MTF Hits a New High of Rs 1.56 Lakh Crore; F&O Recovers While Cash Market Softens

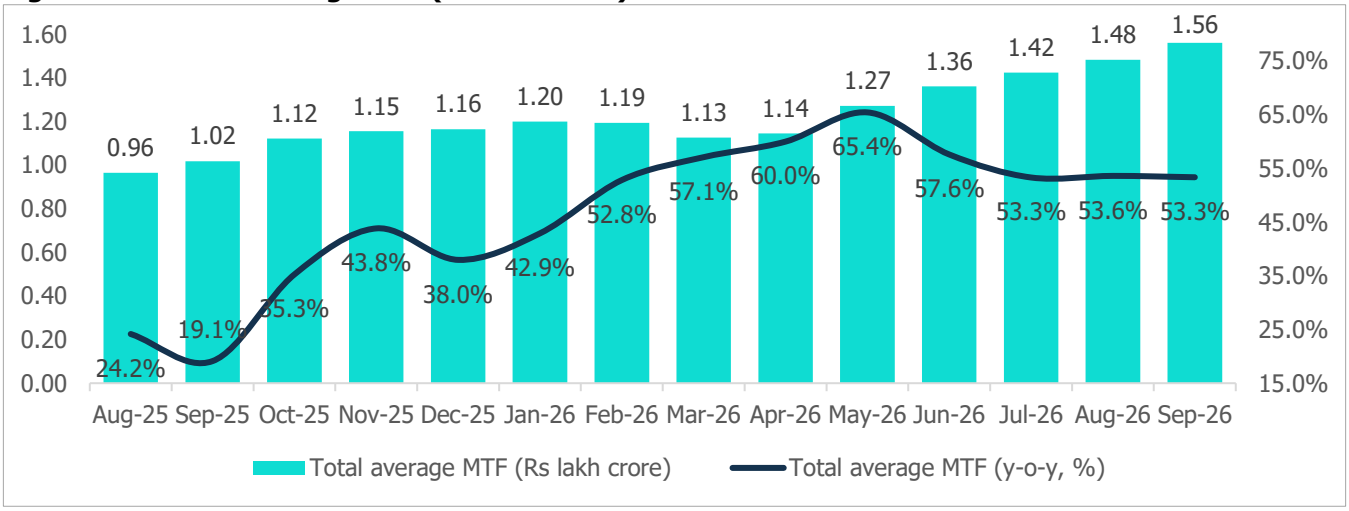
October 30, 2026 I BFSI Ratings

Synopsis

- In September 2026, the MTF book continued its strong growth trajectory, rising 5.3% sequentially and 53.3% y-o-y to Rs 1.56 lakh crore, marking a new all-time high and reflecting sustained investor preference for leveraged equity exposure. BSE's MTF book grew 56.3% y-o-y, while NSE recorded 53.2% growth; however, NSE continued to dominate the segment with a 95% market share.
- ADTO across the F&O and equity segments witnessed a mixed trend in September 2026. F&O ADTO stood at Rs 390 lakh crore in September 2026, increasing 12.4% sequentially. The recovery was driven by stabilising trading activity as market participants adapted to SEBI's Closing Auction Session (CAS) and recent derivatives-market reforms, along with easing concerns over the RBI's revised funding framework for Capital Market Intermediaries (CMIs).
- Cash-market ADTO declined to Rs 1.26 lakh crore in September 2026, down 3.3% sequentially. The moderation was driven by cautious investor sentiment, softer retail participation and a continued shift in trading activity towards derivatives. While participation from domestic institutional investors, FPIs and ongoing equity investment activity remained supportive, it was insufficient to offset weaker retail-led trading activity, resulting in lower cash-market turnover during the month.

MTF Book Continues Uptrend Momentum; Creates New Highs

Figure 1: Trend in Average MTF (Rs lakh crore)



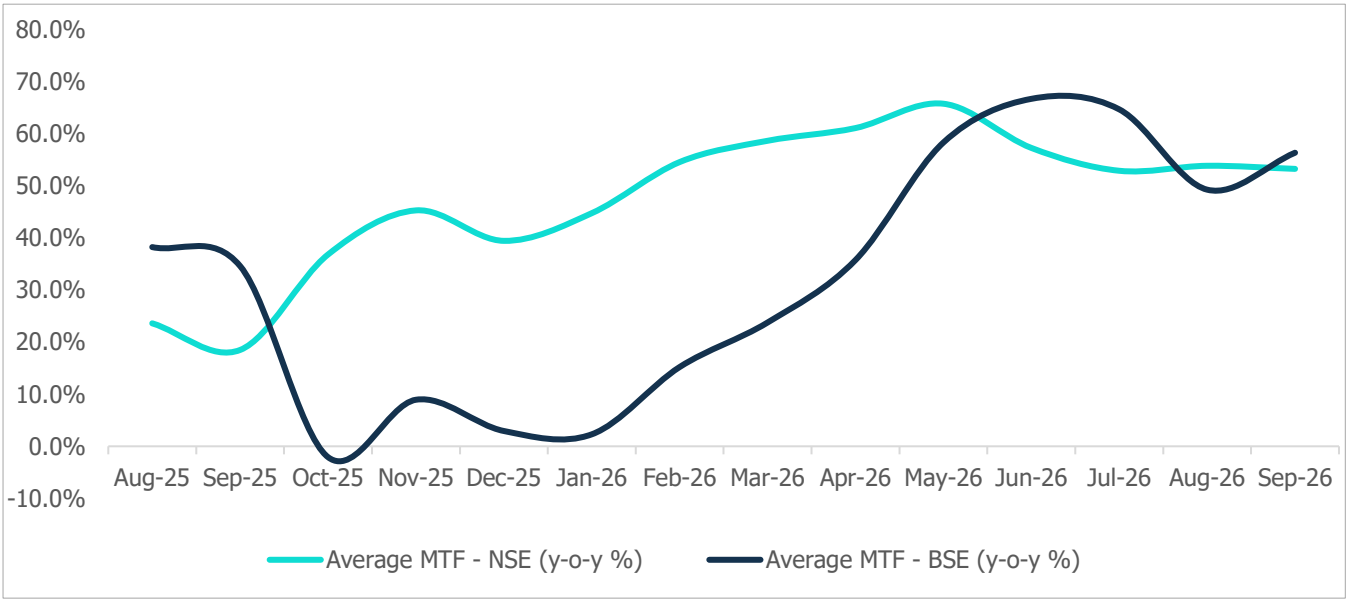
Source: NSE and BSE. Note: To calculate the average MTF, we considered data from all Tuesdays in the month and the last working day of each month.

- As of September 2026, the average MTF book stood at Rs 1.56 lakh crore, registering a sequential growth of 5.3% from August 2026. While m-o-m growth remained flat in the last three months, the MTF book continued to show robust traction, growing 53.3% y-o-y compared with 19.1% in September 2025. The sustained growth highlights continued retail participation and demand for leveraged equity positions despite intermittent market volatility. It also underscores the increasing adoption of MTF as a preferred financing avenue for equity trading and its growing importance as a key revenue driver for stockbrokers.

- NSE continues to dominate the MTF segment, contributing over 95% of total MTF volumes. The average MTF book on NSE rose to Rs 1.56 lakh crore in September 2026, reflecting a strong 53.2% y-o-y growth. Sequentially, the MTF book rose by Rs 0.07 lakh crore.
- In contrast, Bombay Stock Exchange's (BSE) MTF book remained relatively small in comparison; however, it recorded a strong 56.3% y-o-y increase in September 2026 and stood at Rs 0.07 lakh crore.

NSE Drives Steady MTF Growth; While BSE Marks Uptick in Growth

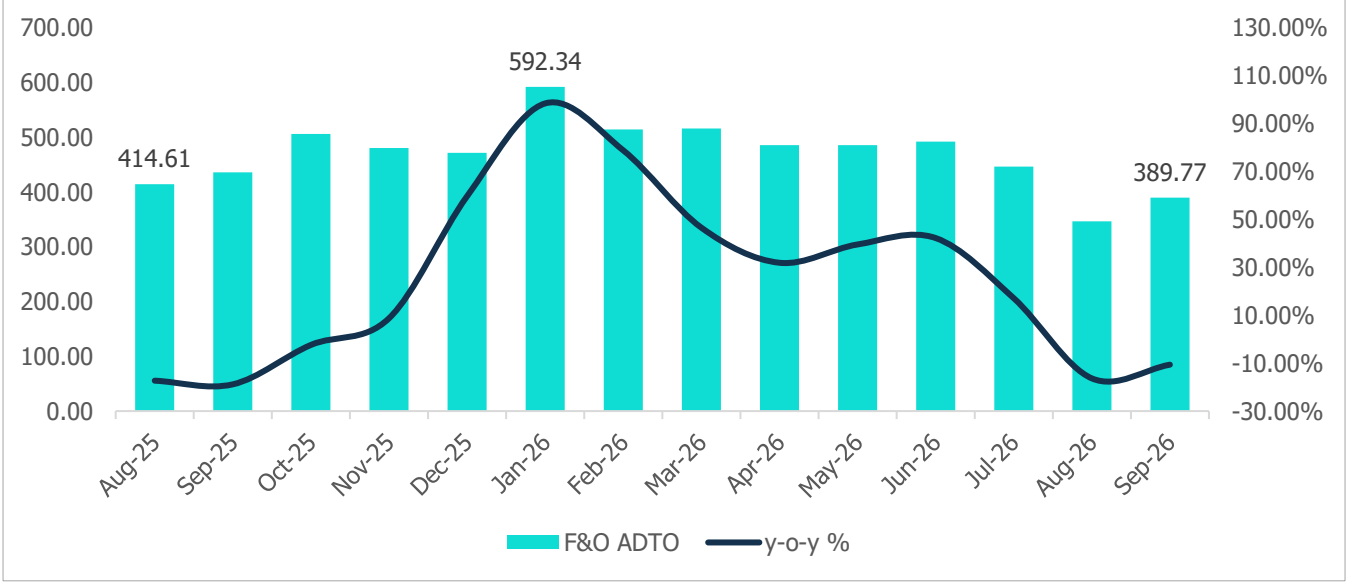
Figure 2: MTF Growth Trends (y-o-y, %)



Source: NSE, BSE. Note: The average MTF has been computed using data from all Tuesdays and the last working day of each month.

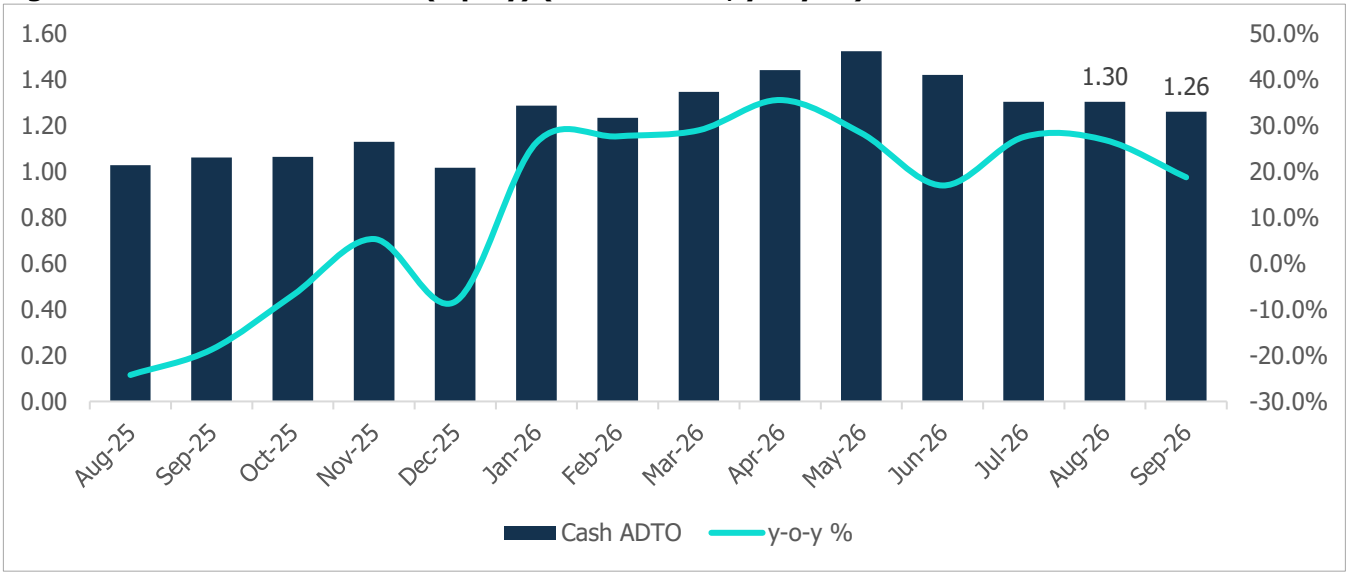
Sequential Recovery in F&O ADTO Following Two Months of Contraction

Figure 3: Trend in ADTO - F&O (Rs lakh crore, y-o-y %)



Cash Segment ADTO Witness Sequential Decline

Figure 4: Trend in ADTO - Cash (Equity) (Rs lakh crore, y-o-y %)



Source: NSE and BSE.

- ADTO across the F&O and equity cash segments improved sequentially in September 2026, primarily driven by a recovery in derivatives activity following two consecutive months of decline. F&O ADTO rebounded as market participants gradually adjusted to the new regulatory environment, with trading activity stabilising as they adapted to SEBI's Closing Auction Session (CAS) framework and other derivatives-market reforms, including changes to expiry-related processes, higher contract sizes, and tighter risk-management requirements. In addition, concerns around the impact of the RBI's revised funding framework for Capital Market Intermediaries (CMIs), which mandates higher collateralisation and tighter norms for bank funding and guarantees, started to moderate as intermediaries adapted to the new regime.
- Cash-market activity, however, witnessed a decline during September 2026. The moderation was driven by cautious investor sentiment, lower retail participation, and a continued preference for derivatives over cash equities owing to their higher capital efficiency and greater hedging utility. While sustained participation from domestic institutional investors and FPIs, along with continued interest in equity markets, provided some support to turnover, these factors were insufficient to offset the decline in retail and tactical trading activity, resulting in lower cash-segment ADTO during the month.

CareEdge Ratings' View

The MTF book continued its strong growth trajectory in September 2026, reaching a fresh all-time high of Rs 1.56 lakh crore, supported by sustained investor preference for leveraged cash-equity exposure and increasing adoption of margin funding products. Despite softer cash-market trading activity, investors continued to utilise MTF for positional strategies, supporting growth in the funding book.

Market activity displayed divergent trends across segments during the month. The F&O segment witnessed a sequential recovery after two months of decline, driven by the gradual stabilisation of trading activity. Market participants increasingly adapted to the revised trading environment. At the same time, concerns around the impact of the RBI's revised framework for funding Capital Market Intermediaries (CMIs) also moderated as intermediaries partially adjusted to the new requirements.

In contrast, cash-market activity declined during September 2026 amid cautious investor sentiment, lower retail participation and a continued shift in trading activity towards derivatives owing to their greater capital efficiency and hedging utility. While participation from domestic institutional investors and FPIs remained supportive, it was insufficient to offset weaker retail-led trading activity, resulting in lower cash-segment ADTO during the month.

Going forward, F&O volumes are expected to stabilise further as market participants fully adjust to the post-CAS regulatory framework and trading conditions normalise. While cash-market activity may remain sensitive to market sentiment and macroeconomic uncertainty, the long-term outlook for MTF remains favourable, supported by rising investor adoption and its growing importance as a key revenue driver for stockbrokers.

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