

May 11, 2005

**All RBI Regulated Entities**

Dear Sirs

**Government Securities Transactions – T+1 Settlement**

Please refer to paragraph 74 of the Annual Policy Statement for the year 2005-06 dated April 28, 2005 wherein it was proposed that the settlement system for transactions in Government Securities would be standardised to T+1 basis.

2. The Technical Advisory Committee (TAC) on Money, Government Securities and Forex Markets had earlier discussed and advised migration to a uniform system of T+1 settlement for all outright secondary market transactions in Government Securities. Standardising the settlement period to T+1 would provide participants more processing time for transactions and hence will help better funds management as well as risk management.

3. Accordingly, it has now been decided to adopt a standardised settlement on T+1 basis of all outright secondary market transactions in Government Securities effective May 24, 2005.

4. In the case of repo transactions in Government Securities, however, market participants will have the choice of settling the first leg on either T+0 basis or T+1 basis, as per their requirements.

Yours faithfully

(B. Mahapatra)  
Chief General Manager-in-Charge