

CIRCULAR

SEBI/HO/MRD/MRD-PoD-3/P/CIR/2024/172

December 10, 2024

All Recognized Stock Exchanges
All Recognized Clearing Corporations
All Depositories
All Qualified Stock Brokers
All Custodians

Sir/ Madam

Subject: Enhancement in the scope of optional T+0 rolling settlement cycle in addition to the existing T+1 settlement cycle in Equity Cash Markets

1. SEBI vide Circular No.SEBI/HO/MRD/MRD-PoD-3/P/CIR/2024/20 dated March 21, 2024 introduced the beta version of T+0 rolling settlement cycle on optional basis in addition to the existing T+1 settlement cycle in Equity Cash Markets, for a limited set of 25 scrips and with a limited number of brokers.
2. In order to enable smooth implementation and avoid any disruptions in the implementation of beta version of optional T+0 settlement cycle, the mechanism was enabled only for non-custodian clients with effect from March 28, 2024.
3. Based on the feedback received from various stakeholders to increase the efficiency of optional T+0 settlement cycle and approval of the Board, it has been decided to enhance the scope of optional T+0 settlement cycle, with the following measures:
 - 3.1. Increase in number of eligible scrips for trading under optional T+0 settlement cycle:
 - 3.1.1. Optional T+0 settlement cycle shall be made available to top 500 scrips in terms of market capitalization as on December 31, 2024. The scrips shall be made

available for trading and settlement starting with scrips at bottom 100 companies out of the aforesaid 500 companies and gradually include the next bottom 100 companies every month till top 500 companies are available for trading in optional T+0 settlement cycle.

3.1.2. The above list of scrips shall be in addition to the existing 25 scrips available for trading and settlement under the Beta version of optional T+0 settlement cycle.

3.2. Participation by all Stock Brokers: All stock brokers are allowed to participate in the optional T+0 settlement cycle. Stock Brokers are permitted to charge differential brokerage for T+0 and T+1 settlement cycles, within the regulatory limit.

3.3. Participation by Qualified Stock Brokers (QSBs):

3.3.1. Stock brokers who are designated as QSBs and meet the parameter of minimum number of active clients for qualification as QSB as on December 31, 2024 shall put in place necessary systems and processes for enabling seamless participation of investors in optional T+0 settlement cycle.

3.3.2. In case of change in the list of QSBs, the exiting QSB shall continue to provide the necessary systems and process and the new QSBs shall put in place the necessary systems and processes for enabling seamless participation of investors in optional T+0 settlement cycle within 3 months from the date of updation of the list.

3.4. Participation by Custodians: The Stock Exchanges, Clearing Corporations and Depositories (collectively referred as Market Infrastructure Institutions (MIIs)); and Custodians shall put in place necessary systems and processes for seamless participation of institutional investors in optional T+0 settlement cycle.

3.5. Block Deal window in T+0 settlement cycle:

3.5.1. A mechanism for Block Deal window shall be put in place by the Stock Exchanges under the optional T+0 settlement cycle. The Block Deal window under the optional T+0 settlement cycle shall be available only for the morning session during 8:45 am to 9:00 am in addition to the existing Block Deal windows of 8:45 am to 9:00 am and 2:05 pm to 2:20 pm for T+1 settlement cycle. The trades in optional T+0 block window session will be settled on T+0 settlement cycle.

3.5.2. Participation under this window shall be optional for the investors.

4. To ensure smooth implementation, the MIIs shall publish the operational guidelines (including mechanism for trading, clearing and settlement, risk management, etc.) and Frequently Asked Questions (FAQs) along with the list of eligible scrips and list of QSBs for the optional T+0 settlement cycle and disseminate the same on their respective websites.

5. MIIs shall provide a fortnightly report on the activities under optional T+0 settlement cycle till further direction.

6. Applicability:

6.1. The provisions at paragraphs 3.1, 3.2, 4 and 5 above shall be applicable with effect from **January 31, 2025**.

6.2. The provision at paragraphs 3.3, 3.4 and 3.5 above shall be applicable with effect from **May 01, 2025**.

6.3. Paragraph 5 of SEBI Circular dated March 21, 2024 shall stand modified and paragraphs 7, 8 and 9 of SEBI Circular dated March 21, 2024 shall be rescinded, with effect from **January 31, 2025**.

6.4. All other provisions of SEBI circular dated March 21, 2024 shall remain applicable.

7. All MIs are advised to:

7.1. take necessary steps and put in place necessary systems for implementation of the above;

7.2. make necessary amendments to the relevant bye-laws, rules and regulations, wherever required, for the implementation of the above; and

7.3. bring the provisions of this circular to the notice of market participants (including investors) and also to disseminate the same on their websites;

8. This circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act 1992, read with Regulation 51 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, Section 26(3) of the Depositories Act, 1996 and Regulation 97 of Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

9. This circular is available on SEBI website at www.sebi.gov.in at "Legal Framework - Circulars".

Yours faithfully,

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