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

Good Morning, distinguished guests, members of the faculty and participants.

1. There is a visible trend of increase in use of technology in different spheres of life in the last few years, especially post the onset of pandemic. In the financial sector as well, the extent of use of technology has significantly picked up, in the areas such as digital banking, online payments, mobile-based and internet-based trading, etc. In the changing world where technology is omnipresent, Cyber Security is pivotal to keep the systems robust.
2. SEBI has been constantly stepping up its cyber security efforts, both internally within the organization and externally. From the external perspective, SEBI’s cyber security measures relate to Market Infrastructure Institutions like stock exchanges, clearing corporations and depositories, SEBI registered intermediaries and Mutual Funds. Further, since SEBI receives and deals with a lot of sensitive and important data, we have implemented a robust cyber security framework internally. I will briefly state these initiatives:
3. Market Infrastructure Institutions - From the perspective of stock exchanges, clearing corporations and depositories, cyber security is extremely critical since technology is the underpinning for all these institutions. Cyber security failures in such institutions will not only impact protection of data but could even cause a system failure leading to a ripple-through effect in the entire financial ecosystem. SEBI has laid down a detailed framework for cyber security for such institutions including Identification of Critical Assets and Cyber Risks, Network Security Management and Security of Data, Vulnerability Assessment and Penetration Testing, System Audits to be done by CERT-In empanelled auditors, etc.
4. Intermediaries and Mutual Funds –While unlike Market Infrastructure Institutions, technology failure in any individual intermediary may not have system-wide impact, the intermediaries are critical from the perspective of protection of data including client data. SEBI’s framework for intermediaries prescribes an SOP for handling cyber security incidents. Detailed framework has been specified for Mutual Funds which includes formulation of a comprehensive cyber security & cyber resilience policy, designation of a senior official as Chief Information Security Officer, etc
5. Internal SEBI measures- SEBI has significantly boosted its own cyber security capability with several measures. An important initiative in this direction is Cyber Security Operations Centre (SOC) which monitors and defends enterprise-wide information technology systems. We have initiated the process to conduct Enterprise-wide Vulnerability Assessment and Penetration Testing (VAPT) for all our IT systems. We have also formed an Information Systems Security Committee to advise SEBI on handling of specific cyber security incidences.
6. While SEBI has not specified a specific cyber security framework for listed entities, the Risk Management Committee of the listed companies has been mandated to monitor and manage cyber security risks as one of its mandates.
7. Clearly, cyber security management is not a one-time event but a continuous process – it is not a project but a journey.
8. It is heartening to note that NISM, CERT-In, C-DAC and MeitY have jointly worked together towards launch of this cyber-security certification course. This course will help in understanding Cyber Security Framework based on the pillars viz. Identify, Build, Detect, Respond and Recover. In addition, the course dwells in detail about the cyber security advisories issued by SEBI from time to time.
9. This course with features like self-paced e-learning, proctored test and affordable fee structure will encourage stakeholders in securities markets to learn and be aware of cyber security issues.

My best wishes for success of this course.

**REPORT ON UNCLAIMED ASSETS OF INVESTORS**

**IN SECURITIES MARKETS[[2]](#footnote-2)**

# **Introduction**

* 1. SEBI furthers its prime mandate of investor protection through the channels and modes , which interalia includes redressal of the grievances of investors, empowering investors by educating them, regulating the markets, enforcement actions, compensation mechanism and systemic changes.
  2. Over the years, innumerable measures have been taken and / or have been put in place by SEBI to enhance investor protection. However, the very existence and the generation of unclaimed assets in the securities market is a matter of concern as it undermines the efforts to fulfill the prime mandate.
  3. Accordingly, this study examines and documents the aforesaid matter in each of the five segments in which investors interface with securities market;

1. Primary market – an entry point for investors
2. Secondary market – entry as well as exit point for investors through the stock exchange
3. Holding of securities – the interim period between entry and exit from the markets
4. Corporate Restructuring (CR) – Buy back, Delisting and Substantial Acquisition of Shares & Takeovers
5. Mutual Funds
   1. In each of the above five segments the following are examined;
6. the reasons for the creation / generation of unclaimed assets
7. the existing legal and regulatory provisions to protect the investors
8. the size and extent of such assets and
9. the recommendations to eliminate further creation of such assets

The term ‘asset(s)’ collectively refers to money and securities and are examined separately in this report. Further, securities, in turn, are examined, separately under physical and demat mode. The aforesaid methodology, backed by relevant data, drills down to precisely identify the nature of the problem and thereafter propose appropriate recommendations. Inputs from concerned dealing divisions at SEBI were collated on the aforesaid basis. Relevant information has also been directly obtained from MII and intermediaries, industry bodies etc. wherever required.

* 1. In primary markets, non-receipt of refunded application money and non-receipt of physical securities or its loss in transit, were the major problems plaguing investors. The same have been adequately addressed vide the mechanism of ASBA and mandatory issuance of securities in public and rights issues only in demat mode. It may be fairly stated that unclaimed assets are no longer generated in primary markets. Hence the same is not included in this report. Nevertheless, the recommendations pertaining to primary markets are as under.
  2. It is recommended to make it compulsory for investors to provide their following demographic details,
* Present and Permanent full postal address with PIN
* E-mail address
* Mobile number
* PAN
* Bank account details (Bank Name and Branch, Bank Account Number, IFS Code or UPI number)
* **Nomination**

As primary market issuance is only through demat mode, the forgoing would be applicable to demat accounts and is elaborated in the chapter, ‘Holding of Securities’ (paragraph III.3.1)

* 1. Application money to be refunded is required to be transferred to IEPF[[3]](#footnote-3), if it is unclaimed for seven years. In other words, unclaimed assets generated in the year of transaction, ‘T’ is required to be transferred to IEPF in T + 7. It is recommended that the unclaimed assets generated in the year T, if any, should be monitored through a structured mechanism so that remedial measures can be drafted forthwith to address any underlying issue as and when it arises.
  2. Listed companies are required to credit the unclaimed shares in public issues into Suspense Accounts[[4]](#footnote-4). It is recommended that the shares credited to these accounts in the year ‘T’ should be monitored through a structured mechanism so that remedial measures can be drafted forthwith to address any underlying issue as and when it arises.

The details and the chronology of the evolution of the aforesaid regulatory measures are documented in Annexure – I and the legal and regulatory provisions pertaining to the foregoing are elaborated therein.

* 1. In Corporate Restructuring it is noted that 331 of the 341 CR offers in the last three years, were through stock exchange mechanism (Table 11). This mechanism virtually eliminates the scope for creation of unclaimed assets in CR. Hence the same is not included in the report. The incidental recommendations pertaining to CR are as under:
     1. Tendering of Shares only in Demat mode

Regulation 40 (1) of LODR, 2015 stipulates that, excluding transposition and transmission, transfer of shares can be only in demat mode w.e.f. April 01, 2019. Whereas, the same is permitted in CR under the respective regulations; i.e. physical shares tendered by investors are acquired by and are transferred to the company, promoter, and the acquirer, respectively. In the FAQs[[5]](#footnote-5) and thereafter vide circular dated July 31, 2020[[6]](#footnote-6), it has been clarified that physical shares can continue to be tendered in CRs. The aforesaid dissonance in the regulatory framework, wherein the FAQ and circular override the provision of the Regulation, is undesirable.

It may be stated that in a buy back offer, the company acquiring its own shares is required to extinguish it[[7]](#footnote-7). Hence, tendering of physical shares is not a matter of concern. Promoters of listed companies are required to always hold their shares only in demat mode[[8]](#footnote-8). Hence, acquisition of physical shares in delisting or takeover offer by promoters is also not a matter of regulatory concern as they will have to demat it forthwith.

In this regard, it is noted that only 0.002% of the shares tendered in CR are in physical mode (Table 12). Notwithstanding the aforesaid, the acquisition of physical shares by acquirer who is not a promoter is required to be disallowed to eliminate the aforesaid dissonance in the regulatory framework.

Accordingly, it is **recommended** that the aforesaid provision of LODR, 2015 be amended so as to also exempt transfer of shares in CR. Parallelly, CR regulations may be amended to cast obligation on the acquirer, who is not a promoter, to forthwith demat the physical shares acquired in CR[[9]](#footnote-9).

* + 1. ASBA mechanism for tendering shares in CR

It is **recommended** that a mechanism be devised such that the shares tendered in CR would be locked-in and held in the investor’s demat account and would get debited only upon its acceptance and upon simultaneous receipt of consideration. Over and above the robust investor protection mechanism that is already available to investor, this would enhance ‘ease of doing business’ in CR.

The details and chronology of regulatory framework, the data on CR through stock exchange and data on physical shares tendered in CR are documented in Annexure – II Corporate Restructuring.

* 1. The findings and recommendations on Secondary Market, Holding of Securities and Mutual Funds are presented in the respective chapters, incorporating the relevant data tables. The chapter on ‘Data’ gives details on its sources, methodology and limitations.
  2. The combined study across all the segments of the market and its comparison, brings out the regulatory best practices in each segment and also helps in identifying the gaps therein. Items of merit identified in each segment have been made applicable across the other segments and have been incorporated in the recommendations. Likewise, gaps in the regulatory framework in each segment have been recommended to be remedied, using the same approach. Implementation of these recommendation would, inter-alia, bring uniformity of norms, viz. the investors, across all segments of market. The contents of this report are drafted in a non-repetitive manner. Where there is a need for overlap, the contents at one place are adequately cross referenced so as to bring out the holistic picture without repetition.

1. **Secondary market - trading through stock exchange**
   1. The money and securities of the investors (clients) are placed with the trading member (TM) for execution of trade and the latter is required to settle securities forthwith and money on monthly / quarterly basis as per the former’s choice. However, some trading accounts become dormant, even as the assets of client are still with the TM. Returning these assets to the account of the client is unsuccessful where the latter’s bank / demat account is inactive / frozen, respectively. Further, when the contact details of the client are invalid or upon his / her demise, the client becomes untraceable, rendering his / her assets with the TM, unclaimed.
   2. The other sources of generation of unclaimed assets with TM include,

* crediting of money / securities to the TM’s account by the client without intimation
* dividend on unclaimed shares, and
* money paid by prospective client to the TM, whose on-boarding is unsuccessful.
  1. SEBI has issued many circulars to safeguard the assets of investors that are in the custody of the TMs. The circular of June 20, 2019[[10]](#footnote-10), consolidates the existing regulatory framework in this regard and also details further safeguards for client securities.
  2. Stock exchanges identify unclaimed assets of clients vide verification of trail balance or bank books or securities holding report of the TM in their inspection. Further, BSE[[11]](#footnote-11) & NSE[[12]](#footnote-12) vide their notice / circular of February 10, 2020, have mandated their TMs to identity clients who have been inactive for the last 12 months across all exchanges and flag their Unique Client Code as ‘Inactive’. TMs are also required to keep these assets in separate client bank / demat account, respectively, maintain audit trail of inflow and outflow from these accounts and also file detailed report[[13]](#footnote-13) to stock exchanges on quarterly basis. Claims from these clients are required to be settled immediately to the concerned client only. The existing regulatory framework or the Bye-laws of the stock exchange do not have any specific provision pertaining to the unclaimed assets of clients, when the membership of a TM is terminated voluntarily or otherwise.
  3. The stock exchanges have stated that they do not have the data on unclaimed assets that are with their TMs. However, it was observed in an inspection[[14]](#footnote-14) that for the quarter of January to March 2017, ₹ 1.43 crore and ₹ 4.73 crore of money and securities, respectively, pertaining to 4,216 clients were lying unclaimed with a TM, which had very large retail client base[[15]](#footnote-15). However, this data of this TM as on December 31, 2020, i.e. after implementation of the cited June 2019 circular, has come down to ₹ 1.34 crore and Rs. 8.3 lakh respectively. Additionally, in terms of this circular, securities worth Rs. 43 lakh is sequestered in the Client Unpaid Securities Account (CUSA), as on this date, mitigating the concerns in this regard.
  4. As unclaimed assets of the clients lying in the custody of TMs is not desirable, it is **recommended** that the regulatory policy framework for the same may be formulated, *inter-alia*, spelling out
* definition and identification of unclaimed assets with TM and norms for book keeping and reconciliation
* transfer of such money to an escrow account of the stock exchange and its investment similar to that of unclaimed money in MFs.
* Transfer of such securities to an escrow account of the stock exchange
* The aforesaid transfer of client’s assets to escrow account would be applicable to TMs on on-going basis and also upon termination of membership.
* compulsory providing of demographic details including nomination to be provided in the KYC during account opening (as detailed in chapter, ‘Holding of Securities’, paragraphs III.3.1.1)
* norms for nominee / legal heir to claim assets of the deceased client (investors)

1. **Holding of Securities**

Between the purchase and sale / maturity of securities, the investor is ‘holder of securities’ and the unclaimed assets pertaining to this phase, is examined herein.

* 1. Money

Dividend on shares and preference shares, interest on debt instruments, redemption of debt and preference shares are the avenues for cash payment by companies to its investors. These payments can be unsuccessful and thereafter remain unclaimed, as follows:

* + 1. Payment though Electronic Mode:

In terms of Regulation 12 of LODR, 2015, all aforesaid payments by listed companies to their securities holders are required to be made through electronic mode. Such payments are unsuccessful, including, when;

* When there is change in bank account number from, say, 4 digits to 12 / 16 digits by the bank
* change in IFS Code due to merger of banks / rationalization of branches
* the investor has closed his bank account and has not intimated the new bank account details to the RTA or DP for physical or demat securities, respectively.

Thereafter, these unsuccessful payments may remain unclaimed.

* + 1. Payments through physical instruments:

Such payments are permitted when electronic payment is unsuccessful or when there is insufficient information to make electronic payment[[16]](#footnote-16). In case where the investor has changed residence and has not informed the RTA or DP for physical or demat securities, respectively, the physical instrument returns undelivered and may thereafter remain unclaimed.

* + 1. Availability of Bank details in Folios

The availability of complete bank details of the investors is a basis prerequisite for successful payments. To enhance the availability of such demographic details, listed companies were directed[[17]](#footnote-17) to seek the bank and PAN details from their investors. The outcome of this directive w.r.t. 1.92 crore folios pertaining to 2,635 listed companies, is given in table below.

Table 1: Availability of Bank and PAN details in Listed Companies

|  |  |  |
| --- | --- | --- |
| **Folios** | **Before the directive**  **(April 20, 2018)** | **After the directive**  **(December 31, 2018)** |
| Bank details available | 15,55,144 | 20,02,474 |
| Bank details not available | 1,26,17,831 | 1,17,93,160 |
| PAN available | 11,39,498 | 15,10,918 |
| PAN details not available | 1,30,32,731 | 1,23,16,659 |

While the aforesaid regulatory measure has increased the number of folios in which bank and PAN details are available, there are still sizable number of folios in which these details are not available.

* + 1. Dividend payment by listed companies – Mode and Outcome

About 3% of the dividend payments for 2019-20 is pertaining to shares held in physical mode and the remaining 97% is for demat holdings, mirroring the pattern shared held in these respective modes. The details of dividend paid through electronic mode and instruments to physical and demat holders and its outcome are given in table below.

Table 2: Dividend Payment by Listed Companies – Mode and Outcome

|  |  |  |  |
| --- | --- | --- | --- |
| Number of Listed Companies[[18]](#footnote-18) | | | 1,095 |
| Dividend paid in 2019-20 (₹ crore) [[19]](#footnote-19) | **Physical Holding** | **Demat Holding** | **Total** |
| 3,060 | 1,03,340 | 1,06,400 |
| Payment mode and Outcome | | | |
| Amount Rs. crore | | | |
| Electronic mode | 2,482 | 1,01,458 | 1,03,941 |
| O/w Unsuccessful | 14 | 168 | 182 |
| Physical Instruments | 578 | 1,881 | 2,459 |
| O/w Unsuccessful | 258 | 310 | 568 |
| Number of Payments[[20]](#footnote-20) | | | |
| Electronic mode | 28,04,608 | 1,26,54,66,725 | 1,26,82,71,333 |
| O/w Unsuccessful | 44,649 | 9,78,128 | 10,22,777 |
| Physical Instruments | 72,39,788 | 34,90,310 | 1,07,30,098 |
| O/w Unsuccessful | 26,89,601 | 12,35,013 | 39,24,614 |

In terms of value, payments through electronic mode has success rate of over 99.5% for both physical and demat holdings. Whereas, payments through physical instrument has success rate of 55% and 84% for physical and demat holding, respectively.

In terms of number of payments, electronic payments to physical and demat holders has success rate of about 98.4% and 99.9%, respectively. Whereas, payments through physical instrument has success rate of 63% and 64% for physical and demat holding, respectively.

The case to make corporate payments to investors only through electronic mode is self-evident. Availability of complete bank details, is a prerequisite for the same and the recommendation in this regard is included subsequently.

* + 1. Other corporate payments to investors

Payment towards sale proceeds from fractional shares arising from bonus issues, merger and amalgamation are the other sources of cash payment and also have the same potential for being unsuccessful and thereafter may remain unclaimed. From the table in paragraph above, it is noted that payment through electronic mode enjoys higher success rate than through physical instruments. Accordingly, it is **recommended** that these payments also be also included in LODR, 2015, so that all payments by listed companies to investors are done through electronic mode.

Payments pertaining to corporate restructuring are covered in Annexure – II Corporate Restructuring

* + 1. Unsuccessful payment and unclaimed money

In a sample of 367 listed companies that paid dividend aggregating to ₹ 21,491 crore in the FY 2018-19, dividend amounting to about ₹ 77 crore remained unclaimed as on March 30, 2019[[21]](#footnote-21). A year later, this amount stood at ₹ 71 crore; in other words, after about a year and a half of the payment, only about 7.8% of the dividend payment that was unsuccessful have been claimed by the investors. It may therefore be inferred that there is high propensity for unsuccessful payments to become unclaimed assets.

**Recommendation** on compulsory furnishing of bank details by investor is included subsequently in this chapter.

* + 1. Legal and regulatory provisions
       1. Dividend, matured debentures and the interest accrued thereof that are unclaimed for seven years are required to be credited to the IEPF u/s 205 C (2) (a), (d) & (e) of the Companies Act, 1956, respectively, w.e.f. October 31, 1998. The aforesaid obligation continues to be in force u/s 125 (2) (c), (j) & (k) of the Companies Act, 2013, respectively, w.e.f. September 07, 2016. Additionally, from this date, sale proceeds of fractional shares from bonus, merger and amalgamation and matured unclaimed preference shares that are unclaimed for seven years, are also required to be credited to IEPF u/s 125 (2) (l) & (m) of this Act, respectively.

The estimates of money that have been transferred by listed companies to IEPF under these defined heads are given in table below.

Table 3: Unclaimed moneys of Listed Companies transferred to IEPF as on March 31,2020

|  |  |  |
| --- | --- | --- |
|  | **Item** | **Amount (Rs. crore)** |
| 1 | Unpaid Dividend | 583.50 |
| 2 | Matured Debentures[[22]](#footnote-22) | - |
| 3 | Interest accrued[[23]](#footnote-23) | 179.70 |
| 4 | Sale proceeds of fractional shares | 5.15 |
| 5 | Matured Preference Shares | 0.61 |

* + - 1. Structured mechanism to monitor unclaimed assets in its year of generation **(T)**

It is **recommended** that all heads of unclaimed money of investors in table above, should be monitored in T, so that remedial measures can be drafted forthwith to address the underlying issue. Monitoring this data at T + 7, when the money is transferred to IEPF, may be suboptimal for policy making.

* + - 1. IEPF – filing and claims

IEPF Authority Rules, 2016, provide the manner for investors to claim refund from IEPF w.r.t. money and shares transferred under Companies Act, 2013. Further, under the IEPF Authority (Accounting, Audit, Transfer and Refund) Second Amendment Rules, 2019, a very comprehensive statement of unclaimed and unpaid amounts is prescribed to be filed with MCA, vide Form No. IEPF - 2. Accordingly, w.e.f. September 20, 2019, reconciled figures of unclaimed and unpaid amounts have to be filed for the last seven years, which provides an additional element of check and balance.

* 1. Securities
     1. Transmission of securities:

In the event of demise of the holder, the availability of nomination ensures frictionless transmission of securities. In the absence of either nomination or Will, the claimant / heir has to obtain Succession Certificate or Letter of Administration or Probate of Will issued by a Court. The time, effort and cost incurred in obtaining these documents acts as a deterrent to many a claimant / heir. If the value of the security is less than ₹2 lakh / ₹5 lakh per folio / demat account, respectively, then the claimant / heir has to furnish, Indemnity and Affidavit, relative to the value of the security, these documentations are cumbersome to obtain.

* + 1. Nomination of securities:

As the absence of nomination contributes to the creation of unclaimed assets, the data on its availability in physical and demat holding are examined in detail. In this regard, 2.53 % and 97.47 % of the paid up equity shares of the 5,226 listed companies in India are held in physical and demat mode, respectively, as on March 31, 2020. In terms of value, 1.88 % and 98.12 % of shareholding was held in physical and demat mode, respectively.

Of these holdings, about 1.11 crore of the 1.17 crore folios and 1.63 crore out of 1.65 crore demat accounts are eligible for nomination[[24]](#footnote-24) as detailed in table below.

Table 4: Physical and Demat holding of Shares of Listed Companies as on March 31, 2020

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **Physical** | **Demat** | **Total** |
| A | Number of listed companies |  | | 5,226 |
|  | | | | |
| B | Number of paid up equity shares of all listed companies (crore) | 2,022 | 77,862 | 79,884 |
| C | Value (closing price) of B (Rs. crore) | 2,15,260 | 1,12,09,517 | 1,14,24,777 |
|  | | | | |
| D | Number of folios / distinct demat accounts pertaining to B[[25]](#footnote-25) | 1,16,75,594 | 1,65,16,135 |  |
| E | out of D, number of folios / distinct demat accounts eligible for nomination | 1,10,57,870 | 1,63,00,703 |  |
| F | Out of D, number of folios / distinct demat accounts ineligible for nomination | 2,13,216 | 2,15,432 |  |

Within these folios and demat accounts, single holding which do not have nomination, merits close regulatory scrutiny. As mentioned earlier, the claimant / heir in such cases undergo hardship which deters transmission. Whereas, in the case of joint account, the risk of the securities becoming unclaimed is negligible, even in the absence of nomination, as the securities are transmitted to the surviving member / joint account holder, in case of demise of one of the holder.

Accordingly, in folios with single holding that are eligible for nomination, about 96% of them do not have nomination and they constitute 81% in terms of value of this category. In the case of demat accounts with single holding that are eligible for nomination, about 55 % do not have nomination. In terms of value and number of shares, these holdings constitute 38% and 49%, respectively. These single holding folios and demat accounts which do not have nomination, have the direct potential to become unclaimed securities in future and the data on this is given in table below.

Table 5: Status of Nomination in Folios and Demat Accounts as on March 31, 2020

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Mode of Holding** |  | **Single Holding** | | **Joint Holding** | | **Total** |
| **With Nomination** | **Without Nomination** | **With Nomination** | **Without Nomination** |  |
| Physical | Number of Folios | 2,89,331 | 73,07,432 | 3,64,061 | 30,97,046 | 1,10,57,870 |
| Number of Shares (crore) | 139 | 597 | 118 | 109 | 963 |
|  | | | | | | |
| Demat | Number of Distinct Demat Accounts | 67,19,925 | 81,53,521 | 5,61,258 | 8,65,998 | 1,63,00,702 |
| Number of shares (crore) | 9,061 | 8,624 | 1,278 | 2,159 | 21,121 |
| Value of shares (₹ crore) | 8,80,155 | 5,33,232 | 2,36,576 | 3,83,278 | 20,33,241 |

* + 1. Legal and regulatory provisions available to protect the investors
       1. Unclaimed shares pertaining to bonus, split, consolidation etc. are required to be credited into Suspense Account, similar to unclaimed shares in public issues. In this regard, unclaimed physical shares are required to be demated and credited to Unclaimed Suspense Account and those in demat mode are required to be credited to the Demat Suspense Account [[26]](#footnote-26). Corporate benefits accruing on these shares are also required to be credited to the aforesaid suspense accounts, and their voting rights remains frozen.
       2. Structured mechanism to monitor unclaimed assets in its year of generation (T)

It is **recommended** that the suspense accounts detailed in paragraph above be monitored in T, so that remedial measures can be drafted forthwith to address the underlying issue. The inspection of RTAs includes examination of suspense accounts to verify compliance norms thereof and to ascertain that there is no irregularity in the claims from these accounts. Since, inspection is on sample basis and does not include all the RTA, it is recommended that this monitoring has to be done from the point of view of listed companies in order evolve any policy measures in this regard.

Having sub accounts for these suspense account, capturing the individual details of all the investors, will enhance the monitoring of these accounts, especially on outflow on account of claims. Accordingly, it is recommended that suspense demat accounts should have sub-accounts[[27]](#footnote-27).

* + - 1. Where the dividend payment remains unclaimed for seven years, the underlying shares, whether it is
* in physical or in demat mode
* held by the investor or is unclaimed,

are required to be credited to IEPF, along with the unclaimed dividend, u/s 124 (6) and 124 (5) r/w 125 (2) (c) of the Companies Act, 2013, respectively.

* + - 1. Given benefits that accrue to investors through dematerialization of securities, the following issuances by listed companies are allowed only in demat mode;
* Transfer of physical shares - w.e.f. April 01, 2019[[28]](#footnote-28)
* Transfer of re-lodged shares - w.e.f. September 07, 2020[[29]](#footnote-29)

Further, the proposal to issue of bonus and duplicate shares in demat mode is also under consideration.

* + 1. Size of Unclaimed securities:

The size and extent of shares transferred to IEPF, where the dividend payment is unclaimed for seven years are given in table below[[30]](#footnote-30)

Table 6: Shares of Listed Companies transferred to IEPF as on March 31, 2020

|  |  |  |
| --- | --- | --- |
|  | **Physical Shares** | **Demat Shares** |
| Number of Shares | 31,11,65,384 | - |
| Number of Folios / Demat Accounts | 17,60,175 | - |
| Value of Shares (Rs. crore) | 5,048 | 12,278 |

* 1. **Recommendations**

* + 1. Demographicdetails
       1. Compulsory furnishing of demographic by investors:

From the data presented in the Table 1, Table 2, Table 5 and Table 6, there is an inherent case to make it compulsory for investors to furnish the following demographic details to the RTA / DP[[31]](#footnote-31).

* Present and Permanent full postal address with PIN
* E-mail address
* Mobile number
* PAN
* Bank account details (Bank Name and Branch, Bank Account Number, IFS Code or UPI number)
* **Nomination**
* Specimen signature in folios

It is recommended that regulations may make it compulsory for the investor to furnish complete demographic details 1) initially, 2) and on an ongoing basis as and when there is a change, or 3) in the case of existing holdings / accounts, if it is not fully available. It is proposed[[32]](#footnote-32) that if the investor does not provide all the above information after due notice, the physical shares would be frozen and kept in suspense demat account which the investor can claim only in demat mode. In case of demat holdings, the account may be frozen till receipt of entire demographic details.

Apart from eliminating the creation of fresh new unclaimed assets, the aforesaid proposal would

* eliminate payment through physical instruments in securities markets, there by conforming with the desired policy objective of the Government of India
* expose benami holding of securities, thereby enhancing India’s ranking viz PMLA / FATF compliance
* enhance corporate governance as
  + all communication, either through physical or electronic mode would reach the investors
  + there could be higher participation by investors in AGM / EGMs through electronic mode
* prevent fresh creation of unclaimed securities of investors due to compulsory nomination

Incidentally, it may be mentioned that the Employees’ State Insurance Corporation has made it mandatory w.e.f. July 01, 2020[[33]](#footnote-33), for all its new constituents to furnish bank account details and mobile number.

The aforesaid compulsory furnishing of demographic details would be applicable for MFs too.

* + - 1. Nomination

The Companies (Share Capital and Debenture Amendment) Rules, 2015, notified on March 18, 2015, provides the form for nomination. However, there is no legal / regulatory norm for it to be insisted. As regards demat accounts, from January 2009 onwards the account opening form provides the option to the investor to either provide nomination or alternatively choose, ‘I do not wish to nominate’[[34]](#footnote-34). The outcome of these policy stances are reflected in the less than desirable level of nomination in folios and demat accounts, as given in Table 5.

Contextually, it would be relevant to delve into aspects of behavioral economics to formulate an optimal policy stance. The Economic Survey, 2018-19[[35]](#footnote-35), describes the grades in the spectrum of public policy as 1) *Laisse faire* 2) Nudge[[36]](#footnote-36) 3) Incentive and 4) Mandate. It also states that, “*as people are given to tremendous inertia when making a choice, they prefer sticking to default option*”.

Clearly, the first and second of the foregoing options have not been effective in shoring up the levels of nomination in the case of physical shares and demat accounts, respectively. Hence, it is recommended to escalate the policy stance to ‘mandate’ i.e. it shall be compulsory for investors to provide nomination for their single holding folios / demat accounts. Investors who do not wish to nominate, shall have to separately furnish a hand written declaration that effect, to the concerned RTA / DP. The format of the demat account opening form of the Depositories will have to be suitably modified to remove the choice available at present.

It is posited that the sheer ‘inertia’, as mentioned in the Economic Survey, will deter investors from furnishing a separate hand written declaration not to avail nomination, thus ushering in the desired outcome of total nomination in securities market.

The foregoing would also be applicable for MFs too, as AMCs are at present only required to promote nomination.

* + - * 1. E-nomination

The availability of E-nomination would enhance the level of nomination. Under the Rules[[37]](#footnote-37) under Companies Act, 2013, witness along with signature is required for nomination of physical shares and this is a barrier for seamless e-nomination. It is noted that witness for nomination is not a requirement in MF units, savings bank accounts and fixed deposits with banks and also for insurance policies. Similarly, New Pension Scheme (NPS) also allows change in nominee details on-line through login credentials[[38]](#footnote-38).

The facility of e-KYC through Aadhaar authentication has been allowed for opening of trading, demat and MF accounts[[39]](#footnote-39). It isrecommended adapting from this procedure, that e-nomination with e-witness be ushered for entire securities market and not just for demat accounts alone.

* + - 1. Interoperability of KYC for physical holdings:

It is recommended[[40]](#footnote-40) that investors be allowed to provide or update their demographic details to / with the RTAs, with that which is already available with the KRA or CKYCRR[[41]](#footnote-41). The KYC of physical shareholders, pertaining to his / her bank is already available with CKYCRR. Further, if the physical shareholder has investment in, say, mutual fund, his / her KYC is available with the KRA. It is proposed that with proper authentication mechanism, the investor be enabled to authorize the RTA to fetch and link this aforesaid KYC to his folio[[42]](#footnote-42). This will eliminate the need for physical shareholders to repeat KYC with all the RTAs which have their folios.

* + - 1. KYC with KRA and CKYCRR to also capture nomination:

It is also recommended that KRA and CKYCRR may be mandated to additionally capture nomination details in KYC, which would also be compulsory, as described earlier. This will substantially prevent the creation of unclaimed assets, across the entire financial services sector.

* + 1. Simplification of norms
       1. for Transmission:

Legal heir certificate, issued by the Tashildhar after due process, is also used in transmission of immovable assets. It is proposed[[43]](#footnote-43) to include legal heir certificate as one of the acceptable document for transmission as it will simplify the process.

Further, as norms on investor requests / services have to be uniform across securities market, the forgoing would be applicable for demat accounts and MF investments too.

Transmission of MF units to nominee or joint account holder is allowed through scanned documents as detailed in the chapter, ‘Mutual Funds’ (paragraph IV.6.1). This pro-investor facility is recommended to be made available for corporate securities and demat accounts also.

* + - 1. Common norms and common forms for investor services[[44]](#footnote-44)

Common norms and common form, as provided in the regulatory framework for MF units (elaborated at paragraph IV.6.1), is recommended to be made applicable to corporate securities as well[[45]](#footnote-45). Simplification of investor service norms will have positive impact on preventing the creation of unclaimed assets.

Further, synchronization of these norms between securities in physical mode and those held in demat mode is also recommended.

* + 1. Embargo on fresh issue of physical certificates by listed companies:

Whereas, public issue of securities is mandated to be only in demat mode[[46]](#footnote-46), new securities certificates are being issued by listed companies, *inter-alia*, for the following:

|  |  |
| --- | --- |
| **Corporate Action** | **Investor request** |
| Bonus shares[[47]](#footnote-47) | Duplicate securities |
| Re-issue | Transmission |
| Consolidation | Transposition |
| Sub-division / share split | Consolidation |
| Scheme of arrangement viz merger, demerger and reconstruction | Sub-division / share split |

From the data in Table 1, Table 2, Table 5 and Table 6, it may be fairly inferred that holding in physical mode is in itself a source of unclaimed assets. And given the advantages of dematerialization of securities, it is recommended that listed companies may be prohibited from issuing fresh physical certificates[[48]](#footnote-48).

* + 1. Supplementary measures
       1. Confidentiality of investor’s personal information:

Under the IEPF Authority Rules[[49]](#footnote-49), the details of 1) the name and 2) last known addresses of the persons entitled to receive the sum, 3) nature of amount (dividend / interest / maturity proceeds), 4) the amount entitled, 5) the due date for transfer into the IEPF etc., of unclaimed money of investors are required to be displayed on the website of the company and also on the website of IEPF. The availability of such information has led to its misuse by impostors, who illegally claimed such shares through fake documents[[50]](#footnote-50).

Whereas in the case of MFs, as described in paragraph IV.5.3IV.5, details of unclaimed investment are available in the website of AMC, but its access is restricted through verification of credentials. Similarly, in the case of banks, details of unclaimed deposits and inoperative accounts are required to be available in their websites, but with restriction so as to preserve confidentiality[[51]](#footnote-51).

To safeguard investor’s privacy, it is recommended that SEBI may take up with MCA, the undesirability of exposing details of unclaimed assets of investors in public domain.

* + - 1. Availability of Distinctive Numbers:

It is noted that 693 listed companies have not provided the complete details[[52]](#footnote-52) of distinctive numbers, folio numbers and certificate numbers of all their physical shareholders to the Depositories. It is recommended [[53]](#footnote-53) that listed companies which do not have the complete details as aforesaid, may be mandated to re-issue shares to all their shareholders and in demat mode. The availability of the aforesaid information with the listed companies will enhance the integrity of the market and hence investor protection too.

1. **Mutual Funds**
   1. Creation / generation of unclaimed assets

In dividend option MF schemes, this payment is made through electronic mode, where the full bank details are available. Otherwise, it is paid through physical instruments[[54]](#footnote-54). The factors that result in corporate payment to investors being unsuccessful and thereafter unclaimed, as described in paragraph III.1 are equally applicable to MF dividend and redemption payments too. Upon demise of the unit holder, the absence of nomination may lead to the investment becoming unclaimed.

* 1. Mode of holding
     1. Investment in MF units are held in and are evidenced through ‘Statement of Account’ (**SoA**) issued by the AMC and it is the equivalent of physical holding in corporate securities. MF units can also be held in demat mode. The data in this regard pertaining to two largest RTAs, who handled 41 AMCs, constituting 96% of the value of MF industry, is given in table below.

Table 7: Mode of holding of MF units as on March 31, 2020

|  |  |  |
| --- | --- | --- |
| **Mode of Holding** | **Number of Folios** | **Value (Rs. crore)** |
| Statement of Account (SoA) | 7,76,88,269 | 19,25,585 |
| Demat | 83,35,332 | 2,14,477 |
| Total | 8,60,23,601 | 21,40,062 |
| AUM of MF Industry[[55]](#footnote-55) | | 22,26,203 |

* + 1. About 90% of MF units, both in terms of number of folios and value are held in SoA mode and the remaining 10% are held in demat mode. The link, if any, between the mode of holding on one hand and the success in payments and thereafter the generation of unclaimed assets on the other hand are examined below.
  1. Mode of MF holding vs mode of payment and its outcome
     1. The sample data on dividend and redemption payment pertaining to two largest RTAs for the financial year 2019-20 and its outcome are given in tables below:

**Table 8: Mode of Dividend payment and its outcome in Mutual Funds**

|  |  |  |  |
| --- | --- | --- | --- |
| Dividend paid FY 2019-20 (₹ crore) | **SoA** | **Demat** | **Total** |
|  | 12,355 | 654 | 13,009 |
| Amount (Rs. crore) | | | |
| Electronic mode | 12,121 | 647 | 12,768 |
| O/w Unsuccessful | 49 | 1 | 50 |
| Physical instruments | 234 | 7 | 240 |
| O/w Unsuccessful | 52 | 0 | 52 |
| Number of Payments[[56]](#footnote-56) | | | |
| Electronic mode | 1,83,36,263 | 11,27,882 | 1,94,64,145 |
| O/w Unsuccessful | 4,43,385 | 3,905 | 4,47,290 |
| Physical instruments | 11,36,354 | 16,801 | 11,53,155 |
| O/w Unsuccessful | 4,15,581 | 1,748 | 4,17,329 |

* + 1. In terms of value, payment of dividend through electronic mode to units held in SoA and Demat mode has success rate of over 99%. Whereas, the success rate in the case of payment through physical instruments to units in SoA and Demat mode, is about 78% and 96% respectively.
    2. Further, in terms of number of payments, the success rate in the case of payment through electronic payment is about 98% and over 99% for units in SoA and Demat mode, respectively. The success rate for physical instruments to units in SoA and Demat mode is about 63% and 90%, respectively.

Table 9: Mode of Redemption payment and its outcome in Mutual Funds

|  |  |  |  |
| --- | --- | --- | --- |
| Redemption Payment FY 2019-20 (₹ crore) | **SoA** | **Demat** | **Total** |
|  | 1,72,45,425 | 1,92,300 | 1,74,37,725 |
| Amount (Rs. crore) | | | |
| Electronic mode | 1,70,26,207 | 1,84,601 | 1,72,10,808 |
| O/w Unsuccessful | 190 | 5 | 195 |
| Physical instruments | 2,19,218 | 7,698 | 2,26,917 |
| O/w Unsuccessful | 95 | 0 | 95 |
| Number of Payments | | | |
| Electronic mode | 2,24,16,774 | 27,42,449 | 2,51,59,223 |
| O/w Unsuccessful | 16,432 | 539 | 16,971 |
| Physical instruments | 4,80,862 | 78,405 | 5,59,267 |
| O/w Unsuccessful | 28,552 | 91 | 28,643 |

* + 1. In terms of value, payment of redemption through electronic mode and through physical instrument to units held in SoA and Demat mode, both enjoy success rate of above 99%.
    2. In terms of number of payments also, payment through electronic mode enjoys success rate of above 99% to units held in SoA and demat mode. However, for payment through physical instruments, the success rate is 94% and almost 100% for units in SoA and Demat mode respectively.
    3. From the tables above, it is seen that payments through electronic mode enjoys higher success rate than through physical instruments. Accordingly, it is **recommended** to make it mandatory for MF to pay investors through electronic mode as against it being an industry practice at present. This would make the regulatory framework of MFs on par with that of listed companies on payment to investors[[57]](#footnote-57), besides also conforming with the desired policy objective of the Government of India in this regard.
    4. In order to facilitate the implementation of the aforesaid measure, it is also **recommended** to make it compulsory for investors in MFs to furnish their complete bank details and the same is elaborated in chapter, ‘Holding of Securities’ (paragraph III.3.1.1).
  1. Size of Unclaimed Assets
     1. The unclaimed dividend and redemption amounts of MFs as on September 03, 2020 are ₹1,592.04 crore and ₹877.61 crore, respectively. The aforesaid pertains mostly to very old cases and are negligible, relative to the size of assets under management[[58]](#footnote-58) of the MF industry.
     2. Sample data on unclaimed assets of MFs, pertaining to the top two RTAs, viz their mode of holding, is presented in table below.

Table 10: Unclaimed moneys and mode of holding of Mutual Fund units as on March 31, 2020

|  |  |  |
| --- | --- | --- |
| **Unclaimed Amounts** | | **Amount (₹ crore)** |
| Unclaimed Dividend | | 668.89 |
| Unclaimed Redemption | | 904.24 |
| Total | | 1,573.13 |
|  |  |  |
| **Mode of Holding** | **Number of Folios** | **Value (₹ crore)** |
| Statement of Account (SoA) | 30,41,158 | 1,553.09 |
| Demat | 20,753 | 20.04 |
| Total | 30,61,911 | 1,573.13 |

* + 1. About 99% of the unclaimed assets of MF, in terms of number of folio and by value are in SoA mode, which suggest that there is a co-relation between the mode of holding and the propensity for the money to become unclaimed. Therefore, it may be a **desirable policy objective** that MF units be held only in demat mode, over time.
    2. As nomination can prevent the creation of unclaimed assets, it is **recommended** to make it compulsory for investors to provide the same, as elaborated in the chapter, ‘Holding of Securities’ (paragraph III.3.1.1).
  1. Regulatory provisions available to protect the investors
     1. W.e.f. November 24, 2000, MFs are required invest the unclaimed dividend and redemption amounts in call money or money market instruments, in terms of circular of same date[[59]](#footnote-59). Norms for claiming the same by the investor, the applicable NAV, the management fee chargeable and the disclosure norms are also specified in this circular. Further, MFs are required to make continuous effort to remind the investors through letters to claim such money. Up to three years, the investor is eligible to receive the income earned on unclaimed money. After three years, the MFs is allowed to use this income for investor education.
     2. W.e.f. April 01, 2016, such unclaimed money is allowed to also be invested in separate plan of liquid / Money Market MF schemes in terms of the circular dated February, 25, 2016[[60]](#footnote-60). For such plans, exit load is not applicable, there is a cap on the expense ratio and the Statement of Account is required to be sent to the investor periodically. The names and address of the investors whose dividend and redemption amounts are unclaimed are required to be made available in the website of the MF and on a consolidated basis across all MFs in the website of AMFI, along with the procedure for claiming it.
     3. Although the aforesaid details of unclaimed money are available in public domain, access to the same is required to be allowed only upon verification of credentials. This measure is equally required for corporate securities also and the recommendation in this regard has been included in the chapter, ‘Holding of Securities’.
  2. Transmission of MF units
     1. W.e.f. January 24, 2020, image based processing of transmission of MF units is allowed vide circular dated December 24, 2019[[61]](#footnote-61), if the claimant is nominee or joint holder. Further, AMCs are required to provide help desk and webpage providing information, instructions, assistance and forms for transmission. AMCs are also required to adopt common forms for transmission request and NOC and make it available in website of AMFI and RTAs also. AMCs are also required to have common norms for documentary requirement for transmission to nominees or joint holders and adapt uniform norms to process unclaimed amounts. AMCs are required to promote nomination in their investor education programs.
     2. The aforesaid pro-investor features are necessary for corporate securities as well and the recommendations in this regard are included the chapter, ‘Holding of Securities’.
     3. The Legal / regulatory framework for transmission of MF units is at variance with that for corporate securities. In the case of latter, the legal and regulatory norms are provided in Companies Act, 2013 and in LODR, 2015. Whereas in the case of MFs, the regulatory framework only required the norms to be uniform across the industry, without actually spelling out the norm. It is therefore **recommended** that the MF regulatory framework provide the norms for transmission and claims.

1. **Data– Sources, Methodology & Limitations**
   1. Source & Methodology
      1. Data from MIIs and Industry
         1. Data of paid up equity shares of listed companies was collated from all recognized stock exchanges which have permission to trade in equity shares[[62]](#footnote-62). This data was de-duplicated by NSDL to arrive at the total number of listed companies. Value of these shares was computed by the Depositories using closing price as on March 31, 2020 or last traded price or face value, in the descending order of availability. Companies that are exclusively listed in Calcutta Stock Exchange Ltd. (CSE)[[63]](#footnote-63) are excluded as there is no trading in it.
         2. The ISIN numbers pertaining to the shares of listed companies were used by Depositories to segregate distinct demat accounts. In other words, demat accounts which have shares of listed companies alone are segregated. In the obverse, demat accounts which have say, only debt securities or shares of unlisted company, are excluded. Distinct demat account have been identified using PAN; illustratively, a person having 3 accounts – one in sole name and others two accounts with different joint holders, would yield a count of three distinct accounts, although all the 3 accounts will have one of the PAN, common.
         3. From such distinct demat accounts, the accounts that are eligible for having nomination is segregated. Individuals, whether, Resident, NRI, foreign nationals etc. are eligible for nomination, whereas, non-individuals like corporates, HUF, minors etc. are not eligible for nomination. Further, within accounts that are eligible for nomination, data w.r.t. sole and joint accounts, which have and do not have nomination, were obtained. The number of such accounts, and value in each category was computed by both Depositories and compiled by NSDL to provide the aggregate value. Depositories also provided details of shares in demat account transferred to IEPF.
         4. Data on CR was obtained from Association of Investment Banks of India (AIBI). From this list, the stock exchanges provided data on tender offers which took place in their platform.
         5. Data pertaining to MFs was collated from AMCs.
      2. Data from RTAs

Data on unclaimed assets transferred to IEPF by listed companies, shares held in escrow account and status of nomination in folios, were collated from the RTAs (Data Set I). The template used for demat mode as aforesaid was also used to collate disaggregate data on nomination. Additionally, data on mode of dividend payment and its outcome, availability of bank details and PAN in their folios and flow of shares to / from suspense demat accounts, were collected separately (Data Set II).

* 1. Limitations
     1. Out of the 5,226 listed companies, Depositories provided data of 5,174 companies for which ISIN was available. The entire shares and their value of the remaining 52 companies for which ISIN numbers are not available, are considered to be held in physical mode and computed accordingly.
     2. Out of the 71 registered RTAs as on March 31, 2020, 64 of them were required[[64]](#footnote-64) to provide data on listed companies, but only 31 and 28 RTAs provided complete data within the time line w.r.t. Data Set I & II respectively[[65]](#footnote-65). Hence, the number of listed companies for which data is provided by RTAs, is less than the total of listed companies.
     3. There is discrepancy, albeit minor in the breakup of folios; the aggregate of the folios that are eligible and not eligible for nomination furnished by the RTA does on tally with the total number of folios of listed companies eligible for nomination.
     4. Data on unclaimed matured debentures transferred to IEPF has been reported as nil by all RTAs [S. 125 (2) (j) of Companies Act, 2013]. Whereas, in the case of one single RTA itself, the interest amount on unclaimed mature debentures transferred to IEPF is Rs. 137.31 crore [S. 125 (2) (k) of Companies Act, 2013]. It is inconceivable that unclaimed interest could be so high, especially so in if the principal amount is nil. Although the above items are dealt in separate sections of the Companies Act, 2013, it appears that the RTAs have misconstrued the data requirement and have possibly clubbed these two data under interest payments. Hence, the figure of unclaimed mature debentures is reported as nil. This aspect needs further exploration.
     5. The data on physical and demat shares credited to the unclaimed suspense and demat suspense accounts, respectively, showed too many inconsistencies. As public issuance of securities can be only through demat mode, there is nil possibility of unclaimed physical shares therein. Further, unclaimed demat shares in other issues like bonus, split, consolidation etc., are expected to be residual and the bulk of such unclaimed shares would be in physical mode. Notwithstanding the above, the data furnished by some of the RTAs shows high numbers in demat suspense account. As this aspect needs further exploration and reconciliation, this data is not included in this report.
     6. Data on shares transferred to IEPF appear to be under reported. As per media reports[[66]](#footnote-66), based on reply to RTI query by MCA, the value of shares transferred to IEPF till July 2018 stood at ₹18,870 crore. The aggregate value of shares transferred from beneficial owners’ demat accounts to IEPF is ₹402 crore, as per the data provided by RTAs. The total number of listed companies for which this data pertains to, is not available. Whereas, the figure provided by the Depositories for the same is ₹12,278 crore and it is used in this report. The data furnished by RTAs and Depositories needs further exploration and reconciliation.
     7. Since 2016, the data on unclaimed assets transferred to IEPF is required to be filed in MCA-21 Portal of MCA, pertaining to the last seven years. This reconciled data from 2008-09 is readily available in electronic mode with the RTAs. Whereas unclaimed dividends are transferred to the General Revenue Account of Central Government, from February 01, 1975. Thereafter, w.e.f. October 30, 1998, money is transferred to IEPF is u/s 205 (C) of Companies Act, 1956. Data pertaining to old period has been complied manually and provided by the RTAs and is subject to availability and on a best effort basis. Hence, the data provided by RTAs is treated as estimates.
     8. The fund transferred to IEPF during the year, represents the amount that became unclaimed seven years ago and to that extent presents the picture on unclaimed assets with this lag.
     9. In some instances, the data on physical shares tendered in CR through stock exchanges (Table 12) show that physical shares have been accepted, whereas the column ‘physical shares tendered’, shows nil. Hence, it is felt that data provided in the stock exchange website is not reconciled data; i.e. not reconciled with data from the RTA and hence needs further exploration.

**Annexure – I Primary Market**

1. IPO, FPO, preferential, QIP, Rights, Offer for sale of Equity, Debt, partly / convertible Debt instruments, warrants etc.
   1. Creation / generation of unclaimed assets
      1. Money

Non-receipt of refunds in public issues were a major source of investor grievances. Addressing this, the Application Supported by Blocked Amount (ASBA) mechanism was innovated, wherein the application money is blocked in the bank account of the investor and is debited only upon allotment. The blockade is released if there is no / part allotment. Hence, there is no scope for refund in ASBA. All non-retail applications in Public and Rights Issues are mandated to be made only through ASBA w.e.f. May 02, 2011[[67]](#footnote-67). Thereafter, ASBA has been made mandatory for all applicants in public and rights issue, w.e.f. January 01, 2016[[68]](#footnote-68), where only one mode of payment is provided in a rights issue. The foregoing choice has been removed and w.e.f. February 14, 2020, all applications for rights issue[[69]](#footnote-69) is mandated to be made only through ASBA. The aforesaid is also applicable to FPO.

In the case of private placement, preferential allotment and QIP, the scope for refunds is inherently negligible as the placement is done only to limited number of investors who are institutions / promoter & promoter group / promoter related entities.

In an Offer for sale-cum-listing, the promoters of an unlisted company offer their shares for sale through the stock exchange and the company is simultaneously listed. Investors make their payment through their trading member. Unclaimed money of investors with TM, if any, is covered separately under ‘Secondary markets’.

* + 1. Securities

Physical share certificates returning undelivered or being pilfered in transit, used to be the major source of investor grievances. In this regard, public issue of securities over Rs. 10 crore is mandated to be only in demat mode w.e.f. December 13, 2000[[70]](#footnote-70). This size restriction was removed w.e.f. September 12, 2013[[71]](#footnote-71) and all public issue of securities is required to be done only in demat mode. Rights issues are required to be done only in demat mode w.e.f. December 26, 2019[[72]](#footnote-72).

Given its very nature, as described earlier, private placement, preferential allotment and QIP are done in demat mode only.

Unclaimed securities can still be generated when the demat account number provided in the application form is incorrect, invalid or if it is inactive or frozen, at the time of crediting the shares.

* 1. Legal and regulatory provisions available to protect the investors

Unclaimed application money is required to be transferred to the IEPF w.e.f. October 31, 1998 u/s 205 C (2) (b) of Companies Act, 1956. Accrued interest on this is also transferred to IEPF u/s 205 C (2) (e) of this Act. The aforesaid obligations continue to be in force u/s 125 (2) (h) & (k) of The Companies Act, 2013, respectively, w.e.f. September 07, 2016.

Provisions on securities are covered in the chapter, ‘Introduction’ (paragraph 5.3). IEPF filing and claims are covered in the chapter, ‘Holding of Securities’ (paragraph 1.7.3).

* 1. Extent and size of unclaimed assets

Based on the data collated from RTAs[[73]](#footnote-73), it is estimated that as on March 31, 2020, ₹0.68 crore has been transferred by listed companies to the IEPF as unclaimed application money.

# 

# **Annexure – II Corporate Restructuring**

1. Buy-back, Delisting and Substantial Acquisition of Shares & Takeovers (SAST)
   1. In corporate restructuring (CR) the shareholders have the option to tender their shares to the company, promoter or acquirer, as the case may be. In return they are entitled for consideration or part / full return of their shares, depending on the extent of its acceptance. As much as dividend payments are unsuccessful or correspondence to investors return undelivered, there is scope for unclaimed moneys and physical securities in CR too.

* 1. However, the three CR regulations were amended[[74]](#footnote-74) to facilitate tendering of shares and settlement through stock exchange mechanism w.e.f. July 01, 2015[[75]](#footnote-75). Enhancing investor protection further, w.e.f. January 02, 2017[[76]](#footnote-76), shares are tendered directly to the account of the clearing corporation of the stock exchange and the consideration or the shares that are returned, are directly credited to the account of the investor.
  2. Data on tender offers through stock exchange mechanism

The robust mechanism of tendering of shares through stock exchange mechanism is an option which is available only for eligible entities and it co-exists with the conventional method. In this regard the data on CRs in the last three years viz. the mode of tendering shares is presented in table below.

Table 11: Tendering shares through Stock Exchange in Corporate Restructuring during April 01, 2017 to March 31, 2020

|  |  |  |  |
| --- | --- | --- | --- |
| **Mode Tendering Shares** | **Buy-back**\* | **Delisting** | **SAST** |
| * through Stock Exchange(s) | 138 | 19 | 174 |
| * through conventional mode | 0 | 0 | 10 |
| **Total** | 138 | 19 | 184 |

\*through tender offer

As tendering shares through stock exchanges mechanism is the mode in 331 of the 341 CR issues (97%), it virtually eliminates the possibility of generation of unclaimed assets.

* 1. Data on physical shares tendered in CR

On a sample of 32 CR issues wherein shares aggregating to 184 crore were on offer, investors tendered 984 crore shares out of which only about 2 lakhs were physical, as given in table below[[77]](#footnote-77)

Table 12: Physical Shares tendered in Corporate Restructuring during April 01, 2017 to March 31, 2020

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Corporate Restructuring** | | **Number of Shares** | | | |
| **Type** | **Number** | **Offered** | **Tendered by Investors** | | |
| **Physical** | **Demat** | **Total** |
| Buy-Back | 22 | 1,60,67,32,876 | 2,08,436 | 9,62,32,31,950 | 9,62,34,40,386 |
| Delisting | 2 | 3,50,27,718 | - | 2,63,15,696 | 2,63,15,696 |
| SAST | 8 | 20,74,92,275 | - | 19,05,40,751 | 19,05,40,751 |
| **Total** | 32 | 1,84,92,52,869 | 2,08,436 | 9,84,00,88,397 | 9,84,02,96,833 |

Notwithstanding, the miniscule number of physical shares tendered in CR, tendering of physical shares in CR has to be disallowed, as detailed in paragraph I.6.1 in ‘Introduction’.

**CAPITAL MARKET REVIEW**

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

* Resource mobilised through equity issues declined by 48.4 per cent month on month in October 2021. During the month, 13 new issues raised ₹ 3,047 crore, which includes ₹ 2,939 crore raised through two main board IPO issues and ₹ 108 crore mobilised by 11 SME IPO issues. (Table 1)
* There were five rights issues during October 2021, which mobilised a total of ₹ 786 crore. Three public-debt issues closed in October 2021 raising ₹1,437 crore as compared to four public issues raising ₹ 1,694 crore in September 2021.
* Amount raised through preferential allotment and QIPs during October stood at ₹2,637 crore as compared to ₹8,671 crore raised during September 2021.
* Private placement of corporate debt reported on exchanges stood at ₹ 46,845 crore during October 2021, compared to ₹ 92,727 crore during September 2021, a decline of 49.5 per cent over previous month.

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

|  |  |  |
| --- | --- | --- |
| **Particulars** | **Sep-21** | **Oct-21** |
| ***I. Equity Issues*** | **12,537** | **6,468** |
| a. IPOs (i+ii) | 3,841 | 3,047 |
| *i. Main Board* | 3,746 | 2,939 |
| *ii. SME Platform* | 95 | 108 |
| b. FPOs | 0 | 0 |
| c. Equity Rights Issues | 25 | 786 |
| d. QIPs/IPPs | 2,686 | 1,210 |
| e. Preferential Allotments | 5,985 | 1,425 |
| ***II. Debt Issues*** | **94,421** | **48,282** |
| a. Debt Public Issues | 1,694 | 1,437 |
| b. Private Placement of Debt | 92,727 | 46,845 |
| **Total Funds Mobilised (I+II)** | **1,06,958** | **54,750** |

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

1. **Trends in the Secondary Market**

* During October 2021, Nifty 50 reached all-time high of 18,604 on October 19, 2021 and closed at 17,672, registering a rise of 0.3 per cent over September-end 2021.Similarly, BSE Sensex reached its all-time high of 62,245 on October 19, 2021 and closed at 59,307 increasing by 0.3 per cent over end of September 2021.
* The P/E ratios of S&P BSE Sensex and Nifty 50 were 31.1 and 25.7 respectively, at the end of October 2021.
* Against the upward trend of benchmark indices, the market capitalisation of both the BSE and NSE fell by 0.3 per cent, at the end of October 2021, over the previous month-end.

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

|  |  |  |  |
| --- | --- | --- | --- |
| **Description** | **Sep-21** | **Oct-21** | **M-o-M variation (%)** |
| **Equity Market indices** | | | |
| Nifty 50 | 17,618 | 17,672 | 0.3 |
| Sensex | 59,126 | 59,307 | 0.3 |
| Nifty Midcap 50 | 8,279 | 8,514 | 2.8 |
| Nifty Smallcap 100 | 10,890 | 10,767 | -1.1 |
| BSE Midcap | 25,253 | 25,278 | 0.1 |
| BSE Smallcap | 28,082 | 27,983 | -0.4 |
| **Market Capitalisation (₹ crore)** | | |  |
| BSE | 2,59,86,747 | 2,59,20,458 | -0.3 |
| NSE | 2,58,06,565 | 2,57,37,783 | -0.3 |
| **P/E Ratio** | |  |  |
| Sensex | 30.8 | 31.1 | 0.9 |
| Nifty 50 | 27 | 25.7 | -4.8 |
| **No of Listed Companies** | |  |  |
| BSE | 5,533 | 5,285 | -4.48 |
| NSE | 2,005 | 2,016 | 0.55 |
| **Gross Turnover in Equity Segment (₹ crore)** | | | |
| BSE | 1,28,975 | 1,33,729 | 3.7 |
| NSE | 14,39,017 | 16,27,217 | 13.1 |
| **Gross Turnover in Equity Derivatives Segment (₹ crore)** | | |  |
| BSE | 34,10,735 | 46,01,688 | 34.9 |
| NSE | 14,40,74,913 | 14,03,91,408 | -2.6 |
| **Gross Turnover in Currency Derivatives Segment (₹ crore)** | | | |
| BSE | 5,31,556 | 5,15,735 | -3.0 |
| NSE | 14,89,316 | 17,37,277 | 16.6 |
| MSEI | 4,618 | 4,432 | -4.03 |
| **Gross Turnover in Interest Rate Derivatives Segment (₹ crore)** | | | |
| BSE | 4,252 | 3,297 | -22.5 |
| NSE | 1,971 | 2,280 | 15.7 |

**Source:** BSE, NSE and MSEI

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

Note: The closing values of indices have been rebased with respective closing values of last trading day of October 2020.

**Source:** BSE and NSE

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

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

**Source:** BSE and NSE

* The gross turnover in the equity cash segment increased by 3.7 per cent and 13.1 per cent respectively at BSE and NSE in October 2021 over previous month.
* All the selected BSE sectoral indices (Figure 4) registered positive returns with the exception of BSE Metal, BSE Oil & Gas, BSE Teck and BSE Realty index during the month. Of the indices showing positive uptrend, BSE Auto led the pack with 6.2 per cent increase over end of September 2021 level. The average daily volatility and monthly returns for these select BSE indices for October 2021 are illustrated in Figure 3.

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

**Source:** BSE

* Similarly, during October 2021, among the select sectoral indices of the NSE, Nifty PSU increased by 13.8 per cent, followed by Nifty Bank (4.5 per cent) and Nifty Energy (1.7 per cent). The average daily volatility and monthly returns of these select NSE indices for October 2021 are illustrated in Figure 4.

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

**Source:** NSE

1. **Trends in Depository Accounts**

During October 2021, NSDL added 4 lakh demat accounts while CDSL added 31 lakh demat accounts. Cumulatively, both the depositories have added 187 lakh new accounts in 2021-22 so far (April-October 2021), with CDSL solely registering 162 lakh new demat accounts.

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

**Source:** NSDL and CDSL

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

**BSE**

* During October 2021, the cumulative notional turnover of the equity derivatives segment at BSE increased by 34.9 per cent to ₹46.02 lakh crore.
* As at the end of October 2021, the open interest in terms of value at BSE stood at ₹79 crore increasing from ₹65 crore as at the end of September 2021.

**NSE**

* The monthly notional turnover in the equity derivatives segment at NSE decreased by 2.6 per cent to ₹1,404 lakh crore in October 2021 from ₹1,441 lakh crore in September 2021.
* The downtrend in equity derivatives turnover was driven by fall in index options turnover. This was supported by fall in no. of contracts traded during October 2021, with no. of index call and put options traded decreasing by 7.0 and 7.8 per cent respectively.
* As at end of October 2021, the open interest in terms of value at NSE stood at ₹ 7,90,966 crore showing a notable rise of 31 per cent from ₹ 6,03,824 crore in September 2021.

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

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

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Description** | **NSE** | | | **BSE** | | |
| **Sep-21** | **Oct-21** | **M-o-M Variation (%)** | **Sep-21** | **Oct-21** | **M-o-M Variation (%)** |
| **A. Turnover (**₹ **crore)** | | | | | | |
| (i) Index Futures | 6,28,544 | 6,87,872 | 9.4 | 0.5 | 2 | 300.0 |
| (ii) Options on Index |  |  |  |  |  |  |
| *Put* | 6,40,78,948 | 6,16,96,432 | -3.7 | 14,40,112 | 14,85,940 | 3.2 |
| *Call* | 7,11,89,891 | 6,92,76,282 | -2.7 | 19,70,623 | 31,15,746 | 58.1 |
| (iii) Stock Futures | 18,92,759 | 22,45,565 | 18.6 | 0 | 0 | - |
| (iv) Options on Stock |  |  |  |  |  |  |
| *Put* | 15,27,572 | 16,50,374 | 8.0 | 0 | 0 | - |
| *Call* | 47,57,200 | 48,34,881 | 1.6 | 0.1 | 0 | -100.0 |
| **Total** | **14,40,74,913** | **14,03,91,406** | **-2.6** | **34,10,735** | **46,01,688** | **34.9** |
| **B. No. of Contracts** | | | | | | |
| (i) Index Futures | 69,53,668 | 73,16,936 | 5.2 | 5 | 24 | 380.0 |
| (ii) Options on Index |  |  |  |  |  |  |
| *Put* | 71,31,09,216 | 65,76,72,564 | -7.8 | 1,77,74,316 | 1,75,87,235 | -1.1 |
| *Call* | 77,30,07,414 | 71,92,02,710 | -7.0 | 2,05,77,843 | 3,14,28,978 | 52.7 |
| (iii) Stock Futures | 2,17,93,593 | 2,45,07,229 | 12.5 | 0 | 0 |  |
| (iv) Options on Stock |  |  |  |  |  |  |
| *Put* | 1,79,53,226 | 1,82,81,249 | 1.8 | 0 | 0 | - |
| *Call* | 5,17,75,886 | 4,86,47,819 | -6.0 | 0 | 0 | - |
| **Total** | **158,45,93,003** | **1,47,56,28,507** | **-6.9** | **3,83,52,164** | **4,90,16,237** | **27.8** |
| **C. Open Interest in Terms of Value (**₹ **crore) (at the end of the month)** | | | | | | |
| (i) Index Futures | 29,620 | 29057 | -1.9 | 1 | 0 | -100.0 |
| (ii) Options on Index |  |  |  |  |  |  |
| *Put* | 1,44,719 | 1,89,798 | 31.1 | 5 | 21.0 | 320.0 |
| *Call* | 1,56,508 | 2,73,205 | 74.6 | 5 | 58.0 | 1060.0 |
| (iii) Stock Futures | 1,88,501 | 1,97,100 | 4.6 | 0.0 | 0 | - |
| (iv) Options on Stock |  |  |  |  |  |  |
| *Put* | 29,198 | 33,941 | 16.2 | 0.0 | 0.0 | - |
| *Call* | 55,278 | 67,865 | 22.8 | 0.0 | 0.0 | - |
| **Total** | **6,03,824** | **7,90,966** | **31.0** | **65.5** | **79.0** | **20.6** |
| **D. Open Interest in Terms of No. of Contracts (at the end of the month)** | | | | | | |
| (i) Index Futures | 6,05,475 | 3,19,452 | -47.2 | 10 | 0 | -100.0 |
| (ii) Options on Index |  |  |  |  |  |  |
| *Put* | 16,16,406 | 20,83,837 | 28.9 | 57 | 226 | 296.5 |
| *Call* | 17,40,056 | 29,85,682 | 71.6 | 642 | 625 | -2.6 |
| (iii) Stock Futures | 21,78,364 | 26,95,190 | 23.7 | 0 | 0 | - |
| (iv) Options on Stock |  |  |  |  |  |  |
| *Put* | 3,38,529 | 4,55,887 | 34.7 | 0 | 0 | - |
| *Call* | 6,42,799 | 9,14,747 | 42.3 | 0 | 0 | - |
| **Total** | **68,47,024** | **94,54,795** | **38.1** | **709** | **851** | **20.0** |

**Source:** BSE and NSE

1. **Currency Derivatives**

During October 2021, the monthly notional turnover of currency derivatives in India (NSE, BSE and MSEI together) stood at ₹ 22,57,444 crore as compared to ₹ 20,25,490 crore in September 2021, registering an increase of 11.4 per cent.

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

**Source:** BSE, NSE and MSEI

1. **Interest Rate Derivatives**

During October 2021, the monthly notional turnover of interest rate derivatives at NSE increased by 15.7 per cent to ₹ 2,280 crore, while that at BSE decreased by 22.5 per cent to ₹ 3,297 crore.

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

**Source:** BSE and NSE

1. **Trading in Corporate Debt Market**

* During October 2021, BSE registered 7,224 trades of corporate debt with traded value of ₹49,075 crore, registering a decline of 23.0 per cent in traded value as compared to September 2021.
* At NSE, 5,423 trades were recorded with a traded value of ₹97,201 crore in October 2021 which is 23.4 per cent lower compared to September 2021.

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

**Source:** BSE and NSE

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

* As at end of October 2021, there were a total of 1,456 mutual fund schemes in the market, of which 1,072 were open-ended schemes, 363 were close-ended schemes and 21 were interval schemes.
* Net mobilisation by mutual funds was ₹ 38,275 crore during October 2021 as against net redemption of ₹47,257 crore during September 2021.
* Open-ended schemes mobilised ₹7,50,783 crore in October 20201 as against redemption/repurchase of ₹7,11,289 crore, resulting in a net inflow of ₹39,494 crore into open-ended schemes. Of gross mobilsiation, ₹6,78,203 crore was mobilised through income/debt oriented schemes, ₹28,671 crore through growth/equity oriented schemes, ₹26,698 crore through hybrid schemes, ₹297 crore through solution oriented schemes and ₹16,914 crore through other schemes.
* During October 2021, ₹1,333 crore were matured/ repurchased[[78]](#footnote-78) by close-ended schemes while in the interval schemes, ₹0.96 crore were matured/redeemed.
* The cumulative net assets under management of mutual funds increased by 1.6 per cent to ₹37.33 lakh crore as at the end of October 2021.
* In the secondary market transactions, during October 2021, mutual funds deployed ₹5,866 crore in equity schemes and ₹1,865 crore in debt schemes.

**Figure 10: Trends in Mutual Funds Transactions in Secondary Market (₹ crore)**

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

* During October 2021, FPIs withdrew ₹12,437 crore from the Indian securities market, highest for a month in this financial year so far (April-October 2021), despite being preceded by strong inflow of ₹ 27,756 crore in the month of September 2021.
* Of the total net outflows in October 2021, outflow of ₹13,550 crore was recorded in equity segment , ₹ 1,558 crore in debt securities and ₹ 159 crore in hybrid securities . Net FPI inflow of ₹ 2,830 crore was recorded via debt-voluntary retention route.
* The assets of FPIs in India, as at the end of October 2021 was ₹53,60,300 crore, out of which the notional value of offshore derivative instruments (ODIs) (including ODIs on derivatives) was ₹ 1,02,553 crore which constitutes 1.91 per cent of total assets under custody of FPIs.

**Figure 11: Trends in FPIs’ Investments**

**Source:** NSDL

1. **Trends in Portfolio Management Services**

* As at end of October 2021, AUM of the portfolio management industry stood at ₹ 22.74 lakh crore as compared to ₹22.48 lakh crore at the end of September 2021. On a year-on-year basis the total AUM of portfolio management services witnessed a growth of 18.3 per cent.
* There were 1,29,728 clients in portfolio management industry as at the end of October 2021, of which 1,20,249 clients were of discretionary services category, 7,946 clients in non-discretionary services category and 1,553 clients availed advisory services of portfolio managers.

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

During October 2021, seven open offers were closed with offer value of ₹3,316 crore under SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011 as against three open offers with offer value of ₹6 crore closed in September 2021.

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

**IX. Commodity Derivatives Markets**

1. **Market Trends**

* At the end of October 2021, MCX iCOMDEX composite index increased by 6.3 per cent (M-o-M). This increase was mainly driven by upward in futures prices of crude oil, zinc, nickel and copper.
* Amongst sectorial indices, MCX iCOMDEX Energy Index increased most by 8.6 per cent, followed by MCX iCOMDEX Base Metal (8.4 per cent) and MCX iCOMDEX Bullion index (3.9 per cent).
* NCDEX NKrishi index increased by 2.5 per cent (M-o-M). Among constituents of NKrishi, the prices of Guarseed increased most by 19.3 per cent, followed by Castorseed (7.6 per cent) and wheat (4.8 per cent). A decrease was recorded in the prices of Refined Soy Oil (5.1 per cent), RM seed (2.1 per cent), Jeera (1.3 per cent) and Gur (0.7 per cent).
* Movement in MCX iCOMDEX composite Index and NKrishi Index during October 2021 is given in Figure 13 and the monthly data of these indices is provided in Table 64.

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

**Source:** MCX and NCDEX

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

|  |  |  |  |
| --- | --- | --- | --- |
| **Items** | **Sep-21** | **Oct-21** | **Percentage variation**  **M-o-M** |
| **A. Indices** |  |  |  |
| Nkrishi | 5,214 | 5,346 | *2.5* |
| MCX iCOMDEX | 11,459 | 12,177 | *6.3* |
| **B. Turnover Exchange Wise (₹crore)** |  |  |  |
| **All-India, of which** | **8,52,903** | **9,21,302** | *8.0* |
| Agri. segment | 8,06,209 | 8,69,750 | *7.9* |
| Non-agri segment | 46,694 | 51,552 | *10.4* |
| **MCX, of which** | **7,37,371** | **7,85,766** | *6.6* |
| Futures | 5,69,260 | 6,10,417 | *7.2* |
| Options | 1,68,112 | 1,75,349 | *4.3* |
| **BSE, of which** | **74,424** | **94,248** | *26.6* |
| Futures | 316 | 396 | *25.5* |
| Options | 74,108 | 93,852 | *26.6* |
| **NCDEX, of which** | **39,404** | **39,734** | *0.8* |
| Futures | 39,391 | 39,721 | *0.8* |
| Options | 13 | 13 | *3.1* |
| **NSE, of which** | **1,691** | **1,545** | *-8.6* |
| Futures | 1 | 1 | *-7.2* |
| Options | 1,690 | 1,544 | *-8.6* |
| **ICEX (Futures)** | **13** | **8** | *-40.1* |

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

1. **Commodity Derivatives Turnover**

* During October 2021, pan- India turnover of commodity derivatives increased by 8.0 per cent to ₹9.2 lakh crore over the previous month.
* The percentage share of agri and non-agri segments in overall turnover accounted for 5.6 per cent and 94.4 per cent, respectively. The turnover of agri. segment increased by 10.4 per cent while that of non-agri segment increased by 7.9 per cent.
* The percentage share of futures and options contracts in overall turnover stood at 70.6 per cent and 29.4 per cent, respectively. The turnover of futures contracts increased by 6.8 per cent while that of options contract increased by 11.0 per cent over the previous month.
* At exchange level, the turnover increased at BSE (26.6%), MCX (6.6%), and NCDEX (0.8%) while it declined at ICEX (40.1%), and NSE (8.6%).
* In terms of percentage share of commodity derivatives turnover among exchanges, the MCX has the highest market share of 85.3 per cent, followed BSE (10.2 per cent), NCDEX (4.3 per cent), NSE (0.2 per cent) and ICEX (0.001 per cent).
* At MCX, the turnover of agri. segment increased by 63.4 per cent while non-agri (futures and options) segment turnover increased by 6.0 per cent.
* During October 2021, the total turnover at BSE increased by 26.6 per cent to ₹94,248 crore. Options contract on gold alone contributed 99.6 per cent to the total turnover.
* At NCDEX, during October 2021, the overall turnover marginally increased by 0.8 per cent to ₹39,734 crore over the previous month. The turnover in agricultural indices (AGRIDEX, GUARDEX, SOYDEX Index) decreased by 83.1 per cent to ₹14.0 crore. The steel long, the only non-agri commodity traded at NCDEX, recorded turnover of ₹10.0 crore during the month.
* The total turnover at NSE decreased by 8.6 per cent to ₹1,545 crore during October 2021. At NSE, the options contract of gold mini alone contributed 99.9 per cent to the total turnover.
* The total turnover at ICEX decreased by 40.1 per cent to ₹8 crore. Presently, the futures contracts of only two commodities namely, steel long and rubber are being traded at ICEX.
* The trends in turnover of commodity derivatives at exchanges is shown in Figures 14, 15 and 16 and the details are given in Tables 65 to 69.

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

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

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

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

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

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

**OVERVIEW OF THE GLOBAL FINANCIAL MARKETS**

1. **State of the Economy**

**Global**

* The global monthly report of World Bank has reported a firming up of global economic activities in October 2021 supported by rebound in services sector despite a nascent resurgence of Covid-19 and supply bottlenecks. High frequency indicators reflect improvement in US and emerging markets, but moderation in Euro area in October 2021.
* The rate of expansion in global manufacturing production was weak in October 2021 stymied by persistent supply chain disruptions, rising energy prices, elevated inflation and a near-stalling of international trade flows. The JPMorgan Global Manufacturing Purchasing Managers’ Index (PMI), compiled by IHS Markit, was marginally up at 54.3 in October 2021, from 54.1 in September 2021.

**United States**

* As per third advance estimates released by Bureau of Economic Analysis, US Department of Commerce, US real GDP decelerated sharply from 6.7 per cent in Q2 of 2021 to 2.0 per cent in Q3 reflecting the continued economic impact of the COVID-19 pandemic. .
* Inflation continued to surge in October, with headline inflation (CPI-All Urban Consumers) increasing to 6.2 per cent (Y-o-Y)—its highest rate in over 30 years.
* On 3rd November, the FOMC announced the tapering of asset purchases amid "substantial further progress" in achieving its goals while Congress passed a long-awaited infrastructure package worth $1.2 trillion (5.6 per cent of GDP) over 10 years.

**United Kingdom**

* As per quarterly estimates of GDP released by Office of National Statistics, UK GDP increased by 1.3 per cent (Q-o-Q) in Q3 2021 following the continued easing of COVID restrictions.
* Annual CPI for UK accelerated further to 4.2 per cent in October 2021 from 3.1 per cent in September 2021 - highest 12 month inflation rate since November 2011.

**Euro area**

* In the third quarter of 2021, seasonally adjusted GDP increased by 2.2 per cent in the Euro area and by 2.1 per cent in the European Union, compared with the previous quarter according to the preliminary estimate published by Eurostat.
* Annual inflation accelerated further from 3.4 per cent (Y-o-Y) to 4.1 per cent in October 2021- the fastest rise since July 2008.

**India**

* As per World Economic Outlook projections by IMF in October 2021, India’s GDP is estimated to increase by 9.5 per cent in 2021-22 and 8.5 per cent in 2022-23. India’s projected growth rates are the highest among all economies for both the years.
* Consumer Price Index increased marginally to 4.48 per cent in October 2021 (Y-o-Y) from 4.35 per cent in previous month.
* As per quick estimates released by MOSPI, IIP increased by 3.1 per cent (Y-o-Y) in September 2021 as compared to 12.0 per cent increase in previous month.

1. **Market Trends –**

**Equity Markets (Table 1)**

* During October 2021, amongst the BRICS countries, highest annualized monthly volatility was observed in Russian Traded index (22.8 per cent), while Shanghai SE Composite index (China) recorded the lowest volatility of 9.1 per cent.
* In terms of monthly movement in indices, FTSE/JSE Africa index of South Africa recorded highest increase of 5.0 per cent, while Brazil’s IBOVESPA recorded highest decline of 6.7 per cent during October 2021.

**Table 1: Performance of Stock Indices**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Country** | **Index** | **Closing Value as on** | **Percentage Change in Closing Value over period** | | | | **Volatility (%)** | **P/E Ratio** |
| **29-Oct-21** | **1-Month** | **3-Month** | **6-**  **Month** | **1-Year** |  |  |
| **BRICS Nations** | | | | | | | | |
| Brazil | BRAZIL IBOVESPA | 1,03,501 | -6.7 | -15.0 | -12.9 | 10.2 | 24.1 | 7.7 |
| Russia | RUSSIAN TRADED | 2,455 | 4.1 | 15.6 | 27.9 | 84.6 | 22.8 | 8.4 |
| India | Nifty 50 | 17,672 | 0.3 | 12.1 | 20.8 | 51.8 | 12.5 | 25.7 |
| India | S&P BSE SENSEX | 59,307 | 0.3 | 12.8 | 21.6 | 49.7 | 12.1 | 29.6 |
| China | SHANGHAI COMPOSITE | 3,547 | -0.6 | 4.4 | 2.9 | 10.0 | 9.1 | 12.0 |
| South Africa | FTSE/JSE AFRICA | 67,465 | 5.0 | -2.2 | 0.8 | 30.5 | 12.7 | 10.9 |
| **Developed Markets** | | | | | | | | |
| USA | NASDAQ COMPOSITE | 15,498 | 7.3 | 5.6 | 11.0 | 42.0 | 13.6 | NA |
| USA | DOW JONES INDUS. AVG | 35,820 | 5.8 | 2.5 | 5.7 | 35.2 | 10.5 | 20.3 |
| France | CAC 40 | 6,830 | 4.8 | 3.3 | 8.9 | 48.7 | 12.1 | 19.3 |
| Germany | DAX | 15,689 | 2.8 | 0.9 | 3.7 | 35.8 | 12.4 | 15.3 |
| UK | FTSE 100 | 7,238 | 2.1 | 2.9 | 3.8 | 29.8 | 9.2 | 14.3 |
| Hong Kong | HANG SENG | 25,377 | 3.3 | -2.2 | -11.7 | 5.3 | 19.0 | 11.6 |
| South Korea | KOSPI | 2,971 | -3.2 | -7.2 | -5.6 | 31.0 | 16.5 | NA |
| Japan | NIKKEI 225 | 28,893 | -1.9 | 5.9 | 0.3 | 25.7 | 19.7 | 15.2 |
| Singapore | STRAITS TIMES STI | 3,198 | 3.6 | 1.0 | -0.6 | 31.9 | 9.2 | 14.8 |
| Taiwan | TAIWAN TAIEX | 16,987 | 0.3 | -1.5 | -3.3 | 35.4 | 15.4 | 14.8 |

Note: P/E Ratios are as on the last trading day of month. Trailing PE ratio has been used from Refinitiv for all Indices apart from Sensex, Nifty 50, Kospi, Nikkei and Taiwan Taiex. Data for Sensex and Nifty was taken from respective exchange website.

Source: Refinitiv, BSE and NSE

* Among select developed markets[[79]](#footnote-79), Nikkei 225 Index of Japan was the most volatile index (19.7 per cent) during October 2021, while, Straits Times Index of Singapore exhibited least volatility (9.2 per cent).
* During October 2021, Nasdaq Composite Index of US recorded highest increase of 7.3 per cent, while KOSPI of South Korea registered a highest decline of 3.2 per cent, among select developed market indices.
* The MSCI World Index, which is a broad global equity index that represents large and mid-cap equity performance across 23 developed markets, increased by 5.6 per cent in October 2021.
* MSCI All Country World Price Index (MSCI ACWI), which represents performance of set of large- and mid-cap stocks across 23 developed and 27 emerging markets, also increased by 5.0 per cent during the month.

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

**Note**: All indices have been normalised to 100 on 30 Sept 2020.

**Source**: Refinitiv

**Bond Market**

* Among BRIC Nations, 10-year government bond yield of Brazil increased further to 12.2 per cent, as at end of October 2021 from 11.2 per cent in previous month (9.7 per cent increase).
* Indian 10-year government bond yield increased to 6.4 per cent in October 2021, from 6.2 per cent in previous month.
* Among select developed countries[[80]](#footnote-80), 10-year government bond yield in U.S. increased to 1.6 per cent as at end of October 2021, higher than 1.5 per cent recorded in September 2021, while Germany reported negative yield of 0.1 per cent as compared to -0.2 per cent in previous month.

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

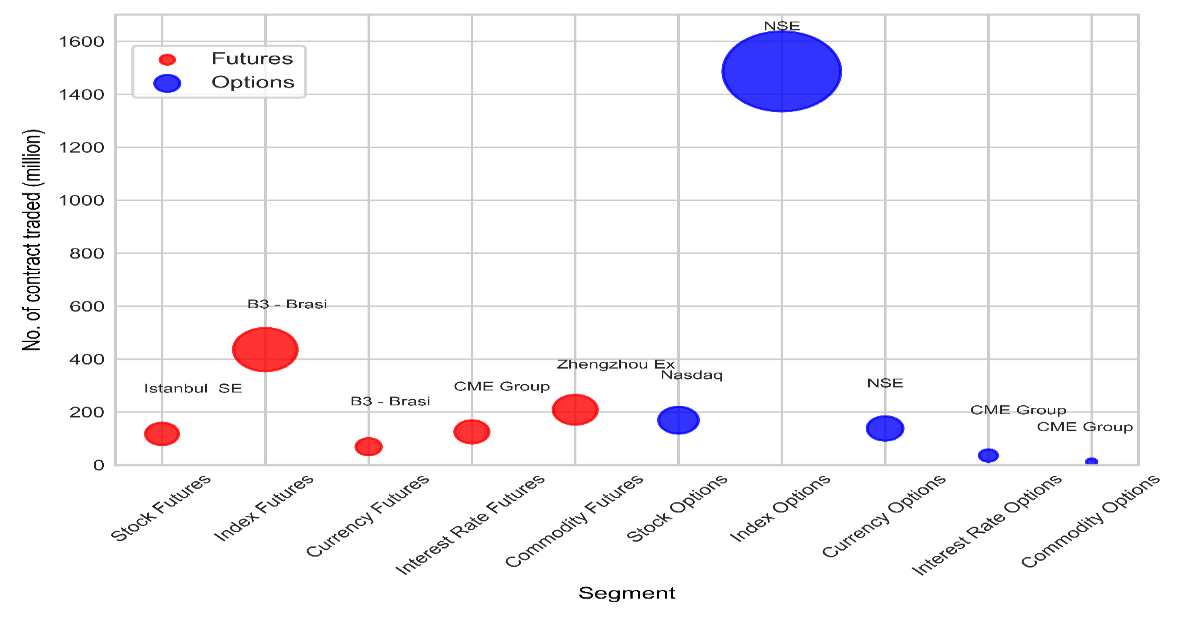
|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Country** | **Yield as on** | **Bond Yield in previous period** | | | |
| **29-Oct-21** | **1-Month** | **3-Month** | **6-Month** | **1-Year** |
| **BRIC Nations** | | | | | | |
| Brazil | **12.2** | 11.2 | 9.1 | 9.1 | 7.6 |
| Russia | **8.2** | 7.3 | 6.9 | 7.1 | 6.2 |
| India | **6.4** | 6.2 | 6.2 | 6.0 | 5.9 |
| China | **3.0** | 2.9 | 2.8 | 3.2 | 3.2 |
| **Developed Markets** | | | | | | |
| USA | **1.6** | 1.5 | 1.2 | 1.6 | 0.9 |
| UK | **1.0** | 1.0 | 0.6 | 0.8 | 0.3 |
| Germany | **-0.1** | -0.2 | -0.5 | -0.2 | -0.6 |
| Spain | **0.6** | 0.5 | 0.3 | 0.5 | 0.1 |
| Japan | **0.1** | 0.1 | 0.0 | 0.1 | 0.0 |

Source: Refinitiv

**Derivatives**

* Among select exchanges (as given in Table A3), during September 2021, CME Group recorded highest number of contracts traded in interest rate futures, interest rate options and commodity options segment.
* NSE recorded highest number of contracts traded in index options and currency options segment, while, B3 - Brasil Bolsa Balcão topped in terms of number of contracts traded in index futures and currency futures segment.

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



Note: 1. \*Major Exchange: For each derivatives segment, exchange with highest no. of contracts traded (in that segment) among select exchanges (as given at Table A3) is considered as major exchange for the segment.

Source: World Federation of Exchanges

**Currency Market**

* During October 2021, among BRICS nations, Real (Brazil), Rupee (India) and Rand (S. Africa) depreciated against USD by 3.6 per cent, 1.0 per cent and 0.8 per cent, respectively.
* Among developed markets, Yen and Euro depreciated against USD by 2.5 per cent, 0.2 per cent, respectively.

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

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Country** | **Currency** | **Index as on** | **Percentage change in Currency Index over period** | | | |
|  | **29-Oct-21** | **1-Month** | **3-Month** | **6-Month** | **1-Year** |
| **BRICS Nations** | | | | | | | |
| Brazil | Real | 5.6 | 3.6 | 8.2 | 3.7 | -1.9 |
| Russia | Rouble | 70.9 | -2.4 | -3.0 | -5.7 | -10.7 |
| India | Rupee | 74.9 | 1.0 | 0.8 | 1.2 | 0.5 |
| China | Renminbi | 6.4 | -0.6 | -0.9 | -1.1 | -4.3 |
| S. Africa | Rand | 15.2 | 0.8 | 4.4 | 4.9 | -6.4 |
| **Developed Markets** | | | | | | | |
| UK | Pound | 0.7 | -1.6 | 1.5 | 0.9 | -5.5 |
| Europe | Euro | 0.9 | 0.2 | 2.7 | 4.0 | 0.7 |
| Japan | Yen | 114.0 | 2.5 | 3.9 | 4.3 | 8.9 |
| France | Franc | 0.9 | -1.7 | 1.1 | 0.3 | -0.1 |
| US | Dollar Index | 94.1 | -0.1 | 2.1 | 3.1 | 0.1 |

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

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

Source: Refinitiv

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

Note:

1. All indices have been normalised to 100 on 30 Sept 2020.
2. The U.S. Dollar Index is an index of the value of the United States dollar relative to a basket of foreign currencies. The Index goes up when the U.S. dollar gains value compared to other currencies. The index is maintained and published by Intercontinental Exchange. It is a weighted geometric mean of the dollar's value relative to following select currencies: Euro, Japanese yen, Pound sterling, Canadian dollar, Swedish krona, Swiss franc.
3. The MSCI Emerging Markets (EM) Currency Index tracks the performance of twenty-five emerging-market currencies relative to the US Dollar.

Source: Refinitiv

**US Treasury Securities**

* At the end of September 2021, Japan was the biggest foreign holder of US Treasury Securities, holding 17.2 per cent of the total US treasury Securities, followed by China (13.9 per cent). The total foreign holding of US Treasury Securities at the end of September 2021 was USD 7,549 billion. The share of India was unchanged at 2.9 per cent (218 billion) as at the end of August 2021.

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

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Country** | **Sep-21** | **Percentage change over Period** | | **Country** | **Sep-21** | **Percentage change over Period** | |
| **1-Month** | **1-Year** | **1-Month** | **1-Year** |
| Japan | 1,300 | -1.5 | 1.8 | Norway | 122 | 0.8 | 34.3 |
| China, Mainland | 1,048 | 0.1 | -1.3 | Germany | 85 | 1.1 | 13.5 |
| United Kingdom | 567 | -0.4 | 32.2 | Bermuda | 72 | 2.8 | -5.0 |
| Luxembourg | 312 | 6.1 | 18.8 | Netherlands | 67 | 2.8 | -3.0 |
| Ireland | 309 | -5.1 | -2.0 | Israel | 64 | 0.2 | 24.3 |
| Switzerland | 297 | 0.6 | 16.1 | Thailand | 61 | 6.5 | -26.7 |
| Cayman Islands | 253 | 1.4 | 9.1 | United Arab Emirates | 58 | -1.0 | 75.5 |
| Brazil | 249 | 0.0 | -6.1 | Poland | 54 | -1.6 | 23.1 |
| France | 242 | 1.6 | 79.4 | Philippines | 51 | 1.6 | 8.4 |
| Taiwan | 240 | 1.0 | 12.2 | Mexico | 48 | -4.5 | -1.6 |
| Hong Kong | 230 | 4.6 | -5.0 | Australia | 48 | 1.5 | 21.6 |
| Belgium | 221 | -3.0 | 1.3 | Kuwait | 46 | -1.1 | -0.6 |
| India | 218 | 0.6 | 2.3 | Vietnam | 45 | 0.9 | 48.7 |
| Singapore | 189 | -1.1 | 19.1 | Sweden | 43 | 0.2 | 13.4 |
| Canada | 167 | -1.2 | 30.5 | Italy | 42 | 2.0 | -5.0 |
| Korea | 130 | 0.9 | 5.6 | Chile | 39 | 1.3 | 32.0 |
| Saudi Arabia | 124 | 0.2 | -5.3 | Colombia | 33 | 0.9 | 12.1 |
| All Other | 476 | -1.6 | -10.8 |  |  |  |  |
| Grand Total | 7,549 | -0.1 | 6.8 |  |  |  |  |
|  |  |  |  |  | | | |
| *Of which:* |  |  |  |
| *For. Official* | *4,233* | *-0.2* | *0.8* |
| *Treasury Bills* | *266* | *-0.9* | *-28.5* |
| *T-Bonds & Notes* | *3,967* | *-0.1* | *3.6* |

**Note**:

1. Data available as on Nov 16, 2021
2. The data in this table are collected primarily from U.S.-based custodians and broker-dealers. Since U.S. securities held in overseas custody accounts may not be attributed to the actual owners, the data may not provide a precise accounting of individual country ownership of Treasury securities (see TIC FAQ #7 at: http://www.treasury.gov/resource-center/data-chart-center/tic/Pages/ticfaq1.aspx)
3. Estimated foreign holdings of U.S. Treasury marketable and non-marketable bills, bonds, and notes reported under the Treasury International Capital (TIC) reporting system are based on monthly data on holdings of Treasury bonds and notes as reported on TIC Form SLT, Aggregate Holdings of Long-Term Securities by U.S. and Foreign Residents and on TIC Form BL2, Report of Customers' U.S. Dollar Liabilities to Foreign Residents.

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

**Table 5: List of select global exchanges**

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

**HIGHLIGHTS OF DEVELOPMENTS IN**

**INTERNATIONAL SECURITIES MARKET**

**1. SEC modernizes filing fee disclosure and payment methods**

The Securities and Exchange Commission (SEC), USA has adopted amendments to modernize filing fee disclosure and payment methods. The amendments are intended to improve filing fee preparation and payment processing by facilitating both enhanced validation through filing fee structuring and lower-cost, easily routable payments through the Automated Clearing House payment option.

Source: <https://www.sec.gov/news/press-release/2021-209>

**2. SEC staff releases report on equity and options market structure conditions in early 2021**

The SEC, USA has published a Staff Report on Equity and Options Market Structure Conditions , which focuses on the January 2021 trading activity of GameStop Corp (GME), the most famous of the ‘meme stocks’. The staff report also provides an overview of the equity and options market structure for individual investors. The Report concludes with the staff identifying areas of market structure and regulatory framework for potential study and additional consideration which include forces that may cause a brokerage to restrict trading; digital engagement practices and payment for order flow; trading in dark pools and wholesalers; and the market dynamics of short selling.

Source: <https://www.sec.gov/news/press-release/2021-212>

**3. First ever, Bitcoin futures ETF launched at NYSE**

The first bitcoin ETF, commenced trading at NYSE on October 19 pursuant to SEC’s absence of comments on the filing of Bitcoin ETF proposal by ProShares Trust. The ETF tracks prices of Bitcoin futures traded at CME.

<https://www.sec.gov/Archives/edgar/data/1174610/000168386321006058/0001683863-21-006058-index.htm>

**4. FCA finalises rules on Long term Asset fund regime**

The FCA has finalized rules to create a Long-Term Asset Fund (LTAF) regime, a new FCA regulated fund that is designed specifically to help investment in assets including venture capital, private equity, private debt, real estate and infrastructure. Currently, some investors are unable, or unwilling, to invest in long-term assets, even though these assets could meet their investment goals. Sophisticated investors and pension funds are among those who will have access to LTAF.

Source: <https://www.fca.org.uk/news/press-releases/fca-finalises-rules-new-type-fund-designed-invest-efficiently-long-term-assets>

**5. FCA launches its new InvestSmart campaign**

FCA has launched its £11m 5-year campaign, Investsmart campaign to help consumers to make better informed investment decisions. New research from the FCA has found that many young investors are driven by competition and influenced by hype. The campaign aims to reach inexperienced investors through social media and online, where much of the hype around investment happens.

Source: <https://www.fca.org.uk/news/press-releases/young-investors-driven-competition-hype>

**6. IOSCO World Investor Week**

IOSCO concluded the fifth World Investor Week (WIW) on 10 October, with a strong and enthusiastic participation of supporters around the globe. Key messages of the IOSCO WIW campaign focused on two themes: 1) sustainable finance, and 2) frauds and scams prevention.

Source : <https://www.iosco.org/news/pdf/IOSCONEWS620.pdf>

**7. IOSCO updates its outsourcing principles to ensure operational resilience**

IOSCO published a set of updated outsourcing principles for regulated entities that outsource tasks to service providers. Application of principles has been expanded and now includes trading venues, intermediaries, market participants acting on a proprietary basis and credit rating agencies. While financial market infrastructures (FMIs) are outside the scope of the Principles, FMIs may consider applying the Principle.

<https://www.iosco.org/news/pdf/IOSCONEWS622.pdf>

**8. FSB publishes final report with policy proposals to enhance money market fund resilience**

The Financial Stability Board (FSB) published its [final report with policy proposals to enhance money market fund resilience](https://www.fsb.org/2021/10/policy-proposals-to-enhance-money-market-fund-resilience-final-report/). The policy toolkit includes mechanisms to: impose on redeeming fund investors the cost of their redemptions; absorb credit losses; address regulatory thresholds that may give rise to cliff effects; and reduce liquidity transformation. The report includes considerations on how authorities can prioritise and combine these options.

Source: <https://www.fsb.org/2021/10/fsb-publishes-final-report-with-policy-proposals-to-enhance-money-market-fund-resilience/>

**POLICY DEVELOPMENTS IN INDIAN SECURITIES MARKET**

1. **Relaxations relating to procedural matters –Issues and Listing**

The validity of relaxations from strict enforcement of certain regulations of SEBI (ICDR) Regulations, 2018, pertaining to rights issues was extended for all rights issues opening up to March 31,2022. In addition, the issuer company shall conduct a vulnerability test for optional mechanism (non-cash mode only) provided to accept the applications in rights issue (facility provided by RTA), from an independent IT Auditor, and submit the report to stock exchanges.

*Source: SEBI/HO/CFD/DIL2/CIR/P/2021/633 dated October 01, 2021*

**2. Circular on Mutual Funds**

AMCs shall ensure the following in respect of transactions in the units of mutual funds undertaken through service providers/platforms other than stock exchanges :

1. AMCs shall ensure that the transactions (financial/ non-financial) can be executed only if there is a service agreement between the AMC and the service provider /platform.
2. AMCs shall ensure that intermediate pooling of funds and/or units in any manner by MFDs, IAs, MFU, channel partners or any other service providers/ platforms, are discontinued for MF transactions. However, this requirement shall not apply to the SEBI registered Portfolio Managers.

*Source: SEBI/HO/IMD/IMD-I DOF5/P/CIR/2021/634 dated October 4, 2021*

**3. Discontinuation of usage of pool accounts for transactions in units of Mutual Funds on the Stock Exchange Platforms**

Pooling of funds and/or units by stock brokers / clearing members in any form or manner shall be discontinued for mutual fund transactions. The units shall be credited and debited directly to/ from the investors demit account/ folio account without routing it through the pool account of the stock brokers / clearing members. Stock exchanges and AMFI shall jointly, in consultation with SEBI, issue Operating Guidelines to stock brokers/ clearing members and AMCs respectively, to facilitate the mutual fund transactions on stock exchange platforms.

*Source: SEBI/HO/IMD/IMD-I DOF5/P/CIR/2021/635 dated October 4, 2021.*

**4.** **Disclosure of Complaints against the Stock Exchange(s)and the Clearing Corporation(s)**

In order to bring about transparency in the Investor Grievance Redressal Mechanism, it has been decided that all the stock exchanges and the clearing corporations shall disclose on their websites, the data on complaints received against them and redressal thereof, latest by 7th of succeeding month, in specified format. The provisions of this circular shall come into effect from January 01, 2022.

*Source: SEBI/HO/CDMRD/DoC/P/CIR/2021/636 dated October 4, 2021*

**5. Revised Formats for filing Financial information for issuers of NCDs**

Vide notification dated September 07, 2021, Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 were amended, inter-alia, mandating entities that have listed non-convertible securities to disclose financial results on a quarterly basis, including assets & liabilities and cash flows as well as requiring certain changes in the line items in the financial results. The present circular provides the revised formats for reporting of financial information and limited review report.

*Source: SEBI/HO/DDHS/CIR/2021/000000063 dated October 5, 2021.*

**6. Amendments to manner and mechanism of providing exit option to dissenting unit holders pursuant to Regulation 22(6A) and Regulation 22(8) of SEBI (Real Estate Investment Trusts) Regulations, 2014 (“SEBI (REIT) Regulations”)**

Vide the captioned amendment, SEBI circular dated July 17, 2020 providing manner and mechanism of providing exit option to dissenting unit holders in REITs has been modified. The present circular has provided summary of activities pertaining to exit option/offer along with the prescribed timelines in case of triggering of an acquisition as described under Regulation 22(6A) or change in sponsor or change in control of sponsor or inducted sponsor under Regulation 22(8) of SEBI (REIT) Regulations.

*Source: SEBI/HO/DDHS/DDHS\_Div3/P/CIR/2021/640 dated October 5, 2021.*

**7. Amendments to manner and mechanism of providing exit option to dissenting unit holders pursuant to Regulation 22(5C) and Regulation 22(7) of SEBI (Infrastructure Investment Trusts) Regulations, 2014 (“SEBI (Invite) Regulations”)**

Vide the captioned amendment, SEBI circular dated July 17, 2020 providing manner and mechanism of providing exit option to dissenting unit holders in InvITs has been modified. The present circular has provided summary of activities pertaining to exit option/offer along with the prescribed timelines in case of triggering of an acquisition as described under Regulation 22(5C) or change in sponsor or change in control of sponsor or inducted sponsor under Regulation 22(7) of SEBI (InvIT) Regulations**.**

*Source: SEBI/HO/DDHS/DDHS\_Div3/P/CIR/2021/639 dated October 5, 2021.*

**8**. **Minimum percentage of trades carried out by mutual funds through RFQ platform**

In order to further increase the liquidity on exchange platforms, it has been decided to increase the proportion of secondary market corporate bond trades by mutual funds through RFQ platform from 10 per cent to 25 per cent (by value), on a monthly basis. On a monthly basis, mutual funds shall undertake minimum 10% of their total secondary market trades by value in commercial papers through RFQ platform of stock exchanges. Inter-scheme transfer trades will be excluded in both cases. The percentages as specified above will be reckoned on the average of secondary trades by value in immediate preceding three months on rolling basis.

*Source: SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/641 dated October 6, 2021.*

**9**. **Revised Formats for Limited Review/ Audit Report for issuers of non-convertible securities**

Vide notification dated September 07, 2021, Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 were amended, inter-alia, mandating entities that have listed non-convertible securities to disclose financial results on a quarterly basis, including assets & liabilities and cash flows as well as requiring certain changes in the line items in the financial results. Accordingly, vide the captioned circular the revised formats has been specified for limited review report / audit report to be submitted to stock exchanges and placed on listed entity’s website.

*Source: SEBI/HO/DDHS/CIR/2021/000000063 dated October 14, 2021.*

**10. Streamlining issuance of SCORES Authentication for companies intending to list their securities on SEBI recognized stock exchanges**

As part of SEBI’s green initiative and to streamline the redressal of investor grievances against companies before listing, an online mechanism has been introduced for obtaining SCORES credentials for all “companies intending to list their securities on SEBI recognized stock exchanges”. The online form can be

accessed on the SCORES website www.scores.gov.in . The SCORES credentials will be sent to the e-mail id of the Compliance Officer/Dealing Officer.

*Source: SEBI/HO/OIAE/IGRD/CIR/P/2021/642 dated October 14, 2021.*

**11. Transmission of Securities to joint Holder(s)**

It has been observed in some cases that due to counterclaim / dispute from the legal representative of one of the deceased holder, the RTAs have not effected transmission to the surviving joint holder(s).In this regard, RTAs have been advised to comply with relevant provisions in Companies Act, 2013 and transmit securities in favour of surviving joint holder(s), in the event of demise of one or more joint holder(s), provided that there is nothing contrary to the same in the Article of Association of the company.

*Source: SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2021/644 dated October 18, 2021.*

**12.** **Modalities for filing of placement memorandum through a Merchant Banker**

AIFs are permitted to launch scheme(s) subject to filing of placement memorandum with SEBI through a SEBI registered Merchant Banker, which shall not be an associate of the AIF, its sponsor, manager or trustee. The Merchant Banker need to independently exercise due diligence of all the disclosures in the placement memorandum and provide a due diligence certificate to SEBI. Formats of the due diligence certificate and for indicating changes in placement memorandum is specified vide the present circular.

*Source: SEBI/HO/IMD/IMD-I/DF6/P/CIR/2021/645 dated October 21, 2021.*

**13.** **Amendment to SEBI Circular pertaining to Investor Protection Fund (IPF)/ Investor Service Fund (ISF) and its related matters**

With the objective to align with the practices in securities market, the following amendment is made in the SEBI circular on comprehensive guidelines for Investor Protection Fund (IPF), Investor Service Fund (ISF) and its related matters.

With respect to determination of legitimate claims, the stock exchanges shall ensure that the investor claims related to a defaulting member shall be placed before the Member Core Settlement Guarantee Fund Committee (MCSGFC) for sanction and ratification. MCSGFC’s advice shall be sent to the IPF Trust for disbursement of the amount immediately. If the amount sanctioned is less than claim amount, investor will be at liberty to prefer for arbitration outside the exchange mechanism / any other legal forum for claim of the balance amount. The provisions of this circular shall come into effect from January 1, 2022.

*Source: SEBI/HO/CDMRD/DoC/P/CIR/2021/651dated October 22, 2021.*

**14. Amendment to SEBI Circulars pertaining to Investor Grievance Redressal System and Arbitration Mechanism**

Vide the present circular, following modifications are made on certain provisions of SEBI circulars pertaining to investor grievance redressal system and arbitration mechanism:

i) Forming of exclusive panel for appellate arbitration is not required and members can serve on arbitration and appellate panel. Exchanges need to ensure that members of arbitration panel are not considered for appellate arbitration panel, if the matter goes to appeal.

ii) In case, the award amount is more than Rs. 50 lakh, arbitration/appellate arbitration may take place at the nearest metro city, if so desired by any of the parties involved, which shall bear the consequent additional statutory costs.

iii) Threshold limit for interim relief paid out of IPF in stock exchange has been specified for various steps. Total amount released to the client through the facility of interim relief from IPF shall not exceed Rs. 10 lakh in a financial year.

iv) The additional fees charged from the trading members, if the claim is filed beyond the prescribed timeline is to be deposited in the IPF of the respective stock exchange.

The provisions of this circular shall come into effect from January 1, 2022.

*Source: SEBI/HO/CDMRD/DoC/P/CIR/2021/649 dated October 22, 2021.*

**15. Guiding principles for bringing uniformity in benchmarks of mutual fund schemes**

In order to standardize and bring uniformity in the benchmarks of mutual fund schemes, it has been decided that there would be two tiered structure for benchmarking certain categories of schemes. The first tier benchmark shall be reflective of the category of the scheme, and the second tier benchmark, which is optional, should be demonstrative of the investment style / strategy of the fund manager within the category. All the benchmarks followed should necessarily be total return indices. AMFI is advised to publish benchmarks intended to be used by AMCs as first tier benchmarks and benchmarks for open ended debt schemes as per the potential risk class matrix on or before December 1, 2021.

*Source: SEBI/HO/IMD/IMD-IIDF3/P/CIR/2021/652 dated October 27, 2021.*

**16. Maintenance of current accounts in multiple banks by stock brokers**

In order to facilitate seamless settlement of funds and for the convenience of investors, it is clarified that stock brokers should maintain current accounts in appropriate number of banks for holding the client funds (i.e., client account), for settlement purposes (i.e., settlement account) and any other accounts mandated by stock exchanges such as exchange dues account subject to the condition that brokers are using these accounts for their defined purposes.

*Source: SEBI/HO/MIRSD/DOP/P/CIR/2021/653 dated October 28, 2021.*

**17. Investment/ trading in securities by employees and board members of AMCs and trustees of mutual funds**

Provisions relating to investment/ trading in securities by employees and board members of AMCs and trustees of mutual funds has been modified, which includes definition of access person and the objective of guidelines. All employees shall refrain from profiting from the purchase and sale or sale and purchase of any security within a period of 30 calendar days from the date of their personal transaction. However, in cases where it is done, the employee shall provide a suitable explanation to the compliance officer, which shall be reported to the board of the AMC and the trustees at the time of review. Access persons shall not purchase or sell or repurchase or redeem units of any scheme, including overnight scheme of their mutual fund, where any information available is not yet communicated to the unitholders and which could materially impact the NAV or interest of unitholders, including scenarios where there is a likelihood of scheme related changes.

*Source: SEBI/HO/IMD/IMD-I DOF5/P/CIR/2021/654 dated October 28, 2021.*

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

**REGULATORY ACTIONS TAKEN BY SEBI**

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

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Sl.**  **No.** | **Date** | **Case Name** | **Action** | **Entity** | **Violation** | **PENALTY (Rs.)** |
| 1 | 01/10/2021 | Indiabulls Ventures Limited | 11B | Mr. Pramod Singh | Section 12A (d) & (e) of SEBI Act, 1992 and Regulations 4(1) of PIT Regulations, 2015 | - |
| 2 | 01/10/2021 | Excel Castronics Limited | 11B | Payal Jayeshbhai Madiyar, Amit Ashokbhai Pala, Jayesh Vallabhaji Madiyar, Tanna Tusharbhai Hiralal, Sampati Broking Private Limited (New Name -Sampati Financial Services Private Limited), Vardhman Infracon Pvt Ltd, S J Infratech Private Limited, Sureshbhai Kantilal Thakkar, Manubha Prabhatsang Vaghela, Jagdishkumar Amrutlal Akhani, Passim Share Trade Private Limited, Dexter Share And Tradecom Private Limited, Blink Share and Comtrade Private Limited, Eyesight Share Trading Private Limited, Ramanbhai Jethabhai Jadav, Yashwant Ramanbhai Jadav, Rajnikant Ramanbhai Jadav, Prabhaben Gordhandas Savjani, Meeta Tusharbhai Tanna, Sunil Jayantilal Bhatt, Jadeja Virbhadrasinh, Arun Jawalaprasad Tulsian, Ashi Arun Kumar Tulsian, Ashi Texfab Pvt.Ltd, Kantilal W Parekh, Kartik Clothing And Fabrics Pvt Ltd, Manish K Parekh, Pavanben Kantilal Parekh, Sandeep K Parekh, Sitadevi Arunkumar Tulsian, Karishmaben Alpeshkumar Shah, Annex Realty Private limited | Regulation 13(4) read with regulation 13(5) of the SEBI (PIT) Regulations, 1992 read with Regulation 12 of the SEBI(PIT) Regulations, 2015, Para 3.3.1 and 4.2 of Schedule I of Part A of SEBI(PIT) Regulations, 1992 read with Regulation12 of SEBI (PIT) Regulations, 2015 ; | 1,92,00,000 |
| 3 | 04/10/2021 | Mr. Alpesh Furiya and connected entities trading ahead of recommendations made by Mr. Pradeep Pandya, anchor of various shows on CNBC Awaaz | 11B | Alpesh Vasanji Furiya, Alpesh Vasanji Furiya (HUF), Manish Vasanji Furiya, Manish V. Furiya (HUF), Alpa Alpesh Furiya, Pradeep Baijnath Pandya. | - | - |
| 4 | 06/10/2021 | GDR Issue of Hiran Orgochem Ltd. | 11B | Hiran Orgochem Ltd, Kantilal Hiran, Arun Panchariya, Vintage Fze, Mukesh Chauradiya, India Focus Cardinal Fund, Highblue Sky Emerging Market Fund(, European American Investment Bank AG, Cardinal Capital Partners Ltd, Golden Cliff. | Sections 12 A (a)–(c) of the SEBI Act and Regulations 3(a)–(d), 4(1) and 4(2)(f),(k)and(r) of the PFUTP Regulations, 2003 | - |
| 5 | 07/10/2021 | Celebrus Commodities Ltd. | 11B | Celebrus Commodities Ltd. | Schedule II of the Intermediaries Regulations | - |
| 6 | 07/10/2021 | Svam Software Ltd | 11B | M/s. Svam Software Ltd., Mr. Virender Gupta, Mr. Sudhir Kumar Agarwal, Mr. Harshwardhan Koshal, Mr. Rajeev Garg, Mrs. Manisha Agarwal | LODR Regulations and Section 21 of SCRA Act, 1956 | 63,00,000 |
| 7 | 08/10/2021 | PEC Ltd. | 11B | PEC Ltd. | Regulation 5(e) of the Stock Brokers Regulations read with Schedule II of the Intermediaries Regulations | - |
| 8 | 13/10/2021 | Paterson Commodities Private Ltd. | 11B | Paterson Commodities Private Ltd. | Schedule II of the Intermediaries Regulations | - |
| 9 | 13/10/2021 | BPL Ltd., Videocon International Ltd. and Sterlite Industries Ltd. | 11B | Shrikant G. Mantri | Regulation 4(a) and (d) of the SEBI PFUTP Regulations, 1995; Section A of the Code of Conduct for stock Brokers specified in Schedule II of the Brokers Regulations read with Bye-laws 355, 357 and 358 of the Bye-laws of the BSE. | - |
| 10 | 13/10/2021 | BPL Ltd., Videocon International Ltd. and Sterlite Industries Ltd. | 11B | Harvest Deal Securities Ltd. | Regulation 4(a) and (d) of the SEBI PFUTP Regulations, 1995; Section A of the Code of Conduct for stock Brokers specified in Schedule II of the Brokers Regulations read with Bye-laws 355, 357 and 358 of the Bye-laws of the BSE. | - |
| 11 | 13/10/2021 | BPL Ltd., Videocon International Ltd. and Sterlite Industries Ltd. | 11B | First Custodian Fund (India) Ltd. | Regulation 4(a) and (d) of the SEBI PFUTP Regulations, 1995 | - |
| 12 | 14/10/2021 | Ashika Commodities and Derivatives Pvt. Ltd. | 11B | Ashika Commodities and Derivatives Pvt. Ltd. | Schedule II of the Intermediaries Regulations | - |
| 13 | 14/10/2021 | GDR Issue of Edserv Soft systems Ltd. | 11B | S.Giridharan, G.Gita, T.S.Ravichandran & 10 others. | Section 12A (a), 12A(b) ,12A(c) of the SEBI Act 1992 read with Regulations 3(a), (b), (c),(d) and 4(1) of the SEBI (PFUTP) Regulations, 2003. | - |
| 14 | 14/10/2021 | Camco Commodities Pvt. Ltd. | 11B | Camco Commodities Pvt. Ltd. | Schedule II of the Intermediaries Regulations | - |
| 15 | 14/10/2021 | GDR Issue of Nakoda Ltd.. | 11B | Nakoda Ltd., D.B.Jain, B. G. Jain, S. K. Bhoan, Arun Panchariya, Mukesh Chauradiya, Vintage FZE, India Focus Cardinal Fund, European American Investment Bank AG | Section 12A (a) , 12A(b), 12A(c)of the SEBI Act 1992 read with Regulations 3(a), (b), (c), (d) and 4(1) of the SEBI (PFUTP) Regulations, 2003. | - |
| 16 | 20/10/2021 | Asian Granito India Ltd. | 11 B | Mr. Bharat Jayantilal Patel, Mr. Minal Bharat Patel, M/s. Pasha Finance Private Ltd., Mr. Ruchit Bharat Patel, M/s. Pat Financial Consultant Private Ltd., M/s. Hridaynath Consultancy Pvt. Ltd. | Regulation3(a) and 4(1) readwith4(2)(a) of PFUTP Regulations, 2003 | 50,00,000 |
| 17 | 22/10/2021 | Dewan Housing Finance Corporation Ltd. | 11B | Kapil Wadhawan, Dheeraj Wadhawan, Rakesh Kumar Wadhawan, Sarang Wadhawan, Aruna Wadhawan, Malti Wadhawan, Anu Swadhawan, Pooja Dwadhawan, & 4 Others | Section 12A(a), (b) and (c) of the SEBI Act, 1992 ;Regulation 3(b), (c), (d), (d), Regulation4(1) and Regulation 4(2)(f), (k) and (r) of the SEBI PFUTP Regulations, 2003; Regulation 4(1) and other related provisions of the SEBI LODR Regulations, 2015. | Confirmatory Order |
| 18 | 22/10/2021 | GDR Issue of Southern Ispat and Energy Ltd. | 11B | Southern Ispat and Energy Ltd., Vivek Agarwal, Anusuya Devi Agarwa, Richa Agarwal, V Manikandan, T. I. Venkatramani, R. Sivaramakrishnan, Arun Panchariya, & 7 others | Section12A(a),12A(b),12A(c)of the SEBI Act 1992 r/w Regulations 3(a),(b),(c),(d)and4(1) of the SEBI(PFUTP) Regulations,2003. | - |
| 19 | 22/10/2021 | GDR Issue of Rasoya Proteins Ltd. | 11B | Rasoya Proteins Ltd., Anil Lonkar, Sameer Damle, Ajay Singh, Prashant Duchakke, Arun Panchariya, Vintage FZE, & 10 others | Section 12A(a),12A(b),12A(c) of the SEBI Act 1992 r/w Regulations 3(a),(b),(c),(d) and 4(1) of the SEBI (PFUTP) Regulations,2003 | - |
| 20 | 26/10/2021 | GDR Issue of Rainbow Papers Ltd.. | 11B | Rainbow Papers Ltd., Ajay Goenka, Radheshyam Goenka, Sangeeta Goenka, Arun Panchariya, & 10 OTHERS. | Section 12A(a), (b) and (c) of the SEBI Act 1992 r /w Regulations 3 (a), (b), (c), (d) and 4(1) of the SEBI (PFUTP) Regulations, 2003. | - |
| 21 | 26/10/2021 | Pincon Securities Ltd | 11B | Pincon Securities Ltd., Raj Kumar Roy, Dipankar Basu, Hari Singh, Manoranjan Roy, Arup Thakur, Chandan Kumar Adhikary, Subhajit Saha | Section 12 of the SEBI Act | - |
| 22 | 26/10/2021 | GDR Issue by Winsome Yarns Ltd | 11B | Winsome Yarns Ltd, Mr. Manish Bagrodia, Mr. B.M. Khanna , Mr. Ashish Bagrodia, Vintage FZE, Mr.Arun Panchariya,Mr. Mukesh Chauradiya , Pan Asia Advisors Ltd. , Golden Cliff ,Highblue Sky Emerging Market Fund and Apire Emerging Fund | Section 12A (a) of SEBI Act, 1992 read with Regulations 3 (b) and 4(1), (2)(f), (k), (r) of PFUTP Regulations, 2003. | - |
| 23 | 26/10/2021 | Info-Drive Software Ltd. | 11B | Info-Drive Software Ltd., Mr. Jaffer Sadiq Ameer, Mr. Pramod Manoharlal Jain, Ms. Smitha Ramchandran, Ms. Lakshmi Sankarakrishnan, Mr. Murugavel Karunanidhi, Mr. A. S. Giridhar, M/s K. S. Reddy Associates Chartered Accountants | Regulation 4(2)(f)(ii)(6) & (7) and 4(2)(f)(iii)(2), (3), (6) & (12) of the LODR Regulations. | 71,00,000 |
| 24 | 27/10/2021 | RTS Power Corporation Ltd. | 11B | Mukesh G Konde, Ashok Narayan Waje, Nitesh Ashok Jadhav, Hetal Patel, Rajesh Patel, Chetan Shah, Om Associates, Bhavani Trading Company | Section 12A (b) and (c) of the SEBI Act read with Regulations 3(c) and (d) of the PFUTP Regulations | - |
| 25 | 28/10/2021 | Goodwill Research | 11B | Suneel Kumar Patel, Duiji Patel | Section 12(1) of SEBI Act read with Regulation 3(1) of the IA Regulations. | - |
| 26 | 29/10/2021 | M/s. Analog Research, sole Proprietor Mr. Shubham Kumar Jain | 11B | M/s Analog Research (Sole Proprietor Mr. Shubham Kumar Jain ) | Section 12A (a), (b), (c) of the SEBI Act, 1992and regulations 3 (b), (c), (d) and regulations 4(1) and 4(2)(k) of the PFUTP Regulations, 2003 | - |
| 27 | 29/10/2021 | National Spot Exchange Ltd. | 11B | Banka Bullion Pvt. Ltd. | Regulations 9(b) and 9(f) of read with Clauses A(1), (2) and A(5) of the Schedule II of the Stock Broker Regulations as well as Regulation 5(e) of Stock Broker Regulations read with Schedule II of the Intermediaries Regulations | - |
| 28 | 29/10/2021 | M/s Profit Money Adviser (Sole proprietor Mr. Prateek Singh) | 11B | M/s Profit Money Adviser (Sole proprietor Mr. Prateek Singh) | Section 12A (a), (b), (c) of the SEBI Act, 1992and regulations 3 (a), (b), (c), (d)and 4(1 and 4(2)(k) of PFUTP Regulations, 2003 | - |
| 29 | 29/10/2021 | National Spot Exchange Ltd. | 11B | M/s Aasmaa Commodities Pvt. Ltd. | Regulation 5(e) of the Stock Brokers Regulations read with Schedule II of the Intermediaries Regulations and regulations 9(b) and 9(f) read with Clauses A(1), (2) and A(5) of Schedule II of the Stock Brokers Regulations. | - |
| 30 | 01/10/2021 | PMC Fincorp Ltd. | Adjudication | Mudit Jain HUF | Section 12A(a),(b),(c) of SEBI Act read with Regulation 3(a),(b),(c),(d) and Regulations 4(1), 4(2) (a), (e) of PFUTP Regulations | 5,00,000 |
| 31 | 01/10/2021 | Dealings in Illiquid Stock Options at the Bombay Stock Exchange | Adjudication | Bindu Sharma | Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations, 2003 | 5,00,000 |
| 32 | 04/10/2021 | Aditya Birla Money Ltd. | Adjudication | Anand Kumar Chaurasia, Kamal Kishore Chaurasia | Regulation 3(a) and Regulations 4(1), 4(2)(l), 4(2)(m), 4(2)(o) and 4(2)(p) of PFUTP Regulations; Regulation 14(1)(a) of PM Regulations, Clauses A (1), (2), (3), (5), B(4) (a) and (b) and B (7) of Code of Conduct specified in Schedule II read with Regulation 9 of SEBI (Stock-Broker) Regulations, 1992, Clause 12e of SEBI Circular SEBI/MIRSD/SE/Cir-19/2009 dated December 03, 2009, SEBI Circular ref no. CIR/MIRSD/66/2016 dated July 21, 2016, Clause 4 of SEBI circular MRD/ DoP/ Dep/SE/Cir-22/06 dated December 18, 2006, Point no. 1.12 of SEBI Master Circular for Depositories SEBI/HO/MRD/DP/CIR/P/2016 /134 dated December 15, 2016; Clause 2 of SEBI circular SMD/SED/CIR/93/23321 dated November 18, 1993 | 1,02,00,000 |
| 33 | 06/10/2021 | Trading in Illiquid Stock Options on BSE | Adjudication | Goutam Agarwal HUF | Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations, 2003 | 5,00,000 |
| 34 | 06/10/2021 | Trading in Illiquid Stock Options on BSE | Adjudication | Gaurishankar Bhawsar (HUF) | Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations, 2003 | 5,00,000 |
| 35 | 07/10/2021 | Dealings in Illiquid Stock Options at the Bombay Stock Exchange | Adjudication | Bina Chowdhary | Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations, 2003 | 5,00,000 |
| 36 | 08/10/2021 | M/s Videocon Industries Ltd. | Adjudication | Pradeep Kumar Dhoot | Regulation 4(1) of SEBI PIT Regulations, 2015 read with Section 12A (d) & (e) of SEBI Act, 1992 | 20,00,000 |
| 37 | 08/10/2021 | M/s Videocon Industries Ltd. | Adjudication | Subhash Dayama and Roshi Ap-  pliances Pvt Ltd | Regulation 4(1) of SEBI PIT Regulations, 2015 read with Section 12A (d) & (e) of SEBI Act, 1992 | 30,00,000 |
| 38 | 08/10/2021 | Titan Company Ltd. | Adjudication | Mr. Haridass G | Regulation 7(2)(a)of SEBI (PIT) Regulations | 1,00,000 |
| 39 | 08/10/2021 | Titan Company Ltd. | Adjudication | Karishma Vikas Lashkare | Regulation 7(2)(a)of SEBI (PIT) Regulations | 1,00,000 |
| 40 | 08/10/2021 | Kushal Ltd.. | Adjudication | Sanjay Kumar Sharma. | Regulation 7(2)(a)and Regulation 9(1) read with clause 4 Schedule B of the SEBI (PIT) Regulations | 2,50,000 |
| 41 | 12/10/2021 | Trading in Illiquid Stock Options on BSE | Adjudication | Nikita Agrawal | Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations, 2003 | 5,00,000 |
| 42 | 12/10/2021 | Trading in Illiquid Stock Options on BSE | Adjudication | Nikhil Golchha HUF | Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations, 2003 | 5,00,000 |
| 43 | 13/10/2021 | Garnet International Ltd. | Adjudication | Jitendra Mehta, Devan J Mehta, Kartik Gaggar, Ramakant Mangalchand Gaggar, Sarika Gaggar, Suresh Gaggar, Hetanshi Properties Pvt. Ltd. , Ashtvakra Properties Pvt. Ltd. | Regulation 13 (4) and (4A) read with 13 (5) of SEBI (PIT ) Regulations 1992; Regulation 7 (2) (a) of SEBI( PIT) Regulations 2015; Regulation 31 (2) r/w 31 (3) of SEBI (SAST ) Regulations 2011; Code of Conduct prescribed in Clause 10 of Schedule B r/w Regulation 9 (1) of PIT Regulations 2015 and Code of Conduct prescribed in Clause 4.2 of Schedule I read with Regulation 12 (1) of PIT Regulations 1992 and 2015, Regulation 29 (1) r/w (3) of the SAST Regulations, 2011 | 11,00,000 |
| 44 | 14/10/2021 | Dealings in Illiquid Stock Options at the BSE | Adjudication | Bimla Devi Baid | Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations, 2003 | 5,00,000 |
| 45 | 20/10/2021 | Palred Technologies Ltd | Adjudication | M Raghuram | Clause 1.2, 3.2, 4.2, 5 and 6 of Schedule I, Part A of Model Code of Conduct for Prevention of Insider Trading for Listed Companies under Regulation 12(1) of PIT Regulations, 1992 read with Regulations 12 of PIT Regulations, 2015. | 2,00,000 |
| 46 | 20/10/2021 | Dealings in Illiquid Stock Options at the Bombay Stock Exchange. | Adjudication | Bindu Mhanot | Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations, 2003 | 5,00,000 |
| 47 | 20/10/2021 | Palred Technologies Ltd | Adjudication | A Sridhar | Clause 1.2, 3.2, 4.2, 5 and 6 of Schedule I, Part A of Model Code of Conduct for Prevention of Insider Trading for Listed Companies under Regulation 12(1) of PIT Regulations, 1992 read with Regulations 12 of PIT Regulations, 2015. | 2,00,000 |
| 48 | 20/10/2021 | Trading in Illiquid Stock Options onBSE | Adjudication | Nikunj Kiritbhai Shah | Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations, 2003 | 5,00,000 |
| 49 | 20/10/2021 | Dealings in Illiquid Stock Options at BSE | Adjudication | Arnav Gupta | Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations, 2003 | 10,00,000 |
| 50 | 21/10/2021 | Mindtree Ltd. | Adjudication | Virat Kumar Yerramalla | Regulation 7(2)(a) of the PIT Regulations | 1,00,000 |
| 51 | 21/10/2021 | Mindtree Ltd. | Adjudication | Uday Kiran Lingamaneni | Regulation 7(2)(a) of the PIT Regulations | 1,00,000 |
| 52 | 21/10/2021 | Upasana Finance Ltd. | Adjudication | Ms. Rekha M. Jain, Ms. Bhavika Jain, Ms. Khushbu Jain | Regulation 29(2) read with Regulation 29(3) of the Takeover Regulations, 2011 | 2,00,000 jointly and severally |
| 53 | 22/10/2021 | STL Global Ltd. | Adjudication | Manoj Jain (HUF), Manoj Kantilal Jain, Sanjay Kalwadia (HUF), Shreeji Investment (Ritesh Vyas), Vijay Kumar Tayde, Abhishek Upadhyay, Sandhya Dharkar, Nitin | Regulation 3(a),(b),(c),(d) and 4(1)and 4(2)(a)of PFUTP Regulations , Section 16 of SCRA read with SEBI Notification dated October 3, 2013, Section 13 and Section 18 of SCRA read with Section 2(i) of the SCRA | 31,00,000 |
| 54 | 22/10/2021 | Illiquid Stock Options at BSE Ltd. | Adjudication | Surabhi Mittal | Regulations 3(a), 3(b), 3(c), 3 (d), 4 (1), and 4 (2) (a) of the PFUTP Regulations. | 5,00,000 |
| 55 | 25/10/2021 | Fortis Healthcare Holdings Private Ltd. | Adjudication | Fortis Healthcare Holdings Private Ltd. | Regulations 6(1),7(3), 50(1), 50(2), 50(3),52(1), 52(2), 52(4), 52(5), 52(7),54(2), 55, 56(1), 56(2), 57(1),57(2),60(2), and 62 of the LODR Regulations. | 3,50,000 |
| 56 | 25/10/2021 | Ashapura Intimates Fashion Ltd | Adjudication | Mr. Harshad Hirji Thakkar, Mrs. Harshaben Hirji Thakkar, Mrs. Ranjan Rasiklal Thakkar, Mrs. Rupal Rasiklal Thakkar, Mr. Rasiklal Thakkar, Mrs. Darshana Harshad Thakkar | Regulation 29(1) read with Regulation 29(3)and Regulations 31(1) and 31(2) read with Regulation 31(3) of the SAST Regulations ; Regulation 7(2)(a) of the PIT Regulations. | 7,50,000 |
| 57 | 25/10/2021 | Titan Company Ltd. | Adjudication | Mr. Murugan M | Regulation 7(2)(a) of SEBI (PIT) Regulations on two (2) occasions. | 1,00,000 |
| 58 | 25/10/2021 | Titan Company Ltd. | Adjudication | Mr. K.Nagabushana | Regulation 7(2)(a) of SEBI (PIT) Regulations on two (2) occasions. | 1,00,000 |
| 59 | 25/10/2021 | Titan Company Ltd. | Adjudication | Shri. A. Rathinappan | Regulation 7(2)(a) on two (2) occasions. | 1,00,000 |
| 60 | 25/10/2021 | Trading in Illiquid Stock Options onBSE | Adjudication | Nidhi Pasari | Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations, 2003 | 5,00,000 |
| 61 | 26/10/2021 | Dealings in Illiquid Stock Options at the BSE | Adjudication | Binay Kumar Agarwal HUF | Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of the PFUTP Regulations, 2003. | 5,00,000 |
| 62 | 26/10/2021 | Dealings in Illiquid Stock Options at the BSE | Adjudication | Alpna enterprises | Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of the PFUTP Regulations, 2003. | 5,00,000 |
| 63 | 27/10/2021 | M/s Videocon Industries Ltd. | Adjudication | Shri Surajit Dutta | Sections 11C (5) of the SEBI Act | 5,00,000 |
| 64 | 27/10/2021 | M/s Videocon Industries Ltd. | Adjudication | Shri Mithilesh Kumar Jha | Sections 11C (5) of the SEBI Act | 5,00,000 |
| 65 | 27/10/2021 | Trading in Illiquid Stock Options on BSE | Adjudication | Gourav Khandelwal | Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations, 2003 | 5,00,000 |
| 66 | 27/10/2021 | Dealings in Illiquid Stock Options at the BSE | Adjudication | Om Sales Corporation | Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of the PFUTP Regulations, 2003 | 5,00,000 |
| 67 | 27/10/2021 | Trading in Illiquid Stock Options on BSE | Adjudication | Niraj Damani | Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations, 2003 | 5,00,000 |
| 68 | 27/10/2021 | Dealings in Illiquid Stock Options at the BSE | Adjudication | Ms. Neelam Ramniklal Dedhia | Violation of regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of the PFUTP Regulations, 2003 | 5,00,000 |
| 69 | 28/10/2021 | Dealings in Illiquid Stock Options at the BSE | Adjudication | Santosh Kumar Agarwal HUF | Regulations 3(a), (b), (c), (d), 4(1) and 4(2) (a) of the PFUTP Regulations | 5,00,000 |
| 70 | 28/10/2021 | Dealings in Illiquid Stock Options at the BSE | Adjudication | Omen Trading | Regulations 3(a), (b), (c), (d), 4(1) and 4(2) (a) of the PFUTP Regulations | 5,00,000 |
| 71 | 28/10/2021 | Trading in Illiquid Stock Options on BSE | Adjudication | Nimesh Prafulbhai Doshi | Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations, 2003 | 5,00,000 |
| 72 | 28/10/2021 | Dealings in Illiquid Stock Options on BSE | Adjudication | Neeta Devi Agrawal | Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations, 2003 | 5,00,000 |
| 73 | 28/10/2021 | Dealings in Illiquid Stock Options at BSE | Adjudication | Ms. Abhilasha Gupta | Regulations3(a),4(1)and4(2)(a)of the PFUTP Regulations | 5,00,000 |
| 74 | 29/10/2021 | PMC Fincorp Ltd. | Adjudication | Pardeep Aggarwal, Sakshi Aggarwal, Santosh Aggarwal, Parmod Aggarwal, Mayank Aggarwal, Himanshu Aggarwal , Nupur Aggarwal, Savita Aggarwal & 3 others | Section 12A(a),(b),(c) of SEBI Act read with Regulation 3(a),(b),(c),(d) and Regulations 4(1), 4(2) (a), (e) of PFUTP Regulations. | 5,00,000 |
| 75 | 29/10/2021 | Dealings in illiquid stock options at BSE | Adjudication | Mr. Shubham Maheshwari | Regulations 3(a), (b),(c), (d), 4(1) and 4(2)(a) of the PFUTP Regulations. | 5,00,000 |
| 76 | 29/10/2021 | Dealings in Illiquid Stock Options at the BSE | Adjudication | Rajendra Kumar Surana and Sons | Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a)of the PFUTP Regulations. | 5,00,000 |
| 77 | 29/10/2021 | Golden Capital Services Ltd. | Adjudication | Pradeep Kapoor | Regulation 29 (2) read with Regulation 29 (3) of SAST Regulations | 1,00,000 |
| 78 | 29/10/2021 | Trading in Illiquid Stock Options on BSE | Adjudication | Nilu Chopra | Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations, 2003 | 5,00,000 |
| 79 | 29/10/2021 | Golden Capital Services Ltd. | Adjudication | Meeta Kapoor | Regulation 29 (2) read with Regulation 29 (3) of SAST Regulations. | 1,00,000 |
| 80 | 29/10/2021 | Dealings in illiquid stock options at BSE | Adjudication | Mr. Abhiraj M Pujara | Regulations 3(a), 4(1) and 4(2) (a) of the PFUTP Regulations | 5,00,000 |
| 81 | 29/10/2021 | Trading in Illiquid Stock Options on BSE | Adjudication | Nidhi Minni | Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations, 2003 | 5,00,000 |
| 82 | 29/10/2021 | Front–Running by Manish Chaturvedi & Others | Adjudication | Praveen Kumar Jain | Sections 11C(2) and 11C(3) read with section 11(2 )of the SEBI Act | 2,00,000 |
| 83 | 29/10/2021 | Dealings in illiquid stock options at BSE | Adjudication | Ms. Anju Neotia | Regulations 3(a), 4(1) and 4(2)(a) of the PFUTP Regulations | 5,00,000 |

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

**LATEST PUBLICATIONS**

1. SEBI Annual Report: 2020-21

2. Handbook of Statistics on Indian Securities Market: 2020

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

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

1. **Address by Shri Ajay Tyagi, Chairman, SEBI at the inauguration of Joint Certification Course in Cyber Security Foundation by NISM, CERT-In and C-DAC on October 04, 2021.** [↑](#footnote-ref-1)
2. ***This Report has been prepared by the Division of Policy and Inspection (Merchant Bankers/RTAs), Market Intermediaries Supervision and Regulation Department (MIRSD), SEBI. The team is thankful to Shri Ananta Barua, WTM, SEBI for motivation and guidance to undertake the study in a holistic manner and recommend suitable remedial measures.*** [↑](#footnote-ref-2)
3. Sections 125 (2) (h) of Companies Act, 2013 [↑](#footnote-ref-3)
4. Regulation 39 (4) of LODR, 2015 r/w clause B (1) (a & b) of Schedule VI of this Regulations on Manner of dealing with unclaimed shares. The foregoing is also applicable to unclaimed shares from ‘other issues’ also and are covered in the chapter, ‘Holding of Securities’. [↑](#footnote-ref-4)
5. Query No. 6 in FAQ dated February 20, 2020 on Open offer, Buyback and Delisting Offers in SEBI website [↑](#footnote-ref-5)
6. SEBI circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/144 on Clarification on applicability of regulation 40(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to open offers, buybacks and delisting of securities of listed entities, dated July 31, 2020. [↑](#footnote-ref-6)
7. Section 68 (7) of Companies Act, 2013 r/w Regulation 11 of SEBI (Buy-Back if Securities) Regulations, 2018 [↑](#footnote-ref-7)
8. Regulation 31 (2) of LODR, 2015 [↑](#footnote-ref-8)
9. [↑](#footnote-ref-9)
10. SEBI circular No. CIR/HO/MIRSD/DOP/CIR/P/2019/75 on Handling of Clients’ Securities by Trading Members/Clearing Members, dated June 20, 2019 [↑](#footnote-ref-10)
11. BSE notice 20200210-47 dated February 10, 2020 [↑](#footnote-ref-11)
12. NSE circular NSE/INSP/43488 dated February 10, 2020 [↑](#footnote-ref-12)
13. UCC wise / BO ID wise information on money and securities is required to be filed [↑](#footnote-ref-13)
14. [↑](#footnote-ref-14)
15. The TM had 33,517 active and 1,48,085 inactive clients. [↑](#footnote-ref-15)
16. In terms of provisions with regard to Payment of Dividend/Interest/Redemption in Annexure to SEBI circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 on Strengthening the Guidelines and Raising Industry standards for RTA, Issuer Companies and Banker to an Issue, dated April 20, 2018 [↑](#footnote-ref-16)
17. Item No. 12 of Clause II of Annexure to the above circular dated April 20, 2018 [↑](#footnote-ref-17)
18. 1,095 listed companies declared and paid dividend in 2019-20 out of 4,495 listed companies for which data is available. [↑](#footnote-ref-18)
19. Where more than one dividend is paid, only the last payment is considered. [↑](#footnote-ref-19)
20. Number of fund transfers made / instruments issued or number of folios / demat accounts pertaining to which payments were made [↑](#footnote-ref-20)
21. Data source: QRTA [↑](#footnote-ref-21)
22. The nil figure is most likely an error due to mis-classification of data, as elaborated in the chapter, ‘Data’. [↑](#footnote-ref-22)
23. Under Companies Act, 1956, accrued interest on unclaimed dividend, application money, mature deposits and mature debentures are required to be transferred to IEPF. Under Companies Act, 2013, interest on unclaimed dividend is excluded. [↑](#footnote-ref-23)
24. Individuals (Resident, NRI, foreign nationals etc.) are eligible for nomination, whereas, non-individuals like corporates, HUF and minors etc. are not eligible for nomination [↑](#footnote-ref-24)
25. The number of folios pertain about 3,039 listed companies for which data is available [↑](#footnote-ref-25)
26. Regulation 39 (4) of LODR, 2015 r/w clause B (1) (a & b) of Schedule VI of this Regulations on Manner of dealing with unclaimed shares. The data furnished by RTA has too many inconstancies and needs reconciliation and hence not included in this report. Details in this regard are given in the Chapter, ‘Data’. [↑](#footnote-ref-26)
27. [↑](#footnote-ref-27)
28. Inserted by SEBI (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018 r/w Gazette Notification No. SEBI/LAD-NRO /GN/ 2018/49 dated November 30, 2018 [↑](#footnote-ref-28)
29. SEBI circular No. SEBI/HO/MIRSD/RTAMB/CIR/P/2020/166 on Re-lodgement of Transfer Requests Shares dated 07.09.2020. [↑](#footnote-ref-29)
30. Data provided by RTAs and Depositories for physical and demat shares, respectively. The figures appear to be under reported as detailed in the chapter, ‘Data’. [↑](#footnote-ref-30)
31. Relevant client details are captured in the Depository System and are available with the concerned DP. [↑](#footnote-ref-31)
32. [↑](#footnote-ref-32)
33. ESIC circular dated June 29, 2020 on mandatorily enabling mobile number and bank account details of an insured person while registering an employee with effect from July 01, 2020. [↑](#footnote-ref-33)
34. Incorporated in the demat account opening form of the Depositories pursuant to the recommendations of the SEBI Group on ‘Transmission of Shares’ to address issues relating to transmission of securities, August 2007. [↑](#footnote-ref-34)
35. Chapter 02, Policy for Homo Sapiens, Not 02 Homo Economicus: Leveraging the Behavioural Economics of “Nudge”, Volume I, Economic Survey, 2018-19 [↑](#footnote-ref-35)
36. ‘Nudge’ theory, which was popularized by Prof. Richard H. Thaler and Cass R. Sunstien in their book, Nudge: Improving Decisions About Health, Wealth and Happiness. The former was awarded the 2017 Nobel Memorial Prize in Economic Sciences for his contributions to behavioural economics, including his ‘Nudge’ theory.  [↑](#footnote-ref-36)
37. Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014 [↑](#footnote-ref-37)
38. [↑](#footnote-ref-38)
39. SEBI circular No. SEBI/HO/MIRSD/DOP/CIR/P/2019/123 on, ‘e-KYC Authentication facility under section 11A of the Prevention of Money Laundering Act, 2002 by entities in the securities market for Resident Investors’, dated November 05, 2019 and also the circular dated May 12, 2020 in this regard. [↑](#footnote-ref-39)
40. [↑](#footnote-ref-40)
41. Central KYC Record Registry - **CKYCRR** of Central Registry of Securitisation Asset Reconstruction and Security Interest of India - **CERSAI** (entrusted with operating and maintaining KYC Registry pertaining to financial sector, governed under PML Rules 2005) [↑](#footnote-ref-41)
42. This proposal is also mooted in the consultation paper of SEBI, “Role of KYC Registration Agencies (KRAs)/ Market Infrastructure Institutions (MIIs) in performing KYC (Know Your Client) of the client in securities market” [↑](#footnote-ref-42)
43. [↑](#footnote-ref-43)
44. Transfer, Transmission, Demat, Remat, issue of duplicate shares, Transposition, Change in / Updation of address, bank account, name, signature are service requirements of investors from the RTA. [↑](#footnote-ref-44)
45. [↑](#footnote-ref-45)
46. Section 68 B of Companies Act, 1956, inserted by the Companies (Amendment) Act, 2000 w.e.f. December 13, 2000 [↑](#footnote-ref-46)
47. Circular mandating issuance of bonus and duplicate shares only in demat mode is under consideration. [↑](#footnote-ref-47)
48. [↑](#footnote-ref-48)
49. Rule 5 (8) of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (amended on August 14, 2019) under the Companies Act, 2013. [↑](#footnote-ref-49)
50. The orders dated October 18, 2019 and November 07, 2019 of the WTM in the matter of Cameo Corporate Services Ltd., gives details in this regard. [↑](#footnote-ref-50)
51. RBI circular No. RBI/2011-12/389 DBOD.No.Leg.BC. 81/09.07.005/2011-12 on Unclaimed Deposits/ Inoperative Accounts in Banks - Display list of Inoperative Accounts, dated February 07, 2012 [↑](#footnote-ref-51)
52. This information, as on March 31, 2019, was required to be provided by all the listed companies to the Depositories vide SEBI circular No. SEBI/HO/MIRSD/RTAMB/CIR/P/2019 on Enhanced Due Diligence for Dematerialization of Physical Securities, dated November 05, 2019. [↑](#footnote-ref-52)
53. [↑](#footnote-ref-53)
54. This is an industry practice and not a regulatory requirement [↑](#footnote-ref-54)
55. Table 56, SEBI Bulletin, April 2020 [↑](#footnote-ref-55)
56. Number of fund transfers made / instruments issued or number of folios / demat accounts pertaining to which payments were made [↑](#footnote-ref-56)
57. Regulation 12 of LODR, 2015, mandates payments to investors through electronic mode [↑](#footnote-ref-57)
58. The AUM of MF industry was ₹26,85,982 crore as on September 30, 2020. Source Table 56, SEBI Bulletin, November, 2020 [↑](#footnote-ref-58)
59. SEBI circular MFD/CIR/ 9 /120 /2000 dated November 24, 2000 [↑](#footnote-ref-59)
60. SEBI circular No. SEBI/HO/IMD/DF2/CIR/P/2016/37 dated February 25, 2016 [↑](#footnote-ref-60)
61. SEBI circular No. SEBI/HO/IMD/DF3/CIR/P/2019/166 on ‘Investment in units of Mutual Funds in the name of minor through guardian and ease of process for transmission of units’, dated December 24, 2019 [↑](#footnote-ref-61)
62. BSE Ltd., Metropolitan Stock Exchange of India Ltd. and National Stock Exchange of India Ltd. [↑](#footnote-ref-62)
63. CSE is covered under the exit scheme for stock exchanges vide SEBI circular CIR/MRD/DSA/14/2012 on Exit Policy for De-recognized / Non-operational Stock Exchanges dated May 30, 2012. However, CSE has appealed and the matter is *sub judice*. [↑](#footnote-ref-63)
64. Excluding RTAs handling only MFs, unlisted companies and those yet to commence operations etc. [↑](#footnote-ref-64)
65. [↑](#footnote-ref-65)
66. ‘A portfolio bigger that Jhunjhunwala’s, without buying a single share’, Business Standard, October 22, 2018. [↑](#footnote-ref-66)
67. SEBI circular No. CIR/CFD/DIL/1/2011 on Applications Supported by Blocked Amount (ASBA) facility, dated April 29, 2011 [↑](#footnote-ref-67)
68. SEBI (Issue of Capital and Disclosure Requirements) (Fifth Amendment) Regulations, 2015 notified on August 14, 2015 [↑](#footnote-ref-68)
69. Clause 1.1.5 of SEBI circular No. CIR/DIL2/CIR/P/2020/13 on Streamlining the Process of Rights Issue, dated January 22, 2020 [↑](#footnote-ref-69)
70. Section 68 B of Companies Act, 1956, inserted by the Companies (Amendment) Act, 2000 [↑](#footnote-ref-70)
71. Section 29 of Companies Act, 2013 [↑](#footnote-ref-71)
72. Regulation 77 A of ICDR, inserted w.e.f. December 26, 2019 vide SEBI (Issue of Capital and Disclosure Requirements) (Sixth Amendment) Regulations, r/w Regulation 2 (1) (eee) of ICDR and is applicable for draft / abridged / letter of offer, filed on or after this date. [↑](#footnote-ref-72)
73. Chapter, ‘Data’, gives details in this regard [↑](#footnote-ref-73)
74. SEBI (Buy-back of Securities) (Amendment) Regulations, 2015, SEBI (Delisting of Equity Shares) (Amendment) Regulations, 2015 and SEBI (Substantial Acquisition of Shares and Takeovers) (Amendment) Regulations, 2015, notified in the Gazette on 24.03.2015. [↑](#footnote-ref-74)
75. SEBI circular No. CIR/CFD/POLICYCELL/1/2015 on Mechanism for acquisition of shares through Stock Exchange pursuant to Tender-Offers under Takeovers, Buy Back and Delisting, dated 13.05.2015. [↑](#footnote-ref-75)
76. SEBI circular CFD/DCR2/CIR/P/2016/131 on Streamlining the Process for Acquisition of Shares pursuant to Tender-Offers made for Takeovers, Buy Back and Delisting of Securities, dated 09.12.2016 [↑](#footnote-ref-76)
77. **Source:** NSE website (web link - <https://www1.nseindia.com/live_market/content/live_watch/tender_offer/tender_offer.htm> ). The limitation pertaining to this data is covered in the chapter, ‘Data’. [↑](#footnote-ref-77)
78. *In case of close ended schemes, at the time of maturity, AMC repurchases the units.* [↑](#footnote-ref-78)
79. USA, USA, France, Germany, UK, Hong Kong, South Korea, Japan, Singapore and Taiwan [↑](#footnote-ref-79)
80. US, UK, Germany, Spain, Japan [↑](#footnote-ref-80)