



T+1 SETTLEMENT CYCLE FOR STOCKS ON OPTIONAL BASIS BY SEBI



OVERVIEW OF SEBI CIRCULAR No. SEBI/HO/MRD2/DCAP/P/CIR/2021/628

(Dated 07th September, 2021)

In the year **2003**, 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.**

In line with the same, SEBI after near about 18 years has issued a circular to introduce a shorter settlement cycle. The settlement cycle is shortened after keeping in view the requests from various stakeholders and discussions with Stock Exchanges, Clearing Corporations and Depositories.

With the advent of the same, it has been decided to provide flexibility to Stock Exchanges to offer either T+1 or T+2 settlement cycle.

The change to a shorter cycle is likely to benefit retail investors, who will get quicker access to cash and securities after trades are executed. It will also reduce the risks associated with fluctuations of stocks during the settlement cycle.

The proposed T+1 settlement cycle will, however, not be mandatory, with exchanges retaining the option to continue to offer the T+2 settlement cycle.

APPLICABILITY

The provisions of this circular shall come into force w.e.f. 1st January, 2022.

OPTING T+1 SETTLEMENT CYCLE

A Stock Exchange may choose to offer T+1 settlement cycle on any of the scrips, after giving an advance notice of at least 1 month, regarding change in the settlement cycle, to all stakeholders, including the public at large, and disseminating the same on its website.

MINIMUM PERIOD

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.

SWITCHING BACK

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.

NETTING

There shall be no netting between T+1 and T+2 settlements.

(Netting is a method of reducing risks in financial contracts by aggregating multiple financial obligations to arrive at a net obligation amount.)

APPLICABILITY ON TRANSACTIONS

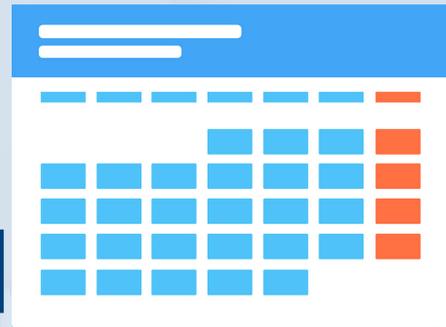
The settlement option for security shall be applicable to all types of transactions in the security on that Stock Exchange.

For example, if a security is placed under T+1 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.

DIRECTION TO MARKET INFRASTRUCTURE INSTITUTIONS

The SEBI has directed Stock Exchanges, Clearing Corporations and Depositories 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.

COMPLIANCE CALENDER SEPTEMBER 2021



GST	
GSTR 3B AUG 2021(Turnover in the previous financial year more than Five Crores)	20-09-2021
GSTR 3B AUG 2021 (Others)	22-09-2021
GSTR 1 AUG (Turnover more than Rs. 1.5 Crores)	11-09-2021
Income Tax	
Deposit of TDS	07-09-2021
ESI	
Payment for the month of AUG 2021	15-09-2021
PF	
Payment for the month of AUG 2021	15-09-2021
Return Filing for the month of AUG 2021	25-09-2021