

## PRESS RELEASE

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### Revision in criteria for Nifty indices and inclusions in Nifty Bank index

#### A. Revision in criteria of Nifty Bank and Nifty Financial Services Index for adherence to additional eligibility criteria as per SEBI circular dated May 29, 2025

The Index Maintenance Sub-Committee (Equity) of NSE Indices Limited has decided to revise the index methodology of the Nifty Bank and the Nifty Financial Services to make the indices compliant with the additional eligibility criteria for indices which are traded on Future & Options segment of stock exchanges as prescribed by SEBI in their circular titled - ‘Measures for Enhancing Trading Convenience and Strengthening Risk Monitoring in Equity Derivatives’ (SEBI/HO/MRD/TPD-1/P/CIR/2025/79’ dated May 29, 2025.

A detail of the proposed revision in methodology of the two indices is as under:

#### 1) Nifty Financial Services Index:

Parameter	Existing methodology	Proposed methodology
Weight capping	<ol style="list-style-type: none"> <li>1) No single stock shall be more than 33%</li> <li>2) Weights of top 3 stocks cumulatively shall not be more than 62% at the time of rebalancing.</li> </ol>	<ol style="list-style-type: none"> <li>1) <b>Top 3 stock cap:</b> Top 3 stock weight capped at 19%, 14%, 10% respectively</li> <li>2) <b>Stocks other than Top 3 stocks:</b> Individual weights will be lower than those of higher weighted index constituents</li> <li>3) <b>Weight of Non- F&amp;O stocks:</b> <ol style="list-style-type: none"> <li>a. Non-F&amp;O stocks shall be individually capped at 4.5%</li> <li>b. Cumulative weight of all non-F&amp;O stocks shall be capped at 10%</li> </ol> </li> </ol>

## 2) Nifty Bank Index:

Parameter	Existing methodology	Proposed methodology
No. of stocks	Maximum of 12 stocks	14
Selection criteria - F&O	Top 12 companies based on 6 month average free-float market capitalization, that are allowed to trade in F&O segment at NSE are only eligible to be a constituent of the index	Step 1: Select top 14 stocks based on 6-month average free-float market capitalization within the eligible stocks that are available for trading in NSE's Futures & Options (F&O) segment  Step 2: In case the number of stocks selected in the Step 1 above is less than 14, then the deficit number of stocks is selected based on six-month average free-float market capitalization from the remaining eligible universe
Selection criteria - Circuit Filter	-	On a prospective basis, non - F&O stocks are eligible for inclusion only if the total instances of the stock hitting the upper or lower circuit (price band) * during the past 6 months as of the cut-off date is less than 20% of the number of total trading days over the same period.  <i>*An instance is counted each time the stock hits the upper or lower price circuit on a given trading day. If a stock hits the upper and lower price circuit (price band) on the same trading day, it will be counted as two instances</i>
Weight capping	<ol style="list-style-type: none"> <li>1) No single stock shall be more than 33%</li> <li>2) Weights of top 3 stocks cumulatively shall not be more than 62% at the time of rebalancing.</li> </ol>	<ol style="list-style-type: none"> <li>1) <b>Top 3 stock cap:</b> Top 3 stock weight capped at 19%, 14%, 10% respectively.</li> <li>2) <b>Stocks other than Top 3 stocks:</b> Individual weights will be lower than those of higher weighted index constituents^</li> <li>3) <b>Weight of Non- F&amp;O stocks:</b> <ol style="list-style-type: none"> <li>a. Non-F&amp;O stocks shall be individually capped at 4.5%</li> </ol> </li> </ol>

Parameter	Existing methodology	Proposed methodology
		b. Cumulative weight of all non-F&O stocks shall be capped at 10%

As prescribed by SEBI in their circular titled – ‘Implementation of eligibility criteria for derivatives on existing Non Benchmark Indices (HO/47/15/11(1)2025-MRD-TPD1/ I/63/2025)’ dated October 30, 2025, implementation of the changes shall be made effective from in the following way:

Sr. No	Index Name	Method of Implementation	Effective dates
1	Nifty Financial Services	In single tranche	Last trading day of December, 2025
2	Nifty Bank	In four monthly tranches	Last trading day of December 2025, January 2026, February 2026 and March 2026

On an ongoing basis, Nifty indices which are traded on NSE’s futures and option segment, shall be screened for compliance with the eligibility criteria as specified in ‘SEBI Master Circular for Stock Exchanges and Clearing Corporations’ dated December 30, 2024 and circular for ‘Measures for Enhancing Trading Convenience and Strengthening Risk Monitoring in Equity Derivatives’ dated May 29th 2025 and as amended/modified from time to time.

#### **B. Inclusions in Nifty Bank index for adherence to additional eligibility criteria as per SEBI circular dated May 29, 2025**

In accordance with the revised criteria, the Index Maintenance Sub-Committee (Equity) has decided to make the following inclusions to the Nifty Bank index:

Sr. No.	Company Name	Symbol
1	Union Bank of India	UNIONBANK
2	Yes Bank Ltd.	YESBANK

The above inclusion shall be made effective from December 31, 2025 (close of December 30, 2025).

### C. Revision in treatment of demerger of an index constituent of Nifty equity indices

For scheme of arrangement for stock-based demerger, where any of the index constituents (Demerged company') is demerging its business division(s) in two or more new entities/companies, based on feedback received from the market participants through consultation process and through the telephonic conversations, the Index Maintenance Sub-Committee (Equity) proposes the following revisions to the methodology of the Nifty equity indices:

Sr. No	Parameter	Existing method	Proposed method
1	For scheme of arrangement for stock-based demerger, where any of the index constituents (Demerged company') is demerging its business division(s) in two or more new entities/companies	Not applicable	<p>The demerged company will be retained in the index if Special Pre-Open Session (SPOS) is conducted by the exchange, else the demerged company is excluded from the index at the beginning of T-1 day where T is the ex-date of demerger.</p> <p>Further, the spun off entities shall be retained in the index in the form of dummy stocks (with equal weights) and shall be excluded from the index as and when listed and as per the standard criteria</p>
2	In terms of exclusion of such newly listed spun -off businesses/entities from the index	<p>The spun off business/ entity which is the newly listed entity shall be removed from the index after end of day (EOD) on third day of its listing.</p> <p>In case, during the first 2 days of these 3 days, if the spun off business/ entity hits the price band (higher or lower price band) on both days, then the exclusion date shall be deferred by another 3 days. After observing two consecutive</p>	<p>The spun off business/ entity which is the newly listed entity shall be removed from the index after end of day (EOD) of next business day (D Day) post observing two consecutive days of the spun off business/ entity not hitting the lower price band.</p> <p>If on such D Day, the spun off business/ entity hits the lower price band, exclusion of such stock shall not be deferred.</p>

Sr. No	Parameter	Existing method	Proposed method
		<p>days of the spun off business/entity not hitting the price band, such spun off business/entity shall be removed after the third trading day of such observation.</p> <p>If on such 3rd day spun off business/ entity again hits the price band, exclusion of such stock shall not be deferred anymore</p>	
3	In terms of applicability of treatment of retaining the Demerged entity and the Spun off entity in the index	<p>This treatment is applicable to all the Nifty Equity Indices</p>	<p>This treatment of the demerger shall be applicable to index constituents of Nifty Total Market and will thereby apply to Nifty equity indices which include such index constituent/s.</p> <p>For other equity indices, the demerged company shall be removed from the index at the beginning of T-1 day (close of T-2 day) where T-day would be the ex-date for demerger of stock by making a suitable replacement in case of indices with fixed number of companies. No replacement (inclusion) will be made in case of indices with variable number of companies.</p>

The above changes in treatment of demerger shall be made effective from December 15, 2025.

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**About NSE Indices Limited:**

NSE Indices Limited (formerly known as India Index Services & Products Ltd. - IISL), a subsidiary of NSE, provides a variety of indices and index related services for the capital markets. The company focuses on the index as a core product. The company owns and manages a portfolio of indices under the Nifty brand of NSE, including the flagship index, the Nifty 50. Nifty equity indices comprises broad-based benchmark indices, sectoral indices, strategy indices, thematic indices, and customised indices. NSE Indices Limited also maintains fixed income indices based on Government of India securities, corporate bonds, money market instruments and hybrid indices. Many investment products based on Nifty indices have been developed within India and abroad. These include index-based derivatives traded on NSE and NSE International Exchange IFSC Limited (NSE IX) and a number of index funds and exchange traded funds. The flagship 'Nifty 50' index is widely tracked and traded as the benchmark for Indian Capital Markets.

For more information, please visit: [www.niftyindices.com](http://www.niftyindices.com)

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