PRESS RELEASE

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India achieves complete transition to T+1 Settlement Cycle in Equity Markets

January 27, 2023 will mark as an important day in the history of Indian capital markets. All trades from this day executed in any securities in the equity segment will be settled on T+1 basis.

The journey to shortening of settlement cycle began on September 7, 2021, when Securities and Exchange Board of India (SEBI) permitted stock exchanges to introduce T+1 settlement cycle from January 01, 2022, on any of the securities available in the equity segment. All the Market Infrastructure Institutions (Stock Exchanges, Clearing Corporations and Depositories) jointly finalized the roadmap for the implementation of T+1 settlement cycle in a phased manner.

The first batch of securities transitioned to T+1 Settlement on February 25, 2022, and thereafter, every month a batch of around 500 securities transitioned to T+1 Settlement. From January 27, 2023, all securities i.e., equity shares including SME shares, exchange traded funds (ETFs), Real Estate Investment Trusts (REITs), Infrastructure Investment Trusts (InvITs), Sovereign Gold Bond (SGB), Government Bonds and Corporate Bonds trading in the equity segment will now be settled only on T+1 basis.

The achievement is significant considering National Stock Exchanges of India’s (NSE) size and scale of operations in the equity segment. NSE ranks 4th in calendar year 2021 globally in equity segment based on number of trades executed in electronic order book as per statistics maintained by World Federation of Exchanges (WFE).

NSE witnessed transactions by more than 2.7 crores investors (unique PANs) in equity segment in financial year 2022 and the number has already surpassed 2.3 crores in this financial year as well. In value terms, there is a healthy mix of participation across investor categories with individual investors accounting for about 36%, followed by proprietary desks with 27%, Foreign Institutional Investors with 15% and Domestic Institutional investors accounting for 11%.

Globally most stock exchanges in developed as well as emerging markets follow the T+2 settlement system.
Shri Ashishkumar Chauhan, MD & CEO, NSE said: “It’s a great achievement for the Indian Capital Market. The achievement would not have been possible without the continuous guidance provided by Securities and Exchange Board of India and painstaking effort taken by all Market Infrastructure Intermediaries particularly the Clearing Corporations, trading members, clearing members, custodians, and all other stakeholders in re-engineering the processes and crunching timelines to adapt to shorten the settlement cycle.

The shortening of settlement cycle to T+1 will bring in significant capital efficiencies to the investors and improve risk mitigation for the entire industry.”

About National Stock Exchange of India Limited (NSE):

National Stock Exchange of India (NSE) is the world’s largest derivatives exchange by trading volume (contracts) as per the statistics maintained by Futures Industry Association (FIA) for calendar year 2021. NSE is ranked 4th in the world in the cash equities by number of trades as per the statistics maintained by the World Federation of Exchanges (WFE) for calendar year 2021. NSE was the first exchange in India to implement electronic or screen-based trading. It began operations in 1994 and is ranked as the largest stock exchange in India in terms of total and average daily turnover for equity shares every year since 1995, based on SEBI data. NSE has a fully integrated business model comprising exchange listings, trading services, clearing and settlement services, indices, market data feeds, technology solutions and financial education offerings. NSE also oversees compliance by trading, clearing members and listed companies with the rules and regulations of SEBI and the exchange. NSE is a pioneer in technology and ensures the reliability and performance of its systems through a culture of innovation and investment in technology.

For more information, please visit: www.nseindia.com

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