

# CONTENTS

	Page No.
List of Tables .....	vi
List of Charts .....	ix
List of Boxes .....	x
Abbreviations .....	xi
<b>CHRONOLOGY OF MAJOR INITIATIVES BY SEBI .....</b>	<b>xiv</b>
 <b>PART ONE: POLICIES AND PROGRAMMES</b>	
<b>1. GENERAL MACRO-ECONOMIC ENVIRONMENT .....</b>	<b>5</b>
<b>2. REVIEW OF POLICIES AND PROGRAMMES .....</b>	<b>10</b>
I. Primary Securities Market .....	10
II. Secondary Securities Market .....	14
III. Mutual Funds .....	18
IV. Foreign Institutional Investors .....	20
V. Custodians .....	22
VI. Investor Assistance and Investor Education.....	22
VII. Retrospect and Prospects .....	25
 <b>PART TWO: REVIEW OF TRENDS AND OPERATIONS</b>	
<b>1. PRIMARY SECURITIES MARKET .....</b>	<b>31</b>
I. Resource Mobilisation .....	31
II. Sector-wise Resource Mobilisation .....	32
III. Size-wise Resource Mobilisation .....	33
IV. Industry-wise Resource Mobilisation .....	35
<b>2. SECONDARY SECURITIES MARKET .....</b>	<b>35</b>
I. Equity Market in India: An Overview .....	35
II. Performance of Sectoral Indices .....	38
III. Turnover in the Indian Stock Market .....	39
IV. Market Capitalisation.....	42

## CONTENTS

	Page No.
V. Stock Market Indicators .....	44
VI. Volatility in Stock Markets.....	47
VII. Trading Frequency.....	48
VIII. Activities of the Regional Stock Exchanges .....	49
IX. Dematerialisation .....	52
X. Derivatives Market in India .....	55
<b>3. MUTUAL FUNDS .....</b>	<b>60</b>
<b>4. FOREIGN INSTITUTIONAL INVESTMENT .....</b>	<b>66</b>
<b>5. DEVELOPMENTS IN THE BOND MARKET .....</b>	<b>70</b>
I. Private Placement .....	70
II. Indian Wholesale Debt Market .....	71

### **PART THREE: REGULATION OF SECURITIES MARKET**

<b>1. PRIMARY SECURITIES MARKET .....</b>	<b>74</b>
<b>2. SECONDARY SECURITIES MARKET .....</b>	<b>74</b>
I. Registration of Stock Brokers .....	74
II. Registration of Sub-brokers .....	78
III. Recognition of Stock Exchanges .....	78
IV. Corporate Restructuring: Substantial Acquisition of Shares and Takeovers .....	79
V. Registration of Foreign Institutional Investors .....	80
VI. Registration of Custodians of Securities .....	80
VII. Registration of Collective Investment Schemes .....	80
VIII. Registration of Mutual Funds .....	80
IX. Registration of Venture Capital Funds .....	81
X. Fees and Other Charges .....	81

## CONTENTS

	Page No.
<b>3. SUPERVISION</b> .....	81
I. Inspection of Market Intermediaries .....	81
II. Inspection of Stock Exchanges.....	83
III. Inspection of Subsidiaries of Stock Exchanges.....	83
IV. Inspection of Depositories .....	83
V. System Audit.....	83
VI. Show Cause Notices Issued .....	84
<b>4. SURVEILLANCE</b> .....	84
I. Mechanism of Market Surveillance .....	84
II. Surveillance Actions .....	84
III. Surveillance Measures .....	84
IV. Enforcement.....	86
V. Integrated Market Surveillance System (IMSS).....	89
VI. RBI-SEBI Joint Group on Integrated System of Alerts.....	90
VII. Workshops and Trainings Conducted by Integrated Surveillance Department .....	91
<b>5. INVESTIGATION</b> .....	91
I. Trends in Investigation Cases .....	91
II. Regulatory Action .....	93
<b>6. ENFORCEMENT OF REGULATIONS</b> .....	93
I. Enquiry and Adjudication .....	94
II. Market Intermediaries .....	94
III. Regulatory Actions against Stock Exchanges under Delegated Powers and Functions.....	94
IV. Regulatory Actions against Mutual Funds .....	95
V. Regulatory Actions under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 .....	96

## CONTENTS

	Page No.
<b>7. PROSECUTION .....</b>	<b>96</b>
I. Trends in Prosecution .....	96
II. Nature of Prosecution .....	96
III. Disposal of Prosecution Cases .....	98
IV. Litigations, Appeals and Court Pronouncements .....	98
<b>8. RESEARCH ACTIVITIES .....</b>	<b>99</b>
 <b>PART FOUR: REGULATORY CHANGES</b>	
<b>1. REGULATORY DEVELOPMENTS .....</b>	<b>100</b>
I. Rules/Amendment Rules .....	100
II. New Regulations .....	100
III. Amendments to Existing Regulations .....	102
IV. Other Notifications .....	113
V. General Orders .....	114
<b>2. SIGNIFICANT COURT PRONOUNCEMENTS: 2006-07.....</b>	<b>115</b>
I. Supreme Court .....	115
II. High Court .....	116
III. Securities Appellate Tribunal .....	121
 <b>PART FIVE: ORGANISATIONAL MATTERS</b>	
<b>1. SEBI BOARD .....</b>	<b>125</b>
<b>2. HUMAN RESOURCES .....</b>	<b>125</b>
I. Staff Strength, Recruitment and Deputation .....	125
II. Training.....	125
III. Vigilance Week .....	126
IV. Promotions .....	126
V. Revision of Staff Pay, Allowances and Benefits .....	126

## CONTENTS

	Page No.
<b>3. PROMOTION OF OFFICIAL LANGUAGE .....</b>	<b>126</b>
<b>4. INFORMATION TECHNOLOGY .....</b>	<b>127</b>
I. IP Telephony .....	127
II. Information Security .....	127
III. Wireless Local Area Network (WLAN) .....	128
<b>5. PHYSICAL INFRASTRUCTURE .....</b>	<b>128</b>
I. Head Office Building at Mumbai .....	128
II. Regional Offices .....	128
III. Residential Accommodation for Employees .....	129
<b>6. INTERNATIONAL CO-OPERATION .....</b>	<b>129</b>
I. International Organisation of Securities Commissions (IOSCO) .....	129
II. South Asian Securities Regulatory Forum .....	129
III. Bilateral Memorandum of Understanding .....	129
IV. Visits by Overseas Regulators .....	130
<b>7. PARLIAMENT QUESTIONS .....</b>	<b>130</b>
<b>8. RIGHT TO INFORMATION ACT .....</b>	<b>130</b>

## LIST OF TABLES

Table No.	Title	Page No.
1.1	National Income (at 1999-00 prices) .....	6
1.2	GDP (at Factor Cost) by Economic Activity (at 1999-00 prices) .....	6
1.3	Gross Domestic Savings and Investment.....	8
1.4	Redressal of Investors' Grievances.....	24
2.1.A	Resource Mobilisation through Public and Rights Issues.....	31
2.1.B	Resource Mobilisation through Qualified Institutions' Placement .....	32
2.2	Sector-wise Resource Mobilisation .....	33
2.3	Size-wise Resource Mobilisation.....	33
2.4	Mega Issues in 2006-07 .....	34
2.5	Industry-wise Resource Mobilisation .....	35
2.6	Resource Mobilisation by Banks and Financial Institutions in 2006-07 .....	36
2.7	Major Indicators of Indian Stock Markets .....	38
2.8	Major Stock Indices and their Returns .....	40
2.9	Sectoral Stock Indices and their Returns.....	40
2.10	Exchange-wise Cash Segment Turnover .....	41
2.11	Turnover at BSE and NSE: Cash Segment.....	42
2.12	City-wise Turnover of Top 10 Cities in Cash Segment: BSE and NSE Combined .....	43
2.13	Market Capitalisation at BSE .....	44
2.14	Market Capitalisation at NSE.....	44
2.15	Select Ratios Relating to Stock Market .....	45
2.16	Price-Earnings Ratio.....	46
2.17	Price to Book-Value Ratio.....	46
2.18	Average Daily Volatility of Benchmark Indices .....	47
2.19	Trends in Average Daily and Annualised Volatility of International Stock Market Indices during 2006-07 .....	48
2.20	P/E Ratio, Return and Annualised Volatility of Select International Indices during 2006-07 .....	49
2.21	Trading Frequency of Listed Stocks .....	50
2.22	Trading Statistics of Stock Exchanges .....	51
2.23	Turnover of Subsidiaries of Stock Exchanges .....	52
2.24	Status of Stock Brokers with Stock Exchanges .....	53
2.25.A	Depository Statistics: Equity Shares.....	54
2.25.B	Depository Statistics: Debentures/Bonds and Commercial Papers .....	54
2.26	Depositories: Geographical Spread .....	55

## LIST OF TABLES

Table No.	Title	Page No.
2.27	Trends in Turnover and Open Interest in Derivatives at NSE and BSE .....	56
2.28	Product-wise Derivatives Turnover at NSE .....	57
2.29	Trends in Index Futures at NSE and BSE .....	58
2.30	Trends in Single Stock Futures at NSE and BSE .....	58
2.31	Trends in Index Options at NSE and BSE .....	59
2.32	Trends in Stock Options at NSE and BSE .....	59
2.33	Category of Members in Derivatives Segment of NSE and BSE .....	60
2.34	Various Classes of Traders/Investors in F&O Turnover at NSE .....	61
2.35	Mobilisation of Resources by Mutual Funds .....	61
2.36	Sector-wise Resource Mobilisation by Mutual Funds during 2006-07 .....	63
2.37	Scheme-wise Resource Mobilisation and Assets under Management of Mutual Funds during 2006-07 .....	63
2.38	Number of Schemes by Investment Objectives .....	65
2.39	Trends in Transactions on Stock Exchanges by Mutual Funds .....	65
2.40	Investment by Foreign Institutional Investors .....	66
2.41	Investments by Mutual Funds and Foreign Institutional Investors .....	68
2.42	Notional Value of Open Interest of Foreign Institutional Investors in Derivatives .....	69
2.43	Private Placement Reported to BSE and NSE .....	70
2.44	Business Growth on the Wholesale Debt Market Segment of NSE .....	71
2.45	Instrument-wise Share of Securities Traded in the Wholesale Debt Market Segment of NSE .....	72
2.46	Share of Participants in Turnover of Wholesale Debt Market Segment of NSE .....	73
3.1	Registered Intermediaries .....	74
3.2	Registered Stock Brokers .....	75
3.3	Exchange-wise Stock Brokers Registered with SEBI .....	75
3.4	Classification of Stock Brokers on the Basis of Ownership .....	76
3.5	Registered Sub-brokers .....	78
3.6	Renewal of Recognition Granted to Stock Exchanges during 2006-07 .....	79
3.7	Status of Recognition Granted to Other Stock Exchanges .....	80
3.8	Open Offers and Exemptions .....	80
3.9	Mutual Funds Registered with SEBI .....	81
3.10	Registration of Venture Capital Funds .....	81

## LIST OF TABLES

Table No.	Title	Page No.
3.11	Fees and Other Charges .....	82
3.12	Inspection of Stock Brokers/Sub-brokers .....	83
3.13	Surveillance Actions .....	84
3.14	Investigations by SEBI .....	91
3.15	Nature of Investigations taken up and completed by SEBI .....	92
3.16	Type of Regulatory Actions Taken .....	93
3.17	Enquiry and Adjudication during 2006-07 .....	94
3.18	Enquiry and Adjudication Proceedings against Stock Brokers/Sub-brokers	94
3.19	Enquiry and Adjudication Proceedings against Other Intermediaries .....	95
3.20	Supersession of Governing Boards of Stock Exchanges during 2006-07 .....	96
3.21	Interest Paid by Mutual Funds to the Investors for Delayed Redemptions / Repurchases .....	97
3.22	Prosecutions Launched .....	98
3.23	Region-wise Data on Prosecution Cases .....	98
3.24	Nature of Prosecutions Launched .....	98
3.25	Number of Cases Decided by the Courts .....	98
3.26	Court Cases where SEBI was a Party during 2006-07 .....	99
3.27	Appeals before the Securities Appellate Tribunal during 2006-07 .....	99
3.28	Appeals under Section 15Z of the SEBI Act against the Orders of Securities Appellate Tribunal during 2006-07 .....	99
4.1	Regulatory Fee Payable by Stock Exchanges .....	101
4.2	Fee Structure for Stock Brokers in Cash Segment .....	103
4.3.A	Revised Filing Fee Structure (for Draft Offer Documents submitted between May 3, 2006 and May 2, 2007) .....	104
4.3.B	Revised Filing Fee Structure (for Draft Offer Documents submitted on or after May 3, 2007) .....	104
4.4	Revised Fee Structure for Filing Draft Letter of Offer (Substantial Acquisition of Shares and Takeovers) .....	112
4.5	Revised Fee Structure for Buy-back of Securities .....	112
5.1	Board Meetings during 2006-07 .....	125
5.2	Promotions during 2006-07 .....	126
5.3	Bilateral Memorandum of Understanding (MoU) Signed .....	129

## LIST OF CHARTS

Chart No.	Title	Page No.
1.1	Share of Components of GDP (at Factor Cost) .....	7
1.2	Share of Types of Savings in Financial Savings of the Household Sector .....	9
2.1	Share of Broad Categories of Issues in Total Resources Mobilised .....	32
2.2	Sectoral Share in Total Resource Mobilisation .....	33
2.3	Movement of Benchmark Stock Market Indices (2006-07) .....	36
2.4	Year-on-Year Returns: International Indices (2006-07) .....	39
2.5	Movement of Sectoral and Other Indices of BSE (2006-07).....	41
2.6	P/E Ratio of International Indices (2006-07) .....	45
2.7	Annualised Volatility of International Indices (2006-07).....	50
2.8	Derivatives Turnover vis-à-vis Cash Market Turnover (2006-07).....	56
2.9	Product-wise Share in Turnover (2006-07) .....	60
2.10	Sector-wise Share in the Gross Mobilisation of Resources by Mutual Funds	62
2.11	Sector-wise Share of Resources Mobilised/Redeemed under Open-ended and Close-ended Schemes .....	64
2.12	Foreign Institutional Investment in India .....	67
2.13	Trends in Foreign Institutional Investment .....	68
2.14	Monthly Institutional Investment (Net) and Monthly Average Sensex Values (2006-07) .....	69
3.1	Number of Stock Brokers (by Ownership) (as on March 31, 2007).....	77
3.2	Percentage Share of Stock Brokers (by Ownership) (as on March 31, 2007)	77
3.3	Investigation Cases .....	92
3.4	Type of Regulatory Actions Taken .....	93

## LIST OF BOXES

Box No.	Title	Page No.
1.1	Major Initiatives and Developments in the Securities Market .....	1
1.2	Qualified Institutions' Placement.....	12
1.3	Real Estate Investment Schemes for Mutual Funds in India.....	21
1.4	Self Regulatory Organisations .....	26
1.5	Future of Regional Stock Exchanges: Post De-mutualisation.....	29
5.1	Role of Regional Offices.....	128

This Report can also be accessed on internet – <http://www.sebi.gov.in>

### Conventions used in this Report

Rs.	: Rupees
Lakh	: Hundred Thousand
Crore	: Ten Million
Million	: Ten Lakh
Billion	: Thousand Million / Hundred Crore
NA	: Not Available
Na	: Not Applicable
p.a.	: Per Annum

Differences in total are due to rounding off and sometimes they may not exactly add up to hundred per cent.

## ABBREVIATIONS

ADB	: Asian Development Bank	CPIOs	: Central Public Information Officers
ADRs	: American Depository Receipts	CPSS	: Committee on Payment and Settlement Systems
ALM	: Asset Liability Management	CRR	: Cash Reserve Ratio
AMBI	: Association of Merchant Bankers of India	CSE	: Calcutta Stock Exchange
AMC	: Asset Management Company	CSO	: Central Statistical Organisation
AMFI	: Association of Mutual Funds in India	CSX	: Coimbatore Stock Exchange
ANMI	: Association of NSE Members of India	DFIs	: Development Financial Institutions
APRC	: Asia Pacific Regional Committee	DIP	: Disclosure and Investor Protection
ASE	: Ahmedabad Stock Exchange	DIS	: Delivery Instruction Slip
ASR	: Annual Statistical Report	DPs	: Depository Participants
ATR	: Action Taken Report	DSE	: Delhi Stock Exchange
AUM	: Assets Under Management	DvP	: Delivery <i>versus</i> Payment
BgSE	: Bangalore Stock Exchange	ECBs	: External Commercial Borrowings
BhSE	: Bhubaneswar Stock Exchange	ECNs	: Electronic Contract Notes
BIFR	: Board for Industrial and Financial Reconstruction	ECS	: Electronic Clearing Service
BIS	: Bank for International Settlements	EDIFAR	: Electronic Data Information Filing and Retrieval
BO	: Beneficiary Owner	EGM	: Extraordinary General Meeting
BOLTS	: BSE Online Trading System	ELSS	: Equity Linked Saving Scheme
BSE	: Bombay Stock Exchange Ltd.	EMC	: Emerging Markets Committee
C&D	: Corporatisation and Demutualisation	ETF	: Exchange Traded Fund
CCIL	: Clearing Corporation of India Limited	F&O	: Futures and Options
CCP	: Central Counter Party	FAQs	: Frequently Asked Questions
CDR	: Corporate Debt Restructuring	FII	: Foreign Institutional Investment
CDSL	: Central Depository Services (India) Limited	FIIs	: Foreign Institutional Investors
CEO	: Chief Executive Officer	FIPB	: Foreign Investment Promotion Board
CFO	: Chief Financial Officer	FIs	: Financial Institutions
CIC	: Central Information Commission	FMCG	: Fast Moving Consumer Goods
CIS	: Collective Investment Scheme	FPOs	: Further Public Offerings
CoSE	: Cochin Stock Exchange	FRBM	: Fiscal Responsibility and Budget Management Act
CPF	: Customer Protection Fund	FSA	: Financial Services Authority, UK
		FSAP	: Financial Sector Assessment Programme

## ABBREVIATIONS

FVCI	: Foreign Venture Capital Investor	LSE	: Ludhiana Stock Exchange
GDCF	: Gross Domestic Capital Formation	MAPIN	: Central Database for Market Participants and Investors
GDP	: Gross Domestic Product	MBs	: Merchant Bankers
GDRs	: Global Depository Receipts	MCR	: Monthly Cumulative Report
GDS	: Gross Domestic Savings	MFs	: Mutual Funds
GETF	: Gold Exchange Traded Fund	MIDC	: Maharashtra Industrial Development Corporation
GNP	: Gross National Product	MoF	: Ministry of Finance
GSE	: Gauhati Stock Exchange	MoU	: Memorandum of Understanding
G-Sec	: Government Securities	MPSE	: Madhya Pradesh Stock Exchange
HRMS	: Human Resources Management System	MSEA	: Magadh Stock Exchange Association
HSE	: Hyderabad Stock Exchange	MWPL	: Market Wide Position Limit
IDFC	: Infrastructure Development Finance Company Limited	NAV	: Net Asset Value
IDRs	: Indian Depository Receipts	NBFC	: Non-Banking Financial Company
IFRS	: International Financial Reporting System	NCAER	: National Council of Applied Economic Research
IMD	: India Millennium Deposit	NDP	: Net Domestic Product
IMF	: International Monetary Fund	NDS	: Negotiated Dealing System
IMSS	: Integrated Market Surveillance System	NEFT	: National Electronic Funds Transfer
IOSCO	: International Organisation of Securities Commissions	NISM	: National Institute of Securities Markets
IP Tele-phony	: Internet Protocol Telephony	NNP	: Net National Product
IPF	: Investor Protection Fund	NRI	: Non-Resident Indian
IPO	: Initial Public Offering	NSDL	: National Securities Depository Limited
IRDA	: Insurance Regulatory and Development Authority	NSE	: National Stock Exchange of India Limited
ISE	: Interconnected Stock Exchange	OECD	: Organisation for Economic Co-operation and Development
ISIN	: International Securities Identification Number	OIAE	: Office of Investor Assistance and Education
IT	: Information Technology	OTCEI	: Over the Counter Exchange of India
JPC	: Joint Parliamentary Committee	P/B ratio	: Price to Book-Value ratio
JSE	: Jaipur Stock Exchange	P/E ratio	: Price-Earnings ratio
KIM	: Key Information Memorandum	PAN	: Permanent Account Number
KYC	: Know Your Client		
LBMA	: London Bullion Market Association		
Lol	: Letter of Intent		

## ABBREVIATIONS

PFRDA	: Provident Fund Regulatory and Development Authority	SIP	: Systematic Investment Plan
PIL	: Public Interest Litigation	SKSE	: Saurashtra Kutch Stock Exchange
PIOs	: Public Information Officers / Persons of Indian Origin	SLR	: Statutory Liquidity Ratio
PMAC	: Primary Market Advisory Committee	SMAC	: Secondary Market Advisory Committee / Securities Market Awareness Campaign
PMLA	: Prevention of Money Laundering	SMARTS	: Securities Markets Automated, Research, Training and Surveillance
PSEs	: Public Sector Enterprises	SPVs	: Special Purpose Vehicles
PSU	: Public Sector Undertaking	SRO	: Self Regulatory Organisation
PTC	: Pass Through Certificate	STA	: Share Transfer Agent
PQ Cell	: Parliament Question Cell	STP	: Straight Through Processing / Systematic Transfer Plan
QIB	: Qualified Institutional Buyer	STT	: Securities Transaction Tax
QIP	: Qualified Institutions' Placement	SWP	: Systematic Withdrawal Plan
RAIN	: Registrars Association of India	T-Bills	: Treasury Bills
RBI	: Reserve Bank of India	TDS	: Tax Deduction at Source
REIT	: Real Estate Investment Trust	TFCG	: Task Force on Corporate Governance
REMF	: Real Estate Mutual Fund	TM	: Trading Member
RoC	: Registrar of Companies	UCC	: Unique Client Code
RSEs	: Regional Stock Exchanges	UIN	: Unique Identification Number
RTGS	: Real Time Gross Settlement System	UPSE	: Uttar Pradesh Stock Exchange
RTI	: Registrar to an Issue / Right to Information	USA	: United States of America
SAARC	: South Asian Association for Regional Co-operation	USAID	: United States Agency for - FIRE
SAT	: Securities Appellate Tribunal		: International Development – Financial Institutions Reforms and Expansion
SC(R)A	: Securities Contracts (Regulation) Act	USSEC	: United States Securities and Exchange Commission
SC(R)R	: Securities Contracts (Regulation) Rules	UTI	: Unit Trust of India
SCN	: Show Cause Notice	VaR	: Value at Risk
SCOD	: SEBI Committee on Disclosures	VCF	: Venture Capital Fund
SCODA	: SEBI Committee on Disclosures and Accounting Standards	VSE	: Vadodara Stock Exchange
SEBI	: Securities and Exchange Board of India	WDM	: Wholesale Debt Market
SFC	: Securities and Futures Commission, Hong Kong	WPI	: Wholesale Price Index
		XBRL	: Extensible Business Reporting Language

## CHRONOLOGY OF MAJOR INITIATIVES BY SEBI

Date	Announcements
<b>2006</b>	
<b>April 03</b>	<ul style="list-style-type: none"> <li>● SEBI drafted a model Listing Agreement for companies seeking permission under Rule 5 (i) of the Indian Depository Receipts (IDRs) Rules.</li> </ul>
<b>April 03</b>	<ul style="list-style-type: none"> <li>● A new Chapter VI A containing the Guidelines to be followed by an issuer for coming out with an IDR issue added in the SEBI DIP Guidelines, 2000.</li> </ul>
<b>April 04</b>	<ul style="list-style-type: none"> <li>● Initial issue expenses rationalised and guidelines issued to introduce uniform practices for dividend distribution procedure by mutual funds and for development of mutual fund industry.</li> </ul>
<b>April 05</b>	<ul style="list-style-type: none"> <li>● Cumulative debt investment limits of USD 2 billion and USD 1.5 billion for FII/sub-account in Government securities and corporate debt respectively were allocated as USD 1.75 billion in G-sec/T-Bills and USD 1.35 billion for 100 per cent debt. For general 70:30 FIIs/sub-accounts the allocation to be USD 0.25 billion in G-sec/T-Bills and USD 0.15 billion in corporate debt.</li> </ul>
<b>April 13</b>	<ul style="list-style-type: none"> <li>● Clause 40A and Clause 35 of Equity Listing Agreement amended to ensure availability of floating stock of a listed company on a continuous basis and to bring about greater transparency in respect of disclosure of shareholding pattern of companies.</li> </ul>
<b>April 21</b>	<ul style="list-style-type: none"> <li>● Guidelines about dividend distribution procedure of mutual funds clarified.</li> </ul>
<b>April 21</b>	<ul style="list-style-type: none"> <li>● Guidelines on valuation of gold in Gold Exchange Traded Funds issued. NAV of units under the scheme to be calculated on the basis of market or fair value of scheme's investments along with the current assets (deducting current liabilities and provisions) divided by number of outstanding units under the scheme on the valuation date.</li> </ul>
<b>April 24</b>	<ul style="list-style-type: none"> <li>● SEBI (Disclosure and Investor Protection) Guidelines, 2000 amended to provide for inclusion of clauses regarding grading of IPOs.</li> </ul>
<b>May 08</b>	<ul style="list-style-type: none"> <li>● SEBI (Disclosure and Investor Protection) Guidelines, 2000 amended to introduce an additional mode for listed companies to raise funds from domestic market in the form of Qualified Institutions' Placement.</li> </ul>
<b>May 22</b>	<ul style="list-style-type: none"> <li>● SEBI (Mutual Fund) Regulations, 1996 amended directing close-ended schemes not to charge entry load. Further, initial expenses of launching a close-ended scheme not to exceed six per cent of initial resources raised under that scheme.</li> </ul>
<b>June 16</b>	<ul style="list-style-type: none"> <li>● Risk arrays to be updated intra-day in the cash market similar to the derivatives market to ensure market safety and to further align</li> </ul>

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## CHRONOLOGY OF MAJOR INITIATIVES BY SEBI

Date	Announcements
June 26	<p>the risk management framework across the cash and derivative markets. Applicable VaR margin rates to be updated at least five times in a day.</p> <ul style="list-style-type: none"> <li>• Validity period of the certificate of FIIs and subsequent renewals reduced to three years. FIIs allowed to invest in security receipts but not on behalf of sub-accounts. Fees for FIIs/sub-account registration revised.</li> </ul>
June 28	<ul style="list-style-type: none"> <li>• Clause inserted by portfolio managers stating that the decision of portfolio manager is final and can never be called in question or be open to review at any time during the currency of the agreement or at any time thereafter, in the disclosure documents/agreements/ Power of Attorney with clients modified.</li> </ul>
June 30	<ul style="list-style-type: none"> <li>• An Undertaking/Certification from the trustees of the AMC introduced for new scheme offer document.</li> </ul>
July 05	<ul style="list-style-type: none"> <li>• SEBI (Portfolio Manager) Regulations, 1993 amended for inserting a clause relating to the appointment of a custodian. These Regulations will not be applicable for portfolio managers with total assets under management less than Rs. 500 crore or who perform only advisory functions.</li> </ul>
July 13	<ul style="list-style-type: none"> <li>• Permanent Account Number (PAN) was made mandatory for all the entities/persons who are transacting in the cash market with effect from October 1, 2006 to further strengthen the Know Your Client norms.</li> </ul>
July 20	<ul style="list-style-type: none"> <li>• Formats of Monthly Cumulative Report and Annual Statistical Report submitted by mutual funds revised to incorporate data on unit capital.</li> </ul>
July 20	<ul style="list-style-type: none"> <li>• Certain operational issues with reference to the mandatory requirement of PAN were clarified. All entities registered with SEBI and having some difficulty in producing PAN card at the time of opening of Beneficiary Owner (BO) account were permitted to open BO account without producing the PAN card and the deadline for obtaining the PAN card was extended up to September 30, 2006.</li> </ul>
August 02	<ul style="list-style-type: none"> <li>• Aggregate ceiling to invest in ADRs/GDRs/foreign securities issued by Indian companies, equity of overseas companies listed on recognised stock exchanges, overseas and rated debt securities, by mutual funds raised from USD one billion to USD two billion with a sub-ceiling for individual mutual fund at 10 per cent of the net assets managed by it as on March 31 of the relevant year, subject to a maximum of USD 100 million per mutual fund.</li> </ul>
August 03	<ul style="list-style-type: none"> <li>• Disclosure that the scheme offered is “oriented towards protection of capital” and “not with guaranteed returns” made mandatory for</li> </ul>

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## CHRONOLOGY OF MAJOR INITIATIVES BY SEBI

Date	Announcements
August 21	<p>mutual funds in the offer document, Key Information Memorandum and in the advertisement in case of Capital Protection Oriented Scheme. Filing fees revised and made applicable to those schemes whose offer documents filed with SEBI on or after August 3, 2006.</p> <ul style="list-style-type: none"> <li>● SEBI (Foreign Institutional Investor) Regulations amended to include insurance and reinsurance company, international or multilateral organisation, foreign governmental agency and foreign central bank in the eligible criteria.</li> </ul>
September 07	<ul style="list-style-type: none"> <li>● Merchant bankers acting as portfolio managers immediately before the commencement of SEBI (Portfolio Managers) (Second Amendment) Regulations, 2006, allowed to continue to do so for a period of six months from such commencement or if the application for registration has been made under these regulations within the said period of six months, till the disposal of such application. Fee structure for registration as portfolio manager revised.</li> </ul>
September 15	<ul style="list-style-type: none"> <li>● The investment limit of USD 500 million by FIIs in Upper Tier II instruments should be allocated as USD 390 million in 100 per cent debt and USD 110 million in general 70:30 FIIs/sub accounts.</li> </ul>
September 22	<ul style="list-style-type: none"> <li>● Procedure for re-introduction of derivative contracts and modified position limits revised.</li> </ul>
September 25	<ul style="list-style-type: none"> <li>● SEBI (Stock Brokers and Sub-brokers) Regulations, 1992 amended - Schedule III-A inserted and Schedule IV amended.</li> </ul>
September 26	<ul style="list-style-type: none"> <li>● Operational issues related to the mandatory requirement of PAN clarified. Last date for adhering to the same extended up to December 31, 2006.</li> </ul>
September 28	<ul style="list-style-type: none"> <li>● Guidelines for uniform cut-off timings for applicability of Net Asset Value (NAV) of mutual fund schemes/plans issued.</li> </ul>
September 28	<ul style="list-style-type: none"> <li>● Stock exchanges instructed to report all instances of hanging/slowdown/breakdown of computer systems to the Standing Committee for Computerised Trading System. In case the stoppage is for more than five minutes, the stock exchanges directed to explain and report the incident to SEBI, as well as the remedial measures taken and also to issue a press release for the same.</li> </ul>
October 11	<ul style="list-style-type: none"> <li>● Guidelines for the uniform cut-off timings for applicability of NAV of mutual fund schemes/plans modified.</li> </ul>
October 16	<ul style="list-style-type: none"> <li>● SEBI (Disclosure and Investor Protection) Guidelines amended to adopt the policy of lock-in on pre-IPO shares held by Venture Capital Funds and Foreign Venture Capital Investors, before Initial Public Offering (IPO).</li> </ul>

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Date	Announcements
October 18	<ul style="list-style-type: none"> <li>Guidelines issued that no key personnel of a mutual fund shall be on the board of AMC/Investment Manager/Investment Advisor/Investment Company of a venture capital fund.</li> </ul>
October 18	<ul style="list-style-type: none"> <li>SEBI (DIP) Guidelines amended to regulate pre-issue publicity by companies proposing to make a public or rights issue.</li> </ul>
October 27	<ul style="list-style-type: none"> <li>Facility of opening a limited purpose BO account by NRI/PIOs/foreign nationals without PAN withdrawn.</li> </ul>
October 31	<ul style="list-style-type: none"> <li>SEBI (Custodian of Securities) Regulations, 1996 amended to provide for periodic renewal of registration.</li> </ul>
November 13	<ul style="list-style-type: none"> <li>Securities Contracts (Regulation) (Manner of Increasing and Maintaining Public Shareholding in Recognised Stock Exchanges) 2006 notified.</li> </ul>
November 20	<ul style="list-style-type: none"> <li>Mutual funds directed to dispatch the statement of accounts to the unit holders under SIP/STP/SWP once every quarter within 10 working days of the end of the respective quarter. First statement of accounts to be issued within 10 working days of the initial investment. Mutual funds directed to provide the statement of accounts to those unit holders also who have not transacted during the last six months prior to the date of generation of statement of accounts.</li> </ul>
November 30	<ul style="list-style-type: none"> <li>SEBI permitted portfolio managers to manage portfolios of SEBI registered FIIs and sub-accounts.</li> </ul>
December 11	<ul style="list-style-type: none"> <li>DPs directed to submit tariff/charge structure to respective depositories, every year latest by April 30 and also to inform the depository about change in tariff/charge structure as and when they are affected.</li> </ul>
December 12	<ul style="list-style-type: none"> <li>SEBI decided to create a unified platform for trading of corporate bonds in three phases. Bombay Stock Exchange directed to set up and maintain a corporate bond reporting platform.</li> </ul>
December 14	<ul style="list-style-type: none"> <li>After reviewing the utilisation versus allocation, the earlier mentioned investment limits allocated to 100 per cent debt and 70:30 FIIs/sub-accounts in debt securities revised.</li> </ul>
December 14	<ul style="list-style-type: none"> <li>Clause 24 of comprehensive IPF/CPF guidelines clarified.</li> </ul>
December 18	<ul style="list-style-type: none"> <li>All the Stock Exchanges/registered Stock Brokers/registered Sub-brokers/listed Companies/Depositories/registered Depository Participants advised to designate an e-mail ID of the grievance redressal division/compliance officer exclusively for investor complaints.</li> </ul>
December 20	<ul style="list-style-type: none"> <li>Methodology for valuation of gold held by Gold Exchange Traded Fund scheme revised.</li> </ul>

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Date	Announcements
<b>December 21</b>	<ul style="list-style-type: none"> <li>• Directions issued that neither AMC nor directors (including independent directors), officers or employee of an AMC, nor an appointed trustee of a mutual fund are eligible to be appointed as a trustee of any mutual fund.</li> </ul>
<b>December 22</b>	<ul style="list-style-type: none"> <li>• Foreign investment up to 49 per cent allowed in infrastructure companies with a separate foreign direct investment cap of 26 per cent and foreign institutional investment cap of 23 per cent. Investment in respect of recognised stock exchange subject to a limit of five per cent shareholding by any person, directly or indirectly as prescribed under SC(R) (Manner of Increasing and Maintaining Public Shareholding in Recognised Stock Exchanges) Regulations, 2006.</li> </ul>
<b>2007</b>	
<b>January 04</b>	<ul style="list-style-type: none"> <li>• Mutual funds permitted to invest in ADRs/GDRs/foreign securities within the overall limit of USD 3 billion along with a sub-ceiling of 10 per cent of the net assets managed for individual mutual funds as on March 31 of each relevant year and subject to a maximum of USD 150 million per mutual fund.</li> </ul>
<b>January 08</b>	<ul style="list-style-type: none"> <li>• SEBI (Foreign Institutional Investors) Regulations, 1995 amended to revoke the 'deemed FIIs' provision.</li> </ul>
<b>January 19</b>	<ul style="list-style-type: none"> <li>• Limit of FII investment in debt securities was further enhanced to USD 2.6 billion. Incremental limit of USD 0.6 billion was added to the existing headroom of USD 55 million available for investment by 100 per cent debt FII in Government Securities/T- Bills.</li> </ul>
<b>January 22</b>	<ul style="list-style-type: none"> <li>• All registered entities viz. Merchant Bankers, Registrars to an Issue/ Share Transfer Agents, Debenture Trustees, Bankers to an Issue and Underwriters advised to designate an e-mail ID exclusively for investor complaints.</li> </ul>
<b>February 13</b>	<ul style="list-style-type: none"> <li>• Safeguards to address the concerns of investors on the transfer of securities in dematerialised mode issued.</li> </ul>
<b>February 22</b>	<ul style="list-style-type: none"> <li>• Mutual funds directed to provide an additional report on overseas investment in ADRs/GDRs/foreign securities and overseas Exchange Traded Funds.</li> </ul>
<b>March 01</b>	<ul style="list-style-type: none"> <li>• National Stock Exchange was directed to set up and maintain a reporting platform for corporate bonds.</li> </ul>
<b>March 20</b>	<ul style="list-style-type: none"> <li>• Provision of continuous disclosures made by issuers who have listed their debt securities and not their equity shares rationalised. Submission of un-audited financial results with a limited review by listed companies reviewed. Model Listing Agreement for debentures modified.</li> </ul>