

New Business Initiatives: Latest Development and Innovation

**New Business Initiative Task Force - breakout session
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NSDL
Technology, Trust & Reach

Latest developments

Sr. No.	Particulars / Topics
1	T+1 Settlement
2	Block Mechanism
3	Handling of Clients' Securities by Trading Members(TM) / Clearing Members (CM)
4	NSDL's Tax service

- Earlier, the settlement cycle reduced from T+5 days to T+3 days and then in 2003, it was reduced to T+2 days and trades on the Indian stock exchanges are settled in two working days after the transaction is done (T+2).
- Now, the T+1 settlement cycle has been implemented in a phased manner and the first list of securities with T+1 settlement cycle has begun during February 2022.
- From January 2023 onwards all trades in the equity cash segment (including Futures and Options on stocks) settled on a T+1 basis.
- T+1 settlement system will allow the cycle of money to move faster without waiting for an extra day.

- For sale transaction, shares will be blocked in the DEMAT account of the client in favor of CC.
- CC obligation to be matched with Account Transfer/IDT instructions.
- On successful matching, securities will remain in client block account & transferred to CM Pool A/c on Pay-in day
- Auto Transfer of securities from CM Pool to DO.
- On T or T + 1, EOD, unmatched instructions will be reversed to free balance.

Handling of Clients' Securities by Trading Members (TM) / Clearing Members (CM)

- Streamline the process of handling of unpaid securities by TM/CM.
- If client has not paid, transfer to client's demat account with pledge marked in favour of TM/CM.
- If client fulfills its funds obligation, pledge released and securities are available to the client as free balance.
- If client does not fulfill its funds obligation, TM / CM shall dispose off such unpaid securities in the market.
- Protect clients' funds and securities and ensure segregation of client's securities or moneys with TM and CM.

- NSDL has developed a platform to facilitate submission of documents by Custodians on behalf of institutional investors for claiming NIL/low tax deduction from dividend income which can be accessed or downloaded by the issuers and their RTAs.
- Benefits to market participants:
 - Custodians to upload documents only once which will be shared across the issuers.
 - Sharing of client's documents with companies as per the beneficiary positions.
 - Various reports available to RTAs/issuers and custodians
 - Chances of late submission of the documents can be avoided.

Thank you

