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**Shri Ajay Tyagi, Chairman, SEBI[[1]](#footnote-1)**

***Introductory Remarks***

1. Ladies and Gentlemen, it gives me great pleasure to be present amidst you at the 9th Financial Market Summit of the Confederation of Indian Industry (CII). I thank the organizers for inviting me to deliver the inaugural address.

***Current Market Scenario***

1. Globally, capital markets have been quite volatile during the current year and are likely to remain so in coming times on account of various factors. These factors include uncertainty in oil prices; move towards normalization of monetary policies by central banks across jurisdictions, especially policy stance of US Fed; US-China trade dispute; and geo political risks.

1. These factors have also affected the Indian markets. As for domestic issues, NBFCs and HFCs have been facing tight liquidity since September 2018; though much has improved on account of various steps taken by RBI in providing systemic liquidity. Of course, the biggest bonanza for the Indian economy has been fall of about 30% in crude oil prices in the last one month. The macros of the economy have much improved since then.

1. The performance of Indian capital market compares favorably with the other major global economies on various parameters such as indices returns, volatility and currency movements. During the

April to November period this year –

* + Return of NIFTY has moved up by about 6.5%; though trailing the return of Dow Jones (8%), it is higher than the return of stock indices of other countries such as UK (- 1%), China (- 18%), Brazil (5.7%) and Japan (4.5%).

* + The volatility in Indian equity market at 12% is among the lowest compared to major developed and emerging markets like UK (12%), US (16%), China (19%), Japan (17%), South Korea (14%), Hong Kong (19%) and Brazil (21%).

* + Indian rupee saw a depreciation of around - 7% against the US Dollar, which is around the same level as the depreciation in the Japanese Yen (- 7.3%) but better than many other jurisdictions like China (- 10.81%), UK (- 10.10%), Europe (-

8.73%) and Brazil (- 16.85%).

***Role of Capital Markets in supplementing Growth***

1. Let me now dwell upon the role of capital markets in ably supplementing the growth of Indian economy by providing much needed funds to the corporate sector in a challenging credit environment.

1. Capital market, both debt and equity, has become increasingly important for India’s growth story. A record amount of Rs. 8.8 trillion was raised from Indian capital market during 2017-18 (through equity and debt) against the Rs. 7.7 trillion raised during 2016-17. Rs. 4.85 trillion has already been raised during the current financial year.

1. During FY17, fund raised from corporate bond market touched an all-time high of more than Rs. 6,70,000 Crores, surpassing the amount of bank credit disbursed during the same year. During FY18, about Rs. 6,05,000 Crores was raised. An amount of more than Rs. 3,16,000 Crores has already been raised as of November end this financial year.

1. The development of other alternate sources of funding like AIFs, REITs, InvITs and Municipal Bonds has also been gradually gaining prominence over time.

1. AIFs, today, are playing a vital role in providing alternate mode of financing to the economy. As of September 2018, a total of 476 AIFs are registered with SEBI with ‘cumulative commitment raised’ of around Rs. 2 Lakh Crores since 2013 and ‘total funds raised’ of more than Rs. 1 Lakh Crores for the same period. There has been a spurt in AIF activities in the past 2 / 3 years, with

‘cumulative commitment raised’ going up by 117 % from March 2016 to March 2017 and further 96 % from March 2017 to March

2018. For the same periods, the ‘total funds raised’ have gone up by 80 % and 108 % respectively.

1. REITs and InvITs are another set of fund raising vehicles. Changes made to the regulatory and tax framework for these instruments over the last 2-3 years are likely to show positive results going forward. 7 InvITs and 2 REITs have so far been registered with SEBI. 3 of the registered InvITs have already issued and listed more than Rs. 10,000 crores of units. Recently, one REIT has filed documents with SEBI to make an offering of more than Rs. 5,000 crores of units.

1. An active municipal bond market would help municipalities to finance a part of their requirement through the financial market.

Pursuant to SEBI’s Municipal Bond framework of 2015 which was further amended in 2017, 2 municipal corporations - Pune and Greater Hyderabad - have together raised Rs. 400 crore though issuance of municipal bonds during 2017-18 and 3 municipal corporations - Indore, Greater Hyderabad and Bhopal - have together raised Rs. 470 crores so far during the current financial year. The data, however, suggests that our municipal bond market is still at a very nascent stage.

1. SEBI is in touch with market participants and if any further changes are warranted in the regulations relating to REITs, InvITs, or municipal bonds, appropriate action would be taken accordingly.

***Some recent SEBI Initiatives***

1. Let me now discuss some of the important initiatives taken by SEBI recently to facilitate growth in capital markets.

***Rationalization of Processes***

1. In order to reduce the time involved in issuance process and to reduce overall cost of fund raising, SEBI is working out a framework where it would be possible to list an issue on T+3 basis

i.e. listing within 3 days after an issue closes. As for the processing of IPO documents by SEBI, the average time for the same has reduced from 78 days to less than 60 days during the last 2 years.

***Further deepening of Corporate Bond Market***

1. Some significant measures taken recently by SEBI to further deepen the corporate bond market include:

* + 1. Easing the process for public issuance of corporate bonds, in terms of reduction in mandatory costs and reduction of timelines from issuance to listing.

* + 1. Nudging large corporates with “AA” rating and above to access 25% of their incremental borrowings from the bond market.

* + 1. Operationalizing corporate repo platform on stock exchanges.

***Review of Regulations on Corporate Restructuring***

1. Based on inputs received from various stakeholders and through wider consultations, SEBI reviewed the regulations governing aspects relating to ICDR, SAST, Buyback and Delisting regulations. The recent changes to ICDR regulations, inter alia, include rationalization of disclosure requirement, rationalized definition of promoter group and aspects which would further enhance overall ease of doing business.

***Corporate Governance***

1. Taking into consideration the recommendations of Kotak Committee, along with public comments thereon, SEBI has taken several decisions on measures to further improve the corporate governance in India.

1. For instance, SEBI, inter alia, enhanced the focus on independent directors, prescribed separation of CEO/ MD and Chairperson; enhanced role of Audit Committee, Nomination and Remuneration Committee and Risk Management Committee; strengthened approval and disclosure of related party transactions (RPTs); mandated consolidated quarterly results and secretarial audit for listed entities and their material unlisted subsidiaries.

***Framework for Direct Listing***

1. The extant legal framework in India, hitherto, does not permit direct listing of Indian companies on foreign stock exchanges and vice versa. An Expert Committee constituted by SEBI on this aspect has recently submitted its Report to SEBI, which is on SEBI’s website for public comments.

1. With so many Captains of the industry present today in this Forum, let me take this opportunity to encourage you to peruse the Report diligently and offer your comments within the specified time-frame.

***To Conclude***

1. Let me conclude by reiterating that a vibrant capital market has to play an increasingly pivotal role to facilitate fund mobilization for sustaining India’s projected economic growth momentum. This role becomes even more important, given the stress on the banking sector.

1. Without taking any more of your time, let me leave you with these thoughts to deliberate further during the conference.

*Thank You and All the Very Best.*

**Inaugural Address as Chief Guest**

**Shri Ajay Tyagi, Chairman, SEBI[[2]](#footnote-2)**

1. I wish to compliment IIM Calcutta on organizing this conference and am indeed thankful to them for inviting me to deliver the inaugural address. It gives me great pleasure, Ladies and Gentleman, to be in the midst of this august gathering and to share some of my perspectives with you.

1. Through my address today, I will touch upon the growth of the Indian capital market concurrently with that of the Indian economy; followed by a brief flavor of the current market scenario; and thereafter, go on to discuss certain immutable trends that I see having an impact on the financial world.

**Growth of the *Indian* Economy & the Indian Capital Market**

1. Economic historians identify 1990 as the inflexion point in India's growth story when a new paradigm of development through reforms, mainly focused towards encouraging market based signals for resource allocation, were ushered in.

1. From being the 12th largest economy in 1990, we have today become the 6th largest economy (by nominal GDP), with our GDP growing from USD 330 billion in 1990 to more than USD 2.8 trillion now. If the same growth trend continues, one would not be amiss in forecasting that India may well become the 3rd or 4th largest economy within a decade.

1. Linked to this economic growth has been the development of capital market. While India is home to the oldest stock exchange in Asia - BSE came into existence in 1875 - the comprehensive regulatory framework for a liberalized, market driven and modern Indian capital market was initiated with the creation of SEBI in 1992.

1. It is widely acknowledged that development of capital market has been one of the true success stories of the reform process, whether it be in terms of growth of market-based financing, state-of-the-art online trading, settlement and risk management, increasing role of domestic institutions such as mutual funds in providing pools of capital and liquidity, or enhanced corporate governance standards.

1. The Indian capital market, today, competes well with those of the other major jurisdictions across the globe. For instance –

* World Bank’s Ease of Doing Business 2019 survey ranks India 7th in the area of "protecting minority investors", much ahead of even many developed jurisdictions like US, Japan, Germany and Australia.

* India is ranked among the top ten countries in the world in terms of market capitalization.

* We rank first in terms of number of contracts traded in Index Options and Currency Options and second in terms of the number of contracts traded in Single Stock Futures and Currency Futures.

* We had introduced T+2 rolling settlement more than 15 years ago and much ahead of most developed nations like US and Europe. Many jurisdictions like China, Singapore and Japan still have T + 3 settlement.

* Indian markets have successfully implemented dematerialization of securities since 1996, which is widely considered as superior to immobilization. Even the US follows immobilization.

***Current* Market Scenario**

1. The capital markets, globally, have been quite volatile during the current year and are likely to remain so in coming times on account of various factors such as US Fed rate hikes, volatile oil prices, intensifying trade conflicts and sanctions. The Indian markets have also been affected by these factors.

1. On the domestic front, NBFCs and HFCs have been facing tight liquidity since September 2018; though much has improved on account of various steps taken by RBI in providing systemic liquidity. The major recent highlight for the Indian economy, however, comes from the fall of about 30% in crude oil prices in the last two months. The macros of the economy have much improved since then.

1. The performance of Indian capital market compares favorably with the other major global economies on various parameters such as indices returns, volatility and currency movements. During the current Financial Year (upto December 14, 2018) -

* + Return of NIFTY has moved up by about 5.8%, as compared to almost neutral return in Dow Jones (- 0.01%). Also, it is higher than the return of stock indices of other countries such as Brazil (2.4%), Japan (-0.4%), UK (- 3%), Hong Kong (-13.29%), South Korea (-15.39%) and China (- 18.2%).
  + The volatility in Indian equity market at 12% is among the lowest compared to major developed and emerging markets like UK (12%), US (16%), China (19%), Japan (17%), South Korea (14%), Hong Kong (19%) and Brazil (21%).

* + Indian rupee saw a depreciation of around -10.4% against the US Dollar, which is comparable to the depreciation in Chinese currency (- 9.9%) and the Euro (- 9 %) and has fared better than that of other jurisdictions like UK (- 11.7%) and Brazil (- 18%).

**Current *Trends* impacting the Financial World**

1. Let me now focus on few broader trends which, in my opinion, are presently having a definitive impact on the financial world and would continue to do so in the near future.

***A Globally Integrated World***

1. The world economy is becoming increasingly integrated and globalized, whether in terms of trade integration or in terms of capital flows. Notwithstanding certain geo-political frictions, there is no gainsaying the fact that the trend towards increasingly integrated and inter-connected world would get further accentuated in the future.

1. During the past few decades, both emerging markets and advanced economies have increasingly opened their borders to financial flows. As a result, international capital gross inflows have experienced a remarkable rise, particularly from the mid-1990s onwards.

1. The nature of capital flows, however, has evolved over time. While the pre-crisis era was marked by gradual rise in capital flows owing to increasing financial integration and strong growth prospects in the emerging markets, capital flows tanked during the Global Financial Crisis. They have since shown a strong upward trend as a result of heightened global risk appetite and ultraaccommodative monetary policies being followed mainly by US, EU and Japan, leading to a high degree of correlation in global asset price movement. In recent months, however, the central banks of major jurisdictions have indicated a shift to a neutral stance as regards their monetary policy is concerned.

1. Such capital flows can either be in the form of inflows or outflows; both come with their own set of challenges - macro-economic as well as micro-economic such as uncertainty in interest rates, volatility in exchange rates and impairment of corporate balance sheets, which in turn adversely affects capital formation and growth, going forward. Capital market, thus, needs to act as an effective shock absorber that can cushion out the adverse effects that may crop up as a result of these inflows and outflows.

1. A deep and liquid capital market, strong domestic institutions, diverse pool of investors, wide array of products, effective governance, robust practices and strong enforcement mechanism are some of the elements that increase the resilience of a capital market to act as an effective shock absorber against adverse capital flows. We need to thus work towards creating a capital market that is high on these elements.

1. Additionally, as the domestic capital market has to compete with other global markets, its rules and regulations need to be largely in harmonization with other markets.

1. Integration of capital markets, however, raises certain crossjurisdictional challenges. For instance, disputes and / or defaults relating to central clearing of derivatives, where the clearing house is located in one jurisdiction while the counterparties are located in other jurisdictions, could throw up issues of precedence of foreign requirements over the domestic ones. Cross-border asset management of funds also raises similar challenges.

1. Capital markets, therefore, would have to work out suitable arrangements, either institutional or otherwise, that seek to maintain a fine balance between giving precedence to domestic interests and getting access to cross-border investments and markets on equitable terms, without compromising national sovereignty and investor protection.

***Technology***

1. Finance, especially the capital market, has been an early adopter of technology. Technology has shaped capital market in the past and would continue to do so in the future.

1. Significant areas in the functioning of exchanges and market intermediaries have been streamlined due to the adoption of technology – anonymous screen-based trading system, T+2 settlement cycle, real time online monitoring of margins and position limits, smart order-routing systems, etc. are just some of the examples of usage of technology in capital market.

1. There is now a wider consensus among technology experts that machine-learning / artificial intelligence and block-chain are two significant technological changes that would fundamentally alter and shape our capital market going forward.
2. Machine-learning and artificial intelligence have made inroads in the area of high frequency and algorithmic trading and some bits of fund management as well. Going ahead, they would find increasing applications in areas of capital market that require rapid processing of large amounts of information / data, which is otherwise not possible for humans to meaningfully process.

1. On the other hand, block-chain technology, due to its ability to maintain transactions or contractual obligations as distributed ledgers, with all its inherent advantages, may pose serious challenge to any centralized record-keeping institution such as exchanges, depositories and other entities related to payments and settlement.

1. Obviously, regulators who were earlier comfortable in imposing basic requirements of investor protection in terms of net-worth, minimum standards of infrastructure, minimum number of qualified manpower, etc. on entities, may have to develop the capacity to vet software codes and algorithms, test those algorithms for malfunction, if any, and consider encoding checks and balances of investor protection in those smart contracts and algorithms itself.

1. As data usage and requirements get further deepened, concerns relating to "security" of data would become even more pronounced. Markets, accordingly, would have to remain vigilant and continue to adopt sophisticated cyber-security and cyberresilience measures.

1. Additionally, stringent data privacy requirements would have to be put in place, apart from building the necessary eco-system for encouraging applications of such technology to all areas of capital market, even while knowing that they may cause disruption to existing systems, players and institutions.

***Demographics***

1. Another important and, might I say, largely neglected aspect in this space is that of demographics. In many circles, demographics is today considered to be one of the biggest drivers of growth of financial markets going forward. Demographics, however, across the globe are changing constantly. Just to give an example - the developed nations, currently, have a larger proportion of elderly population when compared to the developing nations.

1. Since younger people are expected to be more risk-taking, countries with a younger set of population would have more demand for investment products that offer higher returns, adjusted for risk. Capital markets of such countries would have to evolve to cater to the investment preferences of their young population.

1. On the other hand, in countries which have higher proportion of ageing population, the investors would be more risk-averse and may prefer safety over returns. They would demand more of annuity based fixed income products and their capital markets would have to accordingly respond to such needs.

1. As the demographic profile keeps changing over time, what is relevant today may become obsolete in the near future. Capital markets, thus, would have to continuously evolve to meet the changing preferences of the investors.

***Trust***

1. No discussion on finance can be complete without bringing out the topic of ‘trust’. Trust is the backbone of finance. Our world is replete with examples where people have ignored the importance of trust in their zeal to make quick money and suffered adverse consequences later besides damaging the sanctity of the system.
2. Presence of trust in the system brings down the cost of transaction, the cost of compliance, the cost of enforcement and in fact the overall cost of doing business.

1. Unfortunately, the public trust in functioning of financial markets has lately declined as a result of some major financial reporting scandals.

1. Creating and maintaining a high degree of trust in the system should be the shared objective of all the constituents in the system, e.g. accounting firms, rating agencies, market intermediaries, market infrastructure institutions, board and management of public companies, financial institutions including banks, etc.

***Conclusion***

1. To conclude, I have tried to highlight some singular trends that I feel are instrumental in shaping the financial markets. I am sure you will have the opportunity to deliberate on some of these issues during this conference.

*Thank You and All the Very Best!*

**CAPITAL MARKET REVIEW**

1. **Introduction**

During the December 2018 meeting of the Monetary Policy Committee (MPC), RBI kept the policy repo rate unchanged at 6.5 per cent, retaining the stance of monetary policy as calibrated tightening. Consequently, the reverse repo rate remained at 6.25 per cent. Global financial markets have been driven mainly by rising policy rates in the US and volatile crude oil prices.

Retail inflation eased to 2.19 per cent in December 2018 compared with 2.33 per cent in November 2018 on the back of cooling food and fuel prices.

India’s overall exports (Merchandise and Services combined) in April-November 2018-19 are estimated to be USD 351.99 Billion, exhibiting a positive growth of 15.48 per cent over the same period last year. Overall imports in April-November 2018-19 are estimated to be USD 428.18 Billion, exhibiting a positive growth of 16.86 per cent over the same period last year.

The following sections of the review highlights the trends observed in the Indian securities market during December 2018.

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

**Exhibit 1: Funds Mobilisation by Corporates (₹ crore)**

|  |  |  |
| --- | --- | --- |
| **Particulars** | **Nov-18** | **Dec-18** |
| ***A. Funds Mobilisation through Public Issue*** | ***318*** | ***1,028*** |
| I. Equity Public Issue |  |  |
| a. IPOs (i+ii) | 56 | 49 |
| i. Main Board | 0 | 0 |
| ii. SME Platform | 56 | 49 |
| b. FPOs | 0 | 0 |
| c. Equity Right Issue | 0 | 715 |
| d. Public Issue of Debt | 262 | 264 |
| ***B. Funds Mobilisation through Private Placement*** | ***79,474*** | ***88,135*** |
| 1. QIP/IPP | 0 | 0 |
| 2. Preferential Allotment | 24,259 | 3,210 |
| 3. Private Placement of Debt | 55,215 | 84,925 |
| **Total Funds Mobilised (A+B)** | **79,792** | **89,163** |

**Notes: Current month data are provisional**

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

Primary market mobilised ₹ 49 crore in December 2018 through public issues as compared to ` 56 crore raised in November 2018. Total 4 IPOs were listed on SMEs platform of the BSE and the NSE during December 2018.

In December 2018, there were total 35 preferential allotments worth ₹3,210 crore that got listed at BSE, NSE and MSEI as compared to 34 preferential allotments worth ₹24,259 crore in November 2018. Corporate sector mobilised large amount of resources by way of private placements of corporate bonds. The companies mobilised ` 84,925 crore through 185 issues in December 2018.

1. **Trends in the Secondary Market**

**Exhibit 2: Snapshot of Indian Capital Market**

|  |  |  |  |
| --- | --- | --- | --- |
| **Description** | **Nov-18** | **Dec-18** | **Change during the Month** |
| **Index in Equity Market** | | | |
| Sensex | 36194 | 36068 | -0.3 |
| Nifty 50 | 10877 | 10863 | -0.1 |
| Nifty 500 | 9109 | 9170 | 0.7 |
| BSE 500 | 14429 | 14540 | 0.8 |
| Nifty Bank | 26863 | 27160 | 1.1 |
| Nifty IT | 14638 | 14440 | -1.4 |
| BSE Healthcare | 14333 | 13923 | -2.9 |
| BSE FMCG | 11647 | 11829 | 1.6 |
| **Market Capitalisation (` crore)** | | | |
| BSE | 1,42,88,776 | 1,44,48,466 | 1.1 |
| NSE | 1,41,22,535 | 1,42,79,083 | 1.1 |
| **P/E Ratio** | | | |
| Sensex | 23.0 | 23.5 | 2.1 |
| Nifty 50 | 26.3 | 26.2 | -0.5 |
| **No of Listed Companies** | | | |
| BSE | 5,216 | 5,232 | 0.3 |
| NSE | 1,922 | 1,923 | 0.1 |
| **Gross Turnover in Equity Segment (` crore)** | | | |
| BSE | 59,064 | 50,483 | -14.5 |
| NSE | 6,10,914 | 5,99,917 | -1.8 |
| **Gross Turnover in Equity Derivatives Segment (` crore)** | | | |
| BSE | 0.25 | 0.55 | 123.5 |
| NSE | 1,84,14,538 | 1,91,83,763 | 4.2 |
| **Gross Turnover in Currency Derivatives Segment (` crore)** | | | |
| BSE | 5,73,746 | 5,15,673 | -10.1 |
| NSE | 6,81,660 | 7,41,804 | 8.8 |
| MSEI | 2,051 | 1,291 | -37.1 |
| **Gross Turnover in Interest Rate Derivatives Segment (` crore)** | | | |
| BSE | 6,157 | 4,245 | -31.0 |
| NSE | 20,287 | 39,136 | 92.9 |

**Source: NSE, BSE and MSEI**

The benchmark S&P BSE Sensex declined marginally by 0.35 per cent and closed at 36,068 in December 2018. The Nifty 50 also declined marginally by 0.13 per cent and closed at 10,863 in December 2018.

S&P BSE Sensex touched its intraday high with a closing value of 36,554.99 and intraday low of 35,010.82 during December 2018. On the other hand, Nifty 50 touched its peak with a closing value of 10,985 and intraday low of 10,333.9 during the month under review.

**Figure 1: Movement of Sensex and Nifty**

At the end of December 2018, market capitalisation of BSE and NSE stood at ₹1, 44, 48,466 crore and ₹ 1, 42, 79,083 crore respectively. The turnover at BSE was ₹ 50,483 crore while at NSE, the turnover stood at ₹ 5, 99,917 crore in December 2018. The monthly cash segment turnover decreased at both BSE and NSE. Further, the P/E ratios of S&P BSE Sensex and Nifty 50 were at 23.5 and 26.2 respectively compared to 23.0 and 26.3 respectively in the previous month.

**Figure 2: Trends in Average Daily Values of Nifty 50 and NSE Equity Cash Segment Turnover**

**Figure 3: Trends in Average Daily Values of Sensex and BSE Equity Cash Segment Turnover**

Indian securities market witnessed a mixed trend during December 2018. Among BSE indices, S&P BSE PSU increased by 5.80 per cent, followed by S&P BSE Power 4.60 per cent and S&P BSE Small Cap 1.94 per cent, however S&P BSE Healthcare decreased by 2.86 per cent followed by S&P BSE Teck 1.45 per cent and S&P BSE Sensex 0.35 per cent.

Further, among BSE indices, BSE Metal recorded the highest daily volatility 1.51 per cent, followed by S&P BSE Consumer Durables 1.19 per cent, and S&P BSE Power registering a volatility of 1.17 per cent. S&P BSE Sensex, S&P BSE 500 and S&P BSE Large Cap were the least volatile indices for the month of December 2018.

**Figure 4: Performance of BSE Indices**

As regards NSE indices, the largest increase was registered by Nifty PSU Bank 5.93 per cent followed by Nifty Small 100 3.75 per cent and Nifty Midcap 50 3.16 per cent. On the contrary, Nifty Pharma recorded the largest fall of 4.39 per cent followed by Nifty IT 1.35 per cent and Nifty 50 0.13 per cent for the month under consideration.

Further, among NSE indices, Nifty Media recorded highest daily volatility of 1.70 per cent followed by Nifty PSU Bank 1.32 per cent and Nifty Small 100 1.28 per cent. However, Nifty Bank, Nifty 50 and Nifty 100 were the least volatile for the month under review.

**Figure 5: Performance of NSE Indices**

1. **Trends in Depository Accounts**

At the end of December 2018, there were 181 lakh demat accounts at NSDL and 167 lakh demat accounts at CDSL. At NSDL, till December 2018, 6,117 companies signed up to make their shares available for dematerialisation while at CDSL, 6,876 companies signed up.

**Trends in Derivatives Segment**

1. **Equity Derivatives**

Over the years, the Indian equity derivatives segment has grown exponentially and is continuing to maintain its momentum in the current financial year as well. Among the three exchanges in the derivative market ecosystem, viz., NSE, BSE and MSEI, NSE is dominating the market with almost 100 per cent share in equity derivatives. There is insignificant trading taking place at BSE and MSEI.

During December 2018, the notional turnover at NSE increased to ₹ 1, 91, 83,763 crore from ₹ 1, 84, 14,538 crore as compared to the previous month. Index options accounted for 87.2 per cent of the total notional turnover in the F&O segment at NSE. The notional turnover of index futures decreased by 2.2 per cent in December 2018 and that of stock futures also decreased by 1.4 per cent over the previous month.

**Figure 6: Trends of Equity Derivatives Segment at NSE (₹ crore)**

Further, monthly notional turnover of put options on index increased by 2.1 per cent, and monthly notional turnover of call options on index also increased by 7.8 per cent. In addition, monthly notional turnover of put options on stock decreased by 3.3 per cent and call options on stock increased by 0.1 per cent over previous month. The open interest in value terms in the equity derivative segment of NSE increased by 5.2 per cent to ₹ 2,90,865crore in December 2018 from ₹ 2, 76,559 crore as compared to the previous month.

In December 2018, the equity derivatives segment turnover of BSE was ₹0.6 crore compared to ₹ 0.2 crore in November 2018, while the open interest in terms of value stood at ₹0.2 crore as on December 31, 2018.

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

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Description** | **NSE** | | | **BSE** | | |
| **Nov-18** | **Dec-18** | **Percentage Change Over Month** | **Nov-18** | **Dec-18** | **Percentage Change Over Month** |
| **A. Turnover (` crore)** | | | | | | |
| (i) Index Futures | 4,41,855 | 4,32,194 | -2.2 | 0.0 | 0.0 | NA |
| (ii) Options on Index |  |  |  |  |  |  |
| *Put* | 77,02,237 | 78,64,302 | 2.1 | 0.0 | 0.0 | NA |
| *Call* | 82,16,768 | 88,58,653 | 7.8 | 0.0 | 0.0 | NA |
| (iii) Stock Futures | 11,87,157 | 11,70,839 | -1.4 | 0.2 | 0.6 | 123.5 |
| (iv) Options on Stock |  |  |  |  |  |  |
| *Put* | 2,90,333 | 2,80,845 | -3.3 | 0.0 | 0.0 | NA |
| *Call* | 5,76,187 | 5,76,930 | 0.1 | 0.0 | 0.0 | NA |
| **Total** | **1,84,14,538** | **1,91,83,763** | **4.2** | **0.2** | **0.6** | **123.5** |
| **B. No. of Contracts** | | | | | | |
| (i) Index Futures | 67,17,256 | 63,43,194 | -5.6 | 0 | 0 | NA |
| (ii) Options on Index |  |  |  |  |  |  |
| *Put* | 13,83,21,044 | 13,63,35,130 | -1.4 | 0 | 0 | NA |
| *Call* | 14,44,76,482 | 15,00,63,428 | 3.9 | 0 | 0 | NA |
| (iii) Stock Futures | 2,13,15,096 | 2,04,74,282 | -3.9 | 4 | 9 | 125.0 |
| (iv) Options on Stock |  |  |  |  |  |  |
| *Put* | 53,23,461 | 48,65,999 | -8.6 | 0 | 0 | NA |
| *Call* | 98,68,483 | 95,23,131 | -3.5 | 0 | 0 | NA |
| **Total** | **32,60,21,822** | **32,76,05,164** | **0.5** | **4** | **9** | **125.0** |
| **C. Open Interest in Terms of Value ( ` crore)** | | | | | | |
| (i) Index Futures | 26,613 | 30,105 | 13.1 | 0 | 0 | NA |
| (ii) Options on Index |  |  |  |  |  |  |
| *Put* | 77,583 | 79,306 | 2.2 | 0 | 0 | NA |
| *Call* | 51,169 | 59,565 | 16.4 | 0 | 0 | NA |
| (iii) Stock Futures | 1,05,986 | 1,05,322 | -0.6 | 0.1 | 0.2 | 46.2 |
| (iv) Options on Stock |  |  |  |  |  |  |
| *Put* | 5,836 | 6,496 | 11.3 | 0 | 0 | NA |
| *Call* | 9,370 | 10,071 | 7.5 | 0 | 0 | NA |
| **Total** | **2,76,559** | **2,90,865** | **5.2** | **0.1** | **0.2** | **46.2** |
| **D. Open Interest in Terms of No of Contracts** | | | | | | |
| (i) Index Futures | 3,58,324 | 3,93,741 | 9.9 | 0 | 0 | NA |
| (ii) Options on Index |  |  |  |  |  |  |
| *Put* | 10,81,919 | 11,21,366 | 3.6 | 0 | 0 | NA |
| *Call* | 7,39,334 | 8,75,325 | 18.4 | 0 | 0 | NA |
| (iii) Stock Futures | 18,65,537 | 17,50,523 | -94.4 | 2 | 3 | 50.0 |
| (iv) Options on Stock |  |  |  |  |  |  |
| *Put* | 1,07,868 | 1,09,707 | 1.7 | 0 | 0 | NA |
| *Call* | 1,84,114 | 1,72,330 | -6.4 | 0 | 0 | NA |
| **Total** | **43,37,096** | **44,22,992** | **2.0** | **2** | **3** | **50.0** |

**Source: NSE and BSE**

1. **Currency Derivatives at NSE, BSE and MSEI**

The monthly turnover of currency derivatives at NSE during December 2018 increased by 8.8 per cent to `7, 41,804 crore from `6, 81,660 crore in November 2018. However during the same time, the monthly turnover of currency derivatives at BSE and MSEI declined by 10.1 per cent and 37.1 per cent respectively as compared to the previous month.

**Figure 7: Trends of Currency Derivatives at NSE, MSEI and BSE (₹ crore)**

1. **Interest Rate Futures at NSE and BSE**

During December 2018, the monthly turnover of interest rate futures at NSE increased by 92.9 per cent to `39,136 crore from `20,287 crore in November 2018. However, the monthly turnover of interest rate futures at BSE decreased by 31.0 per cent to `4,245 crore from `6,157 crore in November 2018.There was no trading observed in interest rate futures at MSEI during the month under consideration.

**Figure 8: Trends of Interest Rate Futures at NSE and BSE (₹** **crore)**

1. **Trading in Corporate Debt Market**

During December 2018, BSE noted 3,626 trades of corporate debt with a traded value of ₹ 56,467 crore as compared to 2,921 trades with a traded value of ₹ 40,773 crore in November 2018. At NSE, 5,903 trades were noted with a traded value of ₹1, 23,702 crore in December2018 as compared to 4,214 trades were noted with a traded value of ` 82,928 crore in November 2018. Indian companies raised a total of ` 1, 80,169 crore during December 2018 through the corporate debt route.

**Figure 9: Trends in Reported Turnover of Corporate Bonds (₹** **crore)**

1. **Trends in Institutional Investment**
2. **Trends in Investment by Mutual Funds**

The total net investment in the secondary market by mutual funds was ₹ 68,154 crore in December 2018, compared to the total net investment of ₹ 56,629 crore in November 2018. During December 2018, mutual funds net invested ₹ 2,919 crore in equity as compared ₹ 5,236 crore net investment in November 2018. In addition, mutual funds net invested ₹ 65,235 crore in debt securities as compared to ₹ 51,393 crore investment in November 2018.

During December 2018, there was a net outflow of ₹ 1, 36,951 crore by the mutual funds industry as against a net inflow ₹ 1, 42,359 crore during November 2018. During the month, income / debt oriented schemes liquidated ₹ 1, 52,308 crore. Further, Growth/equity oriented schemes mobilised ₹4,442 crore followed by Exchange traded funds (₹10,854 crore), Balanced schemes (₹44crore), and Fund of funds schemes investing overseas (₹17 crore).

The cumulative net assets under management of all mutual funds decreased to ₹ 22, 85,912 crore at the end of December 2018 from ₹ 24, 03,134 crore at the end of November 2018.

As on December 31, 2018, there were a total of 1,941 mutual fund schemes in the market, of which 1,263 were income / debt oriented schemes, 548 were growth / equity oriented schemes, 26 were balanced schemes, 75 were exchange traded funds and 29 were fund of funds investing overseas.

**Figure 10: Trends in Mutual Funds Investment (₹ crore)**

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

Foreign portfolio investors continued to be net buyers of Indian equities and debt securities in December 2018. During the same period, FPIs invested ₹ 7,889 crore in Indian securities market as compared to inflow of ₹ 11,595 crore in the previous month. FPI’s invested (net) ₹ 3,143 crore worth of equity securities in December 2018. In addition, FPI also invested (net) ` 4,749 crore worth of debt securities during the same period. On the other hand, FPIs liquidated `2.7 crore worth of hybrid securities in December 2018.

The assets of the FPIs in India, as reported by the custodians, at the end of December 2018 was ₹31, 38,205 crore, out of which the notional value of offshore derivative instruments (including ODIs on derivatives) was ₹79,513 crore.

**Figure 11: Trends in FPIs Investment (₹ crore)**

***Note:*** *Data on**investment by FPIs in Hybrid securities has been compiled since December 26, 2017.*

1. **Trends in Portfolio Management Services**

During December 2018, the total AUM of the portfolio management industry increased by 1.5 per cent as compared to the previous month. The AUM of discretionary, non-discretionary and advisory services increased by 1.5 per cent, 0.7 per cent and 1.8 per cent respectively.

In terms of number of clients in PMS industry at the end of December 2018, discretionary services category topped with 1,33,556 , followed by non-discretionary category with 6,423 clients and advisory category with 4,006 clients.

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

During December 2018, nine open offers with offer value of ₹ 43 crore were made to the shareholders as against four open offers with offer value of ₹651 crore in November 2018.

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

1. **Commodities Derivatives Markets**

**A. Market Trends**

At the end of December 2018, MCX Comdex closed at 3334.7, witnessing a fall of 5.0 per cent over the closing value of 3510.7 on November 30, 2018. On Y-o-Y basis, the MCX Comdex decreased by 6.5 per cent, mainly on account of decrease in prices of all the traded commodities over the past year, except gold, natural gas, cardamom and cotton. At the end of December 2018, NCDEX Dhaanya closed at 3321.7, a decrease of 1.9 per cent over the closing values of 3384.6 recorded on November 30, 2018. On Y-o-Y basis, the NCDEX Dhaanya index increased by 10.2 per cent, mainly driven by increase in prices of all the traded commodities over the past year, except guar gum, turmeric, RM seed and jeera. **(Figure 13)**.

During the month, MCX Comdex recorded an intra-day high of 3664.0 on December 11, 2018 while 3311.9 on December 26, 2018 was its lowest intra-day level. NCDEX Dhaanya recorded an intra-day high of 3426.7 on December 04, 2018 and an intra-day low of 3212.7 on December 26, 2018 (Details in Table 66).

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

**Source: MCX and NCDEX**

During December 2018, among the three component indices of MCX Comdex, MCX Energy and Metal indices decreased by 15.1 per cent and 0.7 per cent respectively, while MCX Agri. index increased by 0.1 per cent. MCX Energy index which is composed of only crude oil and natural gas, fell on account of decrease in the crude oil futures prices by 11.4 per cent and natural gas prices by 33.1 per cent. The downtrend in MCX Metal index was driven by the fall in futures prices of copper (4.4 per cent), followed by zinc (4.3 per cent), nickel (3.6 per cent) and aluminium (3.2 per cent). The uptrend in MCX Agri. index in December 2018 was due to increase in futures prices of cardamom (1.7 per cent) and CPO (0.3 per cent), while futures prices of cotton and mentha oil decreased by 2.3 percent and 8.2 percent, respectively. A decrease of 1.9 per cent for NCDEX Dhaanya index may be attributed to the decrease in futures prices of 6 of its components viz. chana (7.6 per cent), jeera (5.1 per cent), coriander (1.8 per cent), castor seed (1.6 per cent), RM seed (1.5 per cent) and guar gum (1.4 per cent).

Daily volatility during December 2018 of MCX Comdex and NCDEX Dhaanya indices was recorded at 1.3 per cent and 0.9 per cent respectively. Among the component indices of MCX Comdex, MCX Energy recorded highest volatility of 2.8 per cent, followed by MCX Metal (1.0 per cent) and MCX Agri (0.6 per cent). The daily volatility and variation over the previous month for indices on commodity derivatives is shown in the Figure 14 below:

**Figure 14: Variation (point-to-point) and daily volatility of commodity indices in December, 2018 (per cent)**

**Source: MCX and NCDEX**

**Turnover**

During December 2018, among the five commodity derivative exchanges; NCDEX, MCX, BSE and NSE recorded a decrease in turnover, whereas ICEX witnessed an increase in turnover.

The aggregate turnover at all the five exchanges in December stood at ₹5,77,161 crore, a decrease of 10.7 per cent over the turnover of ₹6,46,443 crore during the previous month. The agricultural segment contributed ₹44,763 crore (7.8 per cent), while that of the non-agricultural segment contributed ₹5,32,398 crore (92.2 per cent) to the total turnover during the month. Among, the non-agricultural commodities segments, bullion, metals and energy are traded at MCX, , diamond and metals futures are traded at ICEX, whereas only bullion is being traded at BSE and NSE.

The total turnover (futures + options) at MCX decreased by 7.6 per cent during December 2018 to ₹5,34,401 crore, over total turnover of ₹5,78,650 crore recorded in November 2018. The turnover of options contracts traded at MCX decreased from ₹ 10,235 crore in November 2018 to ₹9,814 crore in December 2018, a decrease of 4.1 per cent. This was due to fall in turnover of all the three segments of options in December.

The contribution to the total turnover from futures contracts at MCX from energy segment was at 45.3 per cent followed by metal (29.1 per cent), bullion (22.1 per cent) and agricultural segment(1.7 per cent). The options contracts contributed 1.8 per cent to the total turnover.

During the month, the consolidated turnover (futures + options) at NCDEX decreased by 38.2 per cent to ₹35,481 crore, from ₹57,368 crore in November 2018. The options contracts recorded turnover of ₹5.0 crore during December 2018.

The turnover at BSE and NSE decreased by 46.8 per cent to ₹4,287 crore during December 2018, of this the turnover recorded at BSE was ₹3,755 crore and at NSE was ₹533 crore.

The aggregate turnover at ICEX (diamond + steel long + agri. contracts taken together) was recorded at ₹2,992 crore in December, 2018, an increase of 26.8 per cent over the previous month. Out of this, the turnover of diamond futures was recorded at ₹2,356 crore, an increase of 28.5 percent over the turnover of ₹1,834 crore during last month. The turnover of its metal segment (steel long futures) was recorded at ₹508 crore, an increase of 13.6 percent from the turnover of ₹447 crore during November 2018. The agri. segment contributed only ₹127 crore to the total turnover during December 2018.

The turnover of agricultural commodities was the highest at NCDEX (₹35,481 crore) followed by MCX (₹9,155 crore) and ICEX (₹127crore). The turnover of agricultural and non- agricultural commodities at exchanges is shown in Figures 15, 16 and the details in Tables 67 to 72.

**Figure 15: Trends in turnover of agricultural commodity derivatives (₹crore)**

Note : i) Consequent upon merger of NMCE with ICEX, all contracts of NMCE are transferred to ICEX w.e.f Sept. 24, 2018. The trading data of NMCE are added to agri. segment of ICEX.

**Source: MCX, NCDEX & ICEX**

**Figure 16: Trends in turnover of non-agricultural commodity derivatives - futures and options**

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

SEBI has passed an exit order dated 31st December 2018 in respect of ACE Derivatives and Commodity Exchange Ltd., Mumbai from the commodity derivative segment.

The following chart provides a snapshot of the percentage gain/loss in futures prices in near month contracts of the commodities traded at the exchanges.

**Figure 17: Movement of Near Month futures prices (M-o-M) for commodities traded on domestic exchanges during December 2018 (per cent)** **Source: MCX, NCDEX, ICEX, BSE and NSE**

**REVIEW OF GLOBAL FINANCIAL MARKETS**

**Overview of the Global Financial Markets:**

Although the global economy grew at a solid pace by 2.9 percent in 2018, on the back of a strong fiscal expansion in the United States of America, the risks to the outlook for global economy are tilted downwards. According to World Bank, the global economic recovery is expected to slow down a bit and grow at a moderate rate of 2.8 percent in 2019 and 2020, on the concerns of tightening of global financial conditions, intensifying trade tension between US and China, moderation in the industrial production, and financial market stress of emerging markets. Growth in the United States is likely to slow to 2.5 percent in 2019 from 2.9 percent in 2018, while China is expected to grow at 6.2 percent in the year compared with 6.5 percent in 2018, according to the World Bank.

In the US, GDP growth for Q3 of 2018 was revised down to 3.4 percent from 3.5 percent on slightly softer consumer spending, but still supported by a decent inventory build. Meanwhile inflation rates have continued to come down, mostly reflecting the impact of the recent fall in oil prices on gasoline costs. Personal Consumption Expenditure (PCE) inflation hit an 11-month low of 1.8 percent in November 2018, though ‘core’ inflation rose slightly to 1.9 percent.

In its monetary policy meeting in December 2018, the Federal Reserve of USA hiked policy interest rates by 0.25 percent to the target rate range of 2.25-2.50 per cent. This was the fourth interest rate hike during 2018. Meanwhile, FED has given guidance for two rate hikes in 2019 from three and no change to its plans to slow or reverse its program of bond sales (‘quantitative tightening’) during 2019. Financial markets interpreted this as hawkish, triggering a sharp sell-off in equities towards the mid- December. Even though US equity recovered towards the end of December 2018, it became the second worst month for US equity since 1931, as S&P500 index declined by 9 per cent during the month. The Volatility Index, referred to as [“fear gauge”](https://ftalphaville.ft.com/2018/02/28/1519839805000/An-abridged%E2%80%93illustrated-history-of-volatility/), also rose to elevated levels of well above the long-run average, indicating growing uncertainty among investors. In the bond market, the difference between yields on two and 10-year Treasuries declined to 0.12 percent, lowest level since 2007. An inverted yield curve, where short-dated Treasury yields rise above longer-dated ones, has preceded every US recession since the Second World War.

The news flow over the December 2018 has been dominated by downside risks, including the fall in equity prices and impact of tighter Fed policy, the absence of a resolution of the trade war with China, and the partial government shutdown due to a row between President Trump and Congress over funding for the proposed border wall with Mexico, which has affected some 800,000 government employees. Although the direct economic impact of the shutdown is not expected to be large, it underscores fears over policy deadlock and confrontation as the Democrats took control of the House of Representatives in early January.

Economic conditions in the Eurozone continued to soften in December 2018. Growth in The Euro Area was weaker than Expected in the Q3 of 2018 while regional PMI fell to 51.3, its lowest pace of expansion in four years, as political turmoil and trade uncertainty weighed on manufacturing and services activity. The decline was led by a contraction in France following weeks of street protests. Global trade uncertainty also continued to negatively impact Germany’s export sector and business confidence. The European Central Bank confirmed the end of its asset purchase program in December but reaffirmed its intention to keep interest rates at their current level at least through summer of 2019 and adjusted its guidance on the re-investment of proceeds from maturing bonds, which will be maintained well beyond the first rate hike and for as long as necessary. Meanwhile, it lowered its projections for both growth and inflation for 2019 by 0.1 percent to 1.7 percent and 1.6 percent respectively, while 2020 projections were unchanged.

In the UK, tensions over Brexit continue with Prime Minister Theresa May struggled to get the parliamentary vote on her negotiated withdrawal agreement with the European Union. The vote was postponed until mid-January, with Prime Minister May looking to secure further concessions from the EU before then. If the deal is not passed, the prospect of the UK having no-deal Brexit in March 2019 and facing a risk of long period of economic slowdown and financial disruption is growing bigger.

In Japan too, the Bank of Japan maintained its accommodative monetary policy stance and confirmed it optimism on the domestic economy, despite growing uncertainties abroad.

China’s GDP growth eased to 6.5 per cent in the third quarter of 2018, weighed down by a slower expansion in industrial production and fixed asset investment. While export performance has remained solid, there are signs that the imposition of tariffs may have a more material impact on the Chinese economy in the coming months. Persistently high stock market volatility and uncertainty may dampen sentiments, weighing on consumer spending and investment, although the recent stock market losses are unlikely to generate large negative wealth effects, given that household participation in financial markets is relatively limited.

The economic outlook in India remains favourable, underpinned by robust private consumption, a gradually more supportive fiscal stance and benefits from previous reforms. In the second quarter of 2018 the Indian economy growth dropped to 7.1 per cent year-on year after expanding by 8.2 per cent in the first quarter, highest pace since the first quarter of 2016. The recent evolution of short-term leading economic indicators confirms this positive outlook. Since mid-2017, business confidence indices have steadily risen, reaching record highs in the second quarter of 2018. While more volatile, PMI indices have also tended to strengthen throughout 2018. In this context, the Indian economy is projected to continue expanding at an annual rate of about 7.5 per cent, in the near term.

**Equity Markets:**

Equity markets, especially in the US, declined sharply during the last few weeks of December 2018, on fears of a global economic slowdown, monetary tightening Federal Reserve, and trade war between US and China. The developed markets equity, as measured by MSCI World Index, declined by 7.7 percent in December 2018. Developed ex-US markets, as measured by the MSCI EAFE, fell approximately 4.8 percent, reflecting fragile confidence in Eurozone economic prospects as well as political instability. Emerging markets, as measured by the MSCI Emerging Markets Index, fell 2.6 percent despite 6.1 percent fall in China in dollar terms, which represents just less than a third of the index.

In the USA, the Dow Jones Industrial Average index fell by 8.7 percent, while technology heavyweight Nasdaq composite index fell by 9.5 percent during December 2008. Amongst other developed markets, Japan’s Nikkei index fell by 10.5 percent, followed by Germany’s DAX index (-6.2 percent), France’s CAC index (-5.5 percent), UK’s FTSE100 index (-3.6 percent) and Hong Kong’s Hang Seng index (-2.5 percent).

Among the major emerging nations, Russia’s RTI fell by 5 percent, followed by China’s Shanghai Composite index (-3.6 percent), Brazil’s IBOVESPA index (-1.8 percent) and India’s Sensex index (-0.3 percent). South Africa’s JSE all share index was the only emerging market index, which witnessed a gain of 4.1 percent during the month under review. ***(Table A1)***.

**Table A1: Performance of Stock Indices**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Country** | **Name of the Index** | **Closing as on** | **Closing Value before** | | | | **Volatility ( percent)** | **P/E Ratio** |
| **31-Dec-18** | **1-Month** | **3-Month** | **6-Month** | **1-Year** |
| **BRICS Nations** | | | | | | | | |
| Brazil | BRAZIL IBOVESPA INDEX | 87,887.3 | 89,504 | 78,624 | 72,763 | 76,402 | 21.5 | 19.4 |
| Russia | RUSSIAN TRADED INDEX | 1,561.5 | 1,643 | 1,761 | 1,670 | 1,598 | 25.5 | 5.0 |
| India | Nifty 50 | 10,862.6 | 10,877 | 11,008 | 10,714 | 10,531 | 12.5 | 26.2 |
| India | S&P BSE SENSEX INDEX | 36,068.3 | 36,194 | 36,526 | 35,423 | 34,057 | 12.3 | 23.6 |
| China | SHANGHAI SE COMPOSITE | 2,493.9 | 2,588 | 2,821 | 2,847 | 3,307 | 19.1 | 11.7 |
| South Africa | FTSE/JSE AFRICA ALL SHR | 52,736.9 | 50,664 | 55,790 | 57,611 | 59,505 | 16.9 | 14.9 |
| **Developed Markets** | | | | | | | | |
| USA | NASDAQ COMPOSITE INDEX | 6,635 | 7,331 | 8,037 | 7,510 | 6,903 | 20.6 | 30.6 |
| USA | DOW JONES INDUS. AVG | 23,327 | 25,538 | 26,651 | 24,271 | 24,719 | 17.7 | 15.5 |
| France | CAC 40 INDEX | 4,731 | 5,004 | 5,507 | 5,324 | 5,313 | 13.6 | 14.6 |
| Germany | DAX INDEX | 10,559 | 11,257 | 12,339 | 12,306 | 12,918 | 15.2 | 11.6 |
| UK | FTSE 100 INDEX | 6,728 | 6,980 | 7,496 | 7,637 | 7,688 | 12.6 | 15.5 |
| Hong Kong | HANG SENG INDEX | 25,846 | 26,507 | 27,789 | 28,955 | 29,919 | 19.2 | 9.8 |
| South Korea | KOSPI INDEX | 2,041 | 2,097 | 2,339 | 2,326 | 2,467 | 14.0 | 13.0 |
| Japan | NIKKEI 225 | 20,015 | 22,351 | 24,246 | 22,305 | 22,765 | 18.6 | 23.3 |
| Singapore | Straits Times Index STI | 3,069 | 3,118 | 3,255 | 3,269 | 3,403 | 13.2 | 11.4 |
| Taiwan | TAIWAN TAIEX INDEX | 9,727 | 9,888 | 11,052 | 10,837 | 10,643 | 15.3 | 13.5 |

**Source:** Bloomberg, BSE and NSE

**Chart 1: Stock Market Trend in Select Developed Markets**

**Source:** Bloomberg

**Note:** All indices have been indexed with base as April 1, 2018.

**Chart 2: Stock Market Trend in Select Emerging Markets**

**Source:** Bloomberg

**Note:** All indices have been indexed with base as April 1, 2018.

**Fund Mobilisation by Issuance of Equity and Bond:**

As per the data available from World Federation of Exchanges, major exchanges raised $ 30.8 billion in equity and $ 257.8 billion in debt. On equity side, NYSE saw the majority share of $ 10.1 billion in the total resource mobilisation, followed by Hong Kong exchange ($ 3.4 billion), LSE group ($ 2.8 billion), NSE ($ 2.6 billion), Shenzhen ($ 2.4 billion) and Shanghai ($2.4 billion billion). On the bond market side, LSE witnessed the majority share of $ 52.5 billion in the total resource mobilisation, followed by Singapore exchange ($ 50.2 billion), Korea exchange ($ 37.3 billion), BME Spanish ($ 32.5 billion), Moscow exchange ($ 27.2 billion) and NSE ($26.2 billion). ***(Table A2)***.

**Table A2: Fund Mobilisation by Issuance of Equity and Bond in Major Exchanges**

(US$ Million)

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Country** | **Exchange** | **Oct-18** | | | **Nov-18** | | |
|  | **Equity** | **Bond** | **Total** | **Equity** | **Bond** | **Total** |
| **Developed Markets** | USA | Nasdaq - US | 5,972.1 | NA | 5,972.1 | 83.8 | NA | 83.8 |
| USA | NYSE | 3,625.0 | NA | 3,625.0 | 10,150.0 | NA | 10,150.0 |
| UK | LSE Group | 5,149.0 | 64,185.8 | 69,334.8 | 2,796.5 | 52,477.3 | 55,273.7 |
| France | Euronext | 25,150.1 | 0.0 | 25,150.1 | 2,084.6 | 0.0 | 2,084.6 |
| Germany | Deutsche Boerse AG | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Spain | BME Spanish Exchanges | 377.6 | 33,657.8 | 34,035.4 | 1,671.2 | 32,542.0 | 34,213.3 |
| Japan | Japan Exchange Group Inc. | NA | NA | NA | 0.0 | NA | 0.0 |
| Singapore | Singapore Exchange | 683.5 | 28,353.0 | 29,036.5 | 105.6 | 50,182.9 | 50,288.5 |
| Australia | Australian Securities Exchange | 4,227.0 | NA | 4,227.0 | 2,447.4 | NA | 2,447.4 |
| Hong Kong | Hong Kong Exchanges and Clearing | 2,778.1 | 8,229.1 | 11,007.2 | 3,440.7 | 10,924.6 | 14,365.3 |
| Korea | Korea Exchange | 318.3 | 42,540.4 | 42,858.6 | 352.4 | 37,264.0 | 37,616.4 |
| **BRICS** | Brazil | BM&FBOVESPA S.A. | 0.0 | 188.9 | 188.9 | 0.0 | 101.7 | 101.7 |
| Russia | Moscow Exchange | NA | 22,707.5 | 22,707.5 | NA | 27,206.7 | 27,206.7 |
| India | BSE India Limited | 293.0 | 280.9 | 573.9 | 0.0 | 551.9 | 551.9 |
| India | National Stock Exchange of India | 830.1 | 25,197.4 | 26,027.5 | 2,570.8 | 26,260.5 | 28,831.3 |
| China | Shanghai Stock Exchange | 2,421.8 | NA | 2,421.8 | 2,428.1 | NA | 2,428.1 |
| China | Shenzhen Stock Exchange | 1,656.3 | 1,119.6 | 2,775.9 | 2,481.3 | 3,844.0 | 6,325.3 |
| South Africa | Johannesburg Stock Exchange | 172.3 | 6,504.5 | 6,676.8 | 156.0 | 16,468.8 | 16,624.8 |

**Note:** Fund mobilisation data for equities are (i) excluding investment funds and (ii) including Alternative and SME Markets except the following exceptions:

1. Australian Securities Exchange: including investment funds
2. BME: Including investment companies listed (open-end investment companies).
3. Bolsa de Valores de Lima: Includes 26 foreign companies with shares negotiated under a special modality
4. Euronext: includes Belgium, England, France, Netherlands and Portugal
5. Korea Exchange: including Kosdaq market data
6. LSE Group: includes London Stock Exchange and Borsa Italiana
7. Nasdaq Nordic Exchanges include Copenhagen, Helsinki, Iceland, Stockholm, Tallinn, Riga and Vilnius Stock Exchanges
8. NSE India: including “Emerge” market data
9. Singapore Exchange: market capitalization includes domestic listings and a substantial number of foreign listings, defined as companies whose principal place of business is outside of Singapore. Inactive secondary foreign listings are excluded.

For Funds mobilised through issuance of bonds, due to different reporting rules & calculation methods, turnover figures are not entirely comparable. The sale & purchase of a share are counted as one transaction

NA = Not Available

**Source:** World Federation of Exchanges

**Market Capitalisation of Major Exchanges:**

Market capitalisation of the major exchanges in the world exhibited a downfall during the month under review. As regards developed market exchanges, market capitalisation of all countries under consideration, except India, decreased in December 2018. Amongst developed markets, market capitalisation of USA declined by 9.6 percent, followed by Japan (-6.5 percent), Germany (-5.8 percent), UK (-4.8 percent), Australia (-4.1 percent) and Hong Kong (-3.0 percent).

Amongst BRICS countries, the market capitalisation of Indian equity markets rose by 1.4 percent month on month in December 2018, while that of Russia, South Africa, China and Brazil declined by 4.5%, 4.1%, 2.85 and 2.5% respectively during the same period.

**Table A3: Domestic Market Capitalisation of Major Exchanges**

(US$ Billion)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Country** | **Nov-18** | **Dec-18** | **Percent Change MoM** |
| **Developed Markets** | USA | 29,726.5 | 26,872.0 | (9.6) |
| UK | 3,232.5 | 3,075.8 | (4.8) |
| Germany | 2,074.1 | 1,953.1 | (5.8) |
| Spain | 687.6 | 646.8 | (5.9) |
| Japan | 5,768.5 | 5,392.1 | (6.5) |
| Singapore | 492.0 | 486.0 | (1.2) |
| Hong Kong | 4,990.5 | 4,841.4 | (3.0) |
| South Korea | 1,420.5 | 1,377.1 | (3.1) |
| Australia | 1,233.0 | 1,182.1 | (4.1) |
| **BRICS** | Brazil | 874.4 | 853.5 | (2.4) |
| Russia | 573.1 | 547.1 | (4.5) |
| India | 2,048.1 | 2,076.1 | 1.4 |
| China | 5,530.1 | 5,377.2 | (2.8) |
| South Africa | 461.9 | 443.1 | (4.1) |

**Source:** Bloomberg

**Equity Derivatives:**

As per the latest data available from the World Federation of Exchanges, during November 2018 the following performance was recorded in equity derivatives markets across the globe (Table A4 and A5):

**Single Stock Options:**

* Amongst exchanges in the Americas, BM&FBOVESPA of Brazil recorded trading of 82,550,432 contracts of stock options, followed by Nasdaq-US (57,351,547 contracts), CBOE (37,390,534 contracts) and NYSE US (37,121,354 contracts).
* Amongst exchanges in the Europe - Africa - Middle East, EUREX recorded trading of 15,915,066 contracts, followed by Euronext (6,063,797 contracts) and Nasdaq Nordic Exchanges (1,852,583 contracts).
* Amongst exchanges in the Asia Pacific, the Nationals Stock Exchange of India recorded trading of 15,191,944 contracts, followed by Hong Kong Exchanges and Clearing (10,188,183 contracts) and Australian Securities Exchange (5,617,484 contracts).

**Single Stock Futures:**

* Amongst exchanges in the Americas, Bourse de Montreal recorded 190,448 contracts traded on single stock futures followed by Bolsa de Valores de Colombia (3,208 contracts) and MexDer of Mexico (2,900 contracts).
* Amongst exchanges in the Europe - Africa - Middle East, Moscow Exchange recorded trading of 22,563,012 contracts, followed by EUREX (10,524,860 contracts), and Borsa Istanbul ( 6,134,224 contracts)
* Amongst exchanges in the Asia Pacific, Korea Exchange of South Korea recorded trading of 53,048,145 contracts, followed by National Stock Exchange of India (21,315,096 contracts) and Thailand Futures Exchange (2,290,395 contracts).

**Stock Index Options:**

* Amongst exchanges in the Americas, Chicago Board Options Exchange recorded 45,436,548 contracts traded on stock index options, followed by CME Group (16,822,753 contracts) and BM&FBOVESPA of Brazil (2,258,362 contracts).
* Amongst exchanges in the Europe - Africa - Middle East, EUREX recorded trading of 34,381,986 contracts, followed by Tel-Aviv Stock Exchange of Israel (2,774,731 contracts) and Moscow Exchange of Russia (2,131,102 contracts).
* Amongst exchanges in the Asia Pacific, National Stock Exchange of India recorded trading of 282,797,526 contracts, followed by Korea Exchange of South Korea (68,979,964 contracts) and Taiwan Futures Exchange (TAIFEX) (15,281,339 contracts).

**Stock Index Futures:**

* Amongst exchanges in the Americas, BM&FBOVESPA of Brazil recorded 75,619,579 contracts traded on stock index futures, followed by CME Group (60,440,911 contracts) and CBOE Futures Exchange (5,695,778 contracts).
* Amongst exchanges in the Europe - Africa - Middle East, EUREX recorded trading of 35,940,429 contracts, followed by Moscow Exchanges (12,437,601 contracts).
* Amongst exchanges in the Asia Pacific, Japan Exchange Group recorded trading of 27,338,873 contracts, followed by Singapore Exchange (15,113,299 contracts) and Hong Kong Exchange and Clearing (12,635,758 contracts).

**Currency Derivatives:**

As per the latest data available from the World Federation of Exchanges, during November 2018, exchanges across the world showed the following trend in trading of currency derivatives (Table A6):

**Currency Options:**

* Amongst exchanges in the Americas, CME Group recorded 1,503,907 contracts traded on currency options, followed by BM&FBOVESPA of Brazil (798,835 contracts) and Mexican Derivatives Exchange (MexDer) (2,750 contracts).
* Amongst exchanges in the Europe - Africa - Middle East, Moscow Exchange recorded trading of 2,589,821 contracts, followed by Johannesburg Stock Exchange of South Africa (2,083,990 contracts) and Tel-Aviv Stock Exchange of Israel (1,175,287 contracts).
* Amongst exchanges in the Asia Pacific, National Stock Exchange of India Limited recorded trading of 46,358,886 contracts, followed by BSE India Limited (44,516,012 contracts) and Tawian Futures Exchange (TAIFEX) (13,769 contracts).

**Currency Futures:**

* Amongst exchanges in the Americas, BM&FBOVESPA of Brazil recorded 33,507,151 contracts traded on currency futures, followed by CME Group (17,479,082 contracts) and ICE Futures US (547,334 contracts).
* Amongst exchanges in the Europe - Africa - Middle East, Moscow Exchange recorded trading of 47,530,873 contracts, followed by Borsa Istanbul (4,183,925 contracts) and Johannesburg Stock Exchange (1,290,313 contracts).
* Amongst exchanges in the Asia Pacific, National Stock Exchange of India recorded trading of 47,368,479 contracts, followed by BSE India Limited (34,950,057 contracts) and Korea Exchange of South Korea (7,031,404 contracts).

**Interest Rate Derivatives:**

As per the latest data available from the World Federation of Exchanges, during November 2018, exchanges across the World showed the following trend in trading of interest rate derivatives (Table A7):

**Interest Rate Options:**

* Among exchanges in the Americas, CME Group recorded 56,224,163 contracts traded on interest rate options followed by Bourse de Montreal (75,655 contracts).
* Among exchanges in the Europe, Africa and Middle East, EUREX recorded trading of 6,628,992 contracts, followed by Nasdaq Nordic Exchanges (846,875 contracts).
* Among exchanges in the Asia – Pacific, Australian Securities Exchange recorded trading of 87,902 contracts, followed by Japan Exchange Group (56,901 contracts).

**Interest Rate Futures:**

* Among exchanges in the Americas, CME Group recorded 193,443,022 contracts traded on interest rate futures, followed by BM&FBOVESPA of Brazil (22,649,056 contracts) and Bourse de Montreal (6,184,106 contracts)
* Among exchanges in the Europe - Africa - Middle East, EUREX (43,385,759 contracts) followed by Nasdaq Nordic Exchange (1,283,332 contracts).
* Among exchanges in the Asia – Pacific, Australian Securities Exchange recorded trading of 10,834,472 contracts, followed by Korea Exchange of South Korea (2,854,404 contracts) and National Stock Exchange of India (1,052,294 contracts).

**Commodity Derivatives:**

As per the latest data available from the World Federation of Exchanges, during November 2018, exchanges across the world showed the following trend in trading of commodity derivatives (Table A8):

**Commodity Options:**

* Among exchanges in the Americas, CME Group recorded 15,837,675 contracts traded on commodity options, followed by ICE Futures US (998,103 contracts) and BM&FBOVESPA of Brazil (24,097 contracts).
* Among exchanges in the Europe - Africa - Middle East, Moscow Exchange recorded trading of 853,250 contracts, followed by EUREX (212,125 contracts).
* Among exchanges in the Asia – Pacific, Dalian Commodity Exchange recorded trading of 1,574,202 contracts, followed by Zhengzhou Commodity Exchange (559,796 contracts) and Singapore Exchange (209,505 contracts).

**Commodity Futures:**

* Among exchanges in the Americas, CME Group recorded 93,612,334 contracts traded on commodity futures, followed ICE Futures US (5,843,556 contracts) and BM&FBOVESPA of Brazil (92,643 contracts).
* Among exchanges in the Europe - Africa - Middle East, Moscow Exchange recorded trading of 50,959,375 contracts, followed by Borsa Istanbul (2,540,090 contracts) and Euronext (1,118,999 contracts).
* Among exchanges in the Asia – Pacific, Shanghai Futures Exchange recorded trading of 123,675,451 contracts, followed by Dalian Commodity Exchange (90,379,100 contracts) and Zhengzhou Commodity Exchange (76,443,169 contracts).

**Table A4: Stock Options and Stock Futures Traded in Major Exchanges**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Exchange** | **November-18** | | | | | | **Trading days  Nov 2018** |
| **Stock options** | | | **Single stock futures** | | |
| **Number of contracts traded** | **Notional turnover** | **Open interest** | **Number of contracts traded** | **Notional turnover** | **Open interest** |
| **Americas** | | | | | | | |
| BATS Global Markets - US | 23,685,961 | NA | NA | NA | NA | NA |  |
| BM&FBOVESPA | 82,550,432 | 65,657 | 21,104,900 | - | - | - | 19 |
| Bolsa de Comercio de Buenos Aires | 1,734,579 | - | - | - | - | - | 20 |
| Bolsa de Valores de Colombia | NA | - | - | 3,208 | 7 | 9,790 | 20 |
| Bourse de Montreal | 2,573,623 | NA | NA | 190,448 | NA | NA |  |
| Chicago Board Options Exchange | 37,390,534 | NA | 193,401,000 | NA | NA | NA | 21 |
| International Securities Exchange | 24,407,272 | NA | NA | NA | NA | NA |  |
| MexDer | 43,500 | 14 | 153,244 | 2,900 | 1 | 6,900 | 20 |
| Miami International Securities Exchange | 9,350,485 | NA | NA | NA | NA | NA |  |
| Nasdaq - US | 57,351,547 | NA | NA | NA | NA | NA |  |
| NYSE | 37,121,354 | 13,938 | NA | NA | NA | NA | 21 |
| **Total region** | **276,209,287** |  |  | **196,556** |  |  |  |
| **Asia - Pacific** | | | | | | | |
| Australian Securities Exchange | 5,617,484 | 11,559 | 7,370,180 | 298,445 | 431 | 749,836 | 22 |
| BSE India Limited | NA | NA | NA | 4 | 0 | 2 | 20 |
| Hong Kong Exchanges and Clearing | 10,188,183 | 33,273 | 9,699,830 | 158,311 | 615 | 25,261 | 22 |
| Japan Exchange Group | 31,849 | NA | 40,535 | NA | NA | NA | 21 |
| Korea Exchange | 1,165,728 | NA | 431,867 | 53,048,145 | 28,788 | 3,332,350 | 22 |
| National Stock Exchange of India | 15,191,944 | 124,556 | 291,982 | 21,315,096 | 170,645 | 1,865,540 | 20 |
| TAIFEX | 14,216 | 72 | 4,160 | 2,105,527 | 14,699 | 118,073 | 22 |
| Thailand Futures Exchange | NA | NA | NA | 2,290,395 | NA | 2423770 | 22 |
| **Total region** | **32,209,404** |  |  | **79,215,923** |  |  |  |
| **Europe - Africa - Middle East** | | | | | | | |
| Athens Derivatives Exchange | 1,103 | 0 | 1,540 | 979,896 | 83 | 492,565 | 22 |
| BME Spanish Exchanges | 1,485,789 | 1,625 | 9,462,780 | 129,667 | 114 | 1,375,980 | 22 |
| Borsa Istanbul | 147,210 | 20 | 247,746 | 6,134,224 | 988 | 688,378 | 22 |
| Budapest Stock Exchange | - | - | - | 17,356 | 92 | 8,485 | 20 |
| Dubai Gold & Commodities Exchange | NA | NA | NA | 228,320 | 362 | 428 | 22 |
| EUREX | 15,915,066 | 69,962 | 66,687,900 | 10,524,860 | 44,556 | 9,592,570 | 22 |
| Euronext | 6,063,797 | 23,043 | 18,498,100 | 43,937 | 289 | 335,960 | 22 |
| Johannesburg Stock Exchange | 430,735 | 86 | 1,889,140 | 617,448 | 404 | 1,009,990 | 22 |
| Moscow Exchange | 105,440 | 27 | 140,768 | 22,563,012 | 6,169 | 2,126,600 | 21 |
| Nasdaq Nordic Exchanges | 1,852,583 | 2,424 | 4,695,120 | 492,871 | 702 | 694,334 | 22 |
| Oslo Bors | 290,796 | 395 | 446,859 | 48,190 | 55 | 68,357 | 22 |
| Tehran Stock Exchange | 86 | 0 | NA | - | - | - | 18 |
| Tel-Aviv Stock Exchange | 71,867 | 539 | 46,286 | NA | NA | NA | 21 |
| Warsaw Stock Exchange | - | - | - | 124,559 | 231 | 25,541 | 20 |
| **Total region** | **26,364,472** |  |  | **41,904,340** |  |  |  |
| **Total** | **334,783,163** |  |  | **121,316,819** |  |  |  |

**NA:** Not Available

**Source:** World Federation of Exchanges

**Table A5: Index Options and Index Futures Traded in Major Exchanges**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Exchange** | **November-18** | | | | | | **Trading days  Nov 2018** |
| **Stock index options** | | | **Stock index futures** | | |
| **Number of contracts traded** | **Notional turnover** | **Open interest** | **Number of contracts traded** | **Notional turnover** | **Open interest** |
| **Americas** | | | | | | | |
| BATS Global Markets - US | 40,691 | NA | NA | NA | NA | NA |  |
| BM&FBOVESPA | 2,258,362 | 26,805 | 187,566 | 75,619,579 | 385,805 | 5,743,950 | 19 |
| Bolsa de Comercio de Buenos Aires | - | - | - | 69,342 | 61,488 | - | 20 |
| Bolsa de Valores de Colombia | - | - | - | 224 | 2 | 255 | 20 |
| Bourse de Montreal | 57 | NA | NA | 486 | NA | NA |  |
| CBOE Futures Exchange | NA | NA | NA | 5,695,778 | NA | 419,545 | 21 |
| Chicago Board Options Exchange | 45,436,548 | NA | 26,455,300 | NA | NA | NA | 21 |
| CME Group | 16,822,753 | 2,785,410 | 4,887,540 | 60,440,911 | 7,971,120 | 4,717,300 | 21 |
| ICE Futures US | NA | NA | NA | NA | 155,948 | 1,615,070 | 21 |
| International Securities Exchange | 117,591 | NA | NA | NA | NA | NA |  |
| MexDer | 1,602 | 34 | 3,969 | 87,914 | 1,820 | 41,716 | 20 |
| Nasdaq - US | 225,227 | NA | NA | NA | NA | NA |  |
| **Total region** | **64,902,831** |  |  | **141,914,234** |  |  |  |
| **Asia - Pacific** | | | | | | | |
| Australian Securities Exchange | 1,033,277 | 43,603 | 1,076,280 | 1,090,674 | 113,257 | 357,664 | 22 |
| BSE India Limited | NA | NA | NA | NA | NA | NA | 20 |
| Bursa Malaysia Derivatives | 1,034 | 0 | 139 | 193,652 | 3,816 | 21,460 | 20 |
| Hong Kong Exchanges and Clearing | 3,834,469 | 369,109 | 3,960,350 | 12,635,758 | 1,342,410 | 793,743 | 22 |
| Japan Exchange Group | 2,883,368 | NA | 2,384,610 | 27,338,873 | 1,019,150 | 1,925,140 | 21 |
| Korea Exchange | 68,979,964 | 4,089,490 | 4,255,070 | 9,970,924 | 417,189 | 700,178 | 22 |
| National Stock Exchange of India | 282,797,526 | 2,288,240 | 1,821,250 | 6,717,256 | 63,513 | 358,324 | 20 |
| Singapore Exchange | 805,658 | NA | 1,997,610 | 15,113,299 | NA | 2,365,710 |  |
| TAIFEX | 15,281,339 | 243,439 | 567,418 | 8,286,044 | 330,454 | 147,463 | 22 |
| Thailand Futures Exchange | 103,711 | NA | 61,929 | 3,426,870 | NA | 300,816 | 22 |
| **Total region** | **375,720,346** |  |  | **84,773,350** |  |  |  |
| **Europe - Africa - Middle East** | | | | | | | |
| Athens Derivatives Exchange | 4,322 | 16 | 1,903 | 36,942 | 138 | 3,731 | 22 |
| BME Spanish Exchanges | 411,382 | 4,266 | 1,321,860 | 635,717 | 53,567 | 143,758 | 22 |
| Borsa Istanbul | 12,955 | 31 | 13,536 | 4,046,325 | 9,389 | 391,216 | 22 |
| Budapest Stock Exchange | - | - | - | 34,079 | 46 | 20,199 | 20 |
| Dubai Gold & Commodities Exchange | NA | NA | NA | NA | NA | NA | 22 |
| EUREX | 34,381,986 | 1,333,300 | 50,411,400 | 35,940,429 | 1,856,020 | 10,765,600 | 22 |
| Euronext | 1,696,831 | 1,927,340 | 87,248 | 1,111,558 | 3,805,130 | 208,870 | 22 |
| Johannesburg Stock Exchange | 305,566 | 158 | 998,106 | 1,013,902 | 23,180 | 607,786 | 22 |
| Moscow Exchange | 2,131,102 | 4,727 | 397,186 | 12,437,601 | 26,388 | 318,108 | 21 |
| Nasdaq Nordic Exchanges | 615,591 | 10,185 | 758,716 | 3,637,557 | 59,466 | 606,830 | 22 |
| Oslo Bors | 83,724 | 788 | 85,147 | 245,023 | 2,337 | 40,633 | 22 |
| Tel-Aviv Stock Exchange | 2,774,731 | 121,950 | 158,425 | NA | NA | NA | 21 |
| Warsaw Stock Exchange | 32,979 | 196 | 24,124 | 343,946 | 4,035 | 53,644 | 20 |
| **Total region** | **42,451,169** |  |  | **59,483,079** |  |  |  |
| **Total** | **483,074,346** |  |  | **286,170,663** |  |  |  |

**NA:** Not Available

**Source:** World Federation of Exchanges

**Table A6: Currency Options and Futures Traded in Major Exchanges**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Exchange** | **Nov-18** | | | | | | **Trading days  Nov 2018** |
| **Currency options** | | | **Currency futures** | | |
| **Number of contracts traded** | **Notional turnover** | **Open interest** | **Number of contracts traded** | **Notional turnover** | **Open interest** |
| **Americas** | | | | | | | |
| BM&FBOVESPA | 798,835 | 305 | 1,015,860 | 33,507,151 | 8,687,361 | 5,743,948 | 19 |
| Bolsa de Comercio de Buenos Aires | - | - | - | - | - | - | 20 |
| Bolsa de Valores de Colombia | - | - | - | 86,193 | 4,179 | 10,304 | 20 |
| Bourse de Montreal | NA | NA | NA | NA | NA | NA |  |
| CME Group | 1,503,907 | 164,785 | 767,273 | 17,479,082 | 1,652,557 | 1,804,656 | 21 |
| ICE Futures US | 115 | 11 | 762 | 547,334 | 47,467 | 99,514 | 21 |
| MexDer | 2,750 | 27 | 5,151 | 336,686 | 3,368 | 459,271 | 20 |
| **Total region** | **2,305,607** |  |  | **51,956,446** |  |  |  |
| **Asia - Pacific** | | | | | | | |
| BSE India Limited | 44,516,012 | 46 | 194,367 | 34,950,057 | 36,117 | 600,900 | 20 |
| Hong Kong Exchanges and Clearing | 3,559 | 355 | 7,914 | 141,137 | 13,819 | 34,902 | 22 |
| Korea Exchange | NA | NA | NA | 7,031,404 | 70,795 | 660,486 | 22 |
| National Stock Exchange of India | 46,358,886 | 48,264 | 1,726,634 | 47,368,479 | 49,211 | 1,955,841 | 20 |
| Singapore Exchange | - | NA | - | 1,719,162 | NA | 63,698 |  |
| TAIFEX | 13,769 | 403 | 7,609 | 45,367 | 1,279 | 8,373 | 22 |
| Thailand Futures Exchange | NA | NA | NA | 41,326 | NA | 20,989 | 22 |
| **Total region** | **90,892,226** |  |  | **91,296,932** |  |  |  |
| **Europe - Africa - Middle East** | | | | | | | |
| Borsa Istanbul | 131,305 | 142 | 88,638 | 4,183,925 | 4,434 | 1,100,128 | 22 |
| Budapest Stock Exchange | NA | NA | NA | NA | NA | NA | 20 |
| Dubai Gold & Commodities Exchange | 9,705 | 0 | 1,770 | 1,290,313 | 8,316 | 227,229 | 22 |
| Johannesburg Stock Exchange | 2,083,990 | 2,169 | 8,830,916 | 2,087,176 | 2,174 | 1,661,553 | 22 |
| Moscow Exchange | 2,589,821 | 2,598 | 1,415,230 | 47,530,873 | 48,512 | 3,434,082 | 21 |
| Tel-Aviv Stock Exchange | 1,175,287 | 11,812 | 490,530 | NA | NA | NA | 21 |
| **Total region** | **5,990,108** |  |  | **55,092,287** |  |  |  |
| **Total** | **99,187,941** |  |  | **198,345,665** |  |  |  |

**NA:** Not Available

**Source:** World Federation of Exchanges

**Table A7: Interest Rate Options and Futures Traded in Major Exchanges**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Exchange** | **Nov-18** | | | | | | **Trading days  Nov 2018** |
| **Interest rate options** | | | **Interest rate futures** | | |
| **Number of contracts traded** | **Notional turnover** | **Open interest** | **Number of contracts traded** | **Notional turnover** | **Open interest** |
| **Americas** | | | | | | | |
| BM&FBOVESPA | 140 | 1 | 124,620 | 22,649,056 | 506,705 | 19,890,300 | 19 |
| Bolsa de Valores de Colombia | - | - | - | 8,034 | 720 | 8,992 | 20 |
| Bourse de Montreal | 75,655 | NA | NA | 6,184,106 | NA | NA |  |
| CME Group | 56,224,163 | 32,081,200 | 55,861,500 | 193,443,022 | 102,070,000 | 31,031,600 | 21 |
| MexDer | NA | NA | NA | 36,926 | 183 | 120,405 | 20 |
| **Total region** | **56,299,958** |  |  | **222,321,144** |  |  |  |
| **Asia - Pacific** | | | | | | | |
| Australian Securities Exchange | 87,902 | 6,425 | 2,000 | 10,834,472 | 2,641,770 | 4,158,320 | 22 |
| BSE India Limited | NA | NA | NA | 324,647 | 885 | 8,621 | 20 |
| Hong Kong Exchanges and Clearing | NA | NA | NA | 7 | 1 | 410 | 22 |
| Japan Exchange Group | 56,901 | NA | 8,407 | 820,742 | NA | 144,642 | 21 |
| Korea Exchange | NA | NA | NA | 2,854,404 | 295,057 | 459,920 | 22 |
| National Stock Exchange of India | NA | NA | NA | 1,052,294 | 2,916 | 69,143 | 20 |
| Singapore Exchange | NA | NA | NA | 24,329 | NA | 23,934 |  |
| **Total region** | **144,803** |  |  | **15,910,895** |  |  |  |
| **Europe - Africa - Middle East** | | | | | | | |
| EUREX | 6,628,992 | 1,028,320 | 2,777,920 | 43,385,759 | 6,906,710 | 7,186,220 | 22 |
| Euronext | - | - | - | - | - | - | 22 |
| Johannesburg Stock Exchange | 63,736 | 456 | 126,060 | 614,867 | 4,157 | 848,474 | 22 |
| Moscow Exchange | NA | NA | NA | 25,160 | 9 | 36,528 | 21 |
| Nasdaq Nordic Exchanges | 846,875 | 93,001 | - | 1,283,332 | 140,932 | 2,090,730 | 22 |
| Warsaw Stock Exchange | - | - | - | - | - | 101 | 20 |
| **Total region** | **7,539,603** |  |  | **45,309,118** |  |  |  |
| **Total** | **63,984,364** |  |  | **283,541,157** |  |  |  |

**NA:** Not Available

**Source:** World Federation of Exchanges

**Table A8: Commodity Options and Futures Traded in Major Exchanges**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Exchange** | **Nov-18** | | | | | | **Trading days  Nov 2018** |
| **Commodities options** | | | **Commodities futures** | | |
| **Number of contracts traded** | **Notional turnover** | **Open interest** | **Number of contracts traded** | **Notional turnover** | **Open interest** |
| **Americas** | | | | | | | |
| BM&FBOVESPA | 24,097 | 4 | 40,132 | 92,643 | 689 | 44,753 | 19 |
| Bolsa de Valores de Colombia | NA | NA | NA | - | - | 245 | 20 |
| CME Group | 15,837,675 | 762,342 | 11,062,400 | 93,612,334 | 4,850,030 | 17,799,300 | 21 |
| ICE Futures US | 998,103 | 24,710 | 1,160,800 | 5,843,556 | 147,047 | 1,724,650 | 21 |
| **Total region** | **16,859,875** |  |  | **99,548,533** |  |  |  |
| **Asia - Pacific** | | | | | | | |
| Australian Securities Exchange | 6,257 | 716 | 24,346 | 56,459 | 4,893 | 94,000 | 22 |
| Bursa Malaysia Derivatives | 2,900 | NA | 12,400 | 965,666 | 11,958 | 240,091 | 20 |
| Dalian Commodity Exchange | 1,574,202 | 144 | 358,784 | 90,379,100 | 778,676 | 5,139,580 | 22 |
| Hong Kong Exchanges and Clearing | NA | NA | NA | 45,757 | 1,711 | 1,600 | 22 |
| Indonesia Commodity and Derivatives Exchange | NA | NA | NA | 21,054 | NA | 134 |  |
| Multi Commodity Exchange of India | 141,050 | 1,471 | 8,862 | 21,537,445 | 81,705 | 328,316 | 22 |
| NZX Limited | 6,700 | 17 | 14,286 | 24,791 | 91 | 48,470 | 22 |
| Shanghai Futures Exchange | NA | NA | NA | 123,675,451 | 11,037 | 4,525,090 |  |
| Singapore Exchange | 209,505 | NA | 677,777 | 1,671,264 | NA | 720,029 |  |
| TAIFEX | 4,067 | 30 | 1,235 | 18,845 | 269 | 1,430 | 22 |
| Thailand Futures Exchange | NA | NA | NA | 273,194 | NA | 39,221 | 22 |
| Zhengzhou Commodity Exchange | 559,396 | 55 | 75,761 | 76,443,169 | 422,120 | 3,401,360 | 22 |
| **Total region** | **2,504,077** |  |  | **315,112,195** |  |  |  |
| **Europe - Africa - Middle East** | | | | | | | |
| Borsa Istanbul | NA | NA | NA | 2,540,090 | 293 | 214,770 | 22 |
| Budapest Stock Exchange | - | - | - | - | - | - | 20 |
| Dubai Gold & Commodities Exchange | NA | NA | NA | 30,109 | 318 | 2,270 | 22 |
| EUREX | 212,125 | 1,908 | 1,469,060 | 406,020 | 24,219 | 1,056,570 | 22 |
| Euronext | 49,551 | 630 | 191,809 | 1,118,999 | 14,170 | 461,916 | 22 |
| Johannesburg Stock Exchange | 40,114 | 29 | 54,379 | 381,899 | 6,422 | 121,959 | 22 |
| LSE Group | NA | NA | NA | 192 | 10 | 310 | 22 |
| Moscow Exchange | 853,250 | 571 | 251,194 | 50,959,375 | 33,441 | 1,869,690 | 21 |
| **Total region** | **1,155,040** |  |  | **55,436,684** |  |  |  |
| **Total** | **20,518,992** |  |  | **470,097,412** |  |  |  |

NA: Not Available

**Source: World Federation of Exchanges**

**Bond Markets:**

Treasury yields across the World had a volatile year as investors struggled with tighter monetary policy, fears of an economic slowdown and an ongoing U.S.-China trade war. In the first week of December, segments of the US yield curve inverted with the 2-year tenor yielding more than the 5-year.

Federal Open Market Committee during its meeting in December 2018 raised federal fund rate by 0.25 percent. The markets struggled to manage expectations when Fed Chair Jerome Powell indicated the Fed was staying its course with two more potential hikes in short-term interest rates for 2019.

The bond markets of major countries saw Concerns about rising interest rates in America weighed on sentiment, however towards the end of December 2018 the yield values dropped. US 10 year government bond yield, declined slightly from 2.99 percent in November 2018 to 2.68 percent in December 2018. Amongst other developed markets, 10 year government bond yields of UK fell to 1.3 percent in December 2018 (compared to 1.4 percent last month), that of Eurozone area fell to 1.1 percent (compared to 1.2 percent last month), that of Japan fell close to zero percent (compared to 0.1 percent last month) and that of Hong Kong fell to 2.0 percent (compared to 2.3 percent last month).

**Chart 3: Movement of 10 year Government Bond Yields in Developed Nations**

**Source:** Bloomberg

Amongst emerging markets, 10 year government bond yields of Brazil fell to 9.2 percent in December 2018 (compared to 9.9 percent last month), that of Russia fell to 7.7 percent (compared to 7.9 percent last month), that of India fell to 7.4 percent (compared to 7.6 percent last month) and that of China fell to 3.3 percent (compared to 3.4 percent last month) (Chart 4).

**Chart 4: Movement of 10 year Government Bond Yields in BRIC Nations**

**Source:** Bloomberg

As of November 2018, China and Japan accounted for 18.4 per cent and 16.4 per cent of total foreign holding of US Treasury Securities. India accounted for only 2.2 per cent of total foreign holding of US Treasury Securities (Table A9).

**Table A9: Major Foreign Holders of US Treasury Securities (US$ billion)**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Country** | **Apr-18** | **May-18** | **Jun-18** | **Jul-18** | **Aug-18** | **Sep-18** | **Oct-18** |
| China, Mainland | 1,181.90 | 1,183.10 | 1,178.70 | 1,171.00 | 1,165.10 | 1,151.40 | 1,138.90 |
| Japan | 1,031.20 | 1,048.80 | 1,030.40 | 1,035.50 | 1,029.90 | 1,028.00 | 1,018.50 |
| Brazil | 294.1 | 299.2 | 300.1 | 299.7 | 317.8 | 317 | 313.9 |
| Ireland | 300.4 | 301 | 299.6 | 300.2 | 315.8 | 290.4 | 287.3 |
| United Kingdom | 262.7 | 265 | 274 | 271.7 | 272.6 | 276.3 | 263.9 |
| Luxembourg | 213.9 | 209.1 | 219.7 | 221.5 | 224.1 | 227.2 | 225.4 |
| Switzerland | 242.2 | 243.4 | 236.6 | 233.1 | 231.9 | 226.9 | 225.2 |
| Cayman Islands | 180.7 | 185.8 | 197.2 | 196.3 | 197.9 | 199.4 | 208.2 |
| Hong Kong | 194 | 191.9 | 196.1 | 194.4 | 193.2 | 192.3 | 185 |
| Saudi Arabia | 159.9 | 162.1 | 164.9 | 166.8 | 169.5 | 176.1 | 171.3 |
| Taiwan | 168.1 | 164.8 | 162.5 | 164.2 | 163.2 | 166.4 | 162.3 |
| Belgium | 137.6 | 150.5 | 154.7 | 154.5 | 154.3 | 164.7 | 169.7 |
| India | 152.8 | 148.9 | 147.3 | 142.6 | 140.6 | 144 | 138.2 |
| Singapore | 118 | 118.9 | 122.1 | 127.6 | 130 | 134.5 | 133 |
| France | 82.5 | 89.6 | 93.4 | 111 | 118.4 | 110.8 | 109.4 |
| Korea | 104.5 | 104.7 | 105.9 | 109.1 | 110.2 | 97.7 | 111.1 |
| Canada | 89.4 | 96.6 | 100.2 | 96 | 96.2 | 94 | 101.9 |
| Germany | 86 | 78.3 | 71.2 | 71 | 73.3 | 68.3 | 77.5 |
| Thailand | 60.8 | 62.2 | 58.6 | 63 | 63.3 | 66.1 | 65.3 |
| Bermuda | 64.7 | 63.6 | 60.2 | 64 | 65.1 | 64.1 | 62.2 |
| Norway | 39.3 | 49.7 | 50 | 61.1 | 66.7 | 63.6 | 61.3 |
| United Arab Emirates | 59.7 | 60 | 59.6 | 59.7 | 59 | 60 | 57.7 |
| Sweden | 45.1 | 45.5 | 46.3 | 44.7 | 44.6 | 44.6 | 43.4 |
| Kuwait | 42.6 | 43.9 | 42.9 | 42.9 | 43.6 | 43.8 | 44.1 |
| Netherlands | 42.5 | 45.1 | 44.8 | 45.1 | 43.4 | 43 | 43 |
| Poland | 41.4 | 40.2 | 40.6 | 40.6 | 39.9 | 40.1 | 40 |
| Italy | 36.4 | 39.6 | 40.7 | 38.4 | 37.3 | 39.6 | 39.6 |
| Mexico | 41.9 | 43.2 | 40.8 | 39.6 | 40.5 | 39.2 | 41.5 |
| Spain | 31.3 | 34.5 | 31.8 | 36.1 | 37.5 | 37.2 | 35.3 |
| Australia | 36 | 37.6 | 39.6 | 39.2 | 38.4 | 36.8 | 38.9 |
| Israel | 29.9 | 28.2 | 28.2 | 29.6 | 30.4 | 31.1 | 30.8 |
| All Other | 570.3 | 546.9 | 541.6 | 550.9 | 542.4 | 549.3 | 555.8 |
| **Grand Total** | **6,173.30** | **6,213.70** | **6,211.70** | **6,251.60** | **6,287.00** | **6,223.90** | **6,199.60** |
|  |  |  |  |  |  |  |  |
| Of which: |  |  |  |  |  |  |  |
| For. Official | 4,003.30 | 3,990.80 | 3,988.40 | 4,007.80 | 4,021.20 | 4,010.10 | 3,947.20 |
| Treasury Bills | 323.2 | 346.3 | 336.3 | 339.6 | 329.3 | 316.7 | 306.6 |
| T-Bonds & Notes | 3,680.10 | 3,644.50 | 3,652.10 | 3,668.10 | 3,691.90 | 3,693.40 | 3,640.60 |

**Note:**

1. Data available as on December 17, 2018
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
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:** Department of the Treasury/Federal Reserve Board

**Currency Market:**

In currency markets, the US dollar declined by 1.1 percent during December 2018 on expectations that a slowdown in growth, both in the United States as well as globally, will contain the pace of interest rate hike by Federal Reserves in 2019. During 2018, US dollar index had gained 4.3 percent as the Federal Reserve of USA hiked rates four times on the back of a strong domestic economy, falling unemployment and rising wage pressures. As dollar declined, Euro gained by about 1.3 percent during December 2018 on the expectation that the European Central Bank is likely to continue it accommodative monetary stance in 2019 given weaker-than-expected economic data (slow GDP and low inflation), especially from France and Germany.

INR depreciated by 0.3 percent during December 2018, after recovering as much as 5.8 percent during previous month. WTI crude oil plummeted further by 10.8 percent during the December 2018, after a sharp fall of 22 percent in November 2018. The Chinese authorities are facing the challenge of pegging the exchange rate against US$ below 7 yuan a dollar, as its further depreciation could risk the acceleration of capital outflows over time and would be a setback to the gradual process over the last several years of liberalising of the currency. During December 2018, Yuan recovered by 1.2 percent to 6.9 yuan a dollar. (Chart 6).

In the past six months, major currencies across the world with the exception of Japanese Yen and Hong Kong Dollar have depreciated against dollar to various extent. Among developed markets, Japanese Yen and Hong Kong Dollar gained by 1 percent and 0.2 percent respectively during past 6 months, whereas British Pound and Euro depreciated by 3.5 percent and 1.9 percent respectively during the same period on the concerns of no-deal Brexit. Among BRICS, Russia’s Rubble depreciated by 10.5 percent in the past six months, followed by China’s Yuan (3.9 percent), Indian Rupees (1.9 percent) and Brazil’s Brazilian Real (0.1 percent).

**Chart 5: Movement of the Major Currencies against US$**

**Note:** All currencies have been normalised keeping March 31, 2018 as base.

**Source:** Bloomberg

**Chart 6: Movement of the US Dollar Index and MSCI EM Currency Index**

**Note:**

1. All currencies have been normalised keeping March 31, 2018 as base.
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 when 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:** Bloomberg

**HIGHLIGHTS OF DEVELOPMENTS IN INTERNATIONAL SECURITIES MARKET**

1. **U.S. Securities and Exchange Commission (SEC)**
2. **SEC Adopts Final Rules for Disclosure of Hedging Policies**

On December 18, 2018, The Securities and Exchange Commission approved final rules to require companies to disclose in proxy or information statements for the election of directors any practices or policies regarding the ability of employees or directors to engage in certain hedging transactions with respect to company equity securities.

“The new rules will provide for clear and straightforward disclosure of company policies regarding hedging,” said Chairman Jay Clayton. “These disclosures in themselves, and in combination with our officer and director purchase and sale disclosure requirements, should bring increased clarity to share ownership and incentives that will benefit our investors, registrants, and our markets."

The final rules, which implement a mandate from the Dodd-Frank Act, will require disclosure of practices or policies in full, or, alternatively, a summary of those practices or policies that includes a description of any categories of hedging transactions that are specifically permitted or disallowed. If the registrant does not have any such practices or policies, it will disclose that fact or state that hedging is generally permitted.

***Source: https://www.sec.gov/news/press-release/2018-291***

1. **SEC Proposes Rule Changes for Fund of Funds Arrangements**

The Securities and Exchange Commission voted on December 19, 2018 to propose Rule 12d1-4 (proposed rule) and related amendments to the regulatory framework governing funds that invest in other funds (“fund of funds” arrangements). The proposed rule would allow a registered investment company or a business development company (acquiring fund) to acquire shares of any other registered investment company or business development company (acquired fund) in excess of the limitations currently imposed by the Investment Company Act of 1940 without obtaining individual exemptive relief from the SEC.

Although the proposed rule would allow fund groups to establish fund of funds arrangements without undergoing the costly and time-consuming process of obtaining individual exemptive relief from the SEC, the proposed rule and related amendments would, if adopted as proposed, limit a number of the fund of funds arrangements currently in place

Mutual funds, exchange-traded funds (ETFs) and other types of funds have become increasingly important for Main Street investors to save for retirement and meet their other financial goals. And according to SEC, this proposal would create a consistent, rules-based framework for fund of funds arrangements while providing robust protections for investors."

***Source: https://www.sec.gov/news/press-release/2018-295***

1. **U.S. Commodity Futures Trading Commission (CFTC)**
2. **CFTC Seeks Public Comments on Crypto-asset Mechanics and Markets**

The Commodity Futures Trading Commission (CFTC) is seeking public comment and feedback in order to better inform the Commission’s understanding of the technology, mechanics, and markets for virtual currencies beyond Bitcoin, namely Ether and its use on the Ethereum Network.

In a [Request for Information](https://www.cftc.gov/sites/default/files/2018-12/federalregister121118.pdf) (RFI) that will be published in the Federal Register, the CFTC is asking  for public feedback on a range of questions related to the underlying technology, opportunities, risks, mechanics, use cases, and markets, related to Ether and the Ethereum Network. The RFI also seeks to understand similarities and distinctions between Ether and Bitcoin, as well as Ether-specific opportunities, challenges, and risks.

The CFTC expects the comments and information received will benefit LabCFTC, the CFTC’s FinTech initiative, and help to inform the Commission’s understanding of these emerging technologies.

**Source:** [**https://www.cftc.gov/PressRoom/PressReleases/7855-18**](https://www.cftc.gov/PressRoom/PressReleases/7855-18)

1. **European Securities and Market Authority (ESMA)**
2. **ESMA renews CFD restrictions for three more months**

The European Securities and Markets Authority (ESMA) has agreed to renew the restriction on the marketing, distribution or sale of contracts for differences (CFDs) to retail clients, in effect since 1 August, from 1 February 2019 for a further three-month period. ESMA has carefully considered the need to extend the intervention measure currently in effect. ESMA considers that a significant investor protection concern related to the offer of CFDs to retail clients continues to exist. It has therefore agreed to renew the measure such as Leverage Limits and Margin close Out Rule from 1 February 2019.

Leverage limits on the opening of a position by a retail client shall vary according to the volatility of the underlying for example 30:1 (for major currency pairs), 10:1 (for commodities), 5:1 (for equities), to 2:1 (for crypto-currencies). A margin close out rule on a per account basis shall standardize the percentage of margin (at 50% of minimum required margin) at which providers are required to close out one or more retail client’s open CFDs. In addition, a standardized risk warning, including the percentage of losses on a CFD provider’s retail investor accounts, shall be disclosed to on the webpage of the provider.

***Source:***[***https://www.esma.europa.eu/sites/default/files/library/esma71-99-1078\_esma\_renews\_cfd\_measures\_from\_ february\_1.pdf***](https://www.esma.europa.eu/sites/default/files/library/esma71-99-1078_esma_renews_cfd_measures_from_%20february_1.pdf)

1. **U.K. Financial Conduct Authority (FCA)**
2. **FCA proposes permanent measures for Retail CFDs and Binary Options**

The Financial Conduct Authority (FCA) of UK is proposing rules to address harm to retail consumers from the sale of certain complex derivative products with the publication of two consultation papers. The rules would apply to firms acting in or from the UK. The rule encompasses

1. ban the sale, marketing and distribution of binary options to retail consumers
2. restrict the sale, marketing and distribution of contracts for difference (CFDs) and similar products to retail customers

The FCA is acting to tackle widespread concerns about the inherent risks of these products, and the poor conduct of the firms selling them, that has led to harm to consumers in the UK and internationally through large and unexpected trading losses. The FCA’s proposed interventions are the same in substance as the European Securities and Markets Authority’s (ESMA) existing, EU-wide temporary restrictions on these products. If confirmed the FCA’s rule changes would have permanent effect.

The FCA estimates that the proposals for CFDs could reduce annual losses for retail consumers of UK firms by between £267.4 million to £450.7 million. A permanent ban on binary options could save retail consumers up to £17m per year, and may reduce the risk of fraud by unauthorized entities claiming to offer these products.

**Source:**[**https://www.fca.org.uk/news/press-releases/fca-proposes-permanent-measures-retail-cfds-and-binary-options**](https://www.fca.org.uk/news/press-releases/fca-proposes-permanent-measures-retail-cfds-and-binary-options)

1. **Monetary Authority of Singapore (MAS)**
2. **MAS announced S$30 million grant to enhance Cybersecurity Capabilities in financial sector**

On December 3, 2018, the Monetary Authority of Singapore (MAS) announced the launch of a new S$30 million Cybersecurity Capabilities Grant to strengthen the cyber resilience of the financial sector in Singapore and help financial institutions develop local talent in cybersecurity.

The Grant, funded under the Financial Sector Technology and Innovation Scheme (FSTI), will support the development of advanced cybersecurity functions in Singapore-based financial institutions. The Grant will co-fund up to 50% of qualifying expenses, capped at S$3 million, for:

1. Financial institutions to establish their global or regional cybersecurity centres of excellence in Singapore; and
2. Financial institutions with key global or regional cybersecurity functions and operations in Singapore to expand and deepen their cybersecurity capabilities locally.

The Grant will also encourage Singapore-based financial institutions to upskill their local workforce through cybersecurity-related training programmes. This will help attract more cybersecurity professionals and expand the local talent pool in the financial sector.

***Source:*** [***http://www.mas.gov.sg/News-and-Publications/Media-Releases/2018/New-30-million-grant-to-enhance-cybersecurity-capabilities-in-financial-sector.aspx***](http://www.mas.gov.sg/News-and-Publications/Media-Releases/2018/New-30-million-grant-to-enhance-cybersecurity-capabilities-in-financial-sector.aspx)

1. **HongKong Securities and Future Commission (SFC)**
2. **SFC concludes consultation on OTC derivatives and conduct risks**

On December 12, 2018, The Securities and Futures Commission (SFC) released [consultation conclusions](http://www.sfc.hk/edistributionWeb/gateway/EN/consultation/conclusion?refNo=17CP9) on proposals to enhance the over-the-counter (OTC) derivatives regime and to address conduct risks posed by dealings with group affiliates and other connected persons.

Under the proposals, which the SFC will implement, licensed corporations that are contracting parties to non-centrally cleared OTC derivative transactions or are licensed for Type 9 (asset management) regulated activity will be subject to risk mitigation requirements. Licensed corporations providing client clearing services for OTC derivative transactions will be subject to segregation, portability and disclosure requirements. In addition, licensed corporations which have dealings with group affiliates and other connected persons will be subject to conduct requirements to ensure that risks are properly managed, they act in clients’ best interest and appropriate risk disclosure is provided.

"These requirements enhance Hong Kong’s regulatory regime for OTC derivatives activities by protecting investors and strengthening the management of conduct and financial risks in dealings with related parties," said Mr Ashley Alder, the SFC’s Chief Executive Officer.

***Source:*** [***https://www.sfc.hk/edistributionWeb/gateway/EN/news-and-announcements/news/doc ?refNo=18PR141***](https://www.sfc.hk/edistributionWeb/gateway/EN/news-and-announcements/news/doc%20?refNo=18PR141)

**POLICY DEVELOPMENTS**

1. **Cyber Security & Cyber Resilience framework for Stock Brokers / Depository Participants**

Rapid technological developments in securities market have highlighted the need for maintaining robust cyber security and cyber resilience framework to protect the integrity of data and guard against breaches of privacy.

Accordingly, after discussions with Exchanges, Depositories and Stock Brokers’ and Depository Participants’ associations, a framework on cyber security and cyber resilience has been designed, which is placed at Annexure 1 (available with online version of circular). The framework would be required to be complied by all Stock Brokers and Depository Participants registered with SEBI.

**Details:** <https://www.sebi.gov.in/legal/circulars/dec-2018/cyber-security-and-cyber-resilience-framework-for-stock-brokers-depository-participants_41215.html>

*Source: SEBI/HO/MIRSD/CIR/PB/2018/147 dated 03 December 2018*

1. **Cyber Security and Cyber Resilience framework of Stock Exchanges, Clearing Corporations and Depositories**

With the view to further strengthening the aforesaid framework, particularly in respect of monitoring of cyber threats and cyber resiliency, the matter was discussed with SEBI’s Technical Advisory Committee (TAC), SEBI’s High Powered Committee on Cyber Security (HPSC-CS) and the MIIs.

Accordingly, it has been decided that MIIs shall have a Cyber Security Operation Center (C-SOC) that would be a *24x7x365* set-up manned by dedicated security analysts to identify, respond, respond, recover and protect from cyber security incidents.

**Details:** <https://www.sebi.gov.in/legal/circulars/dec-2018/cyber-security-and-cyber-resilience-framework-of-stock-exchanges-clearing-corporations-and-depositories_41244.html>

*Source: CIR/MRD/CSC/148/2018 dated 07 December 2018*

1. **Disclosure of significant beneficial ownership in the shareholding pattern**

Vide SEBI Circular No. CIR/CFD/CMD/13/2015 dated November 30, 2015, a format has been prescribed for disclosure of holding of specified securities and shareholding pattern under Annexure-I (available with online version of circular) to the circular.

Vide notification dated June 14, 2018, Ministry of Corporate Affairs has notified the Companies (Significant Beneficial Owners) Rules, 2018 under which various requirements pertaining to disclosures regarding Significant Beneficial Owners have been specified.

In the interest of transparency to the investors in the securities market, the following is specified:

* + All listed entities shall disclose details pertaining to significant beneficial owners in the format prescribed at Annexure (available with online version of circular) to this circular.
  + The format specified in the Annexure (available with online version of circular) to this circular shall be Table V under clause 5 of the format of holding of specified securities specified in the aforesaid circular No. CIR/CFD/CMD/13/2015 dated November 30, 2015. The circular No. CIR/CFD/CMD/13/2015 dated November 30, 2015 shall stand modified to that extent.
  + All the terms specified in this circular shall have the same meaning as specified in Companies (Significant Beneficial Owners) Rules, 2018.

**Details:** <https://www.sebi.gov.in/legal/circulars/dec-2018/disclosure-of-significant-beneficial-ownership-in-the-shareholding-pattern_41245.html>

*Source: SEBI/HO/CFD/CMD1/CIR/P/2018/0000000149 dated 07 December 2018*

1. **Clarification on clubbing of investment limits of Foreign Portfolio Investors ("FPIs")**

SEBI Board in its meeting held on December 12, 2018, has after considering the interim recommendations of SEBI Working Group under the chairmanship of Shri H R Khan (hereinafter referred as HR Khan group) in relation to the circular No CIR/IMD/FPIC/CIR/P/2018/64 dated April 10, 2018 on Know Your Client (KYC) requirements for Foreign Portfolio Investors (FPIs) and comments received from public decided that Beneficial ownership criteria in Prevention of Money-laundering (Maintenance of Records) Rules, 2005 (hereinafter referred as PMLA Rules) should be made applicable for the purpose of KYC only and not for clubbing of investments of FPIs.

**Details:** <https://www.sebi.gov.in/legal/circulars/dec-2018/clarification-on-clubbing-of-investment-limits-of-foreign-portfolio-investors-fpis-_41281.html>

*Source: SEBI/HO/IMD/FPIC/CIR/P/2018/150 dated 13 December 2018*

1. **Cyber Security Operations Center for the SEBI registered intermediaries**

With the view to further strengthening cyber security in securities market the Cyber Security and Cyber Resilience framework has been extended to Stock Brokers/ Depository Participants vide circular SEBI/HO/MIRSD/CIR/PB/2018/147 dated December 03, 2018.

During the discussions held with the market participants, it was gathered that compliance with the cyber security guidelines may be onerous for smaller intermediaries because of the lack of knowledge in cyber security and also the cost factor involved in setting up own Security Operations Center (SOC). These intermediaries may utilize the services of Market SOC which is proposed to be set up by MIIs with the objective of providing cyber security solution to such intermediaries. The intermediaries’ membership in Market SOC is non mandatory.

**Details:** <https://www.sebi.gov.in/legal/circulars/nov-2018/disclosures-regarding-commodity-risks-by-listed-entities_41003.html>

*Source: CIR/MRD/CSC/151/2018 dated 14 December 2018*

1. **Review of risk management framework for Equity Derivatives Segment**

The Principles for Financial Market Infrastructures (PFMI) *inter alia* prescribe that a central counterparty (CCP) should identify and consider a number of elements, including Margin Period of Risk (MPOR) or close-out period, when constructing an appropriate margin system to address risks that arise from the products cleared. The assumed MPOR or close-out period should incorporate the market depth and characteristics of the products cleared. A CCP should consider multiple MPOR assumptions or seek to ensure that a single MPOR assumption is appropriate for all cleared products in case it clears products with different market characteristics.

The PFMI further prescribe that a CCP should adopt a margin system and parameters that are risk-based and generate margin requirements that are sufficient to cover its potential future exposures to participants in the interval between the last margin collection and the close-out of positions following a participant default. A CCP should also consider the potential market liquidation costs that it assumes to incur while liquidating a participant’s portfolio.

In order to bring MPOR in greater conformity with the PFMI, the Risk Management Review Committee (RMRC) of SEBI recommended that the MPOR may be increased to 2 (two) days as compared to current MPOR of 1 (one) day.

**Details:** <https://www.sebi.gov.in/legal/circulars/dec-2018/review-of-risk-management-framework-for-equity-derivatives-segment_41314.html>

*Source: SEBI/HO/MRD/DRMNP/CIR/P/2018/155 dated 17 December 2018*

1. **Early Warning Mechanism to prevent diversion of client securities**

It has been decided to put in place an Early Warning Mechanism and sharing of information between Stock Exchanges, Depositories and Clearing Corporations to detect the diversion of client’s securities by the stock broker at an early stage so as to take appropriate preventive measures. The threshold for such early warning signals shall be decided by the Stock Exchanges, Depositories and Clearing Corporations with mutual consultation.

**Details:** <https://www.sebi.gov.in/legal/circulars/dec-2018/early-warning-mechanism-to-prevent-diversion-of-client-securities_41315.html>

*Source: SEBI/HO/MIRSD/DOP/CIR/P/2018/153 dated 17 December 2018*

1. **Change of Name in the Beneficial Owner(BO) Account with Depositories**

This has reference to circular no. CIR/MRD/DP/27/2012 dated November 1, 2012 wherein SEBI has prescribed the documents required in order to simplify the procedure for change of name in Beneficial Owner's (BO) account with Depositories.

One of the documents required for change of name in Beneficial Owner's (BO) account with Depositories on account of reasons other than marriage is document related to publication of name change in official gazette. Depositories have now represented that for some investors residing in the State of Karnataka and Punjab, the name change is published by the State Government in the Official Gazette only for Government employees and not for private persons in case of change of name of an individual.

Accordingly, it has been decided that in case of change of name of an individual in these states for reasons other than marriage, the same may be allowed for the individual in the BO account

**Details:** <https://www.sebi.gov.in/legal/circulars/dec-2018/change-of-name-in-the-beneficial-owner-bo-account-with-depositories_41453.html>

*Source: CIR/MRD/DP/158/2018 dated 27 December 2018*

1. **Review of Offer for Sale (OFS) of Shares through Stock Exchange Mechanism**

Considering that the OFS mechanism has been successfully used to divest stake by promoters and large shareholders of top 200 companies by market capitalization, market representations indicated that its use may be extended to a wider set of companies. Further, market feedback indicated that clarity may be brought in conditions relating to cancellation of OFS in light of modifications to framework carried out vide circular dated February 15, 2016.

Accordingly, the OFS framework is modified as follows:

1. OFS mechanism shall be available to companies with market capitalization of Rs.1000 crores and above, with the threshold of market capitalization computed as the average daily market capitalization for six months period prior to the month in which the OFS opens.
2. If the seller fails to get sufficient demand from non-retail investors at or above the floor price on T day, then the seller may choose to cancel the offer, post bidding, in full (both retail and non-retail) on T day and not proceed with offer to retail investors on T+1 day.

**Details:** <https://www.sebi.gov.in/legal/circulars/dec-2018/review-of-offer-for-sale-of-shares-through-stock-exchange-mechanism_41460.html>

*Source: SEBI/HO/MRD/DOPI/CIR/P/2018/159 dated 28 December 2018*

1. **Creation of segregated portfolio in mutual fund schemes**

In order to ensure fair treatment to all investors in case of a credit event and to deal with liquidity risk, it has been decided to permit creation of segregated portfolio of debt and money market instruments by mutual funds schemes.

**Details:** <https://www.sebi.gov.in/legal/circulars/dec-2018/creation-of-segregated-portfolio-in-mutual-fund-schemes_41462.html>

*Source: SEBI/HO/IMD/DF2/CIR/P/2018/160 dated 28 December 2018*

1. **Physical settlement of stock derivatives**

Please refer to SEBI circular SEBI/HO/MRD/DP/CIR/P/2018/67 dated April 11,

2018 captioned ‘Review of Framework for Stocks in Derivatives Segment’.

In furtherance to the aforesaid circular, it has been decided that physical settlement shall be made mandatory for all stock derivatives.

Accordingly, stock derivatives which are presently being cash settled shall move to physical settlement in the following manner:

* 1. Stocks which are being cash settled shall be ranked in descending order based on daily market capitalization averaged for the month of December 2018.

* 1. Based on the ranking arrived at sub-para 3(i) above, the bottom 50 stocks shall move to physical settlement from April 2019 expiry onwards, the next 50 stocks from the bottom shall move to physical settlement from July 2019 expiry onwards, and the remaining stocks shall move to physical settlement from October 2019 expiry onwards.

**Details:** <https://www.sebi.gov.in/legal/circulars/dec-2018/physical-settlement-of-stock-derivatives_41482.html>

*Source: SEBI/HO/MRD/DOPI/CIR/P/2018/161 dated 31 December 2018*

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

**Regulatory Actions taken by SEBI**

* SEBI passed an order, dated 03 December 2018, in the matter of AGC Networks Ltd. imposing a total penalty of Rs.10,00,000/- (Rupees Ten Lakh lakhs only) on Shailesh Shah Securities Pvt. Ltd. and Rs.5,00,000/- (Rupees Five Lakh lakhs only) on Nirpan Securities Pvt. Ltd for the violation of clause A (3), A (4) and A (5) of Code of Conduct for Stock Brokers as specified under Schedule II read with Regulation 7 of Stock Brokers Regulations.
* SEBI passed an order, dated 06 December 2018, in the matter of Kay Power Paper Ltd imposing a total penalty of Rs 5,00,000 (Rupees Five Lakh Only) on BAMPSL Securities Ltd for the violations of provisions of regulations 13(1) and 13(3) r/w 13(5) of PIT Regulations and regulations 29(1) and 29(2) r/w 29(3) of SAST Regulations.
* SEBI passed an order, dated 10 December 2018, in the matter of dealing in illiquid options on the BSE imposing a total penalty of Rs 6,00,000 (Rupees Six Lakh Only) on Kirti Ramji Kothari for the violation of regulation 3(a), 4(1) and 4(2)(a) of PFUTP Regulations.
* SEBI passed an order, dated 10 December 2018, in the matter of dealing in illiquid options on the BSE. imposing a total penalty of Rs 6,00,000 (Rupees Six Lakh Only) on Kashi Vishwanath Steels Pvt. Ltd. for the violation of regulation 3(a), 4(1) and 4(2)(a) of PFUTP Regulations.
* SEBI passed an order, dated 12 December 2018, in respect of Guiness Securities Ltd imposing a total penalty of Rs 11,00,000 (Rupees Eleven Lakh Only) on Guiness Securities Ltd for the violation of following:

(a) Paras 2 and 3 of SEBI Circular No. CIR’MIRSD/i2/2013 dated December 4, 2013,

(b) Clause 25 of the R&O Document enclosed with the said Circular dated December 4, 2013,

(c) Clauses 4, 7, 8. 9, 11 and 21 of the Guidelines enclosed with SEBI Circular No. CIR/MRD/DMS/13/2010 dated April 23, 2010, and

(d) Clauses 10 and 13 of the Code of Conduct as prescribed in the Third Schedule to the DP Regulations.

* SEBI passed an order, dated 18 December 2018, in the matter of Illiquid Stock Options at BSE imposing a total penalty of Rs 6,00,000 (Rupees Six Lakh Only) on Payal Commercial Company Ltd for indulging in execution of reversal trades in stock options with same entities on the same day, thereby creating artificial volume, leading to false and misleading appearance of trading in the illiquid stock options.
* SEBI passed an order, dated 18 December 2018, in the matter of Polar Pharma India Ltd imposing a total penalty of Rs 2,00,000 (Rupees Two Lakh Only) on Krupa Agencies Pvt Ltd for the violation of Regulation 13 (3) of PIT Regulations, 1992 read with Regulation 12 (2) of PIT Regulations, 2015.
* SEBI passed an order, dated 18 December 2018, in the matter of Silverline Technologies Limited imposing a total penalty of Rs 5,00,000 (Rupees Five Lakh Only) on Silverline Technologies Limited for the violation of Section 21 of the SCRA read with Clauses 35, 36(7)(ii) and (vii) of the Listing Agreement.
* SEBI passed an order, dated 18 December 2018, in the matter of Illiquid Stock Options at BSE imposing a total penalty of Rs 5,00,000 (Rupees Five Lakh Only) on Omnipresent Credits Private Limited for indulging in execution of reversal trades in stock options with same entities on the same day, thereby creating artificial volume, leading to false and misleading appearance of trading in the illiquid stock options.
* SEBI passed an order, dated 18 December 2018, in the matter of Multi Commodity Exchange of India Limited imposing a total penalty of Rs 2,00,000 (Rupees Two Lakh Only) on Joseph Massey for the violation of certain provisions of Regulation 3(i) and Regulation 13(4) read with Regulation 13(5) of PIT Regulations, 1992 read with Regulation 12(2) of PIT Regulations, 2015.
* SEBI passed an order, dated 18 December 2018, in the matter of Illiquid Stock Options at BSE imposing a total penalty of Rs 5,00,000 (Rupees Five Lakh Only) on Oscar Infra Private Limited for indulging in execution of reversal trades in stock options with same entities on the same day, thereby creating artificial volume, leading to false and misleading appearance of trading in the illiquid stock options.
* SEBI passed an order, dated 19 December 2018, in the matter of Tirrihannah Company Limited imposing a total penalty of Rs 5,00,000 (Rupees Five Lakh Only) on Vivek Bajoria and others for the violation of Regulation 22(16) of SAST Regulations.
* SEBI passed an order, dated 19 December 2018, in the matter of Tirrihannah Company Limited imposing following penalties:

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| **Name of Entity** | **Regulation Violated** | **Penalty**  **(Amount in Rupees)** |
| 1. Mr. Ghanshyam Das Kankani 2. Mr. Avinash Kankani |  |  |
| 1. Mr. Abhay Baheti 2. Ms. Madhu Lata Kankani 3. Mr. Umesh kankani, 4. Sparton Leasing and Finance Ltd. 5. Dwarika Investment Pvt. Ltd. 6. Koraput Investments Pvt. Ltd. 7. Western India Cements Ltd. | Regulations  7(1) read with  7(2) of SAST  Regulations | 4,00,000/-  (Four Lakh only) |
| 1. Mr. Ghanshyam Das Kankani 2. Mr. Avinash Kankani 3. Mr. Abhay Baheti 4. Ms. Madhu Lata Kankani 5. Mr. Umesh kankani | Regulations  22(16) of  SAST  Regulations | 2,50,000/- (Two Lakh Fifty  Thousand only) |

* SEBI passed an order, dated 19 December 2018, in matter of Illiquid Options at BSE imposing a total penalty of Rs 5,00,000 (Rupees Five Lakh Only) on Pravinchandra Gagaldas Sanghvi for indulging in execution of reversal trades in stock options with same entities on the same day, thereby creating artificial volume, leading to false and misleading appearance of trading in the illiquid stock options.
* SEBI passed an order, dated 19 December 2018, in matter of Illiquid Options at BSE imposing a total penalty of Rs 5,00,000 (Rupees Five Lakh Only) on Positiveview Commercial Pvt Ltd for indulging in execution of reversal trades in stock options with same entities on the same day, thereby creating artificial volume, leading to false and misleading appearance of trading in the illiquid stock options.
* SEBI passed an order, dated 19 December 2018, in matter of Illiquid Options at BSE imposing a total penalty of Rs 5,00,000 (Rupees Five Lakh Only) on Pravin Selvadia for indulging in execution of reversal trades in stock options with same entities on the same day, thereby creating artificial volume, leading to false and misleading appearance of trading in the illiquid stock options.
* SEBI passed an order, dated 20 December 2018, in the matter of Sharepro Services (I) Private Limited imposing a total penalty of Rs 1,50,000 (Rupees One Lakh Fifty Thousand Only) on Capman Financials Limited for non-compliance with SEBI order dated 22 March 2016.
* SEBI passed an order, dated 20 December 2018, in matter of Illiquid Options at BSE imposing a total penalty of Rs 5,00,000 (Rupees Five Lakh Only) on M/s Rajesh Bhagchandji Kochar for indulging in execution of reversal trades in stock options with same entities on the same day, thereby creating artificial volume, leading to false and misleading appearance of trading in the illiquid stock options.
* SEBI passed an order, dated 20 December 2018, in the matter of Sharepro Services (I) Private Limited imposing a total penalty of Rs 3,00,000 (Rupees Three Lakh Only) on Crest Animation Studios Limited for non-compliance with SEBI order dated 22 March 2016.
* SEBI passed an order, dated 20 December 2018, in the matter of Sharepro Services (I) Private Limited imposing a total penalty of Rs 3,00,000 (Rupees Three Lakh Only) on MH Mills & Industries Limited for non-compliance with SEBI order dated 22 March 2016.
* SEBI passed an order, dated 20 December 2018, in matter of Illiquid Options at BSE imposing a total penalty of Rs 5,00,000 (Rupees Five Lakh Only) on Ganga Nagar Commodity Limited for violation of Regulations 3 (a), (b), (c), (d) and 4 (1), 4 (2) (a) of PFUTP Regulations.
* SEBI passed an order, dated 20 December 2018, in respect of Smiths and Founders (India) Limited imposing a total penalty of Rs 4,00,000 (Rupees Four Lakh Only) on Smiths and Founders (India) Limited for the violation of certain provisions of Regulation 38 of LODR read with rule 19A of SCRR and SEBI circular CIR/CFD/CMD/14/2015 dated November 30, 2015.
* SEBI passed an order, dated 21 December 2018, in the matter of Sharepro Services (I) Private Limited imposing a total penalty of Rs 3,00,000 (Rupees Three Lakh Only) on Naisargik Agritech (India) Limited for non-compliance with SEBI order dated 22 March 2016.
* SEBI passed an order, dated 21 December 2018, in the matter of Sharepro Services (I) Private Limited imposing a total penalty of Rs 3,00,000 (Rupees Three Lakh Only) on Platinum Corporation Limited for non-compliance with SEBI order dated 22 March 2016.
* SEBI passed an order, dated 21 December 2018, in the matter of Sheetal Bio Agro-Tech Limited imposing a total penalty of Rs 3,00,000 (Rupees Three Lakh Only) on Platinum Corporation Limited for non-compliance with SEBI order dated 22 March 2016.

* SEBI passed an order, dated 21 December 2018, in the matter of Sheetal Bio Agro-Tech Limited imposing a total penalty of Rs 3,00,000 (Rupees Three Lakh Only) on Well Pack Papers and Containers Limited for non-compliance with SEBI order dated 22 March 2016.
* SEBI passed an order, dated 21 December 2018, in the matter of Sheetal Bio Agro-Tech Limited imposing a total penalty of Rs 3,00,000 (Rupees Three Lakh Only) on Anand Credit Limited for non-compliance with SEBI order dated 22 March 2016.
* SEBI passed an order, dated 21 December 2018, in the matter of Amtek Auto Ltd. imposing a total penalty of Rs 15,00,000 (Rupees Fifteen Lakh Only) on Amtek Auto Limited for the violation of the relevant provisions of the SEBI Act, SCRA and also the relevant provisions of Listing Obligations and Disclosure Requirements Regulations, LODR Regulation, Issue and Listing of Debt Securities Regulations, ILDS Regulation, Equity Listing Agreement and Debt Listing Agreement.
* SEBI passed an order, dated 21 December 2018, in the matter of Martin Burn Limited imposing following penalties:

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| **Name of Entity** | **Violation** | **Penalty** |
| Mr. Kedar Nath Fatehpuria | Regulation 3(3) and 3(4) read with 3(5) of the SAST Regulations. | **5,00,000**/-(Rupees five lac only) |
| Regulation 7(1A) read with 7(2) of the SAST Regulations and regulation 13(3) and 13(4) read with 13(5) of the PIT Regulations. | **2,00,000** /-(Rupees two lac only) |
| Regulation 7(1) read with 7(2) of the SAST Regulations. | **1,00,000**/-(Rupees one lac only) |
| Mr. Vijay Kumar Fatehpuria | Regulation 13(3) and 13(4) read with 13(5) of the PIT Regulations. | **1,00,000**/-(Rupees one lac only) |

* SEBI passed an order, dated 21 December 2018, in the matter of dealing in illiquid Stock Options at BSE imposing a total penalty of Rs 5,50,000 (Rupees Five Lakh Fifty Thousand Only) on Blackcherry Commosale Private Limited for the violation of Regulation 3(a),(b),(c),(d), 4(1), 4(2)(a) of PFUTP Regulations.
* SEBI passed an order, dated 21 December 2018, in the matter of dealing in illiquid Stock Options at BSE imposing a total penalty of Rs 5,00,000 (Rupees Five Lakh Only) on Balajee Structurals (India) Limited for the violation of Regulation 3(a),(b),(c),(d), 4(1), 4(2)(a) of PFUTP Regulations.
* SEBI passed an order, dated 21 December 2018, in the matter of dealing in illiquid Stock Options at BSE imposing a total penalty of Rs 5,00,000 (Rupees Five Lakh Only) on Bina Udyog Private Limited for the violation of Regulation 3(a),(b),(c),(d), 4(1), 4(2)(a) of PFUTP Regulations.
* SEBI passed an order, dated 21 December 2018, in the matter of dealing in illiquid Stock Options at BSE imposing a total penalty of Rs 5,00,000 (Rupees Five Lakh Only) on Avinash Infra Projects Pvt Ltd for the violation of Regulation 3(a),(b),(c),(d), 4(1), 4(2)(a) of PFUTP Regulations.
* SEBI passed an order, dated 21 December 2018, in the matter of M/s Inditrade Capital Ld imposing a total penalty of Rs 50,000 (Rupees Fifty Thousand Only) on Geetha P S for the violation of Clause D(c) (iv) of Consolidated NSE Circular 001/2013 dated 13 February, 2013 and Clauses A(1) and D(1) of the Code of Conduct for sub-brokers as stipulated in Schedule II read with Regulation 15 of the Stock Broker Regulations.
* SEBI passed an order, dated 21 December 2018, in the matter of M/s Inditrade Capital Ld imposing a total penalty of Rs 50,000 (Rupees Fifty Thousand Only) on V. A. Jose for the violation of Clause D(c) (iv) of Consolidated NSE Circular 001/2013 dated 13 February, 2013 and Clauses A(1) and D(1) of the Code of Conduct for sub-brokers as stipulated in Schedule II read with Regulation 15 of the Stock Broker Regulations.
* SEBI passed an order, dated 21 December 2018, in the matter of M/s Inditrade Capital Ld imposing a total penalty of Rs 50,000 (Rupees Fifty Thousand Only) on M/s SKY Line for the violation of Clause D(c) (iv) of Consolidated NSE Circular 001/2013 dated 13 February, 2013 and Clauses A(1) and D(1) of the Code of Conduct for sub-brokers as stipulated in Schedule II read with Regulation 15 of the Stock Broker Regulations.
* SEBI passed an order, dated 24 December 2018, in the matter of Dealing in Illiquid options on the BSE imposing a total penalty of Rs 5,00,000 (Rupees Five Lakh Only) on Jai Laxmi Cement Co Pvt Ltd for the violation of Regulations 3(a), 4(1), 4(2)(a) of PFUTP Regulations.
* SEBI passed an order, dated 26 December 2018, in the matter of Pressman Advertising Ltd imposing a total penalty of Rs 1,00,000 (Rupees One Lakh Only) on Ranjana Agarwal for the violation of Regulations 3(a) to (d), 4(1), and 4(2)(a) and (g) of PFUTP Regulations.
* SEBI passed an order, dated 26 December 2018, in the matter of Pressman Advertising Ltd imposing a total penalty of Rs 4,00,000 (Rupees Four Lakh Only) on Rekha Mishra for the violation of Regulations 3(a) to (d), 4(1) and 4(2)(a) & (g) of PFUTP Regulations.
* SEBI passed an order, dated 26 December 2018, in the matter of Pressman Advertising Ltd imposing a total penalty of Rs 24,00,000 (Rupees Twenty Four Lakh Only) on Shree Aeran Marketing Pvt Ltd for the violation of Regulations 3(a) to (d), 4(1), and 4(2)(a) and (g) of PFUTP Regulations.
* SEBI passed an order, dated 26 December 2018, in the matter of Pressman Advertising Ltd imposing a total penalty of Rs 7,00,000 (Rupees Seven Lakh Only) on Varun Agarwal HUF for the violation of Regulations 3(a) to (d), 4(1) and 4(2)(a) & (g) of PFUTP Regulations.
* SEBI passed an order, dated 26 December 2018, in the matter of Pressman Advertising Ltd imposing a total penalty of Rs 4,00,000 (Rupees Four Lakh Only) on Vivek Sharma for the violation of Regulations 3(a) to (d), 4(1) and 4(2)(a) & (g) of PFUTP Regulations.
* SEBI passed an order, dated 26 December 2018, in the matter of Its dealings in Illiquid Stock Options at BSE imposing a total penalty of Rs 10,00,000 (Rupees Ten Lakh Only) on Stream Suppliers Private Limited for the violation of Regulations 3 (a), (b), (c), (d) and 4 (1), 4 (2) (a) of PFUTP Regulations.
* SEBI passed an order, dated 05 December 2018, in the matter of Kailash Auto Finance Ltd. restraining Eversafe Promoters Private Limited and others from accessing the securities market or buy, sell or otherwise deal in the securities market, either directly or indirectly, for a period of four years.
* SEBI passed an order, dated 07 December 2018, in the matter of GMS Infrastructure Ltd. (GMS) directing GMS and others to refund the money collected from investors with an interest of 15 per cent from eighth day of collection of funds from the investors to the date of actual payment. They were further restrained and prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in whatsoever manner, from the date of the Order, till the expiry of four years.
* SEBI passed an order, dated 12 December 2018, in the matter of Vishal Vijay Shah suspending the certificate of registration of the Vishal Vijay Shah for a period of six months for violation of the provisions of Section 12A(a), (b) and (c) of the SEBI Act, read with Regulation 3(a), (b), (c), (d) and Regulation 4(1) and 4(2)(p) of the PFUTP Regulations and Clause A(1) and (5) of Code of Conduct under Schedule II read with Regulation 9 of the Stock Brokers Regulations.
* SEBI passed an order, dated 14 December 2018, in the matter of F6 Finserve Pvt. Ltd., F6 Commodities Pvt. Ltd & other directing following for the violation of SEBI circulars MIRSD/SE/Cir-19/2009 dated 03 December, 2009 and SMD/SED/CIR/93/23321 dated 18 November, 1993:
  + - Since the claim value is higher at NSE, NSE Defaulters Committee shall, as expeditiously as possible, open and operate a dedicated demat account where all the securities lying in the demat accounts of F6 Finserve shall be transferred.
    - The NSE Defaulters Committee shall open and operate a dedicated interest bearing bank account with a Nationalized Bank where all the funds lying in various bank accounts held in the name of F6 Finserve, Mr. Pankaj Goel and Ms. Meenu Goel, shall be transferred.
    - Since the claim value is higher at MCX, the MCX’s Defaulters Committee shall, as expeditiously as possible, open and operate a dedicated demat account where all the securities lying in the demat accounts of F6 Commodities shall be transferred.
    - The MCX’s Defaulters Committee shall open and operate a dedicated interest bearing bank account with a Nationalized Bank where all the funds lying in various bank accounts held in the name of F6 Commodities shall be transferred.
* SEBI passed an order, dated 19 December 2018, in the matter of Guiness Securities Limited restraining Guiness Securities Limited and others from buying, selling or otherwise dealing in securities, either directly or indirectly, or being associated with the securities market in any manner whatsoever, till further directions.
* SEBI passed an order, dated 20 December 2018, against Kareena Infotech restraining Kareena Infotech and its Director i.e. Manohar Pillai, are restrained from accessing the securities market and further prohibited from buying, selling or otherwise dealing in the securities market, either directly or indirectly, for a period of three years. Additionally, Kareena Infotech and its Director i.e. Manohar Pillai, shall cease and desist from undertaking any activity in the securities market, directly or indirectly, in any manner whatsoever for a period of three years and were also prohibited from mobilizing funds from the public, in whatever form, for a period of three years.
* SEBI passed an order, dated 20 December 2018, in the matter of Grassroot Finance & Investment Company (India) Ltd (GFICIL) directing GFICIL and others to refund the money collected by GFICIL. They were further restrained from accessing the market for four years.
* SEBI passed an order, dated 20 December 2018, in the matter of Vibgyor Allied Industries Ltd. prohibiting Tapas Kumar Basu from accessing the securities market or buy, sell or otherwise deal in the securities market, either directly or indirectly, for a period of four years. He was also prohibited from acting as Debenture Trustee in respect of debentures of VAIL and from taking up any assignment or involve itself in any issue of securities in a similar capacity whatsoever, directly or indirectly, without obtaining registration as a Debenture Trustee under the DT Regulations.
* SEBI passed an order, dated 21 December 2018, in the matter of Fortis Healthcare Limited (FHL) directing FHL and Fortis Hospitals Limited to take all necessary steps to recover the amount of Rs.403 crore (approx.) along with due interest from RHC Holding Private Limited, Shivi Holdings Pvt. Ltd., Malav Holdings Pvt. Ltd., Shri Malvinder Mohan Singh, Shri Shivinder Mohan Singh, Religare Finvest Limited, Best, Fern and Modland.
* SEBI passed an order, dated 24 December 2018, in the matter of Vinayak Homes & Real Estate Limited (VHREL) directing VHREL and its directors/promoters not to collect any fresh money for its existing investors and not to launch a new scheme. They were further directed to windup their existing CIS and to refund the money collected from the investors.
* SEBI passed an order, dated 27 December 2018, in the matter of Inter Globe Finance Ltd (IGFL) confirming the direction issued vide interim order dated 01 March 2018. As per the interim order, the trading in IGFL shall be reverted to the status as it stood prior to issuance of the letter dated 7 August 2017 by SEBI. Exchanges were also directed to conduct forensic audit of the IGFL vide said interim order.
* SEBI passed an order, dated 28 December 2018, in the matter of Tatia Global Vennture Ltd (TGVL) confirming the directions issued vide interim order dated 9 October 2017. As per the interim order, trading in TGVL shall be reverted to the status as it stood prior to issuance of the letter dated 7 August 2017 by SEBI. The audit of the TGVL shall continue.
* SEBI passed an order, dated 31 December 2018, in the matter of Aryan Nutrient Food Projects Limited (ANFPL), directing ANFPL and its directors to refund the money collected with an interest of 15% per annum (the interest being calculated from the date when the repayments became due in terms of Section 73(2) of the Companies Act till the date of actual payment).
* SEBI passed an order, dated 31 December 2018, in the matter of Confidence Finance and Trading Limited restraining Ghanshyam Kachhawa and Daulat Laxmi Chandraliy from accessing the securities market and further prohibit them from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner, whatsoever, for a period of two years.
* SEBI passed an order, dated 31 December 2018, in the matter of Winsome Yarns Limited restraining Sushma Agarwal from accessing the securities market for a period of four years from the date of this order and further prohibit her from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner, whatsoever, for a period of four year.
* SEBI passed an order, dated 31 December 2018, in the matter of Sarang Chemicals Limited directing Amrut Securities Limited and others to disgorge the unlawful gains of Rs. 1,60,76,904/- along with simple interest at 12% per annum calculated from the respective dates of their transactions till the respective dates of payment.
* SEBI passed an order, dated 31 December 2018, permitting the exit of ACE Derivatives and Commodity Exchange Limited, Ahmedabad. It was further directed to comply with Income Tax Act, Undertakings given by it to SEBI, other consequential conditions of Exit Circular and continue to comply with all applicable laws even after their exit, if the law so demands.

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

1. **at CII’s 9th Financial Markets Summit, Mumbai on 07 December 2018** [↑](#footnote-ref-1)
2. **at the 8th India Finance Conference (IFC) 2018, IIM Calcutta on 20 December 2018** [↑](#footnote-ref-2)