments position India's capital markets as credible and transparent platforms for sustainable finance, offering FPIs a familiar and verifiable framework for deploying sustainability-mandated capital.

Section 3: Exchanges - Evolution and Global Comparison

Exchanges worldwide have transformed from narrow equity trading venues into diversified financial infrastructure providers. This shift has been enabled by regulatory reforms that expanded asset classes, formalised clearing and settlement, and strengthened transparency, allowing exchanges to grow into multi-service platforms. Today, global peers derive a significant share of revenues from data, connectivity, indices, and post-trade services, reducing reliance on transactions. Indian exchanges, while technologically advanced and globally competitive in trading and clearing, remain concentrated in transaction and listing revenues, highlighting substantial scope for diversification.

3.1. Global exchanges have transitioned from single-function platforms to integrated financial infrastructure providers

A few decades ago, most exchanges were narrowly focused on equity trading, listings, and basic post-trade settlement. Since then, exchanges have steadily expanded their business models into a much broader set of activities including derivatives, currencies, commodities, and fixed-income. The post-trade function has been built into a standalone business through clearing and risk management services. Data and index licensing have become major revenue lines, reflecting growing demand from asset managers and passive funds.

More recently, exchanges have also developed technology solutions, connectivity infrastructure, and ancillary platforms that embed them more deeply into the financial ecosystem. This evolution has transformed exchanges from transaction-focused venues into integrated financial market infrastructure providers at the core of global capital markets.

3.2. Exchanges use varied monetisation models across asset classes and services

Exchanges earn revenue through seven key streams across asset classes and services, detailed below:

Exhibit 14: Key revenue streams for stock exchange groups globally

Revenue stream	Definition	Monetisation Model
Transaction Charges	<ul style="list-style-type: none"> Transaction charges accrue when fees are levied on executed trades in cash and derivatives markets, including electricity and commodity futures The charge can be per trade, per share or contract, by notional value, or by option premium, with activity tiers or rebates where relevant 	<ul style="list-style-type: none"> Trading members pay these charges which are built up trade by trade and are invoiced on a periodic cycle. When benchmarked against global peers, India's transaction costs show a mixed profile across products for Fiscal 2026 <ul style="list-style-type: none"> In cash market (delivery), NSE's charges are broadly in line with those observed across major global exchanges. For cash market (intraday), NSE's charges are materially lower than those observed across major global exchanges, making India among the most competitive globally for short-horizon strategies. In derivatives, NSE's charges across index options, index futures, single-stock options, and single-stock futures all sit comfortably within global ranges, striking a balance that keeps it competitive without pricing itself to the extremes.
Listing Services	<ul style="list-style-type: none"> Listing services fees arise from admission and continuing listing securities on the exchange 	<ul style="list-style-type: none"> Issuers and sponsors pay one-time admission fees, recurring annual fees scaled by size or category They also pay additional charges for corporate actions, and new classes or identifiers

Data Centre Rack Charges and Data Connectivity Charges	<ul style="list-style-type: none"> • Exchange-hosted connectivity and colocation for direct market access • Market participants subscribe to racks/power, cross-connects or private lines, exchange ports/sessions, and test/certification environments 	<ul style="list-style-type: none"> • Access seekers (members, proprietary firms, institutions) pay recurring rental/port fees • Installation and service-level add-ons tied to capacity, latency, or throughput
Data Feed and Terminal Services	<ul style="list-style-type: none"> • Packaging and distribution of proprietary prices, order-book depth, and reference and historical datasets, delivered via feeds, APIs, and terminals 	<ul style="list-style-type: none"> • User and enterprise subscriptions including usage-based licences, redistribution and administration fees • Premium for depth, low latency, and analytics-enhanced histories
Index Licensing and Data Subscriptions Fees	<ul style="list-style-type: none"> • Licensing of benchmarks and methodologies that underpin exchange-traded funds, derivatives, structured notes, and investment mandates. 	<ul style="list-style-type: none"> • Flat licence fees • Asset-based fees for passive funds • Royalties linked to contracts or notional exposure • Bundled benchmark data and analytics subscriptions
Clearing and Settlement Services	<ul style="list-style-type: none"> • Post-trade services that convert matched trades into final obligations • Core functions include novation, margining, netting, deliveries, settlement, membership administration, and management of default and guarantee funds. 	<ul style="list-style-type: none"> • Per-trade and per-position fees, membership dues, delivery and settlement charges; collateral interest treated under local pass-through rules.
Investment Income	<ul style="list-style-type: none"> • Treasury returns via deployment of regulatory capital and operational cash balances, cash/ cash equivalent collateral, and default funds. 	<ul style="list-style-type: none"> • Yield income which moves with interest-rate cycles and portfolio mix

Source(s): Redseer research and analysis

The Indian exchange ecosystem has deep presence in core revenue streams such as transaction charges. However, it is comparatively nascent in others, such as index licensing and advanced data monetisation when compared to other global exchanges, thus offering strong headroom for revenue expansion.

3.3. Relative maturity of these revenue streams differs between India and global markets

While India has a well-developed trading ecosystem, the contribution from revenue streams such as data feed and terminal services and index licensing & data subscription fees and data centre and connectivity charges remains limited. The table below outlines the revenue contribution of each revenue line for Indian exchanges versus global exchanges:

Exhibit 15: A major share of Indian exchanges’ revenue comes from transaction charges indicating massive headroom for diversification

Share of revenue streams in total exchange revenue - Indian exchanges vs global peers
Descriptive

Share in total exchange revenue

<5% >10%

Revenue Streams	Indian Exchanges ¹	Global Exchanges ²
Transaction Charges	>10%	>10%
Listing Services	<5%	5-10%
Data Centre - Rack Charges and Data Connectivity Charges	5-10%	5-10%
Data Feed and Terminal Services and Index Licensing & Data Subscription Fees	<5%	>10%
Clearing and Settlement Services	<5%	>10%

Note(s): Figures for calculation taken from income statements of 1) Bombay Stock Exchange Limited (Fiscal 2025), National Stock Exchange of India Limited (Fiscal 2025); 2) Singapore Exchange Limited (12 months ending Jun '2025), National Association of Securities Dealers Automated Quotations (Nasdaq, CY2025), Euronext (CY2025), Japan Exchange Group (JPX, year ending March 2025)
Source(s): Annual filings, Redseer research and analysis

Clearing corporations, operating as independent Market Infrastructure Institutions (“MIIs”) under SEBI’s oversight, act as central counterparties to trades executed on exchanges, guaranteeing settlement by novating contracts and maintaining comprehensive margining and default management frameworks. Over time, India has transitioned from account-period settlement to rolling settlement cycles and, more recently, to T+1 settlement across equity markets, with optional T+0 settlement being introduced in phases to further reduce counterparty exposure and settlement risk.

The clearing ecosystem is supported by real-time risk management, Value-at-Risk (“VaR”) based margining, stress testing, settlement guarantee funds, and interoperable clearing arrangements. Regulatory reforms have strengthened capital adequacy norms, enhanced default waterfall mechanisms, and introduced recovery and resolution frameworks to safeguard systemic stability. NSE offers clearing and settlement services through its subsidiary NSE Clearing Limited (“NCL”, formerly NSCCL), which is the largest clearing corporation in India in terms of cleared value, with a market share in the cash market (88.42% in Fiscal 2026, 94.24% in Fiscal 2025 and 92.69% in Fiscal 2024), equity derivatives (91.04% in Fiscal 2026, 95.67% in Fiscal 2025, and 95.52% in Fiscal 2024), exchange-traded currency derivatives (74.09% in Fiscal 2026, 58.31% in Fiscal 2025, and 73.73% in Fiscal 2024), and interest rate futures (88.83% in Fiscal 2026, 78.77% in Fiscal 2025, and 90.14% in Fiscal 2024). NCL, incorporated in August 1995, was India's first clearing corporation to be established in India and the first to provide a settlement guarantee mechanism. NCL was one of the first clearing corporations globally to transition gradually to a T+1 settlement cycle further introducing T+0 settlement cycle gradually, strengthening the settlement mechanism.

3.4. Regulatory changes have played a key role in revenue mix diversification in exchange groups globally as well as in India

Regulatory shifts have supported exchanges in playing a more central role globally

Global exchanges have evolved from equity trading venues into integrated financial market institutions, shaped by regulatory reforms that expanded tradable asset classes, mandated central clearing, and strengthened post-trade frameworks. The key shifts underpinning this evolution are outlined below.

- **Market structure and transparency reforms** reinforced exchanges' role as central utilities. The US Regulation National Market System ("**Reg NMS**", 2005) reshaped equity market structure through order protection rules and consolidated data feeds, ensuring best execution and fair pricing.
- **Mandatory central clearing of OTC derivatives** turned clearing into a high-margin, recurring revenue stream. Post- Global Financial Crisis ("**GFC**") regulations including the Dodd-Frank Act (2010) and Europe's European Market Infrastructure Regulation ("**EMIR**", 2012) required standardised OTC derivatives to be centrally cleared, rapidly expanding the role of clearing houses such as CME Clearing, ICE Clear, and London Clearing House ("**LCH**").
- **Integration of trading with post-trade services** enabled exchanges to capture the full transaction value chain. Euronext's ~€4.40 billion acquisition of Borsa Italiana in 2021 brought in Monte Titoli (securities settlement) and Cassa di Compensazione e Garanzia ("**CC&G**") (clearing), creating a vertically integrated platform across trading, clearing, and settlement.
- **Stricter benchmark oversight** enhanced index licensing and data revenues. LSEG's ~\$27.00 billion acquisition of Refinitiv in CY2021 transformed it into one of the world's largest financial data providers, with information services now contributing over ~70.00% of group revenues. Similarly, the creation of S&P Dow Jones Indices positioned exchanges as key licensors of passive investment benchmarks, capitalising on the rise of ETFs and index funds.
- **Cross-border listing liberalisation** broadened income bases. SGX's acquisition of the Baltic Exchange in CY2016 diversified its portfolio into global shipping benchmarks and freight derivatives, while Markets in Financial Instruments Directive II ("**MiFID II**") enhanced cross-border market access across Europe.
- **Formal licensing of custody** for new asset classes expanded fee bases into digital assets and tokenised instruments. Börse Stuttgart Digital's 2023 Bundesanstalt für Finanzdienstleistungsaufsicht ("**BaFin**") licence as a regulated crypto custodian exemplified this shift.

Indian exchanges are evolving into broader market institutions as diversification redefines their positioning in the capital markets ecosystem

Building on strong trading and clearing foundations, recent reforms are broadening asset coverage, deepening fixed-income and derivatives markets, and accelerating settlement cycles. The following regulatory reforms have been instrumental in enabling exchanges to expand beyond equity trading into multi-asset markets, post-trade services, data, and custody, laying the foundation for today's diversified business models.

- **SEBI Approval for Currency Derivatives Trading (2008):** SEBI permitted stock exchanges to introduce currency futures beginning August 2008, later expanded to currency options, bringing FX segment into the exchange ecosystem.
- **SEBI Framework for SME Exchanges (framework 2008-2010; platforms launched 2012):** SEBI issued regulations enabling exchanges to launch dedicated SME platforms in 2012, allowing smaller companies to list and raise capital.
- **SEBI Guidelines on Debt Trading Platforms (2013):** In 2013, SEBI notified norms for exchange-based debt trading platforms, mandating electronic reporting and trading of corporate bonds. This integrated fixed-income products into the formal exchange framework.
- **SEBI Framework for Commodity Derivatives Integration (2015, expanded 2017-2018):** After the merger of the Forward Markets Commission with SEBI in 2015, commodity derivatives came under SEBI regulation. Exchanges subsequently launched contracts in gold, silver, crude oil, and base metals, adding commodities as a major new revenue line.
- **SEBI (Index Providers) Regulations (2024):** SEBI introduced a dedicated regulatory framework in 2024 for index providers, requiring registration, governance, and transparency in benchmark construction. This legitimised indices as regulated financial products and allowed exchanges (through index subsidiaries) to scale index licensing and data subscription revenues, particularly from ETFs, passive funds, and global benchmark users.

- **SEBI Circular on Retail Participation in Algorithmic Trading (2025):** SEBI's dedicated framework for retail algorithms executed through broker Application Programming Interface (“APIs”) requires every algorithm to carry a unique exchange-issued identifier, mandates broker due diligence and empanelment of providers, and enforces tighter API access controls including secure keys, static Internet Protocol (“IP”) restrictions, and pre-trade risk checks. Algorithms crossing defined order-per-second thresholds must be registered with exchanges, with exchanges responsible for monitoring usage and enabling audits. Together, these measures ensure retail algorithmic trading grows within a supervised and investor-protective framework.

Multiple other factors have supported revenue diversification for exchanges

Shifts in market structure have been a key driver with the rise of passive investing and ETFs creating a stable base of demand for indices, benchmarks, and real-time data services. Exchanges have capitalised on this by building index subsidiaries and commercialising proprietary data feeds, turning information services into predictable, high-margin income streams. At the same time, technology transformation has opened entirely new business lines. Colocation, low-latency connectivity, and cloud-based infrastructure services now account for a meaningful share of exchange revenues, monetising the backbone of market access and positioning exchanges as providers of mission-critical digital infrastructure.

Product innovation has further accelerated this evolution. Exchanges have broadened their product suites through new derivatives contracts, ESG-linked instruments, thematic indices, and multi-asset platforms that attract diverse investors and generate incremental trading and licensing fees. This has ensured that exchanges are no longer reliant solely on transaction charges but operate as diversified financial infrastructure providers with multiple, resilient revenue streams.

These levers are beginning to reshape India’s exchange landscape as well. While transaction charges remain a core revenue line, the introduction of new asset classes (currency, commodities, InvITs, REITs), the growth of index-linked investing, and the commercialisation of data and connectivity are gradually broadening the mix.

3.5. Apart from diversification, exchanges have evolved through digitisation and global integration

Two other trends have driven the exchange ecosystem globally and in India.

- **Digitisation of exchange infrastructure:** Digitisation has fundamentally reshaped how exchanges operate. Globally, the shift from floor-based trading to fully electronic platforms has allowed exchanges to scale up activity, reduce costs, and enable innovations such as algorithmic and high-frequency trading. Clearing and settlement functions have also been digitised, supporting shorter settlement cycles and stronger risk controls. These advances have created new revenue lines through colocation facilities, low-latency connectivity, and cloud-based infrastructure services. India has been at the forefront of this trend: NSE pioneered screen-based electronic trading in FY1995, and SEBI-led reforms have since accelerated digitisation in post-trade.
- **Demutualisation and globalisation of exchanges:** Demutualisation and globalisation have transformed the governance and operating models of exchanges. Globally, many exchanges that once functioned as member-owned entities have shifted to demutualised, profit-oriented corporations with independent boards and public ownership. This change has allowed institutions such as Nasdaq and Euronext to raise capital, expand across borders, and evolve into multi-functional financial infrastructure groups. India’s exchanges have followed a similar trajectory, BSE demutualised in CY2005 and NSE in CY1992 (since its inception), separating ownership, management, and trading rights in line with global best practices.

These reforms strengthened governance and positioned exchanges as independent institutions capable of scaling into new businesses.

Section 4: Addressable Market for Indian Exchanges

Indian exchanges today serve a broad spectrum of asset classes, each showing strong growth momentum. Cash market is expanding with strong nominal GDP growth and increasing market capitalisation driven by more individual investor participation and increasing free float. Equity derivatives, led by equity index options, are expected to scale, albeit at a slower pace than in the last five years due to the recent regulatory changes to curb speculative trading. Corporate bonds are becoming a key financing channel as issuers diversify beyond banks. Following recent regulatory measures, the currency derivatives market is expected to see a tilt towards hedgers particularly exporters, importers, and corporates, reinforcing its role as a risk management instrument. Commodity derivatives are surging with wider contract coverage and options activity. Alongside these, services such as data centres, listing, index licensing, and clearing are deepening and diversifying exchange revenues.

Indian capital markets have been on a sustained growth trajectory, driven by expanding individual and institutional demand on one hand, and a deepening supply base of products, issuers, and infrastructure on the other, all reinforced by consistent policy support.

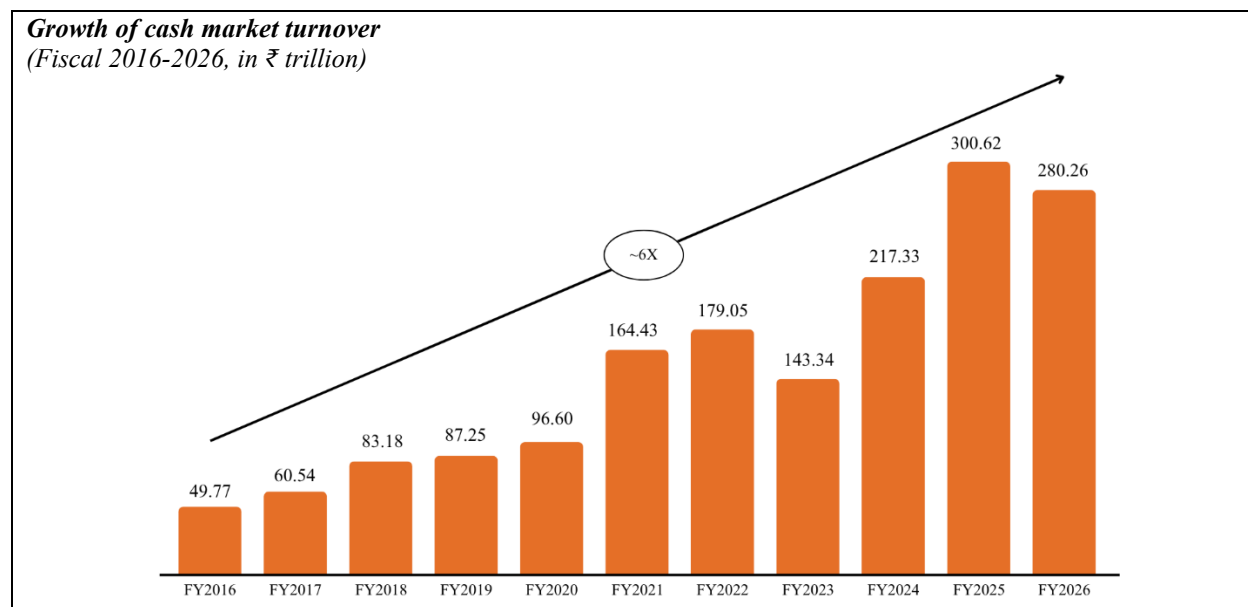
Policy measures such as the JAM trinity, simplified KYC norms, and digital broker platforms have lowered entry barriers, with SIPs and financial literacy initiatives continuing to channel household savings into securities. Algorithmic and proprietary trading has scaled alongside, strengthening liquidity and price discovery. Institutional allocations have deepened across insurers, pension funds, and mutual funds, while corporates increasingly access bond and equity markets for financing. Foreign investor flows remain supported by India's rising weight in global indices and evolving cross-border access frameworks.

On the supply side, market depth is expanding through a growing free float, a healthy primary issuance pipeline, and greater diversification across equities, debt, currencies, and commodities. The supporting infrastructure has matured significantly, marked by resilient clearing and settlement systems, interoperability across platforms, and professionalised data and licensing services that translate rising activity into durable revenue streams.

4.1. Cash market

Cash market instruments include equities, equity convertible securities, exchange-traded funds (ETFs), mutual funds, REITs, InvITs, and corporate bonds. According to SEBI, the Indian cash market recorded a turnover of ₹280.26 trillion in Fiscal 2026, compared to ₹49.77 trillion in Fiscal 2016, reflecting an approximate ~6x increase over the period. Growth in this segment is structurally anchored to four components: nominal GDP growth, expansion of market capitalisation relative to GDP, availability of free float and a growing investor base.

Exhibit 16: Indian cash market turnover has grown ~6x over the last decade

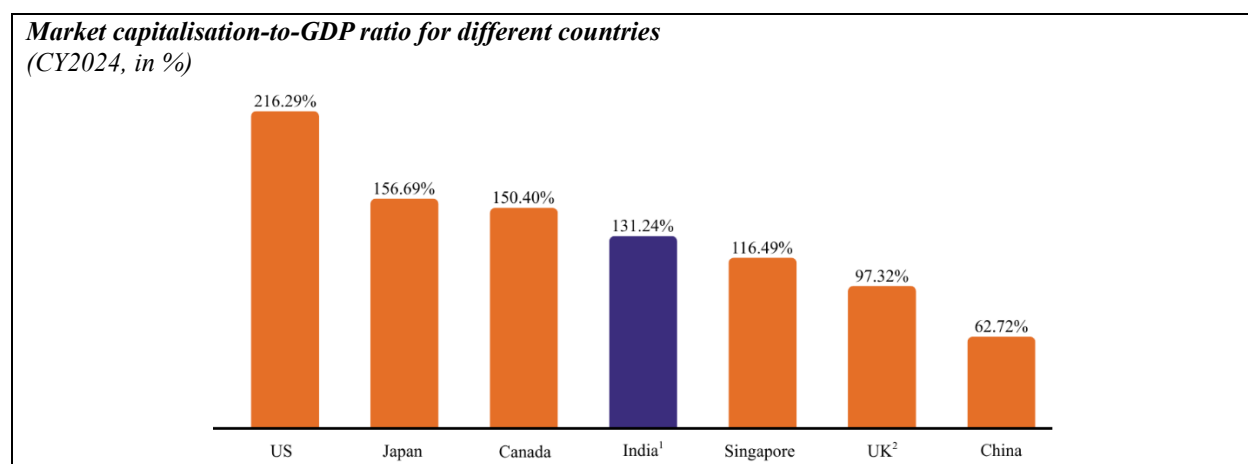


Note(s): 'FY' in the exhibits denotes Fiscal Year; 'FY20XX' is identical to 'Fiscal 20XX'

Source(s): SEBI

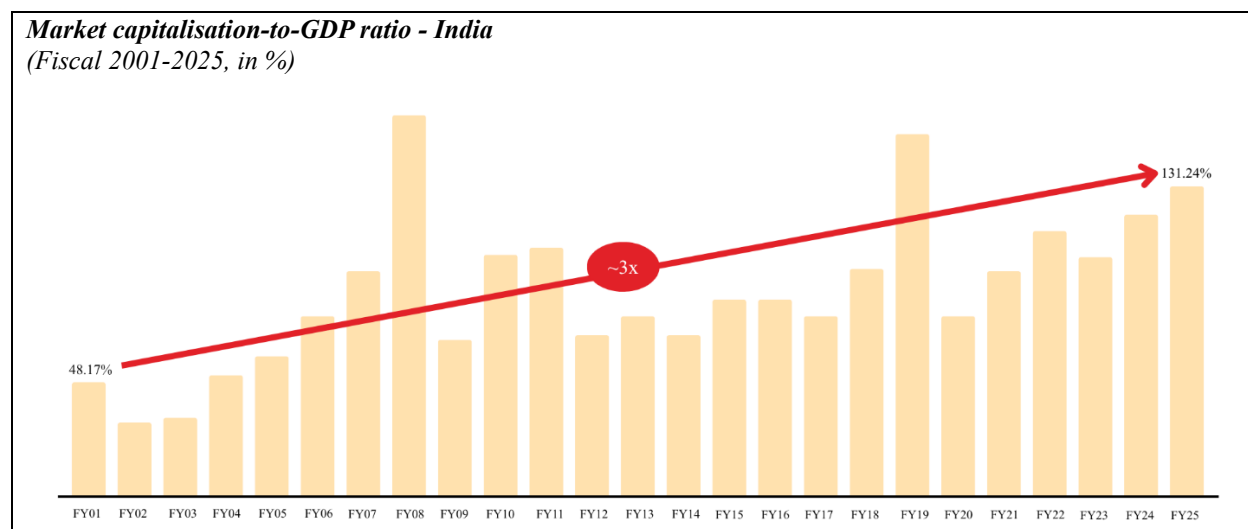
According to IMF WEO, Nominal GDP in India is expected to grow at 9.35% from Fiscal 2026 to Fiscal 2030P, and continued economic expansion is expected to sustain turnover growth in the medium term. As per the World Bank, India's market capitalisation-to-GDP ratio stood at 131.24% in Fiscal 2025. While this remains below that of markets such as the US (216.29% in CY2024) and Japan (156.69% in CY2024), it is higher than several peers, including Singapore (116.49% in CY2024) and the UK (97.32% in CY2022). As per the World Bank, between Fiscal 2001 and Fiscal 2025, India's market capitalisation-to-GDP ratio in percentage terms increased by nearly ~3x. Looking ahead, strong structural trends such as rapid capital formation, increasing ADTs, rising retail investor participation, steady growth in systematic investment flows, wider adoption of digital trading platforms, and increasing financial awareness are expected to continue broadening the investor base and support further expansion of market capitalisation relative to GDP. Rapid capital formation through various fund-raising instruments such as IPOs, FPOs, and QIPs is expected to remain one of the most significant drivers of market capitalisation growth and a key theme for the Indian capital markets over the next four years.

Exhibit 17: There is a significant headroom for growth in cash market turnover in India based on global comparison of market capitalisation-to-GDP ratio



Note(s): 1. Data for India corresponds to Fiscal 2025, 2. Data for UK corresponds to CY2022
Source(s): World Bank

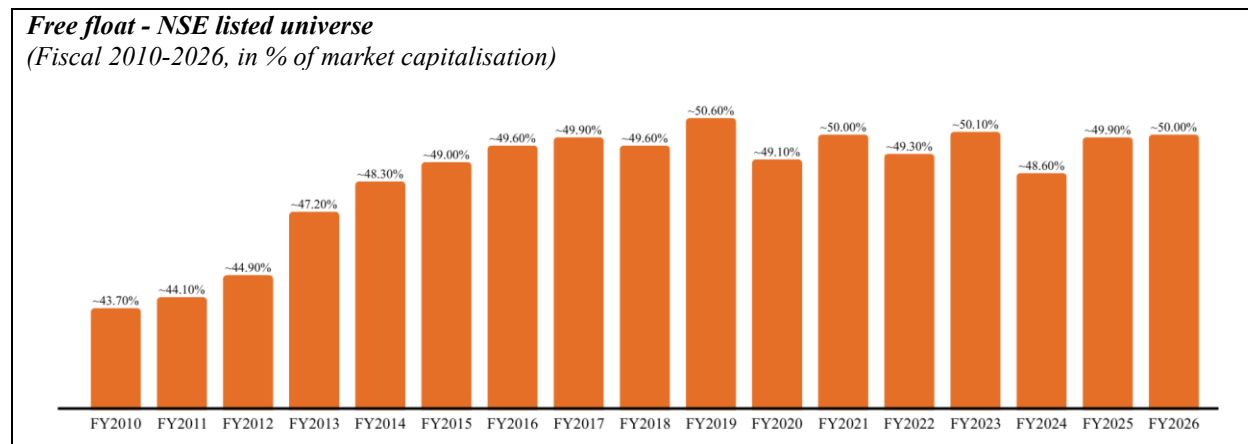
Exhibit 18: Market capitalisation-to-GDP ratio has been increasing steadily for India



Note(s): 'FY' in the exhibits denotes Fiscal Year; 'FY20XX' is identical to 'Fiscal 20XX'
Source(s): World Bank

Free float enhances the effective tradability of this expanding market capitalisation. While overall market capitalisation defines the size of the listed universe, it is the proportion of shares available for trading that directly impacts liquidity. India's free float has historically been constrained by concentrated promoter holdings and remains lower when compared to other developed economies, signifying significant headroom for expansion.

Exhibit 19: Free float in NSE-listed universe has risen slowly over time, reaching ~50.00% of market capitalisation



Note(s): 'FY' in the exhibits denotes Fiscal Year; 'FY20XX' is identical to 'Fiscal 20XX', Non-promoter holding is used as a proxy for free float, as promoter-held shares are generally associated with controlling intent and are not actively traded in the secondary market. The residual non-promoter shareholding represents the portion of shares broadly available for trading in the secondary market, making it the closest publicly available approximation of free float for NSE listed companies.

Source(s): NSE

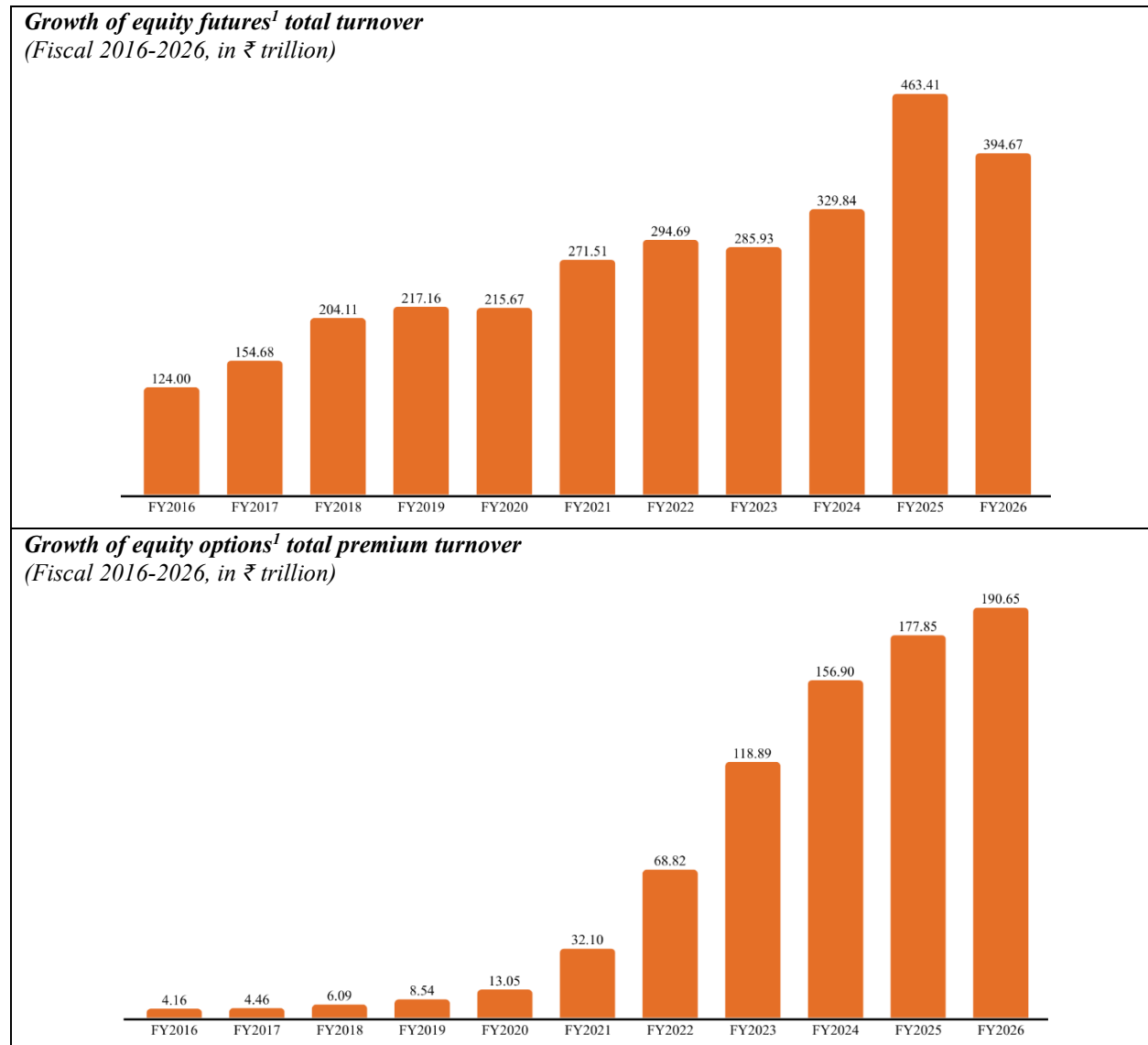
As per NSE, individual investor participation is emerging as a significant demand-side driver of this expansion with number of unique PANs registered growing from 39.89 million as of March 2021 to 129.09 million as of March 2026. As per SEBI, number of demat accounts has increased rapidly over the past five years with a CAGR of 32.43%, from 55.13 million in March 2021 to 224.51 million in March 2026, supported by wider adoption of digital trading platforms, the growing popularity of systematic investment flows, and increasing financial awareness. Mobile based trading share has increased significantly over the past decade supported by rising prominence of discount broking apps. Additionally, regulatory approval of retail algorithmic trading is further expected to uplift trading activity in the retail segment. Individual investors are expected to remain active participants in both primary and secondary markets, broadening the investor base and sustaining market capitalisation growth.

These four components collectively imply strong annual turnover growth (from GDP growth, market capitalisation expansion, rising non-promoter ownership and retail participation). As per SEBI data, turnover in the cash market segment stood at ₹280.26 trillion in Fiscal 2026. The segment is projected to grow to ₹473-507 trillion by Fiscal 2030P, implying a CAGR of 14-16%.

4.2. Equity derivatives

According to SEBI, India's equity derivatives market has grown rapidly over the past five years, with equity futures reaching a total turnover of ₹394.67 trillion and equity options reaching a total premium turnover of ₹190.65 trillion in Fiscal 2026. Options, particularly equity index options, has been the fastest growing segment in terms of total premium turnover within equity derivatives growing at a CAGR of 47.54% over the past decade. The scale of expansion has been unprecedented, but it has also raised concerns around the extent to which speculative trading rather than risk management has contributed to volumes.

Exhibit 20: Equity derivatives turnover in India has surged substantially in the past decade



Note(s): 'FY' in the exhibits denotes Fiscal Year; 'FY20XX' is identical to 'Fiscal 20XX'. 1. Equity futures comprise single stock futures and equity index futures. Equity options comprise single stock options and equity index options.

Source(s): SEBI

In response, SEBI introduced a set of regulatory measures in CY2024, with phased implementation through CY2025, to curb excessive speculation and safeguard individual investors. These measures included an increase in the minimum contract (lot) size for index derivatives, the restriction of weekly expiry contracts to one benchmark index per exchange, the upfront collection of option premiums from buyers, an additional extreme loss margin on short option positions on expiry day, and intraday monitoring of position limits.

These regulatory changes have led to a moderation in activity during Fiscal 2026, as participants adjust to the revised framework. Stricter position limits, higher margin requirements, and documentation norms for unhedged exposures have impacted individual and high-frequency speculative traders, which have been a significant contributor to trading volumes in prior years.

In the longer term, the equity derivatives market is supported by strong levers on both the supply and demand side. On the supply side, exchanges are broadening the product suite through new index futures and options contracts, while regulatory reforms continue to strengthen risk management and transparency. On the demand side, institutional

participation is rising, and algorithmic and quantitative trading has become a further catalyst, supported by colocation infrastructure and low-latency connectivity.

The following growth trajectories are expected to emerge:

- **Single stock derivatives:** As more companies list and the cash market deepens, a larger pool of stocks becomes eligible to be introduced as single stock derivatives, broadening the underlying universe available in the segment. This widening of the investible universe expands the opportunity set for investors and is expected to support a growing share of volumes over time, aided by improving sector-wise breadth and sustained institutional participation.
- **Equity index derivatives:** Likely to remain dominant, though regulatory recalibrations may temper expansion. Equity index derivatives remain a critical hedging and arbitrage tool, particularly for institutional investors

As per SEBI data, equity futures total turnover and equity options total premium turnover stood at ₹394.67 trillion and ₹190.65 trillion, respectively, in Fiscal 2026. Based on the growth trajectories, equity futures total turnover is projected to increase to ₹715-765 trillion by Fiscal 2030P, representing a CAGR of 16-18%, while equity options total premium turnover is projected to increase to ₹269-289 trillion, representing a CAGR of 9-11%. While SEBI's recent measures and STT hikes are expected to moderate volumes in the near term, the long-term growth outlook remains supported by rising institutional demand and continued product expansion.

4.3. Other asset classes

In addition to cash market and equity derivatives, Indian exchanges operate markets for other asset classes, including exchange-traded currency derivatives, commodity derivatives, and corporate bonds. While these segments are smaller in size, they play an important role in broadening market depth and meeting diverse participant needs. Their growth is influenced by macroeconomic conditions, regulatory reforms, and structural trends such as digital adoption and rising institutional participation. The outlook for each of these segments varies by underlying drivers, but all are expected to expand meaningfully over the next four years.

Exhibit 21: Projection outlook for other asset classes

Asset class	Fiscal 2026 turnover (₹ trillion)	Projected CAGR (%)	Fiscal 2030P turnover (₹ trillion)
Corporate bonds¹	21.18	13-18%	35-41
Exchange-traded currency futures and commodity futures total turnover	175.29	15-20%	307-363
Exchange-traded currency options and commodity options total premium turnover	16.83	20-25%	35-41

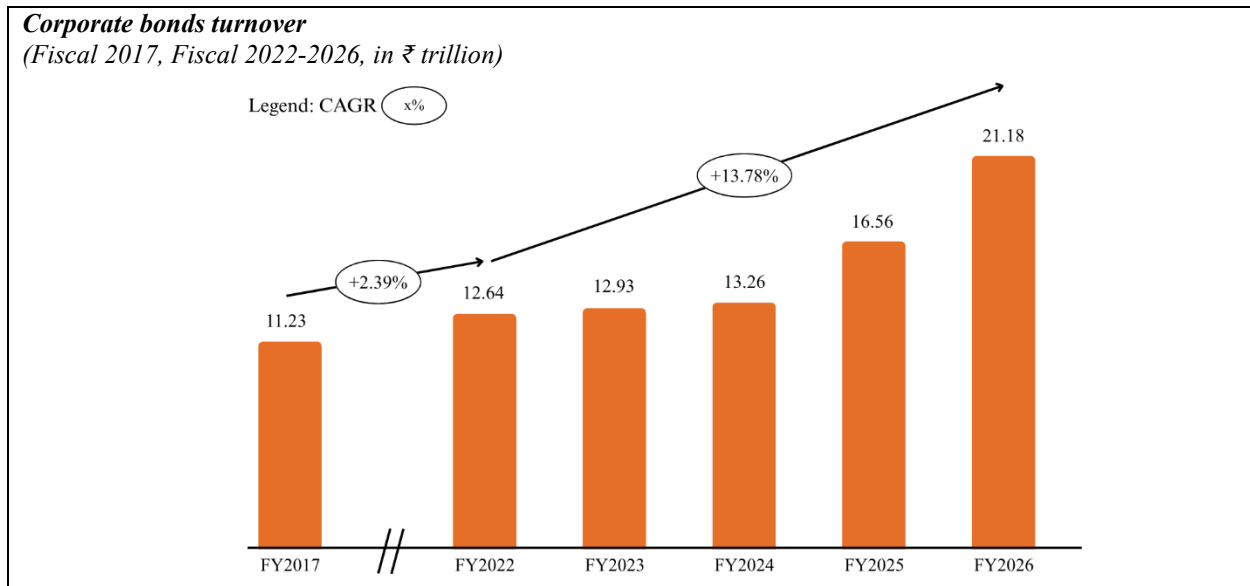
Note(s): 1. Corporate bond turnover figures correspond to value of trades executed on OTC+RFQ+anonymous platforms and settled through clearing corporations in India

Source(s): SEBI

4.3.1. Corporate bonds

In India, this market has gradually expanded with turnover reaching ₹21.18 trillion in Fiscal 2026, growing at a CAGR of 13.78% from Fiscal 2022 to Fiscal 2026.

Exhibit 22: There has been a significant growth in the corporate bonds turnover



Note(s): 'FY' in the exhibits denotes Fiscal Year; 'FY20XX' is identical to 'Fiscal 20XX'

Source(s): SEBI

As per SEBI data, corporate bond turnover stood at ₹21.18 trillion in Fiscal 2026. Looking ahead, turnover in this segment would be driven by rising institutional demand from insurers, pension funds and mutual funds, growing corporate preference for bond financing over bank credit, expansion of tri-party repo mechanisms enhancing liquidity and collateral efficiency in the secondary market, and increasing retail participation through fintech platforms and online brokerages. Based on these drivers, corporate bond turnover is projected to grow at a CAGR of 13-18% between Fiscal 2026 and Fiscal 2030P, reaching ₹35-41 trillion by Fiscal 2030P.

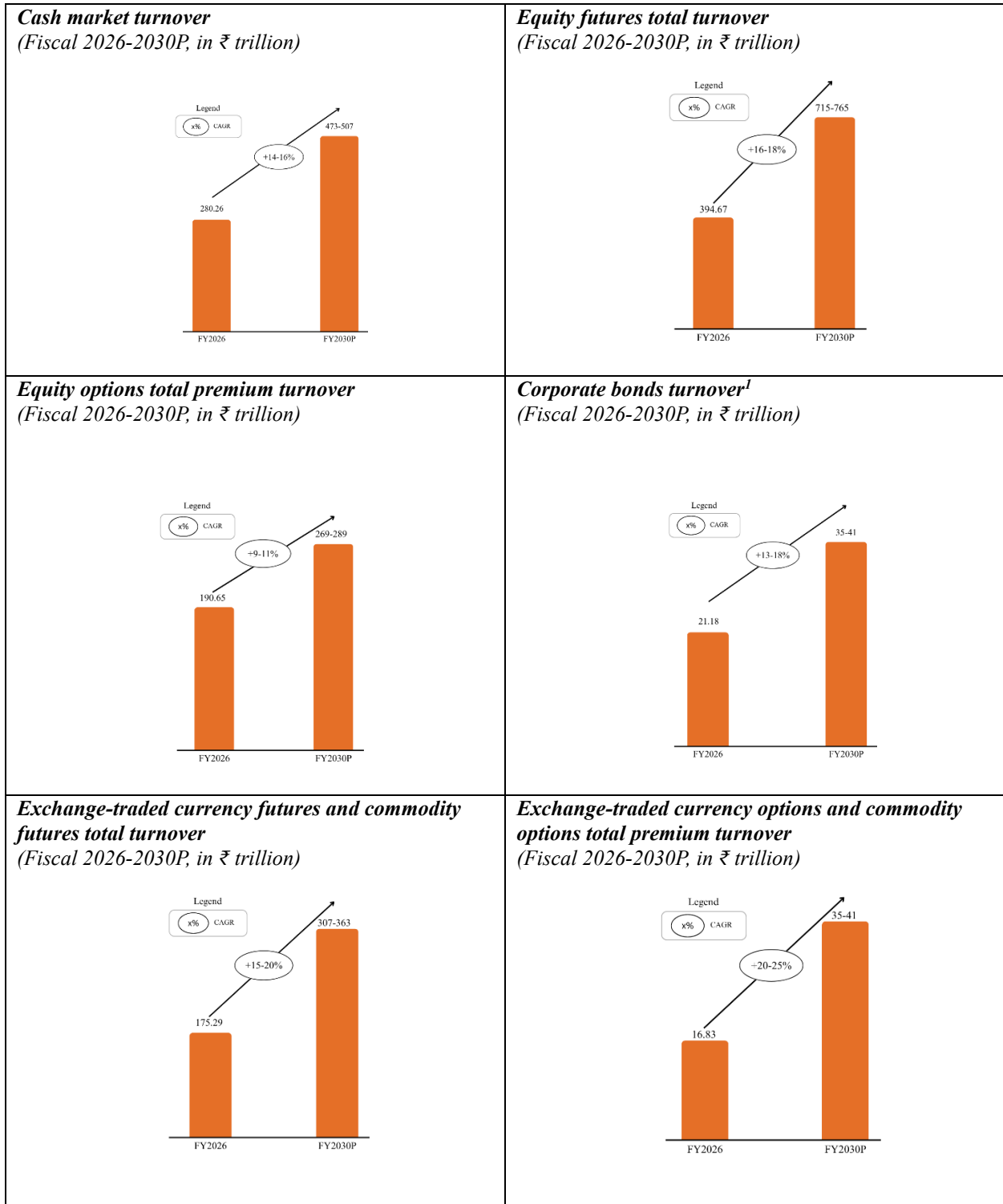
4.3.2 Currency and commodity derivatives

Currency futures and currency options activity has been shaped by regulatory changes that have anchored participation in genuine hedging. The RBI's requirement that exchange-traded rupee derivatives be used only for hedging purposes, supported by documentation and position limit requirements, has reinforced this structure. Demand is driven primarily by FPIs hedging equity and debt inflows and by exporters and importers managing trade-related exposures. Commodity futures and commodity options have scaled more significantly, with corporates hedging procurement and inventory risks, while financial investor participation and individual activity through digital platforms continue to expand.

Growth in currency and commodity futures and options turnover (notional for futures and premium for options) would be largely indexed on the commodity segments with commodity options growing faster driven by the relative cost advantage of options over futures, as rising execution costs on the futures side incentivise market participants to replicate directional exposures synthetically through options, supporting a gradual structural shift in activity toward the options segment.

As per SEBI data, exchange-traded currency futures and commodity futures total turnover stood at ₹175.29 trillion in Fiscal 2026, while exchange-traded currency options and commodity options total premium turnover stood at ₹16.83 trillion in Fiscal 2026. Exchange-traded currency futures and commodity futures total turnover is projected to grow at a CAGR of 15-20% between Fiscal 2026 and Fiscal 2030P, reaching ₹307-363 trillion by Fiscal 2030P. Over the same period, exchange-traded currency options and commodity options total premium turnover is projected to grow at a CAGR of 20-25%, reaching ₹35-41 trillion by Fiscal 2030P. Together, these segments are underpinned by regulatory oversight, corporate and institutional participation, and continued broadening of product offerings.

Exhibit 23: Summary of estimated growth in turnover across asset classes



Note(s): 'FY' in the exhibits denotes Fiscal Year; 'FY20XX' is identical to 'Fiscal 20XX', 1. Corporate bonds turnover figures correspond to value of trades executed on OTC+RFQ+anonymous platforms and settled through clearing corporations in India
 Source(s): SEBI, Redseer research and analysis

The growth in these trajectories underscores significant potential for sustained revenue expansion across trading products for NSE.

4.4. Other services

In addition to trading across asset classes, Indian exchanges provide a range of services that support the broader market ecosystem and generate diversified revenue streams. These include data centre and connectivity services, listing services, index licensing services, and clearing and settlement services. Demand for these activities is linked to the expansion of capital markets, growth in electronic and algorithmic trading, rising demand for benchmarks and analytics, and the need for robust risk management infrastructure.

4.4.1. Data centre – Rack charges and data connectivity charges

Exchanges provide colocation and connectivity services through data centres hosting trading members' servers. The number of external Full Rack Equivalents (“FREs”) across NSE and BSE data centres is estimated at 2,380 in Fiscal 2026, reflecting strong demand for low-latency access and stable connectivity.

Growth in demand is expected to be driven by two key levers:

- New members leasing racks: As more domestic and international participants enter the market, leasing racks at exchange-operated data centres provides immediate low-latency connectivity without the need to build infrastructure from scratch.
- Expansion by existing members: Current users are expected to scale up rack usage to support higher volumes, more sophisticated trading strategies, and greater data processing needs across asset classes and trading desks.

At present, usage is concentrated among high-frequency and institutional traders, but as strategies become more technology-driven, a broader share of members is likely to depend on colocation. External FREs are projected to grow at a CAGR of 20–25% between Fiscal 2026 and Fiscal 2030P.

4.4.2. Index licensing fees

Index licensing revenues arise from fees paid by asset managers to use exchange-owned indices as the basis for investment products, including index funds and ETFs (excluding gold and silver). Growth in this stream is structurally tied to the expansion of passive investing within the mutual fund industry.

On the supply side, exchanges have broadened the suite of investable indices across market capitalisations, sectors, and themes, with licensing structures ensuring revenues scale directly as AUM expands. On the demand side, mutual fund AUM has grown at a CAGR of 18.60% from ₹31.43 trillion in Fiscal 2021 to ₹73.73 trillion in Fiscal 2026, with the share of index funds and ETF (excluding gold and silver) at 15.22% as of March 2026 as per AMFI. This growth has been supported by the cost efficiency of passive strategies, regulatory mandates for retirement and institutional allocations, and growing investor preference for transparent benchmarks.

Based on these dynamics, AUM of index funds and ETFs (excluding gold and silver) is projected to reach ₹23-27 trillion by Fiscal 2030P, implying a CAGR of ~20-25%, and should grow in-line with the mutual fund industry as penetration matures.

4.4.3. Listing services

Listing services represent a stable and recurring revenue stream, derived from new listings and annual fees paid by listed firms. Fee slabs are set by each exchange within SEBI's regulatory framework, typically linked to aggregate paid-up equity capital, ensuring flexibility for exchanges while maintaining transparency for issuers. Revenue growth is structurally tied to market capitalisation expansion: new listings broaden the fee-paying base while existing firms contribute to recurring revenues. A further upside lever lies in fee recalibration. Despite Indian exchanges ranking among the top two globally by number of IPO listings in Fiscal 2026, listing fees remain considerably lower relative to comparable global peers, resulting in listing income that is modest relative to the scale of market activity. As India's capital markets mature, there is a reasonable case for progressive recalibration, with listing income potentially evolving into a larger revenue stream over time. Listing services revenues are projected to grow at a 15-20% CAGR over Fiscal 2026-2030P.

4.4.4. Clearing and settlement services

Clearing corporations act as central counterparties, guaranteeing settlement and maintaining market integrity through margining, collateral management and default handling. Revenues from this stream are directly linked to market turnover. Revenue growth is driven primarily by projections in turnover in cash market, equity futures and equity options. Looking ahead, clearing and settlement revenues are projected to grow at a CAGR of 15-17% over Fiscal 2026-2030P.

4.4.5. Opportunities beyond domestic markets

The development of the IFSC at GIFT City extends the addressable market beyond India's onshore ecosystem. Operating under the IFSCA framework, exchanges at GIFT City facilitate trading and clearing across global indices, India-linked derivatives, commodity derivatives, and debt listings in foreign currencies, targeting non-resident investors. As activity scales across banking, capital markets, and fund management at the IFSC, it positions GIFT City as an incremental growth layer for exchange-led services including trading, clearing, index licensing, and market data.

Section 5: Competitive landscape

NSE has built and sustained a clear leadership position in India's capital markets, emerging as the primary platform for equities, derivatives, and other asset classes. Its leadership is reinforced by deep liquidity, advanced technology, and a fully integrated model that spans trading, clearing, settlement, and data services. This scale creates a self-reinforcing cycle, attracting more participants and further strengthening market depth. NSE ranks among the leading listed stock exchange groups globally, particularly in equity derivatives, and is recognised for its reliable infrastructure and operational resilience. Financially, it combines strong revenue growth with high profitability and lean cost structures.

For competitive benchmarking, "leading listed stock exchange groups globally" is the set defined as listed exchange operators as of March 2026, with latest disclosed annual revenues exceeding US\$1.00 billion, and includes Intercontinental Exchange, Inc. ("ICE"), London Stock Exchange Group plc ("LSEG"), Nasdaq, Inc. ("Nasdaq"), Deutsche Börse AG ("Deutsche Borse"), CME Group Inc. ("CME Group"), Cboe Global Markets, Inc. ("Cboe"), Hong Kong Exchanges and Clearing Limited ("HKEX"), B3 S.A. – Brasil, Bolsa, Balcão ("B3"), Euronext N.V. ("Euronext"), Miami International Holdings, Inc. ("MIAX"), TMX Group Limited ("TMX"), Japan Exchange Group, Inc. ("JPX"), and Singapore Exchange Limited ("SGX"). These global exchange groups have been considered for the purpose of describing the competitive landscape but are not direct peers of NSE. They operate in developed and mature capital markets under different regulatory regimes and market structures. They also earn a materially larger share of their revenue from non-trading activities such as index licensing, data services and technology solutions, which makes their overall business model different from that of NSE.

Additionally, BSE Limited ("BSE") and Multi Commodity Exchange of India Limited ("MCX") have been included in the set as listed exchange operators within the Indian capital markets ecosystem alongside National Stock Exchange of India Limited ("NSE"). MCX, however, operates primarily in commodity derivatives, which differ from equity cash and equity derivatives in terms of the underlying assets traded, the categories of market participants, the price discovery mechanisms, and the associated revenue drivers. Additionally, MCX is smaller in scale and liquidity. It is therefore not a direct peer to NSE.

5.1. Market infrastructure landscape in India

Exchanges are central to the functioning of capital markets, providing a regulated environment for trading financial instruments such as equities, derivatives, debt, and commodities. They facilitate efficient capital allocation, investor participation, and price discovery while operating under the regulatory framework of the SEBI.

As of March 31, 2026, India's equity and equity derivatives markets are mainly served by three stock exchanges, namely NSE, BSE, and Metropolitan Stock Exchange of India ("MSEI"). Most of the trading activity takes place on NSE and BSE driven by their liquidity, technology, and product offerings.

In the commodity derivatives space, four exchanges are recognised at the national level by SEBI, including NSE, BSE, Multi Commodity Exchange of India Limited ("MCX"), and National Commodity & Derivatives Exchange Limited ("NCDEX"). These offer platforms for trading in a wide range of goods and raw materials. Over time, this market has grown stronger, backed by better regulation, improved risk controls, and institutional participation. This growth has helped create more transparent and efficient price discovery for commodities across the country. NCDEX, received an in-principle approval from SEBI in July, 2025 to launch cash equities and equity derivatives trading.

Exhibit 24: NSE is the leading exchange in India in terms of turnover across asset classes

Exchange		National Stock Exchange of India Ltd.	BSE Ltd.
Turnover (₹ billion)	Cash market	2,60,626.17	19,636.47
	Single stock options (Premium)	17,770.91	0.10
	Single stock futures	3,20,362.41	8.73
	Equity index options (Premium)	1,24,653.62	48,221.01
	Equity index futures	73,462.33	836.52
	Exchange-traded currency futures	8,818.40	<0.01
	Exchange-traded currency options (Premium)	0.22	0.00
	Commodity futures	132.86	0.00
	Commodity options (Premium)	101.19	0.00
	Interest rate futures	193.79	0.00
	Corporate bonds ¹	18,140.11	3,038.43
	Other asset classes (direct or through associates)	Power, Commodities, Receivables, Electricity futures	Power, Commodities
Number of listed entities (as of 31 March 2026)		2,978*	5,663
Market capitalisation (as of 31 March 2026, ₹ trillion)		411.25	412.41
Total income (₹ billion)		187.13	51.48
Profit after tax (₹ billion)¹		103.02	24.87

Note(s): All figures correspond to Fiscal 2026. *Includes listings across mainboard, SME, Institutional Trading Platform (“ITP”) and AMCs, I. Corporate bonds figures include total value of trades in listed and unlisted corporate bonds executed on OTC, RFQ and anonymous platforms and settled through NCL (for NSE) and ICCL (For BSE) in India

Source(s): SEBI

One of the significant features of exchanges in India is their vertical integration, with services offered across the value chain including execution, clearing, settlement, and data. In contrast, exchanges in several developed markets operate with more fragmented service structures.

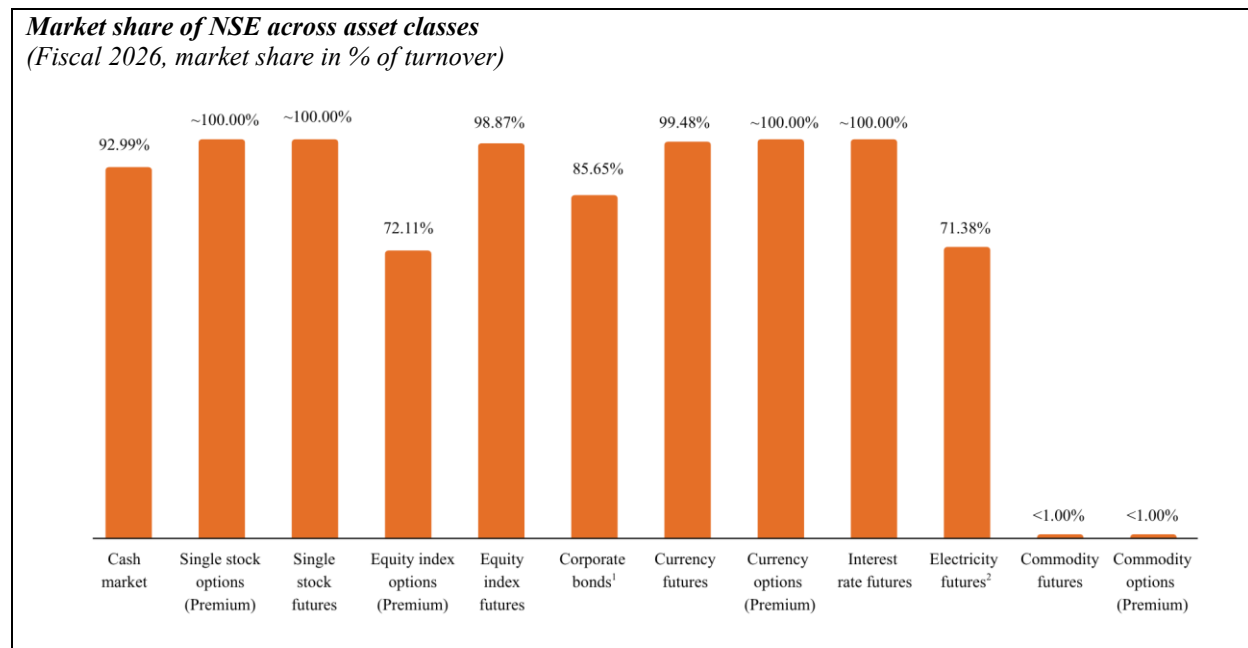
Globally, markets across asset classes tend to exhibit high concentration, as liquidity aggregates around the most liquid venues in a self-reinforcing manner. This structural tendency has allowed NSE to not only sustain but steadily expand its leadership across segments. Resilient technology infrastructure and deep liquidity create a self-reinforcing cycle that allows leading exchanges to consolidate and sustain their positions. Historical examples illustrate this clearly: Deutsche Terminbörse (now Eurex) overtook London International Financial Futures and Options Exchange (“LIFFE”); International Securities Exchange (“ISE”) pioneered electronic options trading in the US in the 2000s; and BATS reshaped equities trading before being absorbed into CBOE, which remains dominant today. When a new leader emerges, it typically entrenches its advantage for the long term.

India reflects a similar pattern, with NSE not only sustaining but steadily expanding its leadership across segments. NSE is the largest screen-based trading platform in India with market leadership across asset classes. According to SEBI data, NSE has been the largest stock exchange in India in terms of total turnover in cash market and total turnover in equity derivatives (considering notional turnover for equity options) from Fiscal 2001 (from June 2000) to Fiscal 2026. NSE has also been the largest stock exchange in India in terms of total turnover in exchange-traded currency derivatives (considering notional turnover for currency options) from Fiscal 2009 (from August 2008) to Fiscal 2026. According to SEBI data, as of Fiscal 2026, NSE had a market share of 92.99% in total turnover in cash market (NSE: ₹260.63 trillion; Industry: ₹280.26 trillion), 99.79% in total turnover in equity futures (NSE: ₹393.82 trillion; Industry: ₹394.67 trillion), and 74.71% in total premium turnover in equity options (NSE: ₹142.42 trillion; Industry: ₹190.65 trillion), in India. Further, NSE/NCL had a market share of 85.65% in value of trades in listed and unlisted corporate

bonds executed on OTC, RFQ and anonymous platforms and settled through clearing corporations in India in Fiscal 2026 (NSE/NCL: ₹18.14 trillion; Industry: ₹21.18 trillion). In the exchange-traded currency derivatives segment, NSE had a market share of 99.48% in total turnover for exchange-traded currency futures and a market share of 100.00% in total premium turnover for exchange-traded currency options in India in Fiscal 2026. NSE also had a market share of 100.00% in total industry value traded in interest rate futures in Fiscal 2026.

Additionally, NSE had a market share of 71.38% in number of lots traded in electricity futures (NSE: 598,225 lots, Industry: 838,135 lots, 14 July, 2025 to 31 March, 2026).

Exhibit 25: NSE is the market leader across major asset classes in the Indian market

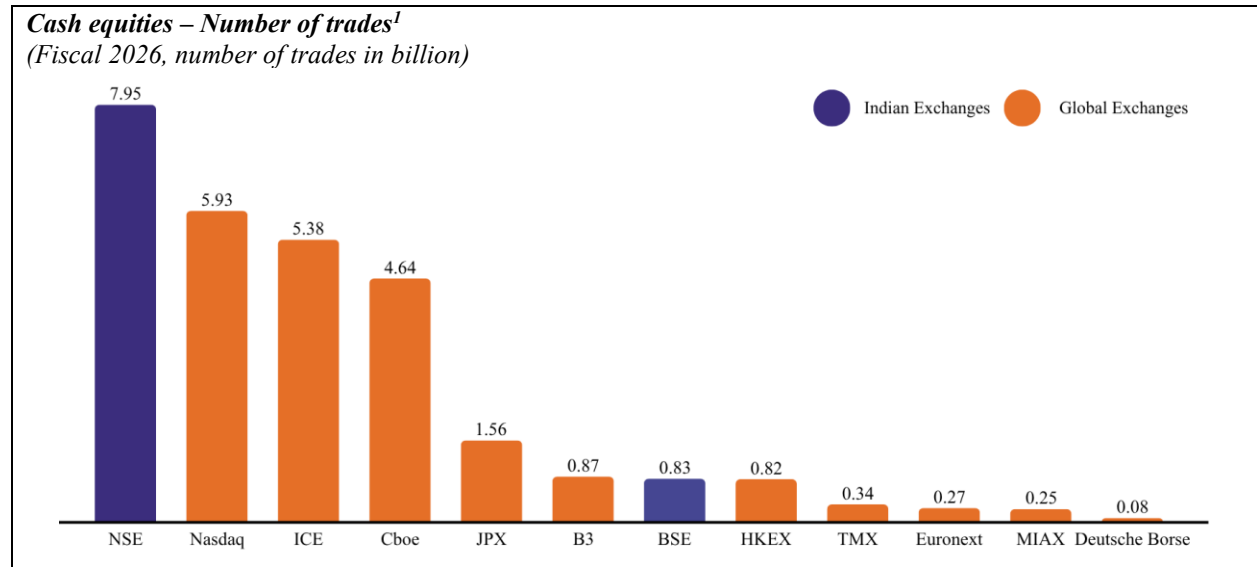


Note(s): 1. Corporate bonds figures correspond to total value of trades settled on NCL as reported by SEBI for Fiscal 2026. The industry base includes total value of trades in listed and unlisted corporate bonds executed on OTC, RFQ and anonymous platforms and settled through clearing corporations in India 2. Electricity futures market share is based on the number of lots traded between 14 July, 2025 and 31 March, 2026
Source(s): SEBI

5.2. Global comparison

Against leading listed stock exchange groups globally, NSE has sustained strong performance across product breadth, financial profile, and operating execution. Financially, NSE maintains robust profitability with steady revenue growth supported by low non-volume linked expenses and disciplined cost control. Operationally, its resilient technology stack, tight latency/uptime standards, and efficient cost-to-income profile underpin stable liquidity and market depth. Taken together, these attributes position NSE as a leading exchange franchise on the global stage. According to the World Federation of Exchanges and Futures Industry Association data, compared to leading listed stock exchange groups globally, NSE ranked among the top three exchanges in terms of number of trades in cash equities and ranked first in contracts traded in equity derivatives from Fiscal 2020-26.

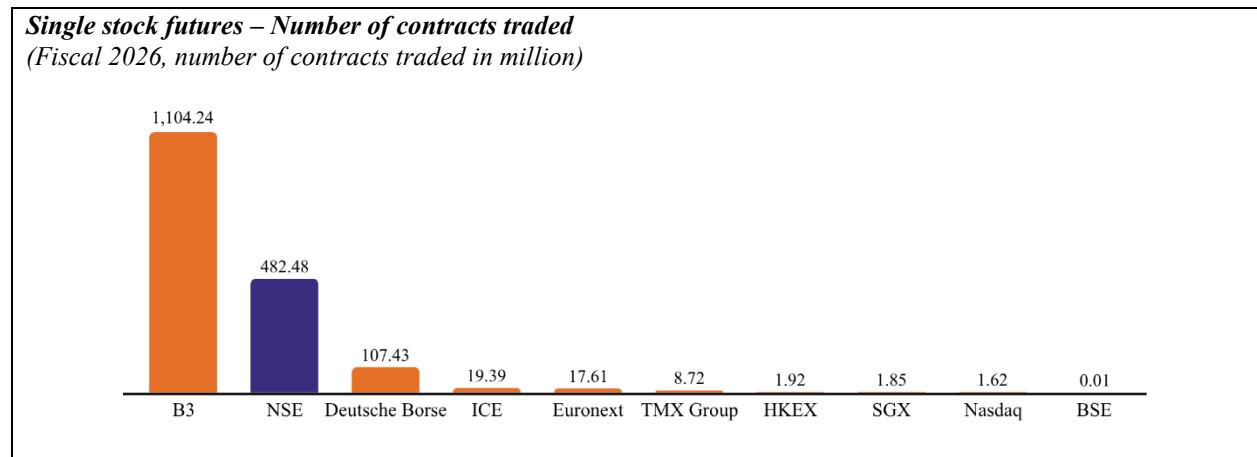
Exhibit 26 (A): Number of trades in cash equities on Indian exchanges is comparable to leading listed stock exchange groups globally



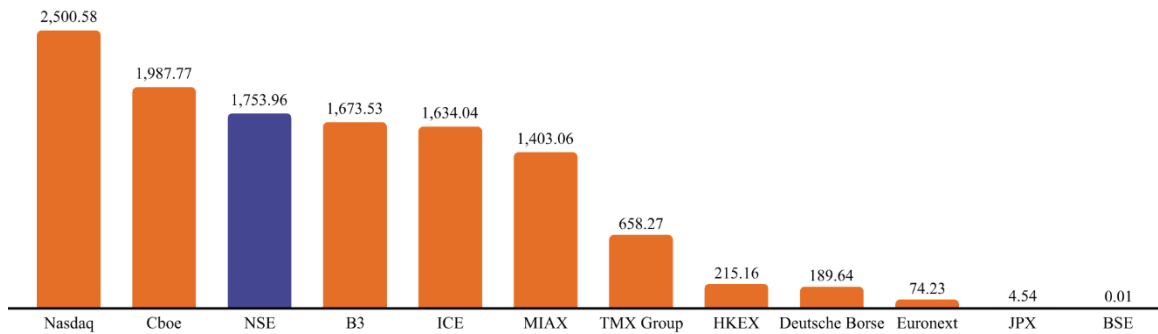
Note(s): Data sourced from the World Federation of Exchanges as on 30th May 2026 and is subject to change thereafter. Data for certain exchanges among the leading listed stock exchange groups globally was not available and, accordingly, such exchanges may not be included. 1. Cash equities comprise equity shares traded in the cash market and settled through the delivery of securities and funds. For cash equity, the data available on World Federation of Exchanges has been considered as follows. Under each group, the following exchanges have been considered: Figures for NSE include National Stock Exchange of India; Figures for ICE include NYSE; Figures for LSEG include LSE Group; Figures for Nasdaq include Nasdaq US, Nasdaq Nordic and Baltics; Figures for Deutsche Borse include Deutsche Boerse AG; Figures for Cboe include Cboe Europe, Cboe Global Markets; Figures for HKEX include Hong Kong Exchanges and Clearing; Figures for B3 include B3 Brasil Bolsa Balcão; Figures for Euronext include Euronext, Athens Stock Exchange; Figures for MIAX include MIAX Exchange Group and Bermuda Stock Exchange; Figures for TMX include TMX Group; Figures for JPX include Japan Exchange Group; Figures for SGX include Singapore Exchange; Figures for BSE include BSE India Limited

Source: World Federation of Exchanges

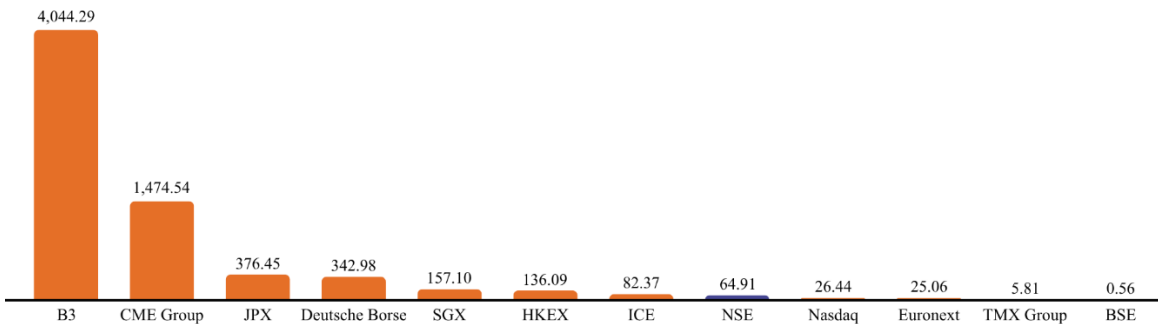
Exhibit 26 (B): Number of contracts traded in equity derivatives on Indian exchanges is comparable to leading listed stock exchange groups globally



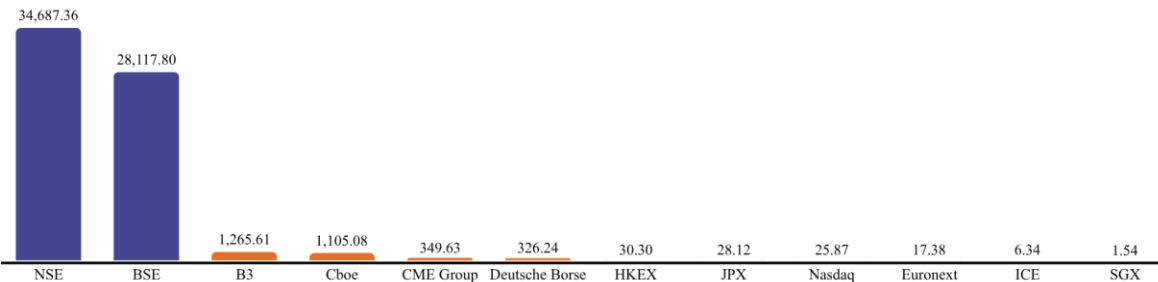
Single stock options – Number of contracts traded
(Fiscal 2026, number of contracts traded in million)



Equity index futures – Number of contracts traded
(Fiscal 2026, number of contracts traded in million)



Equity index options – Number of contracts traded
(Fiscal 2026, number of contracts traded in million)

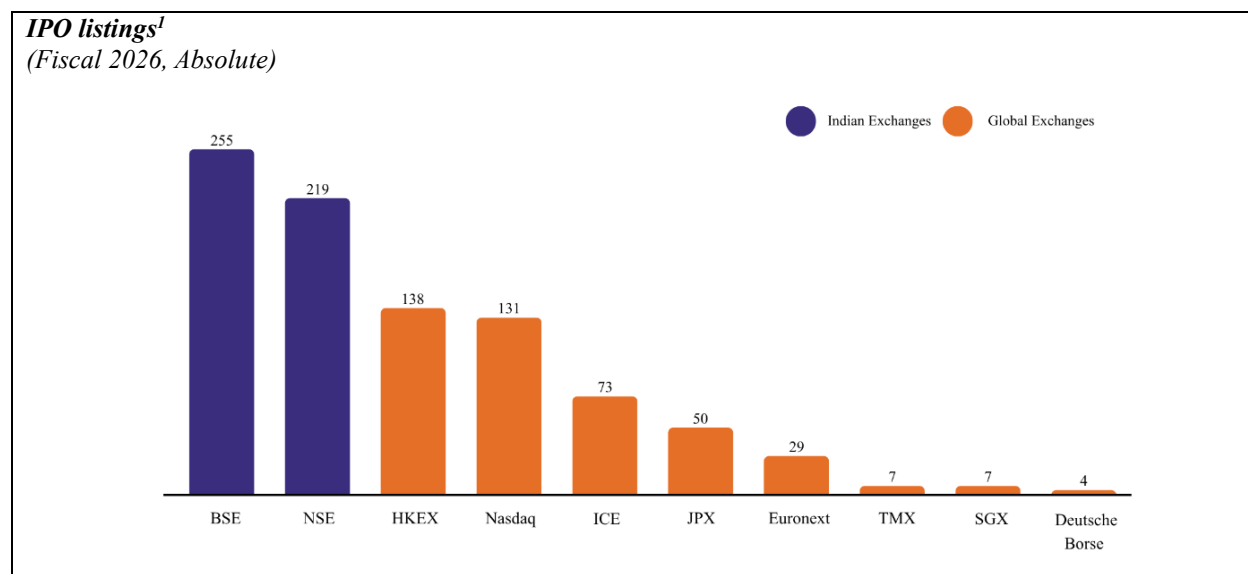


Note(s): Data sourced from the Futures Industry Association as on 30 May 2026 and is subject to change thereafter. Data for certain exchanges among the leading listed exchange groups globally was not available and, accordingly, such exchanges may not be included. Under each group, the following exchanges have been considered; Figures for NSE include National Stock Exchange of India and NSE International Exchange; Figures for BSE include BSE and India International Exchange; Figures for ICE include ICE Futures U.S., ICE Futures Europe, ICE Futures Abu Dhabi, ICE Futures Singapore, NYSE Arca and NYSE Amex; Figures for Nasdaq include Nasdaq ISE, Nasdaq MRX, Nasdaq GEMX, Nasdaq BX Options, Nasdaq PHLX, Nasdaq Options Market and Nasdaq Exchanges Nordic Markets; Figures for Deutsche Börse include Eurex; Figures for CME Group include Chicago Mercantile Exchange and Chicago Board of Trade; Figures for Cboe include Cboe Options Exchange, CBOE Futures Exchange, Cboe BZX Options Exchange, Cboe C2 Options Exchange, Cboe EDGX Options Exchange and Cboe Europe Derivative Exchange; Figures for HKEX include Hong Kong Exchanges and Clearing; Figures for B3 include B3; Figures for Euronext include Euronext Derivatives Market and Athens Derivatives Exchange; Figures for MIAX include MIAX Options, MIAX Pearl, MIAX Emerald and MIAX Sapphire; Figures for TMX include Montreal Exchange and Boston Options Exchange; Figures for JPX include Osaka Exchange; Figures for SGX include Singapore

Exchange, Figures for Single Stock Futures for B3 have been multiplied by 100 to align with the internal data transformation methodology used by the Futures Industry Association.
 Source(s): Futures Industry Association

Indian exchanges have emerged as global leaders in terms of IPO activity, with both BSE and NSE ranking among the top two when compared to the leading listed stock exchange groups globally by number of IPO listings in Fiscal 2026. BSE recorded 255 IPO listings, while NSE ranked second with 219 listings during the year, reflecting the strong depth of India’s capital markets and a robust pipeline of companies accessing public markets.

Exhibit 27: Indian exchanges rank at the top compared to leading listed stock exchange groups globally in terms of the number of IPO listings



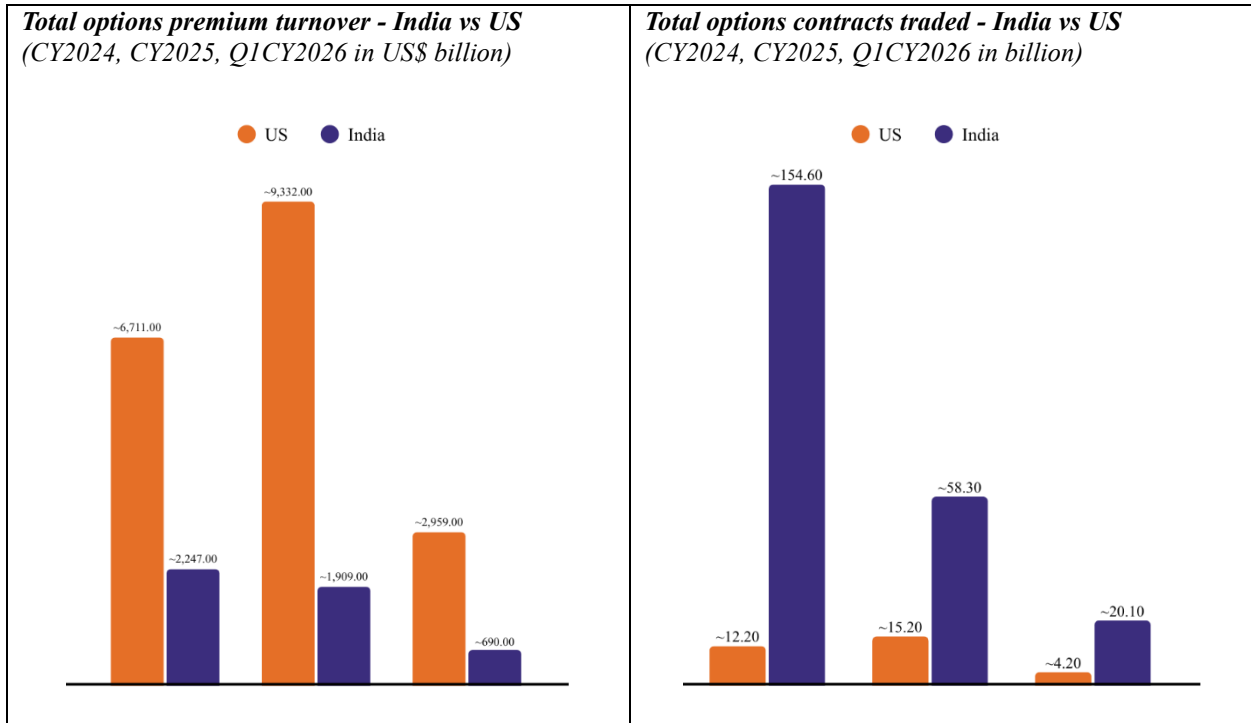
Note(s): Data sourced from the World Federation of Exchanges as on 30th May 2026 and is subject to change thereafter. Data for certain exchanges among the leading listed stock exchange groups globally was not available and, accordingly, such exchanges may not be included. 1. For number of IPO listings, the data available on World Federation of Exchanges has been considered as follows. Under each group, the following exchanges have been considered: Figures for NSE include National Stock Exchange of India; Figures for ICE include NYSE; Figures for Nasdaq include Nasdaq US, Nasdaq Nordic and Baltics; Figures for Deutsche Borse include Deutsche Boerse AG; Figures for Cboe include Cboe Europe, Cboe Global Markets; Figures for HKEX include Hong Kong Exchanges and Clearing; Figures for Euronext include Euronext, Athens Stock Exchange; Figures for TMX include TMX Group; Figures for JPX include Japan Exchange Group; Figures for BSE include BSE India Limited; Figures for SGX include Singapore Exchange
 Source(s): World Federation of Exchanges

According to the World Federation of Exchanges, NSE (including NSEIX) accounted for more than 36.99 billion equity derivatives contracts traded in Fiscal 2026, ranking first globally by number of contracts traded. However, this leadership is primarily driven by smaller contract sizes in India relative to those in developed markets.

As per NSE, the distinction between contract volumes and value traded becomes evident when India is benchmarked against the US. Notwithstanding the increase in 2025, the Nifty 50’s option contract value remains small compared to the contract value of S&P index option contracts. As of March, 2026, a single lot of the S&P 500 (SPX) index option had a notional value of around US\$652,852.00. Even the mini-SPX contracts, sized at one-tenth, carry a notional value of US\$65,285.00. That makes one US SPX contract ~37 times larger than a Nifty contract in value terms, and even a mini-SPX contract close to four times larger. So, while India leads in the count of contracts, it lags significantly behind the US in terms of total value traded.

This trend has been seen in the first quarter of CY2026, with premium turnover in options in India being one fourth despite having five times the contracts traded in options compared to the US. This structural difference means India generates significantly higher trading activity in terms of contract count, but the underlying value traded remains far smaller relative to the US.

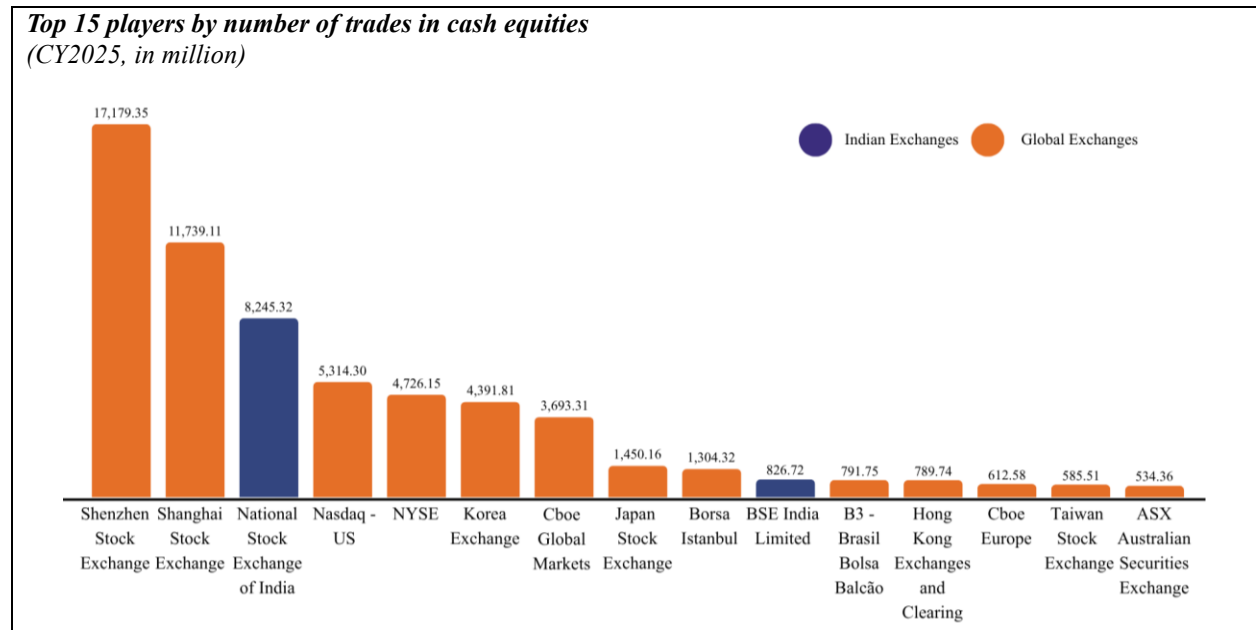
Exhibit 28: In comparison to USA, India is far behind in terms of premium turnover for options' contracts



Note(s): Stock, Index and ETF options considered for turnover and contracts traded figures. List of exchanges under consideration set for US include AMEX (American Stock Exchange), ARCA (NYSE Arca), BATS (BATS Global Markets), BOX (Boston Options Exchange), C2 (Cboe C2 Options Exchange), CBOE (Chicago Board Options Exchange), EDGX (Cboe EDGX), EMLD (MIAX Emerald), GEM (ISE Gemini Exchange), ISE (International Securities Exchange), MCRY (MIAX Mercury), MEMX (Members Exchange), MIAX (Miami International Securities Exchange), MPRL (MIAX Pearl), NOBO (Nasdaq Options BX), NSDQ (Nasdaq Options Market), PHLX (Nasdaq PHLX), SPHR (MIAX Sapphire). List of exchanges under consideration set for India include NSE and BSE
 Source(s): NSE Market Pulse

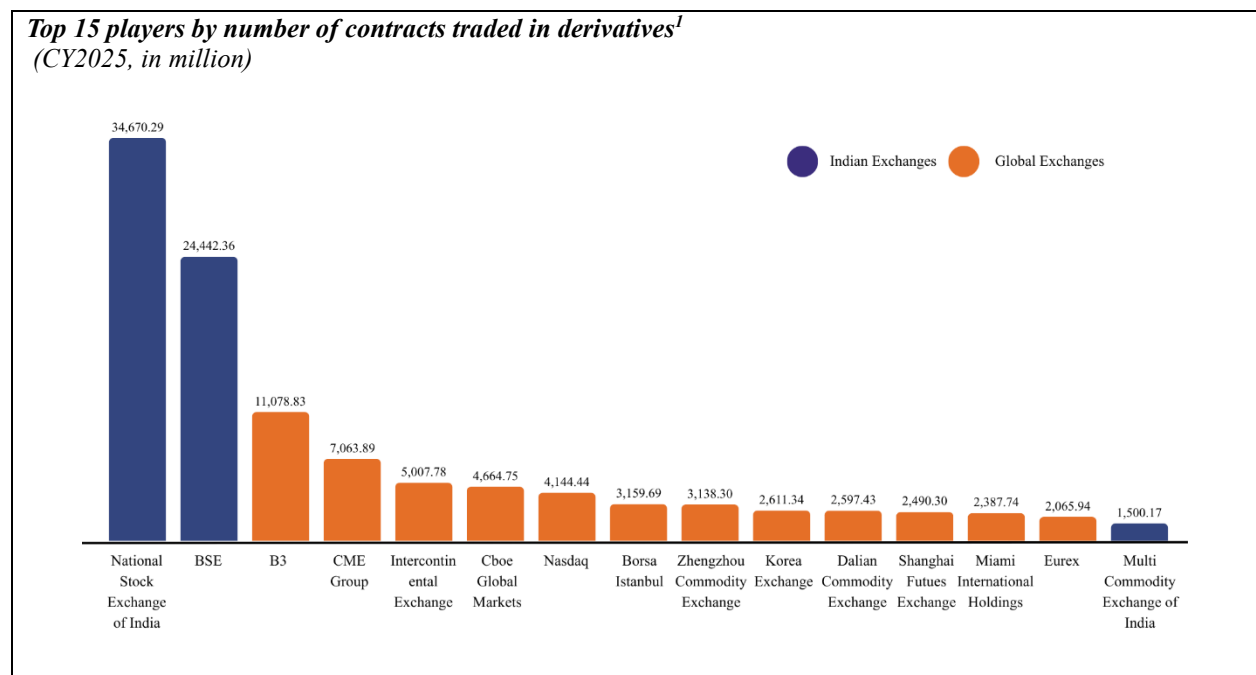
While India's options market records significantly higher contract volumes, the relatively lower premium turnover compared to the US reflects lower premium per contract. This indicates that, despite high trading activity, the value generated per trade in India remains lower. However, in terms of trading activity, Indian exchanges continue to feature prominently in global rankings. In terms of number of trades in cash equities and contracts traded in derivatives, Indian exchanges are among the most active globally, underscoring the scale of trading activity across segments.

Exhibit 29 (A): NSE is ranked in top 15 global exchanges by number of trades in cash equities



Note(s): List of exchanges directly sourced from World Federation of Exchanges and does not follow the competitive set defined. Data sourced from the World Federation of Exchanges as on 30th May 2026 and is subject to change thereafter
 Source(s): World Federation of Exchanges, Redseer research and analysis

Exhibit 29 (B): NSE is ranked in top 15 global exchanges by number of contracts traded in derivatives



Note(s): 1. List of exchanges directly sourced from Futures Industry Association and does not follow the competitive set defined. Derivative contracts span across multiple asset classes, including agriculture, currencies, energy, equity, interest rates, metals and others. The exchange groupings in the above ranking are as follows. National Stock Exchange of India includes National Stock Exchange of India and NSE International Exchange. BSE includes BSE and India International Exchange. B3 is reported as a standalone exchange. CME Group includes Chicago Mercantile Exchange, Chicago Board of Trade, New York Mercantile Exchange and Commodity Exchange (COMEX). Intercontinental Exchange includes ICE Futures Europe, NYSE Arca, NYSE Amex, ICE Futures U.S., ICE Endx, ICE Futures Abu Dhabi and ICE Futures Singapore. Cboe Global Markets includes Cboe Options Exchange, Cboe EDGX Options Exchange, Cboe BZX Options Exchange, Cboe C2 Options Exchange, Cboe Futures Exchange, Cboe Europe Derivative Exchange and ErisX. Nasdaq includes Nasdaq PHLX, Nasdaq ISE, Nasdaq GEMX, Nasdaq Options Market, Nasdaq MRX, Nasdaq BX Options, Nasdaq Exchanges Nordic Markets and Nasdaq Commodities. Borsa Istanbul, Zhengzhou Commodity Exchange, Korea

Exchange, Dalian Commodity Exchange and Eurex are each reported as standalone exchanges. Shanghai Futures Exchange includes Shanghai Futures Exchange and Shanghai International Energy Exchange. Miami International Holdings includes MIAX Options, MIAX Emerald, MIAX Sapphire, MIAX Pearl and MIAX Futures. Multi Commodity Exchange of India is reported as a standalone exchange
Source(s): Futures Industry Association

5.2.1. Products and Services offered

Except for a few derivatives-focused venues, most leading listed stock exchange groups today operate across cash equities, fixed-income, and a wide spectrum of derivatives such as equities, currencies, commodities, and interest rates, while credit derivatives remain largely traded OTC. Alongside trading, exchanges provide the full post-trade value chain, including clearing, settlement, depository and custodial services, and have extended into ancillary offerings such as market data, indices, technology solutions, collateral management, and investor education. As of today, the suite of products and services offered by NSE is broadly comparable to global peers. According to World Federation of Exchanges, compared to leading listed stock exchange groups globally, NSE was the largest multi-asset class exchange in terms of number of trades in cash equities and contracts traded in equity derivatives in Fiscal 2026 with a global market share of 11.38% in number of trades in cash equities and 51.18% in contracts traded in equity derivatives.

Exhibit 30: In Fiscal 2026, NSE led global equity derivatives trading

Product category	Number of contracts traded (in million)	CAGR (Fiscal 2024-Fiscal 2026, in %)	Share in Global (in %)
Equity Derivatives	36,964.36	-37.69%	51.18%
Single stock futures	482.48	21.77%	7.75%
Single stock options	1,753.96	24.17%	8.96%
Equity index futures	41.06	-30.84%	0.55%
Equity index options	34,686.86	-39.14%	89.02%
Product category	Number of trades (in million)	CAGR (Fiscal 2024-Fiscal 2026, in %)	Share in Global (in %)
Cash Equity	7,954.68	8.54%	11.38%

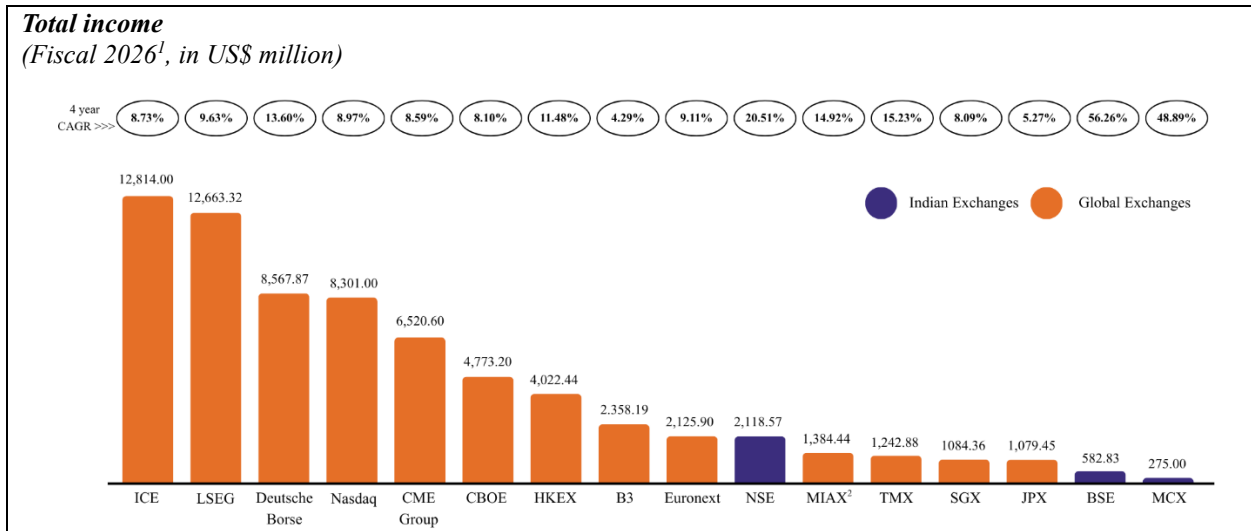
Note(s): Data sourced from the World Federation of Exchanges as on 30 May 2026 and is subject to change thereafter

Source(s): World Federation of Exchanges

5.2.2. Revenue growth, cost drivers and profitability metrics

NSE ranks compared to leading listed stock exchange groups globally in terms of total income, reflecting its scale, liquidity, and strong operating model. While revenue growth levels across global exchanges have remained broadly comparable, Indian exchanges have delivered the strongest momentum, reinforcing their position as one of the fastest-growing exchange groups worldwide. From Fiscal 2022 to Fiscal 2026, the total income for NSE has grown at a CAGR of 20.51% and is positioned among the top three exchanges in terms of four-year total income growth compared to leading listed stock exchange groups globally (except MIAX, where two-year total income growth has been considered) basis the latest reported annual financial disclosures.

Exhibit 31: NSE rank in the top three exchanges compared to leading listed stock exchange groups globally in terms of total income CAGR and is the largest in India in terms of total income

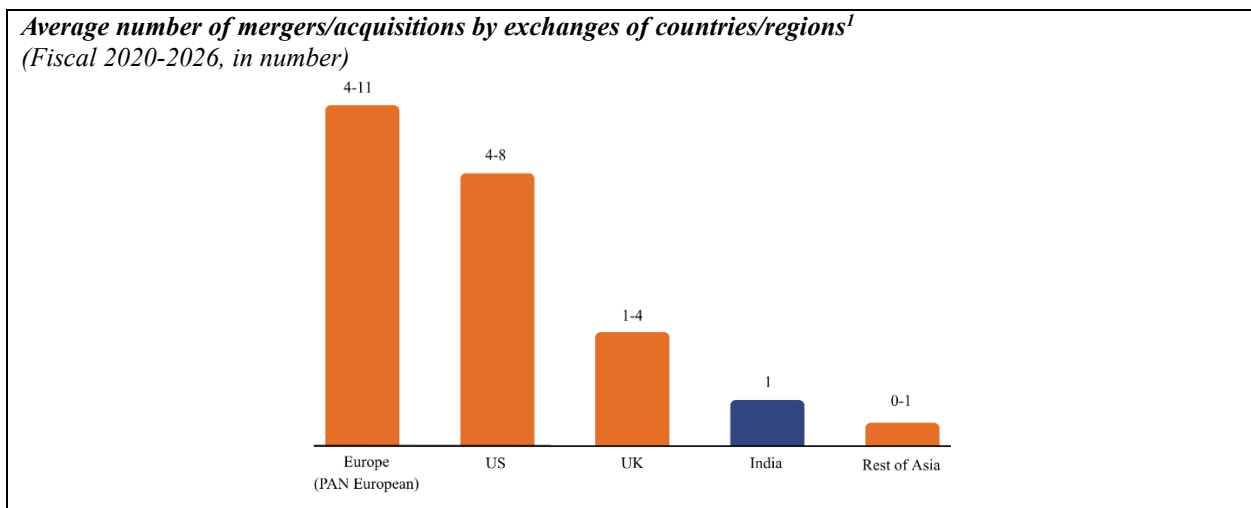


Note(s): 1. NSE, BSE and MCX total income data for the year ending 31 March 2026 and CAGR data for 1 April 2021 - 31 March 2026, JPX total income data for the year ending 31 March 2025 and CAGR data for 1 April 2020 - 31 March 2025, SGX total income data for the year ending 30 June 2025 and CAGR data for 1 July 2020 - 30 June 2025; for others, total income data for year ending 31 December 2025 and CAGR data for 1 January 2021 - 31 December 2025, 2. For MIAx, the analysis has been presented for a two-year period (1 January 2023 - 31 December 2025) due to unavailability of data for the broader period. 3. For converting total income figures into a common reporting currency, exchange rates were applied based on the average rate for the respective reporting period. For CBOE, ICE, Nasdaq, CME Group, and MIAx, figures are taken as is in US\$ (rate of 1). For LSEG, 1 GBP = 1.33 US\$; for Euronext and Deutsche Börse, 1 EUR = 1.15 US\$; for JPX, 1 JPY = 0.007 US\$; for HKEX, 1 HKD = 0.13 US\$; for SGX, 1 SGD = 0.75 US\$; for B3, 1 BRL = 0.18 US\$; for TMX Group, 1 CAD = 0.72 US\$; and for MCX, BSE, and NSE, 1 INR = 0.011 US\$

Source(s): Annual Reports of Exchanges, Redseer research and analysis

Furthermore, the revenues earned by NSE are more organically driven when compared to exchanges operating in other regions, where M&As are a key revenue driver.

Exhibit 32: Global exchanges have relied heavily on M&A activities



Note(s): 1. Exchange list for countries/regions specified - USA: Cboe, NASDAQ, Intercontinental Exchange, New York Stock Exchange; United Kingdom: London Stock Exchange Group, Aquis Exchange PLC; Europe (Pan-European): Euronext, SIX Swiss Exchange, Deutsche Börse (Frankfurt Stock Exchange/Xetra) - Germany; India: NSE, BSE; Rest of Asia: Hong Kong Exchanges and Clearing, Saudi Exchange (Tadawul), Singapore Exchange

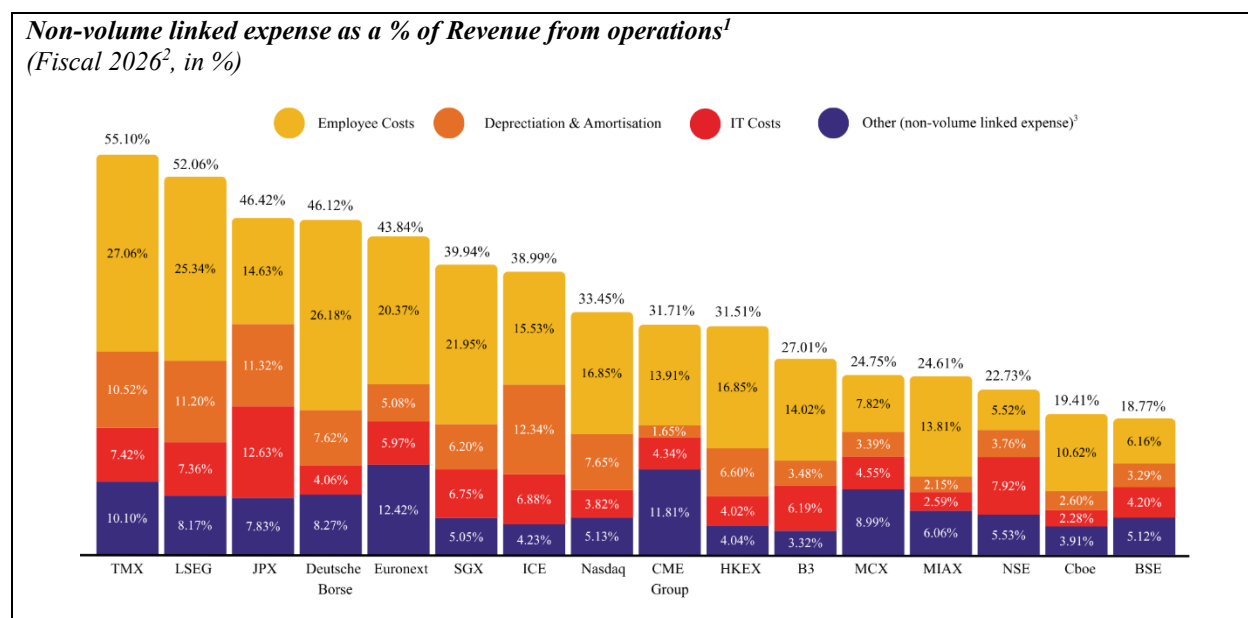
Source(s): Redseer research and analysis

Global exchanges exhibit diverse cost structures due to differences in scale, market design, and service portfolios. A comparison of operating costs as a percentage of revenues highlights that Indian exchanges continue to operate at the

leaner end of the global cost spectrum. In Fiscal 2026, NSE's non-volume-linked expenses (as a percentage of revenue from operations) stood at 22.73%, with an adjusted operating EBITDA margin (as a percentage of revenue from operations) of 75.48% and Profit After Tax margin (as a percentage of total income) of 55.05%. For Fiscal 2026, NSE had one of the lowest non-volume-linked expenses (as a percentage of revenue from operations), the highest adjusted operating EBITDA margin (as a percentage of revenue from operations), and one of the highest Profit After Tax margins (as a percentage of total income) among the leading listed stock exchange groups globally, basis the latest reported annual financial disclosures.

Within the cost composition, employee expenses form a relatively smaller share for Indian exchanges compared to global counterparts such as LSE, Euronext, or ICE, where people-related costs constitute a significant portion of total expenses. Further, IT and depreciation-related costs remain tightly managed, reflecting the scalability of India's technology-led trading infrastructure. This highlights that Indian exchanges remain among the most efficient globally, leveraging high transaction volumes and robust digital platforms to deliver competitive pricing and lower operating costs.

Exhibit 33: Non-volume linked expense to revenue from operations ratio varies significantly across leading listed stock exchange groups globally ranging from approximately 18.77% to approximately 55.10% with Indian exchanges displaying comparatively lower non-volume linked expense ratios



Note(s): 1. The operating cost structures presented above may not be directly comparable across exchanges, as revenue definitions, business models, and cost classification methodologies vary significantly across peers. Revenue from operations has been considered as the denominator; however, for certain exchanges, total revenue or total income net of other income has been considered where revenue from operations is not separately disclosed. Cost line items such as employee costs, depreciation and amortisation, IT costs, and other non-volume related costs may be reported under different nomenclatures or clubbed differently across exchanges depending on their respective reporting practices. 2. NSE, BSE, MCX for year ending 31 Mar 2026, JPX data for year ending 31 Mar 2025, SGX data for year ending 30 June 2025; others are based on year ending 31 December 2025. Numbers in the chart may not add up due to rounding up of segment level percentages. 3. The "Other (non-volume linked expense)" classification comprises premises and facilities-related costs (rent, occupancy, building repairs and maintenance, operating leases, electricity and utilities, property taxes, security, and office demolition/relocation expenses); marketing, advertising and business promotion (including sponsorships, seminars, and investor education); travel and conveyance; insurance premiums; directors' and board/committee sitting fees, professional and advisory fees; communication and office overheads (telephone, postage, SMS and email charges, printing and stationery, office expenses, data entry, data feed, and financial data subscriptions); corporate social responsibility (CSR) contributions and charitable donations, including contributions to investor protection funds; operating impairments and provisions (provision for doubtful trade receivables, impairment on financial assets, and losses on disposal of property, plant & equipment/software); operating foreign exchange gains and losses and fair value movements on embedded FX contracts; licensing, membership, subscription, and product license fees; bundled taxes, insurance, and general administration charges; and residual selling, general and administrative (SG&A) and miscellaneous/sundry expenses reported by exchanges that do not disclose a granular breakup

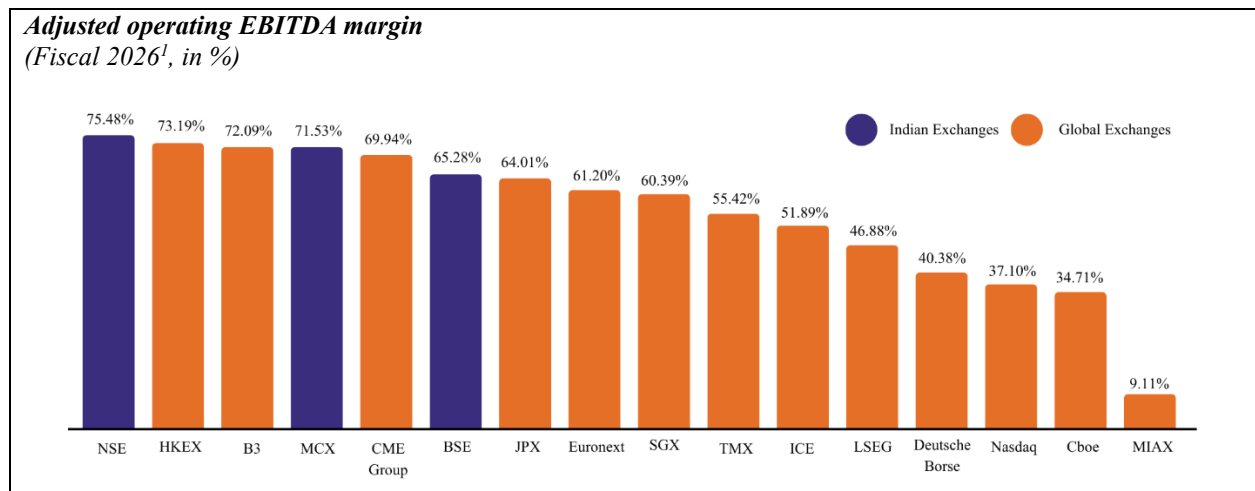
Source(s): Annual Reports of exchanges, Redseer research and analysis

The key levers for better non-volume linked expenses are:

- Operating in a single domestic market keeps compliance, legal, and operational overhead low versus multi-country groups.
- A unified electronic platform for trading, clearing, and surveillance spreads largely fixed technology or datacentre costs over very high volumes.
- A high share of standardised, straight-through-processed products makes each additional trade low-cost, reducing non-volume linked expense as a share of revenue as activity grows.
- India-based personnel and facilities keep like-for-like operating costs lower with only a few inputs (hardware, licences, connectivity, etc) priced at global rates.

Exchange groups globally operate as highly profitable enterprises, with adjusted operating EBITDA margins for most players greater than 50%. Indian exchanges are strongly positioned within this profitability spectrum, with NSE and BSE delivering robust earnings profiles comparable to leading international peers.

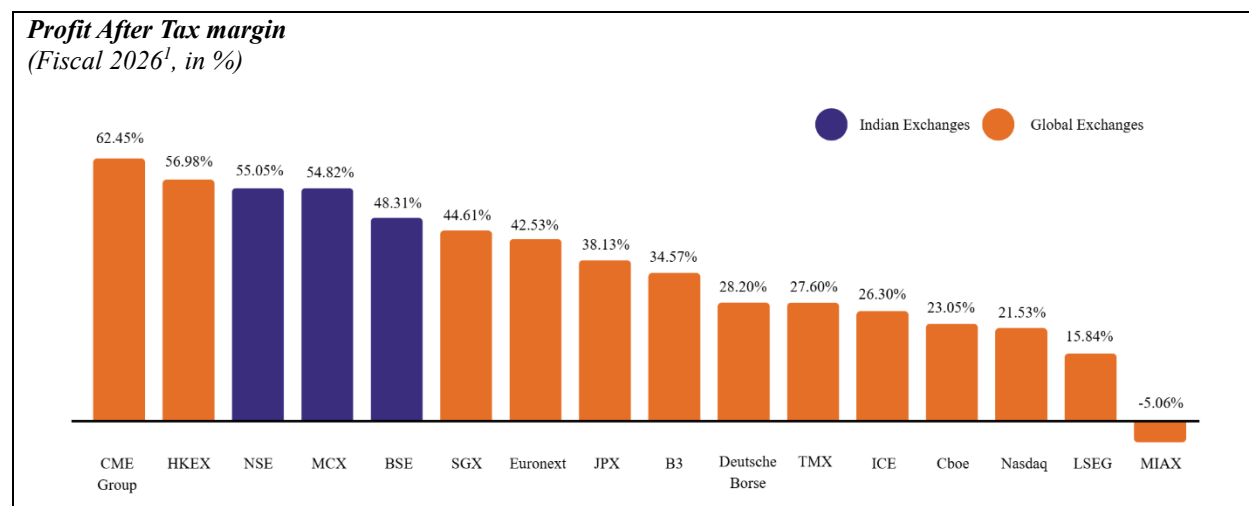
Exhibit 34: NSE has the highest adjusted operating EBITDA margin compared to leading listed stock exchange groups globally



Note(s): Adjusted Operating EBITDA margin of the exchanges presented above may not be directly comparable, as revenue streams, business models, cost classification frameworks, and accounting standards vary significantly across exchanges. Adjusted Operating EBITDA has been computed as Total Income + Finance Costs + Depreciation & Amortization Expense – Total Operating Expenses, where Total Operating Expenses excludes exceptional, one-time, and non-recurring items (e.g., impairment charges, acquisition- and integration-related costs, restructuring charges, litigation settlements, and other regulatory fines) to reflect underlying operating performance 1. BSE, NSE and MCX data for year ending 31 Mar 2026, JPX data for year ending 31 Mar 2025, SGX data for year ending 30 June 2025; others are based on year ending 31 December 2025 Source(s): Annual Reports of Exchanges, Redseer research and analysis

On a Profit After Tax margin basis as well, Indian exchanges stand out on the higher end of global benchmarks. NSE ranks among the most profitable exchanges worldwide, with margins exceeding those of several established global platforms such as Nasdaq, LSEG, and Euronext, based on the latest available full-year financial disclosures. This strong profitability is underpinned by high operating leverage, technology-driven scalability, and the depth of India’s equity and derivatives markets.

Exhibit 35: In Fiscal 2026, NSE had a Profit After Tax margin of 55.05%, ahead of leading listed stock exchange groups globally

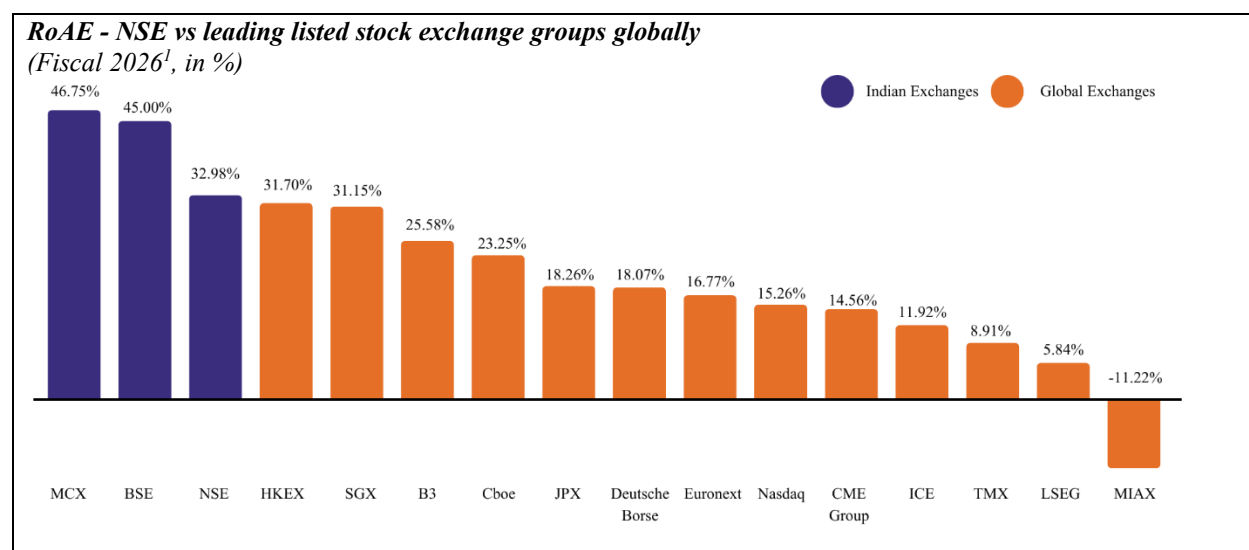


Note(s): Profit After Tax Margin (%) = Profit for the Year/Total Income, 1. NSE, BSE and MCX data for year ending 31 Mar 2026, SGX data for year ending 30 June 2025, JPX data for year ending 31 March 2025; others are based on year ending 31 December 2025

Source(s): Annual Reports of Exchanges, Redseer research and analysis

A similar trend is visible when looking at Return on Average Equity (“RoAE”), where Indian exchanges again stand out relative to global peers. NSE reports an RoAE of approximately 32.98%, placing it as one of the highest compared to leading listed stock exchange groups globally. This reflects the asset-light nature of its business, where strong trading activity and scale can drive returns without requiring a proportional increase in capital.

Exhibit 36: NSE ranks among top three leading listed stock exchange groups globally in terms of Return on Average Equity



Note(s): RoAE is calculated as net profit attributable to shareholders of the company divided by average shareholders’ equity for the period, where average equity is computed as the average of opening and closing equity, 1. NSE, BSE and MCX data for year ending 31 Mar 2026, SGX data for year ending 30 June 2025, JPX data for year ending 31 March 2025; others are based on year ending 31 December 2025

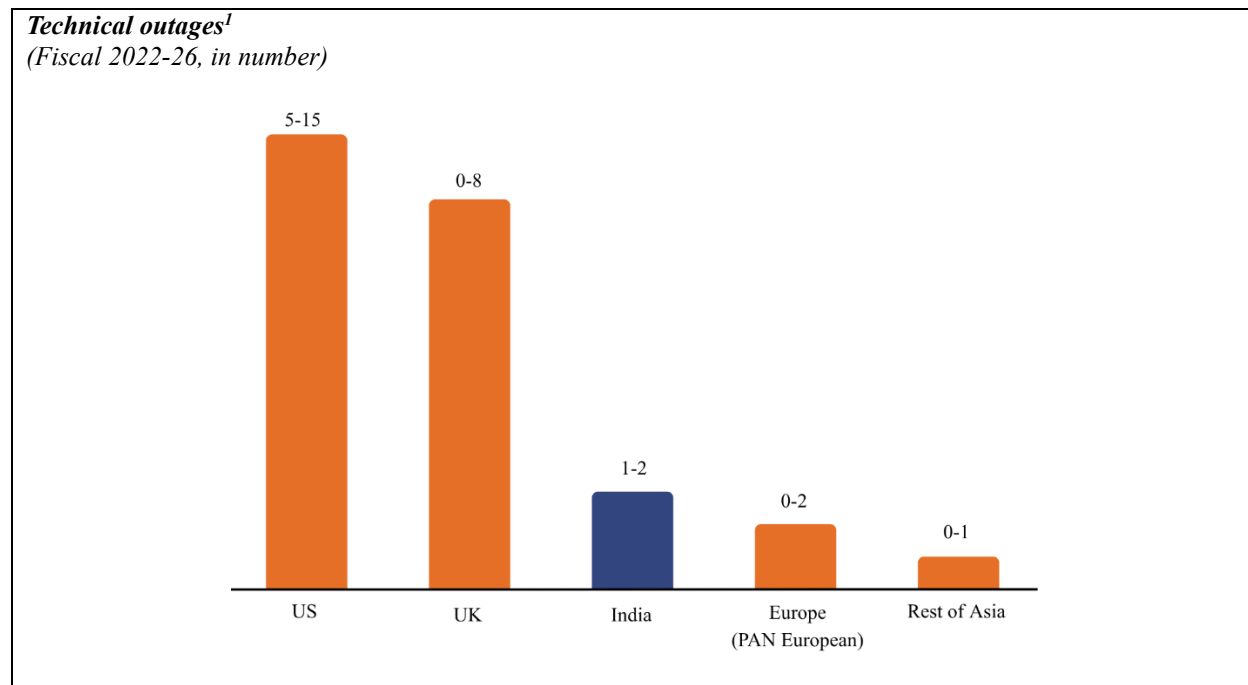
Source(s): Annual Reports of Exchanges, Redseer research and analysis

5.2.3. Technology leadership

Technology is at the core of exchanges’ operations, ensuring unmatched availability, low latency, and secure market access even during peak loads. In Fiscal 2026, NSE held a global market share of 51.18% in contracts traded across

the equity derivatives segment signifying its technological capability in processing large volumes of trades. On some days, NSE processes half the trades across the world underscoring its ability to clear and settle large volumes of trades efficiently, supported by robust trading and clearing technology. India’s derivatives market, largely concentrated on NSE, is among the largest in the world and reflects deep participation and liquidity across product segments. This scale is backed by NEAT and NEAT Plus electronic trading platforms, which are designed to add hardware on demand, support high uptime and maintain low-latency trade execution even under heavy loads, enabling seamless processing of high trade counts without performance degradation.

Exhibit 37: Indian exchanges record fewer technical outages compared to global peers



Note(s): Exchange list for countries/regions specified - US: Cboe, NASDAQ, Intercontinental Exchange, New York Stock Exchange; United Kingdom: London Stock Exchange Group, Aquis Exchange PLC; Europe (Pan-European): Euronext, SIX Swiss Exchange, Deutsche Börse (Frankfurt Stock Exchange/Xetra) – Germany; India: NSE, BSE; Rest of Asia: Hong Kong Exchanges and Clearing, Saudi Exchange (Tadawul), Singapore Exchange; 1. An exchange outage refers to any disruption, degradation, or unavailability of an exchange’s technology systems such as trading engines, order routing, market data dissemination, connectivity infrastructure, or compliance platforms that originates at the exchange and materially affects market participants’ ability to trade, access data, or complete related operations. Outages may be partial, where specific functions are impaired, but core trading continues, or full, where trading activity in one or more market segments halts completely until systems are restored Source(s): Redseer research and analysis

Regulatory oversight of market technology in India has also evolved with the scale of trading activity. SEBI has underscored the importance of technology resilience and cybersecurity through initiatives such as the Securities Market Advanced Reforms and Technology (“SMART”) 2025 transformation programme, which highlights adoption of advanced technology to strengthen market infrastructure and protect investors. SEBI’s focus includes promoting strong system availability, resilient data centres, risk controls and operational continuity as part of broader market supervision. Additionally, exchanges like NSE maintain Disaster Recovery (“DR”) and business continuity protocols, including dedicated DR sites and backup operations, to ensure uninterrupted trading and clearing in the event of system failures or external disruptions. These regulatory and operational technology measures support the integrity, reliability and scalability of India’s exchange ecosystem.

In addition to scale and speed, India operates as an “identified market,” where investors are uniquely identified through PAN-based systems integrated across exchanges, clearing corporations, depositories and intermediaries. This architecture enables exchanges and regulators to trace trades to the ultimate beneficial investor level through trading members, strengthening surveillance, risk management and enforcement. In contrast, several global markets operate through omnibus account structures where investor identification may not be directly visible at the exchange level. India’s ID-based market structure, combined with real-time reporting and integrated clearing systems, enhances transparency, accountability and systemic risk oversight.

Artificial Intelligence (“AI”) is becoming an integral component of India’s capital market infrastructure as trading volumes, data intensity and compliance requirements increase. Exchanges and intermediaries are using AI and machine learning for real-time trade surveillance, anomaly detection, fraud monitoring, client onboarding and cybersecurity. SEBI’s June 2025 consultation paper on responsible AI use formalised governance, testing and reporting standards. Early deployments have improved detection efficiency, reduced false alerts and strengthened risk monitoring across market participants.

Section 6: Regulatory Scenario in India

India's capital markets operate under a unified regulatory framework led by SEBI, which oversees investor protection, market regulation, and market development.

India's capital market regulatory architecture is anchored in two complementary legislative pillars. The Companies Act, 2013, enacted by Parliament and administered by the Ministry of Corporate Affairs, establishes the foundational corporate governance framework applicable to all companies, listed and unlisted, covering incorporation, board composition, audit standards, related-party transactions, and shareholder rights. For listed entities, this framework is further reinforced and operationalised through SEBI's regulations and circulars, which translate these broad governance principles into specific, continuously updated obligations for market participants. Together, these two pillars ensure that India's capital markets function within a robust, multi-layered governance structure.

SEBI exercises rule-making powers through gazette-notified regulations, operationalised through circulars and guidance notes. Regulatory proposals are typically introduced through public consultation papers, reviewed by advisory committees including the Primary and Secondary Market Advisory Committees, before approval by the SEBI Board.

Working groups and expert committees on derivatives, risk management, and market infrastructure further inform regulatory amendments. Stock exchanges, clearing corporations, and depositories act as first-level regulators under SEBI's oversight, responsible for trading, clearing, settlement, surveillance, and compliance enforcement. SEBI retains overarching supervisory, investigative, and enforcement authority. Unlike several emerging markets where securities oversight is fragmented, India consolidates regulation under SEBI, with exchanges playing a central role in execution.

Broadly, SEBI's responsibilities can be viewed across three goals: investor protection to safeguard interests and build trust in markets, market regulation to ensure fair and transparent functioning, and market development to promote orderly growth and innovation.

6.1. Investor protection

Protecting investors is at the core of SEBI's mandate. Over the years, SEBI has introduced a range of regulations and circulars to safeguard client assets, enforce fair conduct, and improve grievance redressal.

Key regulations protecting investor interests include:

- **SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992 (since repealed and replaced by the SEBI (Stock Brokers) Regulations, 2026):** The 1992 regulations mandated compulsory registration and conduct standards for all brokers and sub-brokers, reducing malpractice at the point of retail entry, ensuring proper record-keeping, and formalising broker-investor relationships. By professionalising a fragmented brokerage ecosystem, the regulations brought accountability to investor access channels. These regulations have since been repealed and replaced by the SEBI (Stock Brokers) Regulations, 2026, which consolidate broker-related obligations into a single framework, permit brokers to undertake other regulated financial activities, introduce a minimum experience requirement for registration, and strengthen governance and investor-protection standards.
- **SEBI (Mutual Funds) Regulations, 1996 (since repealed and replaced by the SEBI (Mutual Funds) Regulations, 2026):** The 1996 regulations created a governance framework for trustees and asset management companies, including disclosure requirements, investment restrictions, and accountability standards. They safeguarded individual investors' pooled savings and laid the foundation for the rapid growth of India's mutual fund industry into a multi-trillion-rupee segment. These regulations have since been repealed and replaced by the SEBI (Mutual Funds) Regulations, 2026, which retain the core investor-protection principles of the earlier framework while restructuring the expense-ratio framework, revising sponsor and control thresholds, and introducing new fund structures for passive and sophisticated investors.
- **KYC Registration Agency (KRA) Regulations, 2011:** To streamline investor onboarding and reduce fraud, SEBI created a centralised KYC repository accessible across intermediaries. This reduced duplication of verification, enhanced investor convenience, and provided regulators with better monitoring tools. The framework has since evolved with Aadhaar-based and digital KYC processes, keeping pace with technological advancements.

In addition to these regulations, SEBI has from time to time issued circulars for investor protection such as:

- **SEBI Circular on Segregation and Monitoring of Client Collateral:** SEBI issued circulars requiring brokers to maintain strict segregation of client funds and securities from their own proprietary assets, with real-time monitoring through exchanges and depositories. This ensures that client collateral cannot be commingled or misappropriated, providing a critical safeguard for retail and institutional investors.
- **SEBI Circular on Pledge and Re-pledge of Securities in the Settlement Process, 2020:** Earlier, client securities pledged as collateral were vulnerable to misuse by brokers. SEBI's circular routed all collateral through depositories, ensuring client assets remained traceable and ring-fenced, materially reducing systemic risk and increasing investor protection in the derivatives and margin trading ecosystem.
- **SEBI Circular on Collection of Upfront Margins from Clients, 2020–2021:** To curb excessive leverage in derivatives trading, SEBI mandated upfront collection of margins at multiple intraday points. This reduced the scope for oversized positions using intraday leverage, strengthened overall market stability, and aligned India with global prudential norms.
- **SEBI Circular on Capital Adequacy and Net Worth Norms for Intermediaries:** SEBI has periodically enhanced net worth and capital adequacy requirements for brokers, clearing members, and other intermediaries. These norms ensure financial resilience among market participants and reduce systemic risk in the event of defaults or stress events.
- **SEBI Circular on Qualified Stock Brokers (QSB) Framework, 2021:** SEBI's circular identified a category of large brokers that were designated QSBs based on client base size, trading volumes, and other parameters, subjecting them to enhanced regulatory oversight, stricter compliance requirements, and more frequent reporting. This risk-based approach to broker supervision strengthens investor protection for clients of the most systemically significant intermediaries.
- **SEBI Circular on Investor Protection Fund Trust (IPFT) and Enhanced Corpus:** SEBI has directed exchanges to progressively increase the corpus of their Investor Protection Fund Trusts, strengthening the safety net available to investors in the event of broker defaults and enhancing capacity to support investor education and grievance redressal initiatives.
- **Cyber Security and Cyber Resilience Framework for Market Infrastructure Institutions, 2015–2024:** Given the systemic criticality of MIIs and the increasing sophistication of cyber threats, SEBI has progressively built a dedicated cyber security and cyber resilience regime for exchanges, clearing corporations and depositories. The foundational framework was prescribed in July 2015 and was successively reinforced through subsequent modifications including the requirement for a 24x7 Cyber Security Operation Centre (“C-SOC”), comprehensive cyber audits conducted at least twice per financial year, MD/CEO-level compliance attestation, and structured incident-reporting and vulnerability-disclosure protocols. In August 2024, this regime was consolidated and superseded by SEBI's Cybersecurity and Cyber Resilience Framework (“CSCRF”), which replaced the earlier entity-specific circulars with a single, standards-based framework and extended its application from MIIs to a substantially wider universe of SEBI-regulated entities. Collectively, these measures are designed to ensure that core trading, clearing and settlement infrastructure remains resilient against operational and cyber disruption.

6.2. Market regulation

SEBI regulates how companies raise capital, how trades are executed, and how settlements are completed. Exchanges play a central role in implementing these regulations by ensuring transparent listing, fair trading, and reliable clearing and settlement.

Key Acts to regulate market include:

- **Securities Contracts Act, 1956 (“SCRA”) and Securities Contracts Rules, 1957 (“SCRR”):** The SCRA, along with the SCRR, provided statutory recognition to stock exchanges in India at a time when markets were largely informal and fragmented. These regulations laid down criteria for recognition, disclosure, and conduct, setting the foundation for corporatisation and eventual demutualisation of exchanges. By defining

exchanges as legal entities with clear obligations, the framework professionalised governance and introduced transparency into what was previously a loosely organised system.

- **SEBI Act, 1992:** The SEBI Act created SEBI as a statutory regulator with comprehensive powers to oversee securities markets, intermediaries, and investors. Prior to this, regulations were fragmented across multiple agencies, limiting effectiveness. The Act consolidated oversight under one body, enabling SEBI to frame regulations, conduct investigations, and enforce penalties. This centralisation was pivotal in building investor confidence and bringing Indian markets in line with global regulatory practices.

In addition, SEBI notified the following regulations:

- **Securities Contracts (Stock Exchanges and Clearing Corporations “SECC”) Regulations, 2012 (amended 2018):** The SECC Regulations addressed ownership structures, capital requirements, and governance standards for MIIs, including exchanges, clearing corporations, and depositories. By imposing ownership caps and separating trading members from management, the regulations ensured independence and minimised conflicts of interest. The amendments in 2018 further tightened governance and financial requirements, strengthening MIIs as systemically important entities capable of handling surging transaction volumes.
- **SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR” Regulations):** The LODR regulations form the backbone of India’s continuous disclosure and corporate governance framework for listed companies. They mandate timely disclosure of material events, enhance transparency in related-party transactions, strengthen board composition and independent director norms, and streamline quarterly reporting requirements, ensuring investors receive reliable, comparable, and timely information.
- **SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“ICDR” Regulations):** The ICDR Regulations consolidated and streamlined earlier rules governing IPOs and rights issues. They set eligibility criteria for issuers, standardised pricing and disclosure requirements, and introduced safeguards to protect individual investors. The regulation enhanced transparency around fundraising and strengthened investor trust in primary markets, supporting the growth of India’s IPO pipeline in recent years.

6.3. Market development

Beyond regulation and protection, SEBI actively promotes market development by enabling new products, deepening participation, and fostering innovation. Exchanges serve as test beds for pilots and infrastructure upgrades that expand the market’s scope and reach.

Key regulations:

- **SEBI (Alternative Investment Funds (“AIF”)) Regulations, 2012:** The AIF Regulations introduced clear categories (I, II, III) for private funds and mandated reporting, disclosure, and registration requirements. This legitimised VC, PE, and hedge funds in India, balancing capital formation with investor protection. The regulation enabled private pools of capital to scale while maintaining transparency for regulators.
- **SEBI (Investment Advisers) Regulations, 2013:** To address conflicts of interest in financial advisory services, SEBI required advisers to register, disclose fees, and maintain client records. By enforcing fiduciary standards and limiting mis-selling practices, the regulation improved transparency and trust in advisory services.
- **SEBI (Index Providers) Regulations, 2024:** As indices became critical for ETFs and passive funds, SEBI brought index administrators under regulatory oversight, requiring licensing, governance standards, and disclosure of methodology changes, improving the transparency and reliability of benchmarks and safeguarding investors in the fast-growing passive investment segment.

Key circulars:

- **SEBI Circular on Applications Supported by Blocked Amount (ASBA), 2008:** Introduced by SEBI in 2008 and made mandatory for all public issues in 2015, ASBA fundamentally reshaped India’s IPO process by allowing application funds to remain blocked in investors’ bank accounts rather than being transferred to issuers or intermediaries. This eliminated refund delays, reduced operational risks, and ensured that investors

earned interest on their balances until allotment. By streamlining payments and enhancing investor protection, ASBA increased trust in primary market processes and significantly broadened retail participation.

- **SEBI Circular on Algorithmic Trading and Colocation Services, 2012:** Recognising the growing role of technology in trading, SEBI introduced norms requiring exchanges to implement order-level risk checks, kill-switch mechanisms, and transparent allocation of colocation facilities. Updates in 2022 increased oversight of APIs and broker responsibilities. These regulations balanced innovation in algorithmic trading with fairness and risk control, ensuring no undue advantage for specific participants.
- **SEBI Circular on T+1 Rolling Settlement, 2023, and T+0 Pilot, 2024:** In India, the secondary cash equity market transitioned from a T+6 settlement cycle to T+3 in 2002, followed by a further shift to T+2 in 2003, progressively reducing settlement risk and improving market efficiency. US made the transition to T+2 settlement in 2018. Separately, for IPO listings, SEBI mandated a reduction from T+6 to T+3 in 2021, and subsequently to T+1 in 2023, bringing listing timelines in line with secondary market standards. In 2023, SEBI further mandated a T+1 settlement cycle for equities in the secondary market, reducing trade finality from two days to one and placing India among the fastest-settling major markets globally, significantly improving liquidity and reducing counterparty risk. In 2024, SEBI launched a T+0 pilot for select securities, testing the feasibility of same-day settlement. These reforms have collectively positioned India at the frontier of settlement efficiency and market infrastructure innovation.

Today, exchanges operate as corporatised entities with structured governance, capital strength, and clear disclosure standards. The Companies Act, 2013 provides the foundational corporate-law framework, governing board composition and independent directors, audit and financial reporting, and related-party transactions, while SEBI's LODR and exchange and intermediary regulations add securities-market-specific oversight on top. Trading and settlement processes are faster, safer, and more transparent, and intermediary regulation has further ensured that investors engage with accountable and well-regulated platforms.

Looking ahead, the Securities Markets Code, 2025, introduced in the Lok Sabha in December 2025, proposes to repeal and replace the SCRA, the SEBI Act, 1992, and the Depositories Act, 1996, establishing a unified statutory framework governing securities markets, market infrastructure institutions, and intermediaries. The Code seeks to harmonise definitions and regulatory provisions across market segments, streamline supervisory and adjudicatory processes, and strengthen investor protection and enforcement architecture in line with the scale and complexity of contemporary capital markets.

Section 7: Emerging Opportunities

India's capital markets are entering a new phase of growth shaped by three emerging opportunities across indices and data analytics, setting up of international financial centre - GIFT City, and technological advancements.

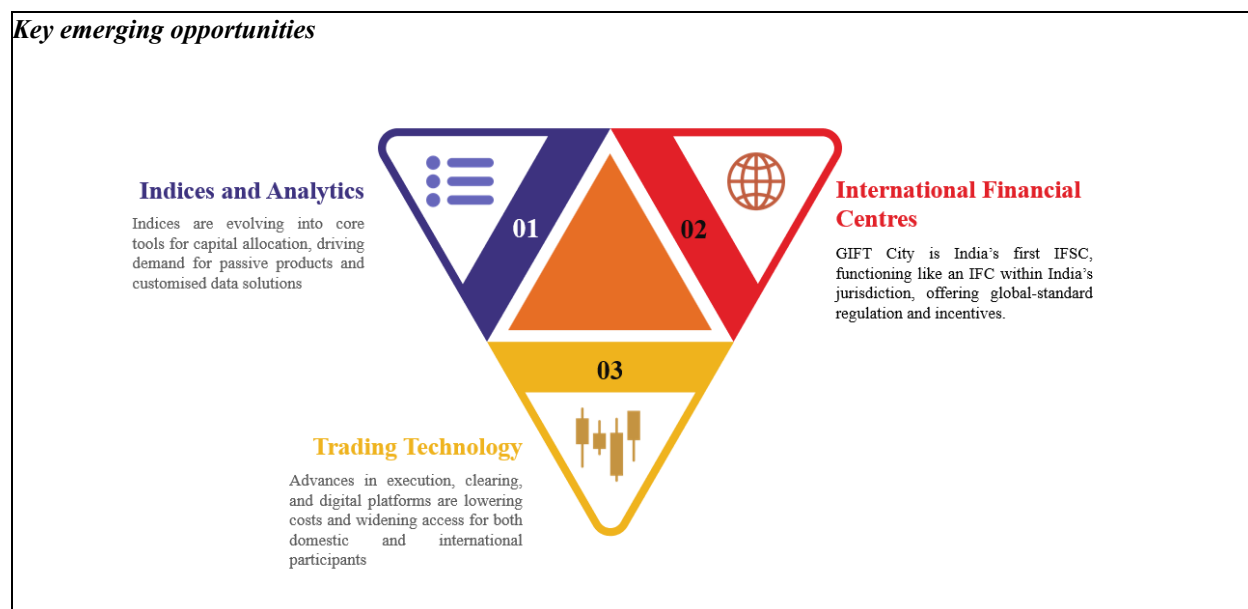
As India's economy expands in scale and formalisation, sustained GDP growth is driving rising household incomes, a broadening middle class, and greater allocation of incremental savings towards formal financial instruments. Broader participation reinforces a cycle of deeper capital mobilisation, improved capital allocation, and wealth creation that supports enterprise growth and further income expansion.

Against this backdrop, India's capital markets are entering a new phase of development shaped by emerging opportunities across indices and data analytics, the evolution of international financial centres such as GIFT City, and continued advancements in trading technology.

7.1. Overview of the opportunities and their market potential

India's capital markets are opening new avenues for growth through three emerging opportunities that are reshaping their structure and functioning. These opportunities are centred on the expanding role of indices and analytics, the development of international financial centres, and the increasing use of trading technology. Each of these is creating distinct avenues for participation and efficiency while collectively contributing to the long-term trajectory of the markets.

Exhibit 38: Three key opportunities are emerging for the Indian exchanges which are expected to drive the next wave of growth



Source(s): Redseer research and analysis

7.1.1. Market Data, Indices, and Data Analytics

Indices and data analytics are now central to how capital markets function, serving as the foundation for investment products that direct large flows of capital. Investors and asset managers use indices to design strategies, while analytics tools support portfolio construction, performance tracking, and risk control.

The clearest outcome of this shift is the rise of passive investing in India. Passive products that track indices include index funds, equity and debt ETFs, and gold and silver ETFs. As per AMFI, total mutual fund AUM grew at a CAGR of 18.60% from ₹31.43 trillion in Fiscal 2021 to ₹73.73 trillion in Fiscal 2026, with other schemes AUM (including index funds, ETFs (including gold and silver), other ETFs and fund of funds investing overseas) growing faster at a CAGR of 34.42%, from ₹3.22 trillion to ₹14.12 trillion over the same period. Passive funds' (including index funds, ETFs (including gold and silver and fund of funds investing overseas in passive funds) share of industry AUM

accounted for 18.74% in Fiscal 2026. Index funds were the fastest-growing segment, with AUM increasing at a CAGR of 74.19% from ₹0.19 trillion to ₹3.07 trillion as per AMFI, supported by a surge in scheme launches from 208 in March 2024 to 360 in March 2026. With momentum in both AUM growth and product proliferation, passive funds are set to constitute an increasingly larger share of the industry in the coming years.

7.1.2. International Financial Centres (“IFCs”)

IFCs enable countries to capture cross-border capital flows that might otherwise gravitate to offshore hubs. GIFT City, designated as India's first IFSC under the IFSCA Act, 2019, replicates models found in global centres such as Singapore and Dubai through globally aligned regulation, unified IFSCA supervision, competitive tax incentives, and liberalised foreign currency transaction rules.

As a result, GIFT City has evolved into a multi-asset, multi-service offshore hub for banking, capital markets, fund management, and sustainable finance. As of March 2026, the IFSC had 1,213 registered entities, with banking assets crossing US\$110.00 billion and cumulative banking transactions reaching US\$176.08 billion in Q4 Fiscal 2026, as per IFSCA. It also reports that within capital markets, exchanges at GIFT recorded an average monthly turnover of US\$112.49 billion in Q4 Fiscal 2026 and an aggregate open interest of US\$14.02 billion in the derivatives segment as of March 2026, supported by US\$2.28 billion in cumulative debt listings, while the fund management ecosystem expanded to 217 registered entities operating 360 schemes, mobilising cumulative commitments of US\$30.09 billion as of March 2026. In addition, ESG-labelled debt listings reached US\$616.36 million in Q4 Fiscal 2026, reflecting growing activity in sustainable finance.

These developments position GIFT City as a neutral onshore platform where issuers can raise funds in foreign currencies, global investors can access Indian instruments with fewer frictions, and domestic institutions can operate under international standards, deepening India's integration with the global financial system.

7.1.3. Disruptive Trading Platforms and Technologies

Advances in trading technology are reshaping Indian market infrastructure. Algorithmic strategies, electronic platforms, and high-frequency execution tools have increased transaction speed and precision, while improvements in clearing and settlement are reducing counterparty risk. Alongside this, developments in clearing and settlement systems are ensuring smoother post-trade processes and reducing counterparty risk. Lower costs and greater reliability have broadened participation, with digital onboarding and mobile-based trading reducing access barriers for domestic investors and improved infrastructure strengthening confidence among international participants.

Technology is also expanding the range of instruments traded efficiently, from cash equities and derivatives to fixed income and commodities, creating the foundation for larger market volumes.

Beyond domestic application, India's capital market technology ecosystem carries significant export potential. The successful deployment of scalable, low-cost trading infrastructure, real-time settlement systems, and digital onboarding frameworks has positioned India as a model for emerging and frontier markets seeking to modernise their own market structures. Indian exchanges and technology providers are increasingly well-placed to license platforms, share expertise, and partner with overseas exchanges, creating a nascent but meaningful avenue for technology-led revenue diversification.

Beyond these three core opportunities, two further avenues warrant consideration. Strategic investments in international exchanges through minority stakes, technology partnerships, or co-listing arrangements could extend Indian exchanges' global footprint. Similarly, data monetisation beyond index licensing, encompassing proprietary analytics and API-based data services, represents an emerging frontier, though the commercial infrastructure for such products is still developing domestically.

Section 8: Key Threats and Challenges in the Exchange Industry

India's stock exchanges have become systemically important institutions, having successfully scaled volumes in equities and derivatives. Yet with this growth comes heightened exposure to risks across technology, regulation, and global disruptions. The key threats and challenges are outlined below.

- **Technology risks:** The global financial services and capital markets landscape is undergoing rapid and transformative technological change, driven by emerging technologies such as artificial intelligence, machine learning, distributed ledger technology, cloud computing, tokenisation, etc., and at times, before a regulatory framework had been put in place. With trading fully electronic, technological robustness is critical. Software malfunctions, connectivity failures, and order-matching errors can affect market integrity at scale. Landmark episodes in global markets illustrate this vulnerability: the May 2010 'Flash Crash' in US equity and derivatives markets, the Knight Capital Group incident in August 2012 wherein the inadvertent reactivation of a deprecated order routing algorithm resulted in significant financial losses, fat-finger order entry errors that triggered sudden price dislocations in European and Asian markets, and settlement failures and order-routing latency events reported periodically across exchange groups globally. These events underscore that even mature, well-regulated market infrastructure remains prone to operational and technological stress.
- **Cybersecurity risks:** Exchanges face exposure to ransomware, data breaches, and denial-of-service attacks. The 2020 DDoS attack that halted the New Zealand Stock Exchange and the 2011 NASDAQ platform breach illustrate that even advanced financial infrastructures remain vulnerable to sophisticated attacks.
- **Reversal of the liquidity super cycle:** A decade of high liquidity has directed household savings towards financial assets. Should inflationary pressures, interest rate volatility, or macroeconomic stress materialise, there is a risk of reversion towards physical assets such as gold and real estate, historically preferred by Indian households.
- **Market infrastructure resilience and capacity constraints:** Faster settlement cycles compress operational timelines across trading, clearing, and depositories. India's transition to T+1 and optional T+0 settlements reduce counterparty risk but raise throughput and interoperability demands. Any capacity mismatch can create bottlenecks and settlement risk, reinforcing the need for ongoing infrastructure upgrades. Similar volume-driven interruptions have been observed in other markets when traffic exceeded infrastructure thresholds, reinforcing the need for ongoing capacity upgrades and real-time risk tooling.
- **External shocks and global disruptions:** Geopolitical and policy events can swiftly reshape capital flows and trading activity. The Russia-Ukraine conflict, the August 2025 US tariff changes on Indian imports, and the escalation of conflict involving Iran in early 2026 have each demonstrated India's exposure to externally driven market dislocations through commodity price volatility, currency pressure, and risk-off sentiment.
- **Monetary and fiscal policy changes:** RBI's cumulative 210 basis point repo rate increase between May 2022 and February 2023 compressed equity valuations, moderated margin funding, and dampened risk appetite among leveraged participants, with elevated funding costs shifting flows towards fixed income.

Regulatory recalibrations: SEBI's May 2025 framework restricted exchanges to either Tuesday or Thursday expiry days. Following SEBI approval, NSE implemented Tuesday expiries and BSE implemented Thursday expiries for contracts expiring on or after September 1, 2025. This may influence the distribution of trading volumes between exchanges. SEBI's October 2024 derivatives framework restricted each exchange to offering weekly expiry contracts on only one benchmark index, effective November 20, 2024. These structural shifts, combined with increased STT rates on equity derivatives effective April 2026, may moderate speculative turnover and could disproportionately affect exchanges with significant exposure to derivatives activity. Additional measures included tighter position limit monitoring, refined methodologies for measuring open interest and effective exposures, enhanced intraday surveillance mechanisms, and recalibration of risk management and margin frameworks for index derivatives. While they enhance investor protection and systemic resilience, these measures have moderated speculative turnover and may continue to weigh on derivatives volumes in the near term. These measures increased margin discipline, reduced the scope for concentrated or leveraged short-term positioning, and aligned derivatives activity more closely with underlying cash market liquidity. While intended to curb excessive speculation and protect retail investors, these

measures have moderated speculative turnover and contributed to a decline in trading volumes in Futures and Options and related revenue in Fiscal 2026.