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**CAPITAL MARKET REVIEW**

1. **Trends in Resource Mobilisation by Corporates**

* Resource mobilised through equity issuances was ₹13,445 crore during November 2022, compared to ₹2,909 crore during October 2022.
* There were 15 IPOs in November 2022 from which a total of ₹ 10,078 crore was mobilized. Out of total IPOs, 6 issues were SME/start-up listings which mobilised ₹104 crore (Table 1).
* Funds amounting ₹1,651 crore were raised through 4 rights issues.
* Amount raised through preferential allotment during November 2022 was ₹1,716 crore, compared to ₹991 crore raised in October 2022. There was no QIP during November 2022.
* ₹867 crore was mobilised through public issue of debt during November 2022, compared to the ₹2,052 crore raised during October 2022. Private placement of debt raised ₹ 76,563 crore during November 2022, compared to ₹34,699 crore during October 2022.

**Table 1: Fund Mobilisation by Corporates (₹ crore)**

|  |  |  |
| --- | --- | --- |
| **Particulars** | **Oct-22** | **Nov-22** |
| ***I. Equity Issues*** | **2,909** | **13,445** |
| a. IPOs (i+ii) | 1,257 | 10,078 |
| *i. Main Board* | 809 | 9,974 |
| *ii. SME Platform* | 447 | 104 |
| b. FPOs | 0 | 0 |
| c. Equity Rights Issues | 162 | 1,651 |
| d. QIPs/IPPs | 500 | 0 |
| e. Preferential Allotments | 991 | 1,716 |
| ***II. Debt Issues*** | **36,751** | **77,431** |
| a. Debt Public Issues | 2,052 | 867 |
| b. Private Placement of Debt | 34,699 | 76,563 |
| **Total Funds Mobilised (I+II)** | **39,660** | **90,876** |

**Source:** SEBI, BSE, NSE and MSEI

1. **Trends in the Secondary Market**

* The strong momentum in equity markets continued during November 2022, with Nifty and Sensex reaching record milestones by respectively surpassing 18,700 and 63,000 mark for the first time. During November 2022, Nifty and Sensex rose by 4.1 per cent and 3.9 per cent respectively over previous month. Reflecting the uptrend, market capitalization at BSE and NSE recorded a rise of 3.1 per cent over end of October 2022. The P/E ratios of S&P BSE Sensex and Nifty 50 were 23.3 and 21.9 respectively, at the end of November 2022.

**Table 2: Snapshot of the Indian Capital Market**

|  |  |  |  |
| --- | --- | --- | --- |
| **Description** | **Oct-22** | **Nov-22** | **M-o-M variation (%)** |
| **Equity Market indices** | | | |
| Nifty 50 | 18,012 | 18,758 | 4.1 |
| Sensex | 60,747 | 63,100 | 3.9 |
| Nifty Midcap 50 | 8,690 | 8,856 | 1.9 |
| Nifty Smallcap 100 | 9,686 | 9,976 | 3.0 |
| BSE Midcap | 25,359 | 25,951 | 2.3 |
| BSE Smallcap | 28,818 | 29,520 | 2.4 |
| **Market Capitalisation (₹ crore)** | | | |
| BSE | 2,79,91,937 | 2,88,50,896 | 3.1 |
| NSE | 2,77,77,180 | 2,86,42,985 | 3.1 |
| **P/E Ratio (monthly average)** | | | |
| Sensex | 22.4 | 23.3 | 4.0 |
| Nifty 50 | 20.9 | 21.9 | 5.0 |
| **No of Listed Companies** | | | |
| BSE | 5,408 | 5,414 | 0.1 |
| NSE | 2,137 | 2,155 | 0.8 |
| **Gross Turnover in Equity Segment (₹ crore)** | | | |
| BSE | 84,061 | 91,684 | 9.1 |
| NSE | 9,12,411 | 12,01,108 | 31.6 |
| **Gross Turnover in Equity Derivatives Segment (₹ crore)** | | | |
| BSE | 37,54,350 | 43,50,094 | 15.9 |
| NSE | 27,14,68,189 | 30,55,99,912 | 12.6 |
| **Gross Turnover in Currency Derivatives Segment (₹ crore)** | | | |
| BSE | 5,65,491 | 5,96,896 | 5.6 |
| NSE | 33,17,577 | 41,30,907 | 24.5 |
| MSEI | 23,657 | 30,689 | 29.7 |
| **Gross Turnover in Interest Rate Derivatives Segment (₹ crore)** | | | |
| BSE | 2,233 | 880 | -60.6 |
| NSE | 2,209 | 2,220 | 0.5 |

**Source:** BSE, NSE and MSEI

**Figure 1: Movement of S&P BSE Sensex and Nifty 50**

**Source:** BSE and NSE

* During November 2022, trading activity rose at exchanges with average daily turnover at equity cash segment rising by 17.4 per cent in November 2022 over the previous month. Gross turnover in the cash segment at exchanges increased notably by 29.7 per cent in November 2022**.**

**Figure 2: Trends in Average Daily Turnover at Equity Cash Segment of Exchanges (₹ crore)**

**Source:** BSE and NSE

* Most of the sectoral indices showed positive returns during November. Nifty PSU outshined with return of 15.6 percent followed by BSE Metal (at 6.5 per cent), Nifty IT (at 5.8) and BSE Oil (at 5.8). Sectoral indices which showed negative returns included BSE Power (at -3.45), Consumer Durables (at -2.75), Auto (at -1.12) and Nifty Pharma (at -0.52). The average daily volatility and monthly returns of these select indices for November 2022 are illustrated in Figure 3.

**Figure 3: Trends of BSE and NSE Sectoral Indices during November 2022 (per cent)**

**Source:** Refinitiv

1. **Trends in Depository Accounts**

* NSDL added 4 lakh demat accounts while CDSL added 14 lakh demat accounts in November 2022. At the end of November 2022, 2.99 crore demat accounts were registered with NSDL and 7.62 crore with CDSL.

**Figure 4: Monthly New Demat Accounts Added (in lakh)**

1. **Trends in Derivatives Segment**
2. **Equity Derivatives**

**BSE**

During November 2022, the notional turnover of the equity derivatives segment at BSE rose by 15.9 per cent to ₹43.5 lakh crore.

**NSE**

The monthly notional turnover in the equity derivatives segment at NSE rose by 12.6 per cent to ₹3,056 lakh crore in November 2022.

**Figure 5: Trends of Average Daily Notional Turnover at BSE and NSE (₹ crore)**

**Note:** ADNT implies Average Daily Notional Turnover

**Source:** BSE and NSE

**Table 3: Trends in Equity Derivatives Market**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Description** | **NSE** | | | **BSE** | | |
| **Oct-22** | **Nov-22** | **Percentage Change Over Month** | **Oct-22** | **Nov-22** | **Percentage Change Over Month** |
| **A. Turnover (₹crore)** | | | | | | |
| **(i) Index Futures** | 7,18,961 | 6,18,742 | -13.9 | 3 | 3 | -3.7 |
| **(ii) Options on Index** |  |  |  |  |  |  |
| ***Put*** | 12,75,91,186 | 14,47,69,208 | 13.5 | 1,49,804 | 17,72,221 | 1,083.0 |
| ***Call*** | 13,76,53,539 | 15,30,03,930 | 11.2 | 36,04,543 | 25,77,870 | -28.5 |
| **(iii) Stock Futures** | 14,83,115 | 16,36,206 | 10.3 | 0 | 0 | - |
| **(iv) Options on Stock** |  |  |  |  |  |  |
| ***Put*** | 11,91,252 | 17,00,390 | 42.7 | 0 | 0 | - |
| ***Call*** | 28,30,135 | 38,71,435 | 36.8 | 0 | 0 | - |
| **Total** | **27,14,68,189** | **30,55,99,912** | **12.6** | **37,54,350** | **43,50,094** | **15.9** |
| **B. No. of Contracts** | | | | | | |
| **(i) Index Futures** | 77,67,856 | 63,25,491 | -18.6 | 33 | 30 | -9.1 |
| **(ii) Options on Index** |  |  |  |  |  |  |
| ***Put*** | 1,38,59,26,593 | 1,50,04,78,015 | 8.3 | 17,34,919 | 2,04,83,719 | 1,080.7 |
| ***Call*** | 1,45,73,82,597 | 1,55,57,35,385 | 6.7 | 3,66,89,840 | 2,57,71,335 | -29.8 |
| **(iii) Stock Futures** | 2,10,04,703 | 2,36,19,943 | 12.5 | 0 | 0 | - |
| **(iv) Options on Stock** |  |  |  |  |  |  |
| ***Put*** | 1,66,36,991 | 2,43,27,304 | 46.2 | 0 | 0 | - |
| ***Call*** | 3,70,02,907 | 5,20,72,767 | 40.7 | 0 | 0 | - |
| **Total** | **2,92,57,21,647** | **3,16,25,58,905** | **8.1** | **3,84,24,792** | **4,62,55,084** | **20.4** |

**Source:** BSE and NSE

1. **Currency Derivatives**

* The monthly notional turnover of currency derivatives in India (NSE, BSE, and MSEI together) rose by 21.8 percent to ₹47.6 lakh crore in November 2022 as compared to ₹39.1 lakh crore in October 2022.

**Figure 6: Trends of Currency Derivatives at NSE, MSEI, and BSE (₹ crore)**

**Source:** BSE, NSE and MSEI

1. **Interest Rate Derivatives**

* In the interest rate derivatives segment at BSE, the monthly notional turnover declined to ₹880 crore in November 2022 from ₹2,233 crore in the previous month. But at NSE it rose to ₹2,220 crore from ₹2,209 crore during the same period.

**Figure 7: Trends of Interest Rate Derivatives at NSE and BSE (₹ crore)**

**Source:** BSE and NSE

1. **Corporate Debt Market**

* During November 2022, 18,700 trades with value of ₹1,00,845 crore were settled across the corporate bond segments at exchanges. This includes OTC trades and RFQ trades of both listed and unlisted corporate bonds.

**Figure 8: Trends in Reported Turnover of Corporate Bonds (₹ crore)**

***Data Includes only settled trades through the exchange platform***

1. **Trends in Investments by the Foreign Portfolio Investors (FPIs)**

* After two months of net outflows, FPIs turned net buyers in the month of November 2022 with inflows worth ₹33,847 crore. November is the third month in the year 2022 to witness FPI net inflows apart from July and August. Inflows worth ₹36,239 crore were visible in the equity segment whereas Debt, Debt VRR and Hybrid segments witnessed net outflows of ₹1,637 crore, ₹ 540 crore and ₹214 crore respectively during the month of November 2022.
* Within the equity segment, inflows were observed via primary and secondary market routes to the tune of ₹3,444 crore and ₹ 32,794 crore respectively.
* The AUC of FPIs in India, as at the end of November 2022 was ₹53,98,303 crore, out of which the notional value of offshore derivative instruments (ODIs) (including ODIs on derivatives) was ₹ 99,335 crore which constituted 1.8 per cent of total AUC of FPIs..

**Figure 9: Trends in FPIs’ Investments** (₹ crore)

**Source:** NSDL

1. **Trends in Fund Mobilisation/Transactions by Mutual Funds**

* The net inflow in mutual funds stood at ₹13,264 crore during November 2022 compared to net inflow of ₹14,047 crore during October 2022.
* Gross funds mobilised by open-ended schemes during November 2022 was ₹8,37,351 crore as against redemption/repurchase of ₹8,27,414 crore, resulting in a net inflow of ₹9,937 crore from open-ended schemes.
* Of the gross fund mobilisation across entire category of schemes under open-ended schemes, ₹7,76,476 crore was mobilised through income/debt oriented schemes, ₹28,288 crore through growth/equity oriented schemes, ₹21,648 crore through other schemes, ₹10,636 crore through hybrid schemes and ₹303 crore through solution oriented schemes.
* During November 2022, ₹3,703 crore and ₹463 crore were mobilised and matured/repurchased respectively by close-ended schemes, while in the interval schemes, ₹ 212 crore were mobilised and ₹125 crore were matured/redeemed.
* The cumulative net assets under management of mutual funds increased by 2.21 per cent to ₹40,37,561 crore as at the end of November 2022.
* In the secondary market, during November 2022, mutual funds invested ₹1,688 crore in equity schemes and pulled out ₹1,571 crore from debt schemes.

**Figure 10: Trends in Net Purchase/Sales of Mutual Funds Transactions in Secondary Market (₹ crore)**

1. **Trends in Portfolio Management Services**

* At the end of November 2022, AUM of the portfolio management industry stood at ₹26.29 lakh crore as compared to ₹26.34 lakh crore at the end of October 2022. On a year on year basis, the total asset managed by Portfolio Managers (PMs) increased by 14.59 per cent.
* The number of clients in portfolio management industry was at 1,20,978 at the end of November 2022 compared to 1,47,167 at the end of October 2022. Out of the total number of clients, 1,13,348 clients were of discretionary services category, 6,282 clients in non-discretionary services category and 1,338 clients availed advisory services of portfolio managers.

**Figure 11: No. of Clients and AUM of Portfolio Managers**

1. **Trends in Substantial Acquisition of Shares and Takeovers**

* During November 2022, 7 open offers with offer value of ₹422 crore closed under SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011.

**Figure 12: Details of Open Offers Closed under the SEBI (SAST) Regulations**

1. **Commodity Derivatives Markets**
2. **Market Trends**

* At the end of November 2022, MCX iCOMDEX composite index increased by 4.8 per cent (M-o-M).
* Amongst sectoral indices, MCX iCOMDEX Energy Index decreased by 3.4 per cent, while MCX iCOMDEX Bullion index and MCX iCOMDEX Metal index increased by 4.9 per cent and 9.5 per cent, respectively.
* Movement of domestic commodity indices during the last 12 months is given in ***Figure 14.*** The monthly data of MCX’s iCOMDEX composite index is provided in ***Table 65***

**Figure 13: Movement of Domestic Commodity Derivatives Market Indices**

**Source:** MCX

**Table 4: Snapshot of Indian Commodity Derivatives Markets**

|  |  |  |  |
| --- | --- | --- | --- |
| **Items** | **Oct-22** | **Nov-22** | **Percentage variation M-O-M** |
| **A. Indices** |  |  |  |
| MCX iCOMDEX | 12,602 | 13,206 | *4.8* |
| Bullion | 13,913 | 14,610 | *5.0* |
| Base Metals | 15,953 | 17,477 | *9.5* |
| Energy | 8,582 | 8,293 | *-3.4* |
| NCDEX Guarex | 5,870 | 8,122 | *38.4* |
| **B. Turnover Exchange Wise (₹crore)** | | | |
| **All-India** | **11,70,133** | **15,10,857** | *29.1* |
| **MCX, of which** | **11,58,671** | **14,88,604** | *28.5* |
| Futures | 4,96,723 | 5,78,957 | *16.6* |
| Options | 6,61,947 | 9,09,647 | *37.4* |
| **BSE, of which** | **294** | **219** | *-25.4* |
| Futures | 250 | 163 | *-34.7* |
| Options | 44 | 56 | *27.6* |
| **NCDEX, of which** | **10,053** | **20,957** | *108.5* |
| Futures | 10,053 | 20,956 | *108.5* |
| Options | 0 | 0 | *-* |
| **NSE, of which** | **1,116** | **1,077** | *-3.5* |
| Futures | 1 | 1 | *7.5* |
| Options | 1,115 | 1,076 | *-3.5* |

**Source: MCX, BSE, NCDEX, NSE**

1. **Commodity Derivatives Turnover**

* During November 2022, pan- India turnover of commodity derivatives increased by 29.1 per cent to ₹15.1 lakh crore over the previous month.
* The percentage share of agri and non-agri segments in overall turnover accounted for 1.5 per cent and 98.5 per cent, respectively. The turnover of agri. segment increased by 102.8 per cent while that of non-agri segment increased by 28.4 per cent.
* The percentage share of futures and options contracts in overall turnover stood at 39.7 per cent and 60.3 per cent, respectively. The turnover of futures contracts increased by 18.4 per cent and that of options increased by 37.4 per cent, respectively, over the previous month.
* At exchange level, the turnover has increased for NCDEX by a significant 108.5 per cent, while the increase for MCX was of 28.5 per cent. The turnover decreased for BSE and NSE by 25.4 per cent and 3.5 per cent, respectively (M-o-M).
* In terms of percentage share of commodity derivatives turnover among exchanges, the MCX has the highest market share of 98.5 per cent, followed by NCDEX (1.4 per cent), NSE (0.1 per cent) and BSE (0.01 per cent).
* At MCX, the turnover of agri. segment increased by 79.8 per cent while the increase in the non-agri was of 28.4 per cent.
* At NCDEX, the overall turnover increased by 108.5 per cent to ₹20,957 crore over the previous month. This may be attributed to the remarkable increase in turnover of Guargum, Guarseed, Cotton seed oil cake and Kapas by 201.5 per cent, 218.2 per cent, 166.9 per cent and 110.5 per cent, respectively.
* The BSE recorded turnover of ₹219 crore, which is decrease of 25.4 per cent over the previous month. The futures contracts contributed 74.5 per cent (₹163 crore) while options contracts contributed 25.5 per cent (₹56 crore) to the total turnover. In the category of options, gold mini contracts solely contributed to the turnover.
* NSE recorded turnover of ₹1,077 crore, a decrease of 3.5 per cent over the previous month. The options on gold mini contracts contributed to almost all of the turnover in the commodity derivatives segment.
* The trends in turnover of commodity derivatives at exchanges are shown in Figures 15, 16 and 17 and the details are given in Tables 66 to 69.

**Figure 14: Trends in Turnover of Agricultural Commodity Derivatives**

**Source:** MCX, NCDEX, NSE, BSE & ICEX

**Figure 15: Trends in Turnover of Non-Agricultural Futures contracts**

**Source:** MCX, NCDEX, NSE, BSE & ICEX.

**Figure 16: Trends in Turnover of Non-Agricultural Options contracts**

**Source:** MCX, BSE & NSE.

### OVERVIEW OF THE GLOBAL FINANCIAL MARKETS

1. **State of Economy**

**Global Economy**

* The outlook of the global economy continues to be grim underlined by inflation, energy crises, higher interest rates and lingering threat of COVID-19 pandemic. The IMF has projected that 2023 will be worse than 2022 and that some major economies would face recession. The conflict between Ukraine and Russia has provoked a massive energy price shock not seen since the 1970s. The increase in energy prices is taking a heavy toll on the world economy, which will worsen if European gas storage runs short. This could force rationing in Europe, hurt countries worldwide as global gas prices are pushed higher. There are several headwinds in the form of tighter monetary policy and higher real interest rates, persistently high energy prices, weak real household income growth and declining confidence that may thwart growth worldwide.
* As mentioned above, inflationary pressures largely emanating from the war in Ukraine has pushed up energy and food commodity prices. The higher price of energy has spilled over across a broad basket of goods and services. Tighter monetary policy and decelerating growth will help to eventually moderate inflation.
* As regards the major economies, the USA is struggling to contain inflation and is suffering massive, highly publicised layoffs across its tech sector. The outlook for China has darkened noticeably. Downside risks emanate from prolonged lockdowns (as a result of zero-COVID policy), which has sparked widespread protests and property sector crises. Europe is facing a difficult and uncertain economic outlook. Governments, households, and firms are grappling with an energy and cost of living crisis that was exacerbated by the war in Ukraine.
* On a positive note, India is widely seen as a bright spot in an otherwise gloomy world. Several indicators suggest that the Indian economy is making resilient progress in the current quarter in spite of the drag from global spill overs. Financial system remains robust and stable. The growth of services exports, mainly contributed by software, business and travel services remained robust at 29.1 per cent in April-October 2022. Remittances are scaling new heights and the outlook is optimistic with pick-up in activity in the Middle East. According to the latest update of the World Bank, India’s remittances are estimated to grow by around 12 per cent to US$ 100 billion in 2022 from US$ 89.4 billion in 2021.
* Looking forward, the US, China and the EU, three of the biggest contributors to GDP are expected to face slowdown in 2023, of which the US might face recession. India’s exports, which are already under stress, will be hurt by such slowdown[[1]](#footnote-1). Besides, large-scale tech lay-offs are likely to impact the salaries and spending of the urban unemployed.
* The PMI survey data signalled that the global economic activity slowed further during November 2022. The J. P. Morgan Global Composite Output Index fell to 48.0 in November 2022 from 49.0 in October 2022. The J. P. Morgan Global Manufacturing PMI fell to a 29-months low of 48.8 in November 2022 from 49.4 in October 2022 and remained below the neutral 50.0 mark for three months in a row. The J.P.Morgan Global Services Business Activity Index fell to a 29-months low of 48.1 in November 2022, from 49.2 in October 2022.

**United States**

* According to the “second” estimate by Bureau of Economic Analysis, the real Gross Domestic Product (GDP) of the US increased at an annual rate of 2.9 per cent (Q-o-Q) in Q3 2022, as compared to a contraction of 0.6 per cent in Q2 2022.
* The annual inflation rate in the US slowed for a fifth straight month to 7.1 per cent in November 2022 from 7.7 in October 2022, the lowest since December 2021. The unemployment rate remained unchanged at 3.7 per cent in November 2022 and has been in a narrow range of 3.5 percent to 3.7 percent since March 2022.
* The S&P Global US Composite PMI Output Index posted 46.4 in November 2022, down from 48.2 in October 2022 signalling a solid decline in private sector business activity. Business activity in the US manufacturing sector declined for the first time since June 2020 as signalled by the S&P Global US Manufacturing PMI which fell to 47.7 in November 2022 from 50.4 in October 2022. As a result of lower new orders and subdued client demand, the S&P Global US Services PMI Business Activity Index fell to 46.2 in November 2022 from 47.8 in October 2022.

**United Kingdom**

* As per the first quarterly estimates by Office of National Statistics, the real GDP of the UK has fallen by 0.2 per cent (Q-o-Q) in Q3 2022, as compared to a growth of 0.2 per cent in Q2 2022.
* The Consumer Prices Index (CPI) rose by 11.1 per cent in October 2022 from 10.1 per cent September 2022. It is the highest inflation rate since October 1981.
* The unemployment rate in the UK edged higher to 3.7 per cent in the three months to October 2022 from 3.6 per cent in the previous period.
* In its Monetary Policy Meeting held in November 2022, Bank of England raised interest rates by 75 bps to 3 per cent, the largest rate hike since 1989, increasing the cost of borrowing to the highest level since late-2008.
* The S&P Global UK Composite PMI remained unchanged at 48.2 in November 2022, signalling a fourth successive monthly fall in private sector output. The Services PMI remained unchanged at 48.8 in November 2022 compared to the previous month’s reading, signalling a second consecutive monthly fall in activity. Although the Manufacturing PMI edged up to 46.5 in November 2022 from 46.2 in October 2022, the PMI remained below the neutral 50.0 mark for the fourth consecutive month.

**Euro area**

* As per the preliminary estimates of GDP released by Eurostat (the statistical office of the European Union), GDP increased by 0.3 per cent (Q-o-Q) in euro area in Q3 2022, as compared to a growth of 0.8 per cent in Q2 2022.
* As per the preliminary estimates, annual inflation rate in the Euro Area eased to 10 per cent in November 2022 from a record high of 10.6 per cent in October 2022.
* The euro area seasonally adjusted unemployment rate fell to a new record low of 6.5 per cent in October 2022 from 6.6 per cent in the prior month.

**India**

* The Indian economy slowed in the second quarter of 2022-23, as manufacturing output contracted amid rising interest rates and the favourable base effect from the pandemic period faded. GDP at constant (2011-12) prices rose by 6.3 per cent (Y-o-Y) in Q2 2022-23 from 13.5 per cent in Q1 2022-23. The Gross Value Added (GVA) at Basic Prices rose by 5.6 per cent in Q2 2022-23 over the level in Q2 of FY 2021-22.
* All India inflation rate based on CPI (general) softened to an eleven-month low of 5.88 per cent (provisional) in November 2022 from 6.77 per cent in October 2022.
* As per quick estimates released by MOSPI, Index of Industrial Production (IIP) fell by 4.0 per cent (Y-o-Y) in October 2022, compared to an increase of 3.1 per cent in September 2022. The IIP contraction happened on the back of poor performance by the manufacturing, capital goods and consumer goods sectors, all critical to propel the growth in the economy.
* The Reserve Bank of India raised its key repo rate by 35 bps to 6.25 per cent during its December 2022 meeting, the fifth rate hike in a row, as inflation remained above the tolerance band for the tenth month in a row. Consequently, the standing deposit facility (SDF) rate stands adjusted to 6.0 per cent and the marginal standing facility (MSF) rate and the Bank Rate to 6.5 per cent.
* Business activities in India continued to expand at a faster pace during November 2022. The S&P Global India Composite PMI rose to 56.7 in November 2022 from 55.5 in October 2022. The S&P Global India Manufacturing PMI rose to 55.7 in November 2022 from 55.3 in October 2022, above its long-run average (53.7) and indicating a stronger improvement in the health of the sector. The S&P Global India Services PMI increased to 56.4 in November 2022 from 55.1 in October 2022, indicating faster growth.

1. **Market Trends –**

**Equity Markets**

* During November 2022, amongst the BRICS countries (excluding Russia), highest annualized volatility was observed in iBovespa index of Brazil (25.9 per cent) followed by FTSE/JSE Africa All Share index of South Africa (22.2 per cent).
* In terms of monthly movement in indices, FTSE/JSE Africa All Share index recorded monthly return of 12.2 per cent in November 2022, followed by Shanghai SE Composite index of China (8.9 per cent). The iBovespa index of Brazil recoded negative return of 3.1 per cent.
* Among select developed market indices[[2]](#footnote-2), Dow Jones Industrial Average index of the USA witnessed the highest annualised volatility, while Strait Times index of Singapore was the least volatile.
* Among select developed market indices, Hang Seng index of Hong Kong recorded 26.6 per cent monthly return during November 2022, followed by Taiex index of Taiwan (14.9 per cent).
* The MSCI All Country World Price Index, designed to represent performance of the full opportunity set of large and mid-cap stocks across 23 developed and 24 emerging markets, rose by 6.8 per cent at the end of November 2022 from the level at the end of October 2022. During the same time, the MSCI World Index, which captures large and mid-cap representation across 23 developed markets countries, increased by 7.6 per cent. The MSCI Emerging Market Index, which captures large and mid-cap representation across 24 emerging markets countries, rose by 14.6 per cent during the same time.

**Table 1: Performance of Stock Indices**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Country** | **Name of the Index** | **Closing Value as on** | **Percentage Change in Closing Value over period** | | | | **Volatility (%)** | **P/E Ratio** |
| **30-Nov-22** | **1-Month** | **3-Month** | **6-Month** | **1-Year** |
| **BRICS Nations** | | | | | | | | |
| Brazil | BRAZIL IBOVESPA | 1,12,486 | -3.1 | 2.7 | 1.0 | 10.4 | 25.9 | 6.3 |
| India | Nifty 50 | 18,758 | 4.1 | 5.6 | 13.1 | 10.5 | 9.2 | 22.5 |
| India | S&P BSE SENSEX | 63,100 | 3.9 | 6.0 | 13.6 | 10.6 | 9.5 | 23.9 |
| China | SHANGHAI SE COMPOSITE | 3,151 | 8.9 | -1.6 | -1.1 | -11.6 | 16.4 | 12.0 |
| South Africa | FTSE/JSE AFRICA ALL SHR | 74,828 | 12.2 | 11.3 | 3.8 | 6.2 | 22.2 | 8.2 |
| **Developed Markets** | | | | | | | | |
| USA | NASDAQ COMPOSITE | 11,468 | 4.4 | -2.9 | -5.1 | -26.2 | 35.3 | NA |
| USA | DOW JONES INDUS. AVG | 34,590 | 5.7 | 9.8 | 4.8 | 0.3 | 19.1 | 19.6 |
| France | CAC 40 | 6,739 | 7.5 | 10.0 | 4.2 | 0.3 | 13.2 | 11.0 |
| Germany | DAX | 14,397 | 8.6 | 12.2 | 0.1 | -4.7 | 16.5 | 13.5 |
| UK | FTSE 100 | 7,573 | 6.7 | 4.0 | -0.5 | 7.3 | 10.6 | 11.1 |
| Hong Kong | HANG SENG | 18,597 | 26.6 | -6.8 | -13.2 | -20.8 | 44.2 | 9.9 |
| South Korea | KOSPI | 2,473 | 7.8 | 0.0 | -7.9 | -12.9 | 17.4 | NA |
| Japan | NIKKEI 225 | 27,969 | 1.4 | -0.4 | 2.5 | 0.5 | 14.7 | 15.1 |
| Singapore | STRAITS TIMES STI | 3,290 | 6.4 | 2.1 | 1.8 | 8.2 | 10.5 | 3.5 |
| Taiwan | TAIWAN TAIEX | 14,880 | 14.9 | -1.4 | -11.5 | -14.6 | 18.5 | 12.0 |

**Note:** P/E Ratios2are as on the last trading day of month.

**NA:** Not Available

Data for Sensex and Nifty were taken from respective exchange website.

**Source:** Refinitiv, BSE and NSE

**Figure 1: Trends in Select Stock Market Indices**

**Note**: All indices have been indexed to 100 on September 30, 2021.

**Source**: Refinitiv

**Bond Market**

* Among BRIC Nations, 10-year government bond yield was observed to be highest in Brazil (12.8 per cent) and the lowest in China (2.9 per cent) at the end of November 2022.
* Indian 10-year government bond yield was slightly down at 7.3 per cent at the end of November 2022.
* Among select developed countries[[3]](#footnote-3), 10-year government bond yield in the US fell to 3.7 per cent in November 2022 from 4.1 per cent in October 2022. The yield of 10-year government bond in the UK fell to 3.2 per cent from 3.5 per cent during the same time.

**Table 2: 10-year Government Bond Yields**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Country** | **Yield as on** | **Bond Yield in previous period** | | | |
| **30-Nov-22** | **1-Month** | **3-Month** | **6-Month** | **1-Year** |
| **BRIC Nations** | | | | | |
| Brazil | **12.8** | 11.9 | 12.2 | 12.6 | 11.4 |
| Russia | **10.1** | 9.9 | 9.4 | 9.5 | 8.4 |
| India | **7.3** | 7.4 | 7.2 | 7.4 | 6.3 |
| China | **2.9** | 2.7 | 2.6 | 2.8 | 2.9 |
| **Developed Markets** | | | | | |
| USA | **3.7** | 4.1 | 3.1 | 2.8 | 1.5 |
| UK | **3.2** | 3.5 | 2.8 | 2.1 | 0.8 |
| Germany | **1.9** | 2.2 | 1.5 | 1.1 | -0.3 |
| Spain | **2.9** | 3.3 | 2.7 | 2.2 | 0.4 |
| Japan | **0.3** | 0.2 | 0.2 | 0.2 | 0.1 |

**Source:** Refinitiv

**Currency Market**

* During November 2022, among BRICS nations, Rand of South Africa appreciated the most against USD by 6.1 per cent, followed by Renminbi of China (2.9 per cent) and Rupee of India (1.7 per cent). Real of Brazil, on the other hand, depreciated by 0.1 per cent during the same time. Among developed markets, during November 2022, Yen appreciated against USD by 7.2 per cent, followed by Franc of Switzerland (5.5 per cent) and the Euro (5.0 per cent).

**Table 3: Movement in Major Currencies across Developing and Developed Markets**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Country** | **Currency** | **Index as on** | **Percentage Change in Currency Index over period** | | | |
|  | **30-Nov-22** | **1-Month** | **3-Month** | **6-Month** | **1-Year** |
| **BRICS Nations** | | | | | | |
| Brazil | Real | 5.2 | 0.1 | 0.0 | 9.6 | -7.8 |
| Russia | Rouble | 60.5 | -0.9 | 2.5 | 0.4 | -18.1 |
| India | Rupee | 81.4 | -1.7 | 2.3 | 4.9 | 8.3 |
| China | Renminbi | 7.1 | -2.9 | 2.9 | 6.2 | 11.4 |
| S. Africa | Rand | 17.2 | -6.1 | 0.4 | 9.9 | 8.2 |
| **Developed Markets** | | | | | | |
| UK | Pound | 0.8 | -4.9 | -3.6 | 4.5 | 10.3 |
| Europe | Euro | 1.0 | -5.0 | -3.3 | 3.1 | 8.9 |
| Japan | Yen | 138.0 | -7.2 | -0.7 | 7.3 | 22.0 |
| Switzerland | Franc | 0.9 | -5.5 | -3.2 | -1.4 | 3.0 |
| US | Dollar Index | 106.0 | -5.0 | -2.5 | 4.1 | 10.4 |

**Note:** 1. All Currency rates are against USD (excluding USD Index)

2. Negative sign (in percentage change figures) indicates appreciation of quote currency against the base currency (USD)

**Source:** Refinitiv

**Figure 2: Movement of the USD-INR Index, US Dollar Index and MSCI EM Currency Index**

**Note:**

1. All indices have been normalised to 100 on October 31, 2021.
2. The U.S. Dollar Index is an index of the value of the United States Dollar relative to a basket of foreign currencies. The Index goes up when the U.S. Dollar gains value compared to other currencies. The index is maintained and published by Intercontinental Exchange. It is a weighted geometric mean of the dollar's value relative to following select currencies: Euro, Japanese Yen, Pound Sterling, Canadian Dollar, Swedish Krona, Swiss Franc.
3. The MSCI Emerging Markets (EM) Currency Index tracks the performance of twenty five emerging market currencies relative to the US Dollar.

**Source:** Refinitiv

**Foreign Holdings of US Treasury Securities**

* At the end of September 2022, Japan was the biggest foreign holder of US Treasury Securities, holding 15.4 per cent of the total US Treasury Securities, followed by China (12.8 per cent). The total foreign holding of US Treasury Securities at the end of September 2022 was USD 7,296.9 billion, of which the holdings by India stood at 2.9 per cent (USD 212.6 billion). India’s holding decreased by 3.9 per cent (M-o-M) and by 2.7 per cent (Y-o-Y).

**Table 4: Major Foreign Holders of US Treasury Securities (USD billion)**

|  |  |  |  |
| --- | --- | --- | --- |
| **Country** | **Sep-22** | **Change over Period (%)** | |
| **1-Month** | **1-Year** |
| Japan | 1120.2 | -6.6 | -13.8 |
| China, Mainland | 933.6 | -3.9 | -10.9 |
| United Kingdom | 663.3 | 2.9 | 17.1 |
| Belgium | 325.1 | 12.9 | 47.2 |
| Cayman Islands | 301.5 | -1.9 | 13.0 |
| Luxembourg | 298.6 | -2.4 | -4.3 |
| Switzerland | 278 | -5.7 | -5.6 |
| Ireland | 265.1 | -3.7 | -14.4 |
| Brazil | 226.4 | -2.5 | -9.1 |
| Taiwan | 216.9 | -7.0 | -9.4 |
| India | 212.6 | -3.9 | -2.7 |
| France | 207.7 | -11.1 | -14.2 |
| Canada | 198.8 | -5.8 | 19.0 |
| Hong Kong | 179.1 | -5.8 | -22.0 |
| Singapore | 177.5 | -6.3 | -6.2 |
| Saudi Arabia | 121 | -0.9 | -2.3 |
| Korea | 105.3 | -10.8 | -19.1 |
| Norway | 99.6 | -9.8 | -17.5 |
| Germany | 83.9 | -5.4 | 0.4 |
| Bermuda | 82.2 | 0.2 | 13.7 |
| Netherlands | 66.2 | 1.2 | -1.3 |
| Australia | 56.2 | 3.9 | 17.6 |
| Mexico | 53.9 | 1.1 | 11.4 |
| Philippines | 51.2 | 0.6 | 1.4 |
| Israel | 51.2 | 0.0 | -20.0 |
| Kuwait | 49.9 | -2.2 | 7.8 |
| United Arab Emirates | 48.3 | 1.0 | -16.9 |
| Sweden | 46.2 | 9.5 | 6.7 |
| Thailand | 44.4 | -8.3 | -27.2 |
| Bahamas | 41.3 | 3.2 | 124.5 |
| Vietnam | 37.1 | -2.9 | -17.9 |
| Iraq | 36.9 | 3.7 | 105.0 |
| Italy | 36.9 | -2.9 | -11.7 |
| Chile | 34.5 | -5.5 | -11.1 |
| Colombia | 34.4 | 1.2 | 3.3 |
| Spain | 33 | 10.4 | 32.5 |
| Poland | 33 | -2.7 | -39.2 |
| Peru | 32.2 | -0.6 | 14.6 |
| All Other | 413.7 | 1.9 | 3.7 |
| Grand Total | 7296.9 | -2.8 | -3.6 |
| Of which | | | |
| For. Official | 3741.8 | -4.2 | -11.1 |
| Treasury Bills | 220 | -4.6 | -13.9 |
| T-Bonds & Notes | 3521.8 | -4.1 | -10.9 |

**Note**:

1. Data published on November 16, 2022
2. The data in this table are collected primarily from U.S.-based custodians and broker-dealers. Since U.S. securities held in overseas custody accounts may not be attributed to the actual owners, the data may not provide a precise accounting of individual country ownership of Treasury securities (see TIC FAQ #7 at: http://www.treasury.gov/resource-center/data-chart-center/tic/Pages/ticfaq1.aspx)
3. Estimated foreign holdings of U.S. Treasury marketable and non-marketable bills, bonds, and notes reported under the Treasury International Capital (TIC) reporting system are based on monthly data on holdings of Treasury bonds and notes as reported on TIC Form SLT, Aggregate Holdings of Long-Term Securities by U.S. and Foreign Residents and on TIC Form BL2, Report of Customers' U.S. Dollar Liabilities to Foreign Residents.

**Source**: U.S. Department of the Treasury

**HIGHLIGHTS OF DEVELOPMENTS IN**

**INTERNATIONAL SECURITIES MARKET**

**International Organization of Securities Commissions (IOSCO)**

1. IOSCO highlighted the action taken to mitigate the greenwashing in financial markets, to contribute to the sustainability disclosure standards and to promote well-functioning carbon markets. It expects that the sustainability disclosure and assurance standards should be ready for use by corporates for the end-2024 accounts. These would help in maximizing the interoperability of standards and aligning key climate disclosures. In this regard, IOSCO published reports at COP 27 and launched a consultation on recommendations for establishment of sound Compliance Carbon Markets and also on key considerations for enhancing the resilience and integrity of Voluntary Carbon Markets. IOSCO is seeking feedback on fostering fair and functional markets and increasing structural resilience to achieve the environmental objectives.
2. IOSCO issued a public statement encouraging governance participants to be vigilant about the impact of uncertainty on the issuer's operations, financial flows, cash flows and prospects. It also emphasised on the transparent communication to the investors and consistent application and enforcement of high-quality reporting standards and disclosure regulations, which are critical for the proper functioning of the capital market.
3. IOSCO highlighted in its review of assessment of the implementation of recommendation to strengthen the liquidity risk management practices for collective investment scheme (CIS) globally that effective liquidity management is crucial to safeguard the interests of investors, to maintain the orderliness and robustness of collective investment schemes and markets and to reduce systemic risks, thus, contributing to financial stability.
4. IOSCO issued feedback statement on drivers of liquidity in corporate bond market during Covid-19 induced market stresses. The Feedback Statement summarizes stakeholder views on possible ways to help improve market functioning and liquidity provision in corporate bond markets. This includes assessing the feasibility, benefits, and costs of mitigating sudden shifts in liquidity demand and alleviating supply side market constraints, particularly in stress. The respondents demanded increased transparency and data availability to improve fluidity in the market to overcome the low trading frequency, further acknowledging that there exist no "silver bullet" solution.
5. Committee on Payments and Market Infrastructures, BIS and IOSCO reported the serious issue of concern that a few Financial Market Infrastructures (FMIs) not fully meeting expectations regarding the development of cyber response and recovery plans to meet the two-hour recovery time objective (2hRTO). The four issues of concern relate to shortcomings in established response and recovery plans to meet the 2hRTO under extreme cyber-attack scenarios, lack of cyber resilience testing after major system changes, lack of comprehensive scenario-based testing and inadequate involvement of relevant stakeholders in testing.
6. IOSCO proposed seven sound practices that regulators should consider when designing financial and investor education initiatives to mitigate and address retail investor risks and vulnerabilities during periods of crisis. It highlighted that Digital Engagement Practices (DEPs), that is, tools that use data analytics, behavioural prompts, differential marketing, game-like features (commonly referred to as gamification), and/or other design elements or features to engage with retail investors on digital platforms can also materially affect investing outcomes for retail investors. Furthermore, DEPs can hurt investors by creating or exacerbating conflicts of interest (e.g., investor best interest vs. optimizing revenue) and biases. The IOSCO recommended regulators to consider sound practices of monitoring, understanding, customising, collaborating, evaluating, exploring and remembering while designing financial education and investor protection initiatives.

**Bank for International Settlements (BIS)**

1. BIS and the central banks of France, Singapore and Switzerland, under Project Mariana, are exploring the use of Decentralised Finance (DeFi) protocols to automate the foreign exchange market and settlement. Project Mariana also explores the possibility of Automated Market Makers (AMMs) for cross border exchange of wholesale CBDCs.
2. Basel Committee published details of its 2022 assessment of global systematically important banks (G-SIBs) using indicators based on data of previous financial year. The indicators considered for inclusion in the G-SIB framework are size, cross-jurisdictional activity, interconnectedness, substitutability and complexity.

**Monetary Authority of Singapore (MAS)**

1. MAS announced new initiatives to expand cooperation in green finance and deepen capital market linkages with China. MAS and the People’s Bank of China will establish a Taskforce to deepen bilateral cooperation in green finance and facilitate greater public-private sector exchanges to better mobilise private capital. Also, the collaboration proposals between SGX and SZSE are:
   1. Exchange Traded Funds Product Link: The ETF product link will allow the investor of a nation to access ETF opportunities of the other market.
   2. Low Carbon Index Family: The exchanges would jointly launch Low Carbon Index Family, which would serve as benchmark for fund managers to launch new green funds.
2. MAS has successfully completed its first pilot study under MAS's Project Guardian which explores the potential decentralised finance (DeFi) applications in wholesale funding market. The live transactions were conducted by the members in foreign exchange and Singaporean G-Sec Bonds. A live cross-currency transaction involving tokenised JPY and SGD deposits was successfully conducted. In addition, a simulated exercise was performed involving the buying and selling of tokenised government bonds without the use of financial intermediaries. MAS is collaborating in studying regulatory and risk management implication of tokenised asset transaction, such as the regulatory treatment of tokenised liabilities and appropriate governance of institutional DeFi.
3. MAS has announced SGFinDex, the world’s first public digital infrastructure that enables individuals to securely access their financial information held across government agencies, banks, insurers and the central securities depository. The inclusion of the insurance to existing banking and investment data can help in identification of the protection gaps while providing the comprehensive financial view.
4. MAS launched Ubin+, an expanded collaboration with international partners on cross-border foreign exchange using wholesale CBDC. The key areas of Ubin+ are to study of business models and governance structures, to develop technical standards and infrastructures and to establish policy guidelines. The project undertaken are Project Mariana, interoperability of distributed ledger technology (DLT) and non-DLT payment systems and connectivity across heterogeneous digital currencies.
5. MAS and the United Nations Capital Development Fund (UNCDF) have signed a Memorandum of Understanding to jointly develop integrated and digital financial ecosystems for micro, small and medium enterprises (MSMEs) from least developed countries (LDCs- Pacific Island Nations) to enhance digitisation capabilities and facilitate greater access to finance through open digital infrastructure.

**Financial Conduct Authority (FCA), UK**

1. FCA announced the formation of a group to develop the Code of Conduct of Environmental, Social and Governance (ESG) data and rating providers to tackle the excessive reliance on the third party ESG data and rating services.
2. FCA warned stock trading app operators to review design features, including those with game-like elements, which risk prompting consumers to take actions against their own interests. The features like high frequency push notification, in-app badge points incentivise the risk taking behaviour, thereby prompting the users to miscalculate the risk appetite. The research published in this regard indicated the prevalence of gambling like behaviour among investors on such platforms. To ensure that the customers are being treated fairly and ahead of the new Consumer Duty coming into force next year, all firms should be reviewing their products to ensure they are fit for purpose. The Consumer Duty stipulates that firms must design services so that consumers can make effective, timely and properly informed decisions about financial products and services

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

1. SEC adopted rules to enhance Proxy Voting Disclosure by Registered Investment Funds to enhance the usability and analysis by improving the quality of information to the investors. The rulemaking will also newly require institutional investment managers to disclose how they voted on executive compensation, or so-called “say-on-pay” matters, which fulfils one of the remaining rulemaking mandates under the Dodd-Frank Wall Street Reform and Consumer Protection Act. The disclosure should be in machine readable format or consistent format with proper categorization and order of voting. SEC advised using structured data language.
2. SEC proposed enhancements to Open-End Fund Liquidity Framework for stressed market condition and to mitigate dilution of shareholders' interests. The amendment would enhance the liquidity risk management by application of liquidity management tools and timely and detailed reporting of fund information. The proposal seeks to improve these funds’ liquidity classifications by establishing new minimum standards for classification analyses, incorporating stressed conditions and updating the liquidity categories to limit the extent of a fund’s investments in securities that do not settle within seven days thereby helping funds to better prepare funds for stressed conditions and prevent them from over-estimating the liquidity of their investments. Affected funds would also be required to maintain a minimum amount of highly liquid assets of at least 10 percent of net assets to help manage stressed conditions and heightened redemption levels. These funds would publicly report certain information about their liquidity profiles to improve the availability of information about liquidity risk for investors as well as information about use of liquidity classification service providers. The proposal requires the open-ended funds to use 'swing pricing'.
3. SEC has taken actions against:
   1. Halal Capital: Multimillion Fraudulent Scheme that targeted Muslim Community with promissory notes of assured return by investment in Quran-complaint investment. However, funds have been misappropriated in Ponzi-like payment.
   2. Global Crypto Ponzi Scheme's Promoters: Three US promoters have been booked for raising more than 82,000 bitcoins from investors. The investors were fooled with false representations that the bot made millions of microtransactions per second with minimum return of 0.35 per cent daily.
   3. S&P Global Ratings: S&P Global ratings have been charged with the conflict of interest violations. S&P had given an excellent rating to a residential mortgage backed security transaction in 2017. The core issue arises from the interference of S&P commercial staff with the S&P analytical staff which pressurized the latter for providing the consistent rating that included a calculation error because of previous miscalculation. The S&P commercial employees became participants in the rating process during a time when they were influenced by sales and marketing considerations. Furthermore, the participation of S&P commercial employees in the rating issuance have led to failure of enforcement of policies and procedures designed to ensure compliance.
   4. Goldman Sachs: SEC fined Goldman Sachs $4 million for failure to follow the procedures and policies involving ESG investments of two mutual funds and one separately managed account strategy. The Goldman Sachs Asset Management (GSAM) failed in consistent reporting on portfolio selection criteria of the securities. The instances of recycling the old information and research had also been reported. GSAM consistently failed to follow procedures with respect to third parties, including intermediaries and trustees

**POLICY DEVELOPMENTS IN INDIAN SECURITIES MARKET**

1. **Applicability of GST on fees remitted to SEBI**

SEBI changed the operational procedure for payment of fees applicable on the issue and listing of Non-Convertible Securities (NCS), Securitised Debt Instruments and Security Receipts. The particulars of remittance must be emailed to od-ddhs@sebi.gov.in in the prescribed format.

*Source: SEBI/HO/DDHS/DDHS\_Div1/P/CIR/2022/0000000152 November 10, 2022*

1. **Handling of Clients’ Securities by Trading Members(TM)/ Clearing Members(CM)**

SEBI updated the process of handling of unpaid securities by TM/CM to protect clients’ funds and securities and to ensure that the Stock Broker segregates securities or moneys of the client or clients and does not use the securities or moneys of a client or clients for self or for any other client. The procedures coming into effect from Mach 31, 2023 are:

1. All securities pay-out received should be transferred to the demat account directly within one working day of the pay-out.

2. Any unpaid security should be transferred to client's demat account followed by creation of auto pledge with the reason 'unpaid' in favour of a separate account titled- 'client unpaid securities pledgee account' which shall be opened by TM/CM followed by communication to client via e-mail/SMS highlighting client’s obligation and TM/CM's right to sell in event of client failure.

3. The client needs to fulfill its fund obligation within 5 working days to release the pledge. Otherwise, the securities may be sold after the notice period.

4. The unpaid security would be sold with a Unique Client Code and profit/loss of sale transaction shall be adjusted correspondingly with respect to client's account.

5. TM / CM shall invoke the pledge only against the delivery obligation of the client. On invocation, the securities shall be blocked for early pay-in in the client’s demat account with a trail being maintained in the TM/CM’s client unpaid securities pledgee account.

6. Once such securities are blocked for early pay-in in client’s demat account, the depositories shall verify the block details against the client level obligation

7. The pledge on securities shall be auto released and the securities shall be available to the client as free balance without encumbrance if not invoked or released within seven working days.

8. Such unpaid securities pledged in client’s account shall not be considered for the margin obligations of the client.

9. All the existing “client unpaid securities accounts” shall be wound up on or before April 15, 2023. The securities lying in such accounts shall either be disposed of in the market or be transferred to the client’s demat account by the TM/CM accordingly, failing which such accounts shall be frozen for debit and credit.

*Source: SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2022/153 dated November 11, 2022*

1. **Registration and regulatory framework for Online Bond Platform Providers (OBPP)**

There has been increase in the number of online bond platform providers (OBPP) to non-institutional investors mostly by fintech companies. Such platforms are outside SEBI's regulatory purview. However, to streamline the operations of the OBPPs, an operational framework for OBPPs has been formulated. The highlights are:

1. Entity should be a company incorporated in India.

2. OBPP cannot offer products other than

a. Listed debt securities

b. Debt securities proposed to be listed by public offering

3. Such OBPP shall divest itself of offerings of other products or services or securities

4. An OBPP who fails to comply with any of the provisions of this circular, shall be liable for action under the SEBI Act and any rules, regulations and circulars issued thereunder.

5. Stock Exchanges are directed to make necessary amendments and monitor the operations carried out by the OBPPs

*Source: SEBI/HO/DDHS/DDHS-RACPOD1/P/CIR/2022/154 dated November 14, 2022*

1. **Guidelines for AIFs for declaration of first close, calculation of tenure and change of sponsor/manager or change in control of sponsor/manager**

SEBI amended the Alternative Investment Funds Regulations, 2012. The amendments modified the timeline for declaration of first close of schemes of AIFs, calculation of tenure of closed-ended scheme of AIFs, fees for change in control of manager/sponsor or change in manager/sponsor of AIFs. A few amended provisions regarding first close are:

1. The First Close of a scheme shall be declared not later than 12 months from the date of SEBI communication for taking the PPM of the scheme on record.

2. Corpus of the scheme at the time of declaring its First Close shall not be less than the minimum corpus prescribed in AIF Regulations for the respective category/sub-category of the AIF.

3. The commitment provided by sponsor or manager at the time of declaration of First Close, to the extent to meet the aforesaid minimum corpus requirement, shall not be reduced or withdrawn or transferred, post First Close.

4. The First Close of Large Value Fund for Accredited Investors (“LVF”) scheme shall be declared not later than 12 months from the date of grant of registration of the AIF or date of filing of PPM of scheme with SEBI, whichever is later.

*Source: SEBI/HO/AFD-1/PoD/P/CIR/2022/155 dated November 17, 2022*

1. **Scheme(s) of Arrangement by entities who have listed their Non-Convertible Debt Securities (NCDS)/ Non-Convertible Redeemable Preference Shares (NCRPS)**

SEBI updated the operational scheme of arrangement for the entities who had listed their NCDS/ NCRPS. The listed entities are required to comply with new scheme of arrangement.

*Source: SEBI/HO/DDHS/DDHS-RACPOD1/P/CIR/2022/156 dated November 17, 2022*

1. **Schemes of AIFs which have adopted priority in distribution among investors**

In AIFs, privately pooled investment vehicles, the sharing of loss by the sponsor/manager is not less than pro rata of their holding vis-à-vis other unit holders. However, it has been found that certain schemes of AIFs have adopted a distribution waterfall such that one class of investors (other than sponsor/manager) share loss more than pro rata to their holding in the AIF vis-à-vis other classes of investors/unit holders, since the latter has priority in distribution over former (‘priority distribution model’). Therefore, schemes of AIFs which have adopted aforesaid priority distribution model shall not accept any fresh commitment or make investment in a new investee company until notified further.

*Source: SEBI/HO/AFD-1/PoD/P/CIR/2022/157 dated November 23, 2022*

1. **Issue of Green Debt Securities by an Issuer under Securities and Exchange Board of India (Issue and Listing of Municipal Debt Securities) Regulations, 2015**

SEBI amended the ILMDS Regulations to address the issues on compliances upon issuance of 'green debt security'. An issuer under the ILMDS Regulations may issue a green debt security if it falls within the definition of “green debt security”, as per Regulation 2(1)(q) of the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021. Such issuer has to comply with ILMDS Regulation and NCS Regulations.

*Source: SEBI/HO/DDHS/DDHS\_Div1/P/CIR/2022/158 dated November 24, 2022*

1. **Reporting of trades in Non-Convertible Securities – Chapter XVI of Operational Circular issued under SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021**

SEBI, vide Operational Circular No. SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021, prescribed the requirements pertaining to operational and other aspects relating to the issue and listing of Non-Convertible Securities. However, it was observed that information on OTC trades in listed Non-Convertible Securities provided to the Stock Exchange(s) by the investors is incomplete and/ or inaccurate. This, in turn, amounts to incorrect and distorted information being displayed on the Stock Exchanges’ websites. In order to address the issue, it was decided that the reporting of all OTC trades must be done by all persons in the prescribed uniform format with effect from January 01, 2023.

*Source: SEBI/HO/DDHS/DDHS\_Div1/P/CIR/2022/159 dated November 24, 2022*

**9. Framework to address the ‘technical glitches’ in Stock Broker’s Electronic Trading Systems**

Technological advancements have made electronic trading in securities markets much easier. But any technology related interruption or glitch severely hampers investors trading opportunity. To recommend suitable measures to address the issue, SEBI constituted a working Group. Based on the recommendations of the working group and views obtained from stakeholders and industry experts, SEBI came with a framework to deal with technical glitches occurring in the trading systems of stock brokers. The framework defines ‘Technical glitch’, and has stringent norms for Reporting, Capacity planning, Software testing and change management, Monitoring mechanism and Business Continuity Planning (BCP) and Disaster Recovery Site (DRS). The framework shall come into effect from April 01, 2023.

*Source: SEBI/HO/MIRSD/TPD-1/P/CIR/2022/160 dated November 25, 2022*

* + 1. **Timelines for transfer of dividend and redemption proceeds to unitholders**

SEBI, vide a gazette notification, amended SEBI (Mutual Funds) Regulations, 1996. From the issue of public notice, the record date for mutual funds to transfer dividend payments has been reduced from five to two working days and the dividend shall be paid within seven days from the record date. Further transfer of redemption or repurchase proceeds shall be made within three working days from the date of redemption or repurchase for all schemes, except for certain schemes investing at least 80 per cent of total assets in permissible overseas investments for which redemption or repurchase proceeds shall be made within five working days.

*Source: SEBI/HO/IMD/IMD-I DOF2/P/CIR/2022/161 dated November 25, 2022*

1. **Extension of timelines for implementation of SEBI circulars SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2022/137 and SEBI/HO/MIRSD/DoP/P/CIR/2022/119**

SEBI had issued guidelines regarding execution of ‘Demat Debit and Pledge Instruction” (DDPI) for transfer of securities towards deliveries/ settlement obligations and pledging/ re-pledging of securities. The provisions of the same were to come into effect from November 18, 2022. Based on representation from depositories and further consultations with them, it has been decided that the provisions shall come into effect on or before January 20, 2023. Similarly, in September 2022, SEBI came up with a circular to protect clients’ funds and securities from those of the Stock Broker. The provisions of the same were to come into effect from November 25, 2022. Based on representation from depositories and further consultations with them, it has been decided that the provisions shall come into effect from January 27, 2023.

*Source: SEBI/HO/MIRSD/DoP/P/CIR/2022/162 dated November 25, 2022*

1. **Procedure for seeking approval for change in control**

SEBI regulations requires market intermediaries to take prior approval of SEBI in case of change in their control. The current process of providing approval for change in control is very complex. To streamline the process of providing approval to the proposed change in control of market intermediaries, it has been decided that the intermediary shall make an online application to SEBI for prior approval through the SEBI Intermediary Portal (‘SI Portal’). The online application filled by the intermediary shall also have details about change in its control. The provisions of the circular shall be applicable form December 01, 2022.

*Source: SEBI/HO/MIRSD/ MIRSD-PoD-2/P/CIR/2022/163 dated November 28, 2022*

1. **Introduction of credit risk based single issuer limit for investment by mutual fund schemes in debt and money market instruments**

SEBI’s Mutual Fund Regulations restricts a mutual fund scheme from investing more than 10 per cent of its NAV in debt instruments issued by a single issuer, comprising money market securities and non-money market securities rated investment grade or above. This investment limit may be extended to 12 per cent with the approval of the Board of Trustees and Board of Directors of the Asset Management Company. SEBI had introduced a credit risk based single issuer limits for debt ETFs/ Index Funds in May 2022 for effective risk management. It has decided to introduce a similar credit rating based single issuer limit for actively managed mutual fund schemes. Accordingly, based on the rating of the debt security, prudential limits have been laid down for schemes other than credit risk funds and the specified investment limits may be extended by up to 2 per cent of NAV of the Scheme with prior approval of the Board of Trustees and Board of Directors of the AMC.

*Source:* *SEBI/HO/IMD/IMD-1DOF2/P/CIR/2022/164 dated November 28, 2022*

1. **Net Settlement of Cash segment and Futures & Options (F&O) segment upon expiry of stock derivatives**

SEBI, vide a circular in April 2018, had mandated physical settlement of stock derivatives, upon expiry of such derivatives, in a phased manner. When a stock derivative devolves into physical settlement, the risk management framework, settlement mechanism and other procedures of cash segment shall be applicable to it. Further, with a view to provide better alignment of cash and derivatives segment, mitigation of price risk and to bringing in netting efficiencies for market participants, a mechanism of Net Settlement of cash segment and F&O segment upon expiry of stock derivatives has been introduced with effect from March 2023 expiry of F&O contracts.

*Source: SEBI/HO/MRD2\_DCAP/P/CIR/2022/165 dated November 30, 2022*

1. **Inclusion of Equity Exchange Traded Funds as list of eligible securities under Margin Trading Facility**

In June 2017, SEBI had issued a comprehensive framework to permit stock brokers to provide Margin Trading Facility (MTF). Meanwhile, Exchange traded Funds (ETFs) have emerged as an investment product with various advantages such as transparency, diversification, lower cost, etc. Based on the feedback received from market participants, units of Equity Exchange Traded Funds (Equity ETFs) categorized as Group-I security as an eligible security for MTF as well as an eligible collateral under MTF.

*Source: SEBI/HO/MRD/MRD-PoD-3/P/CIR/2022/166 dated November 30, 2022*

1. **Review of timelines for listing of securities issued on Private Placement basis – Chapter VII of the Operational Circular issued under SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021**

In August 2021, SEBI issued an operational circular regarding issue and listing of Non-Convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper. Based on feedback from market participants and to bring clarity and standardization in the process of issuance and listing of such securities, SEBI has decided to replace the entire Chapter VII of the said circular. The replaced and revised chapter deals with steps involved and relevant timelines for listing of securities issued on a private placement basis. Further, the timeline for listing is being reduced from T+4 to T+3 days. Additionally, under certain regulations, timelines regarding in principal approval from the Stock Exchange(s) have been incorporated. The provisions will come into effect from January 01, 2023.

*Source: SEBI/HO/DDHS/DDHS\_Div1/P/CIR/2022/167 dated November 30, 2022*

*Disclaimer: The summary has been prepared for the convenience of readers. In case of any ambiguity, please refer to the original circular from SEBI website.*

**LATEST PUBLICATIONS**

1. SEBI Annual Report: 2020-21

2. Handbook of Statistics on Indian Securities Market: 2020

Please visit SEBI website at the following URL to refer/download the publications.

<https://www.sebi.gov.in/reports-and-statistics.html>

1. In 2021-22, India’s exports to North America, China and largest four major economies of the Eurozone accounted for 30 per cent of its total exports. As production and incomes in these economies slow down, they will cut back on imports of raw materials and finished goods. [↑](#footnote-ref-1)
2. USA, France, Germany, UK, Hong Kong, South Korea, Japan, Singapore and Taiwan. [↑](#footnote-ref-2)
3. USA, UK, Germany, Spain, Japan [↑](#footnote-ref-3)