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**SECURITIES AND EXCHANGE BOARD OF INDIA**

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**CONTENTS**

**INSOLVENCY AND BANKRUPTCY CODE, 2016: IMPACT ON MARKETS AND THE ECONOMY, SHRI AJAY TYAGI, CHAIRMAN, SEBI**

**CAPITAL FORMATION - REGULATORY PERSPECTIVE, SHRI AMARJEET SINGH, EXECUTIVE DIRECTOR, SEBI**

**CAPITAL MARKET REVIEW**

**REVIEW OF GLOBAL FINANCIAL MARKETS**

**HIGHLIGHTS OF DEVELOPMENTS IN INTERNATIONAL SECURITIES MARKET**

**POLICY DEVELOPMENTS**

**REGULATORY ACTIONS TAKEN BY SEBI**

**TABLES**

**PUBLICATIONS**

**Insolvency and Bankruptcy Code, 2016: Impact on Markets and the Economy**

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

1. Ladies and Gentlemen, I am honoured to be here, before this distinguished audience and would like to thank The Insolvency and Bankruptcy Board of India (IBBI) and Vidhi Centre for Legal Policy, for inviting me to deliver the valedictory address. This event has provided me an opportunity to talk about one of the landmark reforms in the economic history of India - The Insolvency and Bankruptcy Code, 2016.
2. As a member of the Bankruptcy Law Reforms Committee and subsequently while assisting (as representative of the Ministry of Finance) the Joint Parliamentary Committee on the Insolvency and Bankruptcy Code, 2015, I have had the privilege of being associated with IBC from the early stages of deliberations, designing and drafting of legal framework till the final promulgation of the law.
3. Today I would like to reflect upon the objectives behind the conceptualisation of the IBC code, how the law has actually panned out and whether its direction is towards meeting the desired objectives. That apart, I would touch upon two more things - (i) the dispensations provided by SEBI in meeting the requirements under its various regulations with a view to facilitate smooth implementation of approved resolution plans; and (ii) the broader impact of IBC on the financial system and economy.

**A. State of the affairs - pre IBC**

1. Liberalization of the Indian economy in the early 90’s had given freedom to firms to enter the businesses they wanted to carry out and further economic reforms focused on open competition in the market. However, India lacked an efficient mechanism to facilitate closure of loss-making / unviable firms even though there were multiple Acts governing insolvency and bankruptcy.
2. The process of winding up sick enterprises was time-consuming and value-destructive. There was a positive bias towards rescuing failing businesses for the purported objective of saving organisational capital and employment. Further, there were inherent deficiencies in legal provisions that were exploited by promoters for delaying recoveries and indulging in asset stripping before resolution.
3. The Goswami Committee (1993), constituted to recommend reforms to overcome the challenge of industrial sickness in India, had diagnosed the biggest hurdle for a successful industrial restructuring in India was that it was “virtually impossible to liquidate and wind up an unviable firm”, with workers and secured creditors rarely getting “even a small fraction of their outstanding dues”.
4. This kind of abuse had become so commonplace that the Goswami Committee Report, in its preamble remarked “There are sick companies, sick banks, ailing financial institutions and unpaid workers. But there are hardly any sick promoters. There lies the heart of the matter.”
5. Let me highlight some facts regarding inefficiency of the then prevalent insolvency and resolution framework.
6. Prolonged resolution timelines - As per a 2014 Report of the World Bank, the average time to resolve insolvency in India was 4.3 years as compared to 0.8 years in Singapore and 1 year in UK. Of the 1857 companies studied by the Goswami Committee which were undergoing winding up proceedings, 48per cent had been pending for over ten years.
7. Sub-optimal recovery - At an average of around 26per cent during the pre-IBC era, the recovery rates in India were amongst the lowest in the world.
8. The prospect of very low recovery in a distant future dissuaded creditors from initiating bankruptcy proceedings against defaulting corporates. As per the comparison done in a 2015 paper by Sengupta and Sharma, the number of cases filed and cleared through the insolvency process in UK, which has a robust insolvency law, was significantly higher than those filed in India under SICA, 1985 and the Companies Act, 1956 taken together.
9. Banks and Financial Institutions were subsequently provided avenues for recovering their dues from defaulting corporates under The Recovery of Debts Due to Banks and Financial Institutions Act, 1993 and The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002. However, they also did not turn out to be very effective.
10. In a nutshell, the legal and regulatory framework for insolvency and bankruptcy was grossly inadequate for creditors especially other than banks and financial institutions. Uncertainty about timely resolution and recovery hindered the growth of corporate debt market. As a result, Indian financial system remained predominantly bank oriented.

**B. Objectives and design features of the IBC code**

1. In light of this, the Insolvency and Bankruptcy Code, 2016 was enacted to consolidate the laws related to reorganisation and insolvency resolution in India with a view to “ensure a time-bound process to better preserve economic value”.
2. The new bankruptcy code was designed with three objectives in mind - (i) Quicker resolution; (ii) Minimum loss in recovery; and (iii) Higher levels of debt financing across a wide variety of debt instruments.

**Quicker resolution**

1. The effectiveness of a bankruptcy framework lies in its ability to maximise value for creditors and debtors on insolvency. This is possible if the enterprise is sold as a going concern or its liabilities are reorganised. Longer is the delay in resolution, dimmer are the chances for reorganisation. Even realisation on liquidation goes down with time as assets depreciate with time.
2. Single code replacing multiple laws: One of the major reasons for delay in resolution was the highly fragmented legal framework. The powers of creditors and debtors under insolvency were provided for in multiple Acts and these laws were implemented in different judicial fora. Different stakeholders indulged in ‘forum shopping’ to suit their own interests and the decisions were readily appealed against in higher courts adversely impacting the timeliness of the resolution process. A single law and a single forum for bankruptcy could expedite the processes. This also had the benefit of imparting greater legal clarity to the questions of insolvency.
3. Information utilities: Availability of accurate information about existing credit, pledged collateral etc. of the insolvent firm with all creditors is essential to start insolvency resolution process. The collection and collation of such information required considerable amount of time and effort. To swiftly make available complete information about credit and pledged collateral about any firm entering insolvency, a new set of entities called ‘information utilities’ were envisioned.
4. Strict timelines: In the pre-IBC era, the laws provided for permitting debtors and creditors to seek unlimited extensions. The Code provides for a 180-day period, which is one time extendable by 90 days, for the resolution process.

**Minimum loss in recovery**

1. Avoiding destruction of value: While unviable firms must be closed down, many firms possess organisational capital which can be saved if the liabilities are restructured or the firm is sold as going concern. Thus, the design of the Code was such so as to first provide a chance to all the stakeholders to explore the possibility of rearrangements and protect the firm as a going concern, and resort to liquidation only if all negotiations fail.
2. Deciding viability best left to stakeholders: Government arms usually had a say in deciding the viability and restructuring of sick firms during the pre-IBC era. Acknowledging that decisions about viability of an insolvent firm and how to optimally restructure it are business decisions best left to creditors, the code bestowed the right to make these decisions upon a creditors committee. The role of courts was limited to controlling the process of resolution. It is heartening to note that the Hon’ble Supreme Court of India has recently upheld this major tenet of the IBC code (Essar Steel bankruptcy case).
3. Insolvency Professional: The design provided for an ‘Insolvency Professional’ (IP) to oversee the insolvency resolution process. The envisioned role of IP was to manage the operations and assets of the company during the resolution period and manage the resolution process. This could enable creditors and debtors to negotiate the assessment of viability during the resolution period without fear of assets being stolen by debtors or debt recovery enforcement by creditors.
4. IBBI: And finally, the new bankruptcy framework provided for a new regulator to lay out the procedural details and to regulate the new class of entities servicing the new bankruptcy framework.

**Promoting higher levels of debt financing**

1. Higher priority to financial creditors in waterfall: Usually Government dues had priority over other dues in liquidation under earlier laws. To promote availability of credit and develop corporate bond market, the claims of secured as well as unsecured financial creditors were kept above those of the Government in the distribution waterfall in liquidation.

**Other design aspects**

1. Change of control over firm: The Code moves away from the erstwhile model of debtor-in-possession and provides for a shift of control of the borrower from the erstwhile management to its financial creditors, upon the occurrence of a single event of default. By divesting the existing management of its control over a defaulting debtor and preventing its re-entry, the Code provides a credible deterrence against wilful financial misconduct.
2. Operational creditors could also initiate resolution: Under the earlier legal framework, insolvency proceedings could be initiated only by secured creditors, banks, financial institutions or Government. Thus, in case of financial stress, dues to operational creditors, which include workmen and employees, used to be the last thing to bother firms. Under the new legal framework, any creditor, operational or financial, is enabled to initiate insolvency resolution process, thereby empowering workmen and employees to settle their dues fast instead of waiting for years for settlement.

**C. Performance so far**

1. It has been three years since the new code was implemented w.e.f. December 01, 2016. As per the latest quarterly newsletter of IBBI, till the end of second quarter of FY 2019-20, 2542 proposals for Corporate Insolvency Resolution Process (CIRP) were admitted. Out of the same, 116 were closed by withdrawal, mostly on account of settlement between creditors and debtors, 186 were closed on appeal/review, 587 have ended in order for liquidation and 156 have ended in approval of resolution plans. Rest around 1500 cases are ongoing.
2. Speed of resolution: The average time taken for completion of the 156 CIRPs which have ended in resolution is 374 days while average time taken for completion of 587 CIRPs that have ended in liquidation is 300 days. Thus, the average time taken to resolve insolvency has come down to around 1 year from 4.3 years during the pre-IBC era.
3. Recovery: The average recovery rate has increased to around 44per cent from the pre-IBC era average recovery rate of around 26per cent. Though it is still quite low as compared to average recovery rate in developed nations having robust bankruptcy framework, nevertheless, it has substantially improved.
4. An analysis of the CIRPs based on the type of entity having triggered the CIRP reveals that around 49per cent of the CIRPs were initiated by operational creditors, 43per cent by financial creditors and the remaining by corporate debtors themselves. Thus, empowering operational creditors to initiate bankruptcy has clicked, who are increasingly using IBC to recover unpaid debt. The share of financial creditors in triggering CIRP has been increasing during the last three quarters indicating that banks and Financial Institutions are also increasingly depending on IBC to resolve distressed assets.
5. The features of higher priority to unsecured financial creditors over Government dues and attempt for reorganisation prior to liquidation together have led to increased recovery for financial creditors. Till November 2019, realisation by financial creditors in comparison to liquidation value was around 200per cent (indicating benefit of reorganisation), while realisation in comparison to their claims was around 44per cent.
6. Successful implementation of IBC is being acknowledged by global bodies like World Bank too. As per the World Bank Ease of Doing Business Report 2020, India jumped 14 places to 63rd rank from 77th rank a year ago. Out of the various factors considered for computing the rankings, the factor of resolving insolvency saw the biggest jump from 108th in the previous year to 52nd in the current year on the back of implementation of the Insolvency and Bankruptcy Code.
7. Thus, one can safely say that IBC has improved the efficiency of corporate insolvency resolution landscape in the country.

**D. Impact of IBC**

1. Apart from increase in efficiency of insolvency resolution process, the implementation of an effective resolution framework has ushered in behavioral changes in corporate debtors and in the way debt defaults are treated by promoters and creditors. As per the Economic Survey 2018-19, till February 2019, a total of 6079 CIRP cases were withdrawn and claims amounting to INR 2.84 lakh crore were settled before their admission under the provisions of IBC. The threat of losing control of company is forcing many promoters to pay off debt even before insolvency is started.
2. Globally, the reforms in bankruptcy laws leading to bolstering of creditor rights have generally been found to have a positive impact on corporate bond markets owing to increased investor confidence in the markets. In case of three of the BRICS countries, viz. Brazil, Russia and China, the five-year average of the outstanding Corporate bonds-to-GDP ratio after implementation of bankruptcy reforms nearly doubled as compared to the five-year average of the Corporate bonds-to-GDP ratio prior to implementation of the reforms.
3. While there is a positive correlation between recovery rate, recovery timeline and Corporate Bonds/GDP ratio, experience also shows that there is a time lag between the implementation of bankruptcy laws and effect on bond market to the extent of 5-10 years. I am quite optimistic that in the next 5 years or so we will see the signs of positive effect in the domestic corporate bond market on account of IBC implementation.
4. On the banking side, bankruptcy reforms appear to have already started bearing fruits. After having peaked to around 11.6per cent in March 2018 due to the increased pace at which NPAs were recognised, the GNPA ratio across all Scheduled Commercial Banks has come down to 9.3per cent in March 2019. As per RBI’s data on domestic operations, gross NPAs of public sector banks have declined by INR 92,103 crores between March, 2018 and June, 2019. As per Economic Survey 2018-19, banks have recovered INR 50,000 Crore from previous non-performing accounts and an additional INR 50,000 Crore has been upgraded from non-standard to standard assets.

**E. Fine Tuning**

1. Every new legislation evolves with time, its provisions get challenged, amendments made based on experiences, and attains clarity and predictability based on judicial pronouncements. Such fine tuning of IBC is already in the process. Many provisions of the IBC have been challenged in the courts of law and the required clarity attained. Similarly, amendments to the Code such as deeming home buyers as financial creditors, prohibiting persons with certain disabilities from submitting resolution plans and relaxing threshold majority required in committee of creditors were driven by public policy perspective.
2. SEBI also did its bit to facilitate smooth implementation of resolution plans approved under the IBC for listed entities. Relaxations from various regulatory requirements such as procedure for delisting of shares, open offer to public shareholders, shareholder approval for material related party transactions, etc. were given by amending SEBI Takeover Regulations 2011, SEBI LODR Regulations 2015, SEBI ICDR Regulations 2018 and SEBI (Buyback of equity shares) Regulations, 2018.

**F. Way Forward and conclusion**

1. IBC has been a landmark reform which has successfully empowered creditors by increasing their recoveries, improved debtor-discipline, facilitated closure of unviable firms, and lowered the cost of credit available to viable enterprises. However, much like any other reform of this magnitude, there is a scope of further improvement.
2. Most notably, at present, the Code does not provide a comprehensive mechanism for cross-border insolvency proceedings. The issue of having a framework to deal with synchronous resolution of group companies also needs to be perhaps examined. Further, the provisions in the Code related to resolution and liquidation of partnership firms and individuals have not yet been enabled. I have been told that IBBI is already looking into these matters.
3. The gap in laws for insolvency of financial sector entities would still be there as financial service providers are not de-facto covered under the provisions of IBC. The Government has the power to notify specific or categories of Financial Service Providers for the purpose of conducting their insolvency and liquidation proceedings under the provisions of the Code as has been recently done for NBFCs with more than INR 500 crore asset size.
4. However, considering that many Financial Service Providers deal with substantial client funds and/or are systemically important, a separate clear and appropriate resolution/bankruptcy/liquidation framework for financial service providers is the need of the day. I hope the Financial Resolution and Deposit Insurance Bill, being contemplated to be introduced in the Parliament, will address this gap.
5. I believe, once an effective, mature and smoothly functioning insolvency framework is in place, the process of weeding out of inefficient users of resources and allocation of resources to new efficient users will gain pace. Avenue for orderly exit on failure will encourage entrepreneurs and prompt recovery on default will give confidence to lenders to lend - both of which are necessary to propel India to the next stage of higher growth.

Thank you.

**Capital Formation - Regulatory Perspective**

**Shri Amarjeet Singh, Executive Director, SEBI**[[2]](#footnote-2)\*

1. It’s a pleasure to be here. AIBI is an important stakeholder in our securities market ecosystem. Your Annual Summit provides a good opportunity to reflect on current issues and challenges particularly faced by investment bankers, issuers and investors in the Primary market. I would like to compliment AIBI leadership for selecting Capital Formation as the theme for this year’s conference. This is a very relevant and important topic which is being deliberated by various securities market regulators world over.
2. Capital formation is critical for the growth of any economy. One can visualize capital formation as an outcome of a multi variate model. Many factors contribute to it – macroeconomic environment, global developments, savings and investments, taxation policies etc. and of course regulatory environment.
3. In my talk this morning, I would broadly focus on two parts – first picking data from both global and domestic market, I would like to give you a broader sense of how the securities markets are delivering on the objective of capital formation in recent years; secondly I would talk about the regulatory response to these trends in our market. I will wind up with my observations on some key global trends impacting the financial markets.
4. The larger issue is - Is capital formation through securities markets really a concern? What is the nature and extent of the problem? I would like to begin with a quick survey of the global trends before talking about the Indian market.

**Capital formation**

***Global Trends***

1. Over the last 20 years, the total number of listed companies in the world has increased, however apparently the overall growth in listings has been static. Also specific trends vary by region. For example, in Asia the number of listed companies has increased, while the number of listed companies has declined in both north America and Europe.
2. A big trend in American business is the collapse in the number of listed companies. There were about 8000 in 1996; in 2018 there are 4400, down by 45 per cent. Average number of companies doing IPOs every year in US during 1990-1999 was 500 which reduced to 200 every year since then.
3. Capital raised during the last 10 years through IPOs in US shows a consistent increase every year during 2011 to 2014. The best year since 2001 has been 2014 with raising of 85 bn dollars out of which Alibaba contributed 22 bn. The numbers dropped down to a low of 21.7 bn in 2016, lowest since 2003 and have since showed an upward movement during the last two years. Decline in number of annual listings coupled with increase in amount mobilized shows that average IPO size has gone up in recent years.
4. Several reasons are cited for this decline:

* One is the shift in equity capital raising from public to private markets. Between 2000 and 2018, the number of private equity-backed companies in the US rose from less than 2,000 to nearly 8,000. Private-equity firms are sitting on piles of cash. Sovereign-wealth funds, hedge funds, family offices and even pension funds are willing to tie up capital in new, unlisted ventures. Globally, according to a study, asset owners have now placed about 14 per cent of their assets in private markets up from virtually nothing a couple of decades ago. These are supply side changes.
* The demand side of capital markets has also changed. In US markets particularly, capital light model of corporations has replaced capital intensive model. Today the intellectual and human capital are more important. Many tech companies have developed and thrived on powerful ideas rather than elaborate plant and machinery. This shift is evidenced by global data. In 2009, the top 10 listed companies of the world by market cap included only 1 tech company, namely Microsoft. 10 years later in 2019, 7 of the top 10 companies are tech companies, namely, Microsoft, Amazon, Apple, Alphabet, Facebook, Alibaba and Tencent**.** This shift is however not so evident in our region where lots of asset heavy firms still need pots of capital.
* Another important reason for decline of IPOs is that private markets are said to be better at allowing founders a long-term perspective vis-a-vis the problems of quarterly capitalism in the listed space. Also public companies are under a lot more scrutiny due to continuous disclosure requirements, which further acts as a disincentive to list.

1. Impact on investors: Earlier a fund could get full exposure to the economy by owning a broad based 500 stocks index. Now a fund needs to make lots of investments in private firms and in opaque vehicles. Ordinary investors without connections are unable directly to own shares in new companies that are active in the fastest-growing parts of the economy.

***Trends in India***

1. As may be seen, the total number of active listed companies has grown only by about 25per cent over a decade. The good news is that the there is no decline in number of listed companies – its still a growing number. However, the concern is that the growth over the years has been rather low. Last 3 year trends are also not encouraging, with less than 1per cent growth during 2019. This is certainly not a healthy sign considering our ambition of a 5 tn. economy in the next 5 years. We need more companies to list in our market.
2. There are primarily four sources of raising of equity from the primary market, namely, Public offerings, Rights issues, QIPs and Preferential Allotments. Total equity raised from these sources taken together received a substantial jump in 2017-18 with a total raising of Rs. 2.32 lac cr. as against Rs. 85000 cr. in 2016-17. During 2018-19, total raising has been around the same level as in 2017-18 at Rs. 2.37 lac cr. During the current financial year, we have touched Rs. 1.6 lac cr. upto Oct. end.
3. Clearly, both QIPs and Pref are more popular routes for fund raising, accounting for 55 per cent and 92 per cent respectively during FY 2017-18 and FY 2018-19. During the current FY also, QIPs and Pref. allotments have contributed a substantial 62per cent so far. In 2018-19, capital raised through Pref. allotments was very high due to large Pref. issues done by PSUs to Government of India.
4. While raising of funds from all sources does not look bad, raising through public issuances has substantially declined during the last two years – it came down by more than 80per cent from Rs. 1.05 lac crore in 2017-18 to merely Rs. 18000 odd cr in 2018-19. It has gone upto Rs. 60000 cr. approx. during the current financial mainly because of two large rights issue in the telecom sector contributing Rs. 50000 cr. approx.
5. The number of Public issues has gone down from 202 in 2017-18 to 123 in 2018-19 and 39 upto Oct end during this financial.
6. Further, if you look at the break-up of the Public issues in terms of offer for sale and fresh raising of funds, it indicates OFS has been a substantial chunk in the recent years, i.e. OFS contributed to 80per cent of Public issues during 2017-18, 73per cent during 2018-19 and 86per cent during the current FY upto end-Oct. These numbers show that new listings on stock exchanges are primarily being used for providing an exit to existing investors rather than raise fresh capital.
7. Investments made by AIFs have witnessed phenomenal growth in India during the last 5 years. Current cumulative investments of Rs. 1.19 lac cr are 37 times of cumulative investment figure of Rs. 3000 odd cr in 2014. AIF investments have grown at an average rate of 106per cent per year during the last 5 years. This can be a partial and also a plausible explanation for decline in IPOs for fresh investments.

**Regulatory Response**

1. Having analyzed the global and domestic trends, I will now turn to what has been SEBI’s regulatory response to these trends. Contributing to capital formation is consistent with SEBI’s objective of developing fair and efficient capital markets. Without any regression analysis, one can intuitively assume a positive correlation between capital formation and good financial regulation. A well-regulated market enjoys the confidence of both Issuers and investors.
2. As a part of our developmental agenda for the primary market, we have recognized the need for developing multiple paths for raising of funds from the markets. IPOs, FPOs, Rights Issues, Preferential Allotments, Qualified Institutional Placements, SME platform are some of the well known products in our markets today which have been successfully catering to the capital requirements of various issuers. Another platform called Innovators Growth Platform aims at facilitating the listing of start-ups. We have also another sector specific product in REITs/ Invits.
3. To name a few recent initiatives, we have:

* Streamlined the disclosure requirements in the primary equity markets by thoroughly rewriting the ICDR regulations in 2018.
* Further refined IGP to facilitate listing of start-ups - an interesting innovative feature of IGP is the introduction of Accredited investors which allows individual high net worth investors to invest in start-ups at a relatively early stage.
* Revamped the Rights issue process which will bring down the listing period from T+55 to T+31 - also introduced the demat of rights entitlement.
* Introduced the use of UPI in IPOs aimed at reducing the listing period from T+6 to T+3
* Introduced preferential issues and qualified placements for REITs and Invits last month
* Facilitated listing of companies with Superior Voting Rights structure earlier this year.

1. These initiatives have been aimed at improving ease of raising of funds thereby contributing to the overall goal of capital formation. We have also kept our focus on improving corporate governance through better structures, more rigorous checks and balances and better monitoring and enforcement. Our approach has been to balance development with investor protection. In this process, we actively consult all stakeholders and are positively inclined to new ideas. At the same time, we have avoided race to bottom and always upheld higher standards of investor protection which are not negotiable. As a regulator, in my view, we should not come in the way of new and evolving products and business models, but at the same time it is our duty to manage the risks that such products bring about and preserve investor protection.

**Changing landscape**

1. I would like to wrap up with some reflections on the rapidly changing landscape of the corporate world and financial markets. Some clearly discernible trends are:

* Financial capital is rapidly losing its pre-eminence to a combination of human, intellectual, natural and social capital.
* Society’s expectations from the corporates are on the rise. Nobel laureate, Milton Friedman’s doctrine that companies exist primarily to make money for its shareholders is increasingly being questioned. Company Boards are expected to uphold the interest of all stakeholders and not just its shareholders.
* Corporates are getting bigger than nation states. There is increasing concentration of wealth and power in few hands giving rise to the demand for inclusive capitalism.
* Technological advances are rapidly changing financial markets and creating more room for disintermediation.
* Structure of financial markets is changing and text book definitions of stock exchanges as an instrument of capital formation and economic barometer are getting challenged.
* Private and unregulated markets are getting bigger.
* ESG concerns are getting bigger and guiding investments in markets and corporates. We are moving from an era of capital formation to responsible capital formation.

1. These ongoing shifts have implications for all the stakeholders in the financial markets. We have to keep track of and respond to these big picture trends to stay relevant and ahead of the game.

**Conclusion**

1. To conclude, AIBI can contribute to our markets and capital formation by setting high standards of excellence for its members and perhaps more importantly advocating ethical principles and practices. A lot rides on the due diligence of issuers by investment bankers. SEBI depends a lot on your work in Primary markets. I wish AIBI Godspeed in its endeavors.

**CAPITAL MARKET REVIEW**

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

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

|  |  |  |
| --- | --- | --- |
| **Particulars** | **Nov-19** | **Dec-19** |
| ***A. Funds Mobilisation through Public Issue (I+II)*** | **901** | **3,783** |
| ***I. Equity Public Issue*** | **440** | **1,264** |
| a. IPOs (i+ii) | 440 | 1,264 |
| i. Main Board | 410 | 1,246 |
| ii. SME Platform | 31 | 18 |
| b. FPOs | 0 | 0 |
| c. Equity Right Issue | 0 | 0 |
| ***II. Debt Public Issue*** | 461 | 2,519 |
| ***B. Funds Mobilisation through Private Placement*** | **89,035** | **96,694** |
| 1. QIP/IPP | 11,400 | 2,025 |
| 2. Preferential Allotment | 28,904 | 38,512 |
| 3. Private Placement of Debt | 48,731 | 56,158 |
| **Total Funds Mobilised (A+B)** | **89,935** | **1,00,477** |

**Notes: Current month data are provisional**

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

* During December 2019, there were four public equity issuance (two of them were at SME platform) mobilizing ₹ 1,246 crore as compared to four public equity issuance (three of them were at SME platform) mobilizing ₹ 440 crore in November 2019.
* During December 2019, there were three issues amounting ₹ 2,519 crore from the Public Issue of Corporate Bonds comparing with one issue amounting ₹ 461 crore in November 2019.
* During December 2019, the amount raised through private placement of equity (i.e. preferential allotment and QIP route) stood at ₹ 40,537 crore comparing with ₹ 40,304 crore in November 2019.
* During December 2019, Private Placement of Corporate Debt Reported to BSE and NSE increased by 15.2 per cent to ₹ 56,158 crore over ₹ 48,731 crore in November 2019.

1. **Trends in the Secondary Market**

* At the end of December 2019, Nifty 50 closed at 12,168, increased by 112.4 points (0.9 per cent) over November’s closing.
* S&P Sensex closed at 41,254 on December 31, 2019, an increase of 459.9 points (1.1 per cent) over previous month closing.
* During the month, Nifty and Sensex closed its all-time high at 12,272 and 41,682 on December 20, 2019 respectively.
* During the month, Nifty and Sensex closed its low at 11,857 and 40,240 on December 10, 2019 respectively.
* The P/E ratios of S&P BSE Sensex and Nifty 50 index were 26 and 28.3 respectively, at the end of December 2019 compared to the reading of 28.4 and 28.1 respectively a month ago.

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

|  |  |  |  |
| --- | --- | --- | --- |
| **Description** | **Nov-19** | **Dec-19** | **Change during the Month** |
| **Index in Equity Market** |  |  |  |
| Sensex | 40,794 | 41,254 | 1.1 |
| Nifty 50 | 12,056 | 12,168 | 0.9 |
| Nifty 500 | 9,814 | 9,873 | 0.6 |
| BSE 500 | 15,568 | 15,667 | 0.6 |
| Nifty Bank | 31,946 | 32,162 | 0.7 |
| Nifty IT | 14,998 | 15,652 | 4.4 |
| BSE Healthcare | 13,603 | 13,429 | -1.3 |
| BSE FMCG | 11,724 | 11,406 | -2.7 |
| **Market Capitalisation (₹ crore)** | |  |  |
| BSE | 1,54,75,077 | 1,55,53,829 | 0.5 |
| NSE | 1,53,15,478 | 1,54,31,967 | 0.8 |
| **P/E Ratio** |  |  |  |
| Sensex | 28.4 | 26.0 | -8.4 |
| Nifty 50 | 28.1 | 28.3 | 0.7 |
| **No of Listed Companies** |  |  |  |
| BSE | 5,344 | 5,352 | 0.1 |
| NSE | 1,951 | 1,955 | 0.2 |
| **Gross Turnover in Equity Segment (₹ crore)** | |  |  |
| BSE | 54,445 | 43,560 | -20.0 |
| NSE | 8,34,252 | 6,81,983 | -18.3 |
| **Gross Turnover in Equity Derivatives Segment (₹ crore)** | | |  |
| BSE | 5,971 | 21,023 | 252.1 |
| NSE | 2,71,30,883 | 2,88,58,292 | 6.4 |
| **Gross Turnover in Currency Derivatives Segment (₹ crore)** | | |  |
| BSE | 5,43,325 | 5,64,692 | 3.9 |
| NSE | 7,63,427 | 7,97,945 | 4.5 |
| MSEI | 3,370 | 6,259 | 85.7 |
| **Gross Turnover in Interest Rate Derivatives Segment (₹ crore)** | | |  |
| BSE | 5,252 | 4,814 | -8.3 |
| NSE | 22,410 | 31,364 | 40.0 |

**Source: NSE, BSE and MSEI**

**Figure 1: Movement of Sensex and Nifty during December 2019**

**Note: The closing value of Nifty 50 and Sensex have been normalised to 100 on December 01, 2019.**

* The market capitalisation of BSE stood at **₹** 1,55,53,829 crore as on December 31, 2019, increased by 0.5 per cent over previous month.
* The market capitalisation of NSE stood at **₹** 1,54,31,967 crore as on December 31, 2019, increased by 0.8 per cent over previous month.

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

* During December 2019, the gross turnover in the equity segment of BSE decreased by 20 per cent to ₹ 43,560 crore from ₹ 54,445 crore in November 2019.
* During December 2019, the gross turnover in the equity segment of NSE decreased by 18.3 per cent to **₹** 6,81,983 crore from **₹** 8,34,252 crore in November 2019.

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

* During the month of December 2019, the sectoral indices witnessed mixed trends. Among BSE indices, S&P BSE Metal increased by 6.6 per cent, followed by S&P BSE Teck (3.4 per cent), S&P BSE Bankex (1.3 per cent), S&P BSE Small Cap (1 per cent), S&P BSE Large cap (0.8 per cent), S&P BSE 100 (0.8 per cent), S&P BSE 500 (0.6 per cent), S&P BSE 200 (0.6 per cent), S&P BSE Consumer Durables (0.6 per cent) and S&P BSE Power (0.1 per cent). On the other hand, S&P BSE FMCG decreased by 2.7 per cent, followed by S&P BSE Capital Goods (2.5 per cent), S&P BSE PSU (1.7 per cent) and S&P BSE Healthcare (1.3 per cent) during the period. The average daily volatility of BSE sectoral indices for the month of December 2019 is given in Figure 4.

**Figure 4: Performance of BSE Indices during December 2019 (Per cent)**

* Among select NSE sectoral indices, Nifty IT increased by 4.4 per cent during December 2019, followed by Nifty 100 (0.7 per cent), Nifty Bank (0.7 per cent), Nifty 500 (0.6 per cent), Nifty 200 (0.6 per cent), Nifty Small 100 (0.3 per cent) and Nifty MNC (0.1 per cent). On the other hand, Nifty PSU Bank decreased by 5.4 per cent, followed by Nifty FMCG (2.8 per cent), Nifty Pharma (1.8 per cent), Nifty Next 50 (0.8 per cent), Nifty Midcap 100 (0.7 per cent) and Nifty Midcap 50 (0.5 per cent) during the month. The average daily volatility NSE sectoral indices for the month of December 2019 is given in Figure 5.

**Figure 5: Performance of NSE Indices during December 2019 (Per cent)**

1. **Trends in Depository Accounts**

At the end of December 2019, there were 196 lakh demat accounts at NSDL and 197 lakh demat accounts at CDSL. Till the end of December 2019, 5,602 listed companies were signed up with NSDL 5,638 listed companies were signed up with CDSL to make their shares available in dematerialised form.

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

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

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Description** | **NSE** | | | **BSE** | | |
| **Nov-19** | **Dec-19** | **Percentage Change Over Month** | **Nov-19** | **Dec-19** | **Percentage Change Over Month** |
| **A. Turnover (₹ crore)** | | | | | | |
| (i) Index Futures | 4,77,983 | 4,11,241 | -14.0 | 2,841.5 | 3,835.8 | 35 |
| (ii) Options on Index |  |  |  |  |  |  |
| *Put* | 1,12,34,334 | 1,23,45,926 | 9.9 | 799.6 | 5632.9 | 604.5 |
| *Call* | 1,31,22,523 | 1,40,45,614 | 7.0 | 1649.4 | 11540.6 | 599.7 |
| (iii) Stock Futures | 12,56,617 | 11,23,918 | -10.6 | 44.0 | 13.3 | -69.9 |
| (iv) Options on Stock |  |  |  |  |  |  |
| *Put* | 3,47,378 | 3,15,983 | -9.0 | 294.0 | 0.0 | -100 |
| *Call* | 6,92,047 | 6,15,611 | -11.0 | 342.0 | 0.0 | -100 |
| **Total** | **2,71,30,883** | **2,88,58,292** | **6.4** | **5,971** | **21,023** | **252.1** |
| **B. No. of Contracts** | | | | | | |
| (i) Index Futures | 64,38,144 | 54,00,188 | -16.1 | 27,957 | 37,326 | 33.5 |
| (ii) Options on Index |  |  |  |  |  |  |
| *Put* | 16,15,38,469 | 17,36,48,642 | 7.5 | 7,867 | 55,059 | 599.9 |
| *Call* | 18,63,26,307 | 19,60,92,855 | 5.2 | 15,859 | 1,09,825 | 592.5 |
| (iii) Stock Futures | 2,27,79,787 | 1,89,29,870 | -16.9 | 762 | 216 | -71.7 |
| (iv) Options on Stock |  |  |  |  |  |  |
| *Put* | 61,20,457 | 52,56,335 | -14.1 | 3,890 | 0 | -100 |
| *Call* | 1,15,19,559 | 96,50,541 | -16.2 | 4,565 | 0 | -100 |
| **Total** | **39,47,22,723** | **40,89,78,431** | **3.6** | **60,900** | **2,02,426** | **232.4** |
| **C. Open Interest in Terms of Value ( ₹ crore)** | | | | | | |
| (i) Index Futures | 22,635 | 20,507 | -9.4 | 36 | 35 | -2.9 |
| (ii) Options on Index |  |  |  |  |  |  |
| *Put* | 75,311 | 80,590 | 7.0 | 9 | 28 | 218.8 |
| *Call* | 52,958 | 77,206 | 45.8 | 7 | 22 | 240.1 |
| (iii) Stock Futures | 1,20,332 | 1,22,760 | 2.0 | 2.6 | 0.3 | -89.8 |
| (iv) Options on Stock |  |  |  |  |  |  |
| *Put* | 7,819 | 8,738 | 11.8 | 0 | 0.0 | NA |
| *Call* | 12,071 | 13,415 | 11.1 | 0 | 0.0 | NA |
| **Total** | **2,91,127** | **3,23,217** | **11.0** | **53.4** | **84.7** | **58.8** |
| **D. Open Interest in Terms of No of Contracts** | | | | | | |
| (i) Index Futures | 2,75,764 | 2,44,548 | -11.3 | 346 | 335 | -3.2 |
| (ii) Options on Index |  |  |  |  |  |  |
| *Put* | 9,03,109 | 9,79,806 | 8.5 | 84 | 267 | 217.9 |
| *Call* | 6,49,392 | 9,57,119 | 47.4 | 64 | 217 | 239.1 |
| (iii) Stock Futures | 19,98,221 | 18,46,372 | -7.6 | 37 | 3 | -91.9 |
| (iv) Options on Stock |  |  |  |  |  |  |
| *Put* | 1,45,423 | 1,31,588 | -9.5 | 0 | 0 | NA |
| *Call* | 2,31,213 | 1,98,615 | -14.1 | 0 | 0 | NA |
| **Total** | **42,03,122** | **43,58,048** | **3.7** | **531** | **822** | **54.8** |

**Source: NSE and BSE**

* Among the three exchanges in the equity derivative market ecosystem, viz., NSE, BSE and MSEI, NSE has a market share of almost 100 per cent and BSE registered an insignificant volume compared to NSE’s volume however, MSEI has no trading during December 2019.
* The notional monthly turnover in the equity derivatives segment of NSE increased by 6.4 per cent to **₹** 288.6 lakh crore in December 2019 to **₹** 271.3 lakh crore in November 2019.
* Index options accounted for 91.5 per cent of the total notional turnover in the F&O segment of NSE during the month compared to 89.8 per cent during last month.
* The notional turnover in index options (call and put together) increased by 8.4 per cent to **₹** 236.9 lakh crore in December 2019 from **₹** 243.6 lakh crore in November 2019.
* During December 2019, Weekly options contributed 78 per cent of total index options compared to 72 per cent of total index options in November 2019. The percentage share of monthly options of total index options turnover stood at 22 per cent in December 2019, decreased from 27 per cent in November 2019.

**Figure 6: Maturity wise percentage share of Total Index Options Turnover (per cent)**

* During the month, the notional turnover of index futures decreased by 14 per cent to **₹** 4.1 lakh crore from **₹** 4.8 lakh crore in November 2019.
* The notional turnover of stock futures decreased by 10.6 per cent to **₹** 11.2 lakh crore in December 2019 from **₹** 12.6 lakh crore in November 2019.
* The notional turnover in stock options (call and put together) decreased by 10.4 per cent to **₹** 9.3 lakh crore from **₹** 10.4 lakh crore during the same period.
* As on December 31, 2019 the open interest at NSE stood at **₹** 3,23,217 crore from **₹** 2,91,127 crore in November 30, 2019, an increase of 11 per cent.
* During December 2019, the equity derivatives segment turnover of BSE increased to ₹ 21,023 crore compared to ₹ 5,971 crore in November 2019.

**Figure 7: Trends of Equity Derivatives Segment at NSE (in ₹ lakh crore)**

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

* During December 2019, the monthly turnover of currency derivatives in India (NSE, BSE and MSEI together) stood at **₹** 13.7 lakh crore from **₹** 13.1lakh crore in November 2019, an increase of 4.5 per cent.
* The trading volumes in Currency Derivatives at NSE increased by 4.5 per cent to **₹** 7,97,945 crore in December 2019 from **₹** 7,63,427 crore in November 2019.
* The trading volumes in Currency Derivatives at BSE increased by 3.9 per cent to **₹** 5,64,692 crore from **₹** 5,43,325 crore during the same period.
* The trading volumes in Currency Derivatives at MSEI stood at ₹ 6,259 crore in November 2019 from ₹ 3,370 crore in November 2019, increased by 85.7 per cent.

**Figure 8: Trends of Currency Derivatives at NSE, MSEI and BSE (₹ crore)**

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

* During December 2019, the monthly turnover of interest rate futures at NSE increased by 11.3 per cent to ₹ 31,364 crore from ₹ 22,410 crore in November 2019.
* The monthly turnover of interest rate futures at BSE decreased by 8.3 per cent to ₹ 4,814 crore from ₹ 5,252 crore during the same period.

**Figure 9: Trends of Interest Rate Futures at NSE and BSE (₹** **crore)**

1. **Trading in Corporate Debt Market**

* During December 2019, BSE noted 4,397 trades of corporate debt with a traded value of ₹ 52,392 crore as compared to 4,850 trades of corporate debt with a traded value of ₹ 51,449 crore in November 2019.
* At NSE, 5,877 trades were noted with a traded value of ₹ 97,560 crore in December 2019 as compared to 6,183 trades were noted with a traded value of ₹ 1,02,472 crore in November 2019.

**Figure 10: Trends in Reported Turnover of Corporate Bonds (₹** **crore)**

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

* The mutual fund industry saw a net inflow of ₹ 61,497 crore in December 2019 compared to a net inflow of ₹ 54,419 crore in November 2019.
* In terms of category of scheme, there was a redemption of ₹ 61,198 crore from open ended schemes during December 2019. Among the open ended schemes, ₹78,427 crore liquidated from Income/Debt Oriented Schemes and ₹ 1,184 crore liquidated from Hybrid Schemes. However, there was a mobilisation of ₹ 12,939 crore in other schemes (ETFs), ₹ 4,499 crore in growth/equity oriented schemes and ₹ 974 crore in Solution Oriented Schemes (₹ 138 crore) during the month.
* There was a net redemption of ₹ 580 crore from closed ended schemes during December 2019.
* The net assets under management of all mutual funds stood at ₹ 26.5 lakh crore at the end of December 2019 from ₹ 27 crore as on November 30, 2019.
* As on December 31, 2019, there were a total of 1,911 mutual fund schemes in the market, of which 1,134 were income / debt oriented schemes (320 open ended and 814 closed ended), 445 were growth / equity oriented schemes (327 open ended and 118 closed ended), 146 were open ended other schemes (ETFs), 130 were open ended Hybrid schemes, 33 were open ended Solution Oriented Schemes and 23 interval schemes.
* In the secondary market transaction, during December 2019, mutual funds made a net investment of ₹ 47,298 crore (of which ₹ 45,493 crore investment in debt and ₹ 1,805 crore in equity) compared to an investment of ₹ 34,574 crore (of which ₹ 39,418 crore investment in debt and ₹4,844 crore withdrawn from equity) in November 2019.

**Figure 11: Trends of Mutual Funds Investment in Secondary Market (₹ crore)**

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

* During December 2019, FPIs invested a total of ₹ 2,762 crore in the Indian securities market compared to an investment of ₹ 22,999 crore in November 2019. Of the total investment in December 2019, FPIs invested ₹ 7,338 crore in equity and ₹ 40 crore in hybrid securities compared to an investment of ₹ 25,231 crore in equity and ₹ 126 crore in hybrid securities during November 2019. FPIs withdraw of ₹ 4,616 crore from debt securities in December 2019 compared to ₹ 2,358 crore withdrawn from debt securities in November 2019.
* The assets of the FPIs in India, as reported by the custodians, at the end of December 2019 was ₹ 35,16,471 crore, out of which the notional value of offshore derivative instruments (including ODIs on derivatives) was ₹ 63,901 crore (or 1.8 per cent of total assets of FPIs).

**Figure 12: Trends in FPIs Investment (₹ crore)**

1. **Trends in Portfolio Management Services**

* As on December 31, 2019, AUM of the portfolio management industry increased marginally by 1.4 per cent to ₹ 17.9 lakh crore from ₹ 17.7 lakh crore in November 2019. Of the total, AUM of fund managers of EPFO/PFs contributed ₹ 13.2 lakh crore (i.e., 74 per cent of total AUM).
* In terms of number of clients in PMS industry at the end of December 2019, discretionary services category topped with 1,49,948 clients, followed by non-discretionary category with 9,473 clients and advisory category with 3,751 clients.

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

During December 2019, three open offers with offer value of ₹ 349 crore was made to the shareholders as against three open offers with offer value of ₹ 10 crore made in November 2019. Of the three, one open offer was for change in control of management, one was Consolidation of Holdings and one was Substantial Acquisition.

**Figure 13: Details of Open Offers Made under the SEBI (SAST) Regulations**

1. **Commodities Derivatives Markets**

**Exhibit 4: Snapshot of Indian Commodity Derivative Markets**

|  |  |  |  |
| --- | --- | --- | --- |
| **Items** | **Nov-19** | **Dec-19** | **Change during the month** |
| **A. Indices** | | | |
| Nkrishi | 3,438 | 3,613 | 5.1 |
| MCX COMDEX | 3,847 | 3,758 | -2.3 |
| **B. Total Turnover (in ₹ crore)** | | | |
| **All-India** | **7,42,741** | **7,11,802** | **-4.2** |
| **MCX, of which** | **7,00,488** | **6,68,410** | **-4.6** |
| *Futures* | 6,79,268 | 6,53,027 | -3.9 |
| *Options* | 21,219 | 15,383 | -27.5 |
| **NCDEX, of which** | **34,771** | **36,255** | 4.3 |
| *Futures* | 34,770 | 36,253 | 4.3 |
| *Options* | 1 | 2 | 110.8 |
| **ICEX** | **3,139** | **3,332** | **6.1** |
| **BSE** | **3,622** | **3,687** | **1.8** |
| **NSE** | **721** | **119** | **-83.6** |

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

**A. Market Trends**

* During December 2019, MCX comdex index, witnessed a fall of 2.3 per cent (M-o-M) driven by decrease in prices of base metals (zinc, nickel and lead) and energy (natural gas) segments. On Y-o-Y basis, MCX comdex index increased by 12.7 per cent, mainly on account of significant increase in prices of all the traded commodities except natural gas, mentha oil and cotton which declined by 26.7 per cent, 15.9 per cent and 9.7 per cent, respectively over the past year.
* During December 2019, MCX base metal index, decreased by 9.9 per cent on account of decrease in futures price of all the base metals except aluminium and copper. The futures prices of zinc declined by 3.0 per cent, followed by nickel (1.5 per cent) and lead (0.4 per cent) which were partially offset by increase in futures prices of aluminium by 3.2 per cent and copper by 1.2 per cent.
* Among the energy segment, MCX energy index increased by 6.8 per cent due to increase in futures prices of crude oil by 10.2 per cent, which was partially offset by decrease in futures prices of natural gas by 7.0 per cent. MCX Agri. index witnessed an uptrend (9.7 per cent) as futures prices of all the four components of the index viz. cardamom, CPO, mentha oil and cotton increased by 30.8 per cent, 20.8 per cent, 2.2 per cent and 1.0 per cent respectively.
* NKrishi index increased by 5.1 per cent (M-o-M) as futures prices of all the constituent commodities (guarseed, soybean, chana, turmeric, RM seed, cottonseed oilcake, coriander, wheat and castorseed) except jeera witnessed uptrend. On Y-o-Y basis, the NKrishi index registered a gain of 8.8 per cent at the end of December 2019 mainly on account of increase in prices of six of its actively traded constituent commodities viz. soybean (30.5 per cent), RM Seed (18.9 per cent), cottonseed oilcake (11.6 per cent), coriander (8.0 per cent), wheat (4.7 per cent) and chana (3.3 per cent).
* During December 2019, average daily volatility in MCX Comdex and NCDEX NKrishi indices was recorded at 1.6 per cent and 0.4 per cent respectively.

**Figure 14: Movement of Commodity Derivatives Market Indices during December 2019**

**Note: The closing value of MCX Comdex and NCDEX Nkrishi have been normalised to 100 on December 01, 2019.**

**B. Turnover**

* During December 2019, the aggregate turnover of all commodity exchanges decreased by 4.2 per cent to ₹7,11,802 crore due to decrease in turnover at MCX and NSE. However, turnover at NCDEX, ICEX and BSE increased during the month. The agricultural segment contributed 6.9 per cent to the total turnover, while non-agricultural segment accounted for 93.1 per cent.
* The total turnover (futures & options) at MCX decreased by 4.6 per cent to ₹6,68,410 crore during December 2019. The turnover in futures segment decreased by 3.9 per cent due to decrease in traded value of bullion and energy segments. While futures turnover in metal and agri. segments increased by 19.1 per cent and 22.7 per cent respectively, it decreased by 11.2 per cent in bullion segment and 5.9 per cent in energy segment in December. The notional turnover of options contracts traded at MCX decreased by 27.5 per cent during the month as turnover in bullion and energy segments decreased by 45.6 per cent and 7.4 per cent respectively. However, it increased by 0.8 per cent in metal segment. The options contracts contributed 2.3 per cent to the total turnover at MCX.
* During the month, the total turnover at NCDEX increased by 4.3 per cent to ₹36,255 crore, due to increase in traded value of seven of its actively traded commodities viz. barley, cotton seed oilcake, guarseed, kapas, RM seed, refined soy oil and turmeric. Turnover in options segments at NCDEX increased from ₹0.7 crore to ₹1.6 crore in December 2019.
* In December 2019, turnover at ICEX increased by 6.1 per cent to ₹3,332 crore due to increase in traded value of gems and stone, steel long and agri. segments by 4.6 per cent, 11.0 and 8.0 per cent respectively.
* The commodity derivative turnover at BSE increased by 1.8 per cent due to increase in traded value in agri. segment by 3.3 per cent. However, turnover in bullion segment of BSE declined sharply by 51.1 per cent during the month. At NSE, total turnover during the month declined by 83.6 per cent due to significant decline in turnover in bullion and energy segments by 85.8 per cent and 54.3 per cent respectively.

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

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

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

**Note:-Values represented on the top of the bars are respective monthly option turnover at MCX (in Rs.crore).**

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

**OVERVIEW OF THE GLOBAL FINANCIAL MARKETS**

* The global economy is slated to grow at its slowest pace in a decade in 2019 - largely as a result of US-China trade war dampening business confidence, investment, manufacturing and trade worldwide. The World Bank expects global growth rate to slow down to 2.5 per cent in 2019, while IMF has forecasted it to be 3.0 per cent, reflecting weaker-than-expected trade and investment during 2019. Going forward, the global growth is expected to remain lackluster and possibly lower than IMF’s global growth forecast (3.4 per cent) for 2020, on account of weaker-than-expected trade and manufacturing activity in advanced economies amid the U.S.-China trade war.
* In the positive development, USA and China have reached a Phase One trade deal in December 2019, which will be signed on the January 15, 2020. As anticipated, the US has agreed to delay indefinitely the new tariffs that were set to take effect in December on $160bn of Chinese imports and reduce the tariff on US$ 120 billion of Chinese imports to 7.5 per cent from 15 per cent. This reduction represents the first tariff rollback since the start of the trade war in July 2018. At the same time, China has agreed to increase its purchase of agriculture products from the US.
* In the UK, Prime Minister Boris Johnson of Conservative Party won a general election, improving chances of reaching some deal with EU on Brexit.
* The Federal Open Market Committee of US Fed kept its benchmark federal funds rate unchanged in a range of 1.5 per cent to 1.75 per cent and projected no moves in 2020, following three rate cuts in 2019.
* Real GDP in the U.S. grew at an annualized rate of 2.1 per cent in the third quarter of 2019, up slightly from 2 per cent in the second quarter of 2019, according to the third revised estimate estimate by the Department of Commerce’s Bureau of Economic Analysis. The U.S. unemployment rate remained unchanged at 3.5 per cent in December 2019, the lowest level since 1969. According to World Bank, the U.S. economy is expected to grow 1.8 per cent in 2020 and 1.7 per cent in 2021.
* The quarter-on-quarter (Q-o-Q) real GDP growth rate of the Euro Area remained unchanged at 0.2 per cent in Q3 of 2019, largely driven by robust growth in France (0.3 per cent) and Spain (0.4 per cent). According to World Bank, the eurozone economy is expected to grow 1 per cent in 2020 and 1.3 per cent in 2021.
* The quarter-on-quarter (Q-o-Q) real GDP growth rate of Japan was revised upward to 0.4 per cent, compared to 0.5 per cent in previous period.
* The Chinese economy has been hit by the ongoing trade war with the US, weakening global demand and alarming off-balance-sheet borrowings by local governments. In the third quarter of 2019, the Chinese GDP growth rate slumped to 6 per cent (from 6.2 per cent in previous quarter), the weakest growth rate since the first quarter of 1992.
* The Brazilian economy grew by 0.6 per cent quarter-on-quarter (Q-o-Q) in Q3 compared to a contraction of 0.5 per cent in Q2.
* On the domestic front, India’s GDP grew decelerated further to 4.5 per cent in second quarter of 2019-20 (the weakest growth rate since the first quarter of 2013) on back of weak domestic and external demand, tight liquidity conditions and financial sector issues, continuing the slowdown in the growth rate since Q4 2017-18. Meanwhile RBI sharply lowered its 2019-20 economic growth forecasts for India to 5 per cent from 6.1 per cent. Recently, the World Bank too has lowered India GDP growth projection for 2019-’20 from 6 per cent to 5 per cent, in line with estimates of the Government and RBI, primarily on account of tighter credit conditions in the non-banking sector leading to lower domestic demand. However, the growth is likely to recover to 5.8 per cent in the following year, according to the World Bank estimates. Despite this sharp cut in the growth rate, RBI left its policy interest rate unchanged on the inflation concerns. India's retail inflation or Consumer Price Index (CPI) rose to 5.54 per cent in November 2019, a 40-month high, on the back of higher food prices. Food price inflation (rural and urban) climbed 10.01 per cent in November 2019, as against 7.89 per cent in October 2019. India's IIP declined for third straight month to 3.8 per cent in October 2019, after a year-on-year decline of 4.3 per cent and 1.4 per cent in September 2019 and August 2019, respectively. The IMF and World Bank have projected India GDP growth rate of 6.1 per cent and 5 per cent respectively for 2019-20.

**Equity Markets:**

* During December 2019, global equity markets rallied on the back of optimism over global trade outlook and accommodative monetary policy. The Dow Jones Industrial Average index and S&P500 index of USA rose by 1.7 per cent and 2.9 per cent respectively in December 2019, while technology heavyweight Nasdaq composite index rose by 3.5 per cent.
* Amongst other developed markets, Hong Kong’s Hang Seng index jumped by 7 per cent in December 2019, followed by UK’s FTSE100 index (2.7 per cent), Japan’s Nikkei Index (1.6 per cent), France’s CAC40 index (1.2 per cent) and Germany’s DAX index (0.1 per cent).
* Amongst the major emerging economies, Russian Traded Index jumped up 7.2 per cent in December 2019, followed by Brazil’s Ibovespa Index (6.8 per cent), China’s Shanghai Stock Exchange Composite Index (6.2 per cent). India’s Nifty and Sensex index gained 0.9 per cent and 1.1 per cent respectively. ***(Table A2).***
* Global stock markets have posted their best returns since the aftermath of the global financial crisis a decade ago, as investors shrugged off trade tensions and warnings of slowing growth in major economies.
* The MSCI World Index, which tracks stocks across the developed world, [jumped by 24 per cent during 2019](https://www.theguardian.com/business/live/2019/dec/31/global-markets-rally-shares-ftse-100-pound-oil-markets-business-live) – the strongest performance since 2009. A surge in US technology giants and a strong recovery in Eurozone and Asian stocks drove the rally.
* The S&P 500 index of top US companies has surged by 28 per cent this year, hitting a series of record highs, as the corporate tax cuts, share buybacks and optimism about US growth prospects boosted markets in the world’s largest economy. The tech-dominated Nasdaq index, whose stocks include Netflix, Facebook and Amazon, posted a rise of 35 per cent over the year – with Apple leading the way by surging 84 per cent.
* Eurozone stocks also outperformed, with Germany’s Dax and France’s CAC both up 25 per cent. Japan’s Nikkei gained 18 per cent, helped by [the prospect of new stimulus by Shinzo Abe’s government](https://www.japantimes.co.jp/news/2019/12/03/business/economy-business/japan-preparing-13-trillion-stimulus-package-recession-risks/#.XgtvS5L7RmA).
* China’s CSI 300 stock index gained 36 per cent during 2019, as it cut borrowing costs and hiked spending on construction and infrastructure projects.
* India’s Nifty and Sensex index generated modest returns of 12.0 and 14.4 per cent.

**Table A2: Performance of Stock Indices**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Name of the Index** | **Closing Value as on** | **Return ( per cent)** | | | | **Annualized Volatility ( per cent)** | **P/E Ratio** |
| **31/Dec/19** | **1-Month** | **3-Month** | **6-Month** | **1-Year** |
| **BRICS Nations** | | | | | | | |
| BRAZIL IBOVESPA INDEX | 115,645 | 6.8 | 10.4 | 14.5 | 31.6 | 20.2 | 18.0 |
| RUSSIAN TRADED INDEX | 2,260 | 7.2 | 15.9 | 10.6 | 44.8 | 19.4 | 6.1 |
| Nifty 50 | 12,168 | 0.9 | 6.0 | 3.2 | 12.0 | 14.3 | 27.9 |
| S&P BSE SENSEX INDEX | 41,254 | 1.1 | 6.7 | 4.7 | 14.4 | 14.1 | 29.1 |
| SHANGHAI SE COMPOSITE | 3,050 | 6.2 | 5.0 | 2.4 | 22.3 | 19.6 | 14.5 |
| FTSE/JSE AFRICA ALL SHR | 57,084 | 3.1 | 4.1 | -1.9 | 8.2 | 15.0 | 15.8 |
| **Developed Markets** | | | | | | | |
| NASDAQ COMPOSITE INDEX | 8,973 | 3.5 | 12.2 | 12.1 | 35.2 | 19.0 | 33.6 |
| DOW JONES INDUS. AVG | 28,538 | 1.7 | 6.0 | 7.3 | 22.3 | 15.0 | 19.6 |
| CAC 40 INDEX | 5,978 | 1.2 | 5.3 | 7.9 | 26.4 | 14.2 | 21.4 |
| DAX INDEX | 13,249 | 0.1 | 6.6 | 6.9 | 25.5 | 14.8 | 24.6 |
| FTSE 100 INDEX | 7,542 | 2.7 | 1.8 | 1.6 | 12.1 | 12.5 | 18.2 |
| HANG SENG INDEX | 28,190 | 7.0 | 8.0 | -1.2 | 9.1 | 17.7 | 11.0 |
| KOSPI INDEX | 2,198 | 5.3 | 6.5 | 3.1 | 7.7 | 13.6 | 27.0 |
| NIKKEI 225 | 23,657 | 1.6 | 8.7 | 11.2 | 18.2 | 16.7 | 22.3 |
| Straits Times Index STI | 3,223 | 0.9 | 3.3 | -3.0 | 5.0 | 11.4 | 12.2 |
| TAIWAN TAIEX INDEX | 11,997 | 4.4 | 10.8 | 11.8 | 23.3 | 13.4 | 17.0 |

**Note:** P/E Ratios as on the last trading day.

**Source:** Bloomberg, BSE and NSE

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

**Source:** Bloomberg

**Note:** All indices have been normalised to 100 on December 31, 2018.

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

**Source:** Bloomberg

**Note:** All indices have been normalised to 100 on December 31, 2018.

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

* According WFE data, the total capital raised by way of issuance of equity and debt securities decreased by 20 per cent from US$ 331 billion in October 2019 to US$ 264 billion in November 2019.
* The amount raised through equity issuance jumped by 91 per cent from US$ 30 billion in October 2019 to US$ 58 billion in November 2019. The equity issues on Hong Kong Exchange raised US$ 20 billion, followed by those on Shanghai Stock Exchange (US$ 9 billion), NSE of India (US$ 5.9 billion), ASX Australian Securities Exchange (US$ 5.9 billion), BME Spanish Exchange (US$ 4.7 billion), Euronext (US$ 3.5 billion) and Shenzhen Stock Exchange (US$ 3.2 billion).
* The amount raised through issuance of debt securities, however, dropped by 31 per cent, i.e. from US$ 300 billion in October 2019 to US$ 206 billion in November 2019, mainly due to non-availability of LSE data for November 2019. The debt issues on Korea Exchange raised US$ 38.5 billion, followed by those on NSE of India (US$ 36 billion), Singapore Exchange (US$ 34.1 bilion), Moscow Exchange (US$ 23.7 billion), Deutsche Boerse AG(US$ 23.6 billion), BME Spanish Exchanges (US$ 22.1 billion).

**Table A3: Fund Mobilisation by Issuance of Equity and Bond in Major Exchanges**

(US$ Million)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Month** | **Oct-19** | | | **Nov-19** | | |
| **Exchange Name** | **Bond** | **Equity** | **Total** | **Bond** | **Equity** | **Total** |
| **Americas** | **NA** | **4227** | **4,227** | **NA** | **970** | **970** |
| B3 - Brasil Bolsa Balcão | NA | 252 | 252 | NA | 0 | 0 |
| Nasdaq - US | NA | 1635 | 1,635 | NA | 970 | 970 |
| NYSE | NA | 2340 | 2,340 | NA | 0 | NA |
| **Asia - Pacific** | **164,508** | **13,484** | **177,992** | **132,246** | **45,889** | **178,135** |
| ASX Australian Securities Exch | 39 | 3060 | 3,100 | 50 | 5908 | 5,958 |
| Hong Kong Exchanges | 13,660 | 3,132 | 16,791 | 15,886 | 20,247 | 36,133 |
| Japan Exchange Group | 11,161 | 603 | 11,764 | NA | 438 | 438 |
| Korea Exchange | 51,467 | 330 | 51,798 | 38,458 | 763 | 39,221 |
| NSE of India | 34,928 | 251 | 35,179 | 36,042 | 5,923 | 41,965 |
| Shanghai Stock Exchange | NA | 3231 | 3,231 | NA | 9,027 | 9,027 |
| Shenzhen Stock Exchange | 13,462 | 1,972 | 15,435 | 7,707 | 3,247 | 10,954 |
| Singapore Exchange | 39,791 | 904 | 40,694 | 34,103 | 337 | 34,439 |
| **Europe - Africa - Middle East** | **135,728** | **12,783** | **148,511** | **74,004** | **11,375** | **85,379** |
| BME Spanish Exchanges | 28,785 | 77 | 28,861 | 22,084 | 4,652 | 26,736 |
| Deutsche Boerse AG | 25,612 | 0 | 25,612 | 23,563 | 0 | 23,563 |
| Euronext | 0 | 9942 | 9,942 | 0 | 3504 | 3,503 |
| Johannesburg Stock Exchange | 4,384 | 63 | 4,448 | 4,671 | 74 | 4,745 |
| LSE Group | 48,479 | 2,701 | 51,180 | NA | 0 | NA |
| Moscow Exchange | 28,468 | 0 | 28,468 | 23,687 | 3,145 | 26,832 |
| **Grand Total** | **300,236** | **30,493** | **330,729** | **206,251** | **58,234** | **264,484** |

**Note:** For Funds mobilised through issuance of bonds, data may differ due to different reporting rules & calculation methods. 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. Euronext: includes Belgium, England, France, Netherlands and Portugal
4. Korea Exchange: including Kosdaq market data
5. LSE Group: includes London Stock Exchange and BorsaItaliana
6. Nasdaq Nordic Exchanges include Copenhagen, Helsinki, Iceland, Stockholm, Tallinn, Riga and Vilnius Stock Exchanges
7. NSE India: including “Emerge” market data

NA = Not Available

**Source:** World Federation of Exchanges

**Market Capitalisation of Major Exchanges:**

* Market Capitalisation of equity listed on the select major exchanges exhibited up-trend in December 2019. Among developed nations, market cap of the USA increased by 2.5 per cent from US$ 33.5 trillion in November 2019 to US$ 34.4 trillion in December 2019. The market cap of Japan and South Korea increased by 7.9 per cent month on month to US$ 5.5 and US$ 1.4 trillion respectively in December 2019, while that of UK and Germany increased by 5.9 per cent and 2.7 per cent to US$ 3.5 trillion and US$ 2.3 trillion, respectively.
* Among BRICS nations, market capitalisation of China increased by 9.2 per cent to US$ 7.3 trillion, that of India rose by 0.6 per cent to US$ 2.1 trillion that of Brazil rose by 14.1 per cent to US$ 1 trillion and that of Russia increased by 7.7 per cent to US$ 0.8 trillion.

**Table A4: Domestic Market Capitalisation of Major Exchanges (US$ Million)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Country** | **Nov-19** | **Dec-19** | **per cent Change MoM** |
| **Developed Markets** | USA | 33,532.2 | 34,375.9 | 2.5 |
| UK | 3,299.2 | 3,492.6 | 5.9 |
| Germany | 2,206.8 | 2,265.4 | 2.7 |
| Spain | 693.7 | 724.7 | 4.5 |
| Japan | 6,153.1 | 6,278.7 | 2.0 |
| Singapore | 485.9 | 495.4 | 1.9 |
| Hong Kong | 5,123.5 | 5,525.8 | 7.9 |
| South Korea | 1,335.9 | 1,441.5 | 7.9 |
| Australia | 1,347.1 | 1,382.9 | 2.7 |
| **BRICS** | Brazil | 959.7 | 1,094.8 | 14.1 |
| Russia | 704.7 | 758.8 | 7.7 |
| India | 2,135.4 | 2,147.3 | 0.6 |
| China | 6,722.0 | 7,340.3 | 9.2 |
| South Africa | 409.1 | 449.3 | 9.8 |

**Source:** Bloomberg

**Equity Derivatives:**

As per the latest data available from the World Federation of Exchanges, during November 2019, the following performance was recorded in equity derivatives markets across the globe (Table A5 and A6):

**Single Stock Futures:**

* Single Stock Future’s volume worldwide declined by 7 per cent in November 2019 over October 2019. While the volumes in Asia Pacific grew by 4 per cent, those in America and Europe-Africa-Middle East declined by 12 per cent and 18 per cent respectively in November 2019 over previous month.
* Amongst top exchanges, Korea exchange of South Korea registered the highest stock futures volume of 43 million contracts in November 2019, followed by Borsa Istanbul of Turkey (23 million contracts), NSE of India (23 million contracts).

**Single Stock Options:**

* Single Stock Options volume worldwide declined by 14 per cent in November 2019 over October 2019. The volumes of two of the major exchange in stock options – NYSE USA and Euronext – were not available with WFE for the month of November 2019. The volumes in Europe-Africa-Middle East, America and Asia region declined by 25 per cent, 14 per cent and 2 per cent respectively.
* Amongst top exchanges, B3 - Brasil Bolsa Balcão Exchange of Brazil registered the highest stock options volume of 97 million contracts in November 2019, followed by Nasdaq USA (91 million contracts), and CBOE global markets (73 million contracts).

**Index Futures:**

* Index Future’s volume worldwide dropped by 16 per cent in November 2019 over October 2019. The volumes of two of the major exchange in stock options – ICE Futures Europe and Euronext – were not available with WFE for the month of November 2019. The volumes in Europe Africa and Middle East, America and Asia Pacific dropped by 32 per cent, 16 per cent and 2 per cent respectively in November 2019 over October 2019.
* Amongst top exchanges, B3 - Brasil Bolsa Balcão Exchange of Brazil registered the highest index futures volume of 145 million contracts in November 2019, followed by CME Group (44 million contracts), Deutsche Boerse AG (29 million contracts), and Japan Exchange Group (21 million contracts).

**Index Options:**

* Index Options volume worldwide dropped by 11 per cent in November 2019 over October 2019. The volumes of two of the major exchange in stock options – ICE Futures Europe and Euronext – were not available with WFE for the month of November 2019. The volumes in Europe Africa and Middle East, America and Asia Pacific dropped by 20 per cent, 19 per cent and 9 per cent respectively in November 2019 over October 2019.
* Amongst top exchanges, National Stock Exchange of India registered the highest index options volume of 347.9 million contracts, followed by Korea Exchange (58.4 million contracts) and Deutsche Boerse AG (34.1 million contracts).

**Currency Derivatives:**

As per the latest data available from the World Federation of Exchanges, during November 2019, exchanges across the world showed the following trend in trading of currency derivatives (Table A7):

**Currency Futures:**

* Currency Future’s volume worldwide dropped by 8 per cent in November 2019 over October 2019. While the volumes in America dropped by 29 per cent, those in Europe Africa and Middle East and Asia Pacific rose by 29 per cent and 10 per cent, respectively.
* Amongst top exchanges, National Stock Exchange of India registered the highest currency futures volume of 48.1 million contracts, followed by B3 - Brasil Bolsa Balcão (37.4 million contracts) and Moscow Exchange (33.6 million contracts).

**Currency Options:**

* Currency Option’s volume worldwide picked up by 9 per cent in November 2019 over October 2019.
* Amongst top exchanges, National Stock Exchange of India registered the highest currency options volume of 57.6 million contracts, followed by BSE India Limited (46 million contracts) and Johannesburg Stock Exchange (2.1 million contracts).

**Interest Rate Derivatives:**

As per the latest data available from the World Federation of Exchanges, during November 2019, exchanges across the world showed the following trend in trading of interest rate derivatives (Table A8):

**Interest Rate Futures:**

* Interest Rate Futures volume worldwide dropped by 3 per cent in November 2019 over October 2019. The volumes on one of the major exchange in interest rate futures – ICE Futures Europe– were not available with WFE for the month of November 2019. The volumes in America and Asia Pacific rose by 13 per cent and 1 per cent respectively in November 2019 over October 2019.
* Amongst top exchanges, CME Group registered the highest interest rate futures volume of 160.1 million contracts, followed by B3 - Brasil Bolsa Balcão (56.8 million contracts) and Deutsche Boerse AG (34.8 million contracts).

**Interest Rate Options:**

* Interest Rate Option’s volume worldwide dropped by 35 per cent in November 2019 over October 2019. The volumes on one of the major exchange in interest rate options – ICE Futures Europe– were not available with WFE for the month of November 2019. While the volumes in America declined by 22 per cent those in Asia Pacific rose by 25 per cent in November 2019 over October 2019.
* Amongst top exchanges, CME Group registered the highest interest rate options volume of 45 million contracts in November 2019, followed by Deutsche Boerse AG (5 million contracts).

**Commodity Derivatives:**

As per the latest data available from the World Federation of Exchanges, during November 2019, exchanges across the world showed the following trend in trading of commodity derivatives (Table A9):

**Commodity Futures:**

* Amongst top exchanges, Dalian Commodity Exchange registered the highest commodity futures volume of 153 million contracts in November 2019, followed by Shanghai Futures Exchange (137 million contracts), Zhengzhou Commodity Exchange (87 million contracts), and CME Group (80 million contracts).

**Commodity Options:**

* Amongst top exchanges, CME Group registered the highest index futures volume of 10 million contracts in November 2019, followed by Dalian Commodity Exchange (4 million contracts), Moscow Exchange (1.4 million contracts), and Deutsche Boerse AG (2 million contracts).

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

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Exchange** | **Nov-19** | | | | | |
| **Single stock futures** | | | **Single stock options** | | |
| **Number of contracts traded** | **Notional turnover** | **Open interest** | **Number of contracts traded** | **Notional turnover** | **Open interest** |
| **Americas** | **2,460,084** | **43** | **769,936** | **289,141,211** | **414,752** | **225,893,881** |
| B3 - Brasil Bolsa Balcão | 2,040,300 | 15 | 513,100 | 97,157,353 | 74,450 | 29,691,570 |
| Bolsa de Valores de Colombia | 16,351 | 26 | 19,803 | - | - | - |
| Bolsa Mexicana de Valores | 1,726 | 0 | 2,006 | 124,465 | 13 | 145,133 |
| Bolsa y Mercados Argentinos | - | - | - | 2,010,146 | - | - |
| Cboe Global Markets |  |  |  | 73,206,599 |  | 191,528,943 |
| Nasdaq - US |  |  |  | 90,520,822 |  |  |
| MIAX Exchange Group |  |  |  | 23,741,869 | 340,289 |  |
| Bourse de Montreal | 390,123 |  | 234,446 | 2,379,957 |  | 4,528,235 |
| **Asia - Pacific** | **72,754,871** | **211,660** | **10,567,277** | **32,342,665** | **180,542** | **16,210,122** |
| ASX Australian Securities Exchange | 99,132 | 191 | 661,535 | 5,242,091 | 10,592 | 7,257,158 |
| Hong Kong Exchanges and Clearing | 51,364 | 229 | 20,797 | 7,382,036 | 25,018 | 8,155,237 |
| Japan Exchange Group |  |  |  | 14,311 |  | 117,912 |
| Korea Exchange | 43,263,537 | 20,817 | 4,552,624 | 2,044,959 |  | 298,006 |
| National Stock Exchange of India | 22,779,787 | 175,141 | 1,998,221 | 17,640,016 | 144,870 | 376,636 |
| Singapore Exchange | 256,458 |  | 87,681 |  |  |  |
| Taiwan Futures Exchange | 1,745,863 | 15,282 | 157,660 | 19,252 | 63 | 5,173 |
| Thailand Futures Exchange | 4,558,730 |  | 3,088,759 |  |  |  |
| **Europe - Africa - Middle East** | **57,603,411** | **57,779** | **20,683,376** | **22,670,373** | **82,548** | **87,397,675** |
| Athens Stock Exchange | 432,980 | 131 | 375,503 | 996 | 0 | 1,216 |
| BME Spanish Exchanges | 168,810 | 106 | 1,872,810 | 1,586,926 | 1,634 | 9,315,139 |
| Borsa Istanbul | 23,477,235 | 3,923 | 2,140,167 | 727,169 | 81 | 737,298 |
| Budapest Stock Exchange | 14,111 | 90 | 7,725 | - | - | - |
| Deutsche Boerse AG | 16,280,467 | 47,004 | 12,249,397 | 15,619,462 | 77,689 | 69,917,096 |
| Iran Fara Bourse Securities Exchange |  |  |  | - | - | - |
| Johannesburg Stock Exchange | 191,990 | 123 | 1,291,487 | 354,317 | 388 | 2,737,795 |
| Moscow Exchange | 16,683,834 | 5,981 | 2,185,062 | 215,955 | 70 | 510,358 |
| Nasdaq Nordic and Baltics | 96,140 | 112 | 427,580 | 1,405,229 | 2,303 | 3,824,151 |
| Oslo Bors | 47,986 | 33 | 91,366 | 141,595 | 185 | 297,701 |
| Tehran Stock Exchange | - | - |  | 2,572,617 | 14 |  |
| Tel-Aviv Stock Exchange |  |  |  | 46,107 | 184 | 56,921 |
| Warsaw Stock Exchange | 149,172 | 204 | 41,427 | - | - | - |
| Dubai Gold and Commodities Exchange | 60,686 | 72 | 852 |  |  |  |
| **Grand Total** | **132,818,366** | **269,482** | **32,020,589** | **344,154,249** | **677,842** | **329,501,678** |

NA: Not Available

**Source: World Federation of Exchanges**

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

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Exchange** | **Nov-19** | | | | | |
| **Stock index futures** | | | **Stock index options** | | |
| **Number of contracts traded** | **Notional turnover** | **Open interest** | **Number of contracts traded** | **Notional turnover** | **Open interest** |
| **Americas** | **194,161,896** | **6,351,113** | **6,619,622** | **47,811,131** | **2,112,548** | **34,070,456** |
| B3 - Brasil Bolsa Balcão | 145,349,018 | 800,459 | 1,028,434 | 4,136,605 | 42,077 | 511,616 |
| Bolsa de Valores de Colombia | 4,719 | 5 | 2,773 |  |  |  |
| Bolsa Mexicana de Valores | 21,145 | 467 | 37,887 | 690 | 15 | 869 |
| Bolsa y Mercados Argentinos | 7,822 | 5 | - | - | - | - |
| Cboe Global Markets |  |  |  | 32,505,757 |  | 29,253,348 |
| Nasdaq - US |  |  |  | 217,273 |  |  |
| MIAX Exchange Group |  |  |  | 89,703 | 210 |  |
| Bourse de Montreal | 384,895 |  | 306,467 | 422 |  | 70,811 |
| Matba Rofex | 177,219 | 141 | 5,363 | 615 | 0 | 402 |
| CME Group | 43,845,114 | 5,550,036 | 4,737,323 | 10,860,066 | 2,070,246 | 4,233,410 |
| Cboe Futures Exchange | 4,371,964 |  | 501,375 |  |  |  |
| **Asia - Pacific** | **71,949,474** | **3,233,486** | **7,193,502** | **429,364,353** | **7,427,780** | **13,720,592** |
| ASX Australian Securities Exchange | 1,010,759 | 113,935 | 398,954 | 671,392 | 29,886 | 892,309 |
| Hong Kong Exchanges and Clearing | 8,837,875 | 912,234 | 662,831 | 3,303,063 | 323,147 | 3,163,623 |
| Japan Exchange Group | 21,253,454 | 921,913 | 1,905,594 | 2,496,160 |  | 2,078,668 |
| Korea Exchange | 7,419,676 | 303,935 | 819,691 | 58,363,906 | 3,383,187 | 3,111,333 |
| National Stock Exchange of India | 6,438,144 | 66,619 | 275,764 | 347,864,776 | 3,394,731 | 1,552,502 |
| NZX Limited | - | - | - |  |  |  |
| Singapore Exchange | 13,089,607 |  | 2,200,839 | 838,082 |  | 2,197,505 |
| Taiwan Futures Exchange | 5,467,275 | 264,958 | 161,098 | 15,678,909 | 296,827 | 653,165 |
| Thailand Futures Exchange | 3,878,533 |  | 385,923 | 147,239 |  | 71,215 |
| Bursa Malaysia Derivatives | 207,656 | 3,822 | 29,095 | 826 | 0 | 272 |
| China Financial Futures Exchange | 4,346,495 | 646,069 | 353,713 |  |  |  |
| **Europe - Africa - Middle East** | **47,503,897** | **1,767,626** | **13,141,249** | **38,587,651** | **1,428,125** | **62,355,364** |
| Athens Stock Exchange | 50,442 | 243 | 11,120 | 4,724 | 23 | 2,816 |
| BME Spanish Exchanges | 574,662 | 47,428 | 155,932 | 238,496 | 2,412 | 1,215,776 |
| Borsa Istanbul | 5,235,357 | 11,890 | 430,240 | 22,008 | 50 | 26,518 |
| Budapest Stock Exchange | 23,915 | 34 | 17,849 | - | - | - |
| Deutsche Boerse AG | 29,386,542 | 1,610,366 | 10,927,978 | 34,080,285 | 1,320,568 | 58,293,781 |
| Johannesburg Stock Exchange | 675,073 | 16,185 | 474,739 | 157,614 | 2,453 | 1,036,827 |
| Moscow Exchange | 8,164,872 | 22,694 | 441,454 | 1,588,938 | 4,550 | 465,578 |
| Nasdaq Nordic and Baltics | 2,980,203 | 54,501 | 577,090 | 681,602 | 12,466 | 975,102 |
| Oslo Bors | 184,919 | 1,675 | 44,329 | 27,032 | 246 | 137,939 |
| Tehran Stock Exchange | 53 | 0 |  | - | - |  |
| Tel-Aviv Stock Exchange |  |  |  | 1,770,524 | 85,262 | 179,927 |
| Warsaw Stock Exchange | 227,859 | 2,610 | 60,518 | 16,428 | 94 | 21,100 |
| **Grand Total** | **313,615,267** | **11,352,224** | **26,954,373** | **515,763,135** | **10,968,452** | **110,146,412** |

NA: Not Available

**Source: World Federation of Exchanges**

**Table A7: Currency Futures and Options Traded in Major Exchanges**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Exchange** | **Nov-19** | | | | | |
| **Currency futures** | | | **Currency options** | | |
| **Number of contracts traded** | **Notional turnover** | **Open interest** | **Number of contracts traded** | **Notional turnover** | **Open interest** |
| **Americas** | **57,179,212** | **1,886,650** | **9,615,478** | **1,605,571** | **83,649** | **1,664,373** |
| B3 - Brasil Bolsa Balcão | 37,354,805 | 667,132 | 5,772,761 | 845,530 | 450 | 1,037,931 |
| Bolsa de Valores de Colombia | 39,304 | 1,780 | 3,775 | 113 | 0 | 682 |
| Bolsa Mexicana de Valores | 858,391 | 8,596 | 669,389 | 1,250 | 13 | 6,256 |
| Bolsa y Mercados Argentinos | 341,576 | 0 | - | - | - | - |
| Bourse de Montreal |  |  |  | 87 |  | 1,190 |
| Matba Rofex | 5,575,900 | 6,289 | 1,046,149 | 2,121 | - | - |
| CME Group | 13,009,236 | 1,202,853 | 2,123,404 | 756,470 | 83,186 | 618,314 |
| **Asia - Pacific** | **87,739,101** | **166,236** | **3,541,315** | **103,589,300** | **103,437** | **2,989,743** |
| BSE India Limited | 30,090,026 | 30,022 |  | 45,999,598 | 45,704 |  |
| Hong Kong Exchanges and Clearing | 129,594 | 12,317 | 26,837 | 1,046 | 104 | 3,978 |
| Korea Exchange | 7,447,576 | 73,623 | 799,368 |  |  |  |
| National Stock Exchange of India | 48,120,373 | 48,892 | 2,556,943 | 57,584,574 | 57,511 | 2,982,724 |
| Singapore Exchange | 1,875,458 |  | 118,042 | - |  | - |
| Taiwan Futures Exchange | 50,645 | 1,383 | 6,060 | 4,082 | 118 | 3,041 |
| Thailand Futures Exchange | 25,429 |  | 34,065 |  |  |  |
| **Europe - Africa - Middle East** | **40,434,691** | **46,871** | **15,243,423** | **4,757,715** | **14,819** | **11,321,374** |
| Borsa Istanbul | 2,213,173 | 2,242 | 898,582 | 147,559 | 150 | 128,550 |
| Budapest Stock Exchange | 326,992 | 351 | 785,822 | 400 | 0 | 3,250 |
| Johannesburg Stock Exchange | 2,849,661 | 2,976 | 9,014,695 | 2,092,373 | 2,159 | 9,014,695 |
| Moscow Exchange | 33,636,790 | 33,904 | 4,244,000 | 1,405,529 | 1,412 | 1,632,164 |
| Tel-Aviv Stock Exchange |  |  |  | 1,111,362 | 11,099 | 542,557 |
| Dubai Gold and Commodities Exchange | 1,408,075 | 7,398 | 300,324 | 492 | 0 | 158 |
| **Grand Total** | **185,353,004** | **2,099,757** | **28,400,216** | **109,952,586** | **201,905** | **15,975,490** |

NA: Not Available

**Source: World Federation of Exchanges**

**Table A8: Interest Rate Futures and Options Traded in Major Exchanges**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Exchange** | **Nov-19** | | | | | |
| **Interest rate futures** | | | **Interest rate options** | | |
| **Number of contracts traded** | **Notional turnover** | **Open interest** | **Number of contracts traded** | **Notional turnover** | **Open interest** |
| **Americas** | **222,581,203** | **80,903,041** | **64,602,301** | **45,438,038** | **25,084,426** | **64,786,003** |
| B3 - Brasil Bolsa Balcão | 56,838,605 | 1,258,832 | 33,802,792 | 16,260 | 1 | 254,500 |
| Bolsa de Valores de Colombia | 9,246 | 726 | 10,270 |  |  |  |
| Bolsa Mexicana de Valores | 10,650 | 58 | 25,126 | - | - | - |
| Bourse de Montreal | 5,617,170 |  | 366,861 | 366,861 |  | 366,861 |
| CME Group | 160,105,532 | 79,643,425 | 30,397,252 | 45,054,917 | 25,084,426 | 64,164,642 |
| **Asia - Pacific** | **18,342,878** | **3,628,544** | **5,114,960** | **182,778** | **7,227** | **9,531** |
| ASX Australian Securities Exchange | 10,368,473 | 2,890,021 | 4,337,311 | 106,823 | 7,227 | 6,000 |
| BSE India Limited | 253,948 | 732 |  |  |  |  |
| Hong Kong Exchanges and Clearing | 8 | 1 | 116 |  |  |  |
| Japan Exchange Group | 687,830 |  | 92,135 | 75,955 |  | 3,531 |
| Korea Exchange | 4,286,945 | 423,468 | 393,120 |  |  |  |
| National Stock Exchange of India | 1,077,840 | 3,123 | 158,401 |  |  |  |
| Singapore Exchange | 23,775 |  | 16,158 |  |  |  |
| China Financial Futures Exchange | 1,644,059 | 311,198 | 117,719 |  |  |  |
| **Europe - Africa - Middle East** | **36,038,080** | **5,783,942** | **8,322,685** | **5,044,820** | **826,188** | **2,004,360** |
| Deutsche Boerse AG | 34,789,628 | 5,716,574 | 5,881,832 | 4,512,202 | 784,398 | 1,763,684 |
| Johannesburg Stock Exchange | 611,365 | 4,466 | 930,441 | 140,504 | 874 | 240,676 |
| Moscow Exchange | 34,342 | 6 | 105,784 |  |  |  |
| Nasdaq Nordic and Baltics | 602,745 | 62,896 | 1,404,527 | 392,114 | 40,917 | - |
| Warsaw Stock Exchange | - | - | 101 | - | - | - |
| **Grand Total** | **276,962,161** | **90,315,527** | **78,039,946** | **50,665,636** | **25,917,842** | **66,799,894** |

NA: Not Available

**Source: World Federation of Exchanges**

**Table A9: Commodity Futures and Options Traded in Major Exchanges**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Exchange** | **Nov-19** | | | | | |
| **Commodities futures** | | | **Commodities options** | | |
| **Number of contracts traded** | **Notional turnover** | **Open interest** | **Number of contracts traded** | **Notional turnover** | **Open interest** |
| **Americas** | **80,509,260** | **4,474,328** | **15,544,528** | **10,016,759** | **477,188** | **9,173,807** |
| B3 - Brasil Bolsa Balcão | 234,821 | 2,626 | 73,206 | 112,718 | 57 | 74,195 |
| Bolsa de Valores de Colombia | 56 | 1 | 258 |  |  |  |
| Matba Rofex | 166,472 | 904 | 54,090 | 8,836 | 138 | 23,605 |
| CME Group | 80,107,911 | 4,470,797 | 15,416,974 | 9,895,205 | 476,994 | 9,076,007 |
| **Asia - Pacific** | **413,656,467** | **2,500,231** | **21,154,096** | **5,857,173** | **4,106** | **2,588,768** |
| ASX Australian Securities Exchange | 51,586 | 4,489 | 101,323 | 4,490 | 937 | 28,235 |
| Hong Kong Exchanges and Clearing | 52,920 | 2,257 | 3,109 |  |  |  |
| National Stock Exchange of India | 11,717 | 100 | 150 |  |  |  |
| NZX Limited | 14,698 | 82 | 32,185 | 2,302 | 8 | 8,373 |
| Singapore Exchange | 1,320,561 |  | 768,599 | 344,002 |  | 1,105,269 |
| Taiwan Futures Exchange | 14,358 | 240 | 2,033 | 2,999 | 27 | 1,623 |
| Thailand Futures Exchange | 585,423 |  | 84,574 |  |  |  |
| Bursa Malaysia Derivatives | 1,212,871 | 18,915 | 228,969 | 4,600 |  | 20,950 |
| Zhengzhou Commodity Exchange | 86,796,851 | 29,252 | 4,857,275 | 1,340,785 | 7 | 313,883 |
| Dalian Commodity Exchange | 153,076,032 | 1,089,009 | 8,747,445 | 3,875,823 | 168 | 1,100,708 |
| Multi Commodity Exchange of India | 26,741,081 | 94,673 | 218,596 | 282,172 | 2,957 | 9,727 |
| Shanghai Futures Exchange | 137,418,373 | 1,260,775 | 6,055,784 |  |  |  |
| Indian Commodity Exchange | 6,359,996 | 438 | 54,054 |  |  |  |
| **Europe - Africa - Middle East** | **63,548,514** | **1,386,020** | **8,766,035** | **3,136,525** | **56,479** | **1,720,210** |
| Borsa Istanbul | 3,586,429 | 1,013 | 620,340 |  |  |  |
| Deutsche Boerse AG | 477,152 | 20,733 | 1,241,631 | 1,774,111 | 5,204 | 1,082,347 |
| Johannesburg Stock Exchange | 387,945 |  |  | 20,720 | 15 | 35,719 |
| LSE Group | 75 | 4 | 176 |  |  |  |
| Moscow Exchange | 45,249,200 | 28,909 | 4,637,236 | 815,926 | 507 | 245,756 |
| Dubai Gold and Commodities Exchange | 74,453 | 966 | 1,990 |  |  |  |
| London Metal Exchange | 13,773,260 | 1,334,395 | 2,264,662 | 525,768 | 50,753 | 356,388 |
| **Grand Total** | **557,714,241** | **8,360,579** | **45,464,659** | **19,010,457** | **537,773** | **13,482,785** |

NA: Not Available

**Source: World Federation of Exchanges**

**Debt Market:**

* Global bonds sold off in December 2019 as investors risk appetite increased on signs of a potential easing of trade tensions between the US and China as well as an agreement between the UK government and European Union over Brexit.
* The yields on the most of the government bonds increased. For US, the 10 year bond yield increased marginally from 1.78 per cent to 1.92 per cent. The 10 year government bond yield for Germany increased from -0.36 per cent to -0.19 per cent, whereas that for UK increased from 0.42 per cent to 0.47 per cent.
* While the 10 year government bond yield for India increased by 9 bps, that for Russia, Brazil, and China fell by 16 bps, 14 bps and 3 bps respectively. The yield on 10 year govt bond in India rose by 9 bps from 6.47 per cent at the end of November 2019 to 6.56 per cent at the end of December 2019.

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

**Source:** Bloomberg

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

**Source:** Bloomberg

* As of October 2019, Japan and China accounted for 17.2 per cent and 16.2 per cent of total foreign holding of US Treasury Securities. India accounted for 2.4 per cent of total foreign holding of US Treasury Securities (Table A10).

**Table A10: Major Foreign Holders of US Treasury Securities (US$ billion)**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Oct-2019** | **Sep-2019** | **Aug-2019** | **Jul-2019** | **Jun-2019** | **May-2019** | **Apr-2019** | **Mar-2019** | **Feb-2019** | **Jan-2019** |
| Japan | 1168 | 1145.8 | 1174.7 | 1130.8 | 1122.9 | 1101 | 1064 | 1078.1 | 1068.8 | 1064.9 |
| China, Mainland | 1101.6 | 1102.4 | 1103.5 | 1110.3 | 1112.5 | 1110.2 | 1113 | 1120.5 | 1130.9 | 1126.7 |
| United Kingdom | 334.1 | 346.2 | 349.9 | 334.7 | 341.2 | 323.1 | 300.8 | 317.1 | 302.5 | 290.1 |
| Brazil | 298.6 | 303 | 313.4 | 309.9 | 311.7 | 305.7 | 306.7 | 311.7 | 307.7 | 305.1 |
| Ireland | 286.6 | 274.1 | 272.4 | 258.2 | 262.1 | 270.7 | 269.7 | 277.6 | 274 | 270.1 |
| Luxembourg | 263.3 | 252.5 | 244.4 | 229.6 | 231 | 229.6 | 223.7 | 230.2 | 228.9 | 226.7 |
| Switzerland | 233.4 | 231.3 | 233.2 | 228.5 | 232.9 | 231.4 | 226.9 | 226.4 | 221.4 | 227 |
| Cayman Islands | 225.1 | 238.7 | 236.3 | 218.4 | 226.6 | 216.1 | 217.2 | 219.5 | 210.1 | 209.2 |
| Hong Kong | 222.6 | 224.2 | 224.5 | 211.8 | 217.1 | 205.3 | 207.2 | 209 | 203.1 | 200.9 |
| Belgium | 208.3 | 218.3 | 217.9 | 206.1 | 203.6 | 190.5 | 179.8 | 186.6 | 181.3 | 191.5 |
| Taiwan | 191.2 | 189 | 186 | 178.7 | 175.1 | 172 | 171.1 | 168.8 | 164.9 | 168.3 |
| Saudi Arabia | 178.9 | 181.5 | 183.8 | 180.8 | 179.6 | 179 | 176.6 | 170 | 167.6 | 163.3 |
| India | 161.4 | 160.7 | 162.2 | 159.9 | 162.7 | 156.9 | 155.3 | 152 | 144.3 | 144.9 |
| Singapore | 138.8 | 141.8 | 145.5 | 137.9 | 139.6 | 150.4 | 139.3 | 138.8 | 130.5 | 127.8 |
| France | 133.4 | 132 | 133.9 | 136.2 | 132 | 125.1 | 124.7 | 109.6 | 115.9 | 112.5 |
| Korea | 117.2 | 118.5 | 117.8 | 117 | 115.2 | 117.3 | 115.1 | 119.9 | 115.5 | 117.3 |
| Canada | 116.1 | 119.1 | 118.1 | 108.7 | 111.6 | 100.5 | 102.1 | 99.7 | 97.6 | 99.3 |
| Norway | 100.3 | 99.2 | 101 | 96.9 | 99.3 | 99.3 | 97.1 | 99.5 | 97.1 | 90.9 |
| Thailand | 95.2 | 93.5 | 94.1 | 89.5 | 83.8 | 81.4 | 82.2 | 84.4 | 90.9 | 83.7 |
| Germany | 84.2 | 84.9 | 86.5 | 85.9 | 79.2 | 77.8 | 72.8 | 78.1 | 76.2 | 73.6 |
| Bermuda | 65.4 | 69.6 | 74.5 | 68.6 | 73.9 | 69.1 | 66.4 | 68.1 | 66.9 | 66.4 |
| Mexico | 49.2 | 51.7 | 53.2 | 51.2 | 49 | 49.9 | 47.6 | 44.7 | 40.5 | 41.2 |
| Netherlands | 48.2 | 49.7 | 50.2 | 48.4 | 47.9 | 44.4 | 45 | 44.5 | 42.9 | 43 |
| Italy | 47.1 | 47.2 | 46.7 | 45.6 | 45.4 | 42.5 | 43.7 | 44 | 42.1 | 41.1 |
| Sweden | 46.9 | 47.3 | 48.4 | 47.7 | 49.4 | 48.5 | 46.5 | 47.9 | 48.2 | 43.4 |
| Israel | 45.5 | 46 | 43 | 40.1 | 39.5 | 36.1 | 36.2 | 34.8 | 35.4 | 30 |
| Spain | 44.9 | 43.1 | 43.1 | 42.9 | 42.6 | 42 | 41 | 40.9 | 37.7 | 36.6 |
| Kuwait | 43.8 | 44.1 | 44.1 | 44 | 44.4 | 41.4 | 40.2 | 40.2 | 42.2 | 40.7 |
| Australia | 41.8 | 36.2 | 38.2 | 42.3 | 39.2 | 39.7 | 39.1 | 39.3 | 39.5 | 41.4 |
| United Arab Emirates | 38.4 | 37.3 | 49.4 | 49.3 | 51.5 | 53.2 | 55.7 | 55.6 | 54.5 | 55.9 |
| Poland | 35.7 | 36.8 | 38.8 | 28.8 | 28.1 | 34.1 | 37.2 | 33.9 | 32.8 | 33.8 |
| Philippines | 34.6 | 34.1 | 33.9 | 33.9 | 32.2 | 30.7 | 27.3 | 25.1 | 21.2 | 21.1 |
| Iraq | 32.7 | 32.5 | 35.1 | 34.9 | 34.7 | 34.4 | 35.4 | 36.2 | 34.7 | 34 |
| Colombia | 31.7 | 31.7 | 32.4 | 30.7 | 31.1 | 29.6 | 29.7 | 31.5 | 27.2 | 26.8 |
| All Other | 516.5 | 515.3 | 528 | 496.5 | 491.9 | 501.6 | 498.6 | 490.7 | 480.5 | 475.9 |
| Grand Total | 6780.8 | 6779.2 | 6858.2 | 6634.8 | 6640.5 | 6540.5 | 6435 | 6474.9 | 6375.7 | 6324.9 |
|  |  |  |  |  |  |  |  |  |  |  |
| Of which: |  |  |  |  |  |  |  |  |  |  |
| For. Official | 4123.5 | 4151.2 | 4200.3 | 4137.1 | 4144.1 | 4109.2 | 4068.1 | 4077.9 | 4028.7 | 3985.3 |
| Treasury Bills | 288.1 | 290.8 | 295.2 | 285.8 | 287.3 | 298 | 307.8 | 318.5 | 319.1 | 310 |
| T-Bonds & Notes | 3835.4 | 3860.4 | 3905.1 | 3851.2 | 3856.8 | 3811.3 | 3760.2 | 3759.4 | 3709.6 | 3675.2 |

**Note:**

1. Data available as on December 16, 2019
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:**

* Most of the major currencies worldwide gained in December 2019, as dollar plummet by about 2 per cent on the slowdown expectations. The MSCI EM Currency Index, on the other hand, gained by 2.1 per cent.
* The British pound gained 2.5 per cent against the dollar as the odds of a no-deal Brexit appeared to diminish after a clear mandate to PM Boris Johnson and his conservative party to renegotiate deal with European union. The euro gained 1.9 per cent versus the dollar. The Japanese Yen gained 0.7 per cent against US dollar.
* Most emerging market currencies too gained significantly against US$. The Brazilean Real, Russian Rouble, Chinese Renminbi and Indian rupee all gained by 5 per cent , 3.5 per cent, 1 per cent and 0.6 per cent, respectively.

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

**Note:** All currencies have been normalised keeping January 01, 2019 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 December 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 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. **CFTC Charges New Mexico Resident with Fraud in Long-Running Ponzi Scheme**

The U.S. Commodity Futures Trading Commission announced it has filed a civil enforcement action in the District of New Mexico against defendant Douglas Lien (d/b/a Westend Investments) of Santa Fe, New Mexico, charging him with fraud and failing to register with the CFTC.

According to the complaint, starting in at least 2002, Lien solicited and accepted funds from friends and acquaintances for the purpose of trading commodity futures contracts, primarily U.S. Treasury bond futures. The complaint alleges that since at least September 2014, Lien accepted at least $827,650 from his clients, issued periodic account statements showing false trading profits, and reported more than $1.6 million in profits on annual tax forms he issued to clients. In reality, during that time, Lien made no deposits into his futures trading account and placed only three trades in commodity futures contracts, for a combined loss of approximately $200, according to the complaint. The complaint also alleges that Lien misappropriated client funds, using them to pay other clients, in the manner of a Ponzi scheme, and for management fees he charged based on false trading profits. The complaint further alleges that throughout 2019, several of Lien’s clients have requested the return of their funds, but Lien has strung clients along with false excuses. According to the complaint, Lien falsely advised clients that a broker placed client funds in long-term investments that Lien cannot access without incurring penalties, when, in fact, no client funds are, or were, locked up in such investments. Additionally, the complaint charges that Lien acted in a capacity requiring him to register with the CFTC and that he failed to do so.

In its continuing litigation, the CFTC seeks restitution to defrauded investors, disgorgement of ill-gotten gains, civil monetary penalties, permanent trading and registration bans, and a permanent injunction against further violations of the Commodity Exchange Act, as charged.

**Source:** [**https://www.cftc.gov/PressRoom/PressReleases/8094-19**](https://www.cftc.gov/PressRoom/PressReleases/8094-19)

1. **CFTC Charges Executive at Global Investment Bank with Manipulation and Fraud in Connection with Swaps Related to a Bond Issuance**

The U.S. Commodity Futures Trading Commission filed a civil enforcement action in the U.S. District Court for the Southern District of New York against **Christophe Rivoire**, a French national, charging him with engaging in a deceptive scheme to manipulate the pricing of an interest rate swap between a bond issuer and a global investment bank. Rivoire was employed as the Head of North American Rates in the New York office of the bank.

The complaint alleges that in June and July 2012, Rivoire knew that a bond issuer had negotiated with the bank to price a bond issuance and a related swap using specific screens displaying prices from an interdealer broker firm, including prices for U.S. dollar interest rate basis swaps with a five-year maturity (five-year basis swaps). Rivoire knew that the swap would be more profitable to the bank if lower prices for five-year basis swaps were displayed on the broker screens during the pricing of the bond issuance and the swap.

As further alleged, to effectuate the scheme to maximize the bank’s profit at the issuer’s expense by manipulating the prices of five-year basis swaps, Rivoire enlisted a trader under his supervision and explicitly directed the trader to “push the screen as much as we can before the pricing” of the swap with the issuer. This meant trading in a manner that would result in a lower price for five-year basis swaps. The complaint alleges that the trader followed Rivoire’s direction. As a result of Rivoire’s direction, the trader also enlisted the help of a broker at the interdealer broker firm, including telling the broker in advance that the trader needed to move prices on the screens.  During the pricing of the swap, Rivoire directed the trader when to sell a large quantity of swaps to manipulate the prices on the broker screens.

Without disclosing his directions to the trader or their conduct prior to the final pricing of the swap, Rivoire falsely or misleadingly told the issuer, “Obviously we are not controlling the screen.” The complaint alleges that the scheme had the effect of moving prices on the broker screens and, because the manipulated prices were used to price the swap, it resulted in a more profitable transaction for the bank and a less profitable transaction for the issuer. This conduct deceived the bond issuer and other market participants.

In its continuing civil litigation, the CFTC seeks, among other relief, civil monetary penalties, disgorgement, restitution, trading bans, and a permanent injunction against future violations of the federal commodities laws, as charged.

**Source:** [**https://www.cftc.gov/PressRoom/PressReleases/8099-19**](https://www.cftc.gov/PressRoom/PressReleases/8099-19)

1. **SEC Files Charges in Ponzi Scheme Targeting Hispanic Community**

The Securities and Exchange Commission announced charges against Edward Espinal, of Wayne, New Jersey, and his company, Cash Flow Partners LLC, in connection with an alleged $5 million Ponzi scheme that defrauded at least 90 investors, many of whom were members of the Hispanic community.

The SEC’s complaint alleges that from at least July 2016, Espinal and Cash Flow Partners deceived investors into believing that they were investing in a pooled fund that would purchase and renovate houses, and then flip the houses for profit. Espinal and Cash Flow Partners allegedly guaranteed investors rates of return between 1.25per cent and 4per cent per month. The complaint alleges that, in reality, Cash Flow Partners’ purported real estate “fund” owned only two residential properties, neither of which were ever sold.  Instead, Espinal allegedly used money from new investors to pay monthly “returns” to other investors, to bankroll his personal living expenses, and to sustain his separate fraudulent bank loan scheme.

The Commission’s Office of Investor Education and Advocacy and the Division of Enforcement’s Retail Strategy Task Force encourage investors to review the Investor Alerts on affinity fraud, [Have Something in Common with Someone Selling an Investment? It May Make You a Target for Fraud](https://www.investor.gov/additional-resources/news-alerts/investor-alerts/investor-alert-have-something-common-someone) and [Avoiding Investment Fraud in Your Faith-Based Community](https://www.investor.gov/additional-resources/news-alerts/investor-alerts/avoiding-investment-fraud-your-faith-based), and to access the investor protection resources at [Investor.gov](https://www.investor.gov/).  Spanish language Investor Alerts on affinity fraud are available at: [Alerta a los inversores: Fraude de afinidades](https://www.sec.gov/oiea/Article/ia_affinityfraudsp.html) and [Cómo detener el fraude de afinidad en su comunidad](https://www.investor.gov/sites/investorgov/files/2019-02/Affinity%20Fraud_Spanish_0.pdf).  General investor protection resources for Spanish-speaking investors are available at: [Investor.gov/espanol](https://www.investor.gov/espanol).

The SEC’s complaint, filed in the U.S. District Court for the District of New Jersey, charges Espinal and Cash Flow Partners with violating the antifraud provisions of the federal securities laws and seeks permanent injunctions, disgorgement of allegedly ill-gotten gains with prejudgment interest, and civil penalties.

**Source:** [**https://www.sec.gov/news/press-release/2019-271**](https://www.sec.gov/news/press-release/2019-271)

1. **SEC Charges Trucking Executives with Accounting Fraud**

The Securities and Exchange Commission charged two former top executives of Indiana-based trucking company Celadon Group Inc. for their participation in an accounting fraud that inflated the company's income and earnings per share. Celadon previously agreed to settle accounting fraud charges brought by the SEC in April.

The SEC's complaint against former Celadon president and chief operating officer William Eric Meek and former chief financial officer Bobby Peavler alleges that they sought to conceal losses by engaging in a scheme to buy and sell trucks at inflated prices, in some cases double or triple their fair market value. The complaint alleges that as a result of the transactions with third-party dealers, Celadon materially overstated its pre-tax income, net income, and earnings per share in its annual report for the period ending June 30, 2016, and in its subsequent public filings through the period ending Dec. 31, 2016.  The complaint also alleges that Meek and Peavler lied to Celadon's auditor by claiming that the pricing in the transactions was "determined and evaluated independently," and by concealing their roles in negotiating and approving the transactions. Meek resigned from Celadon in 2017 and Peavler resigned in 2018.

The SEC's complaint, filed in federal court in Indianapolis, charges the defendants with violating various antifraud provisions of the federal securities laws, lying to auditors, and aiding and abetting Celadon's books and records and reporting violations. The SEC seeks permanent injunctions, monetary penalties, and officer-and-director bars against both Meek and Peavler.

**Source:** <https://www.sec.gov/news/press-release/2019-253>

1. **IOSCO launches framework for monitoring leverage in funds that may pose stability risks**

The Board of the International Organization of Securities Commissions (IOSCO) unveiled a twostep framework designed to facilitate monitoring of leverage in investment funds that could potentially pose risks to financial stability. The framework, outlined in the report on Recommendations for a Framework Assessing Leverage in Investment Funds, comprises a two-step process aimed at achieving a meaningful and consistent assessment of leverage-related risks of a fund or group of funds. The recommendations aim to achieve a balance between precise leverage measures and simple, robust metrics that regulators can apply consistently to the wide range of funds offered in different jurisdictions. IOSCO recommends that regulators use this leverage framework as a basis for their assessment of leverage-related risks in funds. Step 1 indicates how regulators could exclude from consideration funds that are unlikely to produce financial stability risks while identifying a subset of funds for further analysis that may pose such risks. Step 2 entails a risk-based analysis of the subset of funds identified in Step 1. For Step 1, IOSCO recommends that regulators use Gross Notional Exposure (GNE) or adjusted GNE as baseline analytical tools. By collecting information on long and short exposure, on an asset class basis, the regulatory community will gain greater insight on the direction of leverage.

For Step 2, IOSCO recommends that each regulator determine its approach to define appropriate riskbased measures for analyzing funds identified under Step 1 that may potentially pose significant leveragerelated risks to the financial system.

**Source:** <https://www.iosco.org/news/pdf/IOSCONEWS552.pdf>

1. **IOSCO consults on measures to reduce conflict of interests in debt capital raising**

The Board of the International Organization of Securities Commissions (IOSCO) requested feedback on proposed guidance to help IOSCO members address potential conflicts of interest and associated conduct risks arising from the role of market intermediaries in the debt capital raising process. Conflicts of interest and associated conduct risks can weaken investor confidence and undermine debt capital markets as an effective vehicle for issuers to raise funding. To help regulators identify and address these risks, IOSCO today published the consultation report Conflicts of interest and associated conduct risks during the debt capital raising process. Among other things, the consultation seeks public comments on the use of Distributed Ledger Technology (DLT) in bond issuances and the potential benefits and risks of using this technology, including for managing conflicts of interest. The report describes the key stages of the debt raising process where the role of intermediaries might give rise to conflicts of interest. The proposed guidance is comprised of eight measures grouped according to three key aspects of the debt raising process:

* pricing of debt securities and risk management transactions
* quality of available information to investors
* allocations of debt securities

While the guidance focuses on traditional corporate bonds, it may prove useful to IOSCO members considering raising capital through other types of debt securities. The guidance is the second part of a two-stage project on conflicts of interest in capital raising. The first stage focused on the equity capital raising process with the final report Conflicts of interest and associated conduct risks during the equity capital raising process being published in September 2018.

Source: <https://www.iosco.org/news/pdf/IOSCONEWS553.pdf>

**POLICY DEVELOPMENTS**

1. **Review of investment norms for mutual funds for investment in Debt and Money Market Instruments**

Debt-oriented mutual fund schemes that have more than 10 per cent exposure to their sponsors’ group companies before October 1 have been allowed to continue with such investments till respective maturity dates. SEBI has now made mandatory for all AMCs to publish on their respective website, a list of their group companies and those of their sponsor(s). These disclosures should be made on first working day of each calendar quarter starting from January 1, 2020.

**Source: SEBI/HO/IMD/DF2/CIR/P/2019/152 dated December 10, 2019**

1. **Filing of Offer Documents under Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.**

Companies seeking to raise up to Rs. 750 crore can now file their draft offer documents with regional offices of SEBI. Till now, merchant bankers on behalf of the companies were allowed to file the papers for issues worth up to Rs. 500 crore with regional offices of SEBI concerned. SEBI further said that for all regions, the companies can file their draft offer documents in SEBI’s head office for the issues whose size are greater than Rs. 750 crore.

**Source: CFD/DIL1/CIR/P/2019/0000000154 dated December 11, 2019**

1. **Management and advisory services by AMCs to Foreign Portfolio Investors**

SEBI allowed asset management companies (AMCs) to provide management and advisory services to appropriately regulated foreign portfolio investors (FPIs), that include pension funds, insurance company and banks.

Further, AMCs can provide such services to government and government related investors such as central banks, sovereign wealth funds, international or multilateral organisations or agencies, including entities controlled or at least 75 per cent directly or indirectly owned by such government and government related investors.

**Source: SEBI/HO/IMD/DF2/CIR/P/2019/155 dated December 16, 2019**

1. **Guidelines for filing of placement memorandum - InvITs proposed to be listed**

SEBI asked infrastructure investment trusts (InvITs) to file draft papers with the regulator and exchanges 30 days prior to opening of the issue. The draft placement memorandum shall be filed through a SEBI registered merchant banker.

**Source: SEBI/HO/DDHS/DDHS/CIR/P/2019/161 dated December 24, 2019**

1. **Format on Statement of Deviation or Variation for proceeds of public issue, rights issue, preferential issue, Qualified Institutions Placement (QIP) etc.**

SEBI issued a format for statement of deviation in funds raised to be submitted by the listed entities to stock exchanges on a quarterly basis. The format comes after SEBI had interactions with stock exchanges and noted that there is no uniformity in the formats of statement of deviation or variation in proceeds of public issue, rights issue, preferential issue submitted by the listed entities to the stock exchanges. Hence, there is a need to introduce a common format for such reporting, SEBI said in a circular.

**Source: CIR/CFD/CMD1/162/2019 dated December 24, 2019**

1. **Stewardship Code for all Mutual Funds and all categories of AIFs, in relation to their investment in listed equities**

SEBI put in place a mandatory "stewardship code" for mutual funds and all categories of alternative investment funds (AIFs) with regard to their investment in listed equities. Stewardship code is a principles-based framework that assists institutional investors in fulfilling their responsibilities to help them protect and enhance the value of their clients and beneficiaries. Adherence to the code by institutional investors also enhances the corporate governance of the investee companies. The stewardship code will come into effect from the financial year beginning April 1, 2020

**Source: CIR/CFD/CMD1/168/2019 dated December 24, 2019**

1. **Investment in units of Mutual Funds in the name of minor through guardian and ease of process for transmission of units**

SEBI came out with a framework for making investment in mutual funds in the name of minor through guardian and to ease the process for transmission of such schemes. The move is aimed at bringing uniformity in such investment process across asset management companies (AMCs). SEBI said payment for investment by means of cheque, demand draft or any other mode will be accepted from the bank account of the minor or from a joint account of the minor with the guardian only.

**Source: SEBI/HO/IMD/DF3/CIR/P/2019/166 dated December 24, 2019**

1. **Measures to strengthen the conduct of Investment Advisers (IA)**

SEBI announced measures to strengthen the conduct of investment advisors (IA). SEBI restricts financial advisers to provide a free trial and said that investment advice can be given after completing risk profiling of the client and ensuring the suitability of the product.

**Source: SEBI/HO/IMD/DF1/CIR/P/2019/169 dated December 27, 2019**

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

**REGULATORY ACTION TAKEN BY SEBI**

* SEBI passed an order, dated 04 December 2019, in the matter of Front Running: Various Funds of Fidelity Group restraining Vaibhav Dhadda, Alka Dhadda and Arushi Dhadda from buying, selling or dealing in the securities market or associating themselves with securities market, either directly or indirectly. They were further directed to cease and desist from undertaking any activity in the securities market, directly or indirectly.
* SEBI passed an order, dated 06 December 2019, in the matter of Life Insurance Corporation of India (LIC), State Bank of India and Bank of Baroda directing LIC and others to brought down the shareholding and voting rights in UTI AMC and UTI Trustee below 10per cent on or before 31 December, 2020
* SEBI passed an order, dated December 09, 2019 directing B. P. Jhunjhunwala and others to make a public announcement to acquire shares of the target company in accordance with the provisions of the SAST Regulations, 1997, within a period of 45 days from the date of service of this order and shall along with the consideration amount, pay interest at the rate of 10per cent per annum on the consideration amount to the eligible shareholders as per the ratio laid down in Clariant International Limited and another vs. SEBI [Appeal (Civil) No. 3183/2003] dated August 25, 2004, after adjustment of dividend paid, if any.
* SEBI passed an order, dated December 11, 2019 restraining Mr. Manoj Kumar Agarwal from accessing the securities market and further prohibited 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 5 years instead of 10 years, the restraint already suffered since September 05, 2017 shall be taken into account for calculating the total period of restraint imposed and permitted to liquidate his holdings in his demat account within a period of three months from the date of this order.
* SEBI passed an order, dated December 12, 2019 directing Jasmeet Kaur Bagga to cease and desist from acting as an investment advisor and cease to solicit or undertake such activity or any other activities in the securities market, directly or indirectly, in any matter and not to access the securities market and buy, sell or otherwise deal in securities in any manner whatsoever, directly or indirectly and not to divert any funds raised from investors, kept in bank account(s) and/or in their custody until further orders, to withdraw immediately and remove all advertisements, representations, literatures, brochures, materials, publications, documents, websites, communications etc. in relation to their investment advisory activity in the securities market, provide a full inventory of all assets held in her name, whether movable or immovable, or any interest or investment or charge on any of such assets, including details of all bank accounts, demat accounts and mutual fund investments, immediately.
* SEBI passed an order, dated December 13, 2019 restraining Neha Gupta and others from buying, selling or dealing in the securities market or associating themselves with securities market, either directly or indirectly, to cease and desist from undertaking the activity of investment advisory services, including the activity of acting and representing through any media (physical or digital) as an investment advisor, directly or indirectly, to cease and desist from undertaking such fraudulent activities, as detailed in this order, directly or indirectly, and to conduct themselves in strict compliance with the norms under the IA Regulations, to provide a full inventory of all assets held in their name, whether movable or immovable, or any interest or investment or charge on any of such assets, including details of all bank accounts, demat accounts and mutual fund investments, immediately.
* SEBI passed an order, dated December 13, 2019 directing K P Joshi to not directly or indirectly issue any certificate of audit and render any other auditing services including issuances of certificates of compliances, whatsoever, to any listed companies and intermediaries registered with SEBI, in compliance with the requirements under the SEBI Act, 1992, the SCRA 1956, the Depositories Act, 1996, those provisions of the Companies Act 2013 which are administered by SEBI under section 24 thereof, the Rules, Regulations and Guidelines made under those Acts which are administered by SEBI for a period of 01 year.
* SEBI passed an order, dated December 17, 2019 in the matter of PC Jeweller Ltd. directing that a sum of ₹6,17,60,184.13 shall be impounded jointly and severally, from Shivani Gupta, Sachin Gupta and Amit Garg, being the notional loss avoided on account of trades carried out in the trading accounts of Shivani Gupta and a sum of ₹2,13,23,161.64 shall be impounded jointly and severally, from Quick Developers Pvt. Limited and Amit Garg, being the notional loss avoided/gains made on account of trades carried out in the trading account of Quick Developers Pvt. Limited.
* SEBI passed an order, dated December 18, 2019, in the matter of Epic Research Pvt. Ltd, restraining Epic Research Pvt. Ltd and others from buying, selling or dealing in the securities market or associating themselves with securities market, either directly or indirectly; to cease and desist from undertaking any activity in the securities market including the activity of acting and representing through any media (physical or digital) as an investment advisor, directly or indirectly. Epic and any person, who is presently an employee of Epic, is directed to cease and desist, in course of his employment with Epic or with any other Investment Advisers, from commission or omission of any activity amounting to “fraud” as mentioned in the order. Epic is directed to provide a full inventory of all assets held in its name and not to dispose of or alienate any assets, whether movable or immovable, or any interest or investment or charge on any of such assets, held in its name.
* SEBI passed an order, dated December 20, 2019, in the matter of certain entities using sham identities to transact in the securities market directing Babulal M. Dugar and others from buying, selling or dealing in the securities market in any manner whatsoever, or access the securities market, directly or indirectly for a period of seven years and to jointly and severally, disgorge the unlawful gain of ₹3,07,607/- along with interest of Rs.3,95,292/- (i.e. total amount to be disgorged is Rs.7,02,899/-).
* SEBI passed an order, dated December 24, 2019, in the matter of trading in the Shares of Sunteck Realty Limited, restraining Chiranjilal Jayram Vyas and others 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 one year.
* SEBI passed an order, dated December 27, 2019, in the matter of peers Allied corporation limited, directing Peers Allied Corporation Limited and its directors to ensure that refunds (to all the unpaid investors as on date), as directed in the SEBI order dated March 14, 2016 are completed within 45 days of this order.
* SEBI passed an order, dated December 27, 2019, in the matter of Money Classic , restraining Deepak Mishra from buying, selling or dealing in the securities market or associating themselves with securities market, either directly or indirectly, in any manner whatsoever, till further directions and to cease and desist from undertaking the activity of investment advisory services, including the activity of acting and representing through any media (physical or digital) as an investment advisor, directly or indirectly.
* SEBI passed an order, dated December 31, 2019, in the matter of Ripples Advisory Private Limited, directing Nilesh Shukla and others to cease and desist from acting as an investment advisor including the activity of acting and representing through any media (physical or digital) as an investment advisor, directly or indirectly, and cease to solicit or undertake such activity or any other activities in the securities market. Also not to access the securities market and buy, sell or otherwise deal in securities or associate themselves with securities market and not to divert any funds raised from investors, kept in bank account(s) and/or in their custody.
* SEBI passed an order, dated December 31, 2019, in the matter of Deccan Chronicle Holdings Ltd, restraining Venkattram Reddy and others from accessing the securities market and further prohibited 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 also prohibited from holding and occupying any managerial post or being associated directly or indirectly with any listed public company and/or any public company which intends to raise money from the public, or any intermediary registered with SEBI and such restraint and prohibition shall be for a period of two years.
* SEBI passed an order, dated 04 December 2019, in respect of Guiness Corporate Advisors Pvt. Ltd. imposing a total penalty of Rs. 5,00,000/- (Rupees Five Lakh only) on Guiness Corporate Advisors Pvt. Ltd for the violation of clause 1, 3, 4, 6 and 7 of code of conduct given under Schedule III read with regulation 13 of Merchant Bankers Regulations and Regulation 64(1) of ICDR Regulations.
* SEBI passed an order, dated December 09, 2019, imposing a total penalty of Rs. 5,00,000/- (Rupees Five Lakh only) on Brubeck Resources Private Limited in the matter of dealing in illiquid stock options at the BSE for the violation of the provisions of Regulations 3 (a), (b), (c), (d) and 4 (1), 4 (2) (a) of PFUTP Regulations.
* SEBI passed an order, dated December 10, 2019, imposing a total penalty of Rs. 2,00,000/- (Rupees Two Lacs) on Wintac Limited and others for the violation of regulation 7(1A) read with Regulation 7(2) , 3(3) and 3(4), 8(2) of SAST 1997 and 30(2) read with 30(3), 31(1) read with 31(3), 31(2) read with 31(3) of SAST 2011.
* SEBI passed an order, dated December 11, 2019, imposing a total penalty of Rs. 5,00,000/- (Rupees Five Lakh only) on GN Credits Private Limited in the matter of dealing in illiquid stock options at the BSE for the violation of the provisions of Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations.
* SEBI passed an order, dated December 12, 2019, imposing a total penalty of Rs. 5,00,000/- (Rupees Five Lakh only) on Dhanraksha Dealer Private Limited in the matter of dealing in illiquid stock options at the BSE for the violation of the provisions of Regulations 3 (a), (b), (c), (d) and 4 (1), 4 (2) (a) of PFUTP Regulations.
* SEBI passed an order, dated December 12, 2019, imposing a total penalty of Rs. 3,00,000/- (Rupees Three Lakh only) on Mayfair Capital Private Limited for the violation of regulation 13(3) r/w 13(5) of PIT Regulations, 1992 r/w PIT Regulations, 2015.
* SEBI passed an order, dated December 12, 2019, in the matter of Unitech Limited imposing a total penalty of Rs. 2,00,000/- (Rupees Two Lakh only) on Sanjay Chandra for the violation of the provisions of regulation 13(4) r/w 13(5) of PIT Regulations, 1992 r/w PIT Regulations, 2015.
* SEBI passed an order, dated December 13, 2019, imposing a total penalty of Rs. 1,00,000/- (Rupees One Lakh only) on Achintya Commodities Private Limited for the violation of section 23D of SCRA, 1956 and SEBI Circular SMD/SED/CIR/93/23321 dated November 18, 1993.
* SEBI passed an order, dated December 13, 2019, in the matter of Kuber Udyog Limited imposing a total penalty of Rs. 1,76,00,000/- (Rupees One Crore Seventy Six Lakh only) on Mahendra Vadilal Shah and others for the violation of section 12A (a), (b) and (c) of the SEBI Act and regulation 3 (a), (b), (c), (d), regulation 4(1), 4(2) (a), (e) and (g) of the PFUTP Regulations.
* SEBI passed an order, dated December 09, 2019 prohibiting Maheshwari Datamatics Pvt. Ltd from accepting any fresh clients for a period of one month and to disclose the contents of these directions on its website(s) immediately.
* SEBI passed an order, dated December 16, 2019, imposing a total penalty of Rs. 1,00,000 /-(Rupees One Lakh only) on Madhuri Holdings Ltd in the matter of failure to obtain SCORES authentication for the violation of provisions of SEBI Circular No. CIR/OIAE/1/2013 dated April 17, 2013.
* SEBI passed an order, dated December 16, 2019, imposing a total penalty of Rs. 1,00,000 /-(Rupees One Lakh only) on Mahaan Impex Ltd in the matter of failure to obtain SCORES authentication for the violation of provisions of SEBI Circular No. CIR/OIAE/1/2013 dated April 17, 2013.
* SEBI passed an order, dated December 17, 2019, in the matter of Magnum Fincom Broking Private Limited in the IPOs of Kernex Microsystems Limited, Punj Lloyd Limited and ABG Shipyard Limited imposing a total penalty of Rs. 10,00,000/- (Rupees Ten Lakh Only) to be paid jointly and severally on Magnum Fincom Broking Private Limited and others for the violation of the provisions of Section 12A (a) to (c) of SEBI Act, 1992 read with Regulation 3 (a) to (d) of PFUTP Regulations and Guideline 1.2.1 (xxiva) read with Guideline 7.6.1.2.1 of DIP Guidelines read with Regulation 111 of ICDR Regulations.
* SEBI passed an order, dated December 18, 2019, in the matter of inspection of books of Leo Financial Services Limited imposing a total penalty of Rs. 3,00,000/- (Rupees Three Lakh only) on Leo Financial Services for the violation of provisions of the SEBI circular No. SMD/SED/CIR/93/23321 dated November 18, 1993.
* SEBI passed an order, dated December 18, 2019,in the matter of Stratmont Industries Limited imposing a total penalty of Rs. 3,00,000/- (Rupees Three Lakh only) on Shri Vatsal Agarwaal and other for the violation of provisions of Regulation 18(8) and 27(5) of SAST Regulations.
* SEBI passed an order, dated December 18, 2019, imposing a total penalty of Rs. 6,00,000/- (Rupees Six Lakh Only) on Shubhang Exports Ltd in the matter of dealings in illiquid stock options at BSE for the violation of regulations 3(a),(b),(c)&(d), 4(1) and 4(2)(a) of the PFUTP Regulations, 2003.
* SEBI passed an order, dated December 19, 2019, in the matter of Mefcom Agro Industries Limited imposing a total penalty of Rs. 1,00,000/- (Rupees One Lakh only) on Purshottam Khandelwal for the violation of provisions of regulations 7(1) read with regulation 7(2) of SAST Regulations, 1997 read with regulation 35(2) of SAST Regulations, 2011 and regulations 13(1) read with 13(3) of PIT Regulations.
* SEBI passed an order, dated December 19, 2019, imposing a total penalty of Rs. 3,00,000/- (Rupees Three Lakh Only) on Valecha Investments Private Limited for the violation of provisions of Regulation 7 (2) (a) of PIT Regulations and Regulation 29 (2) read with Regulation 29 (3) of SAST Regulations.
* SEBI passed an order, dated December 20, 2019, imposing a total penalty of Rs. 5,00,000/- (Rupees Five Lakh Only) on Chetna Satish Mehta , in the matter of dealings in illiquid stock options at BSE limited for the violation of provisions of Regulation 3 (a), (b), (c), (d) and 4 (1), 4 (2) (a) of PFUTP Regulations.
* SEBI passed an order, dated December 20, 2019, imposing a total penalty of Rs. 11,90,000 (Rupees Eleven Lakh and Ninety Thousand only) on Sampoorna Buildwell Private Limited in the matter of trading in illiquid stock options at BSE limited for the violation of provisions of Regulation 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations.
* SEBI passed an order, dated December 20, 2019, imposing a total penalty of Rs. 5,00,000/- (Rupees Five Lakh Only) on Suresh Rathi Securities Private Limited for the violation of provisions of SEBI Circular No. SMD/SED/CIR/93/23321 dated November 18, 1993 and SEBI Circular No. MRD/DoP/SE/Cir-11/2008 dated April 17, 2008.
* SEBI passed an order, dated December 20, 2019 imposing a total penalty of Rs. 3,00,000/-(Rupees Three Lakh Only) on Finquest Securities Private Limted, for the violation of provisions of SEBI Circular ref. no. SEBI/MIRSD/SE/Cir-19/2009 dated December 3, 009, SEBI Circular ref. no. SEBI/MIRSD/Cir/01/2011 dated May 13, 2011 and Clauses A(2) and A(5) of the Code of Conduct for stock brokers contained in Schedule II read with Regulation 9(f)of Broker Regulations.
* SEBI passed an order, dated December 20, 2019, in the matter of Arvind Remedies Limited imposing a total penalty of Rs. 2,00,000/-(Rupees Two Lakh Only) on Juniper Vinimay Pvt Ltd and other for the violations of the provisions of Regulation 13(3) read with 13(5) of PIT Regulations, 1992.
* SEBI passed an order, dated December 20, 2019, imposing a total penalty of Rs. 7, 00,000/- (Rupees Seven Lakh Only) on Reflection Investments for the violation of SEBI Circular No. MRD/DoP/SE/Cir-11/2008 dated April 17, 2008 read with SEBI Circular No. SMD/SED/CIR/93/23321 dated November 18, 1993 and Clause A (1 & 2) of Code of Conduct of Stock Brokers prescribed in Schedule II of SEBI (Stock Brokers and Sub-brokers) Regulations, 1992.
* SEBI passed an order, dated December 20, 2019, imposing a total penalty of Rs. 7, 00,000/- (Rupees Seven Lakh Only) on Kausambi Vanijya Limited (now known as Golden Bull Research & Growth Ltd.) for the violation of provisions of Section 21 of SCRA, 1956 read with clause 35 and 49 of the Listing Agreement.
* SEBI passed an order, dated December 23, 2019, imposing a total penalty of Rs. 7,20,000/- (Rupees Seven Lakh Twenty Thousand only) on Navdurga Billets Private Limited in the matter of dealings in illiquid stock options at BSE for the violation of s 3(a),(b),(c) & (d), 4(1) and 4(2)(a) of the PFUTP Regulations, 2003.
* SEBI passed an order, dated December 23, 2019, in the matter of Gujarat Arth Ltd imposing a total penalty of Rs. 2,53,72,500/‐ (Rupees Two Crores Fifty Three Lacs Seventy Two Thousand and Five Hundred Only) on Roselabs Finance Ltd for the violation of regulation 10 of SAST regulations and regulations 3(a),(b),(c),(d), 4(1) and 4(2)(a),(d),(e) of the PFUTP Regulations, 2003.
* SEBI passed an order, dated December 23, 2019, in the matter of Regaliaa Realty Limited imposing a total penalty of Rs. 5,00,000/- (Rupees Five Lakh only)on Karvy Financial Services Limited for the violation of regulation 29(1) read with 29(3) of the SAST Regulations, 2011 and Regulation 13(1) of the PIT Regulations.
* SEBI passed an order, dated December 23, 2019, in the matter of Secure Earth Technologies Limited imposing a total penalty of Rs. 2,00,000/- (Rupees Two Lakh only) on Divine Waters Pvt. Ltd for the violation of regulation 13(3) read with 13(5) of the PIT Regulations and Regulation 29(2) read with 29(3) of the SAST Regulations.
* SEBI passed an order, dated December 23, 2019, in the matter of Secure Earth Technologies Limited imposing a total penalty of Rs. 2,00,000/- (Rupees Two Lakh only) on Sonia Finvest Pvt. Ltd for the violation of Regulation 13(1), 13(3) read with 13(5) of the PIT Regulations and Regulation 29(1) read with 29(3) of the SAST Regulations.
* SEBI passed an order, dated December 23, 2019, in the matter of ICICI Prudential Mutual Fund imposing a total penalty of Rs. 5,00,000/- (Rupees Five Lakh only) on ICICI Prudential Trust Limited and ICICI AMC for the violation of Regulation 13(1), 13(3) read with 13(5) of the PIT Regulations and Regulation 18(7) and 18(9) 18 (22), 25(16) and 43(2) of the MF, Regulation 52A of MF Regulations read with SEBI Circular No. SEBI/IMD/ CIR No. /64057/06 dated April 04, 2006 and Regulation 10 (a), 18(9), 18(22) of the MF Regulations read with Clause 9 of the Code of conduct.
* SEBI passed an order, dated December 24, 2019, in the matter of Inspection of Books of First Overseas Capital Limited imposing a total penalty of Rs. 5,00,000/- (Rupees Five Lakh only) on First Overseas Capital Limited for the violation of provisions of Regulation 57(2) of SEBI (ICDR) Regulations, 2009 read with 2(VI)(D)2(f),2(X)(A) & 2(IX) of Part A of Schedule VIII of SEBI (ICDR) Regulations, 2009, Regulation 64(1) of SEBI (ICDR) Regulations, 2009, in terms of Due Diligence Certificate specified under Schedule VI, read with Regulations 106 O(2) of SEBI (ICDR) regulations, 2009 and Clauses 1, 4, 6, 7 and 21 of the Code of Conduct prescribed under Schedule III of SEBI (Merchant Bankers) Regulations, 1992.
* SEBI passed an order, dated December 24, 2019, in the matter of Spectacle Industries Limited (now known as Spectacle ventures Limited) imposing a total penalty of Rs. 1,00,000/- (Rupees One Lakh only) on Kaushik Rajnikant Mehta for the violation of regulation 3(a), (b), (c), (d), 4(1) and 4(2)(a), (b)& (g) of the PFUTP regulation.
* SEBI passed an order, dated December 24, 2019, imposing a total penalty of Rs. 1,00,000/- (Rupees One Lakh only) on Anupama Steel Limited for the violation of the provisions of the SEBI Circulars No. CIR/OIAE/2/2011 dated June 03, 2011, CIR/OIAE/1/2012 dated August 13, 2012 and CIR/OIAE/1/2013 dated April 17, 2013.
* SEBI passed an order, dated December 24, 2019, in the matter of Sigrun Holdings Ltd imposing a total penalty of Rs. 2,00,000/- (Rs. Two Lakhs only) on C. Rajesh Nair for the violation of Clause 4.2 of the Model Code of Conduct in Part A of Schedule I to the PIT Regulations read with Regulation 12(1) of the PIT Regulations.
* SEBI passed an order, dated December 24, 2019, in the matter of Ritman Infra Ltd imposing a total penalty of Rs. 5,00,000/- (Rs. Five Lakhs only) on Parag Majmudar and others for the violation of Regulation 4 (2) (f) (i) (1) and Regulation 4 (2) (f) (ii) (6) of the LODR Regulations.
* SEBI passed an order, dated December 24, 2019, in the matter of Non - Compliance with Minimum Public Shareholding Requirements imposing a total penalty of Rs. 5,00,000/- (Rs. Five Lakhs only) on International Constructions Limited for the violation of Clause 40A of the erstwhile Listing Agreement read with Regulation 38 of the LODR Regulations and Rule 19A of the SCRR.
* SEBI passed an order, dated December 24, 2019, in the matter of Intercon Finance Pvt. Ltd. Imposing a total penalty of Rs. 8,00,000/- (Rs. Eight Lakhs only) on Intercon Finance Pvt. Ltd. and others for the violation of regulation 11 (1) and 11(2) of the takeover regulations.
* SEBI passed an order, dated December 24, 2019, in the matter of Gujarat Apollo Industries Ltd imposing a total penalty of Rs. 12,00,000/- (Rs. Twelve Lakhs only) on Anilkumar T. Patel and others for the violation of regulation 13(4) r.w.13(5) of PIT regulations, 13(1) of PIT regulations, clause 4.2 of Model code of conduct specified in part A of Schedule I read with regulation 12(1) of PIT regulations, regulation 7(1) read with 7(2) of Takeover regulations, clause 31(d) of listing agreement read with section 21 of the SCRA. SEBI passed an order, dated December 26, 2019, in the matter of illiquid Stock Options at BSE imposing a total penalty of Rs. 5,20,000/- (Rupees Five Lakh and Twenty Thousand Only) on Hans Metals Limited for the violation of regulation 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP regulation.
* SEBI passed an order, dated December 26, 2019, in the matter of CARE Ratings Limited imposing a total penalty of Rs. 25,00,000/- (Rupees Twenty-Five Lakh only) on CARE Ratings Limited for the violation of provisions of regulation 24(7) and Clauses 4 and 8 of Code of Conduct of the CRAs read with Regulation 13 of CRA Regulations.
* SEBI passed an order, dated December 26, 2019, in the matter of ICRA Limited imposing a total penalty of Rs. 25,00,000/- (Rupees Twenty-Five Lakh only) on ICRA Limited for the violation of provisions of Regulation 24(7) and Clauses 4 and 8 of Code of Conduct of the CRAs read with Regulation 13 of CRA Regulations.
* SEBI passed an order, dated December 26, 2019, in the matter of India Ratings and Research Private Limited imposing a total penalty of Rs. 25,00,000/- (Rupees Twenty-Five Lakh only) on India Ratings and Research Private Limited for the violation of provisions of Regulation 24(7) and Clauses 4 and 8 of Code of Conduct of the CRAs read with Regulation 13 of CRA Regulations.
* SEBI passed an order, dated December 26, 2019, in the matter of Gujarat Meditech Limited imposing a total penalty of Rs. 1,00,000 /- (Rupees One Lakh Only) on Gujarat Meditech Limited for the violation of the provision of sections 15A(a) and 15C of SEBI Act.
* SEBI passed an order, dated December 26, 2019, in the matter of Gujarat Narmada Flyash Company Limited imposing a total penalty of Rs. 1,00,000 /- (Rupees One Lakh Only) on Gujarat Narmada Flyash Company Limited for the violation of the provision of sections 15A(a) and 15C of SEBI Act.
* SEBI passed an order, dated December 26, 2019, in the matter of Hani Industries Limited imposing a total penalty of Rs. 3,00,000 /-(Rupees Three Lakh Only) on Hani Industries Limited for the violation of the provision of sections 15A(a) and 15C of SEBI Act.
* SEBI passed an order, dated December 27, 2019, in the matter of ABG Shipyard Limited imposing a total penalty of Rs. 8,00,000 /-(Rupees Eight Lakh Only) on Major Arun Pathak and others for the violation of the provision of sections 15A(a) and 15C of SEBI Act.
* SEBI passed an order, dated December 27, 2019, in the matter of Saumya Capital Limited imposing a total penalty of Rs. 2,00,000/- (Rupees Two Lakh only.) on Saumya Capital Limited for the violation of provisions of the SEBI Circulars No. CIR/OIAE/2/2011 dated June 03, 2011, CIR/OIAE/1/2012 dated August 13, 2012 and CIR/OIAE/1/2013 dated April 17, 2013.
* SEBI passed an order, dated December 30, 2019, imposing a total penalty of Rs. 5,00,000/- (Rupees Five Lakh only) on M/s India Advantage Securities Limited for the violation of SEBI Circular No. SMD/MIRSD/SE/Cir-19/2009 dated December 03, 2009.
* SEBI passed an order, dated December 30, 2019, imposing a total penalty of Rs. 1,00,000/-(Rupees One Lakh only) on Sonal International Limited in the matter of SCORES authentication for the violation of SEBI Circular No. CIR/OIAE/1/2013 dated April 17, 2013 and SEBI Circular No. CIR/OIAE/1/2012 dated August13, 2012.
* SEBI passed an order, dated December 30, 2019, imposing a total penalty of Rs. 2,00,000/- (Rupees Two Lakh Only) on Shalibhadra Infosec Limited in the matter of SCORES authentication for the violation of provisions of SEBI Circular No. CIR/OIAE/2/2011datedJune03, 2011, CIR/OIAE/1/2012 dated August 13, 2012, CIR/OIAE/1/2013 dated April 17, 2013.
* SEBI passed an order, dated December 30, 2019, imposing a total penalty of Rs. 5,00,000 (Rupees Five Lakh only) on Satco Capital Markets Ltd for the violation of provisions of the Section 23D of the SCRA read with SEBI circular No. SMD/SED/CIR/93/23321 dated November 18, 1993.
* SEBI passed an order, dated December 30, 2019, in the matter of Sunteck Realty Ltd imposing a total penalty of Rs. 14,48,18,966 (Rupees Fourteen Crore Forty Eight Lakh Eighteen Thousand Nine Hundred and Sixty Six only) on Chiranjilal Vyas and others for the violation of provisions of Regulations 3(a), (b), 4(2)(a) and (b) of PFUTP Regulations.
* SEBI passed an order, dated December 31, 2019, in the matter of KSS Limited imposing a total penalty of Rs. 3 ,00,000/- (Rupees Three Lakh Only) on Sanjay Lai for the violation of Regulations 8A(4) SAST (Amendment) Reg. 2009 and Clause 36(7) of Listing Agreement r/w Section 21 of SCRA 1956 & Clause 2.1 of Schedule II of Regulation 12(2) of PIT Regulation. 1992.
* SEBI passed an order, dated December 31, 2019, imposing a total penalty of Rs. 2,00,000/- (Rupees Two Lakh only) on Rajadhiraj Industries Ltd in the matter of non redressal of investor grievances for the violation of provisions of the SEBI Circulars No. CIR/OIAE/2/2011 dated June 03, 2011 and CIR/OIAE/1/2012 dated August 13, 2012 and Circular No. CIR/OIAE/1/2013 dated April 17, 2013.
* SEBI passed an order, dated December 31, 2019, imposing a total penalty of Rs. 2,00,000/- (Rupees Two Lakh only) on Keynote Capitals Limited for the violation of provisions of the SEBI circular MIRSD/SE/Cir-19/2009 dated December 03, 2009 and Clauses A (2) and A (5) of the Code of Conduct, read with Regulation 9(f) of Stock Broker Regulations.
* SEBI passed an order, dated December 31, 2019, in the matter of Gangotri Textiles Limited imposing a total penalty of Rs. 5,00,000/- (Rupees Five Lakh only) on Praveen Poddar for the violation of section 12A(a), 12A(b), 12A(c) of SEBI Act, 1992 and Regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(a) and 4(2)(e) of PFUTP Regulations, 2003.

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

1. ∏ **At Insolvency and Bankruptcy Board of India, New Delhi on December 16, 2019** [↑](#footnote-ref-1)
2. \* **At AIBI Annual Summit, Mumbai on December 04, 2019** [↑](#footnote-ref-2)