



CIRCULAR

SEBI/HO/MRD2/DCAP/P/CIR/2021/628

September 07, 2021

To

All Recognized Clearing Corporations
All Recognized Stock Exchanges
All Recognized Depositories

Dear Sir/ Madam

Introduction of T+1 rolling settlement on an optional basis

1. SEBI, vide circular no. SMD/POLICY/Cir - /03 dated February 6, 2003, shortened the settlement cycle from T+3 rolling settlement to T+2 w.e.f. April 01, 2003.
2. SEBI has been receiving request from various stakeholders to further shorten the settlement cycle. Based on discussions with Market Infrastructure Institutions (Stock Exchanges, Clearing Corporations and Depositories), it has been decided to provide flexibility to Stock Exchanges to offer either T+1 or T+2 settlement cycle.
3. Accordingly, a Stock Exchange may choose to offer T+1 settlement cycle on any of the scrips, after giving an advance notice of at least one month, regarding change in the settlement cycle, to all stakeholders, including the public at large, and also disseminating the same on its website.
4. After opting for T+1 settlement cycle for a scrip, the Stock Exchange shall have to mandatorily continue with the same for a minimum period of 6 months. Thereafter, in case, the Stock Exchange intends to switch back to T+2 settlement cycle, it shall do so by giving 1-month advance notice to the market.
5. Any subsequent switch (from T+1 to T+2 or vice versa) shall be subject to minimum period and notice period as mentioned in Para 4 above.
6. There shall be no netting between T+1 and T+2 settlements.
7. The settlement option for security shall be applicable to all types of transactions in the security on that Stock Exchange. For example, if a security is placed under T+1



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settlement on a Stock Exchange, the regular market deals as well as block deals will follow the T+1 settlement cycle on that Stock Exchange.

8. The provisions of this circular shall come into force with effect from January 01, 2022.
9. Stock Exchanges, Clearing Corporations and Depositories are directed to take necessary steps to put in place proper systems and procedures for smooth introduction of T+1 settlement cycle on optional basis, including necessary amendments to the relevant bye-laws, rules and regulations.
10. 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 Section 10 of the Securities Contracts (Regulation) Act, 1956 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
11. This circular is available on SEBI website at www.sebi.gov.in at "Legal Framework→Circulars".

Yours faithfully,

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