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Securities and Exchange Board of India

SECURITIES AND EXCHANGE BOARD OF INDIA

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CAPITAL MARKET REVIEW

I. Primary Market Resource Mobilisation *(Annexure Tables 3 to 14)*

- In September 2026, the Indian primary market scaled historic heights, with companies raising a total of ₹1,68,372 crore across equity, debt and trust structures. This single month accounted for nearly 22 per cent of the total capital raised since in FY27 so far, driven heavily by record number of new IPO listings and a major surge in corporate debt private placements. While public equity issues increased by 41 per cent to reach ₹42,999 crore, debt private placements nearly doubled month-on-month to hit ₹1,11,586 crore, making it the most active month for corporate fundraising in FY27 so far.
- This surge in public e**quity fund mobilization** during the month was led by highest-ever **70** IPO listings and **13** rights issues. Mainboard IPOs formed the bedrock of this capital influx, with **32 issues** that raised **₹40,355 crore** and accounted for the bulk of public equity fundraising, while **38 SME IPOs** mobilized **₹1,684 crore**. **13 rights issues** contributed the remaining **₹961 crore** to the fund raised through public equity during the month.
- Mainboard IPO fundraising was largely driven by Offer for Sale (OFS) component, which accounted for 75 per cent of the total, whereas SME IPOs were predominantly supported by fresh capital formation, contributing 94 per cent of the total.
- In contrast to the strong momentum in public markets, fundraising through private placements moderated during the month. A total of **₹10,023 crore** was raised through 89 issues, comprising **six QIPs** and **83 preferential allotments**. This represented a decline of 19.6 per cent compared to the previous month.
- **Regional Concentration:** Private sector issuers from the **western region** continued to dominate IPO activity, accounting for 40 of the 70 IPOs during September 2026.
- **Sectoral Composition: Mainboard IPOs** up to September 2026 remained concentrated in few key sectors, led by **Capital Markets** *(36 per cent)*, **Healthcare Services** *(10 per cent)* and **Industrial manufacturing** *(6 per cent)*.

Chart 1: Mainboard IPO Sectoral Trends FY 2026-27 (up to September 2026)



Units in Rs. Crore
Source: BSE and NSE

- **Debt Fund Mobilization:** Debt mobilization recorded a sharp increase in September 2026, driven primarily by debt private placements. Total debt fundraising stood at **₹1,12,873 crore**, marking a 92 per cent rise over August 2026.
- This surge was almost entirely attributable to **228 debt private placements**, which collectively raised **₹1,11,586 crore**, reflecting an increase of 93 per cent over the preceding month. Meanwhile, public debt issuances remained stable but limited in scale, with **four issues** raising **₹1,287 crore**. Further, four InvITs collectively raised **₹2,476 crore** during the month.

Table 1: Fund Mobilization in Primary Market (₹crore)

Particulars	2026-27 (up to Sep-26)	Sep-26
I. Equity Issues	**3,15,164**	**53,022**
a. IPOs (i+ii)	98,038	42,039
i. Main Board	92,357	40,355
ii. SME Platform	5,681	1,684
b. FPOs	-	-
c. Equity Rights Issues	3,849	961
d. Preferential Allotments	1,52,421	2,823
e. QIPs/IPPs	60,856	7,200
II. Debt Issues	**4,38,697**	**1,12,873**
a. Debt Public Issues	4,685	1,287
b. Private Placement of Debt	4,34,011	1,11,586
III. REITs/InvITs	**13,320**	**2,476**
a. REITs	6,005	-
b. InvITs	7,315	2,476
Total Funds Mobilised (I+II+III)	**7,67,180**	**1,68,372**

Source: SEBI, BSE and NSE

- **Investor participation**: Investor participation demonstrated a marked divergence between the Mainboard and SME segments. In mainboard IPOs, institutional investors dominated subscription activity, with the **QIB-Others**[1] contributing 37 per cent, followed by NIIs at 28 per cent and RII's & Others[2] at 17 per cent. While, SME IPO segment exhibited a more retail-oriented participation pattern, with **RIIs** contributing the largest share at 48 per cent, while NIIs accounted for 32 per cent.
- **Listing Day Performance:** Mainboard IPOs exhibited a positive relationship between oversubscription and listing-day gains, with subscription levels exceeding 120x serving as a leading indicator of premium listing performance. Listing-day gains in this category reached as high as 76 per cent.
- In contrast, the **SME IPO segment** was characterized by increased volatility and asymmetric risk. Although a positive relationship between oversubscription and listing-day returns was also observed in this segment, strong gains were recorded even at relatively low subscription levels, alongside a few notable high-demand outliers. The clustering of several data points around the 90 per cent return level, irrespective of subscription level, was primarily due to the prevailing regulatory caps on listing-day price movement.

Table 2: IPOs opened relative to their Issue Price

a) SME IPOs

FY27	IPOs	Opened Below Issue Price		Opened Above Issue Price				Average Return (%)
		-25 to -10%	-10 to 0%	0 to 10%	10 to 25%	25 to 50%	above 50%	
Apr	7			5	2			5.9
May	12	3	2	2	1	3	1	11.8
Jun	19	6	1	7	1	2	2	12.7
Jul	20	3	2	6	3	1	5	29.6
Aug	22	3	3	7	5	1	3	19.6
Sep	38	1	7	20	1	2	7	16.2

[1] *'QIB-Others' refers to the portion of Qualified Institutional Buyer (QIB) bids that are made by institutional investors excluding FPIs, Domestic Financial Institutions (Banks/ Financial Institutions (FIs)/ Insurance Companies) and Mutual Funds.*
[2] *'RII's & Others' also include employees and shareholders.*

b) Mainboard IPOs

FY27	IPOs	Opened Below Issue Price			Opened Above Issue Price				Average Return (%)
		-50 to -25%	-25 to -10%	-10 to 0%	0 to 10%	10 to 25%	25 to 50%	above 50%	
Apr	4			2	2				-1.9
May	1					1			11.1
Jun	3		1		1		1		16.0
Jul	13		1	1	5	3	3		12.0
Aug	18				4	7	5	2	28.5
Sep	32	1	1	6	11	4	7	2	9.9

Note: Each cell shows the number of listings in that window.

Opened Below Issue: → *Ascending no. of IPOs* →

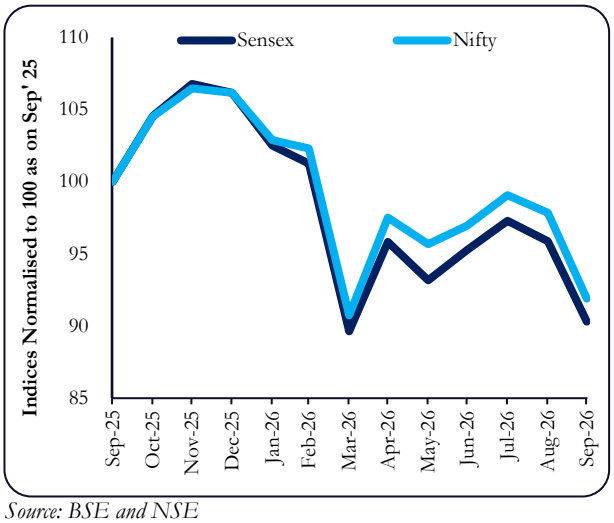
Opened Above Issue: → *Ascending no. of IPOs* →

- **Offers closed under SEBI (SAST) Regulations:** Under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, **eight** offers were closed during the month. These had a combined offer value of **₹130 crore** and were primarily undertaken to facilitate change in control of management.

II. Secondary Market *(Annexure Tables 1, 15 to 17, 30, 31, 37 to 39, 47, 50 to 55, 66)*

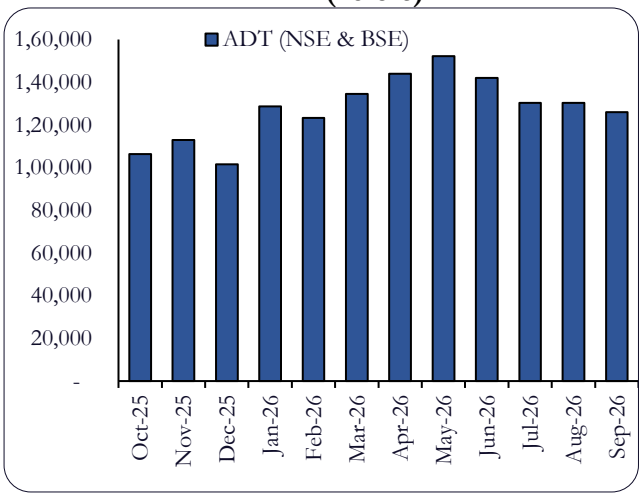
- **Broad Market Indices:** Indian equity markets witnessed a sharp correction in September 2026, driven a confluence of global macroeconomic headwinds and FPI outflows. Rising US Treasury yields, expectations of tighter global monetary conditions and escalating geopolitical tensions pushed crude oil prices higher, heightening concerns over domestic inflation, external balances and corporate profitability. The Nifty 50 and BSE Sensex declined by 6.1 per cent and 5.8 per cent, respectively, reversing gains accumulated over several months. The correction extended to broader market segments, with the Nifty Midcap 150 falling 7.6 per cent, its steepest monthly decline in six months, while the Nifty Smallcap 250 declined by 3.1 per cent.
- **Sectoral Indices:** Among the selected sectoral indices, IT recorded the steepest decline of 11.2 per cent, followed by Consumer Durables (9.4 per cent) Auto (8.8 per cent), PSU Bank (6.9 per cent), and Capital Goods (6.5 per cent). In contrast, Media was the only selected sector to post gains (1.7 per cent).

Chart 2: Movement of Sensex & Nifty 50



Source: BSE and NSE

Chart 3: Trends in ADT in Equity Cash Segment (₹crore)



Source: BSE and NSE

Table 3: Trends of BSE and NSE Sectoral Indices during September 2026 (per cent)

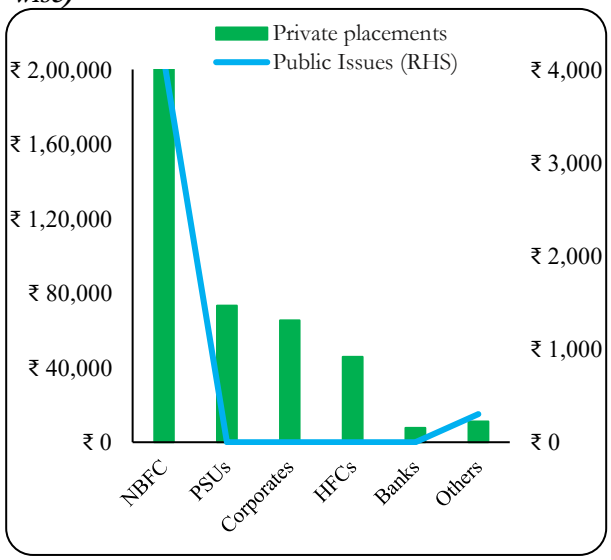
Sectoral Indices	Monthly Return	Annualized Volatility
NIFTY MEDIA	1.7	20.9
BSE Utilities	-0.8	14.3
NIFTY PHARMA	-2.8	13.9
BSE Energy	-2.8	11.3
BSE POWER	-3.2	16.0
NIFTY METAL	-3.3	21.2
NIFTY FMCG	-3.3	12.7
BSE Commodities	-4.3	15.4
NIFTY OIL & GAS	-4.4	11.2
BSE Industrials	-4.5	18.3
NIFTY HEALTHCARE	-4.7	14.7
NIFTY BANK	-5.8	12.8
NIFTY FINANCIAL SERVICES	-6.3	14.4
NIFTY REALTY	-6.3	27.0
BSE CAPITAL GOODS	-6.5	20.5
NIFTY PSU Bank	-6.9	16.9
NIFTY AUTO	-8.8	13.8
NIFTY CONSUMER DURABLES	-9.4	14.3
NIFTY IT	-11.2	17.5

Source: Refinitiv

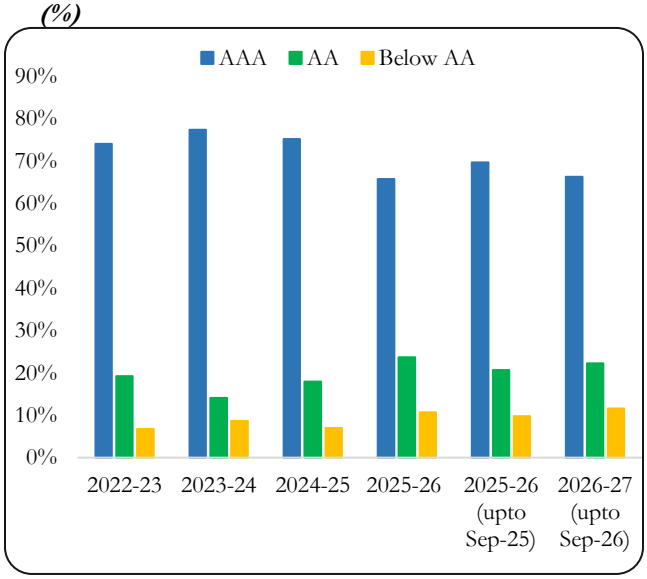
- **Outstanding Corporate Bonds:** As of September 2026, total outstanding corporate bonds stood at ₹61.5 lakh crore. During FY27 (up to September 2026), category-wise issuances show that NBFCs emerged as the largest fundraisers, followed by PSUs, corporate entities, HFCs, and banks.
- A noticeable shift was observed in the rating distribution of listed bonds based on the amount raised. The share of AAA-rated instruments declined, while the proportion of AA-rated and below-AA-rated instruments increased during FY27 (up to September 2026). On a year-on-year basis, median yields increased for AAA-rated and below-AA-rated bonds, whereas yields on AA-rated bonds declined.
- Market liquidity improved during the period, with average daily trading volume rising to ₹9,095 crore in FY27 (up to September 2026), compared with ₹8,829 crore in FY26.

Chart 4: Corporate Bond Market Trends

a. Category-wise Listed Issuances in Rs. crore (Issuer-wise)*



b. Rating-wise Issuances of Listed Bonds/ Debentures (%)

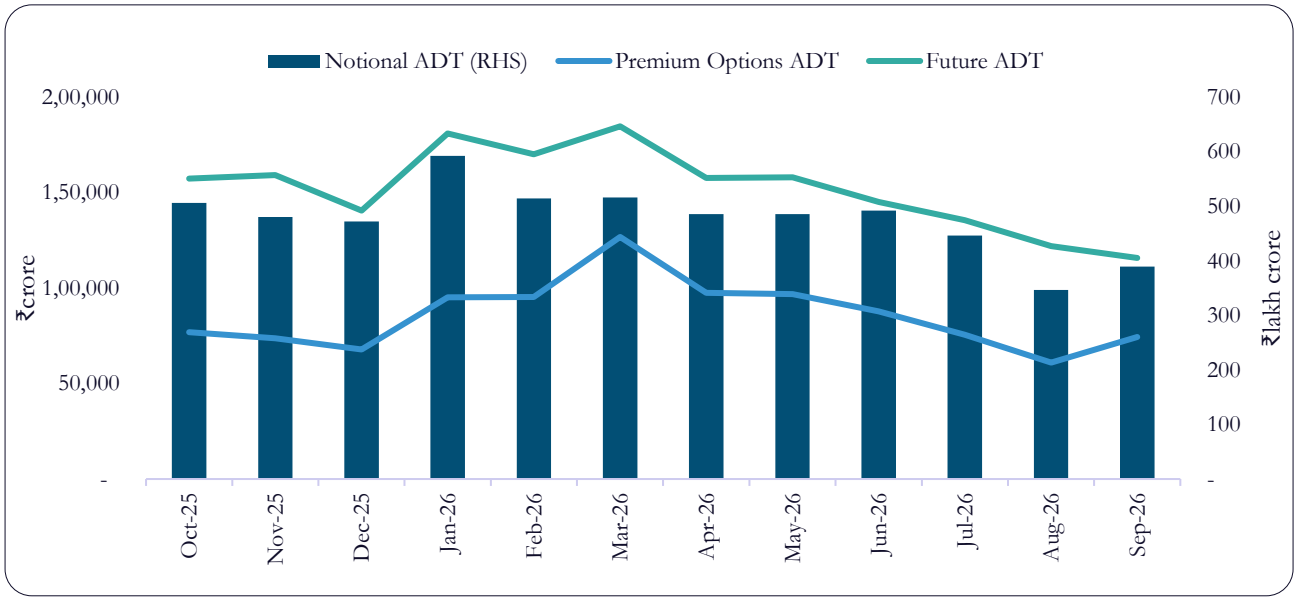


*Notes: 1. *Data for FY 2026-27 (upto September 30, 2026)*
2. Others include ARCs, Financial Institutions, REITs, InvITs
Source: CDSL and NSDL

- **Market Turnover**: In September 2026, the combined equity cash market Average Daily Turnover (ADT) across NSE and BSE declined marginally by 3.3 per cent M-o-M to ₹1.3 lakh crore, but maintained a robust 18.7 per cent Y-o-Y growth. This marks the fourth consecutive month of decline in ADT, following the high level of ₹1.5 lakh crore recorded in May 2026.

- **Equity Derivatives:** The average daily notional turnover (ADNT) in the equity derivatives segment increased by 12.4 per cent M-o-M to ₹389.8 trillion in September 2026. However, on a quarterly basis, ADNT declined by 19 per cent in Q2 FY27 (Jul-Sep 2026), as compared to Q1 FY27 (Apr-Jun 2026). In the futures segment, equity futures ADT declined by 5.1 per cent M-o-M to ₹1.16 lakh crore, marking the fourth consecutive monthly decline since June 2026. In contrast, the options segment witnessed a recovery, with average daily premium turnover (ADPT) increasing by 22 per cent M-o-M to ₹74,419 crore, following a 19.3 per cent decline in August 2026.

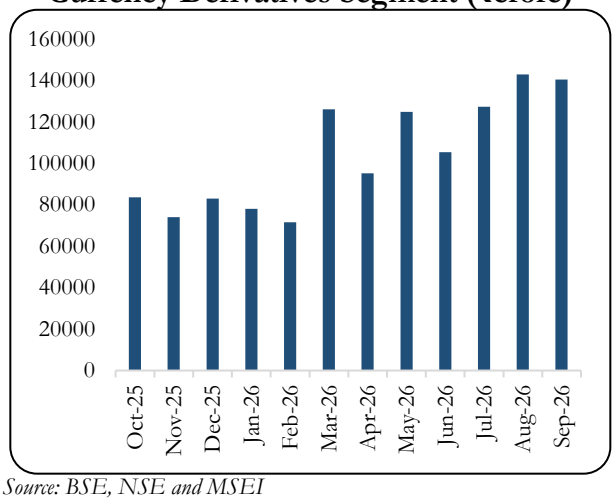
Chart 5: Trends in Average Daily Turnover in Equity Derivatives Segment (₹crore)



Source: BSE and NSE

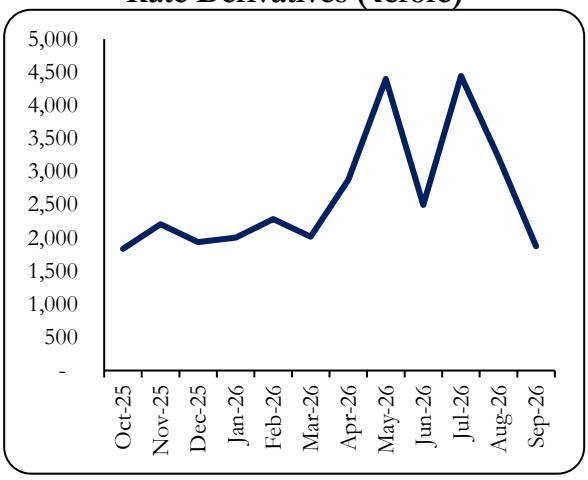
- **Currency Derivatives:** Trading activity in the currency derivatives segment remained broadly stable in September 2026, with premium turnover declining marginally by 1.7 per cent M-o-M to ₹1.4 lakh crore. The segment witnessed significant trading activity since February 2026 amid continued demand for hedging against external and interest-rate uncertainties.
- **Interest Rate Derivatives:** The turnover in the Interest Rate Futures (IRF) segment declined by 41.7 per cent M-o-M to ₹1,873 crore in September 2026, following a 27.7 per cent M-o-M decline in August 2026. This marks the second consecutive monthly decline, bringing turnover to its lowest level since November 2025.

Chart 6: Trends in Premium Turnover in Currency Derivatives Segment (₹crore)



Source: BSE, NSE and MSEI

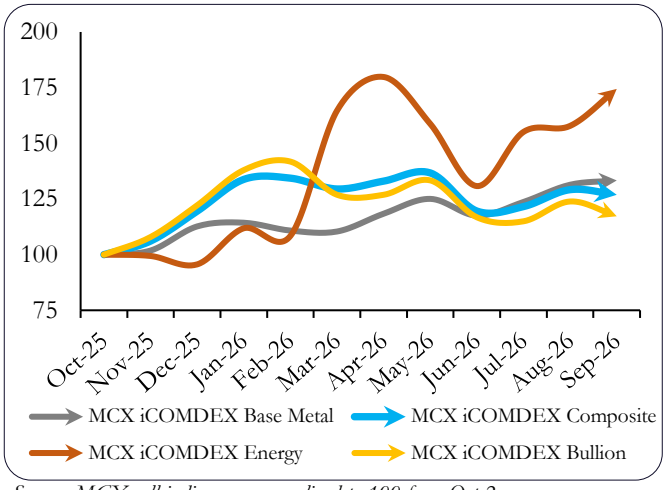
Chart 7: Trends in Turnover in Interest Rate Derivatives (₹crore)



Source: NSE

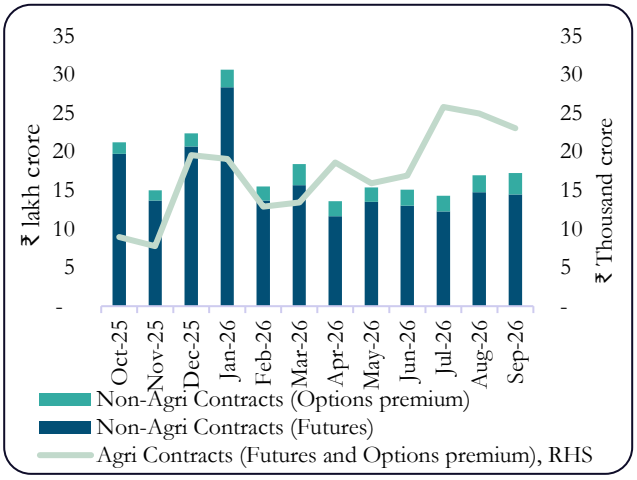
- **Commodity Derivatives:** At the end of September 2026, the MCX iCOMDEX composite index decreased by 1.8 per cent m-o-m to 23,729, after a significant increase of 6.2 per cent during previous month. This downturn was influenced by 5.4 per cent decrease in heavily weighted bullion index, despite the Energy Index and Metal Index registering growth of 10.5 per cent and 1.5 per cent, respectively. On y-o-y basis, the composite index registered 30.9 per cent growth compared to September 2025, driven by growth across all three component indices, viz. Bullion (21.5 percent), Energy (71.1 per cent) and Metal (39.7 per cent).
- In September 2026, the aggregate turnover across futures and options (premium) contracts in commodity derivatives segment increased marginally by 1.6 per cent m-o-m to ₹17.5 trillion, up from ₹17.2 trillion recorded in August 2026.
- The increase in turnover was primarily driven by m-o-m increase of 40.9 per cent in energy segment. Conversely, bullion and metal segment recorded decline of 11.1 per cent and 2.6 per cent, respectively.
- Non-agri futures contracts continued its dominance in overall turnover with 82.9 percent share, while non-agri options contracts, measured in terms of 'premium' contributed around 15.8 per cent. The agricultural futures contracts made a modest contribution of 1.3 percent to the aggregate turnover.

Chart 8: Movement of Domestic Commodity Derivatives Market Indices



Source: MCX; all indices are normalized to 100 from Oct-2

Chart 9: Trends in Commodity Derivatives Turnover (₹crore)

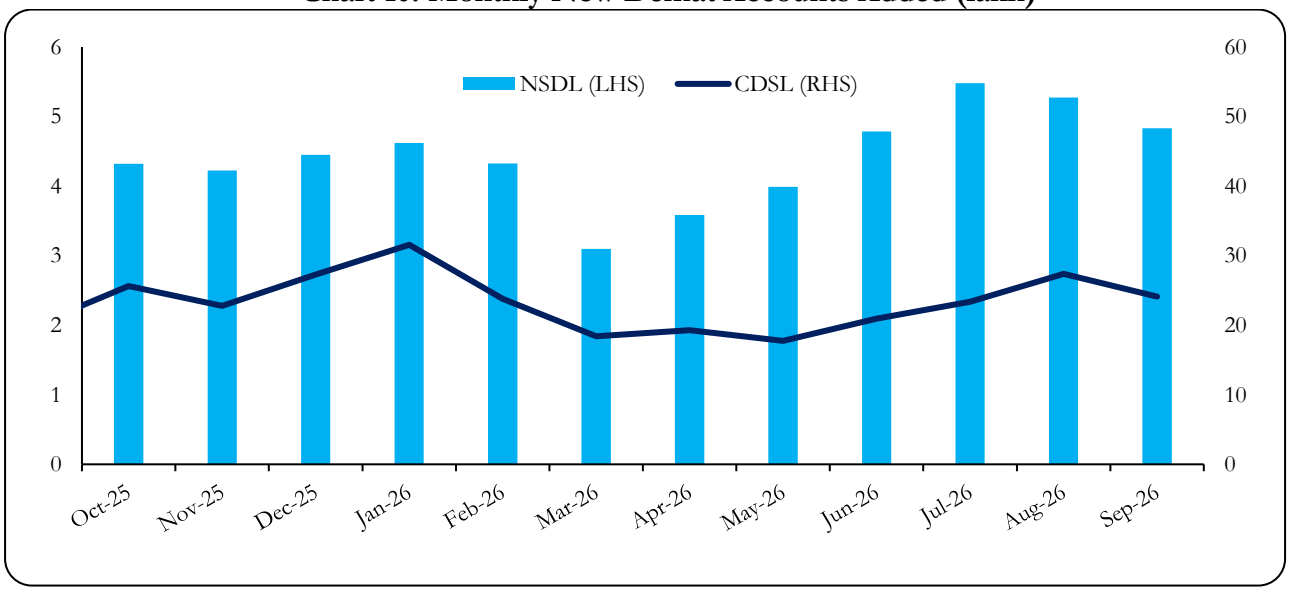


Source: MCX and NCDEX

III. Trends in Demat Accounts *(Annexure Tables 63 to 65)*

- In September 2026, 4.8 lakh net demat accounts were added with NSDL while CDSL added 24.1 lakh net accounts, registering an increase of 1.2 per cent in total demat accounts over August 2026. At the end of September 2026, the overall tally of demat accounts stood at 24.1 crore comprising 4.7 crore demat accounts at NSDL and 19.3 crore accounts at CDSL.

Chart 10: Monthly New Demat Accounts Added (lakh)

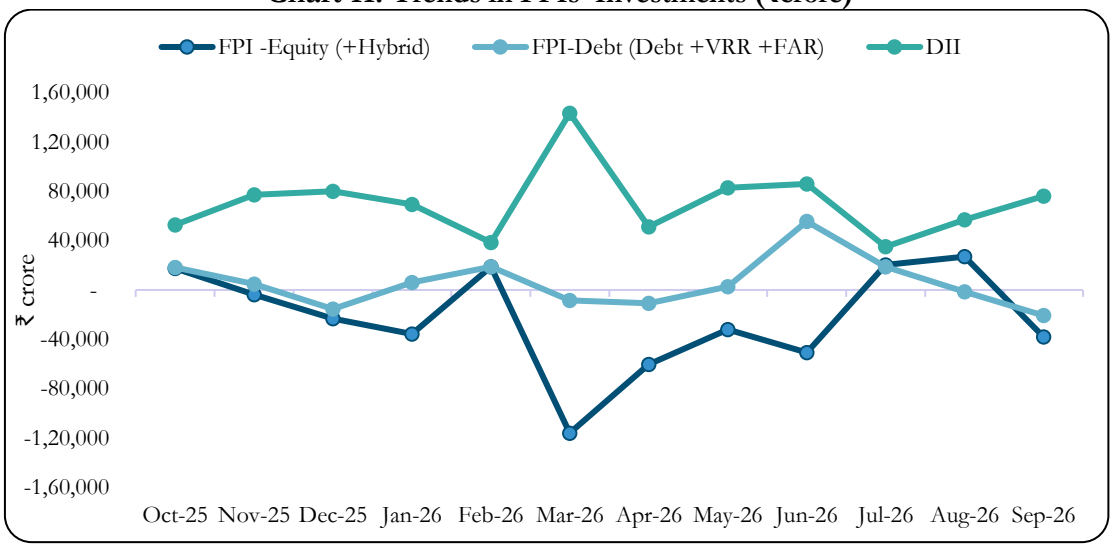


Source: NSDL and CDSL

IV. Foreign Portfolio Investors[3] (FPIs) *(Annexure Table No. 49)*

- During Sep-26, Indian securities market recorded net FPI outflows of ₹58,443 crore against ₹25,492 crore net inflows in Aug-26.
- FPIs turned net sellers in September 2026, pulling out a net ₹35,861 crore from Indian equities. This outflow ended a brief two-month buying streak seen in July and August. The reversal in FPI sentiment was primarily driven by a global "crude-and-dollar" shock. Escalating Middle East tensions drove Brent crude to $100–$110 per barrel, while the US 10-year Treasury yield climbed past 5 per cent. This yield surge strengthened the US Dollar and forced the Indian Rupee past ₹96 per USD, triggering a systemic emerging market risk-off environment.
- Among the top 10 sectors by Assets Under Custody (AUC), Financial Services led the outflows, recording sharp outflow of ₹13,147 crore. Significant risk-off selling was also recorded across the Oil & Gas and Automobile sectors as global energy and input cost pressures intensified. Only Consumer Services and Healthcare sector recorded FPI net inflows totalling ₹4,450 crore.
- FPIs extended their selling pressure to the debt market in September 2026, recording a sharp net debt outflow of ₹20,727 crore. FPIs net sold ₹10,431 crore in FAR and ₹5,247 crore in General Limit debt securities. The outflow was primarily due to tightening spread between US and Indian sovereign yields. DIIs[4] continued to be net buyers in the equity segment with monthly net inflows of ₹76,111 crore.

Chart 11: Trends in FPIs' Investments (₹crore)



Source: NSDL, NSE and BSE

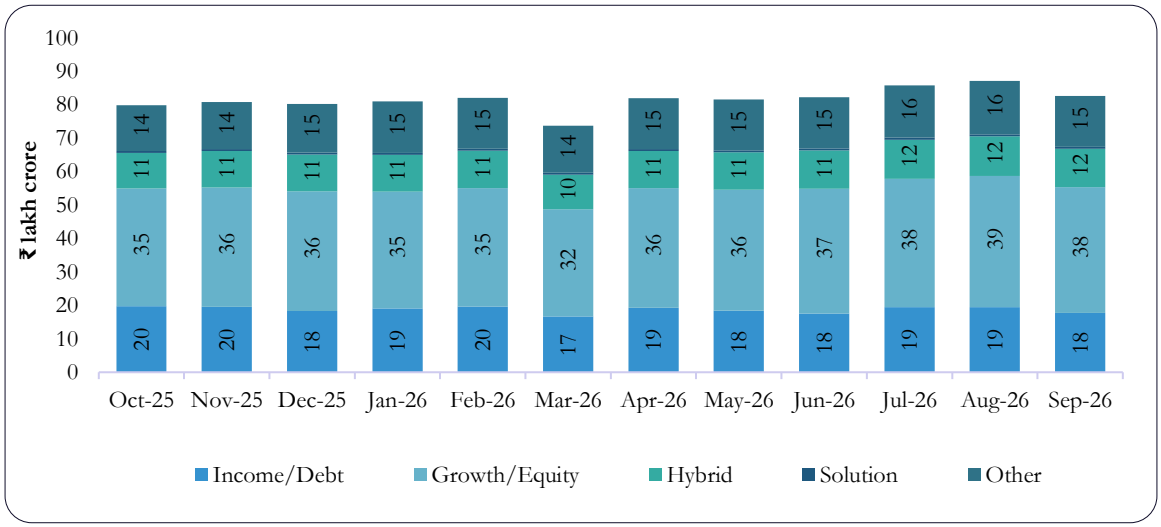
[3] *FPIs' net investment included investments in mutual funds starting from September 2024.*
[4] *Includes Domestic Mutual Funds, Banks, Financial Institutions, Insurance Companies, Pension Funds and Others*

V. Fund Management Activities

A. Mutual Funds (*Annexure Tables Nos. 60 to 61)*

- The AUM of the mutual fund industry fell by 5.1 per cent M-o-M to ₹82.6 lakh crore at the end of September 2026 from ₹87.08 lakh crore in August 2026. The decline was largely attributable to substantial redemptions from debt-oriented schemes, particularly liquid and money-market funds, alongside equity market corrections during the month. Despite the corrections, industry AUM remained approximately 9.3 per cent higher Y-o-Y reflecting continued growth over longer term. Out of the total AUM, private sector mutual funds hold a dominant share of around 83 per cent.

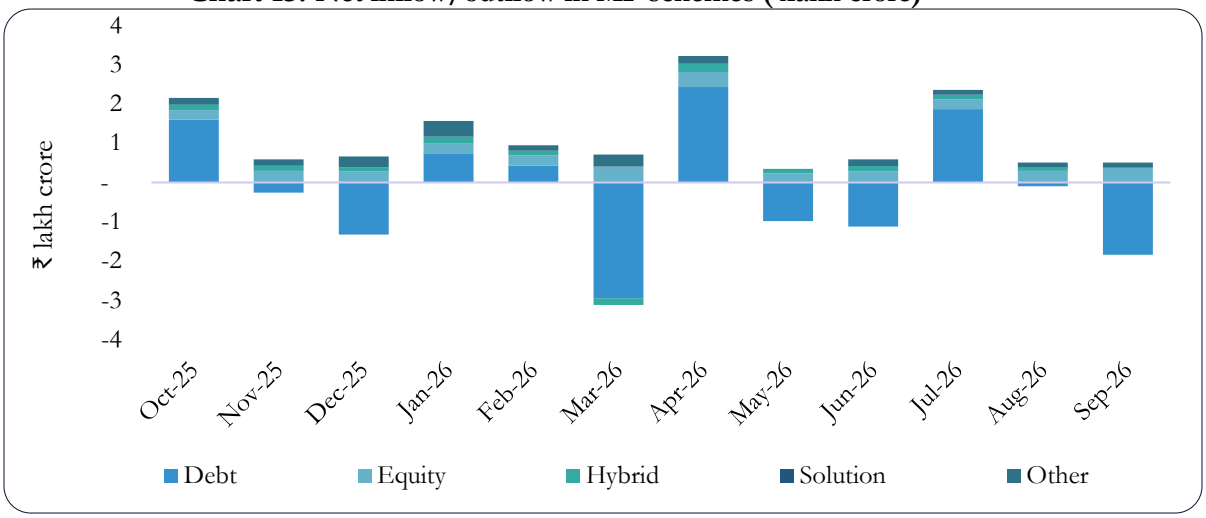
Chart 12: Scheme-wise Assets Under Management of Mutual Funds



Source: SEBI

- During September 2026, the industry recorded an overall net outflow of ₹1,33,376 crore, reversing the net inflows witnessed in the preceding month. The outflows were primarily concentrated in debt-oriented schemes, particularly, liquid and money market funds reflecting quarter-end tax and institutional liquidity requirements. Hybrid schemes also recorded net outflows.
- In contrast, equity-oriented schemes continued to attract investor interest with net inflows rising by 30.6 per cent M-o-M to ₹38,307 crore compared with ₹29,329 crore in August 2026. Small-cap funds attracted the highest inflows of ₹9,039 crore followed by mid-cap funds (₹7,835 crore), and flexi-cap funds (₹6,702 crore).

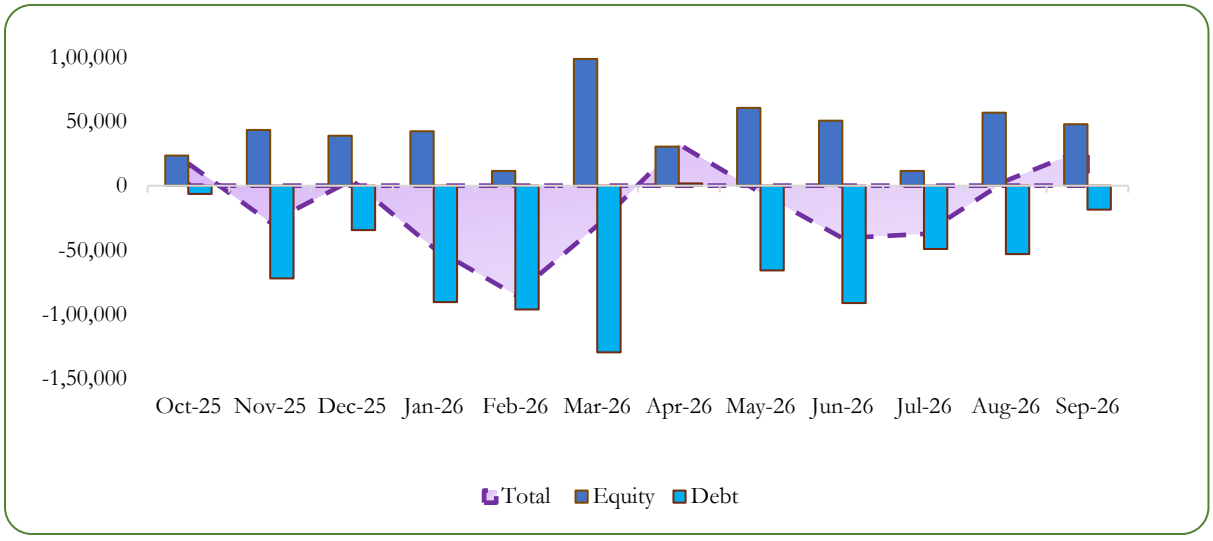
Chart 13: Net inflow/outflow in MF schemes (₹lakh crore)



Source: SEBI

- In secondary market, mutual funds purchased ₹47,967 crore in equity market, while recording a net withdrawal of ₹18,648 crore from the debt market.

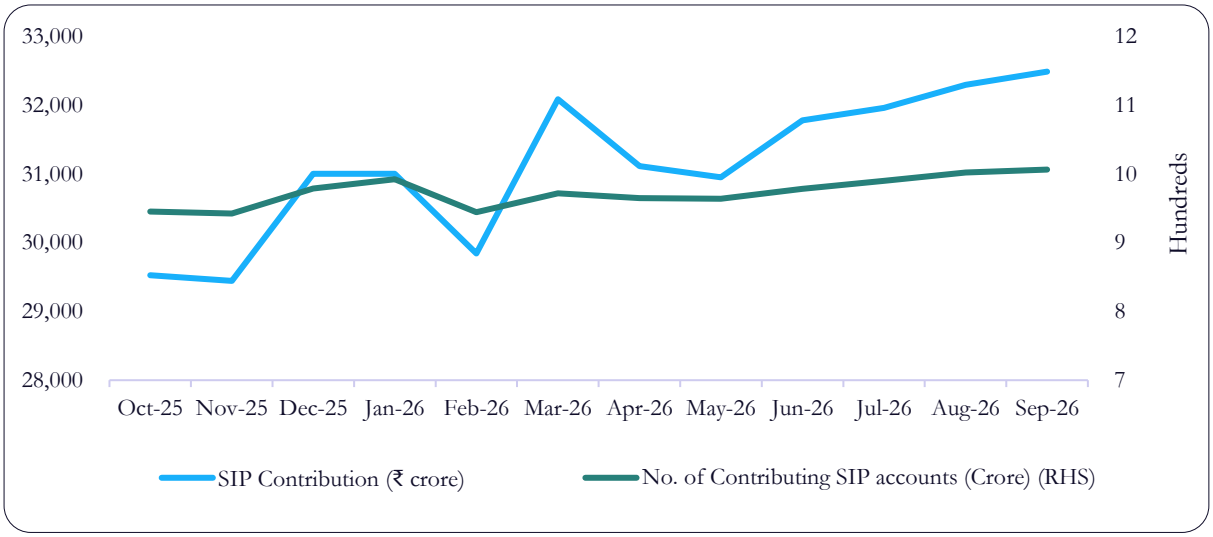
Chart 14: Trends in Net Purchase/Sales of Mutual Funds Transactions in Secondary Market (₹crore)



Source: SEBI

- Monthly SIP contributions hit an all-time high of ₹32,490 crore in September 2026, with around 63 lakh new SIP accounts opened during the month indicating sustained participation through systematic investments despite market volatility.
- The number of contributing SIP accounts in India reached 10.06 crore. The total SIP assets stood at ₹17.9 lakh crore, accounting for 21.6 per cent of total MF assets.

Chart 15: Trends in SIP Contribution

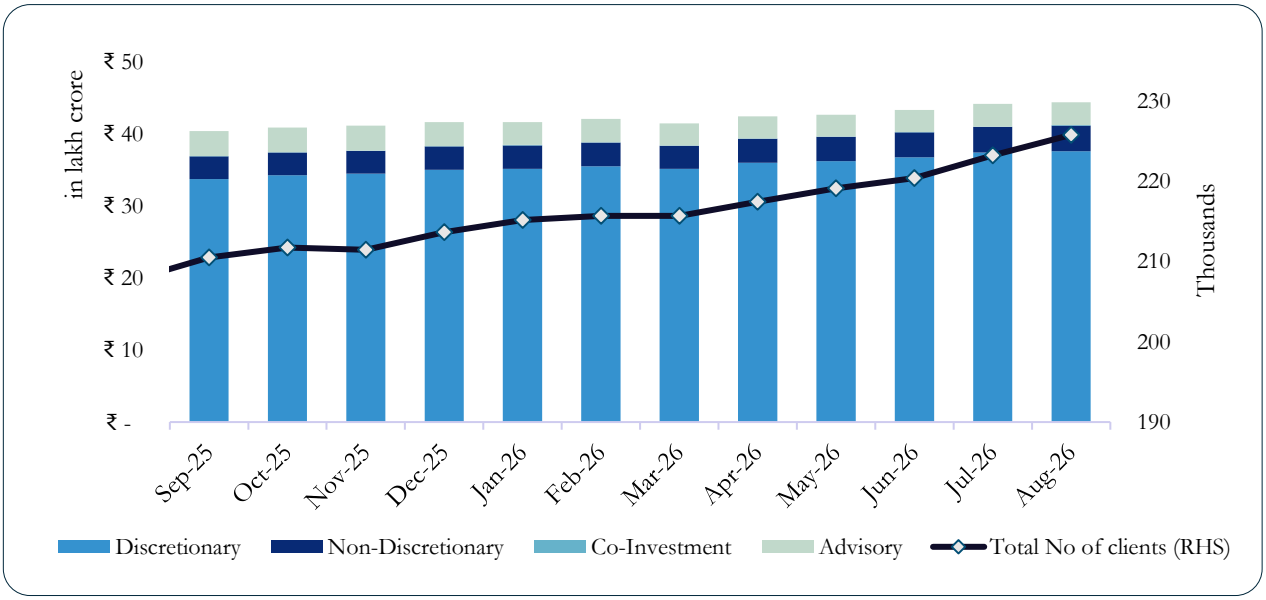


Source: AMFI

B. Portfolio Management Services (*Annexure Table No 62*)

- The total AUM in the portfolio manager industry stood at ₹₹44.1 lakh crore at the end of July 2026.

Chart 16: Number of Clients and AUM of Portfolio Managers

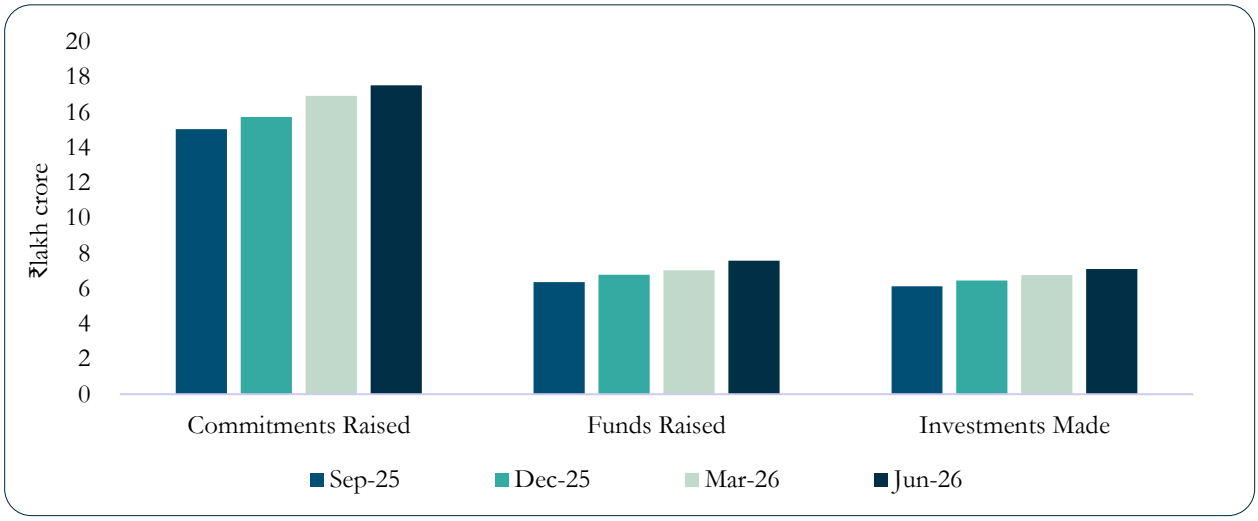


Source: SEBI

C. Alternative Investment Funds

- The commitments raised by AIFs have increased by 23.6 per cent reaching ₹17.5 lakh crore at the end of June-26 from ₹14.2 lakh crore at the end of June-25, while the investments made increased from ₹5.7 lakh crore at the end of Jun-25 to ₹7.1 lakh crore in Jun-26.

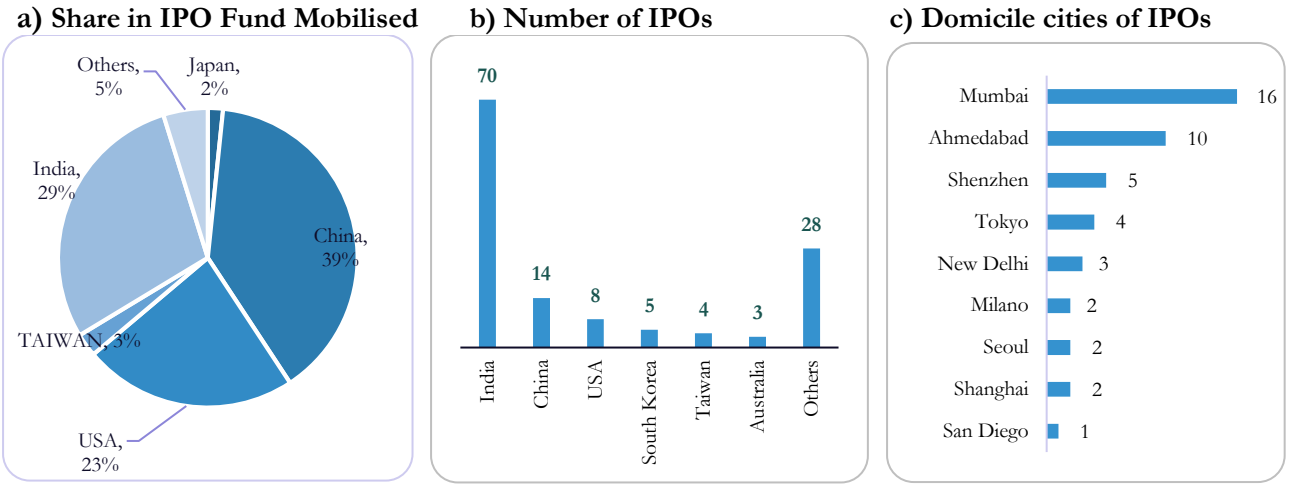
Chart 17: Growth Trends in AIFs



PERFORMANCE REVIEW: INDIA AND GLOBAL MARKETS

- **Global Economic Outlook**: International Monetary Fund's (IMF) October 2026 World Economic Outlook projected global economic growth at 3.1 per cent in 2026 and 3.4 per cent in 2027. Global economic activity remained resilient, supported by strong investment in artificial intelligence (AI), robust demand for technology-related goods and the private sector's ability to adapt to trade disruptions. However, this resilience remained uneven across economies, with geopolitical tensions, elevated energy prices and tighter financial conditions weighing on the outlook. Inflationary pressures, rising sovereign bond yields and uncertainty surrounding returns on AI investment continued to pose risks to financial stability.
- In contrast, India's growth outlook remained strong, with the IMF projecting GDP growth of 7.0 per cent in both FY27 and FY28 supported by resilient domestic demand and stronger-than-expected economic momentum. This optimistic view is also echoed by the Asian Development Bank's (ADB) September 2026 report, which noted that India's strong public investment and firm export growth single-handedly drove the upward revision of South Asia's 2026 growth forecast to 6.4 per cent from 6.0 per cent.
- An alternative assessment suggests a more cautious path. The OECD's September 2026 Interim Economic Outlook projects India's GDP growth at 7.1 per cent in 2026 before cooling to 6.5 per cent in 2027, as elevated energy prices, potential El Niño-related disruptions and tighter global financial conditions continued to pose downward risk on growth prospects. OECD also noted that AI related goods shipments were contributing significantly to merchandise trade, particularly across Asian economies. At the same time, the OECD cautioned that weaker than expected returns on AI investment could trigger a repricing of technology related assets and weigh on investment and financial conditions.
- **Global IPO Activity:** Primary equity markets experienced a major surge in activity during September 2026, with India solidifying its position as the global leader in new listings. India recorded an extraordinary 70 IPOs during the month, vastly outpacing China's 14 and the United States' 8 listings.
- In terms of total proceeds, China led the global market by raising approximately $5.9 billion, while India raised around $4.4 billion. India's strong primary market activity was further highlighted by the National Stock Exchange of India (NSE) IPO, which was the second largest IPO in India till date and had the largest offer size among global IPOs during the month. The strong issuance activity underscored continued momentum in India's equity capital markets, supported by sustained investor interest and favourable conditions for large scale public offerings.

Chart 18: Geographical view of Global IPO market



Source: Bloomberg

- Sector-wise, global IPO activity remained broad-based across financial services and technology-related industries. Diversified Financial Services contributed $2.7 billion, the largest share among the identified sectors, driven in part by a major listing in Indian market. Within the others category, industrial sector companies were the leading contributors, with diversified machinery and construction and mining machinery accounting for $1.1 billion and $0.9 billion, respectively.

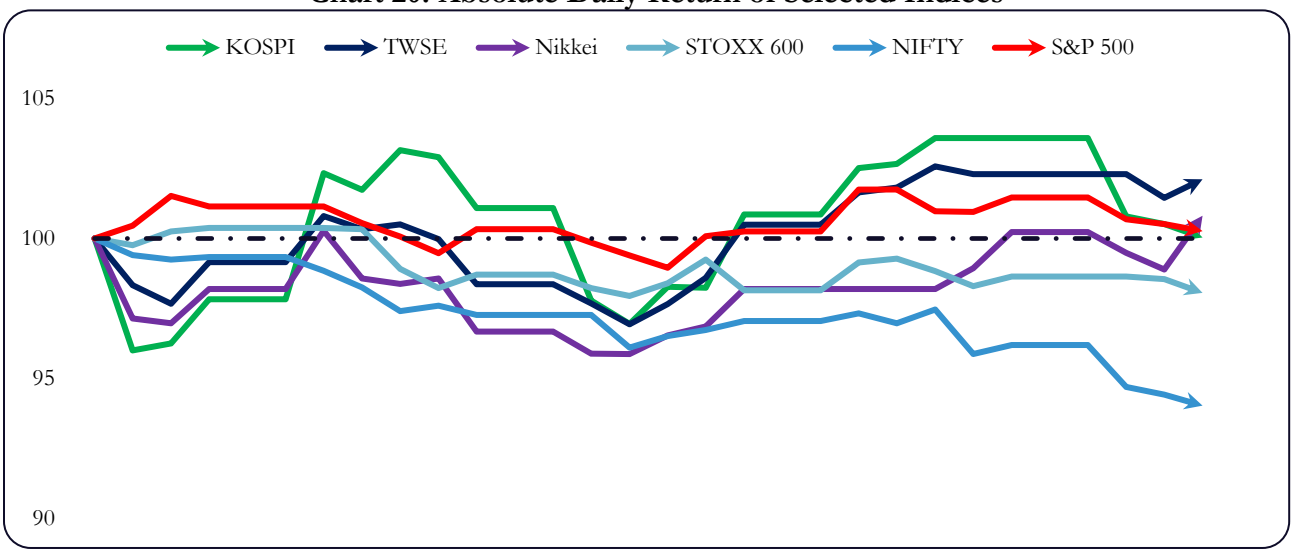
Chart 19: Global IPO market sector distribution for the Month (USD Million)



- **Equity Market Performance:** Asian markets showed mixed performance during September, with the KOSPI and TWSE recovering from mid-month weakness and ending broadly above their starting levels. The Nikkei also recovered towards month-end, while the S&P 500 remained relatively resilient.

In contrast, the European stock market index STOXX 600 recorded a slight decline, while the Nifty was the weakest performer, trending downwards towards the end of the month, amid sustained FPI outflows and elevated crude oil prices.

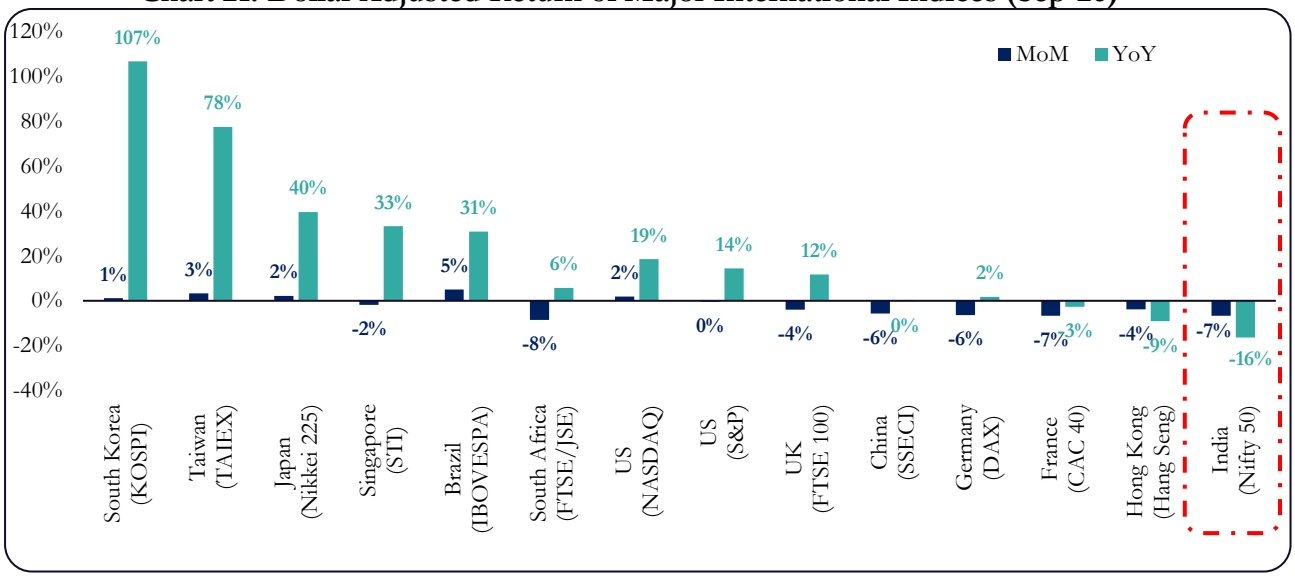
Chart 20: Absolute Daily Return of Selected Indices



Note: Indices have been rebased to 100 on September 1, 2026
Source: Bloomberg

- This weakness is further reflected in long-term performance, as dollar adjusted returns showed a clear divergence across major markets. The Indian benchmark index Nifty 50 declined 16 per cent year-on-year, while South Korea and Taiwan recorded strong gains of 107 per cent and 78 per cent respectively. On a month-on-month basis, most of the major markets followed a downward trend, with South African market falling by 8 per cent, closely followed by Indian and French markets, each recording a 7 per cent decline.
- India's weight in the MSCI EM Index stood at 10.7 per cent at the end of Sep-26, making it the fourth-largest constituent after Taiwan (28.9 per cent), South Korea (21.4 per cent) and China (19.8 per cent). The weight remained substantially below the 16.2 per cent at the end of Sep-25, reflecting the growing dominance of Asian markets with strong exposure to the AI and semiconductor cycle.

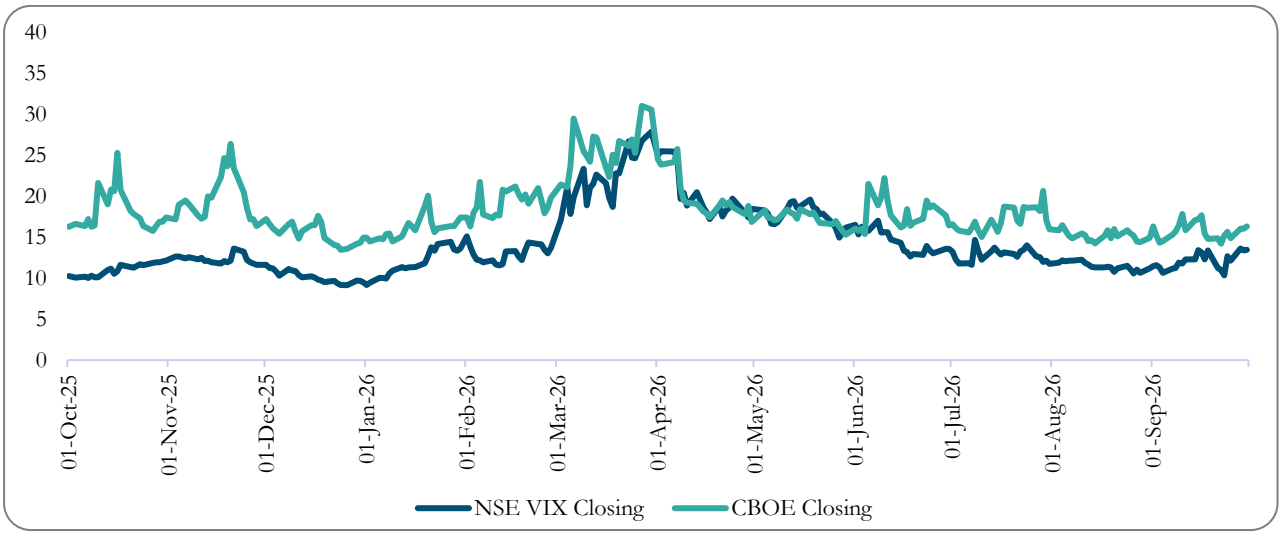
Chart 21: Dollar Adjusted Return of Major International Indices (Sep-26)



Source: Bloomberg

- **Volatility**: Despite the downward pressure on equity prices, market volatility and valuations adjusted in an orderly manner. Volatility edged higher in September 2026, with the India VIX and CBOE VIX averaging 12.1 and 15.7, respectively, compared with 11.4 and 15.2 in August. The India VIX rose from 11.2 at end-August to 13.5 at end-September, while the CBOE VIX increased from 14.9 to 16.3. Both indices recorded intermittent spikes during the month, with the India VIX reaching 13.6 and the CBOE VIX 17.7. However, this was well below the elevated levels observed in March-April 2026. The rise in volatility towards the end of the month reflected increased market uncertainty, amid geopolitical tensions and rising global bond yields, although overall volatility remained contained.

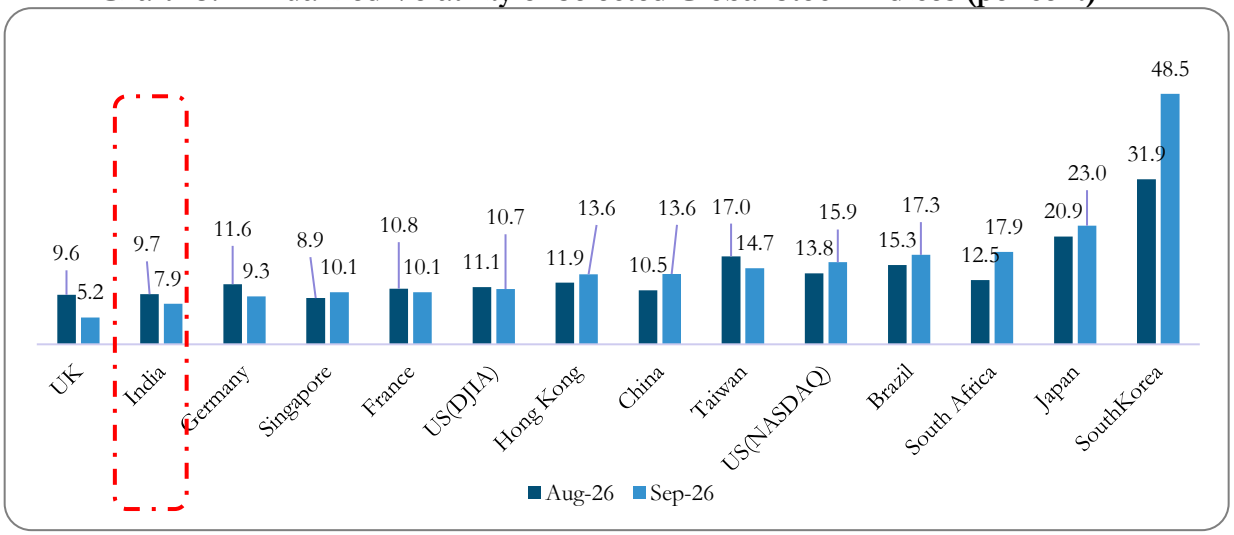
Chart 22: Trend in India VIX and CBOE VIX



Source: CBOE and NSE

- Annualised index volatility showed mixed trends in Sep-26, as it increased in 8 of the 14 selected global stock indices in Sep-26 vis-a-vis Aug-26. Amongst the global markets, South Korean markets recorded the sharpest month on month increase, as index volatility increased from 31.9 per cent in Aug-26 to 48.5 per cent in Sept-26. South African markets also showed signs of elevated volatility as it increased from 12.5 per cent in Aug-26 to 17 per cent in Sep-26.

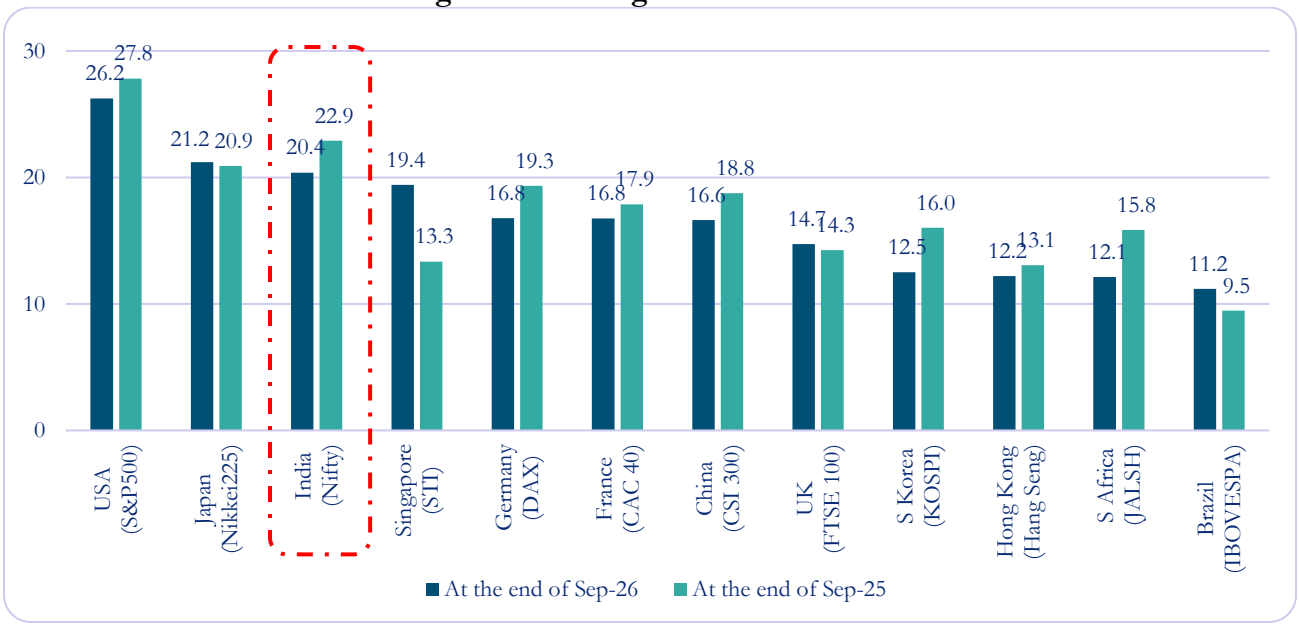
Chart 23: Annualized Volatility of Selected Global Stock Indices (per cent)



Source: Refinitiv

- **Valuation:** Equity markets showed notable differences in their pricing relative to earnings in Sep-26. US markets remained the most highly valued among the selected markets, with a trailing Price-to-Earnings (P/E) of 26.2, followed by Japan and India at 21.2 and 20.4, respectively, while China stood at a comparatively lower valuation of 16.6.

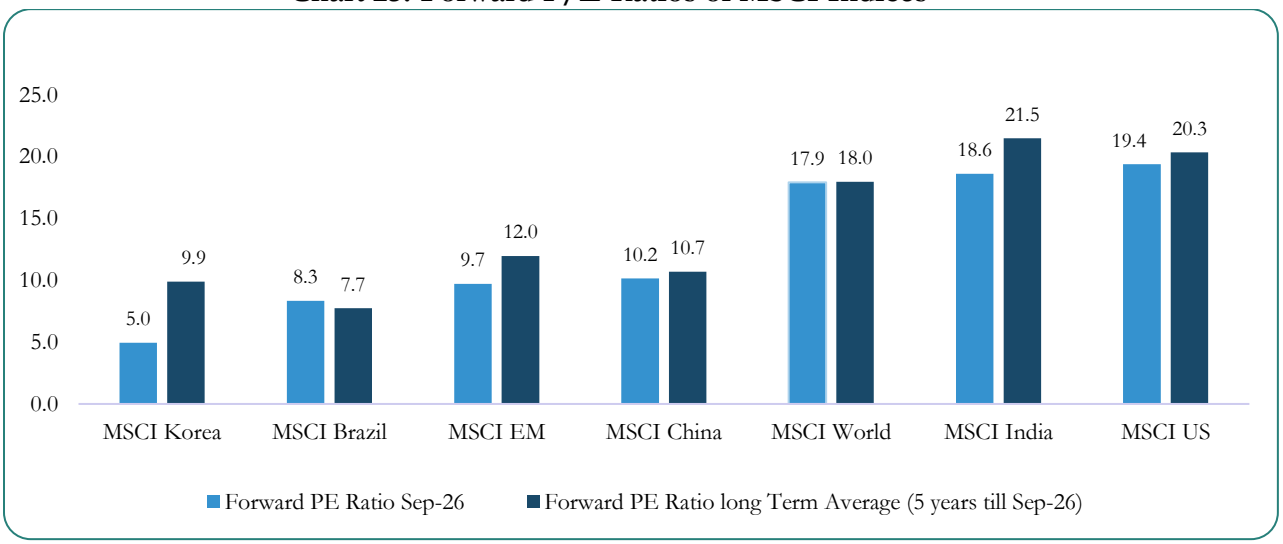
Chart 24: Trailing Price Earnings Ratio of Select Countries



Source: Bloomberg

- At the end of Sep-26, MSCI India's forward PE ratio stood at 18.6, below its five-year average of 21.5, indicating relatively moderate valuations. MSCI World's forward PE stood at 17.9, broadly in line with its long-term average of 18.0, while MSCI US stood at 19.4, below its 20.3 average. Among emerging markets, MSCI EM's forward PE stood at 9.7, below its 12.0 average, while MSCI China stood at 10.2, also below its long-term average of 10.7.

Chart 25: Forward P/E Ratios of MSCI Indices



Source: MSCI and NSE

- **Bond Market Development:** Bond markets came under renewed pressure during September 2026, with long-term US Treasury yields rising to multi year highs amid persistent inflation concerns, elevated energy prices and concerns over government debt and borrowing requirements. The US 30-year Treasury yield rose to 5.6 per cent on September 29, its highest level since June 2002, while the benchmark 10-year Treasury yield reached 5.2 per cent, its highest level since June 2007. The 10-year bond yields also increased for major markets, as US 10-year government bond yield increased by 11.2 per cent month-on-month, and yields in France and Germany rose by 16.2 per cent and 7.8 per cent, respectively. The rise in long-term yields added to global financial conditions and heightened concerns over the cost of government borrowing, while also increasing pressure on valuations of long-duration assets.

- **Monetary Policy Developments**: Monetary policy developments also remained significant for global financial markets. The Bank of Japan raised its policy rate by 25 basis points to 1.2 per cent in September, its highest level in 31 years, marking a further step in the normalisation of their monetary policy. This further underscores Japan's shift away from its prolonged period of ultra-low interest rates and have implications for global bond yields, currency markets and international capital flows. This move coincided with a broader global tightening cycle, as both the US Federal Reserve and the European Central Bank also delivered 25-basis-point interest rate hikes during their respective September 2026 meetings to combat renewed energy-driven inflationary pressures. The move further underscores Japan's shift away from its prolonged period of ultra-low interest rates and have implications for global bond yields, currency markets and international capital flows.

- Currency movements against the US dollar were mixed during September 2026. The Indian rupee and Japanese yen weakened by 7.9 per cent and 6.4 per cent year-on-year, featuring amongst the currencies which declined the most against the dollar, with the rupee pressured by elevated crude oil prices and FPI outflows and the yen by monetary policy uncertainty. In contrast, the Renminbi appreciated by 5.8 per cent, while South African rand was the second best performing currency, gaining 4.9 percent against the dollar.

Table 4: 10-year Government Bond Yield

Country	*Yield on Sep-26*	*MoM (%)*	*YoY (%)*
USA	5.28	11.26	27.34
UK	5.42	7.13	15.43
France	4.8	16.28	37.45
Germany	3.5	7.88	32.29
Japan	3.04	3.88	85.69
China	1.67	-0.77	-9.95
S Korea	4.39	2.02	49.12
India	7.18	3.50	9.29
Singapore	2.45	4.78	**29.09**
Brazil	14.09	-3.81	2.78
Mexico	9.62	3.52	9.12

Table 5: Movement in Currencies over USD

Currency	*Rate as on Sep-26*	*MoM (%)*	*YoY (%)*
Dollar Index	101.45	-2.0	-3.8
Pound	0.75	-2.2	-1.4
Euro	0.88	-2.5	-3.6
Yen	157.41	1.5	-6.4
Hon Kong $	7.84	-0.1	-0.8
Renminbi	6.70	0.2	5.8
Won	1356.75	0.9	3.5
Rupee	95.82	-0.7	-7.9
Singapore $	1.27	-0.5	1.0
Rand	16.42	-1.9	4.9
Swiss Franc	0.83	-3.4	-4.9

Note: All currency rates are against USD;
Negative sign indicates depreciation of the currency against USD

MAJOR POLICY DEVELOPMENTS IN INDIAN SECURITIES MARKET

During September 2026, SEBI undertook regulatory measures aimed at facilitating investment, easing compliance requirements and strengthening the regulatory framework for securities markets.

The brief on the major policy initiatives is outlined below:

1. **SEBI signs MoU with European Securities and Markets Authority on Cooperation and Exchange of Information relating to Central Counterparties**

   SEBI and ESMA (European Securities and Markets Authority) have signed a MoU concerning cooperation and exchange of information in relation to Central Counterparties (CCPs) regulated and supervised by SEBI. This MoU replaces an earlier MoU between SEBI and ESMA which was entered into on June 21, 2017.

   Press Release: September 10, 2026

2. **Ease of Regulatory Compliances for FPIs Investing only in Government Securities**

   SEBI amended the Master Circular dated May 30, 2024 for foreign portfolio investors (FPIs), designated depository participants (DDPs) and eligible foreign investors to provide greater ease of investments to FPIs. RBI vide circular dated June 05, 2026, withdrew the prescribed concentration limits requirements for the FPIs investing in Government securities under the General Route. Accordingly, aforementioned master circular is amended, extending the exemption from furnishing investor group details , to all FPIs investing exclusively in Government securities, irrespective of the investment route.,

   Circular: September 07, 2026

3. **Review of Position Limits for Clients and Penalty Provisions for Violation / Breach of Position Limits for Commodity Derivatives Segment**

   Regulatory framework governing the client-level position limits and penalties for breaches of position limits in the commodity derivatives segment was revised with a view to rationalise the existing framework and facilitating ease of doing business. The revisions include modification of the criteria for classification of agricultural commodities as broad commodities, recalibration of client –level position limits based on deliverable supply and rationalization of monetary penalties for position-limit violations including the introduction of penalty caps.

   Circular: September 09, 2026

4. **Successful launch of "Demat 2.0" Pilot project for Tokenised Corporate Bonds**

SEBI, in collaboration with the RBI, successfully launched "Demat 2.0", a pilot project for the tokenisation of corporate bonds. Bonds are created as digital tokens on a distributed ledger, and the ledger is owned by the depositories. Demat 2.0 is connected to RBI's wholesale CBDC (e₹) through the Unified Market Interface of RBI, enabling atomic settlement with bond and money moving instantaneously. Asset servicing, including interest payments and redemption, can be handled automatically through smart contracts. Demat 2.0 does not create a new asset class. The tokenised bonds maintain the exact same legal character, ISIN numbering, coupon rates, credit ratings, and investor rights. Taken together, these features are expected to make the issue, settlement and servicing of corporate bonds faster, more efficient and less error-prone.

Press Release: September 10, 2026

5. **Samuhik Prativedan Manch- A Technology based common reporting mechanism extended to Members of Clearing Corporations**

The earlier introduced Samuhik Prativedan Manch, a technology based common reporting platform for stock brokers registered with multiple stock exchanges is extended to members of clearing corporations (CCs), who are also stock brokers to submit their compliance reports which will be consumed by all CCs. This is expected to substantially reduce compliance costs of clearing members.

Press Release: September 17, 2026

HIGHLIGHTS OF DEVELOPMENTS IN INTERNATIONAL SECURITIES MARKET

- **Securities and Exchange Commission (SEC), USA**

- **SEC Proposes to Modernize Rules for Registered Transfer Agents**: The SEC has proposed updates to the rules and forms that apply to registered transfer agents. The proposal would, among other things, amend the registration and annual reporting requirements for transfer agents. It would also modernize the rules to reflect how transfer agents carry out their activities in light of technological advancements, including the use of electronic and block chain-based recordkeeping and uncertificated securities. Additionally, the proposal aims to establish new requirements related to turnaround, risk management, and inactive security holders.

  Press Release: September 01, 2026

- **SEC Proposes Rescission of Political Contribution Rule for Investment Advisers**: SEC issued a proposal to rescind its "pay-to-play" rule that prohibits investment advisers from providing compensated investment advisory services to a government client for two years after making a political contribution to certain elected officials or candidates, and related recordkeeping requirements. Specifically, the proposal would rescind Advisers Act Rule 206(4)-5 and amend the Advisers Act recordkeeping rule to eliminate the corresponding provisions related to the political contribution rule.

  Press Release: September 03, 2026

- **SEC Proposes Rescission of Shareholder Proposal Rule and Reforms to Proxy Solicitation Process**: The SEC issued proposal to rescind Rule 14a-8 under the Securities Exchange Act of 1934 which exceeds the scope of the Commission's statutory authority and intrudes into matters of state law. The Commission also proposed amendments to Rule 14a-4(c) under the Exchange Act to provide companies with greater flexibility and shareholders with greater control regarding proposals for which a company may seek discretionary proxy voting authority.

  Press Release: September 16, 2026

- **SEC Issues Innovation Exemption to Facilitate Trading of Tokenized Stocks**: The SEC granted temporary, conditional exemptions to facilitate trading of tokenised National Market System stocks through permissioned automated market makers and liquidity pools. The exemptions provide regulatory relief to eligible tokenized securities trading venues and certain liquidity providers, subject to safeguards relating to investor protection, transparency and market integrity. The exemptions will remain effective for five years.

  Press Release: September 17, 2026

- **SEC Proposes Amendments to Expand Responsible Retailization of Private Markets**: The SEC proposed amendments aimed at expanding retail investor access to private markets while maintaining appropriate investor safeguards. The proposals include permitting performance-based compensation for investment advisers to certain regulated funds, modernising the interval fund framework and facilitating multiple share classes for close-ended funds. Public comments are also sought on additional pathways to qualify as an accredited investor, including professional certifications and examinations.

  Press Release: September 30, 2026

- **The Securities and Exchange Commission, Thailand**
- **SEC issues Travel Rule for Digital Assets to strengthen anti-money laundering and prevent technology-related crimes in line with international standards:** The Securities and Exchange Commission (SEC) has issued regulations on the establishment of risk management measures for the transfer and receipt of digital assets, known as the "Travel Rule for Digital Assets," to ensure that digital asset business operators (DA operators) have sufficient information to assess and manage money laundering risks in line with international standards and to support the effective prevention of the misuse of digital asset business services as a channel for money laundering and technology-related crimes.

  Press Release: September 02, 2026

- **SEC Board Approves Principles for Enhancing the Supervision of Stable Coin Transactions Conducted through Digital Asset Business Operators:** The SEC Board has resolved to approve the principles for the supervision of stable coin transactions conducted through digital asset business operators (DA operators), in order to prevent and mitigate the risks of stable coins being used as a channel for money laundering, cybercrime, and the circumvention of regulations governing

international money transfers through DA operators, as well as to enhance the efficiency of the SEC's examination and supervision.

Press Release: September 03, 2026

- **SEC Amends Regulations to Support the Issuance and Offering of Transition Bonds and Thailand Amber Bonds and Enhance ESG Bond Disclosure Requirements**: SEC has issued amended regulations to support the issuance and offering of transition bonds and Thailand amber bonds, as well as to enhance disclosure requirements for ESG bonds. To incentivize issuers and lower the cost of fundraising for decarbonization projects, application and filing fee waiver scheme has been extended to cover these new instruments through May 31, 2028. In addition, the SEC has concurrently amended the disclosure requirements for all types of ESG bonds to enhance the transparency and credibility of such instruments through the disclosure of a bond framework and the appointment of an independent external review provider to provide an opinion or assurance on the framework.

  Press Release: September 18, 2026

- **The Financial Services Commission, South Korea** 
- **FSC Introduces Policy Roadmap on Digital Transformation and Tokenization of Securities Issuance and Circulation**: FSC released its policy direction for token securities, setting out a phased rollout beginning in February 2027 for standard and fractional tokenized assets within the capital market framework. The structured framework establishes regulatory clarity ensuring that digital asset innovations can be appropriately and transparently examined without posing risks to investors, the public, and the capital market as a whole. Separately, the FSC has integrated this framework with existing Capital Markets Act licenses to streamline operations for market participants. Under the revision, financial institutions holding investment brokerage or trading licenses can handle token securities within their current scope, while non-financial issuers can directly manage customer accounts as account management institutions if they meet specific equity and specialist requirements, aligning tokenized asset oversight with robust investor protection and standard market safeguards.

  Press Release: September 04, 2026

- **Securities and Futures Commission (SFC), Hong Kong**

- **SFC enhances guidance for authorised funds with exposure to private market assets:** SFC issued enhanced guidance and disclosure requirements for SFC-authorised funds with direct or indirect exposure to private credit and private equity assets aimed at strengthening transparency and investor protection. The updated framework requires enhanced disclosures regarding the nature, extent and associated risks of such exposures. Funds with aggregate exposure to private market assets of 50 per cent or more of their net asset value will be classified as complex products and subject to additional distribution requirements, including investor suitability assessments.

  Press Release: September 03, 2026

- **Single Submission Arrangement to streamline simultaneous listings in Malaysia and Hong Kong:** Securities market regulators of Hong Kong and Malaysia have unveiled simplified regulatory procedures and submission arrangements to facilitate simultaneous listings in Hong Kong and Malaysia. Under this arrangement, only a single listing application submission with a single listing document is required of an applicant seeking a primary listing on either the Main Board of the Stock Exchange of Hong Kong (SEHK) or the MAIN Market of Bursa Malaysia Securities Berhad, together with a simultaneous secondary listing on the other market.

  Press Release: September 30, 2026

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