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**Reflections on Evolution of ESG Norms, Investments and Regulation[[1]](#footnote-1)**

**Shri Ajay Tyagi, Chairman**

1. Good evening Professor Errol D’Souza, Shri Arun Duggal, Shri Sanjeev Krishan, distinguished faculty members, guests and students. It is my pleasure to be with you all, for the inauguration of the ‘Arun Duggal ESG Centre for Research and Innovation’ at IIM Ahmedabad.
2. At a fundamental level, ESG norms guide organizations to adopt practices and policies that are intended to create long term, sustainable benefits to all stakeholders in the investment ecosystem. In addition to targeting commercial benefits, ESG investing designs portfolios that also cater to the investors' social and environmental goals.
3. The concept of Environmental, Social and Governance elements in investments is not new. However, recent climate-driven disasters like unexpected floods and wildfires and economic and social disruptions emanating from the Covid-19 pandemic appear to have driven home the importance of ESG as a critical component for long term business resilience, making “ESG” the buzzword in the investment ecosystem.
4. While on one side investors have become more conscious of their responsibility towards environment and society, on the other side pressure on companies to focus on ESG in their business practices has also increased. This has led to increased investor interest and demand for ESG reporting, ESG ratings and ESG related products. Let me share with you some data points indicating that ESG has indeed picked up steam.
5. In a recent survey by the World Federation of Exchanges, it was found that 87 per cent of the responding stock exchanges observed some level of investor demand for ESG related products. 70 per cent of the responding stock exchanges already offer ESG related products. The increasing attention to ESG parameters of companies and corporations has necessitated the need for appropriate tools for ESG assessment and reporting. In the same survey, 95 per cent of the responding stock exchanges indicated that investors are demanding at least some ESG disclosures from the listed companies.
6. Global issuance of all sustainable debt this year reached USD1.1 trillion upto October 2021, exceeding 2020’s record issuance. The largest categories are green bonds, followed by sustainability-linked loans and social bonds.
7. Global initiatives such as the Paris Agreement and Sustainable Development Goals (“SDGs”) endorse global acceptance of the relevance of ESG for sustainable economic growth.
8. The launch of this Centre is at an opportune moment, just after the conclusion of COP26 Summit at Glasgow.
9. The COP expressed alarm and concern that human activities have caused around 1.1 °C of global warming to date and that impacts are already being felt in almost every region. It recognized that limiting global warming to 1.5 °C requires rapid, deep and sustained reductions in global greenhouse gas emissions, including reducing global carbon dioxide emissions by 45 per cent by 2030 relative to the 2010 level and to net zero around mid-century, as well as deep reductions in other greenhouse gases.
10. The COP noted that the Paris Agreement goal of developed country Parties to jointly mobilize USD100 billion per year by 2020 in the context of meaningful mitigation actions and transparency on implementation has not yet been met. It urged developed country Parties to provide enhanced support, including through financial resources, technology transfer and capacity-building, to assist developing country Parties with respect to both mitigation and adaptation.
11. Globally, achieving the net-zero goal requires additional investments of USD12 to 20 trillion, i.e., 0.6 per cent to 1 per cent of the annual global GDP over the next two decades. 70 percent of the additional investment needs to come from private sources, of which annual clean energy investment in emerging market and developing economies needs to increase to over USD1 trillion by 2030. The COP26 Finance Campaign emphasizes on four main pillars: (i) disclosures; (ii) risk management; (iii) alignment and net zero; and (iv) mobilization of capital and moving away from fossil fuel financing.

**India’s commitment and policy initiatives**

1. It is in this context that the “Panchamrit Doctrine” propounded by the Hon’ble Prime Minister at COP26 Summit becomes our roadmap. First, India will expand its non-fossil energy capacity to 500 GW by 2030. Second, India will meet 50 per cent of its energy requirements from renewable energy by 2030. Third, India will reduce the total projected carbon emissions by one billion tonnes from now onwards till 2030. Fourth, by 2030, India will reduce the carbon intensity of its economy by less than 45 per cent. Fifth, by 2070, India will achieve the target of Net Zero. Today, India, with 17 per cent of the global population, is responsible for only 5 per cent of the global emissions. Yet, the Panchamrit calls for swift, coordinated and concerted actions by all of us.
2. Policy initiatives that are bound to make long lasting contribution to our path to sustainable economic growth include the International Solar Alliance, Swachh Bharat Abhiyan, Namami Gange Programme, phasing out of single use plastics, LED bulb campaign, Faster Adoption and Manufacturing of Hybrid and Electric Vehicles (FAME) Scheme, vehicle scrappage policy, to name a few.
3. India's non-fossil fuel energy has increased by more than 25 per cent in the last 7 years, accounting for 40 per cent of our energy mix now. Today, India is at number four in the world in installed renewable energy capacity. Indian Railways, whose annual passengers number more than the entire population of the world, has set a target of making itself "net zero" by 2030.
4. Now I come to the role of markets in mainstreaming sustainability issues and furthering ESG investments.

**Role of Regulators –Global Scenario**

1. Globally, governments and various international bodies continue to drive ESG investment considerations. The global policy forum for securities regulators, International Organization for Securities Commissions (IOSCO), has been focused on ensuring that investors receive timely, comprehensive and comparable information. In the context of ESG, to put simply, this implies getting the future risk and opportunities, which come with the transition to a net zero emissions world, into the pricing of the securities today.
2. Three priority areas that IOSCO has envisaged for improvement in sustainability-related disclosures by companies and asset managers are (i) Encouraging Globally Consistent Standards; (ii) Promoting Comparable Metrics and Narratives; and (iii) Coordinating Across Approaches. IOSCO identified the IFRS Foundation as the vehicle to develop a global baseline for investor-oriented disclosure standards. IOSCO’s Sustainable Finance Task Force (STF) is working on securities issuers’ sustainability disclosures, asset managers’ disclosures and investor protection and the role of ESG data and ratings providers.
3. The IFRS Foundation has announced (i) the formation of the International Sustainability Standards Board (ISSB); (ii) the consolidation of the Climate Disclosure Standards Board and the Value Reporting Foundation; and (iii) the publication of prototype climate and general disclosure requirements developed by the Technical Readiness Working Group. It is envisaged that the ISSB will sit alongside and work in close cooperation with the International Accounting Standards Board (IASB), ensuring connectivity and compatibility between IFRS Accounting Standards and the ISSB’s IFRS Sustainability Disclosure Standards.
4. The central banks globally are driving the efforts among the banks and the insurers to conduct climate stress tests, which they will then review at the system level. The Central Banks and Supervisors Network for Greening the Financial System (NGFS) is a group of Central Banks and Supervisors willing, on a voluntary basis, to exchange experiences, share best practices, contribute to the development of environment and climate risk management in the financial sector and to mobilize mainstream finance to support the transition toward a sustainable economy.

**Evolution of ESG in India**

1. Indian investors too, are showing increased interest in ESG compliant companies and investment products. Business sustainability guidelines in India have been continuously evolving to meet the dynamic business environment in the country. In 2012, SEBI mandated top 100 listed companies, based on market capitalization, to provide Business Responsibility Reports; and for rest of the companies on voluntary basis. The requirement for filing BRRs was extended to top 500 listed companies from 2015-16 and to top 1,000 listed entities from 2019-20.
2. In the backdrop of global developments and the increasing focus on sustainability investing, the disclosure requirements under the BRR were reviewed. SEBI radically improved the ESG-related reporting with the introduction of the Business Responsibility and Sustainability Report (BRSR) in May 2021.
3. BRSR is a more outcome oriented reporting format, which lays considerable emphasis on quantifiable metrics, which allows for easy measurement and comparisons. BRSR requires listed companies to make disclosures related to nine principles covering both environment and social aspects such as climate action, responsible consumption and production, gender equality, working conditions, etc. The BRSR seeks to ensure disclosure of the listed entity's material ESG risks and opportunities as well as the approach to mitigate or adapt to the risks along with financial implications of the same.
4. The structure of BRSR is segregated under essential or mandatory indicators and leadership or voluntary indicators. The leadership indicators also include disclosures related to the value chain of the reporting listed entities. The BRSR is applicable to top 1,000 listed entities by capitalisation, for reporting on a voluntary basis for2021-22 and on mandatory basis from 2022-23onwards.

**ESG Investments in India**

1. **Mutual Funds:** From an investment standpoint, ESG funds are rapidly expanding in the Indian Mutual Fund Industry. Asset Management Companies (AMCs)have been launching equity schemes in the ESG space under thematic category. The AMCs are also launching Exchange Traded Funds (ETFs) and ETF Fund of Funds in ESG space. As on October 31, 2021, there were 11 mutual fund schemes in India having ESG as their theme with assets under management of over INR 13,000 crore.
2. These schemes have disclosures in their Scheme Information Documents in line with the other scheme categories, such as investment objective, asset allocation, investment strategy, investment restrictions, etc. and subsequent disclosures. However, these disclosures often do not bring out clearly all aspects related to ESG investing including investment strategy, usage of proprietary / third-party scoring in investment decision-making, monitoring of ESG investments, etc. SEBI is in the process of stipulating disclosures specific to ESG Schemes.
3. **Green Bonds:** In May 2017, SEBI issued guidelines for issuance and listing of Green Debt Securities, i.e. bonds which raise funds for exclusively financing projects in areas such as renewable and sustainable energy, low carbon transport modes, sustainable land use, water and waste management, climate change adaptation, energy efficiency, bio diversity conservation, etc. Since 2016-17, there have been 19 issuances of green bonds in India which together mobilized INR 5,819 crore.
4. Growing awareness and demand for green bonds is evidenced by the recent issue of green bonds by the Ghaziabad Municipal Corporation, which raised INR 150 crore for the construction of a tertiary treatment sewage plant. The market for green bonds in India is reasonably expected to grow in the backdrop of the ambitious target set by India’s Intended Nationally Determined Contribution (INDC) for achieving climate change objective and funding requirement of USD2.5 trillion.

**Interest in ESG rating**

1. The introduction of BRSR and launch of ESG Mutual Fund schemes have generated interest in ESG Ratings as a way for ESG disclosures by listed issuers to aid investors meaningfully integrate ESG into their investment decisions. In this backdrop, SEBI is examining the disclosure of ESG related aspects in the rating press release by Credit Rating Agencies.
2. Further, in the recent years, increasing investor demand for companies to demonstrate high ethical and moral standards has compelled managers of private capital to identify ESG compliant startups to form a significant part of their portfolio. As a result, ESG ratings have become equally important for unlisted companies.
3. Typically, ESG rating providers aim to measure either (a) the exposure of a company to ESG risks, or (b) the assessment of a company on its ESG profile. There continues to be a lack of clarity on what the ESG ratings intend to measure and the rating methodologies are often not transparent. Consequently, ESG ratings or scores of a company may vary significantly across different rating providers. Given these challenges and the nascent nature of the industry, major ESG ratings providers are typically not regulated in any jurisdiction.
4. The IOSCO has recently published its report on ‘ESG Ratings and ESG Data Providers’, wherein it called for oversight of such rating providers. The report recommended greater attention by regulators on the use of ESG ratings and activities of ESG rating providers in their jurisdictions. This could help to increase trust in ESG ratings going forward. Additionally, growing investor interest in ESG has also prompted many regulators to examine the issues related to ESG ratings.
5. In line with global trends, SEBI is looking at what could be the regulatory and supervisory approaches for ESG rating providers.

**Research in ESG**

1. If ESG norms are to add value to businesses and investments, it is necessary to have a thorough understanding of the inter-linkages between ‘Environment’, ‘Social’ and ‘Governance’ factors and their individual and collective impact on a company’s sustainability and its business ecosystem. This requires identification of standardized and quantifiable performance indicators. For example, these factors may include work place safety, customer relations, personnel diversity and inclusion, etc.
2. In depth research on ESG norms is the need of the hour, with focus towards developing high quality, objective, content-specific rating matrices. Research should focus on identifying factors or constituents of measuring ESG which are specific to the company’s region, country and industry, their calculation and relative weights in the overall ESG framework. After all, an Information Technology Service Provider should not be assessed in the same way as a Petroleum Refinery! Further, in today’s dynamic business environment, the components of ESG are continuously evolving and the rating matrices should have the ability to adapt quickly to such changes.

**Concluding Remarks**

1. The priority of the 21st century is not just economic growth, but sustainable and inclusive development. Nothing sums up these priorities as the acronym ESG. Considering the diversity in business models, ecological implications, cultural nuances which have implications for companies’ dealings with employees, customers and channel partners, etc. the landscape for research in ESG is vast and extensive. It is my considered opinion that research in ESG can go a long way towards converting intangible and amorphous variables of business to measurable and quantifiable returns, both financial and social.
2. A dedicated Research Centre for ESG has the potential to spearhead the drive towards enmeshing ESG standards into the foundations of India Inc. I hope this Centre for ESG Research and Innovation plays a crucial role in promoting policy-oriented research as well as innovations in the field of ESG.

I wish you all the very best.

Thank you.

**SPEECH[[2]](#footnote-2)**

**Indian Capital Markets: A Leap Ahead – Reflections on Primary Markets**

**Shri Ajay Tyagi, Chairman**

1. Ladies and Gentlemen, a very good morning to all of you. I would like to thank the Association of Investment Bankers of India for giving me this opportunity to address their annual summit, which this year has been drawn around the theme “Indian Capital Market –A Leap Ahead”. There cannot be a better time than the year end to assess the what, how and why of the market activity so as to draw up promises for the New Year!
2. This year has been particularly exciting for primary market. Along with the sheer size and scale of public issues, the year has seen listing of many companies having non-traditional business models. Let’s take a look at some trends and policy initiatives in this space, before delving into the issues and challenges related to primary market.

**Trends in Primary Market**

1. Globally and domestically, securities markets have witnessed phenomenal growth during the recent two years.
2. During 2020, global equity issuance amounted to USD 826.8 billion, while global long term bond issuance amounted to USD 27.34 trillion. The Emerging Market Economies (EMEs) collectively accounted for 22.9 per cent of the global equity issuance during 2020 and 29.6 per cent of the global long term bond issuance. As at end-2020, the EMEs collectively accounted for about one-fifth of the global equity market capitalization and about one-sixth of the global bond market outstanding.
3. 2021 proved to be a bumper year for the global IPO market: 2,388 deals raised USD 453 billion. While the number of deals went up by 64 per cent, the amount of IPO proceeds increased by 67 per cent. The global equity issuance during 2021 amounted to USD 1.12 trillion through 6,790 deals. The optimism on the COVID-19 vaccination drive, earnings optimism, abundant liquidity, low interest rate environment, global stock market rally, technological innovations and ESG agenda made 2021 an active year for global equity issuance.
4. The Indian securities market also witnessed robust growth during this period, both in terms of number of issues and the amount raised from equity market. In 2021, the Indian stock exchanges ranked 7th in terms of number of IPOs and 8th in terms of IPO proceeds globally. On both accounts, the Indian stock exchanges ranked 10th during the previous year.
5. During 2020-21, 344 issues raised around INR 2.3 lakh crore through issuance of equity securities in the Indian securities market. Of this, 55 were IPOs which raised around INR 31,000 crore. Till November 2021 of 2021-22, 348 issues have raised around INR 1.8 lakh crore through issuance of equity securities, of which 76 were IPOs that raised more than INR 90,000 crore. In just eight months, the IPO proceeds almost trebled, compared to the level for the previous whole year. The average size of IPOs has also grown from about INR 350 crore during 2019-20 to about INR 1,200 crore in this financial year.
6. Participation by retail investors in equity primary market has witnessed a significant jump. Upto November 2021 in 2021-22, the number of applications from retail individual investors in equity IPOs numbered 5.43 crore. During 2019-20, there were only 76.94 lakh applications and during 2020-21 there were 3.80 crore applications from the retail individual investors in IPOs.
7. This increase in retail individual applications is not just owing to the increase in the number of IPOs. The average number of applications received per issue in the retail individual category has also increased. The average number of applications in retail category per IPO on the Main Board for 2019-20 and 2020-21 was 6.8 lakh and 13.64 lakh, respectively, which stands at 15.65 lakh for 2021-22.
8. Investment by retail individual investors in IPOs has grown from about INR 5,000 crore during 2019-20 to about INR 8,300 crore during 2020-21 and to about INR 15,100 crore till November 2021.
9. The extent of oversubscription has also reached new levels. Almost all the IPOs during 2020-21 and till November 2021were fully subscribed. During 2020-21, 20 IPOs were oversubscribed at least 10 times, of which 10 were oversubscribed 100 times. This year, 36 IPOs were oversubscribed at least 10 times, of which 13 were oversubscribed more than 100 times.
10. The IPO market activity has also impacted other market segments very positively. Partly on account of the investors' urge to participate in the IPOs, on an average 27.63 lakh new demat accounts are being opened every month now (i.e., 2021-22). Those preferring mutual fund route for the portfolio diversification and the professional fund management benefits also increased their purchases of equity-oriented schemes to ride the IPO bull run. In this regard, the growing popularity of SIP mode of investment and investor awareness initiatives in the B-30 cities drew more and more new investors besides attracting fresh investments from the existing investors. On an average 23.91 lakh new investor folios are being added every month now with the domestic mutual fund industry.

**Major Policy Initiatives by SEBI for Primary Market**

1. SEBI has been engaging with Merchant bankers, Industry Associations and other stakeholders on an active basis to continuously develop the primary market. SEBI also receives inputs from advisory committees on various critical policy matters from time to time. These efforts endeavour to have a right balance in regulatory architecture. Various steps have been taken in the recent years to make fund raising through capital markets easier, faster and cost effective as well as to ease up the process of investing. Let us take a look at some of them relating to equity market.
2. To facilitate listing by large issuers, the minimum public offer requirements have been relaxed for issuers with post issue market capitalization beyond INR 1 lakh crore. The time line to achieve Minimum Public Shareholding has also been relaxed for such issuers.
3. The lock-in requirements in case of public issues have been reduced. The lock-in for minimum promoters’ contribution has been brought down to 18 months from earlier requirement of 3 years. Similarly, in the case of other pre-IPO shareholders the lock-in has been reduced to 6 months from earlier requirement of 1 year.
4. We have rationalized the definition of Promoter Group and reduced disclosure requirements in respect of Group Companies in offer documents. SEBI is also taking steps for moving from the concept of Promoter to that of Controlling Shareholder.
5. For fund raising through Rights issues, the timeline for completion of issue has been reduced, dematerialization and trading of Rights Entitlements on Stock Exchanges have been introduced and the eligibility and disclosure requirements have been rationalized.
6. Differential Voting Rights (DVR) framework has been introduced considering the typical capital structure of new age tech companies and demand for such a framework. Recently, SEBI relaxed the eligibility criteria for Superior Rights (SR) shareholders, permitting issuance of SR shares to individuals having net-worth upto INR 1000 Crore. The minimum gap between issuance of SR shares and filing of RHP has also been reduced to 3 months.
7. A host of initiatives by SEBI eased up the process of investing. The T+6 listing timeline ensures faster turnaround of investors’ moneys. The Aadhaar based paperless offline e-KYC enables investor on-boarding without any physical visits. Also noteworthy is the introduction earlier of ASBA and now the world’s most efficient payment infrastructure UPI with ASBA modes of payments in the IPOs.

**New Age Tech Companies**

1. Recently, there has been an increasing trend of New Age Tech Companies also known as Growth Companies coming out with their IPOs. Such companies are characterized by their significantly different business model and are asset light in nature. In 2021-22, out of the 23 IPOs on the Main Board with issue size over INR 1,000 Crore, 5 were by companies with non-traditional business models. Such companies access capital markets both to provide exit to existing investors and to fund their growth ambitions. These non-traditional companies offer additional regulatory challenges.
2. Having an appropriate regulatory framework for listing of such companies is also important to attract fresh PE/VC investments in Start-Ups. As you are aware, not only has there been an IPO boom in 2021, the year has also seen the birth of a record number of new unicorns.
3. Typically, the new age tech companies are loss making at the time of listing and the extant regulatory framework acknowledges that. Going forward, based on experience gained and stakeholders’ feedback, there would be learnings and the need for appropriate tweaking of regulations.
4. It is in this context that SEBI had taken out a public consultation paper on the subject in November 2021. We would be soon taking a view on the issues raised in this paper.

**Merchant Bankers’ Role**

1. The merchant bankers have an important role to play in ensuring market integrity.
2. The growth in the primary market is accompanied by various challenges, including in the form of non-traditional business models of issuers, disclosure requirements for new age technology companies and valuation related apprehensions.
3. Appropriate pricing of the issue is a crucial aspect. A proper balancing act between the issuers’ aspirations and investors’ interests is required. The merchant bankers need to engage with a wider set of potential investors.
4. Duties and responsibilities of a merchant banker and code of conduct for them have been specified by SEBI. The responsibility cast upon them includes protecting interest of investors, conducting business with fairness and integrity, ensuring true disclosures to investors in a timely manner so that investors are made aware of attendant risks before taking investment decision. It is incumbent upon the Merchant banker community to not only follow the Regulations in letter but also in spirit. It may be an opportune time for AIBI to reflect upon and review the standards of due diligence adopted by merchant bankers in various issue management activities offered by them. Needless to say, SEBI will not shy away from taking required action if it finds any intermediary not adhering to its mandate.

**Concluding Remarks**

1. The enthusiastic reception of issuances by investors, including retail investors, is a reflection of the confidence reposed by them in the Indian securities market. The members of investment banking fraternity are the custodians of this faith.
2. Merchant bankers have the responsibility to ensure that the trust that the investors have shown in capital markets is not misplaced. By doing so, all stakeholders stand to gain.

On that note, I wish this summit and you all, the very best.

Thank you.

**SPEECH**[[3]](#footnote-3)

**Changing Face of Indian Primary Capital Markets**

**Shri Amarjeet Singh, Executive Director**

1. Good afternoon. It is indeed a pleasure to be a part of this event. I thank AIBI for inviting me to today’s panel.
2. Let me also compliment the organizers for choosing a very relevant theme for today’s panel. In my remarks today, broadly I would like to focus on three aspects, i) some important trends in the primary markets in the context of the changing face of the Primary market, which is the theme of this panel, ii) our recent and ongoing reforms agenda for the primary market and iii) thirdly I would also like to touch upon our expectations from merchant bankers. But, first to set the context, let me quickly reflect on some broader developments and important data points.

**Growth and evolution of securities markets**

1. As 2021 comes to a close, it is indeed heartening to note that the Indian economy and the financial markets have shown tremendous resilience and growth in the traumatic Covid years. Our securities markets are discovering new highs. Massive increase in the number of demat account, rise in trading by individuals, increasing counter play of domestic institutional investors to that of FPIs – these are some paradigm shifts, which have brought our markets to a new growth orbit with brighter prospects.

*Funds raised through IPOs*

1. As for the primary markets, in the recent years, broader trends indicate our economy increasingly shifting to market based financing and dependence on bank credit reducing over time. Lately, primary equity markets have witnessed a record growth despite the pandemic. The funds raised through IPOs in FY21 increased by more than 45% to around INR 310 billion from around INR 210 billion in the previous financial year. During the current financial year, till December 07, 2021, an all-time high of INR 980 billion has already been raised through IPOs, much higher than the combined figure of INR 680 billion of the last 3 years.

*OFS v/s fresh issue*

1. Let me pick up another well noted data point - OFS component as part of public issues continues to dominate in the recent years, contributing 86% of Public issues during FY 2019-20, 70% in FY 2020-21 and 62% this year (till November 2021). The new listings on stock exchanges largely provide an exit to existing investors rather than raising fresh capital.
2. These trends observed over the last few years are set to continue in light of the rising influence of Venture capital / private equity in providing initial risk capital. To illustrate, global venture investment is on track to hit an all-time high of $580 bn this year, i.e. nearly 50% more than what was invested in 2020, and about 20 times that in 2002[[4]](#footnote-4). Similarly, in India, current cumulative investments of INR 2.4 trillion by AIFs is almost 77 times of cumulative investment figure of INR 30 odd billion in March 2014.

**Trends and regulatory response**

1. Let me now turn to some key trends in the primary markets and our regulatory response to these trends.
   1. **Fund raising and listing of new age tech companies**
2. During the past year, we have witnessed the successful listing of several new age tech companies. These companies have raised a sum of over INR 420 bn through IPOs this year. This is an important landmark in further evolution of our equity markets.
3. New age companies follow a unique business model, focusing more on rapid growth than immediate profitability. Despite continuing to incur losses, these companies have been successful in attracting investors. In fact, globally, of the top 100 firms listed in 2021, 54 are in red with cumulative losses of USD 71 billion[[5]](#footnote-5).
4. While several new age companies have listed successfully, we are, at the same time, taking measures to protect the interest of investors in such companies. Let me elaborate this:
5. New age tech companies, have relatively abstract objects of the offer, typically raising funds for 'Funding of Inorganic Growth Initiatives', through acquisitions or for ‘Funding organic growth’ through marketing and advertising spend. Given the uncertainty around such objects, we are considering the need for limiting a specific portion of fresh issue size for objects where companies have not specifically identified their intended acquisition / investment target in the offer document. We are also working on enhancing monitoring of use of proceeds raised by companies.
6. With regard to disclosures by new age tech companies, the typical financial parameters that are disclosed do not suffice and there is a need for additional disclosure of certain key performance indicators (KPIs); so, while giving our observations on offer documents, we have started insisting on relevant KPIs to be disclosed on a quarterly basis by these companies.
   1. **Sustainable finance**
7. Another emerging area is sustainable finance. Sustainability related risks and opportunities are increasingly driving capital allocation decisions, which is reflected in the increase in the total assets and inflows in sustainable funds globally.
8. We are also witnessing a number of new sustainable investing instruments globally, such as green bonds, social bonds, blue bonds etc.
9. In view of the increasing focus on sustainability investing, SEBI has recently introduced new requirements for sustainability reporting called the Business Responsibility and Sustainability Report. Apart from corporate disclosures, ESG aspects of the asset management industry and ESG ratings are other areas which are drawing our regulatory attention.
   1. **New products – REITs and InvITs**
10. From raising funds through traditional equity and debt instruments, corporates are diversifying into a number of new instruments such as REITs and InvITs. As on November end 2021, there were 14 InvITs and 4 REITs registered with SEBI. The recent success of these vehicles can be judged by the sizeable increase in funds raised. In FY 2020, total funds mobilized by REITs & InvITs was INR 115 billion which rose to INR 547 billion in FY 2021.

b.    SEBI has taken several initiatives to facilitate the listing REITs/ Invits and strengthen the regulatory framework for these products; these are expected to generate further traction in infrastructure and real estate financing.

**Regulatory reforms**

1. Let me also briefly touch upon some recent and ongoing regulatory reforms relevant for primary markets.
2. Recent important primary market reforms include relaxation of the lock-in requirements of promoter shareholding and for persons other than promoters, rationalization of the definition of ‘promoter group’, liberalization of the differential voting right framework with appropriate checks and balances to protect the intellectual capital of founders of tech companies, rewriting of the ESOPs regulations, keeping the interest of start-ups and gig economy workers in mind and doing away with reverse book building for delisting through takeover to further incentivize the market for corporate control.
3. The ongoing reforms agenda also includes revisiting the preferential allotments framework, reviewing the price band and book-building framework for public issues and shifting from the concept of promoter to ‘person in control’ or ‘controlling shareholders’ in a smooth, progressive and holistic manner.
4. Let me also add a quick word on furthering the needs of social enterprises by leveraging our primary market capabilities. We are working on operationalizing the framework of social stock exchange, for the benefit of the social sector. A number of new instruments and structures are being created to facilitate fund raising by non-profit organizations, such as Zero coupon zero principle instruments, social impact funds and development impact bonds.

**Expectations from merchant bankers**

1. Turning to the regulatory expectations from merchant bankers, let me outline the need for enhancing the level of due diligence by merchant bankers to ensure that investors are provided with true and adequate information without making any misleading or exaggerated claims. To state the obvious, due diligence is not a mere tick-box exercise and merchant bankers should go beyond relying on declarations and undertakings given by companies and promoters.
2. Based on our experience of scrutinizing DRHPs, let me share our observations on some specific areas.
3. *Responsible valuations:* Let me begin with the elephant in the room viz. valuations. We expect Merchant Bankers to play an important role in ensuring responsible valuations that reflect the fundamentals and business model of the companies. This is essential for attracting and maintaining the confidence of investors in the IPO market.
4. *Risk Factors*: At times risk factors as disclosed are too generic, lack adequate specificity, qualified with caveats and do not give a very clear sense. It will be helpful if RFs are defined more distinctly and sharply with a clear identification of the potential impact on the company.
5. *Industry reports*:It is observed that industry reports are often used to over-project the issuer and the industry it operates it, with claims around growth of the industry, standing of issuer amongst its peers. These reports are often commissioned by the issuer and there are apparent conflicts of interest. There is therefore a need for LMs to satisfy themselves of the veracity and accuracy of the data given in industry reports.
6. *Sustainability disclosures in IPO documents:* We have observed that in certain cases, companies have made claims regarding their focus on sustainability, while having been subject to penal action by pollution control boards. Merchant bankers should ensure that sustainability related claims are verified and backed by data.
7. *Funding Working capital as objects of the offer:* It is often observed that in cases where funding working capital is one of the objects of the offer, the funding requirements are justified with projections which are not connected with the current fundamentals. I guess there is a need for greater scrutiny by LMs on this item.
8. *Information asymmetry:* Merchant bankers should ensure that during roadshows or interactions with institutional investors, the information shared does not go beyond what is disclosed in the DRHP, so as to ensure that there is no information asymmetry in the disclosures made to institutional and retail investors.
9. Finally, another general suggestion is that merchant bankers can take cues from SEBI’s observations on various offer documents and take care of those comments in their subsequent filing of DRHPs, so as to avoid making similar errors / omissions.

**Concluding remarks**

1. To conclude, improving ease of raising of funds is a continuous agenda which has to evolve with the changing needs of the market. Our approach has been to balance development to facilitate capital formation 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.
2. 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.
3. AIBI is an important stakeholder in the development of our Primary market. I wish AIBI all success in its endeavors.

Thank You.

**CAPITAL MARKET REVIEW**

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

* Resource mobilised through equity issuances stood at ₹21,620 crore in December 2021 as compared to ₹63,439 crore raised in November 2021.
* Overall, 20 IPOs listed during the month garnering ₹ 15,681 crore, comprising of ₹ 15,553 crore raised through 12 main board listings and ₹ 128 crore by eight SME/startup listings (Table 1). This was the highest in terms of number of listed IPOs for a month in the financial year so far.
* Amount raised through rights issues in December 2021 was ₹2,577 crore compared to ₹ 21,055 crore in November 2021. Debt-fund raising through public issuances showed an uptick as one public issue of corporate bond closed in December 2021 raising ₹ 456 crore as compared to ₹50 crore raised in November 2021.
* In December 2021, ₹ 3,362 crore was raised through preferential allotment and QIPs as against ₹6,079 crore in November 2021.
* Private placement of corporate debt reported on exchanges stood at ₹ 73,145 crore during December 2021, compared to ₹ 47,654 crore in November 2021.

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

|  |  |  |
| --- | --- | --- |
| **Particulars** | **Nov-21** | **Dec-21** |
| ***I. Equity Issues*** | **63,439** | **21,620** |
| a. IPOs (i+ii) | 36,305 | 15,681 |
| *i. Main Board* | 36,195 | 15,553 |
| *ii. SME Platform* | 110 | 128 |
| b. FPOs | 0 | 0 |
| c. Equity Rights Issues | 21,055 | 2,577 |
| d. QIPs/IPPs | 5,617 | 704 |
| e. Preferential Allotments | 462 | 2,658 |
| ***II. Debt Issues*** | **47,704** | **73,601** |
| a. Debt Public Issues | 50 | 456 |
| b. Private Placement of Debt | 47,654 | 73,145 |
| **Total Funds Mobilised (I+II)** | **1,11,143** | **95,221** |

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

1. **Trends in the Secondary Market**

* During December 2021, Nifty 50 touched 17639 on December 13, 2021 and closed at 17,354 registering an increase of 2.2 per cent over November-end 2021. Similarly, BSE Sensex touched high of 59,203 on December 13, 2021 and closed at 58,254 rising by 3.8 per cent over end of December 2021. The P/E ratios of S&P BSE Sensex and Nifty 50 were 27.2 and 24.1 respectively, at the end of November 2021.
* The market capitalisation of both the BSE and NSE rose by 3.4 per cent, at the end of December 2021, over the previous month-end.

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

|  |  |  |  |
| --- | --- | --- | --- |
| **Description** | **Nov-21** | **Dec-21** | **M-o-M variation (%)** |
| **Equity Market indices** | | | |
| Nifty 50 | 16,983 | 17,354 | 2.2 |
| Sensex | 57,065 | 58,254 | 2.1 |
| Nifty Midcap 50 | 8,186 | 8,411 | 2.7 |
| Nifty Smallcap 100 | 10,661 | 11,289 | 5.9 |
| BSE Midcap | 24,688 | 24,970 | 1.1 |
| BSE Smallcap | 27,937 | 29,458 | 5.4 |
| **Market Capitalisation (₹ crore)** | | | |
| BSE | 2,57,17,228 | 2,66,00,212 | 3.4 |
| NSE | 2,55,37,038 | 2,64,02,579 | 3.4 |
| **P/E Ratio** | | | |
| Sensex | 28.6 | 27.2 | -5.0 |
| Nifty 50 | 23.4 | 24.1 | 3.0 |
| **No of Listed Companies** | | | |
| BSE | 5,304 | 5,327 | 0.4 |
| NSE | 2,035 | 2,053 | 0.9 |
| **Gross Turnover in Equity Segment (₹ crore)** | | | |
| BSE | 97,066 | 97,897 | 0.9 |
| NSE | 13,39,630 | 12,32,735 | -8.0 |
| **Gross Turnover in Equity Derivatives Segment (₹ crore)** | | | |
| BSE | 50,94,172 | 59,22,581 | 16.3 |
| NSE | 14,62,46,690 | 17,37,20,403 | 18.8 |
| **Gross Turnover in Currency Derivatives Segment (₹ crore)** | | | |
| BSE | 5,27,481 | 6,38,502 | 21.0 |
| NSE | 16,19,218 | 23,26,400 | 43.7 |
| MSEI | 4,278 | 10,056 | 135.1 |
| **Gross Turnover in Interest Rate Derivatives Segment (₹ crore)** | | | |
| BSE | 2,277 | 2,031 | -10.8 |
| NSE | 1,603 | 1,757 | 9.6 |

**Source:** BSE, NSE and MSEI

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

*Note: The closing values of Nifty 50 and Sensex have been rebased with respective closing values of last day of the previous month.*

**Source:** BSE and NSE

**Figure 2: Trends in Average Daily Turnover of NSE Equity and BSE Equity Cash Segment**

*Note: ADV implies Average Daily Values and ADT implies Average Daily Turnover*

**Source:** BSE and NSE

* The gross turnover in the equity cash segment rose by 0.9 per cent at BSE and fell by 8.0 per cent at NSE in December 2021 over previous month.
* Except BSE PSU and BSE Bank, all the selected BSE sectoral indices registered positive returns during the month. BSE Teck showed highest return (at 8.13) followed by BSE Capital Goods (at 6.49) and BSE metal (at 5.64) respectively. The average daily volatility and monthly returns for these select BSE indices for December 2021 are illustrated in Figure 3.

**Figure 3: Trends of BSE Sectoral Indices during December 2021 (per cent)**

**Source:** Refinitiv

* NIFTY IT showed highest positive return (at 10.47) among the selected NSE Indices during December 2021. NIFTY Infra, NIFTY Bank, NIFTY Realty and NIFTY Energy all showed negative returns by small percentage. NIFTY PSU showed lowest returns at -1.16 per cent which is actually better than previous month’s negative return of -9.4 per cent. The average daily volatility and monthly returns of these select NSE indices for December 2021 are illustrated in Figure 4.

**Figure 4: Trends of NSE Sectoral Indices during December 2021 (per cent)**

**Source:** Refinitiv

1. **Trends in Depository Accounts**
2. During December 2021, NSDL added 4 lakh demat accounts while CDSL added 30 lakh demat accounts. Cumulatively, both the depositories have added 255 lakh new accounts in this fiscal year so far (April-December 2021), with CDSL itself accounting for 222 lakh new demat accounts.

**Figure 5: Monthly New Demat Accounts Added (in lakh)**

**Source:** NSDL and CDSL

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

**BSE**

* During December 2021, the cumulative notional turnover of the equity derivatives segment at BSE increased by 16.3 per cent to ₹59.23 lakh crore.
* As at the end of December 2021, the open interest in terms of value at BSE stood at ₹42.85 crore decreasing from ₹76.30 crore as at the end of November 2021.

**NSE**

* The monthly notional turnover in the equity derivatives segment at NSE increased by 18.8 per cent to ₹1,737 lakh crore in December 2021 from ₹1,462 lakh crore in November 2021.
* At the end of December 2021, the open interest in terms of value at NSE stood at ₹ 6,62,852 crore showing a fall of 21.5 per cent from ₹ 8,44,429 crore in November 2021.

**Figure 6: Trends of Average Daily Notional Turnover at BSE and NSE (₹ crore)**

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

**Source:** BSE and NSE

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

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Description** | **NSE** | | | **BSE** | | |
| **Nov-21** | **Dec-21** | **Percentage Change Over Month** | **Nov-21** | **Dec-21** | **Percentage Change Over Month** |
| **A. Turnover (₹crore)** | | | | | | |
| **(i) Index Futures** | 6,62,962 | 7,45,600 | 12.5 | 4.43 | 4.86 | 9.7 |
| **(ii) Options on Index** |  |  |  |  |  |  |
| ***Put*** | 6,50,91,895 | 8,00,21,896 | 22.9 | 4,41,432.53 | 1,55,812.87 | -64.7 |
| ***Call*** | 7,42,22,976 | 8,72,13,629 | 17.5 | 46,52,734.69 | 57,66,763.32 | 23.9 |
| **(iii) Stock Futures** | 17,68,557 | 15,79,596 | -10.7 | 0 | 0 | - |
| **(iv) Options on Stock** |  |  |  |  |  |  |
| ***Put*** | 12,59,011 | 12,63,883 | 0.4 | 0 | 0 | - |
| ***Call*** | 32,41,288 | 28,95,799 | -10.7 | 0 | 0 | - |
| **Total** | **14,62,46,690** | **17,37,20,403** | **18.8** | **50,94,172** | **59,22,581** | **16.3** |
| **B. No. of Contracts** | | | | | | |
| **(i) Index Futures** | 72,58,451 | 85,05,901 | 17.2 | 48 | 54 | 12.5 |
| **(ii) Options on Index** |  |  |  |  |  |  |
| ***Put*** | 70,97,55,310 | 91,68,46,295 | 29.2 | 50,79,766 | 18,60,404 | -63.4 |
| ***Call*** | 78,68,28,396 | 97,16,82,590 | 23.5 | 4,66,23,270 | 5,87,53,452 | 26.0 |
| **(iii) Stock Futures** | 2,31,37,882 | 2,17,68,924 | -5.9 | 0 | 0 | - |
| **(iv) Options on Stock** |  |  |  |  |  |  |
| ***Put*** | 1,65,40,463 | 1,75,63,643 | 6.2 | 0 | 0 | - |
| ***Call*** | 3,94,51,734 | 3,73,98,146 | -5.2 | 0 | 0 | - |
| **Total** | **1,58,29,72,236** | **1,97,37,65,499** | **24.7** | **5,17,03,084** | **6,06,13,910** | **17.2** |
| **C. Open Interest in Terms of Value (₹ crore)** | | | | | | |
| **(i) Index Futures** | 30,121 | 28,118 | -6.6 | 0.53 | 0.09 | -83.0 |
| **(ii) Options on Index** |  |  |  |  |  |  |
| ***Put*** | 2,29,726 | 2,09,772 | -8.7 | 23.06 | 5.91 | -74.4 |
| ***Call*** | 2,94,317 | 1,68,189 | -42.9 | 52.72 | 36.85 | -30.1 |
| **(iii) Stock Futures** | 1,96,145 | 1,86,957 | -4.7 | 0 | 0 | - |
| **(iv) Options on Stock** |  |  |  |  |  |  |
| ***Put*** | 34,404 | 27,332 | -20.6 | 0 | 0 | - |
| ***Call*** | 59,715 | 42,484 | -28.9 | 0 | 0 | - |
| **Total** | **8,44,429** | **6,62,852** | **-21.5** | **76.30** | **42.85** | **-43.8** |
| **D. Open Interest in Terms of No of Contracts** | | | | | | |
| **(i) Index Futures** | 3,49,130 | 3,21,868 | -7.8 | 6 | 1 | -83.3 |
| **(ii) Options on Index** |  |  |  |  |  |  |
| ***Put*** | 26,63,799 | 24,01,512 | -9.8 | 259 | 65 | -74.9 |
| ***Call*** | 33,98,619 | 19,22,059 | -43.4 | 592 | 405 | -31.6 |
| **(iii) Stock Futures** | 27,93,366 | 26,44,078 | -5.3 | 0 | 0 | - |
| **(iv) Options on Stock** |  |  |  |  |  |  |
| ***Put*** | 4,72,322 | 3,83,670 | -18.8 | 0 | 0 | - |
| ***Call*** | 8,27,452 | 5,96,089 | -28.0 | 0 | 0 | - |
| **Total** | **1,05,04,688** | **82,69,276** | **-21.3** | **857** | **471** | **-45.0** |

**Source:** BSE and NSE

1. **Currency Derivatives**

During December 2021, the monthly notional turnover of currency derivatives in India (NSE, BSE and MSEI together) stood at ₹ 29,74,958 crore as compared to ₹ 21,50,977 crore in November 2021, registering rise of 38.31 per cent.

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

**Source:** BSE, NSE and MSEI

1. **Interest Rate Derivatives**

During December 2021, the monthly notional turnover of interest rate derivatives at NSE increased by 9.61 per cent to ₹ 1,757 crore, while that at BSE decreased by 10.81 per cent to ₹ 2,031 crore.

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

**Source:** BSE and NSE

1. **Trading in Corporate Debt Market**

* During December 2021, BSE registered 7,396 trades of corporate debt with traded value of ₹51,214 crore, registering an increase of 30.7 per cent in traded value as compared to November 2021.
* At NSE, 5,468 trades were recorded with a traded value of ₹94,734 crore in December 2021 which is 31.8 per cent higher as compared to November 2021.

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

**Source:** BSE and NSE

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

* As at end of December 2021, there were a total of 1,451 mutual fund schemes, of which 1,080 were open-ended schemes, 350 were close-ended schemes and 21 were interval schemes.
* The mutual fund industry saw a net monthly outflow of ₹ 4,212 crore in December 2021 as against an outflow of ₹ 46,165 crore during November 2021.
* Gross funds mobilised by open-ended schemes during December 2021 was ₹ 9,14,252 crore as against redemption/repurchase of ₹ 9,18,787 crore, resulting in a net outflow of ₹ 4,535 crore from open-ended schemes. Of gross fund mobilisation, ₹8,30,309 crore was mobilised through income/debt oriented schemes, ₹42,805 crore through growth/equity oriented schemes, ₹ 17,889 crore through hybrid schemes, ₹311 crore through solution oriented schemes and ₹22,937 crore through other schemes.
* During December 2021, ₹ 356 crore were matured/ repurchased[[6]](#footnote-6) by close-ended schemes while in the interval schemes, ₹1.4 crore were matured/redeemed.
* The cumulative net assets under management of mutual funds increased marginally by 1.04 per cent to ₹37.73 lakh crore as at the end of December 2021, driven by record inflow of ₹25,082 crore into equity oriented schemes during the month.
* In the secondary market, during December 2021, mutual funds deployed ₹24,207 crore in equity schemes and ₹1,963 crore in debt schemes.

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

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

* The foreign portfolio outflow continued in December 2021 as FPIs withdrew a total of ₹ 29,702 crore from the Indian securities market, due to both equity and debt segment (excluding debt VRR and hybrid segment) witnessing net outflow of ₹30,825 crore during December 2021.
* However, a contrasting trend was seen within equity segment as FPI investment in equity via primary market route witnessed a significant net inflow of ₹13,664 crore. This reflects the increasing participation of FPIs in IPOs in recent times. In the secondary market, FPIs remained net sellers as demonstrated by net outflow of ₹ 32,690 crore.
* The AUC of FPIs in India, as at the end of December 2021 was ₹52,72,593 crore, out of which the notional value of offshore derivative instruments (ODIs) (including ODIs on derivatives) was ₹ 95,501 crore which constitutes 1.81 per cent of total AUC of FPIs.

**Figure 12: Trends in FPIs’ Investments**

**Source:** NSDL

1. **Trends in Portfolio Management Services**

* As at end of December 2021, AUM of the portfolio management industry stood at ₹ 23.54 lakh crore as compared to ₹ 22.94 lakh crore at the end of November 2021. On a year on year basis the total AUM of portfolio management services witnessed a growth of 21.2 per cent.
* There were 1,34,682 clients in portfolio management industry as at the end of December 2021, of which 1,25,017 clients were of discretionary services category, 7,812 clients in non-discretionary services category and 1,853 clients availed advisory services of portfolio managers.

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

During December 2021, five open offers with offer value of ₹ 6.2 crore were closed under SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011 as against seven open offers with offer value of ₹108 crore closed in November 2021.

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

**IX. Commodity Derivatives Markets**

1. **Market Trends**

* At the end of December 2021, MCX iCOMDEX composite index increased by 3.0 per cent (M-o-M). This increase was mainly driven by upward trend in futures prices of crude oil, zinc, nickel and copper.
* Amongst sectoral indices, MCX iCOMDEX Energy Index increased most by 8.2 percent, followed by MCX iCOMDEX Base Metal (4.3 per cent) and MCX iCOMDEX Bullion index (0.6 per cent).
* NCDEX NKrishi index though increased by 4.0 per cent (M-o-M), a mixed trend in prices of it’s constituents was observed. The futures prices of Turmeric increased most by 14.8 per cent, followed by Cotton Seed Oil Cake (13.3 per cent) and Gur (4.1 percent). A decrease was recorded in the prices of Castor Seed New (9.1 per cent), Maize (3.6 per cent), and Bajra (1.4 per cent).
* Movement in MCX iCOMDEX composite Index and NKrishi Index during December 2021 is given in ***Figure 14*** and the monthly data of these indices is provided in ***Table 64.***

**Figure 14: Movement of Domestic Commodity Derivatives Market Indices**

**Source: MCX and NCDEX**

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

|  |  |  |  |
| --- | --- | --- | --- |
| **Items** | **Nov-21** | **Dec-21** | **Percentage variation**  **M-O-M** |
| **A. Indices** |  |  |  |
| Nkrishi | 5,338 | 5,550 | *4.0* |
| MCX iCOMDEX | 11,522 | 11,864 | *3.0* |
| **B. Turnover Exchange-wise (₹crore)** |  |  |  |
| **All-India** | **8,76,157** | **7,94,465** | *-9.3* |
| **MCX, of which** | **7,32,096** | **6,37,908** | *-12.9* |
| Futures | 5,31,769 | 4,53,950 | *-14.6* |
| Options | 2,00,327 | 1,83,958 | *-8.2* |
| **BSE, of which** | **1,05,133** | **1,24,678** | *18.6* |
| Futures | 499 | 510 | *2.2* |
| Options | 1,04,634 | 1,24,168 | *18.7* |
| **NCDEX, of which** | **37,233** | **30,243** | *-18.8* |
| Futures | 37,206 | 30,230 | *-18.7* |
| Options | 27 | 13 | *-51.5* |
| **NSE, of which** | **1,692** | **1,632** | *-3.5* |
| Futures | 1 | 1 | *-0.6* |
| Options | 1,691 | 1,631 | *-3.5* |
| **ICEX (Futures)** | **4** | **4** | *-6.4* |

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

***Note: The values have been rounded to nearest integer in a spreadsheet software. Due to rounding, per cent change for small values may appear very large or incorrect.***

1. **Commodity Derivatives Turnover**

* During December 2021, pan- India turnover of commodity derivatives decreased by 10.9 per cent to ₹11.3 lakh crore over the previous month.
* The percentage share of agri and non-agri segments in overall turnover accounted for 11.4 per cent and 88.6 per cent, respectively. The turnover of agri. segment decreased by 0.4 per cent while that of non-agri segment decreased by 12.1 per cent.
* The percentage share of futures and options contracts in overall turnover stood at 75.3 per cent and 24.7 per cent, respectively. The turnover of futures contracts decreased by 15.3 percent while that of options contract increased by 5.8 per cent over the previous month.
* At exchange level, the turnover increased at BSE (11.5%), and NSE (9.5%) while it declined at ICEX (27.1%), NCDEX (18.8%) and MCX (12.5%).
* In terms of percentage share of commodity derivatives turnover among exchanges, the MCX has the highest market share of 87.9 per cent, followed BSE (9.3 per cent), NCDEX (2.7 per cent), NSE (0.1 per cent) and ICEX (0.0003 per cent).
* At MCX, the turnover of agri. segment increased by 6.9 per cent while non-agri (futures and options) segment turnover decreased by 14.2 per cent.
* During December 2021, the total turnover at BSE increased by 11.5 per cent to ₹1,05,133 crore. Options contract on gold alone contributed 99.5 per cent to the total turnover.
* At NCDEX, during December 2021, the overall turnover decreased by 18.8 per cent to ₹30,243 crore over the previous month. The turnover in agricultural indices (AGRIDEX, GUARDEX, SOYDEX Index) increased to ₹17.0 crore from ₹3.0 crore. The steel long, the only non-agri commodity traded at NCDEX, recorded turnover of ₹7.0 crore during the month.
* The total turnover at NSE decreased by 9.5 per cent to ₹1,692 crore during December 2021. At NSE, the options contract of gold mini alone contributed 99.9 per cent to the total turnover.
* The total turnover at ICEX decreased by 27.1 per cent to ₹3 crores. Presently, the futures contracts of only two commodities namely, steel long and rubber are being traded at ICEX.
* The trends in turnover of commodity derivatives at exchanges are shown in Figures 15, 16 and 17 and the details are given in Tables 65 to 69.

**Figure 15: Trends in Turnover of Agricultural Commodity Derivatives**

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

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

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

**Figure 17: Trends in Turnover of Non-Agricultural Options contracts**

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

**OVERVIEW OF THE GLOBAL FINANCIAL MARKETS**

1. **State of Economy**

**Global**

* As per World Bank Global Economic Prospects (GEP) – Jan 2022, Global growth is expected to decelerate markedly from 5.5 per cent in 2021 to 4.1 per cent in 2022 and 3.2 per cent in 2023. A notable deceleration in major economies—including the United States and China—is expected to weigh on external demand in emerging and developing economies.
* Growth in advanced economies is expected to decline from 5.0 per cent in 2021 to 3.8 per cent in 2022. While, in emerging and developing economies, growth is expected to drop from 6.3 per cent in 2021 to 4.6 per cent in 2022.
* Globally and in advanced economies, inflation is running at the highest rates since 2008, while, in emerging market and developing economies, it has reached its highest rate since 2011. Many emerging and developing economies are, hence, withdrawing policy support to contain inflationary pressures—well before the recovery is complete.
* As per World Bank, India’s economy is estimated to expand by 8.3 per cent in 2021-22 and 8.7 per cent in next year.
* The JPMorgan Global Composite Output Index, declined to a three-month low of 54.3 in December 2021, from 54.8 in November 2021, due to slower increase in services activity, which were partially offset by faster growth of manufacturing sector.

**United States**

* Third estimate of GDP released by Bureau of Economic Analysis, US Department of Commerce, on December 22, 2021, shows that the real GDP in US increased at annual rate of 2.3 per cent (Q-o-Q) in Q3, 2021, as compared to 6.7 per cent in Q2, 2021.
* Federal Reserve Board in its FOMC meeting held in December, 2021, maintained an accommodative stance of monetary policy and kept the target range for the federal funds rate at 0 to 0.25 per cent. FOMC decided to double the pace of reduction in its net asset purchases of Treasury securities and agency mortgage-backed securities.
* Seasonally adjusted CPI (All Urban Consumers) increased to 0.5 per cent (M-o-M) in December 2021, after rising 0.8 per cent in previous month. Over past 12 months, the inflation index increased by 7.0 per cent in December 2021.
* The Unemployment rate decreased to 3.9 per cent in December 2021, as compared to 4.2 per cent in previous month.

**United Kingdom**

* As per latest quarterly estimates of GDP released by Office of National Statistics on December 22, 2021, UK GDP increased by 1.1 per cent (Q-o-Q) in Q3 2021, as compared to a growth of 5.4 per cent in Q2, 2021. UK GDP contracted by 1.3 per cent in Q1, 2021.
* The household saving ratio decreased to 8.6 per cent in Q3 2021 compared with 10.7 per cent in Q2, 2021.
* During December 2021, CPI rose by 5.4 per cent as compared to 5.1 per cent in previous month.
* The UK unemployment rate fell to 4.1 per cent for September to November 2021 period as compared to 4.2 per cent in August to October 2021.
* In its Monetary Policy meeting held in December, 2021, Bank of England increased the Bank Rate at by 0.15 percentage points to 0.25 per cent.
* IHS Markit UK Manufacturing PMI declined marginally to 57.9 in December, from November's three-month high of 58.1. However, Services PMI declined sharply to 53.6 in December from 58.5 in previous month.

**Euro area**

* As per estimates of GDP released by Eurostat (the statistical office of the European Union), GDP increased by 2.2 per cent (Q-o-Q) in euro area in Q3, 2021, as compared to a growth of 2.2 per cent in Q2 2021.
* During Q3, 2021, household saving rate in the euro area declined to 15.0 per cent from 19.0 per cent in Q2, 2021.
* As per flash estimates released by Eurostat, euro area annual inflation increased to 5.0 per cent in December 2021, from 4.9 per cent in previous month.

**India**

* As per first advance estimates of GDP released by MOSPI on Jan 07, 2022, real GDP for 2021-22 increased by 9.2 per cent (Y-o-Y), as compared to a contraction of 7.3 per cent in 2020-21.
* During 2021-22, GVA at basic price for Agriculture sector is estimated to increase by 3.9 per cent, while, for manufacturing and mining activities, it is expected to grow by 12.5 per cent and 14.3 per cent, respectively.
* CPI inflation in December 2021 (provisional), increased to 5.6 per cent from 4.9 per cent in previous month.
* As per quick estimates released by MOSPI, IIP increased by 1.4 per cent (Y-o-Y) in November 2021 as compared to 4.0 per cent increase in previous month.

1. **Market Trends –**

**Equity Markets**

* During December 2021, amongst the BRICS countries, highest annualized monthly volatility was observed in Russian Traded index (29.6 per cent), while Shanghai SE Composite index (China) recorded the lowest volatility of 10.7 per cent.
* In terms of monthly movement in indices, FTSE/JSE Africa index of South Africa recorded highest increase of 4.6 per cent, while Russian Traded index recoded highest decline of 2.3 per cent during December 2021.
* Among select developed markets[[7]](#footnote-7), Nasdaq Composite index of the US was most volatile index (22.8 per cent) during December 2021, while, Taiwan Taiex index exhibited least volatility (7.9 per cent) during the month.
* During December 2021, CAC40 index of France was top gainer with return of 6.4 per cent, while Hang Seng index of Hong Kong registered a highest decline of 0.3 percent, among the select developed market indices.
* The MSCI World Index, which is a broad global equity index that represents large and mid-cap equity performance across 23 developed markets, increased by 4.2 per cent in December 2021.
* MSCI All Country World Price Index (MSCI ACWI), which represent performance of set of large- and mid-cap stocks across 23 developed and 27 emerging markets, also moved up by 3.9 per cent during the month.

**Table 1: Performance of Stock Indices**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Country** | **Index** | **Closing Value as on** | **Percentage Change in Closing Value over period** | | | | **Annualised**  **Volatility** | **P/E Ratio** |
| **31-Dec-21** | **1-Month** | **3-Month** | **6-Month** | **1-Year** | **(%)** |  |
| **BRICS Nations** | | | | | | | | |
| Brazil | BRAZIL IBOVESPA | 104,822 | 2.9 | -5.5 | -17.3 | -11.9 | 18.6 | 7.1 |
| Russia | RUSSIAN TRADED | 2,134 | -2.3 | -9.6 | -1.3 | 18.4 | 29.6 | 6.1 |
| India | Nifty 50 | 17,354 | 2.2 | -1.5 | 10.4 | 24.1 | 16.6 | 24.1 |
| India | S&P BSE SENSEX | 58,254 | 2.1 | -1.5 | 11.0 | 22.0 | 16.5 | 27.9 |
| China | SHANGHAI COMPOSITE | 3,640 | 2.1 | 2.0 | 1.4 | 4.8 | 10.7 | 12.0 |
| South Africa | FTSE/JSE AFRICA | 73,709 | 4.6 | 14.7 | 11.3 | 24.1 | 13.7 | 9.9 |
| **Developed Markets** | | | | | | | | |
| USA | NASDAQ COMPOSITE | 15,645 | 0.7 | 8.3 | 7.9 | 21.4 | 22.8 | NA |
| USA | DOW JONES INDUS. AVG | 36,338 | 5.4 | 7.4 | 5.3 | 18.7 | 14.8 | 20.7 |
| France | CAC 40 | 7,153 | 6.4 | 9.7 | 9.9 | 28.9 | 16.9 | 19.3 |
| Germany | DAX | 15,885 | 5.2 | 4.1 | 2.3 | 15.8 | 17.8 | 14.9 |
| UK | FTSE 100 | 7,385 | 4.6 | 4.2 | 4.9 | 14.3 | 12.0 | 15.3 |
| Hong Kong | HANG SENG | 23,398 | -0.3 | -4.8 | -18.8 | -14.1 | 16.6 | 11.0 |
| South Korea | KOSPI | 2,978 | 4.9 | -3.0 | -9.7 | 3.6 | 12.8 | NA |
| Japan | NIKKEI 225 | 28,792 | 3.5 | -2.2 | 0.0 | 4.9 | 17.7 | 15.5 |
| Singapore | STRAITS TIMES STI | 3,124 | 2.7 | 1.2 | -0.2 | 9.8 | 9.2 | 13.7 |
| Taiwan | TAIWAN TAIEX | 18,219 | 4.5 | 7.6 | 2.6 | 23.7 | 7.9 | 13.3 |

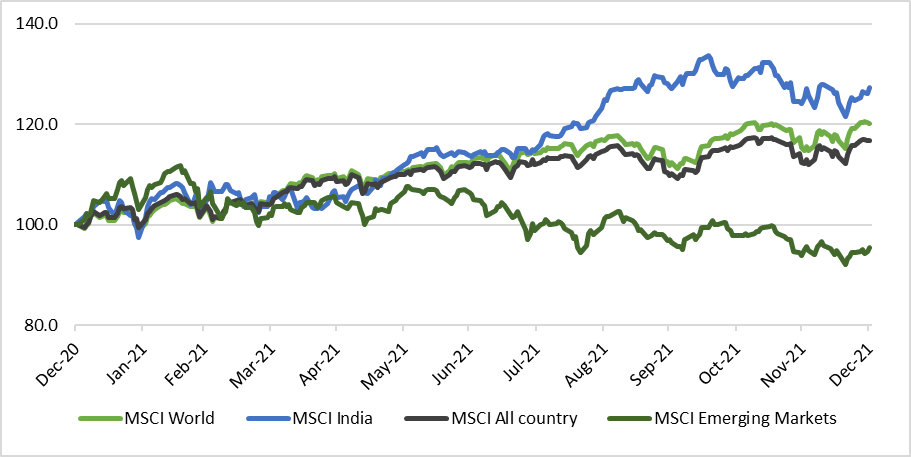
*Note: P/E Ratios are as on the last trading day of month.*

*NA: Not Available*

*Data for Sensex and Nifty was taken from respective exchange website.*

*Source: Refinitiv, BSE and NSE*

**Figure 1: Stock Market Trends in Selected Markets**



***Note****: All indices have been normalised to 100 on 31 Dec 2020.* ***Source****: Refinitiv*

**Bond Market**

* Among BRIC Nations, 10-year government bond yield of Brazil declined further to 10.3 per cent, as at end of December 2021 from 11.4 per cent in previous month (9.6 per cent decline). Brazil had witnessed its 10-year G-sec yield growing as high as 12.2 per cent at the end of October 2021.
* Indian 10-year government bond yield increased to 6.5 per cent in December 2021, from 6.3 per cent in previous month.
* Among select developed countries[[8]](#footnote-8), 10-year government bond yield in U.S. was broadly unchanged at 1.5 per cent as at end of December 2021, while Germany reported negative yield of 0.2 per cent as compared to -0.3 per cent in November 2021.

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

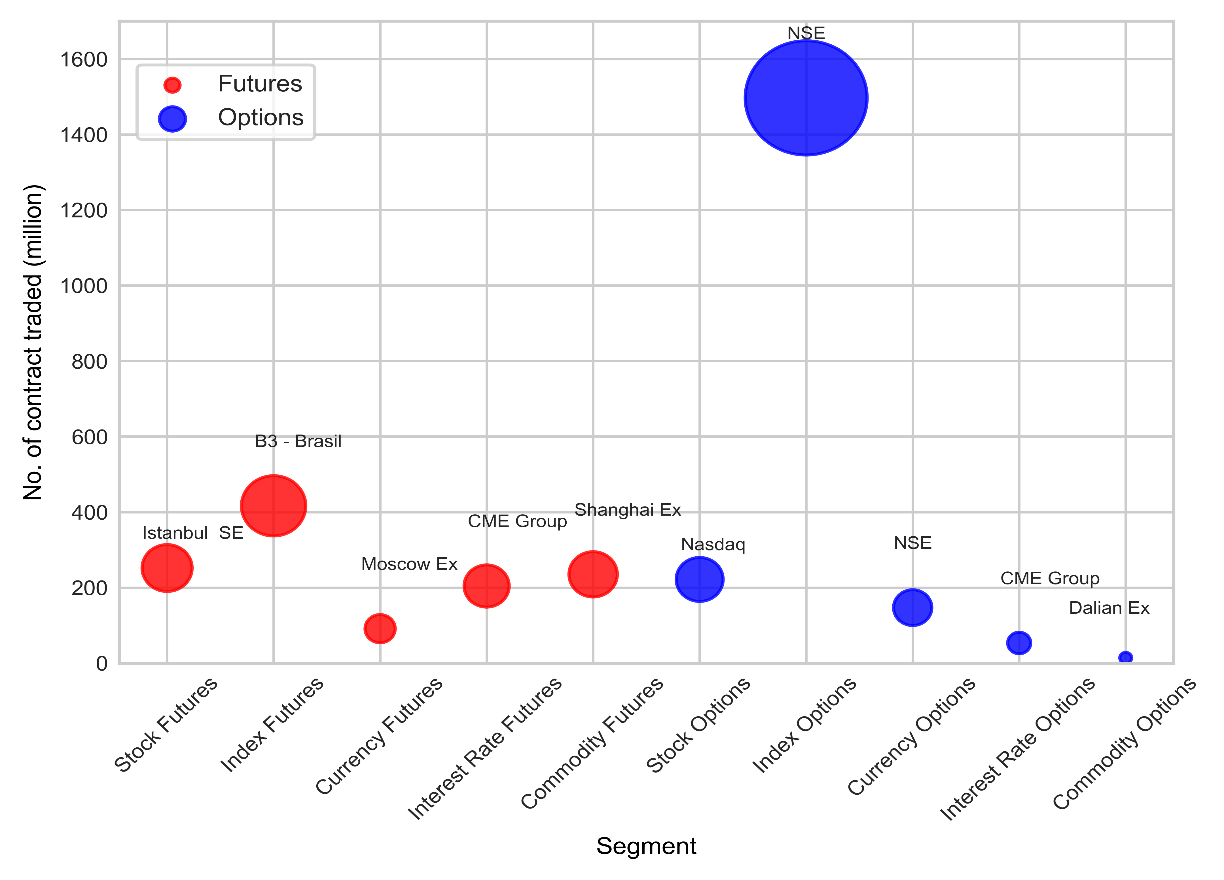
|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Country** | **Yield as on** | **Bond Yield in previous period** | | | |
| **31-Dec-21** | **1-Month** | **3-Month** | **6-Month** | **1-Year** |
| **BRIC Nations** | | | | | | |
| Brazil | **10.3** | 11.4 | 11.2 | 9.1 | 7.0 |
| Russia | **8.4** | 8.4 | 7.3 | 7.2 | 5.9 |
| India | **6.5** | 6.3 | 6.2 | 6.1 | 5.9 |
| China | **2.8** | 2.9 | 2.9 | 3.1 | 3.2 |
| **Developed Markets** | | | | | | |
| USA | **1.5** | 1.5 | 1.5 | 1.5 | 0.9 |
| UK | **1.0** | 0.8 | 1.0 | 0.7 | 0.2 |
| Germany | **-0.2** | -0.3 | -0.2 | -0.2 | -0.6 |
| Spain | **0.6** | 0.4 | 0.5 | 0.4 | 0.1 |
| Japan | **0.1** | 0.1 | 0.1 | 0.1 | 0.0 |

*Source: Refinitiv*

**Derivatives**

* Among select exchanges (as given in Table A1), during November 2021, CME Group recorded highest number of contracts traded in interest rate futures and interest rate options segment.
* While, NSE recorded highest number of contracts traded in index options and currency futures segment.

**Figure 2: Number of contracts traded at major exchanges\* in different derivatives segment in November 2021**



*Note: 1. \*Major Exchanges: For each derivatives segment, exchange with highest no. of contracts traded (in that segment) among select exchanges (as given at Table A1) is considered as top exchange for the segment.*

*Source: World Federation of Exchanges*

**Currency Market**

* During December 2021, among BRICS nations, Rouble (Russia) and Rand (S. Africa), depreciated against USD by 1.0 per cent and 0.7 per cent, respectively.
* Among developed market, Pound, Franc and Euro appreciated against USD by 1.7 per cent, 0.7 per cent and 0.3 per cent, respectively.

**Table 3: Movement in Major Currencies across developing and developed markets**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Country** | **Currency** | **Index as on** | **Percentage change in Currency Index over period** | | | |
|  | **31-Dec-21** | **1-Month** | **3-Month** | **6-Month** | **1-Year** |
| **BRICS Nations** | | | | | | | |
| Brazil | Real | 5.6 | -1.0 | 2.3 | 12.1 | 7.3 |
| Russia | Rouble | 74.6 | 1.0 | 2.7 | 2.2 | 1.0 |
| India | Rupee | 74.5 | -0.8 | 0.4 | 0.1 | 2.0 |
| China | Renminbi | 6.4 | -0.2 | -1.4 | -1.6 | -2.6 |
| S. Africa | Rand | 16.0 | 0.7 | 6.0 | 12.1 | 8.9 |
| **Developed Markets** | | | | | | | |
| UK | Pound | 0.7 | -1.7 | -0.4 | 2.2 | 1.1 |
| Europe | Euro | 0.9 | -0.3 | 1.9 | 4.3 | 7.4 |
| Japan | Yen | 115.1 | 1.7 | 3.4 | 3.6 | 11.5 |
| France | Franc | 0.9 | -0.7 | -2.1 | -1.4 | 3.1 |
| US | Dollar Index | 96.0 | 0.0 | 1.8 | 3.8 | 6.7 |

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

*2. Negative sign indicates appreciation of quote currency against the base currency (USD)*

*Source: Refinitiv*

**Figure 3: Movement of the USD-INR Index, US Dollar Index and MSCI EM Currency Index**

Note:

1. All indices have been normalised to 100 on 31 Dec 2020.
2. The U.S. Dollar Index is an index of the value of the United States dollar relative to a basket of foreign currencies. The Index goes up when the U.S. dollar gains value compared to other currencies. The index is maintained and published by Intercontinental Exchange. It is a weighted geometric mean of the dollar's value relative to following select currencies: Euro, Japanese yen, Pound sterling, Canadian dollar, Swedish krona, Swiss franc.
3. The MSCI Emerging Markets (EM) Currency Index tracks the performance of twenty-five emerging-market currencies relative to the US Dollar.

Source: Refinitiv

**US Treasury Securities- Foreign holdings**

* At the end of November 2021, Japan was the biggest foreign holder of US Treasury Securities, holding 17.3 per cent of the total US treasury Securities, followed by China (13.9 per cent). The total foreign holding of US Treasury Securities at the end of November 2021 was USD 7,748 billion. The holdings of US Treasury Securities by India stood at 2.6 per cent (205 billion) as at the end of November 2021.
* As compared to previous month, India’s holding of US Treasury Securities declined by 2.6 per cent, as at end of November 2021.

**Table A2: Major Foreign Holders of US Treasury Securities (USD billion)**

|  |  |  |  |
| --- | --- | --- | --- |
| **Country** | **Nov-21** | **Percentage change over Period** | |
| **1-Month** | **1-Year** |
| Japan | 1,341 | 1.5 | 6.3 |
| China, Mainland | 1,081 | 1.4 | 1.7 |
| United Kingdom | 622 | 7.2 | 47.8 |
| Luxembourg | 334 | 6.4 | 24.9 |
| Ireland | 331 | 2.2 | 5.4 |
| Switzerland | 292 | 0.8 | 15.4 |
| Cayman Islands | 266 | -1.6 | 19.2 |
| Brazil | 249 | 0.4 | -5.1 |
| Taiwan | 248 | 2.5 | 11.7 |
| Hong Kong | 235 | 0.7 | 5.0 |
| France | 228 | -4.8 | 72.4 |
| Belgium | 225 | -0.4 | -6.5 |
| **India** | 205 | -2.6 | -6.8 |
| Canada | 197 | -1.4 | 54.9 |
| Singapore | 190 | 0.9 | 16.1 |
| Korea | 133 | 6.4 | 8.6 |
| Saudi Arabia | 115 | -1.3 | -16.4 |
| Norway | 100 | -4.6 | 12.6 |
| Germany | 82 | -1.9 | 12.6 |
| Bermuda | 72 | 1.6 | -2.7 |
| Netherlands | 66 | -1.8 | -7.4 |
| Israel | 64 | -2.3 | 12.8 |
| Thailand | 63 | 6.3 | -23.3 |
| Poland | 55 | 0.9 | 16.0 |
| Australia | 55 | 2.0 | 35.2 |
| Philippines | 50 | 1.0 | 3.5 |
| United Arab Emirates | 48 | -9.4 | 30.4 |
| Mexico | 48 | -4.8 | -9.7 |
| Kuwait | 45 | -2.2 | -2.4 |
| Italy | 44 | 1.4 | 7.0 |
| Vietnam | 44 | -2.7 | 37.3 |
| Sweden | 40 | 0.5 | 6.6 |
| Chile | 37 | -3.4 | 31.8 |
| Colombia | 34 | -2.0 | 8.8 |
| All Other | 508 | 0.7 | 0.1 |
| Grand Total | 7,748 | 1.2 | 9.9 |
|  |  |  |  |
| Of which: |  |  |  |
| For. Official | 4,215 | 0.6 | 0.9 |
| Treasury Bills | 249 | -3.5 | -33.0 |
| T-Bonds & Notes | 3,966 | 0.9 | 4.2 |

**Note**:

1. Data available as on Jan 18, 2022.
2. The data in this table are collected primarily from U.S.-based custodians and broker-dealers. Since U.S. securities held in overseas custody accounts may not be attributed to the actual owners, the data may not provide a precise accounting of individual country ownership of Treasury securities (see TIC FAQ #7 at: <http://www.treasury.gov/resource-center/data-chart-center/tic/Pages/ticfaq1.aspx>).
3. Estimated foreign holdings of U.S. Treasury marketable and non-marketable bills, bonds, and notes reported under the Treasury International Capital (TIC) reporting system are based on monthly data on holdings of Treasury bonds and notes as reported on TIC Form SLT, Aggregate Holdings of Long-Term Securities by U.S. and Foreign Residents and on TIC Form BL2, Report of Customers' U.S. Dollar Liabilities to Foreign Residents.

**Source**: Department of the Treasury/Federal Reserve Board

**Table A3: List of select global exchanges**

|  |  |  |  |
| --- | --- | --- | --- |
| **S.No.** | **Exchange** | **S.No.** | **Exchange** |
| 1 | ASX Australian Securities Exchange | 21 | London Metal Exchange |
| 2 | Athens Stock Exchange | 22 | LSE Group London Stock Exchange |
| 3 | B3 - Brasil Bolsa Balcão | 23 | Matba Rofex |
| 4 | BME Spanish Exchanges | 24 | MIAX Exchange Group |
| 5 | Bolsa de Valores de Colombia | 25 | Moscow Exchange |
| 6 | Bolsa Mexicana de Valores | 26 | Multi Commodity Exchange of India |
| 7 | Borsa Istanbul | 27 | Nasdaq - US |
| 8 | Budapest Stock Exchange | 28 | Nasdaq Nordic and Baltics |
| 9 | Bursa Malaysia Derivatives | 29 | National Stock Exchange of India |
| 10 | Cboe Futures Exchange | 30 | NZX Limited |
| 11 | Cboe Global Markets | 31 | Shanghai Futures Exchange |
| 12 | China Financial Futures Exchange | 32 | Singapore Exchange |
| 13 | CME Group | 33 | Taiwan Futures Exchange |
| 14 | Dalian Commodity Exchange | 34 | Tehran Stock Exchange |
| 15 | Deutsche Boerse AG | 35 | Tel-Aviv Stock Exchange |
| 16 | Dubai Gold and Commodities Exchange | 36 | Thailand Futures Exchange |
| 17 | Euronext | 37 | The Saint-Petersburg International Mercantile Exchange |
| 18 | Hong Kong Exchanges and Clearing | 38 | Warsaw Stock Exchange |
| 19 | Japan Exchange Group | 39 | Zhengzhou Commodity Exchange |
| 20 | Korea Exchange |

**HIGHLIGHTS OF DEVELOPMENTS IN**

**INTERNATIONAL SECURITIES MARKET**

# **Policy Developments at SEC, USA**

# In December 2021, US SEC proposed various policy changes to its existing regulatory framework:

1. To enhance disclosure requirements and investor protections against insider trading SEC has proposed amendments to Rule 10b5-1 under the Securities Exchange Act of 1934. The proposal would strengthen the requirements to access the affirmative defense to insider trading and improve related transparency around insider transactions in company securities.
2. Amendments have been proposed on its rules regarding disclosure about an issuer’s repurchases of its equity securities. This would enhance disclosures as it requires an issuer to disclose the objective or rationale for the share repurchases, process or criteria used to determine the repurchase amount etc.
3. In order to improve the resilience and transparency of money market funds, SEC has proposed changes to its money market fund rules. The proposed changes are designed to reduce the likelihood of runs on money market funds during periods of stress and would also equip funds to better meet large redemptions, addressing concerns about redemption costs and liquidity.

Source: <https://www.sec.gov/news/pressreleases>

# **Policy Developments at FCA, UK**

1. Based on its primary market effectiveness review, FCA has confirmed final changes to its rules governing primary markets. The changes aim to remove immediate barriers to listing, make the rulebooks more accessible and to protect and enhance market integrity
2. FCA has published a discussion paper on existing Financial Services Compensation Scheme (FSCS), which is the UK’s statutory 'fund of last resort’ for customers of authorised financial services firm. Increasing compensation costs in recent years have prompted questions about the fairness of FSCS levies and how the FSCS should be funded.
3. FCA has introduced new Environmental, Social and Governance (ESG) sourcebook containing rules and guidance for asset managers and certain FCA-regulated asset owners to make disclosures consistent with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) on an annual basis at entity level or product/portfolio level
4. FCA has extended the application of climate-related disclosure requirements to issuers of standard listed shares and Global Depositary Receipts representing equity shares.

Source: <https://www.fca.org.uk/>

# **IOSCO consultation on use of innovation facilitators**

IOSCO Growth and Emerging Markets Committee is consulting on its recommendations related to the use of innovation facilitators. The report covers three types of innovation facilitators: innovation hubs, regulatory sandboxes, and regulatory accelerators. The Consultation Report proposes four recommendations for emerging market member jurisdictions to consider when setting up innovation facilitators. The report also includes a decision tree for regulators to consider when looking at establishing an innovation facilitator and assessing what type of innovation facilitator to set up.

Source: <https://www.iosco.org/news/pdf/IOSCONEWS629.pdf>

**POLICY DEVELOPMENTS IN INDIAN SECURITIES MARKET**

1. **Publishing Investor Charter and disclosure of investor complaints by stock brokers on their websites**

Stock exchanges are directed to advise stock brokers to bring the investor charter for stock brokers to the notice of their clients (existing as well as new clients) by disclosing it on their respective websites, making it available at prominent places in their offices, by providing a copy of the same as a part of account opening kit to the clients, through e-mails/ letters etc. All the stock brokers shall also disclose on their respective websites, the data on complaints received against them or against issues dealt by them and redressal thereof, latest by 7th of succeeding month.

*Ref: SEBI/HO/MIRSD/DOP/P/CIR/2021/676 dated December 02, 2021*

1. **Transaction in Corporate Bonds through Request for Quote platform by Portfolio Management Services (PMS)**

In order to enhance transparency pertaining to debt investments by Portfolio Management Services (PMS) in Corporate Bonds(CBs) and to increase liquidity on exchange platform, it is decided that on a monthly basis, PMS shall undertake at least 10% of their total secondary market trades by value in CBs by placing/seeking quotes through one-to-one (OTO) or one-to-many (OTM) mode on the Request for Quote platform of stock exchanges (RFQ). All transactions in CBs wherein PMS is on both sides of the trade shall be executed through RFQ in OTO mode.

*Source: SEBI/HO/IMD/IMD-I/DOF1/P/CIR/2021/678 dated December 09, 2021.*

1. **Clarification regarding amendment to SEBI (Portfolio Managers) Regulations, 2020**

SEBI (Portfolio Managers) Regulations, 2021 were amended vide notification dated November 09, 2021, to facilitate co-investment by investors of AIF through the portfolio management route. Accordingly, the present circular has provided specifications related to procedure for undertaking of co-investment portfolio management services, periodic reporting by portfolio managers, fees and charges and direct on-boarding of clients by portfolio managers.

*Source: SEBI/HO/IMD/IMD-I/DOF1/P/CIR/2021/0000000679 dated December 10, 2021.*

1. **Circular on Mutual Funds**

Based on representations received, it has been decided that mutual funds may use pool accounts, only for such transactions which are executed at mutual fund level owing to certain operational and regulatory requirements, subject to conditions specified in the present circular. The date for implementation of risk management framework for mutual funds and two-tiered structure benchmarking of certain categories of schemes has been extended to April 01, 2022.

*Source: SEBI/HO/IMD/DF2/CIR/P/2021/683 dated December 10, 2021.*

1. **Publishing Investor Charter and Disclosure of complaints by AIFs**

With a view to providing relevant information to investors about the various activities pertaining to AIFs, all AIFs have been advised to take necessary steps to bring the Investor Charter to the notice of their investors through disclosure in the Private Placement Memorandum in case of new schemes and to investors through email, in case of existing schemes. In order to bring about further transparency in the Investor Grievance Redressal Mechanism, it has also been decided that data on investor complaints received against AIFs and each of their schemes and redressal status thereof shall be disclosed by all AIFs as per specified format.

*Source: SEBI/HO/IMD/IMD-I/DOF9/P/CIR/2021/682 dated December 10, 2021.*

1. **Publishing Investor Charter and disclosure of Investor Complaints by Mutual funds on their websites and AMFI website**

Mutual Funds are advised to bring the Investor Charter for Mutual Funds to the notice of their unit holders (existing as well as new unit holders) through disclosing the same on their websites, making them available at prominent places in the office, etc. Mutual Funds are also advised to display link/option to lodge complaint with them directly on their websites and mobile apps. All Mutual Funds shall also disclose the details of investor complaints on their respective websites as well as on AMFI website on a monthly basis, in a specified format.

*Source: SEBI/HO/IMD-II/IMD-II\_DOF10/P/CIR/2021/00677 dated December 10, 2021.*

1. **Publishing of Investor Charter and disclosure of Investor Complaints by Portfolio Managers on their websites**

All registered Portfolio Managers are advised to bring to the notice of their clients the Investor Charter by prominently displaying on their websites. In order to enhance transparency in the Investor Grievance Redressal Mechanism, all Portfolio Managers shall disclose on their websites on a monthly basis, the data pertaining to all complaints including SCORES complaints received by them in a specified format. Portfolio Managers are also advised to display link/option on their websites and mobile apps so as to enable their clients to lodge complaint with them directly and also link to SCORES website/ link to download mobile app.

*Source: SEBI/HO/IMD/IMD-II\_DOF7/P/CIR/2021/681 dated December 10, 2021.*

1. **Publishing of Investor Charter and disclosure of Investor Complaints by Research Analysts on their websites/mobile applications**

All registered research analysts are advised to bring to the notice of their clients the Investor Charter by prominently displaying on their websites and mobile applications. Research Analysts not having websites/mobile applications shall, as a one-time measure, send Investor Charter to the investors on their registered e-mail address. In order to enhance transparency in grievance redressal, research analyst shall also disclose on their websites/mobile applications, all received by them in specified format.

*Source: SEBI/HO/IMD/IMD-II CIS/P/CIR/2021/0685 dated December 13, 2021.*

1. **Publishing Investor Charter and disclosure of Investor** **Complaints by Investment Advisers on their websites/mobile applications**

All registered investment advisers are advised to bring to the notice of their clients the Investor Charter by prominently displaying on their websites and mobile applications. Investment Advisers not having websites/mobile applications shall, as a one-time measure, send Investor Charter to the investors on their registered e-mail address. In order to further enhance transparency in grievance redressal, the investment advisers shall disclose the monthly details of investor complaints by 7th of the succeeding month.

*Source: SEBI/HO/IMD/IMD-II CIS/P/CIR/2021/0686 dated December 13, 2021.*

1. **Clarifications with respect to Circular dated November 03, 2021, on ‘Common and simplified norms for processing investor’s service request by RTAs and norms for furnishing PAN, KYC details and Nomination’**

Based on the representations received from the Registrars Association of India (RAIN), vide the present circular , clarity has been provided on certain provisions and on the applicability of the circular dated November 03,2021.

*Source: SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2021/687 dated December 14, 2021.*

1. **Publishing Investor Charter and Disclosure of Investor Complaints by Merchant Bankers on their Websites for private placement of units by InvITs proposed to be listed**

All registered Merchant Bankers are advised to disclose on their websites, the Investor Charter for private placement of units by InvITs proposed to be listed. In order to bring about transparency in the Investor Grievance Redressal Mechanism, it has also been decided that all the registered merchant bankers shall disclose on their respective websites, the monthly data on complaints received against them or against issues dealt by them and redressal thereof, latest by 7th of succeeding month.

*Source: SEBI/HO/DDHS/DDHS\_Div3/P/CIR/2021/690 dated December 16, 2021*

1. **Cut-off Time for generation of last Risk Parameter File(RPF) for client’s margin collection purpose and modification in framework to enable verification of upfront collection of margins from clients in commodity derivatives segment**

In view of RBI decision to enable RTGS round the clock on all days in a year, cut-off time for generation of RPF for client’s margin collection/verification for upfront margin collection from clients has been modified for commodity derivatives segment. Clearing corporations shall send an additional minimum two snapshots for commodity derivative contracts which are traded till 9:00 PM and additional minimum three snapshots for those traded till 11:30/11:55 PM. Margins/ EOD margins shall be determined as per the relevant Risk Parameter Files.

*Source: SEBI/HO/CDMRD/CDMRD\_DRM/P/CIR/2021/689 dated 16 December, 2021.*

1. **Revision to Operational Circular for issue and listing of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper**

In order to bring in uniformity to regulatory requirements and based on feedback from market participants vide the captioned circular, amendments have been carried out on SEBI circular pertaining to listing of commercial paper

*Source: SEBI/HO/DDHS/P/CIR/2021/0692 dated December 17, 2021.*

1. **Publishing of Investor Charter and Disclosure of Complaints by Custodians and DDPs on their websites**

All the registered custodians and DDPs shall take necessary steps to bring the Investor Charter, to the notice of their clients and ensure that the Investor Charter is prominently displayed on their respective website for ease of accessibility of investors. In order to bring about transparency in the Investor Grievance Redressal Mechanism, all Custodians and DDPs shall disclose on their respective websites, the monthly data on complaints received and redressal thereof, latest by 7th of succeeding month.

*Source: SEBI/HO/FPIC/P/CIR/2021/691 December 17, 2021.*

1. **Operational Circular for issue and listing of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper**

SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (SEBI NCS Regulations, 2021) were notified pursuant to merger and repeal of SEBI (ILDS) Regulations, 2008 and SEBI(NCRPS) Regulations, 2013. All the existing circulars issued under ILDS and NCRPS regulations have been consolidated into the captioned single operational circular which provides a chapter-wise framework for the issuance, listing and trading of non-convertible securities, securitised debt instruments, security receipts, municipal debt securities or commercial paper.

*Source: SEBI/HO/DDHS/P/CIR/2021/613 dated December 17, 2021.*

1. **Portfolio Management Services for Accredited Investors**

SEBI has decided that in case of large value accredited investors, the quantum and manner of exit load applicable to the client of the Portfolio Manager shall be governed through bilaterally negotiated contractual terms and the provisions of para 3 (iv) of the Circular dated Aug 26, 2021, shall not be applicable. The other provisions of the Circular shall remain unchanged.

It has been clarified that “accredited investor” shall have the same meaning as assigned to it under clause (ab) of sub-regulation (1) of regulation 2 of the SEBI (Alternative Investment Funds) Regulations, 2012.

*Source: SEBI/HO/IMD/IMD-I DOF1/P/CIR/2021/693 dated December 21, 2021.*

1. **Investment Advisory Services for Accredited Investors**

SEBI has decided that in case of accredited investors, the limits and modes of fees payable to the Investment Adviser (IA) shall be governed through bilaterally negotiated contractual terms and the provisions of para 2(iii) of the Circular dated Aug 26, 2021, shall not be applicable. The other provisions of the Circular shall remain unchanged.

*Source: SEBI/HO/IMD/IMD-I DOF1/P/CIR/2021/694 dated December 21, 2021.*

1. **Extension of facility for conducting annual meeting and other meetings of unit holders of REITs and InvITs through Video Conferencing (VC) or through Other Audio-Visual means (OAVM)**

SEBI, in February, 2021 permitted REITs/InvITs to conduct annual meetings of unitholders through VC/OAVM till December 31, 2021 and other meetings of unitholders through VC/OAVM till June30, 2021. It has been decided to extend the facility to conduct annual meetings of unitholders in terms of Regulation 22(3) of SEBI (REIT) Regulations, 2014 and Regulation 22(3)(a) of SEBI (InvIT) Regulations, 2014 and meetings other than annual meeting, through VC or OAVM till June 30, 2022.

*Source: SEBI/HO/DDHS/DDHS\_Div2/P/CIR/2021/697 dated December 22, 2021.*

1. **Restoration of relaxed timelinesw.r.t. validity of observation letter pertaining to Mutual Funds**

SEBI, in March, 2020, had extended the validity period of observation letter issued by SEBI for launch of all New Fund Offers (NFOs) from six months to one year from the date of SEBI letter. It has been decided to restore the validity period of observation letter issued by SEBI to six months to launch NFOs.

*Source: SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/698 dated December 22, 2021.*

1. **Non-compliance with provisions related to continuous disclosures**

In the interests of investors and the securities market, the stock exchanges shall levy fine and take action in case of non-compliances with continuous disclosure requirements by the issuers of listed non-convertible securities and/ or commercial paper as specified in Annexure I and II of the circular respectively. In case a non-compliant entity is listed on more than one recognized stock exchange, the stock exchange(s) shall take uniform action in consultation with each other. The amount of fine realized as per the structure provided in Annexure I of the present circular shall be credited to the "Investor Protection Fund" of the concerned recognized stock exchange.

*Source: SEBI/HO/DDHS\_Div2/P/CIR/2021/699 dated December 29, 2021.*

1. **Extension of timeline for modified reporting requirements for AIFs**

Pursuant to requests from AIF industry, it has been decided to extend the timeline for applicability of modified reporting requirements for quarter ending September 30, 2022 onwards.

*Source: SEBI/HO/IMD/IMD-I/DOF6/CIR/2021/700 dated December 30, 2021.*

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

**REGULATORY ACTIONS TAKEN BY SEBI**

**(Summary of Orders passed by Whole Time Members / Adjudication Officers)**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Sl.**  **No.** | **Date** | **Case Name** | **Action** | **Entity** | **Violation** | **PENALTY (`)** |
| 1 | 13/12/2021 | Parsoli Corporation Ltd. | 11B | Mr. Zafar Yunus Sareshwala, Mr. Uves Yunus Sareshwala | - | - |
| 2 | 13/12/2021 | Vishwas Stocks Research Private Ltd., Dalal Stocks Advisory Private Ltd. and Devki Stocks Private Ltd. | 11B | Dalal Merchandise Advisory Pvt. Ltd., Himanshu Bharatkumar Bhavsar, Maulikkumar Rajeshkumar Prajapati, Pinalben Himanshubhai Bhavsar, Devki Stocks Pvt. Ltd. , Devang Pareshbhai Vyas, Vishwas Stocks Research Pvt Ltd. , Javed Lalmahamad Sindhi | Section 12(1), 12A (a), (b), (c) of SEBI Act, 1992 alongwith regulations 3 (a), (b), (c), (d) and regulations 4(1) and 4(2)(k) of PFUTP Regulations, 2003 and regulation 3(1) of the IA Regulations, 2013 | - |
| 3 | 13/12/2021 | Hybrid Research Advisory Services (Proprietor: Mr. Nikhil Kumar) | 11B | Hybrid Research Advisory Services (Proprietor: Mr. Nikhil Kumar) | Section 12A (a), (b) & (c) of the SEBI Act, 1992 and regulations 3 (b), (c) & (d) and regulations 4(1) and 4(2)(k) of the SEBI (PFUTP) Regulations, 2003 | - |
| 4 | 13/12/2021 | Insider trading by employees of Infosys Ltd. and Wipro Ltd. in the shares of Infosys Ltd.-Confirmatory Order | 11B | Mr. Ramit Chaudhri, Mr. Keyur Maniar | Section 12A (d) and (e) of SEBI Act,1992 and Regulations 3(1) , 3(2) & 4(1) of PIT Regulations | - |
| 5 | 13/12/2021 | Shree Ramkrishna Electro Controls Ltd. | 11B | Shree Ramkrishna Electro Controls Ltd., Chandrakant Bhargav Gole, Varsha Chandrakant Gole, Deepali Shriram Karandikar, Moreshwar Narayan Joshi | Section 56 (1), 56 (3), 60, 73 read with Section 73 of the Companies Act, 1956 and provisions of DIP Guidelines. | - |
| 6 | 15/12/2021 | GDR Issue by Winsome Textile Industries Ltd | 11B | Winsome Textile Industries Ltd, Mr. Arun Panchariya, Vintage FZE (now known as Alta Vista International FZE), Aspire Emerging Fund, Mr. Satish Bagrodia, Mr. Ashish Bagrodia, Mr. Manish Bagrodia & 10 others | Section 12A (a) of SEBI Act, 1992 read with Regulations 3 (b) and 4(1), (2)(f), (k)&(r) of PFUTP Regulations, 2003 | 72,66,00,000 |
| 7 | 21/12/2021 | Nu Tek India Limited | 11B | Nu Tek India Limited-Vineet Aggarwal, Mr. Inder Sharma, Mrs. Sumati Sharma, Mr. Ayub Yaeguang Younes, Mr. Amar Sarin, Mr. Rajiv Kumar, Mr. Ashish Banker, M/s SumanJeet Agarwal& Co. Chartered Accountants | Regulation 4(1)(a), (b), (c), (e) and (g) of LODR Regulations ; Regulation 17(8) read PartB of Schedule II of LODR Regulations. | 43,60,000 |
| 8 | 21/12/2021 | K-Lifestyle & Industries Limited | 11B | K-Lifestyle & Industries Limited, Narayan Ghumatkar, Jaiprakash Mishra, P. S. Pritam, Pravin Kumar, Manasi Indrajit Wadkar, Rajendra Pathak , M/s Rishi Sekri and Associates Chartered Accountants, M/s A F Khasgiwala Chartered Accountants | Section 12A (a) (b) and(c), 11(2)(i) and 11(2)(ia)of the SEBI Act, 1992 and Regulations3(b) (c), (d) and 4(1) and 4(2), (a), (e), (f) and(r) of the SEBI (PFUTP) Regulations, 2003 | 57,00,000 |
| 9 | 22/12/2021 | Trading of Mr. Anil Dave | 11B | M/s. Grishma Securities Private Limited | Clauses A(1), A(2), A(4) & A(5) of theCode of Conduct prescribed under Regulation 7 of the Brokers Regulations, 1992 for the stock brokers | - |
| 10 | 30/12/2021 | Gold Crude Research | 11B | Gold Crude Research (Prop. Ramnarayan Sharma) | Regulation 3(1) of the IA Regulations, 2013 as well as Regulations 3 (a),4(1) and 4(2)(k) of PFUTP Regulations, 2003. | - |
| 11 | 30/12/2021 | Monarch Networth Capital Ltd. | 11B | Monarch Networth Capital Ltd. | Regulations 27(xv) and 27 (xvii) read with Regulations 26(xv) of the Broker Regulations and clause A (1), A (2) and A (5) of the code of Conduct for Brokers as specified in Schedule II under Regulation 9of the said Regulations as alleged in the SCN | - |
| 12 | 03/12/2021 | Kalpa Commercial Ltd. | Adjudication | Hetalben Chandrakant Dhruv, Radhika Chandrakant Dhruv | Section 16 of SCRA read with SEBI Notification G.S.R 219(E) dated October 3, 2013, Sections 13 and 18, read with Section 2(i) of SCRA | 2,00,000 |
| 13 | 03/12/2021 | Dealings in Illiquid Stock Options at BSE | Adjudication | Bimla Devi Mundra | Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations, 2003 | 5,00,000 |
| 14 | 06/12/2021 | Multipurpose Trading and Agencies Ltd | Adjudication | Divine Comex Enterprises Pvt. Ltd | Regulations 29(1) read with 29(3) of SAST Regulations 2011. | 1,00,000 |
| 15 | 06/12/2021 | Multipurpose Trading and Agencies Ltd | Adjudication | Bluebell Agencies Pvt. Ltd. | Regulations 29(1) read with 29(3) of SAST Regulations 2011. | 1,00,000 |
| 16 | 07/12/2021 | Dealings in Illiquid Stock Options at BSE | Adjudication | Abhishek Agrawal | Regulations 3(a),(b),(c),(d),4(1) and 4(2)(a) of PFUTP Regulations, 2003 | 5,00,000 |
| 17 | 07/12/2021 | Dealings in Illiquid Stock Options at BSE | Adjudication | Radha A Gupta | Regulations 3(a),(b),(c),(d),4(1) and 4(2)(a) of PFUTP Regulations, 2003 | 5,00,000 |
| 18 | 08/12/2021 | Dealings in Illiquid Stock Options at the BSE | Adjudication | Rajendra D Thakar | Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a)of the PFUTP Regulations.. | 5,00,000 |
| 19 | 08/12/2021 | Dealings in Illiquid Stock Options at the BSE | Adjudication | Rajender Kumar Jain | Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a)of the PFUTP Regulations. | 5,00,000 |
| 20 | 08/12/2021 | Dealings in Illiquid Stock Options at BSE | Adjudication | Abhishek Agarwal | Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a)of the PFUTP Regulations, 2003 | 5,00,000 |
| 21 | 08/12/2021 | Dealings in Illiquid Stock Options on BSE | Adjudication | Lotwala Mikil Vijaykumar (HUF) | Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations, 2003 | 5,00,000 |
| 22 | 08/12/2021 | Issue of GDR by Sterling Biotech Ltd. | Adjudication | Mr. Nitin Sandesara, Mr. Chetan Sandesara, Mr. Rajbhushan Dixit, Mr. Narendra Patel, Mr. Vilas Joshi, Mr. P B Mehta | Section 11C(2), 12A(a), 12A(b), 12A(c) of SEBI Act 1992 r /w regulations 3 (a), (b), (c), (d) &4(1) of SEBI (PFUTP) Regulations, 2003 | 1,30,00,000 |
| 23 | 10/12/2021 | Dealings in Illiquid Stock Options at BSE | Adjudication | Abhisek Jaiswal | Regulations 3(a),(b),(c),(d),4(1) and 4(2)(a) of PFUTP Regulations, 2003 | 5,00,000 |
| 24 | 10/12/2021 | Dealings in Illiquid Stock Options at BSE | Adjudication | Arun Kumar Choudhary HUF | Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations | 5,00,000 |
| 25 | 13/12/2021 | Dealings in Illiquid Stock Options at the BSE | Adjudication | Shri Ashok Kumar Khater (HUF) | Regulations 3(a), (b), (c) & (d) &4(1) and 4(2) (a) of the PFUTP Regulations, 2003. | 5,00,000 |
| 26 | 13/12/2021 | Multipurpose Trading and Agencies Ltd. | Adjudication | Om Jai Jagdish Infrastructure Pvt. Ltd. | Regulations 29 (1) and 29(2) read with 29 (3) of SAST Regulations, 2011.. | 1,00,000 |
| 27 | 13/12/2021 | Multipurpose Trading and Agencies Ltd. | Adjudication | Mr. Dinesh Kumar | Regulations 29 (1) and 29(2) read with 29 (3) of SAST Regulations, 2011. | 1,00,000 |
| 28 | 13/12/2021 | Trading in Illiquid Stock Options at BSE | Adjudication | Godghate Sugandha Sitarampant | Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations, 2003 | 5,00,000 |
| 29 | 13/12/2021 | Dealings in Illiquid Stock Options at the BSE | Adjudication | Ms. Shruti Arya | Regulations 3(a), (b), (c), (d), 4(1) and 4(2) (a) of the PFUTP Regulations. | 5,00,000 |
| 30 | 13/12/2021 | Trading in Illiquid Stock Options on BSE | Adjudication | Niraj Kumar Kajaria | Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations, 2003 | 5,00,000 |
| 31 | 14/12/2021 | M/s. Hardik Fintrade Pvt. Ltd. | Adjudication | M/s. Hardik Fintrade Pvt. Ltd. | Section 23D of SCRA readwith Clause 1 of Transaction Regulation CircularandClauses 3 of Annexure to Enhanced Supervision Circular ; Clause 12 of Annexure A toSEBI Circular SEBI/MIRSD/SE/Cir-19/2009 dated December 03, 2009 ; Clause 2.6 of Annexure to Enhanced Supervision Circular read with Clause 2(d) of SEBI Circular CIR/HO/MIRSD/MIRSD2/CIR/P/2017/64 dated June 22, 2017 ; Clause 1of SEBI Circular No. MIRSD/ Cir-26/2011 dated December 23, 2011 read with SEBI Circular no. MIRSD/ Cir-23/2011 dated December 02, 2011 and SEBI Circular MIRSD/Cir-5/2012 dated April 13, 2012 ; Clause 2(B)of SEBI Circular CIR/MIRSD/15/2011 dated August 02, 2011 ; Clause 7 of Annexure to Enhanced Supervision Circular | 4,50,000 |
| 32 | 14/12/2021 | Dealings in illiquid stock options at BSE | Adjudication | Arun Kumar Agrawal HUF | Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations | 5,00,000 |
| 33 | 15/12/2021 | Dealings in illiquid stock options at BSE | Adjudication | Shubhi Jain | Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations | 5,00,000 |
| 34 | 16/12/2021 | Trading in Illiquid Stock Options at BSE | Adjudication | Goldmoon Securities Ltd | Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations, 2003 | 5,00,000 |
| 35 | 16/12/2021 | Dealings in illiquid stock options at BSE | Adjudication | Vivek Kumar Bhartia –HUF | Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations | 5,00,000 |
| 36 | 17/12/2021 | Trading in Illiquid Stock Options on BSE | Adjudication | Nidhi Rara | Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations, 2003. | 5,00,000 |
| 37 | 17/12/2021 | Dealings in illiquid stock options at BSE | Adjudication | Mr. Shubham Umesh Sharma | Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations | 5,00,000 |
| 38 | 17/12/2021 | M/s. Ambalal Multi Commodities Private Ltd. | Adjudication | M/s. Ambalal Multi Commodities Private Ltd | Section 23D of SCRA read with Clause 1 of Transactions Regulation Circular and Clause 3 of Enhanced Supervision Circular; Clause 6.1.1(j) of Annexure to Enhanced Supervision Circular | 4,00,000 |
| 39 | 17/12/2021 | Dealings in Illiquid stock options at BSE | Adjudication | Arun Kataruka HUF | Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations | 5,00,000 |
| 40 | 20/12/2021 | Trading in Illiquid Stock Options on BSE | Adjudication | Nidhi Gupta | Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations, 2003 | 5,00,000 |
| 41 | 20/12/2021 | Dealings in illiquid stock options at BSE | Adjudication | Mr. Shubham Chaudhary | Regulations 3(a), (b), (c), (d), 4(1) and 4(2) (a) of the PFUTP Regulations | 5,00,000 |
| 42 | 20/12/2021 | Dealings in illiquid stock options at BSE | Adjudication | Shubha Agarwal | Regulations 3(a), (b), (c), (d), 4(1) and 4(2) (a) of the PFUTP Regulations | 5,00,000 |
| 43 | 20/12/2021 | Multipurpose Trading and Agencies Ltd | Adjudication | Innovist India Pvt. Ltd. | Regulations 29 (1) and 29(2) read with 29 (3) of SAST Regulations, 2011. | 1,00,000 |
| 44 | 20/12/2021 | Multipurpose Trading and Agencies Ltd | Adjudication | Dewan Financial Services Ltd. | Regulations 29 (1) and 29(2) read with 29 (3) of SAST Regulations, 2011. | 1,00,000 |
| 45 | 20/12/2021 | Dealings in Illiquid Stock Options at the BSE | Adjudication | Shri Ashok Kumar Uppal | Regulations 3(a), (b), (c), (d), 4(1) and 4(2) (a) of the PFUTP Regulations, 2003 | 5,00,000 |
| 46 | 20/12/2021 | Dealings in Illiquid Stock Options at the BSE | Adjudication | Ashok KumarKhemka HUF | Regulations 3(a), (b), (c), (d), 4(1) and 4(2) (a) of the PFUTP Regulations, 2003 | 5,00,000 |
| 47 | 21/12/2021 | Coral Hub Limited | Adjudication | M/s K.P Joshi & Co.(Proprietor-Shri KishorP. Joshi) | Sections 12A (a),(b),(c) of SEBI Act and Regulations 3 (b),(c),(d) and Regulation 4 (1), 4 (2) (e), (f), (k) and (r) of PFUTP Regulations | 20,00,000 |
| 48 | 22/12/2021 | Illiquid Stock Options at BSE Limited | Adjudication | Surendra Kumar Gupta HUF | Regulations 3(a), 3(b), 3(c), 3(d), 4(1) and 4 (2)(a) of PFUTP Regulations. | 5,00,000 |
| 49 | 22/12/2021 | Dealings in illiquid stock options at BSE | Adjudication | Shukla Packging Industries Private Limited | Regulations 3(a), (b), (c), (d), 4(1) and 4(2) (a) of the PFUTP Regulations. | 5,00,000 |
| 50 | 22/12/2021 | Titan Company Limited | Adjudication | Mr. Patil Basavaraj Mallikarjun | Regulation 7(2)(a) of PIT Regulationson | 1,00,000 |
| 51 | 22/12/2021 | Dealings in Illiquid Stock Options at the Bombay Stock Exchange | Adjudication | Balbhadra Trading Private Limited | Regulations 3(a), (b), (c),(d), 4(1) and 4(2)(a) of PFUTP Regulations, 2003 | 5,00,000 |
| 52 | 22/12/2021 | Taurus Mutual Fund | Adjudication | Karvy Computershare P. Ltd | Regulations 3 (a) and 4 (1) of the PFUTP Regulations and Clauses 1, 2 and 3 of the Code of Conduct in Schedule III read with Regulation 13 of the RTI and STA Regulations. | 1,50,00,000 |
| 53 | 23/12/2021 | Golden Legand Leasing and Finance Ltd | Adjudication | Tirath Ram, Sanjeev Kumar and Sons HUF, Simla Rani, Anju Gupta, Nishant Khandelwal, Shweta Khandelwal, Sonika Granites Private Limited(now known as Madhav Power Private Limited), G.P. Singh HUF | Section 16 of SCRA read with SEBI Notification S.O. 184E dated March 01, 2000, and Sections 13 and 18 of the SCRA read with Section 2 (i) of the SCRA | 20,000 |
| 54 | 23/12/2021 | Achal Investment Limited | Adjudication | Parag Mittal, Prakash Chand Agrawal | Section 15A (a) of the SEBI Act foe voilation of Section 11C (2) and (3) of the SEBI Act, 1992 | 1,00,000 |
| 55 | 23/12/2021 | Dealings in Illiquid Stock Options at the BSE | Adjudication | Ashok Kumar Sharma HUF | Regulations3(a), (b), (c) & (d) & 4(1) and 4(2) (a) of the PFUTP Regulations, 2003. | 5,00,000 |
| 56 | 23/12/2021 | Inventure Growth & Securities Ltd | Adjudication | Inventure Growth & Securities Ltd | Section 23D of the SCRA, 1956 ; regulation 26(xx) of the Stock Broker Regulations, 1992 | 5,00,000 |
| 57 | 24/12/2021 | Illiquid Stock Options at BSE | Adjudication | Laxmi Narayan Rawat HUF | Regulation 3 (a), 4(1)and 4(2)(a)of PFUTP Regulations. | 5,00,000 |
| 58 | 24/12/2021 | Dealings in Illiquid Stock Options at the BSE | Adjudication | Ashok Kumar Todi HUF | Regulation 3(a), (b), (c) & (d) and Regulation4(1) &4(2) (a) of the PFUTP Regulations, 2003. | 5,00,000 |
| 59 | 24/12/2021 | USG Tech Solutions Pvt Ltd | Adjudication | Satish Kumar Gupta | Regulations 13(4A) read with 13(5) of PIT Regulations | 1,00,000 |
| 60 | 24/12/2021 | Sanwariya Consumer Ltd. | Adjudication | Satish Kumar Agrawal | Regulation 7(2)(a) and clause 6 of the Code ofConduct read with regulation 9(1) of the PIT Regulations | 4,00,000 |
| 61 | 24/12/2021 | Sanwariya Consumer Ltd. | Adjudication | NS Agrawal Trading Corporation Ltd | Clause 6 of Code of Conduct read with regulation 9 (1) of the PIT Regulations on 17occasions during the Investigation Period | 9,00,000 |
| 62 | 24/12/2021 | Trading in Illiquid Stock Options onBSE | Adjudication | Nikhil Doshi HUF | regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations, 2003 | 5,00,000 |
| 63 | 24/12/2021 | Sanwariya Consumer Ltd | Adjudication | M/s. Srinathji Dall Mills | Clause 6 of Code of Conduct read with regulation 9 (1) of the PIT Regulations. | 7,00,000 |
| 64 | 24/12/2021 | Rajlaxmi Industries Limited | Adjudication | Mr. Brij Bhushan Singal, Mr. Neeraj Singal, Mr. Neeraj Singal (HUF), Ms. Ritu Singal, Ms. Uma Singal | Regulation 29(1) read withRegulation 29(3) of the SAST Regulations and thus, the Noticees are liable for penalty under Section 15A(b) of the SEBI Act. | 2,00,000 |
| 65 | 24/12/2021 | Rutron International Ltd. | Adjudication | Dhanlakshmi Brokers Private Limited, Padma Impex Private Limited, Manju Kahndelia, Comfort Intech Limited, Esquire Enclave Private Limited, Helpful Investment Advisory Private Limited & 4 others | Regulation 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(a) and 4(2)(e) of PFUTP Regulations, 2003 | 50,00,000 |
| 66 | 24/12/2021 | GDR Issues of Cals Refineries Ltd | Adjudication | Cals Refineries Ltd, Devanathan Sundararajan, Asia Texx Enterprises Ltd, Gagan Rastogi, Deep Kumar Rastogi, Sarvesh Kumar Goorha, Ravi Chilikuri, Sanjay Rai Malhotra | Clause 35 of Listing Agreement read with Section 21 and 23E of SCRA. Section 12A(a), (b), (c) of SEBI Act, Regulations 3(b), (c), (d) and Regulations 4(2)(c), (f), (k) and (r) of PFUTP Regulations. | 16,80,00,000 |
| 67 | 27/12/2021 | USG Tech Solutions Ltd | Adjudication | Sudha Gupta | Regulations 13(4A) read with 13(5) of PIT Regulations. | 1,00,000 |
| 68 | 27/12/2021 | Mindtree Ltd. | Adjudication | Praveen Udhayasuriyan | Regulation 7(2)(a) of the PIT Regulations. | 1,00,000 |
| 69 | 27/12/2021 | Titan Company Ltd. | Adjudication | Ms. Pooja Chauhan | Regulation 7(2)(a)of PIT Regulations | 1,00,000 |
| 70 | 27/12/2021 | Mindtree Ltd | Adjudication | G V D Prasad Rao | Regulation 7(2)(a) of the PIT Regulations | 1,00,000 |
| 71 | 27/12/2021 | Titan Company Ltd. | Adjudication | Mr. Rajesh Chamy | Regulation 7(2)(a)of PIT Regulations | 1,00,000 |
| 72 | 27/12/2021 | Trading in Illiquid Stock Options on BSE | Adjudication | Bee Pee Rollers Pvt Ltd | Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations, 2003 | 5,00,000 |
| 73 | 28/12/2021 | Trading in Illiquid Stock Options on BSE | Adjudication | Rajendra Prasad Rohit Kumar HUF | Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations, 2003 | 5,00,000 |
| 74 | 28/12/2021 | Dealing in Illiquid Stock Options at BSE | Adjudication | Mr. Badal Mohanty | Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations | 5,00,000 |
| 75 | 28/12/2021 | Illiquid Stock Options at BSE | Adjudication | Lata Goel Family Trust | Regulation 3 (a), 4(1)and 4(2)(a)of PFUTP Regulations. | 5,00,000 |
| 76 | 28/12/2021 | Dealing in Illiquid Stock Options at BSE | Adjudication | Baid Mercantiles Ltd. | Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations | 5,00,000 |
| 77 | 28/12/2021 | PMC Fincorp Ltd | Adjudication | Golden Chariot Recreations Pvt Ltd, Anju Dewan, Aman Dewan, Veena Jain | Section 12A(a),(b),(c) of SEBI Act read with Regulation 3(a),(b),(c),(d) and Regulations 4(1), 4(2) (a), (e) ofPFUTP Regulations. | 5,00,000 |
| 78 | 28/12/2021 | PMC Fincorp Ltd. | Adjudication | Prakash Ferrous Industries Private Ltd., SS Corporate Securities Ltd. | Section 12A(a),(b),(c) of SEBI Actread with Regulation 3(a),(b),(c),(d) and Regulations 4(1), 4(2) (a), (e) ofPFUTP Regulations | 10,00,000 |
| 79 | 28/12/2021 | USG Tech Solutions Ltd | Adjudication | Servesh Gupta | Regulations 13(4A) read with 13(5) of PIT Regulations. | 1,00,000 |
| 80 | 28/12/2021 | Sampada Chemicals Ltd. | Adjudication | Prarthana Tarunkumar Brahmbhatt | Regulation 7(1) read with Regulation 7(2), SEBI (SAST) Regulations, 1997and Regulation 13(1) read with Regulation 13(5) of SEBI (PIT) Regulations, 1992 ; Section 15A(b) of SEBI Act | 7,00,000 |
| 81 | 28/12/2021 | Sampada ChemicalsLtd. ,and Urja Global Ltd. | Adjudication | Jinesh Devendra Bhatt, Tarunkumar Gurucharan Brahmbhatt | Regulation 7(1) read with Regulation 7(2), SEBI (SAST) Regulations, 1997and Regulation 13(1) read with Regulation 13(5) of SEBI (PIT) Regulations, 1992 ; Section 15A(b) of SEBI Act | 21,00,000 |
| 82 | 28/12/2021 | lliquid Stock Options at BSE Ltd. | Adjudication | Surendra Kumar Gupta Divyanshu Gupta HUF | Regulations 3(a), 3(b), 3(c), 3(d), 4(1) and 4 (2)(a) of the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003. | 5,00,000 |
| 83 | 28/12/2021 | Trading in Illiquid Stock Options on BSE | Adjudication | Nikita Agarwal | Regulations 3(a), (b), (c), (d), 4(1) and4(2)(a) of PFUTP Regulations, 2003 | 5,00,000 |
| 84 | 29/12/2021 | Trading in Illiquid Stock Options on BSE | Adjudication | Nileshkumar Muljibhai Kothari | Regulations 3(a), (b), (c), (d), 4(1) and4(2)(a) of PFUTP Regulations, 2003 | 5,00,000 |
| 85 | 29/12/2021 | Trading in Illiquid Stock Options on BSE | Adjudication | Nikita Tolani | Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations, 2003 | 5,00,000 |
| 86 | 29/12/2021 | Dealings in Illiquid Stock Options at the BSE | Adjudication | Shivsakti Vyapaar Private Ltd. | Regulations 3(a), (b), (c), (d), 4(1) and 4(2) (a) of the PFUTP Regulations | 5,00,000 |
| 87 | 29/12/2021 | Trading in Illiquid Stock Options on BSE | Adjudication | Rajendra Kumar Sethia | Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations, 2003 | 5,00,000 |
| 88 | 29/12/2021 | Trading in Illiquid Stock Options on BSE | Adjudication | Rajendra Kumar Sethia HUF | Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations, 2003 | 5,00,000 |
| 89 | 29/12/2021 | Trading in Illiquid Stock Options on BSE | Adjudication | Begani Moti Lal | Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations, 2003 | 5,00,000 |
| 90 | 29/12/2021 | Dealing in illiquid stock options at BSE | Adjudication | Ms. Ankita Singh (Now known as Ms. Ankita Chowdhary) | Regulations 3(a), 4(1) and 4(2) (a) of the PFUTP Regulations | 5,00,000 |
| 91 | 29/12/2021 | Dealing in illiquid stock options at BSE | Adjudication | Ms. Anjana S Goel | Regulation 3(a), 4(1) and 4(2) (a) of the PFUTP Regulations. | 5,00,000 |
| 92 | 30/12/2021 | Dealings in Illiquid Stock Options at the BSE | Adjudication | Shri Ankit Kumar Jain | Regulation 3(a), (b), (c), (d), 4(1) and 4(2)(a) of the PFUTP Regulations, 2003. | 5,00,000 |
| 93 | 30/12/2021 | Dealing in illiquid stock options at BSE | Adjudication | Abhijeet Suresh Bora HUF | Regulations 3(a), 4(1) and 4(2) (a) of the PFUTP Regulations | 5,00,000 |
| 94 | 30/12/2021 | Trading in Illiquid Stock Options onBSE | Adjudication | Keshav Khandelwal | Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations, 2003 | 5,00,000 |
| 95 | 30/12/2021 | USG Tech Solutions Ltd | Adjudication | Lakhanpur Coal Carriers Private Ltd. | Regulation 13(4A) read with 13(5) of PIT Regulations. | 1,00,000 |
| 96 | 31/12/2021 | USG Tech Solutions Ltd | Adjudication | Gajraj Carriers Private Ltd. | Regulation 13(2A) and Regulation 13(4A) read with Regulation 13(5) of PIT Regulations. | 1,00,000 |
| 97 | 31/12/2021 | Accurate Securities and Registry Pvt Ltd. | Adjudication | TTL Enterprises Ltd (Formerly Trupti Twisters Ltd) | Regulation 7(4) of LODR Regulations | 2,00,000 |
| 98 | 31/12/2021 | Dealings in Illiquid Stock Options at the BSE | Adjudication | Shri Ankit Lalitkumar Sodhani | Regulation 3(a), (b), (c), (d), 4(1) and 4(2)(a) of the PFUTP Regulations, 2003. | 5,00,000 |
| 99 | 31/12/2021 | Dealings in Illiquid Stock Options at the Bombay Stock Exchange | Adjudication | Abhishek Agarwal | Regulations 3(a),(b),(c),(d),4(1) and 4(2)(a) of PFUTP Regulations, 2003 | 5,00,000 |
| 100 | 31/12/2021 | Dealings in Illiquid Stock Options at the Bombay Stock Exchange | Adjudication | Abhirup Dutta | Regulations 3(a),(b),(c),(d),4(1) and 4(2)(a) of PFUTP Regulations, 2003 | 5,00,000 |
| 101 | 31/12/2021 | Dealings in Illiquid Stock Options at the Bombay Stock Exchange | Adjudication | Abhinav Singh | Regulations 3(a),(b),(c),(d),4(1) and 4(2)(a) of PFUTP Regulations, 2003 | 5,00,000 |
| 102 | 31/12/2021 | Trading in Illiquid Stock Options on BSE | Adjudication | Beena Khandelwal | Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations, 2003 | 5,00,000 |
| 103 | 31/12/2021 | ISG Traders Ltd. | Adjudication | ISG Traders Ltd. | Regulations 7(3), 23(9), 30(4)(ii), 30(5), 30(8), 34(1), 36(4), 40(9), 46(1), 46(2), 46(3)(b), 47(1) r/w 46(2)(q) of LODR Regulations. | 3,00,000 |

*Disclaimer: Regulatory actions consist of orders passed by Whole Time Member/Adjudication Officer. Please refer SEBI website for exhaustive list. The summary has been prepared for the convenience of readers. In case of any ambiguity, please refer to the original order.*

**LATEST PUBLICATIONS**

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

1. Address by Shri Ajay Tyagi, Chairman, SEBI at the inauguration of Arun Duggal ESG Centre for Research and Innovation, IIM Ahmedabad on December 03, 2021. [↑](#footnote-ref-1)
2. Address by Shri Ajay Tyagi, Chairman, SEBI at the Association of Investment Bankers of India Annual Summit 2021 on December 22,2021. [↑](#footnote-ref-2)
3. Opening Address by Shri Amarjeet Singh, Executive Director, SEBI at the Association of Investment Bankers of India’s 10th Annual Summit 2021 on December 23,2021. The views expressed are personal. [↑](#footnote-ref-3)
4. Source: The Economist – November 27th, 2021 edition [↑](#footnote-ref-4)
5. *Source: The Economist – November 27th, 2021 edition* [↑](#footnote-ref-5)
6. *In case of close ended schemes, at the time of maturity, AMC repurchases the units.* [↑](#footnote-ref-6)
7. USA, USA, France, Germany, UK, Hong Kong, South Korea, Japan, Singapore and Taiwan [↑](#footnote-ref-7)
8. US, UK, Germany, Spain, Japan [↑](#footnote-ref-8)