**SEBI**

**BULLETIN**

**November 2018 VOL. 16 NUMBER 11**

**(LOGO)**

**SECURITIES AND EXCHANGE BOARD OF INDIA**

**EDITORIAL COMMITTEE**

**Mr. Amarjeet Singh**

**Mr. Prabhakar R. Patil**

**Mr. Shashikumar Valsakumar**

**Mr. Prabhas Rath**

**Mr. Sahil Malik**

The Securities and Exchange Board of India Bulletin is issued by the Department of Economic and Policy Analysis, Securities and Exchange Board of India under the direction of an Editorial Committee. SEBI is not responsible for accuracy of data/information/interpretations and opinions expressed in the case of signed articles/speeches as authors are responsible for their personal views. SEBI has no objection to the material published herein being reproduced, provided an acknowledgement of the same is made. The soft copy of SEBI Bulletin is available free of cost to the subscribers/readers, who register at [bulletin@sebi.gov.in](mailto:bulletin@sebi.gov.in) along with their complete address. A readable version of SEBI Bulletin is available at <http://www.sebi.gov.in>. Any comments and suggestions on any of the features/sections may be sent to [bulletin@sebi.gov.in](mailto:bulletin@sebi.gov.in)

**CONTENTS**

**Expanding India’s Corporate Bond Market: Bonds of Growth - Assessing the Supply-Demand Matrix, Shri Ajay Tyagi, Chairman, SEBI**

**CAPITAL MARKET REVIEW**

**REVIEW OF GLOBAL FINANCIAL MARKETS**

**HIGHLIGHTS OF DEVELOPMENTS IN INTERNATIONAL SECURITIES MARKET**

**POLICY DEVELOPMENTS**

**ACTIONS TAKENS TAKEN BY SEBI**

**TABLES**

**PUBLICATIONS**

**Expanding India’s Corporate Bond Market: Bonds of Growth - Assessing the Supply-Demand Matrix**

**Shri Ajay Tyagi, Chairman, SEBI**

**at CRISIL’s 5th Annual Seminar, Mumbai on October 24, 2018**

It is my pleasure to be in the midst of this august gathering to speak on corporate bond market in India. I compliment CRISIL for organizing this seminar and am thankful to them for inviting me to speak at this event.

The issue of developing a liquid corporate bond market in India has been topical for years. It gives a sense of Deja-vu while attending a function relating to development of corporate bond market. In fact, it is very difficult to say something, which has not been said on this issue earlier. Let me try nevertheless.

1. **Increasing role of Bond Market in recent years**

Capital market, both debt and equity, has become increasingly important for India’s growth story. During the last 5 years’, India’s nominal GDP grew by over 67 per cent. Over the same time period, while outstanding bank credit increased by 63 per cent, outstanding corporate bonds increased by over 117 per cent, i.e., from ₹ 12.6 trillion to ₹ 27.4 trillion. Financing through equity, during the same time period, was over ₹ 6.2 trillion.

As a result, the share of bank loans in credit disbursed to the commercial sector declined from 56 per cent in 2011 to 38 per cent in 2017. On the other hand, over the same time period non-bank sources of credit such as commercial paper, corporate bonds and external commercial borrowings increased from 44 per cent to 62 per cent.

Financial year 2016-17 can be marked as a defining year in this context, as funds raised from the corporate bond market touched an all-time high of ₹ 6.7 trillion, surpassing the amount of bank credit disbursed during the same year.

A vibrant capital market, both equity and bond, has to play an increasingly pivotal role to facilitate fund mobilization for sustaining India’s projected economic growth momentum. The role of corporate bond market becomes even more important now, given the stress on the banking sector.

Keeping in view the larger complementary role that corporate bonds have to play along-side bank credit for financing economic activities, several policy measures have been taken by the Government and the Regulators to develop a vibrant corporate bond market.

Some important measures include:

* Framework for allowing banks to provide Partial Credit Enhancement for enhancing creditworthiness of corporate bonds;
* Information Repositories developed by Exchanges and Depositories to provide consolidated information on primary issuance and secondary market trades in corporate bonds;
* Electronic Book Building mechanism for providing enhanced transparency in issuance of debt securities on private placement basis;
* Enhanced standards for Credit Rating Agencies for timely monitoring of credit quality of bonds;
* Specifications related to International Securities Identification Number (ISINs) for debt securities to encourage liquidity and reduce fragmentation of issues;
* Tri-Party Repo trading on Exchanges to enhance liquidity and price discovery in corporate bonds;
* Time taken for listing of public issue of bonds reduced from 12 days to 6 days; and
* Doing away with the requirement of 1 per cent security deposit for public issue of debt securities.

While these policy measures, both individually and collectively, have deepened and widened the corporate bond market, yet, in comparison to other countries we still have a long way to go. For instance, the outstanding corporate bonds to GDP ratio in US and China is approximately 96 per cent and 54 per cent, respectively. In comparison, for India, this ratio stood at only around 18 per cent.

1. **Issues & Challenges**

Against this backdrop, let me now touch upon some of the issues and challenges still constraining our corporate bond market.

Development of corporate bond market is often seen as the proverbial ‘chicken & egg’ story. While there are several inter-related and inter-connected issues, let me try to segregate them into supply and demand side issues.

Supply Side Issues

On the supply side; Corporates, NBFCs and Housing Finance Companies (HFCs) are the major class of issuers tapping corporate bond market in India. These three groups individually account for 40 per cent, 25 per cent and 21 per cent of the outstanding corporate bonds, respectively, i.e., put together they constitute 86 per cent of the outstanding corporate bonds.

Almost 90 per cent of the bonds issued carry AA and above rating. The market has a very narrow bandwidth to absorb issues below AA rating.

In terms of tenor, majority of corporate bond issuances are between 2 to 5 years. In the absence of adequate liquidity in the secondary corporate bond market, long term investors like Insurance and Retirement funds adopt the approach of buy and hold. Others like Mutual Funds and Banks/ FIs mostly invest in tenor up to 5 years, generally in instruments issued by the most frequent issuers.

With a view to addressing the supply side constraints, some of the measures taken and those on the anvil include the following:

1. RBI has laid down the large exposure framework, aimed largely at limiting/capping banks’ lending and their exposure to large corporate entities. This is expected to nudge large corporates to tap corporate bond market for raising their debt; though the efficacy of the framework is yet to be tested.
2. SEBI has been working on operationalizing the 2018-19 Budget announcement which mandates large corporates to raise 25 per cent of their financing needs from the corporate bond market. Naturally, given the nascent stage of development of corporate bond market, such framework has to be relatively soft touch. SEBI would be shortly issuing the operational framework.
3. SEBI is also examining enhancing the framework for ‘on tap’ bond issuances by corporates.

2016-17 Budget had announced setting up of Credit enhancement fund. An early setting up of such a fund would facilitate raising of bonds by infrastructure sector companies. Otherwise, such bonds, often rated ‘BBB’ or below, would not be able to participate in bond market though they need the bond market the most. The real test of bond market development is when infrastructure companies raise long tenor bonds to match their long term paying assets.

Demand Side Issues

Coming to the demand side issues, unlike equity instruments, corporate bonds are embedded with many nuances, both at the level of the issuer as also at the level of the instrument.

In addition to credit rating, there are several other factors which influence the risk-return matrix in corporate bonds viz. whether a particular bond is secured or unsecured, liquid or illiquid, issued by a one-time issuer or perpetual issuer, backed by sovereign/ sub-sovereign support or not, extent of tax benefits, etc.

Given these complexities, institutional investors are the pre-dominant investors in corporate bond market. On the subscription side, for instance, body corporates (with a share of 30 per cent in the outstanding corporate bonds), banks/ financial institutions (with a share of 25 per cent), mutual funds (with a share of 20 per cent), trusts (with a share of 15 per cent) and FPIs (with a share of 7 per cent) are the major class of investors in India. Retail investors hold only about 3 per cent of the outstanding issuances.

Institutional investors such as pension funds, provident funds and insurance companies can generate far higher demand for longer dated corporate issuances. They are, however, guided by the investment norms prescribed by their respective sectoral regulators.

Relaxation of investment norms to these investors, allowing for a higher allocation by them to the corporate bond market would aid these savings to earn incremental returns and generate demand for corporate bonds.

Additionally, as these institutions are long term investors and they generally hold their investments till maturity, they can act as an ideal counterparties on the demand side to the infrastructure companies needing to rely on funding through longer dated instruments.

One recent development on this front is the Budget announcement of 2018-19 which states that “the Government and the concerned regulators will take steps to permit investment by regulated entities in ‘A’ grade bonds”.

I understand that PFRDA has already allowed their regulated entities to invest in A grade bonds. A similar early action with regard to Provident Funds and Insurance Companies is likely to nudge more investments in below ‘AA’ bonds.

There are disincentives for banks to invest in corporate bonds. Corporate bonds being marketable instruments are always marked to market whereas loans are shown at book values in the books of bank. In view of this difference in the regulatory treatment of loans and investments in bonds, Banks find loan financing more convenient as they do not need to mark to market loans vis-à-vis bonds. Fortunately, the loan financing by banks is getting some discipline on account of the asset quality review and provisioning norms prescribed by the RBI.

The HNI / small corporate sector also park surplus funds in fixed income assets. However, a lack of funding against these assets acts as a disincentive. While getting a loan against shares is par for the course, a loan against corporate bonds is hard to access. Allowing HNIs and small corporates to access the corporate bond repo to borrow and lend could accelerate their interest in this asset class.

Lack of appropriate information also constrains the investment decisions of prospective investors. While detailed information is required to be disclosed by issuers whose bonds are listed on Exchanges, similar requirements are not applicable for issuers issuing short term papers like CPs. This information asymmetry needs to be addressed.

1. **Need for a System Based Approach**

Some of the demand and supply side issues that I have highlighted need to be complemented with a host of other initiatives for facilitating an overall eco-system for fund raising and their recycling and channelization into productive activities.

For instance, adequate focus on quasi-bond products viz. REITs, InvITs, Securitized Products, etc. needs to be given as these products also complement an issuer’s fund raising requirements.

Orderly and time-bound recycling of stressed financial assets is important for orderly development of credit and fixed income markets. The time bound resolution of stressed assets under the Insolvency and Bankruptcy Code (IBC) is expected to provide further impetus to the bond market. It would be interesting to watch the impact of IBC on development of bond market in India in coming years.

1. **Concluding Remarks**

Let me briefly touch upon the issue of ‘trust’ and how this “trust’ and consequently investors’ confidence has been severely impacted due to developments in the recent months, particularly as a result of default by a large entity.

One of the issues that this episode has brought out is the inter-connectedness arising as a result of complex corporate subsidiary structures and how the maze of subsidiaries facilitate masking the end use of funds.

Proper monitoring of end use of funds, even at the last level of corporate structure, is important. Recently, SEBI has mandated that the statutory auditor of a listed entity shall undertake a limited review of the audit of all the entities/ companies whose accounts are to be consolidated with the listed entity. Similar provision needs to be made applicable even for unlisted holding companies.

My address would be incomplete in case I do not emphasize the role of Credit Rating Agencies (CRAs) as important gatekeepers in maintaining the trust of investors in bond markets. During the last one year, SEBI has taken a number of steps to rationalize the governing structure of CRAs and has emphasized on close monitoring of ratings. More needs to be done and we would consider bringing in required changes in consultation with stakeholders.

There is an opportunity for development of bond market in the present NPA crisis of banks. Of course, the volatility in bond yields in the last few months has roiled the markets thereby impacting the raising of bonds. However, in medium to long term, there seems to be no other option but to shift from bank financing of projects to bond funding.

I look forward to any suggestions and continued engagements with all stakeholders to further improve the bond market eco-system in the country.

**CAPITAL MARKET REVIEW**

1. **Introduction**

In its fourth bi-monthly Monetary Policy Committee meeting, RBI kept the repo rate unchanged at 6.5 per cent, the reserve repo rate at 6.25 per cent and changed its stance from neutral to calibrated tightening.

The Indian economy grew at a remarkable rate of 8.2 per cent in Q1 2018-19 in otherwise an environment of global turmoil. Sectors which registered growth of over 7 per cent include manufacturing, electricity, gas, water supply & other utility services, construction and public administration, defence and other services. Agriculture also grew at a robust 5.3 per cent in the June quarter.

Retail inflation as measured by CPI eased to 3.3 per cent in October from 3.7 per cent in September. During September 2018, Index of Industrial Production (IIP) grew at the slowest pace in four months at 4.5 per cent mainly due to poor performance of mining sector and lower off take of capital goods.

India’s overall exports (Merchandise and Services combined) in April-September 2018-19 were estimated to be USD 265.39 billion, exhibiting a positive growth of 17.4 per cent over the same period last year. Further, overall imports in April- September 2018-19 were estimated to be USD 321.40 billion, exhibiting a positive growth of 19.41 per cent over the same period last year.

FPIs have been net sellers almost throughout the year on rising crude oil prices, depreciating rupee and worsening current account deficit. As a result of foreign fund outflows, the S&P BSE SENSEX posted a second consecutive monthly decline in October 2018. Amid trade tensions and concerns about oversupply and weakness in global demand, commodities prices also declined in October 2018.

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

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

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

|  |  |  |
| --- | --- | --- |
| **Particulars** | **Sep-18** | **Oct-18** |
| ***A. Funds Mobilisation through Public Issue*** | ***8,701*** | ***638*** |
| I. Equity Public Issue |  |  |
| a. IPOs (i+ii) | 2,416 | 525 |
| i. Main Board | 2,107 | 344 |
| ii. SME Platform | 309 | 182 |
| b. FPOs | 0 | 0 |
| c. Equity Right Issue | 0 | 0 |
| d. Public Issue of Debt | 6,285 | 113 |
| ***B. Funds Mobilisation through Private Placement*** | ***35,214*** | ***35,538*** |
| 1. QIP/IPP | 0 | 0 |
| 2. Preferential Allotment | 3,412 | 3,644 |
| 3. Private Placement of Debt | 31,802 | 31,894 |
| **Total Funds Mobilised (A+B)** | **43,915** | **36,176** |

**Notes:**

**1. The issue size of Aavas Financiers Limited (IPO Company) was taken as/reported as ` 1701.75 crore in the month of September 2018. But the issue was not fully subscribed therefore the issue size got reduced to ` 1640.32 crore. Hence, there is a difference of ` 61.43 crore in the data for Public Issue in comparison with the data provided in the month of September 2018.**

**2. Current month data are provisional**

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

Primary market mobilised ₹ 638 crore in October 2018 through public issues, both equity and debt, as compared to ` 8,701 crore raised in September 2108. Out of 15 IPOs, 14 IPOs amounting to ` 182 crore were listed on SMEs platform of the BSE and the NSE. In the current financial year (till Oct 31, 2018), 86 SME IPOs raised ` 1,475 crore from the market ***(Annex Table 4)***.

In October 2018, there were total 28 preferential allotments worth ₹3,644 crore that got listed at BSE, NSE and MSEI as compared to 22 preferential allotments (amounting to ₹3,412 crore) in September 2018 ***(Annex Table 11)***. Further, Corporate sector mobilised significant amount of resources by way of private placements of corporate bonds which amounts to ` 31,893 crore through 155 issues ***(Annex Table 12)***.

1. **Trends in the Secondary Market**

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

|  |  |  |  |
| --- | --- | --- | --- |
| **Description** | **Sep-18** | **Oct-18** | **Change during the Month** |
| **Index in Equity Market** | | | |
| Sensex | 36227 | 34442 | -4.9 |
| Nifty 50 | 10930 | 10387 | -5.0 |
| Nifty 500 | 9116 | 8753 | -4.0 |
| BSE 500 | 14446 | 13882 | -3.9 |
| Nifty Bank | 25120 | 25153 | 0.1 |
| Nifty IT | 15838 | 14940 | -5.7 |
| BSE Healthcare | 15025 | 14727 | -2.0 |
| BSE FMCG | 11503 | 11128 | -3.3 |
| **Market Capitalisation (` crore)** | | | |
| BSE | 1,44,86,402 | 1,38,45,109 | -4.4 |
| NSE | 1,42,92,302 | 1,36,93,825 | -4.2 |
| **P/E Ratio** | | | |
| Sensex | 24.1 | 22.2 | -7.9 |
| Nifty 50 | 26.4 | 25.0 | -5.4 |
| **No of Listed Companies** | | | |
| BSE | 5,232 | 5,217 | -0.3 |
| NSE | 1,912 | 1,921 | 0.5 |
| **Gross Turnover in Equity Segment (` crore)** | | | |
| BSE | 62,477 | 66,385 | 6.3 |
| NSE | 6,88,319 | 7,45,584 | 8.3 |
| **Gross Turnover in Equity Derivatives Segment (` crore)** | | | |
| BSE | 0.93 | 0.29 | -69.3 |
| NSE | 2,24,58,641 | 2,24,33,270 | -0.1 |
| **Gross Turnover in Currency Derivatives Segment (` crore)** | | | |
| BSE | 6,80,050 | 6,41,295 | -5.7 |
| NSE | 9,59,941 | 7,77,529 | -19.0 |
| MSEI | 3,991 | 2,900 | -27.3 |
| **Gross Turnover in Interest Rate Derivatives Segment (` crore)** | | | |
| BSE | 7,489 | 9,223 | 23.2 |
| NSE | 19,346 | 22,605 | 16.8 |

**Source: NSE, BSE and MSEI**

The Indian stock markets continued to remain sluggish in October 2018 and consequently ended in red on October 31, 2018. The benchmark indices, viz., S&P BSE Sensex and Nifty 50 lost about 5 per cent each in the month under review. The Nifty 50 closed at 10,387 while the Sensex closed at 34,442 on October 31, 2018.

Both S&P BSE Sensex and Nifty 50 touched their intraday high on 1st day of the month with a closing value of 36,617 and 11,036, respectively and at the same time both the indices touched their intraday lows of 33,292 and 10,005, respectively on October 26, 2018.

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

At the end of October 2018, market capitalisation of BSE and NSE decreased by 4.4 per cent and 4.2 per cent respectively to stood at ₹1,38,45,109 crore and ₹ 1,36,93,825 crore respectively. However, the monthly cash segment turnover increased at both BSE and NSE. The turnover at BSE increased by 6.3 per cent to ₹ 66,385 crore in October 2018 while at NSE, the turnover grew at 8.3 per cent and stood at ₹ 7,45,584 crore. The P/E ratios of S&P BSE Sensex and Nifty 50 were 22.2 and 25.0 respectively, compared to 24.1 and 26.4 respectively in September 2018.

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

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

The largest decline was witnessed by S&P BSE Teck 6.42 per cent followed by S&P BSE Metal 5.68 per cent and S&P BSE Sensex 4.93 per cent. However, S&P BSE Capital Goods registered a growth of 2.22 per cent for the month of October 2018.

Further, among BSE indices, BSE PSU recorded the highest daily volatility (2.25 per cent), followed by BSE Metal (1.98 per cent), and BSE Teck registering a volatility of 1.82 per cent. BSE FMCG, BSE Power and BSE Sensex were the least volatile indices for the month of October 2018.

**Figure 4: Performance of BSE Indices**

As regards NSE indices, the largest decline was registered by Nifty IT (5.67 per cent) followed by Nifty 50 4.98 per cent and Nifty 100 4.69 per cent. On the contrary, Nifty PSU bank recorded increase of 7.98 per cent followed by Nifty Midcap 50 2.34 per cent for the month under consideration.

Further, among NSE indices, Nifty PSU Bank recorded highest daily volatility of 3.09 per cent followed by Nifty Midcap 50 2.13 per cent for the month under review.

**Figure 5: Performance of NSE Indices**

1. **Trends in Depository Accounts**

At the end of October 2018, there were 178 lakh demat accounts at NSDL and 163 lakh demat accounts at CDSL. At NSDL, till October 2018, 6,104 listed companies signed up to make their shares available for dematerialisation while at CDSL, 6,862 listed companies signed up.

**Trends in Derivatives Segment**

1. **Equity Derivatives**

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

During October 2018, the notional turnover at NSE decreased marginally to ₹ 2, 24, 33,270 crore from ₹ 2, 24, 58,641 crore as compared to the previous month. Index options accounted for 85.9 per cent of the total notional turnover in the F&O segment at NSE. The notional turnover of index futures increased by 23.6 per cent in October 2018 and that of stock futures increased by 1.6 per cent over the previous month.

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

Further, monthly notional turnover of put options on index increased by 16.3 per cent and monthly notional turnover of call options on index also increased by 18.2 per cent. In addition, monthly notional turnover of put options on stock increased by 8.9 per cent and call options on stock decreased by 3.1 per cent over previous month. The open interest in value terms in the equity derivative segment of NSE increased by 11.4 per cent to ₹ 3,17,298 crore at the end of October 2018 from ₹ 2,84,743 crore at the end of September 2018.

BSE’s share in equity derivative segment has waned with the total notional turnover being mere `42.8 crore in 2018-19 so far. In October 2018, the equity derivatives segment turnover of BSE was ₹0.3 crore compared to ₹ 0.9 crore in September 2018, while the open interest in terms of value stood at ₹0.1 crore as on October 31, 2018.

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

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Description** | **NSE** | | | **BSE** | | |
| **Sep-18** | **Oct-18** | **Percentage Change Over Month** | **Sep-18** | **Oct-18** | **Percentage Change Over Month** |
| **A. Turnover (` crore)** | | | | | | |
| (i) Index Futures | 5,40,040 | 6,67,270 | 23.6 | 0.0 | 0.0 | NA |
| (ii) Options on Index |  |  |  |  |  |  |
| *Put* | 86,75,528 | 85,20,364 | -1.8 | 0.0 | 0.0 | NA |
| *Call* | 1,06,62,247 | 1,07,42,713 | 0.8 | 0.0 | 0.0 | NA |
| (iii) Stock Futures | 14,64,394 | 14,88,065 | 1.6 | 0.9 | 0.3 | -69.3 |
| (iv) Options on Stock |  |  |  |  |  |  |
| *Put* | 3,62,772 | 3,50,546 | -3.4 | 0.0 | 0.0 | NA |
| *Call* | 7,53,661 | 6,64,312 | -11.9 | 0.0 | 0.0 | NA |
| **Total** | **2,24,58,641** | **2,24,33,270** | **-0.1** | **0.9** | **0.3** | **-69.3** |
| **B. No. of Contracts** | | | | | | |
| (i) Index Futures | 58,32,447 | 82,30,210 | 41.1 | 0 | 0 | NA |
| (ii) Options on Index |  |  |  |  |  |  |
| *Put* | 8,71,33,996 | 10,13,43,656 | 16.3 | 0 | 0 | NA |
| *Call* | 10,41,42,054 | 12,30,60,526 | 18.2 | 0 | 0 | NA |
| (iii) Stock Futures | 2,16,40,734 | 2,49,29,740 | 15.2 | 14 | 5 | -64.3 |
| (iv) Options on Stock |  |  |  |  |  |  |
| *Put* | 50,36,142 | 54,82,238 | 8.9 | 0 | 0 | NA |
| *Call* | 98,97,504 | 95,92,185 | -3.1 | 0 | 0 | NA |
| **Total** | **23,36,82,877** | **27,26,38,555** | **16.7** | **14** | **5** | **-64.3** |
| **C. Open Interest in Terms of Value ( ` crore)** | | | | | | |
| (i) Index Futures | 23,666 | 29,455 | 24.5 | 0.0 | 0.0 | NA |
| (ii) Options on Index |  |  |  |  |  |  |
| *Put* | 75,624 | 95,039 | 25.7 | 0.0 | 0.0 | NA |
| *Call* | 63,796 | 65,220 | 2.2 | 0.0 | 0.0 | NA |
| (iii) Stock Futures | 1,04,528 | 1,03,420 | -1.1 | 0.2 | 0.1 | -34.3 |
| (iv) Options on Stock |  |  |  |  |  |  |
| *Put* | 6,328 | 9,896 | 56.4 | 0.0 | 0.0 | NA |
| *Call* | 10,800 | 14,267 | 32.1 | 0.0 | 0.0 | NA |
| **Total** | **2,84,743** | **3,17,298** | **11.4** | **0.2** | **0.1** | **-34.3** |
| **D. Open Interest in Terms of No of Contracts** | | | | | | |
| (i) Index Futures | 2,82,242 | 4,09,638 | 45.1 | 0 | 0 | NA |
| (ii) Options on Index |  |  |  |  |  |  |
| *Put* | 8,81,743 | 14,29,294 | 62.1 | 0 | 0 | NA |
| *Call* | 7,31,773 | 10,01,389 | 36.8 | 0 | 0 | NA |
| (iii) Stock Futures | 16,73,343 | 18,49,840 | 10.5 | 3 | 2 | -33.3 |
| (iv) Options on Stock |  |  |  |  |  |  |
| *Put* | 1,02,705 | 1,78,903 | 74.2 | 0 | 0 | NA |
| *Call* | 1,87,225 | 2,65,489 | 41.8 | 0 | 0 | NA |
| **Total** | **38,59,031** | **51,34,553** | **33.1** | **3** | **2** | **-33.3** |

**Source: NSE and BSE**

1. **Trends of India VIX at NSE**

India VIX closed at 19.8 at the end of October 2018 from its closing at 17.0 in the previous month. The India VIX touched intraday high of 22.8 on October 31, 2018 and intraday low of 14.3 on October 16, 2018.

**Figure 7: Trends in India VIX at NSE**

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

In October 2018, the monthly turnover at the currency derivatives segment witnessed a decline across all the three exchanges. At NSE, the turnover fell by 19 per cent to stood at ₹7,77,529 crore. The turnover at MSEI was ` 2,900 crore, a decline of 27.3 per cent from September 2018. At BSE, the currency derivatives segment turnover was ` 6,41,295 crore in October 2018. NSE accounts for major share of 58.4 per cent in 2018-19 so far.

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

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

During October 2018, the aggregate turnover in the interest rate derivatives (IRD) segment across both the exchanges (BSE and NSE) increased by 18.6 per cent. The monthly turnover in IRD segment of NSE rose by 16.8 per cent, while at BSE it showed an increase of 23.2 per cent. With a strong growth in trading volume, NSE has acquired a dominating share in the IRD segment in India in the current financial year (until October 2018) unlike 2017-18, where BSE had a leading share. The share of NSE in interest rate derivatives rose to 66 per cent in 2018-19 so far as compared to 41 per cent in 2017-18. In 2018-19 so far, no trading has been observed at MSEI in this segment.

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

1. **Trading in Corporate Debt Market**

Indian companies raised a total of ` 1,20,955 crore during October 2018 through the corporate debt route. BSE noted 2,958 trades with a traded value of ₹ 35,876 crore as compared to 2,840 trades worth ₹ 37,395 crore in September 2018. At NSE, 4,572 trades were noted with a value of ` 85,079 crore in October 2018 as compared to 4,388 trades with the value of ₹85,624 crore reported in September 2018.

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

1. **Commodities Derivatives Markets**

**A. Market Trends**

At the end of October 2018, MCX Comdex closed at 3912.8, witnessing a fall of 2.4 per cent over the closing value of 4009.9 on September 28, 2018. On Y-o-Y basis, the MCX Comdex increased by 14.5 per cent, mainly on account of increase in prices of all index constituents over the past year, except lead, zinc and silver. At the end of October 2018, NCDEX Dhaanya closed at 3349.0, an increase of 5.7 per cent over the closing values of 3167.5 recorded on September 28, 2018. On Y-o-Y basis, the NCDEX Dhaanya index increased by 13.8 per cent mainly due to increase in prices of all index constituents over the past year, except chana, coriander and turmeric. **(Figure 10)**.

During the month, MCX Comdex recorded highest intra-day value of 4163.08 on October 3, 2018 while 3912.77 on October 31, 2018 was its lowest intra-day level. NCDEX Dhaanya recorded highest intra-day value of 3349.02 on October 31, 2018 and an intra-day low of 3171.01 on October 1, 2018 (Details in Table 66).

**Figure 11: Movement of Commodity Derivatives Market Indices**

**Source: MCX and NCDEX**

During October 2018, among the three component indices of MCX Comdex, Energy and Metal indices decreased by 5.3 per cent and 1.4 per cent respectively, while MCX Agri. index increased by 1.2 per cent. MCX Energy index which is composed of crude oil and natural gas, fell on account of decrease in the Crude Oil futures prices by 8.3 per cent even though Natural gas prices increased by 10.8 per cent. The downtrend in MCX Metal index was driven by the fall in futures prices of Nickel (5.0 per cent), followed by Lead (4.9 per cent) and Copper (3.8 per cent). The uptrend in MCX Agri. index in October 2018 was due to increase in futures prices of mentha oil (5.0 per cent), followed by cotton (3.2 per cent) while cardamom (0.6 per cent) and CPO (2.9 per cent) futures prices showed downward trend.

An increase of 5.7 per cent for NCDEX Dhaanya index may be attributed to significant increase in futures prices of 6 of its components viz. castor seed (22.7 per cent), coriander (19.7 per cent), jeera (9.7 per cent) , cotton seed oilcake (9.3 per cent), guar seed (7.1 per cent) and barley (7.0 per cent). The upward trend was further restricted by chana and RM seed which prices have declined marginally by 2.2 per cent and 2.0 percent, respectively.

Daily volatility during October 2018 of MCX Comdex and NCDEX Dhaanya indices was recorded at 0.9 per cent and 0.6 per cent respectively. Among the component indices of MCX Comdex, MCX Energy recorded highest volatility of 1.7 per cent, followed by MCX Metal (0.8 per cent) and MCX Agri. (0.4 per cent). The daily volatility and variation over the previous month for various commodities indices on commodity derivatives is shown in the Figure 11 below:

**Figure 12: Variation (point-to-point) and daily volatility of commodity indices in October, 2018 (per cent)**

Source: MCX and NCDEX

**B. Turnover**

During October 2018, both BSE and NSE introduced commodity derivatives contracts w.e.f. October 1, 2018 and October 12, 2018, respectively. BSE launched contracts for gold, silver, copper and crude oil, while NSE launched contacts in gold and silver only. Among, the non-agricultural commodities segments, energy segment contracts are being traded only at MCX while gems and stones are traded exclusively at ICEX. Contracts of bullion segments are traded at MCX , BSE and NSE. The commodity derivatives contracts for agri. commodities are being traded at NCDEX, MCX and ICEX.

The total turnover of commodity derivatives segment of all the exchanges in October stood at ₹6,89,513 crore, an increase of 8.7 per cent over the turnover of ₹6,34,549 crore during the previous month. The agricultural segment contributed ₹62,124 crore (9.0 per cent), while that of the non-agricultural segment contributed ₹6,27,389 crore (91.0 per cent) to the total turnover during the month. Both BSE and NSE which launched commodity derivatives contracts during the month recorded turnover of ₹7,049 crore and ₹696crore, respectively.

The total turnover (futures + options) at MCX increased by 5.3 per cent during October 2018 to ₹6,25,961 crore, over total turnover of ₹5,94,184 crore recorded in September 2018. The turnover of all the options contracts decreased from ₹46,624 crore in September 2018 to ₹15,645 crore in October 2018, a decrease of 66.4 per cent. This was mainly due to fall in turnover of bullion options in October.

The contribution to the total turnover at MCX was the highest from metal segment at 38.8 per cent followed by energy (36.3 per cent), bullion (23.7 per cent) and agri segment(1.3 per cent). The options contracts contributed 2.5 per cent to the total turnover.

The consolidated turnover (futures + options) at NCDEX increased by 41.3 per cent to ₹54,066 crore during October 2018, from ₹38,261 crore in September 2018. The guar seed options contracts recorded turnover of ₹41 crore during September 2018.

The agri. segment of ICEX recorded turnover of ₹135 crore during last October 2018. The total turnover at ICEX in diamond contracts increased by 197 per cent to ₹944 crore in October 2018 from ₹318 crore during last month. Total turnover in steel long contract under metal segment contracts increased by 7.9 per cent to ₹662 crore in October 2018 from ₹613 crore during last month. The aggregate turnover at ICEX (diamond + metal + agri. contracts taken together) was recorded at ₹1,741 crore in October, 2018.

The turnover of agricultural commodities was the highest at NCDEX (₹54,066 crore) followed by MCX (₹7,923 crore) and ICEX (₹135 crore). The turnover of agricultural and non- agricultural commodities at stock exchanges is shown in Figures 12, 13 and the details in Tables 67 to 72.

**Figure 13: Trends in turnover of agricultural commodity derivatives (₹crore)**

Note : Consequent to merger of NMCE with ICEX, all contracts of NCME are

transferred to ICEX w.e.f. 24th September, 2018. The trading data of NMCE is

added to ICEX for the pre-merger period.

Source : MCX, NCDEX and ICEX

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

**Futures and Options (₹ crore)**

Source : MCX and ICEX

Figure 14 provides a snapshot of the percentage gain/loss in futures prices in near month contracts of the commodities traded at the exchanges.

**Figure 15: Movement of futures prices (M-o-M) for near month contracts traded on domestic exchanges during October 2018 (per cent)**

Source: MCX, NCDEX, and ICEX

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

The total net investment in the secondary market by mutual funds was ₹ 51,412 crore in October 2018, compared to the total net investment of ₹ 30,325 crore in September 2018. During October 2018, mutual funds net invested ₹ 24,047 crore in equity as compared ₹ 11,638 crore net investment in September 2018. In addition, mutual funds net invested ₹ 27,365 crore in debt securities as compared to ₹ 18,686 crore investment in September 2018.

During October 2018, there was a net inflow of ₹ 35,530 crore by the mutual funds industry as against a net outflow ₹ 2,30,159 crore during September 2018. During the month, income / debt oriented schemes mobilised ₹ 17,363 crore, followed by Growth/equity oriented schemes (₹ 14,783 crore), Exchange traded funds (` 2,804 crore), Balanced schemes (₹ 520 crore), and Fund of funds schemes investing overseas (₹ 60 crore).

The cumulative net assets under management of all mutual funds increased to ₹ 22,23,560 crore at the end of October 2018 from ₹ 22,04,423 crore at the end of September 2018.

As on October 31, 2018, there were a total of 1,910 mutual fund schemes in the market, of which 1,244 (65.1 per cent) were income / debt oriented schemes, 539 (28.2 per cent) were growth / equity oriented schemes, 26 (1.4 per cent) were balanced schemes, 72 (3.8 per cent) were exchange traded funds and 29 (1.5 per cent) were fund of funds investing overseas**.**

**Figure 16: Trends in Mutual Funds Investment (₹ crore)**

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

Foreign portfolio investors turned net sellers in October 2018. FPIs withdrew ₹38,906 crore from Indian securities market during October 2018. FPI’s liquidated (net) ₹ 28,921 crore worth of equity securities in October 2018. In addition, FPI also liquidated (net) ` 9,978 crore worth of debt securities during the same period. Similarly, FPIs continued to liquidate their holdings of hybrid securities in October 2018 as well amounting to ₹ 6 crore.

The assets of the FPIs in India, as reported by the custodians, at the end of October 2018 was ₹29, 82,324 crore, out of which the notional value of offshore derivative instruments (including ODIs on derivatives) was ₹66,587 crore, which was 2.2 per cent of the total assets of the FPIs.

**Figure 17: Trends in FPIs Investment (₹ crore)**

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

1. **Trends in Portfolio Management Services**

The total AUM of the portfolio management industry decreased by 0.05 per cent as compared to the previous month. The AUM of discretionary services increased by 0.7 while that of and non-discretionary and advisory services decreased by about 1.1 per cent and 4.5 per cent respectively.

The discretionary services offered to the Employees Provident Fund Organization (EPFO)/Provident Fund (PF) constituted 81.8 per cent of the total AUM of the portfolio managers.

Number of clients under discretionary services category were the highest with 1, 30,337 clients, followed by non-discretionary category with 6,203 clients and advisory category with 2,574 clients.

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

In October 2018, two open offers with offer value of ₹ 71 crore were made to the shareholders as against three open offers with offer value of ₹1,319 crore in September 2018.

**Figure 18: Details of Open Offers Made under the SEBI (SAST) Regulations**

**REVIEW OF GLOBAL FINANCIAL MARKETS**

**Overview of the Global Financial Markets:**

The final quarter of 2018 started on a positive note in terms of economic indicators. The Global PMI figures show that there was a modest improvement in the rate of expansion of global economic output during October 2018, as stronger performing service sector offset the ongoing slowdown at manufacturing sector. The International Monetary Fund (IMF) in its October 2018 World Economic Outlook Report has revised the projection of global growth downwards by 20 basis points to 3.7 per cent for 2018-19 emphasising on the fact that downside risk to global growth have risen in the past six months and the potential for upside surprises has receded.

The advanced economies exhibited a mixed trend. While growth suffered in the Euro Area and the UK, the United States continued to experience strong growth momentum. America’s economy grew at an annualised rate of 3.5 per cent in the third quarter of 2018, driven by a surge in consumer spending that compensated for weaker business investment. However, the recently announced trade measures, including the tariffs imposed on US$ 200 billion of US imports from China has increased the risk of trade war between the two nations. In the UK, growth prospects remain low due to drag on business investment from ongoing economic and political uncertainty relating to the outcome of the Brexit negotiations. Economic growth in the Euro Zone slowed sharply in the third quarter to 1.7 per cent, year-on-year, compared with 2.2 per cent in the previous quarter. Inflation rose to 2.2 per cent, the highest since December 2012. The European Commission has requested Italy to present a revised draft budgetary plan for 2019. In Japan, strong wage data and low unemployment indicates tightening of labour market. The Bank of Japan is considering gradual withdrawal of its ultra-loose monetary policy as the stimulus failed to push the inflation up to 2 per cent.

According to the IMF, the growth prospects of many energy exporting emerging market and developing economies (EMDEs) have been lifted by higher oil prices. However, country-specific factors like tighter financial conditions, geopolitical tensions and higher oil import bills, etc. have affected growth in Argentina, Brazil, Iran, and Turkey. India maintained its growth tempo and has emerged as the fastest growing economy among the EMDEs. However, there has been a broader slowdown in China partly due to the increase in trade tensions with the US. A further escalation in trade tensions could weigh on growth but the depreciation in the renminbi against the US dollar has partially offset the impact of higher tariffs. In October, China’s central bank infused 750 billion yuan (US$ 108 billion) into the economy by reducing cash-reserves ratio. The PBoC has been trying to limit the pace of credit growth in the shadow banking sector.

**Equity Markets:**

During the month of October 2018, Stock markets around the world witnessed sharp decline. The confidence of investors was eroded by a number of factors, including fears that trade tensions between America and China may further intensify affecting the technology companies in particular. Markets across the globe went through a difficult phase during the first three weeks of October 2018. In the last week of the month, almost all the markets witnessed marginal improvement.

The US equity market did not perform well despite strong economic fundamentals. Uncertainties regarding trade war, soaring up of oil prices, and geopolitical tension in different parts of the world affected the investors’ sentiment. Equity markets in the Euro Zone also not performed well. A combination of factors including tightening global financial conditions, trade concerns and the ongoing dispute over Italy’s budget combined with weaker corporate earnings in some sectors contributed to the weak returns. The performance of UK stock market followed other markets. The benchmark index of London Stock Exchange, namely the FTSE-100 index fell by 5.0 per cent at the end of October 2018 from its previous month end closing. Japanese equities fell steeply during October 2018. The Bank of Japan’s regular policy committee meeting resulted in no change to monetary policy. Economic data released during the month was somewhat mixed with weaker than expected industrial production. The weak performance of the economy is attributed to the natural disasters affecting Japan in recent months.

Among the developed market indices, Kospi index of South Korea fell by 13.4 per cent at the end of October 2018 compared to its previous month’s closing, followed by the Hang Seng index of Hong Kong (10.6 per cent) and Nasdaq Composite index (9.2 per cent). (Table A1).

Emerging markets (EM) equities also showcased poor performance as weaker global growth and trade uncertainty driving risk aversion. Further, weak corporate earnings were also a headwind in several markets, notably in Asian markets. The MSCI Emerging Markets index decreased in value and underperformed the MSCI World. Brazilian equities and the real rallied in anticipation of a market-friendly election outcome, which was confirmed at the end of the month. The Brazil IBOVESPA index increased by 10.2 per cent at the end of October 2018 compared to its previous month’s closing. On the other hand, Shanghai SE Composite index of China fell by 7.8 per cent followed by FTSE/JSE All Share index of South Africa (6.0 per cent) and Russian Traded index (5.8 per cent)(Table A1).

**Table A1: Performance of Stock Indices**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Country** | **Name of the Index** | **Closing Value as on** | **Closing Value before** | | | | **Annualised Volatility (per cent)** | **P/E Ratio** |
| **October 31, 2018** | **1-Month** | **3-Month** | **6-Month** | **1-Year** |
| **BRICS Nations** | | | | | | | | |
| Brazil | BRAZIL IBOVESPA INDEX | 87423.6 | 79342.4 | 79220.4 | 86115.5 | 74308.5 | 23.6 | 20.1 |
| Russia | RUSSIAN TRADED INDEX | 1660.1 | 1762.0 | 1702.8 | 1652.0 | 1522.2 | 27.6 | 5.9 |
| India | NIFTY 50 | 10386.6 | 10930.5 | 11356.5 | 10739.4 | 10335.3 | 12.5 | 25.0 |
| India | S&P BSE SENSEX INDEX | 34442.1 | 36227.1 | 37606.6 | 35160.4 | 33213.1 | 12.0 | 22.0 |
| China | SHANGHAI SE COMPOSITE | 2602.8 | 2821.4 | 2876.4 | 3082.2 | 3393.3 | 20.4 | 12.1 |
| South Africa | FTSE/JSE AFRICA ALL SHR | 52388.9 | 55708.5 | 57432.5 | 58236.1 | 58980.1 | 16.6 | 15.4 |
| **Developed Markets** | | | | | | | | |
| USA | NASDAQ COMPOSITE INDEX | 7305.9 | 8046.4 | 7671.8 | 7066.3 | 6727.7 | 16.6 | 40.5 |
| USA | DOW JONES INDUS. AVG | 25115.8 | 26458.3 | 25415.2 | 24163.2 | 23377.2 | 12.8 | 16.9 |
| France | CAC 40 INDEX | 5093.4 | 5493.5 | 5511.3 | 5520.5 | 5503.3 | 12.5 | 15.8 |
| Germany | DAX INDEX | 11447.5 | 12246.7 | 12805.5 | 12612.1 | 13229.6 | 14.0 | 13.9 |
| UK | FTSE 100 INDEX | 7128.1 | 7510.2 | 7748.8 | 7509.3 | 7493.1 | 11.7 | 15.4 |
| Hong Kong | HANG SENG INDEX | 24979.7 | 27788.5 | 28583.0 | 30808.5 | 28245.5 | 17.9 | 9.5 |
| South Korea | KOSPI INDEX | 2029.7 | 2343.1 | 2295.3 | 2515.4 | 2523.4 | 13.3 | 13.0 |
| Japan | NIKKEI 225 | 21920.5 | 24120.0 | 22553.7 | 22467.9 | 22011.6 | 14.8 | 25.7 |
| Singapore | STRAITS TIMES INDEX | 3018.8 | 3257.1 | 3319.9 | 3613.9 | 3374.1 | 12.6 | 10.7 |

**Source:** Bloomberg, BSE and NSE

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

**Note:** All indices have been indexed with base as March 31, 2018.

**Source:** Bloomberg

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

**Note:** All indices have been indexed with base as March 31, 2018.

**Source:** Bloomberg

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

As per the data available from World Federation of Exchanges, during September 2018, US$ 56,360 million was mobilised through issuance of equity and bonds at Deutsche Boerse AG of Germany followed by LSE Group of UK (US$ 50,004 million) and BME Spanish Exchange (US$ 32,368 million).

Among the BRICS nations, a total of US$ 21,859 million was mobilised through issuance of equity shares and bonds in Moscow Exchange of Russia followed by National Stock Exchange of India (US$ 16,845 million) and Shenzhen Stock Exchange (US$ 7,834 million) (Table A2).

**Table A2: Fund Mobilisation by Issuance of Equity and Bond in Major Exchanges** (US$ Million)

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Country** | **Exchange** | **Aug-18** | | | **Sep-18** | | |
|  | **Equity** | **Bond** | **Total** | **Equity** | **Bond** | **Total** |
| Developed Markets | USA | Nasdaq - US | 569.6 | NA | 569.6 | 1,518.7 | NA | 1,518.7 |
| USA | NYSE | 7,765.2 | NA | 7,765.2 | 10,811.0 | NA | 10,811.0 |
| UK | LSE Group | 1,532.0 | 11,540.2 | 13,072.2 | 803.8 | 49,199.7 | 50,003.5 |
| France | Euronext | 594.9 | - | 594.9 | 3,156.5 | - | 3,156.5 |
| Germany | Deutsche Boerse AG | - | 31,922.4 | 31,922.4 | - | 56,360.3 | 56,360.3 |
| Spain | BME Spanish Exchanges | 1,760.5 | - | 1,760.5 | 1.7 | 32,366.1 | 32,367.8 |
| Japan | Japan Exchange Group Inc. | 1,240.4 | 1,640.8 | 2,881.2 | - | NA | - |
| Singapore | Singapore Exchange | 13.3 | 23,619.6 | 23,632.8 | 42.6 | 17,876.3 | 17,919.0 |
| Australia | Australian Securities Exchange | 1,532.3 | NA | 1,532.3 | 5,557.8 | NA | 5,557.8 |
| Hong Kong | Hong Kong Exchanges and Clearing | 12,054.9 | 11,882.7 | 23,937.6 | 9,575.1 | 17,881.7 | 27,456.8 |
| Korea | Korea Exchange | 346.5 | 42,094.5 | 42,441.0 | 96.2 | 32,120.4 | 32,216.6 |
| BRICS | Brazil | BM&FBOVESPA S.A. | - | 184.4 | 184.4 | - | 14.9 | 14.9 |
| Russia | Moscow Exchange | NA | 29,429.0 | 29,429.0 | NA | 21,859.0 | 21,859.0 |
| India | BSE India Limited | 557.4 | 360.5 | 917.9 | 69.6 | 289.6 | 359.2 |
| India | National Stock Exchange of India Limited | 625.9 | 19,487.1 | 20,113.0 | 1,830.1 | 15,014.4 | 16,844.5 |
| China | Shanghai Stock Exchange | 11,761.5 | NA | 11,761.5 | 2,193.6 | NA | 2,193.6 |
| China | Shenzhen Stock Exchange | 1,946.4 | 4,831.2 | 6,777.7 | 4,473.9 | 3,360.4 | 7,834.3 |
| South Africa | Johannesburg Stock Exchange | 76.9 | 2,690.3 | 2,767.2 | 1,499.9 | 2,494.0 | 3,993.8 |

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

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

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

NA = Not Available

**Source:** World Federation of Exchanges

**Market Capitalisation of Major Exchanges:**

Market capitalisation of the major exchanges in the world exhibited a mixed trend during the month under review. As regards developed market exchanges, market capitalisation of LSE Group of the UK went up by 2.1 per cent in September 2018 from its value in the previous month, followed by Japan Exchange Group Inc. (2.1 per cent) and Korea Exchange of the South Korea (1.2 per cent). On the other hand, market cap of Deutsche Boerse AG of Germany fell by 1.8 per cent followed by Australian Securities Exchange (1.4 per cent) and Nasdaq Exchange of the USA (0.1 per cent).

As regards, BRICS nations, market capitalisation of Moscow Exchange of Russia increased by 10.0 per cent in September 2018 from its value in the previous month, followed by BM&FBOVESPA S.A. of Brazil (4.3 per cent). On the other hand, market cap of National Stock Exchange of India Limited fell by 11.1 per cent followed by BSE India Limited (11.1 per cent) and Shenzhen Stock Exchange (0.6 per cent).

**Table A3: Domestic Market Capitalisation of Major Exchanges** (US$ Million)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Country** | **Exchange** | **Aug-18** | **Sep-18** |
| **Developed Markets** | USA | Nasdaq - US | 11,970,874.0 | 11,859,513.5 |
| USA | NYSE | 24,239,300.3 | 24,223,206.0 |
| UK | LSE Group | 4,147,279.5 | 4,236,193.9 |
| Pan Europe\* | Euronext | 4,369,966.2 | 4,377,263.3 |
| Germany | Deutsche Boerse AG | 2,147,467.9 | 2,108,114.4 |
| Spain | BME Spanish Exchanges | 812,411.4 | 808,321.4 |
| Japan | Japan Exchange Group Inc. | 6,050,365.7 | 6,180,043.0 |
| Singapore | Singapore Exchange | 708,258.4 | 712,988.0 |
| Hong Kong | Hong Kong Exchanges and Clearing | 4,103,649.8 | 4,111,111.7 |
| South Korea | Korea Exchange | 1,642,031.3 | 1,661,151.7 |
| Australia | Australian Securities Exchange | 1,448,832.6 | 1,429,471.0 |
| **BRICS** | Brazil | BM&FBOVESPA S.A. | 771,081.0 | 804,106.3 |
| Russia | Moscow Exchange | 589,184.0 | 646,847.2 |
| India | BSE India Limited | 2,247,643.1 | 1,999,346.5 |
| India | National Stock Exchange of India Limited | 2,220,805.2 | 1,973,824.0 |
| China | Shanghai Stock Exchange | 4,254,450.1 | 4,386,030.6 |
| China | Shenzhen Stock Exchange | 2,708,710.0 | 2,691,604.5 |
| South Africa | Johannesburg Stock Exchange | 981,673.9 | 988,338.8 |

**Note:**

**\*** Euronext is the first pan-European exchange, spanning Belgium, France, Ireland, the Netherlands, Portugal and the UK.

**Source:** World Federation of Exchanges

**Equity Derivatives:**

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

**Single Stock Options:**

* Among exchanges in the Americas, BM&FBOVESPA of Brazil recorded trading of 55,237,017 contracts of stock options, followed by Nasdaq Stock Exchange of the USA (54,942,161 contracts), and Chicago Board Options Exchange (37,142,155 contracts).
* Among exchanges in the Europe - Africa - Middle East, EUREX recorded trading of 14,870,955 contracts, followed by Euronext (5,915,684 contracts) and BME Spanish Exchanges (1,861,310 contracts).
* Among exchanges in the Asia – Pacific, the Nationals Stock Exchange of India recorded trading of 14,933,646 contracts, followed by Hong Kong Exchanges and Clearing (9,875,701 contracts) and Australian Securities Exchange (5,577,183 contracts).

**Single Stock Futures:**

* Among exchanges in the Americas, Bolsa de Valores de Colombia recorded 13,415 contracts traded on single stock futures followed by MexDer of Mexico (600 contracts).
* Among exchanges in the Europe - Africa - Middle East, Moscow Exchange recorded trading of 23,240,268 contracts, followed by EUREX (8,396,920 contracts) and Borsa Istanbul (4,272,952 contracts).
* Among exchanges in the Asia – Pacific, Korea Exchange of South Korea recorded trading of 35,170,185 contracts, followed by National Stock Exchange of India (21,640,734 contracts) and Thailand Futures Exchange (5,526,947 contracts).

**Stock Index Options:**

* Among exchanges in the Americas, Chicago Board Options Exchange recorded 35,648,766 contracts traded on stock index futures, followed by CME Group (11,786,472 contracts) and BM&FBOVESPA of Brazil (1,852,077contracts).
* Among exchanges in the Europe - Africa - Middle East, EUREX recorded trading of 32,870,046 contracts, followed by Moscow Exchange of Russia (1,897,678 contracts) and Tel-Aviv Stock Exchange of Israel (1,693,217 contracts).
* Among exchanges in the Asia – Pacific, National Stock Exchange of India recorded trading of 191,276,050 contracts, followed by Korea Exchange of South Korea (43,750,174 contracts) and Taiwan Futures Exchange (TAIFEX) (14,350,401 contracts).

**Stock Index Futures:**

* Among exchanges in the Americas, CME Group recorded 52,339,204 contracts traded on stock index futures followed by BM$FBOVESPA of Brazil (51,262,145 contracts) and CBOE Futures Exchange (4,576,363 contracts).
* Among exchanges in the Europe - Africa - Middle East, EUREX recorded trading of 53,787,458 contracts, followed by Moscow Exchanges (9,713,925 contracts) and Borsa Istanbul (3,541,508 contracts).
* Among exchanges in the Asia – Pacific, Japan Exchange Group recorded trading of 26,738,177 contracts, followed by Singapore Exchange (15,040,752 contracts) and Hong Kong Exchange and Clearing (10,376,095 contracts).

**Currency Derivatives:**

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

**Currency Options:**

* Among exchanges in the Americas, CME Group recorded 1,340,675 contracts traded on currency options, followed by BM&FBOVESPA of Brazil (656,390 contracts) and Mexican Derivatives Exchange (MexDer) (3,071 contracts).
* Among exchanges in the Europe - Africa - Middle East, Johannesburg Stock Exchange of South Africa recorded trading of 8,523,427 contracts, followed by Moscow Exchange (2,971,912 contracts) and Tel-Aviv Stock Exchange of Israel (902,711 contracts).
* Among exchanges in the Asia – Pacific, National Stock Exchange of India Limited recorded trading of 61,190,777 contracts, followed by BSE India Limited (48,959,081 contracts) and Taiwan Futures Exchange (TAIFEX) (6,876 contracts).

**Currency Futures:**

* Among exchanges in the Americas, BM&FBOVESPA of Brazil recorded 32,683,286 contracts traded on currency futures, followed by CME Group (20,173,295 contracts) and Mexican Derivatives Exchange (MexDer) (962,617 contracts).
* Among exchanges in the Europe - Africa - Middle East, Moscow Exchange recorded trading of 54,596,101 contracts, followed by Johannesburg Stock Exchange (5,692,338 contracts) and Borsa Instanbul (4,430,756 contracts).
* Among exchanges in the Asia – Pacific, National Stock Exchange of India recorded trading of 70,515,824 contracts, followed by BSE India Limited (45,790,152 contracts) and Korea Exchange of South Korea (5,606,437 contracts).

**Interest Rate Derivatives:**

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

**Interest Rate Options:**

* Among exchanges in the Americas, CME Group recorded 42,511,851 contracts traded on interest rate options followed by BM&FBOVESPA of Brazil (4,379,227 contracts).
* Among exchanges in the Europe, Africa and Middle East, EUREX recorded trading of 5,412,450 contracts, followed by Nasdaq Nordic Exchanges (781,109 contracts) and Johannesburg Stock Exchange (19,612 contracts).
* Among exchanges in the Asia – Pacific, Australian Securities Exchange recorded trading of 56,889 contracts, followed by Japan Exchange Group (54,498 contracts).

**Interest Rate Futures:**

* Among exchanges in the Americas, CME Group recorded 120,838,191 contracts traded on interest rate futures, followed by BM&FBOVESPA of Brazil (24,860,492 contracts) and Mexican Derivatives Exchange (MexDer) (46,505 contracts)
* Among exchanges in the Europe - Africa - Middle East, EUREX recorded trading of 52,473,144 contracts, followed by Nasdaq Nordic Exchanges (2,227,088 contracts) and Moscow Exchange (76,818 contracts).
* Among exchanges in the Asia – Pacific, Australian Securities Exchange recorded trading of 15,232,137 contracts, followed by Korea Exchange of South Korea (4,400,351 contracts) and Japan Exchange Group (1,046,262 contracts).

**Commodity Derivatives:**

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

**Commodity Options:**

* Among exchanges in the Americas, CME Group recorded 11,457,974 contracts traded on commodity options, followed by ICE Futures US (1,018,402 contracts) and BM&FBOVESPA of Brazil (38,515 contracts).
* Among exchanges in the Europe - Africa - Middle East, Moscow Exchange recorded trading of 774,716 contracts, followed by EUREX (379,670 contracts) and Euronext (89,503 contracts).
* Among exchanges in the Asia – Pacific, Zhengzhou Commodity Exchange recorded trading of 338,546 contracts, followed by Multi Commodity Exchange of India (212,134 contracts) and Singapore Exchange (123,230 contracts).

**Commodity Futures:**

* Among exchanges in the Americas, CME Group recorded 71,511,594 contracts traded on commodity futures, followed ICE Futures US (6,352,918 contracts) and BM&FBOVESPA of Brazil (104,456 contracts).
* Among exchanges in the Europe - Africa - Middle East, Moscow Exchange recorded trading 28,071,581 contracts, followed by Borsa Istanbul (3,394,332 contracts) and Euronext (889,907 contracts).
* Among exchanges in the Asia – Pacific, Shanghai Futures Exchange recorded trading of 96,452,469 contracts, followed by Zhengzhou Commodity Exchange (64,448,611 contracts) and Multi Commodity Exchange of India (18,288,215 contracts).

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

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Exchange** | **September 2018** | | | | | | **Trading days  Sep 2018** |
| **Stock options** | | | **Single stock futures** | | |
| **Number of contracts traded** | **Notional turnover** | **Open interest** | **Number of contracts traded** | **Notional turnover** | **Open interest** |
| **Americas** | | | | | | | |
| BM&FBOVESPA | 55,237,017 | 49,687 | 18,817,800 | - | - | - | 19 |
| Bolsa de Comercio de Buenos Aires | 2,624,471 | - | - | - | - | - | 20 |
| Bolsa de Valores de Colombia | NA | - | - | 13,415 | 26 | 9,713 | 20 |
| Chicago Board Options Exchange | 37,142,155 | NA | 182,546,000 | NA | NA | NA | 19 |
| MexDer | 85,183 | 34 | 102,744 | 600 | 0 | 300 | 20 |
| Miami International Securities Exchange | 10,014,066 | NA | NA | NA | NA | NA |  |
| Nasdaq - US | 54,942,161 | NA | NA | NA | NA | NA |  |
| NYSE | 36,522,564 | 12,704 | NA | NA | NA | NA | 19 |
| **Total region** | **196,567,617** |  |  | **14,015** |  |  |  |
| **Asia - Pacific** | | | | | | | |
| Australian Securities Exchange | 5,577,183 | 11,388 | 7,055,640 | 284,680 | 262 | 500,214 | 20 |
| BSE India Limited | NA | NA | NA | 14 | 0 | 3 | 18 |
| Hong Kong Exchanges and Clearing | 9,875,701 | 32,940 | 8,357,000 | 121,882 | 519 | 17,726 | 19 |
| Japan Exchange Group | 11,351 | NA | 35,926 | NA | NA | NA | 18 |
| Korea Exchange | 1,489,847 | NA | 360,432 | 35,170,185 | 20,677 | 3,022,460 | 17 |
| National Stock Exchange of India | 14,933,646 | 154,184 | 289,930 | 21,640,734 | 202,239 | 1,673,340 | 18 |
| TAIFEX | 13,371 | 82 | 4,101 | 1,841,167 | 17,476 | 137,813 | 19 |
| Thailand Futures Exchange | NA | NA | NA | 5,526,947 | NA | 2652500 | 20 |
| **Total region** | **31,901,099** |  |  | **64,585,609** |  |  |  |
| **Europe - Africa - Middle East** | | | | | | | |
| Athens Derivatives Exchange | 875 | 0 | 790 | 1,946,870 | 224 | 492,799 | 20 |
| BME Spanish Exchanges | 1,861,310 | 1,521 | 8,115,350 | 1,834,863 | 1,057 | 1,062,120 | 20 |
| Borsa Istanbul | 101,853 | 15 | 214,271 | 4,272,952 | 625 | 539,838 | 20 |
| Budapest Stock Exchange | - | - | - | 11,547 | 69 | 7,076 | 20 |
| Dubai Gold & Commodities Exchange | NA | NA | NA | 230,209 | 378 | 470 | 20 |
| EUREX | 14,870,955 | 70,140 | 57,460,800 | 8,396,920 | 32,295 | 6,158,090 | 20 |
| Euronext | 5,915,684 | 23,680 | 15,802,800 | 240,318 | 826 | 267,468 | 20 |
| Johannesburg Stock Exchange | 498,806 | 50 | 1,245,900 | 1,302,818 | 856 | 585,812 | 19 |
| Moscow Exchange | 136,956 | 34 | 140,168 | 23,240,268 | 6,239 | 1,737,920 | 20 |
| Nasdaq Nordic Exchanges | 1,516,967 | 2,402 | 3,942,990 | 595,303 | 1,029 | 541,030 | 20 |
| Oslo Bors | 162,318 | 284 | 285,669 | 102,427 | 67 | 65,608 | 20 |
| Tehran Stock Exchange | 1,400,076 | 0 | NA | - | - | - | 20 |
| Tel-Aviv Stock Exchange | 54,109 | 460 | 43,076 | NA | NA | NA | 13 |
| Warsaw Stock Exchange | - | - | - | 123,087 | 235 | 18,253 | 20 |
| **Total region** | **26,519,909** |  |  | **42,297,582** |  |  |  |
| **Total** | **254,988,625** |  |  | **106,897,206** |  |  |  |

**Source:** World Federation of Exchanges

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

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Exchange** | **September 2018** | | | | | | **Trading days  Sep 2018** |
| **Stock index options** | | | **Stock index futures** | | |
| **Number of contracts traded** | **Notional turnover** | **Open interest** | **Number of contracts traded** | **Notional turnover** | **Open interest** |
| **Americas** | | | | | | | |
| BM&FBOVESPA | 1,852,077 | 12,936 | 364,375 | 51,262,145 | 226,452 | 5,586,360 | 19 |
| Bolsa de Comercio de Buenos Aires | - | - | - | 75,783 | 60,062 | - | 20 |
| Bolsa de Valores de Colombia | - | - | - | 307 | 4 | 155 | 20 |
| CBOE Futures Exchange | NA | NA | NA | 4,576,363 | NA | 536,376 | 19 |
| Chicago Board Options Exchange | 35,648,766 | NA | 23,959,700 | NA | NA | NA | 19 |
| CME Group | 11,786,472 | 2,130,620 | 4,365,740 | 52,339,204 | 7,386,930 | 4,456,870 | 19 |
| ICE Futures US | NA | NA | NA | NA | 320,982 | 1,510,040 | 19 |
| MexDer | 470 | 13 | 1,873 | 106,515 | 2,824 | 31,913 | 20 |
| Nasdaq - US | 240,834 | NA | NA | NA | NA | NA |  |
| **Total region** | **49,528,619** |  |  | **108,360,317** |  |  |  |
| **Asia - Pacific** | | | | | | | |
| Australian Securities Exchange | 931,565 | 41,221 | 965,505 | 1,969,706 | 212,205 | 398,461 | 20 |
| BSE India Limited | NA | NA | NA | NA | NA | NA | 18 |
| Bursa Malaysia Derivatives | 1,097 | 0 | 545 | 176,464 | 3,745 | 23,915 | 17 |
| China Financial Futures Exchange | NA | NA | NA | 1,346,600 | 178,903 | 127,597 | 19 |
| Hong Kong Exchanges and Clearing | 3,357,526 | 344,088 | 3,321,190 | 10,376,095 | 1,162,220 | 673,906 | 19 |
| Japan Exchange Group | 2,517,251 | NA | 2,200,270 | 26,738,177 | 1,429,580 | 2,104,900 | 18 |
| Korea Exchange | 43,750,174 | 2,846,600 | 3,205,980 | 7,431,569 | 368,972 | 556,904 | 17 |
| National Stock Exchange of India | 191,276,050 | 2,670,620 | 1,613,520 | 5,832,447 | 74,582 | 282,242 | 18 |
| Singapore Exchange | 722,313 | NA | 1,842,180 | 15,040,752 | NA | 2,201,290 |  |
| TAIFEX | 14,350,401 | 255,839 | 608,116 | 6,603,786 | 316,155 | 155,268 | 19 |
| Thailand Futures Exchange | 122,395 | NA | 22,966 | 4,037,980 | NA | 308,406 | 20 |
| **Total region** | **257,028,772** |  |  | **79,553,576** |  |  |  |
| **Europe - Africa - Middle East** | | | | | | | |
| Athens Derivatives Exchange | 5,050 | 22 | 2,835 | 47,949 | 203 | 7,230 | 20 |
| BME Spanish Exchanges | 373,241 | 4,077 | 1,084,300 | 590,982 | 54,767 | 127,387 | 20 |
| Borsa Istanbul | 6,989 | 14 | 11,224 | 3,541,508 | 7,135 | 424,780 | 20 |
| Budapest Stock Exchange | - | - | - | 29,027 | 38 | 14,793 | 20 |
| Dubai Gold & Commodities Exchange | NA | NA | NA | - | - | - | 20 |
| EUREX | 32,870,046 | 1,187,610 | 43,234,800 | 53,787,458 | 2,400,380 | 9,084,480 | 20 |
| Euronext | 1,417,318 | 88,755 | 926,745 | 2,946,940 | 221,264 | 601,222 | 20 |
| Johannesburg Stock Exchange | 481,930 | 231 | 758,183 | 2,580,636 | 56,829 | 515,178 | 19 |
| Moscow Exchange | 1,897,678 | 4,281 | 297,626 | 9,713,925 | 20,996 | 385,680 | 20 |
| Nasdaq Nordic Exchanges | 672,379 | 12,388 | 614,406 | 3,065,016 | 55,997 | 555,128 | 20 |
| Oslo Bors | 66,475 | 670 | 70,274 | 222,646 | 2,288 | 43,582 | 20 |
| Tel-Aviv Stock Exchange | 1,693,217 | NA | NA | NA | NA | NA | 13 |
| Warsaw Stock Exchange | 16,630 | 102 | 14,616 | 444,814 | 5,427 | 43,288 | 20 |
| **Total region** | **39,500,953** |  |  | **76,970,901** |  |  |  |
| **Total** | **346,058,344** |  |  | **264,884,794** |  |  |  |

**Source:** World Federation of Exchanges

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

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Exchange** | **September 2018** | | | | | | **Trading days  Sep 2018** |
| **Currency options** | | | **Currency futures** | | |
| **Number of contracts traded** | **Notional turnover** | **Open interest** | **Number of contracts traded** | **Notional turnover** | **Open interest** |
| **Americas** | | | | | | | |
| BM&FBOVESPA | 656,390 | 559 | 941,116 | 32,683,286 | 8,129,766 | 5,586,360 | 19 |
| Bolsa de Comercio de Buenos Aires | - | - | - | - | - | - | 20 |
| Bolsa de Valores de Colombia | - | - | - | 109,693 | 5,121 | 11,988 | 20 |
| CME Group | 1,340,675 | 149,440 | 730,377 | 20,173,295 | 2,006,776 | 1,715,637 | 19 |
| ICE Futures US | 133 | 13 | 732 | 657,384 | 51,321 | 87,930 | 19 |
| MexDer | 3,071 | 31 | 19,701 | 962,617 | 9,916 | 466,215 | 20 |
| **Total region** | **2,000,269** |  |  | **54,586,275** |  |  |  |
| **Asia - Pacific** | | | | | | | |
| BSE India Limited | 48,959,081 | 4,813 | 244,790 | 45,790,152 | 4,579 | 785,767 | 18 |
| Hong Kong Exchanges and Clearing | 2,797 | 279 | 8,689 | 142,852 | 14,107 | 33,334 | 19 |
| Korea Exchange | NA | NA | NA | 5,606,437 | 56,664 | 703,663 | 17 |
| National Stock Exchange of India | 61,190,777 | 61,114 | 1,740,101 | 70,515,824 | 70,574 | 3,436,589 | 18 |
| Singapore Exchange | - | NA | - | 1,635,127 | NA | 94,191 |  |
| TAIFEX | 6,867 | 172 | 5,311 | 41,805 | 1,130 | 8,817 | 19 |
| Thailand Futures Exchange | NA | NA | NA | 67,782 | NA | 20,526 | 20 |
| **Total region** | **110,159,522** |  |  | **123,799,979** |  |  |  |
| **Europe - Africa - Middle East** | | | | | | | |
| Borsa Istanbul | 65,754 | 61 | 94,402 | 4,430,756 | 4,757 | 941,207 | 20 |
| Budapest Stock Exchange | NA | NA | NA | NA | NA | NA | 20 |
| Dubai Gold & Commodities Exchange | 6,049 | 0 | 2,843 | 1,617,631 | 9,901 | 332,830 | 20 |
| Johannesburg Stock Exchange | 8,523,427 | 9,809 | 8,804,847 | 5,692,338 | 6,281 | 1,788,592 | 19 |
| Moscow Exchange | 2,971,912 | 3,082 | 687,298 | 54,596,101 | 57,842 | 2,638,642 | 20 |
| Tel-Aviv Stock Exchange | 902,711 | 8,993 | 557,539 | NA | NA | NA | 13 |
| **Total region** | **12,469,853** |  |  | **66,336,826** |  |  |  |
| **Total** | **124,629,644** |  |  | **244,723,080** |  |  |  |

**Source:** World Federation of Exchanges

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

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Exchange** | **September 2018** | | | | | | **Trading days  Sep 2018** |
| **Interest rate options** | | | **Interest rate futures** | | |
| **Number of contracts traded** | **Notional turnover** | **Open interest** | **Number of contracts traded** | **Notional turnover** | **Open interest** |
| **Americas** | | | | | | | |
| BM&FBOVESPA | 4,379,227 | 133 | 3,066,400 | 24,860,492 | 530,568 | 21,726,600 | 19 |
| Bolsa de Valores de Colombia | - | - | - | 13,192 | 1,227 | 10,395 | 20 |
| CME Group | 42,511,851 | 28,605,800 | 48,425,800 | 120,838,191 | 82,472,500 | 29,211,400 | 19 |
| MexDer | NA | NA | NA | 46,505 | 268 | 116,715 | 20 |
| **Total region** | **46,891,078** |  |  | **145,758,380** |  |  |  |
| **Asia - Pacific** | | | | | | | |
| Australian Securities Exchange | 56,889 | 4,108 | 41,249 | 15,232,137 | 2,848,390 | 3,722,310 | 20 |
| BSE India Limited | NA | NA | NA | 403,384 | 1,034 | 1,941 | 18 |
| China Financial Futures Exchange | NA | NA | NA | 662,247 | 92,036 | 76,684 | 19 |
| Hong Kong Exchanges and Clearing | NA | NA | NA | 116 | 18 | 415 | 19 |
| Japan Exchange Group | 54,498 | NA | 13,383 | 1,046,262 | NA | 122,655 | 18 |
| Korea Exchange | NA | NA | NA | 4,400,351 | 454,241 | 425,294 | 17 |
| National Stock Exchange of India | NA | NA | NA | 1,028,618 | 2,672 | 51,510 | 18 |
| Singapore Exchange | NA | NA | NA | 70,172 | NA | 17,787 |  |
| **Total region** | **111,387** |  |  | **22,843,287** |  |  |  |
| **Europe - Africa - Middle East** | | | | | | | |
| EUREX | 5,412,450 | 885,326 | 3,236,670 | 52,473,144 | 8,457,470 | 6,445,640 | 20 |
| Euronext | - | - | - | - | - | - | 20 |
| Johannesburg Stock Exchange | 19,612 | 133 | 69,740 | 53,976 | 394 | 846,398 | 19 |
| Moscow Exchange | NA | NA | NA | 76,818 | 70 | 41,820 | 20 |
| Nasdaq Nordic Exchanges | 781,109 | 88,136 | - | 2,227,088 | 251,292 | 1,717,920 | 20 |
| Warsaw Stock Exchange | - | - | 2 | - | - | 101 | 20 |
| **Total region** | **6,213,171** |  |  | **54,831,026** |  |  |  |
| Total | **53,215,636** |  |  | **223,432,693** |  |  |  |

**Source:** World Federation of Exchanges

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

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Exchange** | **September 2018** | | | | | | **Trading days  Sep 2018** |
| **Commodities options** | | | **Commodities futures** | | |
| **Number of contracts traded** | **Notional turnover** | **Open interest** | **Number of contracts traded** | **Notional turnover** | **Open interest** |
| **Americas** | | | | | | | |
| BM&FBOVESPA | 38,515 | 4 | 43,606 | 104,456 | 795 | 51,746 | 19 |
| Bolsa de Valores de Colombia | NA | NA | NA | 2 | 0 | 320 | 20 |
| CME Group | 11,457,974 | 552,381 | 11,791,600 | 71,511,594 | 4,130,410 | 19,369,400 | 19 |
| ICE Futures US | 1,018,402 | 23,444 | 1,222,320 | 6,352,918 | 116,851 | 1,856,040 | 19 |
| **Total region** | **12,514,891** |  |  | **77,968,970** |  |  |  |
| **Asia - Pacific** | | | | | | | |
| Australian Securities Exchange | 4,291 | 381 | 24,054 | 40,889 | 1,166 | 95,803 | 20 |
| Bursa Malaysia Derivatives | 3,400 | NA | 8,950 | 731,180 | 9,884 | 272,592 | 17 |
| Hong Kong Exchanges and Clearing | NA | NA | NA | 19,122 | 720 | 676 | 19 |
| Indonesia Commodity and Derivatives Exchange | NA | NA | NA | 13,197 | NA | 129 |  |
| Multi Commodity Exchange of India | 212,134 | 6,439 | 6,441 | 18,288,215 | 75,620 | 293,647 | 20 |
| NZX Limited | 9,520 | 29 | 19,448 | 24,101 | 74 | 45,026 | 23 |
| Shanghai Futures Exchange | NA | NA | NA | 96,452,469 | 9,405 | 4,010,010 |  |
| Singapore Exchange | 123,230 | NA | 644,650 | 911,028 | NA | 687,285 |  |
| TAIFEX | 3,191 | 23 | 1,126 | 14,789 | 214 | 1,200 | 19 |
| Thailand Futures Exchange | NA | NA | NA | 281,693 | NA | 68,441 | 20 |
| Zhengzhou Commodity Exchange | 338,546 | 40 | 132,359 | 64,448,611 | 429,877 | 3,142,080 | 19 |
| **Total region** | **694,312** |  |  | **181,225,294** |  |  |  |
| **Europe - Africa - Middle East** | | | | | | | |
| Borsa Istanbul | NA | NA | NA | 3,394,332 | 283 | 261,343 | 20 |
| Budapest Stock Exchange | - | - | - | - | - | - | 20 |
| Dubai Gold & Commodities Exchange | NA | NA | NA | 35,437 | 352 | 2,269 | 20 |
| EUREX | 379,670 | 4,379 | 1,086,080 | 323,641 | 28,359 | 1,535,410 | 20 |
| Euronext | 89,503 | 1,205 | 350,447 | 889,907 | 12,279 | 519,348 | 20 |
| Johannesburg Stock Exchange | 33,982 | 29 | 69,130 | 220,708 | 3,542 | 150,501 | 19 |
| LSE Group | NA | NA | NA | 240 | 27 | 311 | 20 |
| Moscow Exchange | 774,716 | 624 | 223,878 | 28,071,581 | 22,397 | 1,642,720 | 20 |
| **Total region** | **1,277,871** |  |  | **32,935,846** |  |  |  |

**Source:** World Federation of Exchanges

**Bond Markets:**

Concerns about rising interest rates in America weighed on sentiment. Ten-year Treasury-bond yields rose to their highest point since 2011 breaching 3.2 per cent in October 2018. This sharp upward movement in yields was driven by real rates moving higher, rather than concerns over rising inflation. In fact, the headline consumer price index fell to 2.3 per cent year on year in October 2018. Thus, the increase in 10-year Treasury yields was for positive reasons, which suggests the growth outlook is still healthy.

On the contrary, Italy is witnessing debt crisis. The spread between Italian 10-year government bonds and the German 10-year equivalent rose to 320 basis points as bond markets became concerned over the Italian fiscal situation. Moody’s downgraded Italy’s sovereign debt by one notch. However, the rating did not move below investment grade by either Moody’s or Standard & Poor’s. Euro government bonds remained flat on the month and Italian bonds fell 1.4 per cent. The flight to safer euro-denominated debt lifted German bunds by 0.6 per cent.

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

**Source:** Bloomberg

As regards the emerging nations, the yields of 10-year government bonds of Brazil went down to 10.2 per cent at the end of October 2018 from 11.8 per cent at the end of September 2018. The yields of 10-year old Indian sovereign bonds marginally fell to 7.8 per cent at the end of October 2018 from 8.0 per cent at the end of September 2018 (Chart 4).

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

**Source:** Bloomberg

As of August 2018, China and Japan accounted for 18.5 per cent and 16.4 per cent of total foreign holding of US Treasury Securities. India accounted for only 2.2 per cent of total foreign holding of US Treasury Securities (Table A9).

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

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Country** | **Jan-18** | **Feb-18** | **Mar-18** | **Apr-18** | **May-18** | **Jun-18** | **Jul-18** | **Aug-18** |
| China, Mainland | 1,168.2 | 1,176.7 | 1,187.7 | 1,181.9 | 1,183.1 | 1,178.7 | 1,171.0 | 1,165.1 |
| Japan | 1,065.8 | 1,059.5 | 1,043.5 | 1,031.2 | 1,048.8 | 1,030.4 | 1,035.5 | 1,029.9 |
| Brazil | 265.7 | 272.9 | 286.0 | 294.1 | 299.2 | 300.1 | 299.7 | 317.8 |
| Ireland | 327.5 | 314.0 | 317.9 | 300.4 | 301.0 | 299.6 | 300.2 | 315.8 |
| United Kingdom | 243.3 | 250.5 | 263.7 | 262.7 | 265.0 | 274.0 | 271.7 | 272.6 |
| Switzerland | 251.1 | 248.0 | 245.4 | 242.2 | 243.4 | 236.6 | 233.1 | 231.9 |
| Luxembourg | 220.9 | 218.6 | 221.6 | 213.9 | 209.1 | 219.7 | 221.5 | 224.1 |
| Cayman Islands | 168.0 | 176.9 | 165.5 | 180.7 | 185.8 | 197.2 | 196.3 | 197.9 |
| Hong Kong | 194.1 | 196.5 | 196.2 | 194.0 | 191.9 | 196.1 | 194.4 | 193.2 |
| Saudi Arabia | 143.6 | 150.9 | 151.2 | 159.9 | 162.1 | 164.9 | 166.8 | 169.5 |
| Taiwan | 175.4 | 170.7 | 170.1 | 168.1 | 164.8 | 162.5 | 164.2 | 163.2 |
| Belgium | 123.7 | 125.7 | 125.5 | 137.6 | 150.5 | 154.7 | 154.5 | 154.3 |
| India | 148.6 | 152.9 | 157.0 | 152.8 | 148.9 | 147.3 | 142.6 | 140.6 |
| Singapore | 122.6 | 118.0 | 117.8 | 118.0 | 118.9 | 122.1 | 127.6 | 130.0 |
| France | 78.4 | 77.0 | 80.9 | 82.5 | 89.6 | 93.4 | 111.0 | 118.4 |
| Korea | 101.7 | 101.3 | 100.4 | 104.5 | 104.7 | 105.9 | 109.1 | 110.2 |
| Canada | 85.5 | 89.1 | 92.9 | 89.4 | 96.6 | 100.2 | 96.0 | 96.2 |
| Germany | 71.0 | 78.5 | 76.5 | 86.0 | 78.3 | 71.2 | 71.0 | 73.3 |
| Norway | 46.9 | 50.4 | 40.2 | 39.3 | 49.7 | 50.0 | 61.1 | 66.7 |
| Bermuda | 67.5 | 67.4 | 66.4 | 64.7 | 63.6 | 60.2 | 64.0 | 65.1 |
| Thailand | 67.2 | 68.0 | 57.2 | 60.8 | 62.2 | 58.6 | 63.0 | 63.3 |
| United Arab Emirates | 55.1 | 57.5 | 59.2 | 59.7 | 60.0 | 59.6 | 59.7 | 59.0 |
| Sweden | 46.3 | 46.3 | 46.2 | 45.1 | 45.5 | 46.3 | 44.7 | 44.6 |
| Kuwait | 36.9 | 36.3 | 36.9 | 42.6 | 43.9 | 42.9 | 42.9 | 43.6 |
| Netherlands | 45.1 | 44.8 | 43.9 | 42.5 | 45.1 | 44.8 | 45.1 | 43.4 |
| Mexico | 33.9 | 35.4 | 45.2 | 41.9 | 43.2 | 40.8 | 39.6 | 40.5 |
| Poland | 40.7 | 40.4 | 40.3 | 41.4 | 40.2 | 40.6 | 40.6 | 39.9 |
| Australia | 37.8 | 38.5 | 34.1 | 36.0 | 37.6 | 39.6 | 39.2 | 38.4 |
| Spain | 34.7 | 32.4 | 32.0 | 31.3 | 34.5 | 31.8 | 36.1 | 37.5 |
| Italy | 35.4 | 36.6 | 37.2 | 36.4 | 39.6 | 40.7 | 38.4 | 37.3 |
| Philippines | 33.8 | 33.0 | 32.1 | 31.5 | 31.6 | 31.6 | 30.4 | 31.2 |
| Israel | 27.3 | 29.1 | 29.3 | 29.9 | 28.2 | 28.2 | 29.6 | 30.4 |
| All Other | 622.7 | 622.5 | 616.6 | 570.3 | 546.9 | 541.6 | 550.9 | 542.4 |
| **Grand Total** | **6,186.6** | **6,216.4** | **6,216.6** | **6,173.3** | **6,213.7** | **6,211.7** | **6,251.6** | **6,287.0** |
| Of which: |  |  |  |  |  |  |  |  |
| For. Official |  |  |  |  |  |  |  |  |
| Treasury Bills | 3,997.2 | 4,029.6 | 4,049.1 | 4,003.3 | 3,990.8 | 3,988.4 | 4,007.8 | 4,021.2 |
| T-Bonds & Notes | 325.0 | 333.9 | 318.6 | 323.2 | 346.3 | 336.3 | 339.6 | 329.3 |

**Note:**

1. Data available as on October 16, 2018
2. The data in this table are collected primarily from U.S.-based custodians and broker-dealers. Since U.S. securities held in overseas custody accounts may not be attributed to the actual owners, the data may not provide a precise accounting of individual country ownership of Treasury securities
3. Estimated foreign holdings of U.S. Treasury marketable and non-marketable bills, bonds, and notes reported under the Treasury International Capital (TIC) reporting system are based on monthly data on holdings of Treasury bonds and notes as reported on TIC Form SLT, Aggregate Holdings of Long-Term Securities by U.S. and Foreign Residents and on TIC Form BL2, Report of Customers' U.S. Dollar Liabilities to Foreign Residents.

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

**Currency Market:**

Major currencies across the world has depreciated against dollar since April 2018. Currencies of the major emerging market economies continued to depreciate against the US dollar mostly on the back of external factors like policies adopted by the US, trade war and surging crude oil prices. The MSCI emerging market currency index, a basket of 26 currencies from emerging economies against the U.S. dollar, went down about 1.1 per cent at the end of October 2018 from its September 2018 value (Chart 6).

The INR continued to depreciate during the month under review. At the end of October 2018, the INR had appreciated by 2.1 per cent against the US dollar over the previous month.. Among the other major currencies, the Chinese yuan continued to depreciate. The Chinese authorities are facing the challenge of pegging the exchange rate against US$ below 7 yuan a dollar. However, continued resistance to yuan depreciation pressure by Chinese authorities could risk the acceleration of capital outflows over time and would be a setback to the gradual process over the last several years of liberalising of the currency.

The yen strengthened slightly against the dollar, especially in the first half of the month, as global uncertainty continued to increase.

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

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

**Source:** Bloomberg

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

**Note:**

1. All currencies have been normalised keeping March 31, 2018 as base.
2. The U.S. Dollar Index is an index of the value of the United States dollar relative to a basket of foreign currencies. The Index goes up when the U.S. dollar gains value when compared to other currencies. The index is maintained and published by Intercontinental Exchange. It is a weighted geometric mean of the dollar's value relative to following select currencies: Euro, Japanese yen, Pound sterling, Canadian dollar, Swedish krona, Swiss franc.
3. The MSCI Emerging Markets (EM) Currency Index tracks the performance of twenty-five emerging-market currencies relative to the US Dollar.

**Source:** Bloomberg

**HIGHLIGHTS OF DEVELOPMENTS IN INTERNATIONAL SECURITIES MARKET**

**U.S. Securities and Exchange Commission (SEC)**

**SEC Launches New Strategic Hub for Innovation and Financial Technology**

SEC announced the launch of the agency's Strategic Hub for Innovation and Financial Technology ([FinHub](https://www.sec.gov/finhub)). The FinHub will serve as a resource for public engagement on the SEC's FinTech-related issues and initiatives, such as distributed ledger technology (including digital assets), automated investment advice, digital marketplace financing, and artificial intelligence/machine learning. The FinHub also replaces and builds on the work of several internal working groups at the SEC that have focused on similar issues.

The FinHub will:

* Provide a portal for industry and the public to engage directly with SEC staff on innovative ideas and technological developments;
* Publicize information regarding the SEC's activities and initiatives involving FinTech on the FinHub page;
* Engage with the public through publications and events, including a FinTech Forum focusing on distributed ledger technology and digital assets planned for 2019;
* Act as a platform and clearinghouse for SEC staff to acquire and disseminate information and FinTech-related knowledge within the agency; and
* Serve as a liaison to other domestic and international regulators regarding emerging technologies in financial, regulatory, and supervisory systems.

*Source:* [*https://www.sec.gov/news/press-release/2018-240*](https://www.sec.gov/news/press-release/2018-240)

**Financial Conduct Authority (FCA)**

**Cryptoasset Taskforce publishes report on UK approach to cryptoassets**

FCA led Cryptoasset Taskforce published a report on the UK’s policy and regulatory approach to cryptoassets. The [Taskforce Report](https://www.gov.uk/government/publications/cryptoassets-taskforce)  has considered the policy and regulatory implications of distributed ledger technology (DLT), and cryptoassets, and at a high level set out some of the opportunities and risks they present. The FCA has made clear that in its view cryptoassets have no intrinsic value and investors should therefore be prepared to lose all the value they have put in. Whilst the Taskforce appreciates that cryptoassets have the potential to bring benefits to markets, firms and consumers, there remains considerable risks.

Key risks include: harm to consumers and market integrity, the use of cryptoassets for illicit activities and potential future threats to financial stability.

In order to mitigate these risks, the Taskforce has committed to a number of actions, including consulting on:

* Perimeter guidance by the end of 2018 to clarify which cryptoassets fall within the existing regulatory perimeter, and those cryptoassets that may fall outside;
* Whether the regulatory perimeter requires extension to capture cryptoassets that have comparable features to specified investments, but currently fall outside the perimeter;
* A separate consultation by Q1 2019 on a potential prohibition of the sale to retail consumers of derivatives (including contracts for differences, options, and futures) referencing certain types of cryptoassets;
* Given the complexity and new challenges presented to traditional forms of financial regulation, more time is needed to consider how regulation can meaningfully address the risks posed by exchange tokens, such as Bitcoin. The government will issue a consultation in early 2019 to further explore whether and how exchange tokens, and related firms such as exchanges and wallet providers, could be regulated effectively; and
* Implementing one of the most comprehensive responses globally to the use of cryptoassets for illicit activities by applying and going further than the fifth EU Anti-Money Laundering Directive.

*Source:https://www.fca.org.uk/news/news-stories/cryptoasset-taskforce-publishes-report-uk-approach-cryptoassets*

**European Securities and Market Authority (ESMA)**

1. **European enforcers to focus on new IFRSS and non-financial information in issuers’ 2018 annual reports**

ESMA published the priorities that the European enforcers will particularly consider when examining 2018 financial statements of listed companies. These priorities are set out in the annual Public Statement on European Common Enforcement Priorities (Statement), which promotes the consistent application of the International Financial Reporting Standards (IFRS) and other financial and non-financial reporting requirements.

The enforcement priorities for IFRS financial statements in 2018 are:

* Specific issues relating to the application of IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial Instruments*: Issuers should in particular focus on identification and satisfaction of performance obligations, disaggregation of revenue and the disclosure of significant judgements related to recognition of revenue.  For credit institutions, ESMA highlights the application of the new expected credit loss model (ECL) and, in particular, careful consideration and disclosure of significant inputs used in the assessment of a significant increase of credit risk and in the determination of ECL;
* Disclosure of the expected impact of the implementation of IFRS *16 Leases*: The publication of financial statements will happen after the entry into effect of IFRS 16 and all issuers should be in a position to disclose the expected impact. Issuers that will be significantly impacted are also encouraged to consider what information would enable analysts and other users to update their models.
* In addition to these common enforcement priorities, ESMA highlights specific requirements relating to the sections of the annual financial report other than the financial statements (such as management reports and non-financial statements). These include specific requirements on:
* the disclosures of non-financial information, and notably those related to environmental and climate change-related matters; and
* the application of the ESMA Guidelines on Alternative Performance Measures (APMs).

Finally, ESMA highlights the importance of disclosures analysing the possible impacts of the decision of the United Kingdom to leave the European Union.

*Source*:https://www.esma.europa.eu/press-news/esma-news/european-enforcers-focus-new-ifrss-and-non-financial-information-in-issuers%E2%80%99

1. **ESMA data analysis values EU derivatives market at €660 trillion with central clearing increasing significantly**

ESMA published its first Annual Statistical Report (Report) on the European Union’s (EU) derivatives markets. The Report, based on data submitted under the European Markets and Infrastructure Regulation (EMIR), provides the first comprehensive market-level view of the EU’s derivatives markets, which in 4Q17 amounted to €660tn of gross notional outstanding transactions. The primary objective of this data analysis is to contribute to ESMA’s risk assessment, to facilitate entity oversight by supervisory authorities, both national and European, and enhance supervisory convergence.

Highlights

* At the end of 2017, trade repositories reported a total of 74mn open transactions amounting to a gross notional outstanding of around EUR 660tn, including both over the counter (86% of the total) and exchange traded derivatives (14%).
* In notional terms, interest rate derivatives dominate the market, with 69% of the total amount outstanding, followed by currency derivatives, at 12%, while all other asset classes i.e. equity, credit and commodity derivatives, account for less than 5% of the total amount outstanding.
* Central clearing rates for new transactions have been increasing significantly, demonstrating the effectiveness of the EMIR clearing obligation. For all outstanding contracts in 4Q17, central clearing rates were around 27% (25% in 1Q17) for credit derivatives and 58% (40% in 1Q17) for interest rate derivatives, including also contracts concluded before the clearing obligation came into force.

*Source*:https://www.esma.europa.eu/press-news/esma-news/esma-data-analysis-values-eu-derivatives-market-%E2%82%AC660-trillion-central-clearing

1. **ESMA sees 1.9% increase in prospectus approvals across the EEA**

ESMA, in its annual report on prospectus activity, has found that in 2017 the number of prospectus approvals across the European Economic Area (EEA) increased by around 1.9% compared to 2016 (from 3499 to 3567). The growth in prospectus approvals puts an end to a decade-long decline observed since the start of the financial crisis.

In line with 2016, in 2017 around 40% (1421 out of 3567) of the prospectuses approved were in the form of base prospectuses and 91% were drawn up as single documents as opposed to tripartite prospectuses. Almost 74% (2626) of prospectuses approved in 2017 related to non-equity securities with the most frequent security type being debt securities with a denomination of at least €100.000.

After three years of decrease, the number of EEA prospectuses passported to one or more host countries increased by around 2.6% from 2016 to 2017 (from 838 to 860), with Germany and Luxembourg still accounting for the majority of prospectuses passported to other EEA countries in 2017.

The purpose of making prospectus data available is to provide information about trends within the prospectus regime in terms of general approval and passporting activity, as well as the structure of approved prospectuses and the types of securities they cover.

Source:<https://www.esma.europa.eu/press-news/esma-news/esma-sees-19-increase-in-prospectus-approvals-across-eea>

**World Federation of Exchanges (WFE)**

1. **The World Federation of Exchanges publishes Sustainability Principles for member exchanges**

WFE published WFE Sustainability Principles that constitute a formal declaration by the WFE and its membership to take on a leadership role in promoting the sustainable finance agenda.

The WFE Sustainability Principles are:

* Exchanges will work to educate participants in the exchange ecosystem about the importance of sustainability issues.
* Exchanges will promote the enhanced availability of investor relevant, decision-useful ESG information.
* To ensure the quality of the disclosure, exchanges should encourage disclosure in accordance with widely accepted international standards and against science-based indicators.
* Exchanges will actively engage with stakeholders to advance the sustainable finance agenda.
* Exchanges will establish effective internal governance and operational processes and policies to support their sustainability efforts.

Source:https://www.world-exchanges.org/news/articles/world-federation-exchanges-publishes-five-sustainability-principles-member-exchanges

1. **The World Federation of Exchanges publishes report into global SME markets**

WFE published a report 'An overview of WFE SME markets', examining the current status of 33 SME markets across 29 WFE member exchanges.

Key highlights from the report include:

* As at end 2017, 6,807 companies were listed on 33 SME markets with a total market capitalisation of over USD1.3 trillion.
* Over 12,000 companies have listed on these markets over their lifetime, raising a combined USD251 billion (based on data from 28 markets).
* SME markets vary significantly in size - the number of companies listed on a single market ranged from less than 100 to over 1,000, while the average market capitalisation of these companies ranged from less than USD2 million to over USD100 million.
* While the liquidity of SME platforms is definitely a challenge on some markets (in 40% of markets the turnover velocity was below 15%), this is not consistent across markets (six exchanges had turnover velocity rates of over 100%).
* SME exchanges strive to find the balance between reducing direct and indirect costs to issuers and ensuring appropriate investor protection. While the market will often adjust both the initial and ongoing listing requirements and costs to take the specific needs of SMEs into consideration, they may also require the use of an advisor, or limit investment to more sophisticated investors.
* All SME boards engage in market outreach to raise awareness of equity financing opportunities amongst target companies, and many provide additional dedicated support for these companies such as:
* Creating a dedicated index for SME companies;
* Ensuring research coverage of companies listed on SME markets;
* Requiring or encouraging the use of market makers to enhance liquidity of SME stocks; and
* Holding regular sessions on issues such as corporate governance, investor relations and broader financial literacy.

*Source:*[*https://www.world-exchanges.org/news/articles/world-federation-exchanges-publishes-report-global-sme-markets*](https://www.world-exchanges.org/news/articles/world-federation-exchanges-publishes-report-global-sme-markets)

**Australian Securities & Investments Commission (ASIC)**

1. **Research study on Enforceable Undertakings released**

ASIC released a report of a pilot study by the Law Faculty of the University of New South Wales (UNSW) on the deterrent effect of Enforceable Undertakings (EUs) on peer financial services and credit providers.

The aims of the pilot study were:

* to appraise the general deterrent effects of EUs in changing the behaviour of peer providers; and
* to report to ASIC generally on the 'efficiency' or 'effectiveness' of EUs in acting as a deterrent through observations drawn from qualitative empirical data.

The qualitative component of the pilot study found that the majority of the peer providers interviewed do perceive deterrence effects of EUs entered by competitors. Deterrence was motivated by a number of factors: avoiding the perceived penal effects of harsher sanctions and intrusion of outsiders; avoiding financial and time costs and distraction from the business; and critically, avoiding reputational damage or loss.

*Source:https://www.asic.gov.au/about-asic/news-centre/find-a-media-release/2018-releases/18-325mr-research-study-on-enforceable-undertakings-released/*

1. **CFTC and ASIC sign FinTech cooperation arrangement**

The US Commodity Futures Trading Commission (CFTC) and ASIC signed an arrangement to co-operate and support innovation through each other’s financial technology (FinTech) initiatives – CFTC’s LabCFTC and ASIC’s [Innovation Hub](https://asic.gov.au/for-business/your-business/innovation-hub/). FinTech Arrangement) focuses on information-sharing regarding FinTech market trends and developments. It also facilitates referrals of FinTech companies interested in entering the others’ market, and sharing information and insight derived from each authority’s relevant sandbox, proofs of concept, or innovation competitions.

*Source:https://www.asic.gov.au/about-asic/news-centre/find-a-media-release/2018-releases/18-300mr-cftc-and-asic-sign-fintech-cooperation-arrangement/*

1. **Luxembourg and Australia enter agreement on FinTech and RegTech**

The Luxembourg Commission de Surveillance du Secteur Financier (CSSF) and ASIC signed a [Cooperation Agreement](https://download.asic.gov.au/media/4894443/cooperation-agreement-asic-cssf-4-october.pdf) which provides a framework for cooperation to understand financial innovation in each jurisdiction.

The Agreement provides a framework for information sharing between the two regulators on financial technology (fintech) and regulatory technology (regtech). It complements the existing close relationship between ASIC and the CSSF.

*Source:https://www.asic.gov.au/about-asic/news-centre/find-a-media-release/2018-releases/18-299mr-luxembourg-and-australia-enter-agreement-on-fintech-and-regtech/*

**Monetary Authority of Singapore (MAS)**

1. **MAS and CSRC Enhance Capital Markets Cooperation**

MAS and the China Securities Regulatory Commission (CSRC) affirmed their commitment to strengthen supervisory cooperation and enhance financial connectivity between the capital markets of both countries. MAS and CSRC have agreed on the substantive areas for cooperation in supervising exchange-traded derivatives with a nexus to each other’s capital markets. This will enhance cooperation in the supervision of futures markets in both jurisdictions, and foster sound and stable development of the futures markets in Singapore and China.

*Source:http://www.mas.gov.sg/News-and-Publications/Media-Releases/2018/MAS-and-CSRC-Enhance-Capital-Markets-Cooperation.aspx*

1. **Indonesia and Singapore strengthen cooperation in FinTech**

MAS and the Financial Services Authority of the Republic of Indonesia, Otoritas Jasa Keuangan (OJK) signed a Memorandum of Understanding (MOU) to strengthen cooperation in FinTech and foster innovation in financial services between Indonesia and Singapore. The MOU will facilitate information sharing on emerging FinTech market trends and developments, and promote joint innovation projects between both countries. As part of the MOU, both authorities will establish a framework to help FinTech companies better understand the regulatory regime and opportunities in each jurisdiction. This will lower the barriers of entry for FinTech companies interested in entering the other’s market.

*Source*:*http://www.mas.gov.sg/News-and-Publications/Media-Releases/2018/Indonesia-and-Singapore-strengthen-cooperation-in-FinTech.aspx*

1. **Singapore FinTech Festival attracts US$12 billion of capital for ASEAN enterprises**

MAS announced that 380 participating investors who enrolled for the Singapore FinTech Festival’s deal-making platform, MATCH, have indicated intentions to invest up to a total of US$6.2 billion in ASEAN enterprises next year, and an additional US$6 billion earmarked over the subsequent two years.

A new component in the Festival, MATCH (Meet ASEAN’s Talents and Champions) is a platform that curates and matches promising next-generation ASEAN enterprises with global private equity and venture capital. More than 17,000 matches were generated between the 380 participating investors and 840 enterprises. Participating investors showed the most interest in start-ups and growth stage enterprises. Around 60% of the intended ASEAN investment allocation for the next year was concentrated in FinTech, healthcare, and medical technology, as well as the information and communications technology sectors.

*Source: http://www.mas.gov.sg/News-and-Publications/Media-Releases/2018/Singapore-FinTech-Festival-attracts-US12-billion-of-capital-for-ASEAN-enterprises.aspx*

**POLICY DEVELOPMENTS**

**Policy Developments during October 2018**

1. **Participation of Eligible Foreign Entities (EFEs) in the commodity derivatives market**

Prior to the circular foreign entities were not permitted to directly participate in the Indian commodity derivatives market, even if they import/export various commodities from/to India. Taking cognizance of the fact that participation by such foreign participants would be conducive for the overall development of the commodity derivatives market in India, SEBI issued [consultation paper](https://www.sebi.gov.in/reports/reports/may-2018/consultation-paper-on-draft-framework-for-participation-of-foreign-entities-having-actual-exposure-to-indian-commodity-markets-in-the-commodity-derivatives-market-_38986.html) on May 18, 2018 to discuss the suitable framework for allowing foreign participants to hedge their commodity exposure. Pursuant to feedback received from the market participants during the consultative process, **SEBI decided to permit foreign entities having actual exposure to Indian commodity markets, to participate in the commodity derivative segment of recognized stock exchanges for hedging their exposure**.

**Details:** <https://www.sebi.gov.in/legal/circulars/oct-2018/participation-of-eligible-foreign-entities-efes-in-the-commodity-derivatives-market_40649.html>

*Source: SEBI/HO/CDMRD/DMP/CIR/P/2018/134 dated 09 October 2018*

1. **Monthly report of FPI registration on SEBI’s website**

Regulation 7(2) of the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 specifies that the designated depository participant (DDP) shall endeavor to dispose of the application for grant of certificate of registration as soon as possible but not later than thirty days after receipt of application by the DDP or, after the information called for under regulation 6 has been furnished, whichever is later. For the purpose of transparency in the processing of applications for FPI registration, it was decided that the average time taken by the DDPs in processing such applications be disseminated on SEBI’s website on a monthly basis.

**Details:** <https://www.sebi.gov.in/legal/circulars/oct-2018/monthly-report-of-fpi-registration-on-sebi-s-website_40694.html>

*Source: SEBI/HO/FPIC/CIR/P/2018/135 dated 11 October 2018*

1. **Uniformity in the procedure for obtaining samples of goods at the Exchange accredited warehouses**

Majority of the agricultural commodities traded on exchange platform requires assaying. The number and size of the samples are determined by the nature of commodity and the requirements of tests to be done in order to meet the exchange specifications. It has come to the notice that varied approaches are being followed by the exchanges in this regard. In order to bring in uniformity in the procedure adopted by the exchanges, in obtaining samples for the purpose of assaying all the Exchanges/Clearing Corporations were directed to ensure that adequate samples of goods are collected/retained from the goods deposited and are sealed in the presence of the depositor or his authorized representative. In order to resolve potential disputes arising with respect to the quality of goods, if any, it was advised that at least four samples are taken of which one sample is used for analysis, one would be kept with WSP for comparison purpose, one would be given to the depositors while one would be kept for record/lab reference purpose.

**Details:** <https://www.sebi.gov.in/legal/circulars/oct-2018/uniformity-in-the-procedure-for-obtaining-samples-of-goods-at-the-exchange-accredited-warehouses_40738.html>

*Source: SEBI/HO/CDMRD/DMP/CIR/P/2018/136 dated 16 October 2018*

1. **Total Expense Ratio (TER) and Performance Disclosure for Mutual Funds**

In order to bring transparency in expenses, reduce portfolio churning and misselling in mutual fund (MF) schemes SEBI issued the circular dated 22 October 2018. In terms of Regulation 52(1) of SEBI (Mutual Funds) Regulations, 1996, all scheme related expenses including commission paid to distributors, by whatever name it may be called and in whatever manner it may be paid, shall necessarily be paid from the scheme only within the regulatory limits and not from the books of the Asset Management Companies (AMC), its associate, sponsor, trustee or any other entity through any route.

In terms of Regulation 52(6A)(b) of SEBI (Mutual Funds) Regulations, 1996, additional TER can be charged upto 30 basis points on daily net assets of the scheme based on inflows from beyond top 30 cities (B 30 cities) subject to certain conditions. In this regard, it has been decided that the additional TER can be charged based on inflows only from retail investors from B 30 cities. Till the time the term ‘retail investor’ is defined, as an interim measure, the additional TER shall be based on inflows from individual investors from B 30 cities, keeping all other conditions of SEBI Circular(s) on charging of additional TER of 30 bps unchanged. Thus, inflows from corporates and institutions from B 30 cities henceforth will not be considered for computing the inflows from B 30 cities for the purpose of additional TER of 30 basis points.

**Details:** <https://www.sebi.gov.in/legal/circulars/oct-2018/total-expense-ratio-ter-and-performance-disclosure-for-mutual-funds_40766.html>

*Source: SEBI/HO/IMD/DF2/CIR/P/2018/137 dated 22 October 2018*

**Regulatory Actions taken by SEBI**

* SEBI passed an order, dated 05 October 2018, in the matter of Mahamaya Steel Industries Limited imposing a total penalty of Rs 5,00,000 (Rupees Five Lakh Only) on Anand Kumar Agrawal for the violation of regulation 7(2)(a) of PIT Regulations.
* SEBI passed an order, dated 05 October 2018, in the matter of Mahamaya Steel Industries Limited imposing a total penalty of Rs 2,00,000 (Rupees Two Lakh Only) on Asha Agrawal for the violation of regulation 7(2)(a) of PIT Regulations.
* SEBI passed an order, dated 05 October 2018, in the matter of Mahamaya Steel Industries Limited imposing a total penalty of Rs 1,00,000 (Rupees One Lakh Only) on Neha Agrawal for the violation of regulation 7(2)(a) of PIT Regulations.
* SEBI passed an order, dated 05 October 2018, in the matter of Mahamaya Steel Industries Limited imposing a total penalty of Rs 1,00,000 (Rupees One Lakh Only) on Nitin Agrawal for the violation of regulation 7(2)(a) of PIT Regulations.
* SEBI passed an order, dated 05 October 2018, in the matter of Mahamaya Steel Industries Limited imposing a total penalty of Rs 1,00,000 (Rupees One Lakh Only) on Ravi Agrawal for the violation of regulation 7(2)(a) of PIT Regulations.
* SEBI passed an order, dated 12 October 2018, in the matter of PMC Fincorp Limited imposing following penalties for the violation of regulation 13(1) and 13 (3) of PIT Regulations and 29(1), 29(2) and 29(3) of SAST Regulations.

|  |  |
| --- | --- |
| **Name of Entity** | **Amount of Penalty** |
| Economy Suppliers Private Limited | ₹ 1,00,000/- (Rupees One Lakh only) |
| Seabird Retails Private Limited | ₹ 3,00,000/- (Rupees Three Lakh only) |
| Seabird Distributors Private Limited | ₹ 3,00,000/- (Rupees Three Lakh only) |

* SEBI passed an order, dated 15 October 2018, in the matter of Hanuman Sugar & Industries Ltd imposing following penalties for the violation of certain regulations of PIT Regulations and SAST Regulations.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Sr.**  **No.** | Name of the  Entity | Violation of PIT Regulation | Violation of  SAST Regulations | Penalty Amount (Rs) |
| 1. | **Shree**  **Hanuman**  **Sugar &**  **Industries Ltd,** | Regulations 13 (6) of the PIT 1992 read with Regulation  12(2) of PIT 2015 |  | 1,00,000(Rupees  One Lakh Only) |
| 2. | **Shruti Ltd** | Regulation 13(4A) r/w Regulation 13(5) of the PIT 1992 r/w  Regulation 12(2) of PIT 2015 | Regulation 29(2) read with Regulation  29(3) of the  SAST 2011, | 2,00,000(Rupees  Two Lakh Only) |
| 3. | **Bimal Nopany** | Regulations 13 (4A) r/w regulations 13(5) of PIT 1992 r/w  Regulation 12(2) of PIT 2015 | Regulation 29(2) read with Regulation  29(3) of the  SAST 2011 | 3,00,000(Rupees  Three Lakh Only) |
| 4. | **Nandini**  **Nopany** | Regulations 13 (4A) r/w regulations 13(5) of PIT 1992 r/w  Regulation 12(2) of PIT 2015 | Regulation 29(2) read with Regulation 29(3) of the  SAST 2011 | 3,00,000(Rupees  Three Lakh Only) |
| 5. | **Nopany**  **Investments**  **Private Limited** | Regulations 13 (4A) r/w regulations 13(5) of PIT 1992 r/w  Regulation 12(2) of PIT 2015 | Regulation 29(2) read with Regulation 29(3) of the  SAST 2011 | 3,00,000(Rupees  Three Lakh Only) |
| 6. | **Shruti Vora** | Regulations 13 (4A) r/w regulations 13(5) of PIT 1992 r/w Regulation 12(2) of PIT 2015 | Regulation 29(2) read with Regulation  29(3) of the  SAST 2011 | 3,00,000(Rupees  Three Lakh Only) |
| 7. | **NNP Trading**  **and**  **Investments**  **Private Limited** | Regulation 13(3) r/w  Regulation 13(5) of the PIT 1992 r/w  Regulation 12(2) of PIT 2015 | Regulations 29(2) read with Regulation 29(3) of SAST  2011 | 2,00,000(Rupees  Two Lakh Only) |
| 8. | **Indian Die-**  **Casting**  **Company Limited** | Regulation 13(3) r/w  Regulation 13(5) of the PIT 1992 r/w  Regulation 12(2) of PIT 2015 | Regulations 29(2) read with Regulation  29(3) of SAST  2011 | 2,00,000(Rupees  Two Lakh Only) |
| 9. | **Kolhapur Forge**  **Pvt Ltd** | Regulation 13(3) r/w Regulation 13(5) of the PIT 1992 r/w Regulation12(2) of PIT 2015 | Regulations  29(2) read with Regulation  29(3) of SAST  2011 | 2,00,000(Rupees  Two Lakh Only) |
| TOTAL | |  |  | 21,00,000(Rupees  Twenty One Lakh  Only) |

* SEBI passed an order, dated 15 October 2018, in respect of SMS Techsoft (I) Ltd imposing a total penalty of Rs 5,00,000 (Rupees Five Lakh Only) on SMS Techsoft (India) Ltd for the violations of clauses 41 and 49(II)(A)(iii) of the Equity Listing Agreement read with Section 21 of SCRA.
* SEBI passed an order, dated 15 October 2018, in the matter of Ravi Kumar Distilleries Limited imposing a total penalty of Rs 5,00,000 (Rupees Five Lakh Only) on Grafton Merchant Private Limited for the violation of sections 11C(2) and 11C(3) of SEBI Act.
* SEBI passed an order, dated 17 October 2018, in the matter of Ravi Kumar Distilleries Limited imposing a total penalty of Rs 5,00,000 (Rupees Five Lakh Only) on Vibhuti Muti Trade Private Limited for the violation of sections 11C(2) and 11C(3) of SEBI Act.
* SEBI passed an order, dated 23 October 2018, in respect of Enrich Fin & Securities Limited imposing a total penalty of Rs 1,00,000 (Rupees One Lakh Only) on Enrich Fin & Securities Limited for the violation of Regulation 13(1) of PIT Regulations and/or Regulation 29(1) read with Regulation 29(3) of SAST Regulations.
* SEBI passed an order, dated 23 October 2018, in the matter of Plethico Pharmaceuticals Limited imposing a total penalty of Rs 1,00,000 (Rupees One Lakh Only) on Chirag Patel for the violation of provisions of regulation 13(4) and 13(4A) r/w regulation 13(5) of PIT Regulations, regulation 31(2) r/w regulation 31(3) of SAST Regulations and clause 3.3-1 of code of conduct specified under Schedule-I of Part A read with regulation 12(1) of PIT Regulations.
* SEBI passed an order, dated 25 October 2018, in respect of Sykes & Ray Equities (I) Ltd., Stock Broker imposing a total penalty of Rs 2,00,000 (Rupees Two Lakh Only) on Sykes & Ray Equities (I) Ltd. for the violation of the provisions of SEBI Circulars ref. no.,

(a) SEBI/MIRSD/SE/Cir-19/2009 dated 03 December, 2009;

(b) SEBI/MIRSD/SE/Cir/01/2011 dated 13 May, 2011;

Clauses A (1), A (2) and A (5) of the Code of Conduct read with Regulation 9 (f) of the Stock Brokers and Sub-brokers Regulations.

* SEBI passed an order, dated 25 October 2018, in the matter of trading by SONI group in the scrip of Shree Global Tradefin Ltd dated 25.10.18 imposing following penalties.

|  |  |  |  |
| --- | --- | --- | --- |
| Sr.  No. | **Name of Entity** | **Provisions of Law**  **Violated** | **Penalty**  **Amount**  **(In Rs.)** |
| 1 | Mr. Sanjay Jethalal Soni | Section 12  (a), (b) and  (c) of the Act read with  Reg.3(a),  (b), (c), (d),  4(1), 4(2) (a) and (g) of  FUTP  Regulation | **10,00,000** |
| 2 | Ms. Krupa Sanjay Soni | **10,00,000** |
| 3 | Mr. Krunal Gopaldas Rana | **10,00,000** |
| 4 | Mr. Dhirenkumar Dharamdas | **10,00,000** |
| 5 | M/s. J M Soni Consultancy | **5,00,000** |
| 6 | Mr. Mahesh Somabhai Desai | **5,00,000** |
| 7 | Mr. Jimish Jitendrabhai Soni | **5,00,000** |
| 8 | Mr. Amul Gagabhai Desai | **5,00,000** |
| 9 | Mr. Arif Gulammustufa Shaikh | **5,00,000** |
| 10 | Mr. Pravinbhai Daduji Thakor | **5,00,000** |

* SEBI passed an order, dated 25 October 2018, in the matter of Ravi Kumar Distilleries Limited imposing a total penalty of Rs 5,00,000 (Rupees Five Lakh Only) on Ranisati Dealer Private Limited for its failure to submit the desired details/information/records/documents sought by the Investigating Authority vide summons dated 02 July, 2014, which resulted in violation of the provisions of sections 11C(2) and 11C(3) of the SEBI Act.
* SEBI passed an order, dated 26 October 2018, in the matter of LRN Finance Limited imposing a total penalty of Rs 5,00,000 (Rupees Five Lakh Only) on Vistra ITCL (India) Limited for violation of Regulation 15(1)(i) and Regulation 16 read with Code of Conduct Schedule III Clause (1), (2), (3) and (4) of DT Regulations.
* SEBI passed an order, dated 26 October 2018, in the matter of Sharepro Services (I) Private Limited imposing a total penalty of Rs 1,50,000 (Rupees One Lakh Fifty Thousand Only) on Advance Lifestyles Limited for its failure to comply with the directions issued by Whole Time Member of SEBI vide order dated 22 March, 2016.
* SEBI passed an order, dated 26 October 2018, in the matter of BGIL Films & Technologies Ltd. imposing a total penalty of Rs 50,000 (Rupees Fifty Thousand Only) on Pooja Mahna for the violation of regulation 12(2) of PIT Regulation read with clause 2.1, clause 3.2 and clause 7 (ii) of Schedule of CCDP for PIT.
* SEBI passed an order, dated 29 October 2018, in the matter of Illiquid Stock Options at BSE imposing a total penalty of Rs 5,00,000 (Rupees Five Lakh Only) on Pilot Consultants Pvt., Ltd. for the violation of regulation 3(a), (b), (c), (d), 4(1) and 4(2) (a) of PFUTP Regulations.
* SEBI passed an order, dated 29 October 2018, against NCL Industries Ltd imposing a total penalty of Rs 5,00,000 (Rupees Five Lakh Only for the violation of regulation 78(6) of ICDR Regulations.
* SEBI passed an order, dated 30 October 2018, in the matter of Sharepro Services (I) Private Limited imposing a total penalty of Rs 1,50,000 (Rupees One Lakh Fifty Thousand Only) on VKJ Infra developers Limited for non-compliance with SEBI order dated 22 March 2016.
* SEBI passed an order, dated 30 October 2018, in the matter of Sharepro Services (I) Private Limited imposing a total penalty of Rs 1,50,000 (Rupees One Lakh Fifty Thousand Only) on Arms Paper Limited for non-compliance with SEBI order dated 22 March 2016.
* SEBI passed an order, dated 30 October 2018, in the matter of Roofer Capital Management Ltd. imposing following penalties for the violation of section 11C (3) read with section 11C(5) of SEBI Act.

|  |  |
| --- | --- |
| **Name of Entity** | **Penalty amount** |
| Roofers Capital Management Ltd. | 5,00,000/- (Five Lakh only) |
| Khudiram Sounth | 2,00,000/- (Two Lakh only) |
| Hirak Nath Sounth | 2,00,000/- (Two Lakh only) |
| Jayanti Sounth | 2,00,000/- (Two Lakh only) |
| Saurovemoy Ghosh | 2,00,000/- (Two Lakh only) |
| Sukumar Bhatacharya | 2,00,000/- (Two Lakh only) |
| Aniruddha Ghosal | 2,00,000/- (Two Lakh only) |
| Sudhir Chandra Bera | 2,00,000/- (Two Lakh only) |
| Subhas Ghorai | 2,00,000/- (Two Lakh only) |

* SEBI passed an order, dated 30 October 2018, in the matter of Ratnamani Agro Industries Ltd. imposing a total penalty of Rs 1,00,000 (Rupees One Lakh Only) on Mahavir Green Crop Ltd. for the violation of regulation 13(6) of PIT Regulations.
* SEBI passed an order, dated 30 October 2018, in the matter of Ratnamani Agro Industries Ltd. imposing a total penalty of Rs 2,00,000 (Rupees Two Lakh Only) on Paras V Shah for the violation of Regulation 29(2) read with 29(3) of the SAST Regulations.
* SEBI passed an order, dated 30 October 2018, in the matter of Amtek Auto Limited imposing a total penalty of Rs 2,00,000 (Rupees Two Lakh Only) on Amtek Auto Limited for the violation of Regulation 7 (2)(b) of the PIT Regulations.
* SEBI passed an order, dated 30 October 2018, in the matter of Amtek Auto Limited imposing a total penalty of Rs 1,00,000 (Rupees One Lakh Only) on Aisa International Private Limited for the violation of Regulation 29(1) read with 29(3) of the SAST Regulations.
* SEBI passed an order, dated 30 October 2018, in the matter of Speciality Papers Ltd imposing a total penalty of Rs 6,00,000 (Rupees Six Lakh Only) on Meritorious Reality Pvt Ltd for the violation of Regulation 13(3) read with Regulation 13(5) of PIT Regulations and Regulation 29(2) read with Regulation 29(3) of SAST Regulations.
* SEBI passed an order, dated 30 October 2018, in the matter of SCORES Authentication imposing a total penalty of Rs 5,00,000 (Rupees Five Lakh Only) on Star Company Limited for its failure to obtain SCORES authentication.
* SEBI passed an order, dated 30 October 2018, in the matter of SMS Techsoft (I) Ltd imposing a total penalty of Rs 10,00,000 (Rupees Ten Lakh Only) on Rajesh Ranka for its failure to comply with the direction of SEBI issued vide order dated 28 July, 2010.
* SEBI passed an order, dated 31 October 2018, in the matter of Illiquid Stock Options at BSE imposing a total penalty of Rs 5,00,000 (Rupees Five Lakh Only) on Prakashchandra Chunilalji Jagawat for indulging in execution of reversal trades in Stock Options with same entities on the same day, thereby creating artificial volume, leading to false and misleading appearance of trading in the illiquid stock options at BSE.
* SEBI passed an order, dated 31 October 2018, in the matter of Mangalam Drugs & Organics Limited imposing a total penalty of Rs 1,00,000 (Rupees One Lakh Only) on Shree Rasbihari Trading & Investments Private Limited for the violation of regulations 31(1) and 31(2) of SEBI (SAST) Regulations.
* SEBI passed an order, dated 31 October 2018, in matter of Sharepro Services (I) Private Limited imposing a total penalty of Rs 1,50,000 (Rupees One Lakh Fifty Thousand Only) on Kiran Syntex Limited for its failure to comply with the directions issued vide SEBI order dated 22 March 2016.
* SEBI passed an order, dated 31 October 2018, in respect of Vinit K Shah and Himadri K Shah imposing a penalty of Rs 2,00,000/(Rupees Two Lakh only) each for the violation of regulations 29(2) r/w 29(3) of SAST Regulations:
* SEBI passed an order, dated 31 October 2018, in the matter of P M Telelinks Ltd. imposing following penalties:

|  |  |  |  |
| --- | --- | --- | --- |
| **Noticee No.** | **Name of the**  **Entity** | **Violations** | **Penalty amount** |
| 1 | Jagdish Ramanlal Patel | Regulations 3(a), (b), (c), (d), 4(1) and 4(2) (a) & (e) PFUTP Regulations | Rs. 2,00,000/- (Rupees Two lakhs only) |
| 2 | Vijay Babulal Shah | Rs. 2,00,000/- (Rupees Two lakhs only) |
| 3 | Span Tradelink Pvt. Ltd., | Rs. 2,00,000/- (Rupees Two lakhs only) |
| 4 | Bhavini Vijaykumar Shah | Rs. 2,00,000/- (Rupees Two lakhs only) |
| 5 | Daivik Jatin Shah | Rs. 2,00,000/-(Rupees Two lakhs only) |

* SEBI passed an order, dated 31 October 2018, in the matter of Osian Industries Limited imposing a total penalty of Rs 2,00,000 (Rupees Two Lakh Only) on Jaysukh R. Gondalia for its failure to comply with the summons issued under Section 11C(3) of SEBI Act.
* SEBI passed an order, dated 31 October 2018, in the matter of Geodesic Ltd imposing following penalties on Kiran Kulkarni:

|  |  |
| --- | --- |
| **Violation** | **Penalty** |
| Regulations 13(4) and 13(4A) of PIT Regulations, 1992 read with Regulation 12(2) of PIT Regulations, 2015 | Rs. 4,00,000/- (Rupees  Four Lakh only) |
| Clause 4.2 of Schedule I (Part A) read with Regulation 12(1) of PIT Regulations, 1992 read with Regulation 12(2) of PIT Regulations, 2015 | Rs. 2,00,000/- (Rupees  Two Lakh only) |
| **Total** | **Rs. 6,00,000/- (Rupees Six Lakh only)** |

* SEBI passed an order, dated 31 October 2018, in the matter of Geodesic Ltd imposing following penalty on Pankaj Kumar:

|  |  |
| --- | --- |
| **Violation** | **Penalty** |
| Regulations 13(4) and 13(4A) of PIT Regulations, 1992 read with Regulation 12(2) of PIT Regulations, 2015 | Rs. 4,00,000/- (Rupees Four Lakh only) |
| Clause 4.2 of Schedule I (Part A) read with Regulation 12(1) of PIT  Regulations, 1992 read with Regulation 12(2) of PIT Regulations, 2015 | Rs. 2,00,000/- (Rupees Two Lakh only) |
| **Total** | **Rs. 6,00,000/- (Rupees Six Lakh only)** |

* SEBI passed an order dated, 31 October 2018, in the matter of Geodesic Ltd imposing a total penalty of Rs 2,00,000 (Rupees Two Lakh Only) on Prashant Mulekar for the violation of regulations 13(4) and 13(4A) of PIT Regulations.
* SEBI passed an order, dated 31 October 2018, in the matter of Ritesh International Limited imposing a total penalty of Rs 1,00,000 (Rupees One Lakh Only) on Ritesh International Limited for the violation of regulation 7(2) (a) of PIT Regulations.
* SEBI passed an order, dated 31 October 2018, in respect of Jayshriben Maniar imposing a total penalty of Rs 1,00,000 (Rupees One Lakh Only) on Jayshriben Maniar for the violation of regulations 29(1) & 29(2) read with regulation 29(3) of SAST Regulations and regulation 13(1) and regulation 13(3) read with regulation 13(5) of PIT Regulations.
* SEBI passed an order, dated 31 October 2018, in the matter of Man Industries (India) Ltd imposing following penalties for the violation of regulation 13(4) and13(4A) read with regulation 13(5) of PIT Regulations:

|  |  |
| --- | --- |
| **Name of Entity** | **Amount** |
| J C Mansukhani | Rs. 3,00,000/- (Rupees Three Lakhs only) |
| J C Mansukhani HUF | Rs.1,00,000/- (Rupees One Lakh only) |
| J PA Solutions Pvt Ltd | Rs.1,00,000/- (Rupees One Lakh only) |
| Man Steel and Power Ltd (now known as Man Tubinox Ltd) | Rs.1,00,000/- (Rupees One Lakh only) |

* SEBI passed an order, dated 31 October 2018, in the matter of inspection of books and records of Ved Brothers Securities Pvt Ltd (VBPSL) imposing following penalties on VBPSL:
  + Rs. 3,00,000/- (Rupees Three Lakhs only) for violation of the provisions of SEBI Circular SMD/SED/CIR/93/23321 dated 18 November, 1993 and SEBI Circular MRD/DoP/SE/Cir- 11/2008 dated 17 April, 2008.
  + Rs. 1,00,000/- (Rupees One Lakhs Only) for violation of the provisions of NSE circular ref. no. NSE/INSP/24849 dated 29 October, 2013.
  + Rs. 3,00,000/- (Rupees Three Lakhs only) for violation of the provisions of SEBI/MIRSD/SE/Cir-19/2009 dated 03 December, 2009, Regulation 21(1) of the Stock Brokers and Sub-brokers Regulations, 1992, and Clauses A(2) and A(5) of the code of conduct specified under Schedule II, read with Regulation 9(f) of the Stock Broker and Sub-brokers Regulations, 1992
* SEBI passed an order, dated 31 October 2018, in the matter of dealing in illiquid options on the BSE imposing a total penalty of Rs 5,00,000 (Rupees Five Lakh Only) on Ketan Ramanlal Shah HUF for the violation of regulations 3(a), 4(1), 4(2)(a) of PFUTP Regulations.
* SEBI passed an order, dated 31 October 2018, in respect of Vibgyor Allied Infrastructure Limited imposing a total penalty of Rs 1,00,00,000 (Rupees One Crore Only) on Vibgyor Allied Infrastructure Limited and others for non-compliance with SEBI order dated 20 February, 2014.
* SEBI passed an order, dated 31 October 2018, in the matter of dealing in illiquid options on the BSE imposing a total penalty of Rs 5,00,000 (Rupees Five Lakh Only) on Kalpesh Vinubhai Gajjar for the violation of regulations 3(a), 4(1) and 4(2)(a) of PFUTP Regulations.
* SEBI passed an order, dated 31 October 2018, in respect of Suresh Nenmalji Malvi and Minaben Prafulbhai Shah imposing a penalty of Rs. 2,00,000/ (Rupees Two Lakh only) each on Mr. Suresh Nenmalji Malvi and Ms. Minaben Prafulbhai Shah for the violation of regulations 29(2) r/w 29(3) of SAST Regulations:
* SEBI passed an order, dated 31 October 2018, in the matter of Ravi Kumar Distilleries Limited imposing a total penalty of Rs 5,00,000 (Rupees Five Lakh Only) on Padma Impex Private Limited for its failure to submit the desired details/information/ records/documents sought by the IA vide summons dated 21 October, 2015, which resulted in violation of the provisions of sections 11C(2) and 11C(3) of the SEBI Act.
* SEBI passed an order, dated 31 October 2018, in the matter of Kashiram Jain and Co Limited imposing a total penalty of Rs 50,000 (Rupees Fifty Thousand Only) on Kashiram Jainand Company Limited for its failure to obtain SCORES authentication.
* SEBI passed an order, dated 05 October 2018, in the matter of VB industries Ltd. (VBIL) confirming the directions issued vide order (Interim Order) dated 09 November 2017, and forensic audit of VBIL as directed vide the Interim Order shall continue.
* SEBI, passed order, dated 5 October 2018, in the matter of Celestial Biolabs Ltd. (CBL) directing CBL, A.N. Singh and Padma Singh not to buy, sell or otherwise deal in the securities market in any manner whatsoever or access the securities market, directly or indirectly, for a period of ten years from the date of this order. Further, A.N. Singh and Padma Singh were also restrained from associating themselves with any listed public company and any public company which intends to raise money from the public, or any intermediary registered with SEBI for a period of ten years. Lakshmi Purna & Associates shall not directly or indirectly issue any certificate of audit of listed companies, compliance of obligations of listed companies and intermediaries registered with SEBI. Listed companies and intermediaries registered with SEBI shall not engage Lakshmi Purna & Associates, for issuing any certificate with respect to compliance of statutory obligations which SEBI is competent to administer and enforce, under various laws for a period of five years.
* SEBI passed an order, dated 10 October 2018, in the matter of Pyramid Saimira Theatre Limited restraining Shivgurunathan and Nirmal Kotecha respectively for a period of three and one years from buying, selling or otherwise dealing in securities market for violation of Section 12A of SEBI Act, 1992 and Regulation 3(b), 3(c), 3(d), 4(1), 4(2)(a), 4(2) (e), 4(2)(f), 4(2)(k), 4(2)(r) of the PFUTP Regulation.
* SEBI passed an order, dated 10 October 2018, against directors of Bishal Agri–Bio Industries Limited directing Priti Rani Chowdhury, Ajoy Paul, Kuntal Bhattacharjee, Sumanta Modak, Litan Saha, Tapas Kumar Mondal and Shashi Kant Dubey to refund the money collected with an interest of 15 per cent per annum. They were further prohibited from accessing the securities market for four years.
* SEBI passed an order, dated 10 October 2018, against directors of Bishal Horticulture and Animal Projects Limited restraining Sujit Acharjee, Ajoy Paul, Kuntal Bhattacharjee, Sumanta Modak and Litan Saha from accessing securities market for four years for the violation of Section 56, Section 60 read with Section 2(36) and Section 73 of the Companies Act and Provisions of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 (“DIP Guidelines”) read with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“ICDR Regulations”) as regards the Offer of Redeemable Preference Shares during the Financial Years 2006–07 and 2007–08.
* SEBI passed an order, dated 10 October 2018, against directors of Bishal Abasan India Limited directing Bishal Abasan, viz. Priti Rani Chowdhury, Prabir Chowdhury, Sujit Acharjee, Ajoy Paul and Litan Saha not to access the securities market or buy, sell or otherwise deal in the securities market, either directly or indirectly, or associate themselves with any listed company or company intending to raise money from the public for violation of Section 56, Section 60 read with Section 2(36) and Section 73 of the Companies Act and Regulations4(2)(a)–(d), 4(4), 5(2)(b), 6–9, 12, 14, 15, 17, 19 and 26 of the SEBI (Issue and Listing of Debt Securities), Regulations, 2008..
* SEBI passed an order, dated 10 October 2018, against directors of Bishal Distillers Limited restraining Prabir Chowdhury, Ajoy Paul and Litan Saha from accessing the securities market and buying, selling or otherwise dealing in securities in any manner whatsoever, directly or indirectly, for a period of four years for violation of Section 56, Section 60 read with Section 2(36) and Section 73 of the Companies Act.
* EBI passed an order, dated 16 October 2018, in the matter of Satyam Computer Services Ltd. for violation of sections 12A (a), (b), (c), (d) and (e) of the SEBI Act; regulations 3(b),(c) and (d), regulations 4(1) and regulations 4(2)(a),(e),(f),(k) and (r) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003 ("PFUTP Regulations"); and regulations 3 and 4 of the SEBI (Prohibition of Insider Trading) Regulations, 1992 ("PIT Regulations"). V. Srinivas and G. Ramakrishna were restrained from accessing the securities market and further prohibited them from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner, whatsoever, for a period of 7 years. VS Prabhakara Gupta, was restrained from accessing the securities market and from buying and selling of securities for a period of 4 years. They were further directed to disgorge the following amount.

|  |  |
| --- | --- |
| **Name of the Entity** | **Amount to be Disgorged (Rs.)** |
| Vadlamani Srinivas | 15,65,97,987 |
| G.Ramakrishna | 11,50,00,000 |
| Prabhakara Gupta | 48,00,105 |

* SEBI passed an order, dated 17 October 2018, in the matter of Fortis Healthcare Limited (FHL) directing FHL to take necessary steps to recover Rs 403 crore along with the interest from Fortis Hospitals Limited and others.
* SEBI passed order, dated 25 October 2018, in respect of Emerging India Infra Limited (EIIL) directing EIIL to wind up existing CIS and refund the investors’ money. Harminder Singh, Gurpreet Singh Sidhu and Gurlal Singh were restrained from accessing the securities market and prohibited from buying, selling or otherwise dealing in securities market, directly or indirectly, for six years. Prashant Sharma was restrained from accessing the market for four years. They were further refrained from holding positions as directors or key managerial personnel of any listed company and any intermediary registered with SEBI and they shall be restrained from associating himself with any listed public company and any public company which intends to raise money from the public, or any intermediary registered with SEBI, for a period equal to the period of their debarment from the date of this order.
* SEBI passed an order, dated 26 October 2018, in the matter of Sanket Investments and Marketing Ltd. (SIML) directing Nibedita Nath along with SIML and its other directors Prashanta Kumar Dash, Pravat Kumar Dash, to refund the money collected by SIML during the period of her directorship. She was further restrained and prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in whatsoever manner for four year.
* SEBI passed an order, dated 29 October 2018, in the matter of Venmax Drugs and Pharmaceuticals Limited (VDPL) confirming directions issued against VDPL vide interim order dated 18 December, 2017.
* SEBI passed an order, dated 30 October 2018, in respect of Samrudhi Devbuild Industries India Ltd. (SDIL) and 11 others, directing SDIL and others not to access securities market or associate themselves with any listed company or a company intend to list.
* SEBI passed an order, dated 30 October 2018, in the matter of Punjab National Bank by exempting GOI from complying with the requirements of Regulation 3(2) of the Takeover Regulations with respect to the proposed acquisition of 5.83% equity shares in Punjab National Bank.
* SEBI passed an order, dated 30 October 2018, in the matter of Win Realcon Limited (WRL) directing WRL and others to refund the money collected with an interest of 15% per annum. They were further restrained and prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in whatsoever manner for four years. They were also restrained from associating themselves with any listed public company and any public company which intends to raise money from the public, or any intermediary registered with SEBI for four years.
* SEBI passed an order, dated 30 October 2018, in the matter of Gromo Trade & Consultancy Limited restraining Gromo Trade & Consultancy Ltd and others from accessing the securities market and further prohibiting them from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner, whatsoever, for a period of five years.
* SEBI passed an order, dated 30 October 2018, in the matter of Alchemist Realty Limited directing KDS Corporation Limited and Endogram Leasing & Trading Company Private Limited to make a public announcement to acquire shares of the Target Company in accordance with the provisions of the Takeover Regulations. They were also directed to pay interest at the rate of 10% per annum from the date when they incurred the liability to make the public announcement till the date of payment of consideration to the shareholders.
* SEBI passed an order, dated 30 October 2018, in the matter of Shrivallis Securities Limited (SSL) directing SSL and others not to access the securities market or buy, sell or otherwise deal in the securities market, either directly or indirectly, or associate themselves with any listed company or company intending to raise money from the public.
* SEBI passed an order, dated 31 October 2018, in the matter of Amrapali Aadya Trading & Investment Pvt. Ltd. (AATIPL) and other, directing NSE’s Defaulters Committee to open a demat account to transfer the securities and units of AATIPL. MCX was directed to open a demat account to transfer securities and units of Aadya Commodities Pvt. Ltd (ACPL). NSE’s Defaulters Committee and MCX were further directed to open two interest bearing escrow accounts and to transfer funds lying in various bank accounts held in the name of AATIPL and ACPL.
* SEBI passed an order, dated 31 October 2018, in the matter of Dalmia Industrial Development Limited (DIDL) confirming directions issued to exchange to appoint an independent forensic auditor to verify financials/business/accounts of DIDL vide interim order dated 26 September, 2017.
* SEBI passed an order, dated 31 October 2018, in the matter of Sahara India Commercial Corporation Limited (SICCL) directing SICCL and other to refund the money collected from investors with an interest of 15% per annum. They were further restrained and prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in whatsoever manner, for four years. They were also restrained from associating themselves with any listed public company and any public company which intends to raise money from the public, or any intermediary registered with SEBI from the date of this order till the expiry of four years.
* SEBI passed an order, dated 31 October 2018, in the matter of Parekh Aluminex Limited restraining Rajendra Gothi from buying, selling or otherwise deal in the securities market in any manner whatsoever or access the securities market, directly or indirectly, for a period of ten years. He was further restrained from associating himself with any listed public company and any public company which intends to raise money from the public, or any intermediary registered with SEBI for a period of five years.

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