

## **T+0 and T+1 trade settlements will soon become a reality, says SEBI**

The Securities Exchange Board of India (SEBI) in its latest press note has stated its intentions on completing a faster trade settlement working on a real-time basis. Settlements are a bidirectional approach focused on dispatching funds and acquiring securities or vice-versa. They take place when securities bought by a publicly traded company are issued to the purchaser and the trader receives the cash.

In January 2023, modifications were made to the 'T+2' settlement system which was based on a delay of 2 days between 'trade' and 'settlement' periods. The new arrangement focuses on completing settlements on a 'T+1' phase which involves the respective beneficiaries receiving their end of the bargain in 24 hours after the original deal has concluded. It means that if a shareholder sells a security, the cash is received only the very next day.

Madhabi Puri Buch (chairperson of SEBI) has mentioned that the introduction of the 'T+0' transaction settlement is in motion and is expected to take over from mid-2024. Existing mechanisms must be further developed in terms of boosted working competencies, quicker capital provisions, and improved share delivery time frame in order to claim an increased presence of stock market players.

The option of fully integrating UPI, other technology stacks, and digital archives could facilitate better transactions of securities with higher transparency.

