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**CAPITAL MARKET REVIEW**

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

* Resource mobilised through equity issuances was ₹2,909 crore during October 2022 compared to ₹6,839 crore during September 2022.
* There were 20 IPOs in October 2022 from which a total of ₹ 1,257 crore was mobilized. Out of total IPOs, 18 issues were SME/start-up listings which mobilised ₹447 crore (Table 1).
* Funds amounting ₹162 crore were raised through 5 rights issues.
* Amount raised through preferential allotment during October 2022 was ₹991 crore, compared to ₹3,519 crore raised in September 2022. There was one QIP during October 2022 that raised ₹500 crore.
* ₹2,052 crore was mobilised through public issue of debt during October 2022 higher than the ₹602 raised during September 2022. Private placement of debt raised ₹ 34,699 crore during October 2022, compared to ₹83,088 crore during September 2022.

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

|  |  |  |
| --- | --- | --- |
| **Particulars** | **Sep-22** | **Oct-22** |
| ***I. Equity Issues*** | **6,839** | **2,909** |
| a. IPOs (i+ii) | 2,414 | 1,257 |
| *i. Main Board* | 2,125 | 809 |
| *ii. SME Platform* | 289 | 447 |
| b. FPOs | 0 | 0 |
| c. Equity Rights Issues | 298 | 162 |
| d. QIPs/IPPs | 607 | 500 |
| e. Preferential Allotments | 3,519 | 991 |
| ***II. Debt Issues*** | **83,690** | **36,751** |
| a. Debt Public Issues | 602 | 2,052 |
| b. Private Placement of Debt | 83,088 | 34,699 |
| **Total Funds Mobilised (I+II)** | **90,529** | **39,660** |

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

1. **Trends in the Secondary Market**

* Indian equity markets witnessed upward trend in line with global markets during October 2022. Sustained buying by DIIs, resumption of FPI interest in Indian equities and robust corporate results supported the rise, wherein large cap outperformed mid and small cap stocks. During October 2022, Nifty and Sensex rose by 5.4 per cent and 5.8 per cent respectively over previous month. Reflecting the uptrend, market capitalization at BSE and NSE recorded a rise of 3.0 per cent over end of September 2022. The P/E ratios of S&P BSE Sensex and Nifty 50 were 22.4 and 20.9 respectively, at the end of October 2022.

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

|  |  |  |  |
| --- | --- | --- | --- |
| **Description** | **Sep-22** | **Oct-22** | **M-o-M variation (%)** |
| **Equity Market indices** | | | |
| Nifty 50 | 17,094 | 18,012 | 5.4 |
| Sensex | 57,427 | 60,747 | 5.8 |
| Nifty Midcap 50 | 8,333 | 8,690 | 4.3 |
| Nifty Smallcap 100 | 9,442 | 9,686 | 2.6 |
| BSE Midcap | 24,854 | 25,359 | 2.0 |
| BSE Smallcap | 28,453 | 28,818 | 1.3 |
| **Market Capitalisation (₹ crore)** | | | |
| BSE | 2,71,84,602 | 2,79,91,937 | 3.0 |
| NSE | 2,69,77,153 | 2,77,77,180 | 3.0 |
| **P/E Ratio (monthly average)** | | | |
| Sensex | 22.8 | 22.4 | -1.4 |
| Nifty 50 | 21.0 | 20.9 | -0.3 |
| **No of Listed Companies** | | | |
| BSE | 5383 | 5408 | 0.5 |
| NSE | 2126 | 2137 | 0.5 |
| **Gross Turnover in Equity Segment (₹ crore)** | | | |
| BSE | 1,18,133 | 84,061 | -28.8 |
| NSE | 13,53,967 | 9,12,411 | -32.6 |
| **Gross Turnover in Equity Derivatives Segment (₹ crore)** | | | |
| BSE | 47,32,257 | 37,54,350 | -20.7 |
| NSE | 33,29,80,961 | 27,14,68,189 | -18.5 |
| **Gross Turnover in Currency Derivatives Segment (₹ crore)** | | | |
| BSE | 8,11,822 | 5,65,491 | -30.3 |
| NSE | 36,77,986 | 33,17,577 | -9.8 |
| MSEI | 21,844 | 23,657 | 8.3 |
| **Gross Turnover in Interest Rate Derivatives Segment (₹ crore)** | | | |
| BSE | 3,895 | 2,233 | -42.7 |
| NSE | 3,244 | 2,209 | -31.9 |

**Source:** BSE, NSE and MSEI

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

**Source:** BSE and NSE

* Though the markets rose, the trading activity at exchanges declined with average daily turnover at equity cash segment declining by 22 per cent in October 2022 over the previous month. Gross turnover in the cash segment at exchanges declined notably by 32.3 per cent in October 2022**.**

**Figure 2: Trends in Average Daily Turnover at Equity Cash Segment of Exchanges (₹ crore)**

**Source:** BSE and NSE

* During October all the selected sectorial indices saw positive returns, except Nifty FMCG (at -0.25 per cent). Nifty PSU Bank index witnessed highest returns at 15.6 per cent followed by Nifty PSE at 7.17, Nifty Bank at 6.9 and BSE Capital Goods at 6.6 per cent. The average daily volatility and monthly returns of these select indices for October 2022 are illustrated in Figure 3.

**Figure 3: Trends of BSE and NSE Sectoral Indices during October 2022 (per cent)**

**Source:** Refinitiv

1. **Trends in Depository Accounts**

* During October 2022, NSDL added 3 lakh demat accounts while CDSL added 15 lakh demat accounts. At the end of October 30, 2022, 2.9 crore demat accounts were registered with NSDL and 7.5 crore with CDSL.

**Figure 4: Monthly New Demat Accounts Added (in lakh)**

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

**BSE**

During October 2022, the notional turnover of the equity derivatives segment at BSE fell by 20.7 per cent to ₹37.5 lakh crore.

**NSE**

The monthly notional turnover in the equity derivatives segment at NSE declined by 18.5 per cent to ₹2,715 lakh crore in October 2022.

**Figure 5: Trends of Average Daily Notional Turnover at BSE and NSE (₹ crore)**

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

**Source:** BSE and NSE

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

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Description** | **NSE** | | | **BSE** | | |
| **Sep-22** | **Oct-22** | **Percentage Change Over Month** | **Sep-22** | **Oct-22** | **Percentage Change Over Month** |
| **A. Turnover (₹crore)** | | | | | | |
| **(i) Index Futures** | 9,34,912 | 7,18,961 | -23.1 | 7 | 3 | -58.1 |
| **(ii) Options on Index** |  |  |  |  |  |  |
| ***Put*** | 15,55,40,518 | 12,75,91,186 | -18.0 | 17,55,610 | 1,49,804 | -91.5 |
| ***Call*** | 16,85,82,706 | 13,76,53,539 | -18.3 | 29,76,639 | 36,04,543 | 21.1 |
| **(iii) Stock Futures** | 18,51,511 | 14,83,115 | -19.9 | 0 | 0 | - |
| **(iv) Options on Stock** |  |  |  |  |  |  |
| ***Put*** | 17,58,757 | 11,91,252 | -32.3 | 0 | 0 | - |
| ***Call*** | 43,12,556 | 28,30,135 | -34.4 | 0 | 0 | - |
| **Total** | **33,29,80,961** | **27,14,68,189** | **-18.5** | **47,32,257** | **37,54,350** | **-20.7** |
| **B. No. of Contracts** | | | | | | |
| **(i) Index Futures** | 1,00,68,930 | 77,67,856 | -22.9 | 78 | 33 | -57.7 |
| **(ii) Options on Index** |  |  |  |  |  |  |
| ***Put*** | 1,66,78,68,891 | 1,38,59,26,593 | -16.9 | 2,07,87,765 | 17,34,919 | -91.7 |
| ***Call*** | 1,75,81,70,259 | 1,45,73,82,597 | -17.1 | 3,02,10,555 | 3,66,89,840 | 21.4 |
| **(iii) Stock Futures** | 2,58,93,863 | 2,10,04,703 | -18.9 | 0 | 0 | - |
| **(iv) Options on Stock** |  |  |  |  |  |  |
| ***Put*** | 2,37,14,429 | 1,66,36,991 | -29.8 | 0 | 0 | - |
| ***Call*** | 5,54,54,871 | 3,70,02,907 | -33.3 | 0 | 0 | - |
| **Total** | **3,54,11,71,243** | **2,92,57,21,647** | **-17.4** | **5,09,98,398** | **3,84,24,792** | **-24.7** |

**Source:** BSE and NSE

1. **Currency Derivatives**

* During October 2022, monthly notional turnover of currency derivatives in India (NSE, BSE, and MSEI together) declined by 13.4 percent to ₹39.1 lakh crore as compared to ₹45.1 lakh crore in September 2022.

**Figure 6: Trends of Currency Derivatives at NSE, MSEI, and BSE (₹ crore)**

**Source:** BSE, NSE and MSEI

1. **Interest Rate Derivatives**

* During October 2022, the monthly notional turnover of interest rate derivatives at BSE and NSE declined to ₹2,233 crore and ₹2,209 crore, respectively from ₹3,895 crore and ₹3,244 crore in the previous month.

**Figure 7: Trends of Interest Rate Derivatives at NSE and BSE (₹ crore)**

**Source:** BSE and NSE

1. **Corporate Debt Market**

* During October 2022, 23,562 trades with value of ₹67,025 crore were settled across the corporate bond segments at exchanges. This includes OTC trades and RFQ trades of both listed and unlisted corporate bonds.

**Figure 8: Trends in Reported Turnover of Corporate Bonds (₹ crore)**

***Data Includes only settled trades through the exchange platform***

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

* FPIs remained net sellers in the month of October 2022 with outflows worth ₹ 3,080 crore. In October 2022, net outflows were visible in equity, debt and hybrid segments whereas debt VRR segment witnessed net inflows. For the month of October 2022, the net outflow in the equity, debt and hybrid segments were to the tune of ₹ 8 crore, ₹ 3,532 crore and ₹ 301 crore respectively. The net inflow in the debt VRR segment stand at ₹ 762 crore and in October 2022.
* Within equity segment, FPI investment via primary market route witnessed a net inflow of ₹ 806 crore in October 2022. In the secondary market, FPIs were net sellers in equity with net outflow of ₹ 814 crore in the month of October 2022.
* The AUC of FPIs in India, as at the end of October 2022 was ₹52,12,333 crore, out of which the notional value of offshore derivative instruments (ODIs) (including ODIs on derivatives) was ₹97,784 crore which constituted 1.9 per cent of total AUC of FPIs.

**Figure 9: Trends in FPIs’ Investments** (₹ crore)

**Source:** NSDL

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

* The mutual fund industry saw a net inflow of ₹14,047 during October 2022 compared to net outflow of ₹41,404 crore during September 2022.
* Gross funds mobilised by open-ended schemes during October 2022 was ₹7,80,676 crore as against redemption/repurchase of ₹7,66,490 crore, resulting in a net inflow of ₹14,186 crore from open-ended schemes. Of the gross fund mobilisation, ₹7,27,502 crore was mobilised through income/debt oriented schemes, ₹25,504 crore through growth/equity oriented schemes followed by ₹18,856 crore through other schemes ₹8,511 crore through hybrid schemes. Minimum amount of ₹303 crore was mobilised through solution oriented schemes. .
* During September 2022, ₹682 crore were matured/repurchased[[1]](#footnote-1) by close-ended schemes while in the interval schemes, ₹56 crore were matured/redeemed against gross mobilization of ₹598 crore and one crore respectively.
* The cumulative net assets under management of mutual funds increased by 2.81 per cent to ₹39,50,323 lakh crore as at the end of October 2022.
* In the secondary market, during October 2022, mutual funds invested ₹6,318 crore in equity schemes and pulled out ₹9,324 crore from debt schemes.

**Figure 10: Trends in Net Purchase/Sales of Mutual Funds Transactions in Secondary Market (₹ crore)**

1. **Trends in Portfolio Management Services**

* At the end of October 2022, AUM of the portfolio management industry stood at ₹26.17 lakh crore as compared to ₹26.06 lakh crore at the end of September 2022. On a year on year basis, the total AUM of portfolio management services (PMS) increased by 15.1 per cent.
* The number of clients in portfolio management industry was at 1,38,808 at the end of October 2022 compared to the 1,40,257 at the end of September 2022. Out of the total number of clients, 1,30,417 clients were of discretionary services category, 6,462 clients in non-discretionary services category and 1,921 clients availed advisory services of portfolio managers.

**Figure 11: No. of Clients and AUM of Portfolio Managers**

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

* During October 2022, 7 open offers with offer value of ₹ 64 crore closed under SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011.

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

1. **Commodity Derivatives Markets**
2. **Market Trends**

* At the end of October 2022, MCX iCOMDEX composite index increased marginally by 0.1 per cent (M-o-M).
* Amongst sectoral indices, MCX iCOMDEX Metal Index decreased by 2.2 per cent, while MCX iCOMDEX Bullion index and MCX iCOMDEX Energy increased by 0.5 per cent and 0.3 per cent, respectively.
* Movement of domestic commodity indices during the last 12 months is given in ***Figure 14.*** The monthly data of MCX’s iCOMDEX composite index is provided in ***Table 65.***

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

**Source:** MCX

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

|  |  |  |  |
| --- | --- | --- | --- |
| **Items** | **Sep-22** | **Oct-22** | **Percentage variation M-O-M** |
| **A. Indices** |  |  |  |
| MCX iCOMDEX | 12,589 | 12,602 | *0.1* |
| Bullion | 13,870 | 13,942 | *0.5* |
| Base Metals | 16,376 | 16,012 | *-2.2* |
| Energy | 8,567 | 8,595 | *0.3* |
| NCDEX Guarex | 6,270 | 5,870 | *-6.4* |
| **B. Turnover Exchange Wise (₹crore)** | | | |
| **All-India** | **13,53,991** | **11,70,133** | *-13.6* |
| **MCX, of which** | **13,36,883** | **11,58,671** | *-13.3* |
| Futures | 5,55,322 | 4,96,723 | *-10.6* |
| Options | 7,81,562 | 6,61,947 | *-15.3* |
| **BSE, of which** | **662** | **294** | *-55.6* |
| Futures | 405 | 250 | *-38.3* |
| Options | 257 | 44 | *-82.9* |
| **NCDEX, of which** | **14,349** | **10,053** | *-29.9* |
| Futures | 14,349 | 10,053 | *-29.9* |
| Options | 0 | 0 | *-* |
| **NSE, of which** | **2,097** | **1,116** | *-46.8* |
| Futures | 1 | 1 | *-3.3* |
| Options | 2,096 | 1,115 | *-46.8* |

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

1. **Commodity Derivatives Turnover**

* During October 2022, pan- India turnover of commodity derivatives decreased by 13.6 per cent to ₹11.7 lakh crore over the previous month.
* The percentage share of agri and non-agri segments in overall turnover accounted for 1 per cent and 99 per cent, respectively. The turnover of agri. segment decreased by 28.1 per cent while that of non-agri segment decreased by 13.4 per cent.
* The percentage share of futures and options contracts in overall turnover stood at 43.3 per cent and 56.7 per cent, respectively. The turnover of futures contracts decreased by 11.1 per cent and that of options decreased by 15.4 per cent, respectively, over the previous month.
* At exchange level, the turnover (M-o-M) has decreased at all the exchanges and the highest decline of 55.6 per cent was recorded at BSE.
* In terms of percentage share of commodity derivatives turnover among exchanges, the MCX has the highest market share of 99 per cent, followed by NCDEX (0.9 per cent), NSE (0.1 per cent) and BSE (0.03 per cent).
* At MCX, the turnover of agri. segment increased by 2.2 per cent while it decreased for non-agri by 13.3 per cent.
* At NCDEX, the overall turnover decreased by 29.9 per cent to ₹10,053 crore over the previous month. This can be attributed to the decline in turnover of Guargum, Guarseed and Jeera by 44.7 per cent, 46.5 per cent, and 20.7 per cent, respectively.
* The BSE recorded turnover of ₹294 crore, recording a 55.6 per cent decline over the previous month. The futures contracts contributed 85.1 per cent (₹250 crore) while options contracts contributed 14.9 per cent (₹44 crore) to the total turnover. In the category of options, gold mini contracts solely contributed to the turnover.
* NSE recorded turnover of ₹1,116 crore, a decrease of 46.8 per cent over the previous month. Almost all the turnover (₹1,116 crore) at NSE has been contributed by Gold Mini options contract.
* The trends in turnover of commodity derivatives at exchanges are shown in Figures 15, 16 and 17 and the details are given in Tables 66 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 Economy**

**Global Economy**

* The global economic outlook is grim as the countries are grappling with the headwinds from slowdown of business activities as a result of COVID-19 pandemic, war in Ukraine and the current financial market turmoil. The recent surge in inflation emanates from a number of factors like a shift in global consumer demand toward durable goods, disruption of supply chains due to the pandemic, and the surge in commodity prices following the start of the war in Ukraine. Loose monetary and fiscal expansion during the pandemic played a role as well. Now, in response to inflation, central banks around the world have been tightening monetary policy, creating the risk of recession. Although central banks attempt to weaken demand to reduce inflationary pressure, supply constraint is contributing to a disequilibrium between supply and demand, thereby pushing up prices. While during October 2022, the US job market continued to perform better than expected, British economy faces headwinds following the recent political crisis. On the other hand, inflation continued to accelerate in the Eurozone and UK, albeit a weak job market indicating stagflation.
* The energy supply situation in the European Union represents a notable downside risk as further supply-related issues could lead to a more accentuated slowdown of the region’s economy during this quarter. In addition to this, the zero COVID policy of China may account for supply chain breakdown in the manufacturing sector.
* The PMI survey data signalled that the downturn in global economic activity extended into its third successive month, with both the service sector and manufacturing sector activities recording contraction. The J. P. Morgan Global Composite Output Index fell to 49.0 in October 2022, from 49.6 in September 2022. The J. P. Morgan Global Manufacturing PMI fell to a 28-month low of 49.4 in October 2022 and remained below the neutral 50.0 mark for the second successive month. The J. P. Morgan Global Services Business Activity Index posted 49.2 in October 2022, down from 50.0 in September 2022, to signal a decline in output for the second time in the past three months.

**United States**

* According to the “advance” estimate by Bureau of Economic Analysis, the real GDP of the US increased at an annual rate of 2.6 per cent (Q-o-Q) in Q3 2022, as compared to a contraction of 0.6 per cent in Q2 2022.
* Seasonally adjusted CPI for All Urban Consumers increased 0.4 per cent (M-o-M) in October 2022, after remaining unchanged in September 2022. Over the last 12 months, the all items index increased 7.7 per cent without adjustment. The Unemployment rate increased by 0.2 percentage point to 3.7 per cent in October 2022, up from September's 29-month low of 3.5 percent.
* The poor performance of the US economy was reflected in the PMI indicators. The S&P Global US Composite PMI Output Index posted 48.2 in October 2022, down from 49.5 in September 2022. US manufacturing firms signalled only a slight improvement in operating conditions during October as the S&P Global US Manufacturing PMI posted 50.4 in October 2022, down from 52.0 in September 2022. US service providers signalled a much slower contraction in business activity during September 2022. Service sector firms in the US registered a sharper contraction in business activity at the start of the fourth quarter. The S&P Global US Services PMI Business Activity Index registered 47.8 in October 2022, down from 49.3 in September 2022.

**United Kingdom**

* As per first quarterly estimates by Office of National Statistics, the real GDP of the UK has fallen by 0.2 per cent (Q-o-Q) in Q3 2022, as compared to a growth of 0.2 per cent in Q1 2022.
* The Consumer Prices Index (CPI) rose by 10.1 per cent in September 2022 from 9.9 per cent August 2022.
* The UK unemployment rate for June 2022 to August 2022 decreased by 0.3 percentage points on the quarter to 3.5 per cent, the lowest since December to February 1974.
* In its Monetary Policy meeting held in November 2022, Bank of England raised interest rates by 75 bps to 3 per cent during, the largest rate hike since 1989, increasing the cost of borrowing to the highest level since late-2008.
* As political and economic uncertainty affected the business sentiment, the S&P Global UK Composite PMI fell to 48.2 in October 2022 from 49.1 in September 2022. Services PMI dropped to 48.8 per cent in October 2022 from 50.0 in September indicating contraction of business activities in the sector. Manufacturing PMI fell to a 29-month low of 46.2 in October, down from 48.4 in September.

**Euro area**

* As per the preliminary flash estimates of GDP released by Eurostat (the statistical office of the European Union), GDP increased by 0.2 per cent (Q-o-Q) in euro area in Q3 2022, as compared to a growth of 0.8 per cent in Q2 2022.
* Annual inflation rate in the Euro Area continued to break record high levels and jumped to 10.7 per cent in October 2022 from 9.9 per cent in September 2022.
* In September 2022, the euro area seasonally-adjusted unemployment rate was 6.6 per cent, down from 6.7 per cent in August 2022 and down from 7.1 per cent in September 2021.

**India**

* The Gross Domestic Product (GDP) at constant prices (2011-12) rose by 13.5 per cent in Q1 of FY 2022-23 over Q1 of FY 2021-22. The Gross Value Added (GVA) at Basic Prices rose by 12.7 per cent in Q1 of FY 2022-23 over Q1 of FY 2021-22.
* All India inflation rate based on CPI (general) slightly softened to 6.77 per cent (provisional) in October 2022 from 7.41 per cent in September 2022.
* As per quick estimates released by MOSPI, Index of Industrial Production (IIP) increased by 3.1 per cent (Y-o-Y) in September 2022 compared to a decrease of 0.8 per cent in August 2022.
* The Reserve Bank of India raised its key repo rate by 50 bps to 5.9 per cent during its September 2022 meeting, the fourth rate hike in a row, amid rising concerns over soaring inflation, global headwinds and a depreciating rupee. Consequently, the standing deposit facility (SDF) rate stands adjusted to 5.65 per cent and the marginal standing facility (MSF) rate and the Bank Rate to 6.15 per cent.
* The S&P Global India Manufacturing PMI was up from 55.1 in September 2022 to 55.3 in October 2022, above its long-run average (53.7) and indicating a stronger improvement in the health of the sector. The S&P Global India Services PMI increased to 55.1 in October 2022 from 54.3 in September 2022 indicating robustness of the sector. The S&P Global India Composite PMI rose to 55.5 in October 2022 from 55.1 in September 2022.

1. **Market Trends –**

**Equity Markets**

* During October 2022, amongst the BRICS countries (excluding Russia), highest annualized volatility was observed in iBovespa of Brazil (28.1 per cent) followed by FTSE/JSE All Africa index of South Africa (19.2 per cent).
* In terms of monthly movement in indices, S&P BSE Sensex recorded monthly return of 5.8 per cent in October 2022, while Shanghai SE Composite index of China recoded negative return of 4.3 per cent.
* Among select developed market indices[[2]](#footnote-2), highest annualised volatility was witnessed by HANG SENG index of Hong Kong, while FTSE 100 of the UK was least volatile.
* Among select developed market indices, Dow Jones Industrial Average of the USA recorded 14.0 per cent return while HANG SENG index of Hong Kong fell by 14.7 per cent in October 2022.
* The MSCI All Country World Price Index, designed to represent performance of the full opportunity set of large- and mid-cap stocks across 23 developed and 24 emerging markets, rose by 7.1 per cent at the end of October 2022 from September 2022. During the same time, the MSCI World Index, which captures large and mid-cap representation across 23 developed markets countries increased by 6.0 per cent. The MSCI Emerging Market Index, which captures large and mid-cap representation across 24 emerging markets countries fell by 3.2 per cent.

**Table 1: Performance of Stock Indices**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Country** | **Name of the Index** | **Closing Value as on** | **Percentage change in Closing Value over period** | | | | **Volatility (%)** | **P/E Ratio** |
| **31-Oct-22** | **1-Month** | **3-Month** | **6-Month** | **1-Year** |
| **BRICS Nations** | | | | | | | | |
| Brazil | BRAZIL IBOVESPA | 1,16,037 | 5.5 | 12.5 | 7.6 | 12.1 | 28.1 | 6.2 |
| India | Nifty 50 | 18,012 | 5.4 | 5.0 | 5.3 | 1.9 | 13.2 | 21.4 |
| India | S&P BSE SENSEX | 60,747 | 5.8 | 5.5 | 6.5 | 2.4 | 13.1 | 22.7 |
| China | SHANGHAI SE COMPOSITE | 2,893 | -4.3 | -11.1 | -5.0 | -18.4 | 15.6 | 12.0 |
| South Africa | FTSE/JSE AFRICA ALL SHR | 66,672 | 4.6 | -3.3 | -8.0 | -1.2 | 19.2 | 7.4 |
| **Developed Markets** | | | | | | | | |
| USA | NASDAQ COMPOSITE | 10,988 | 3.9 | -11.3 | -10.9 | -29.1 | 32.5 | NA |
| USA | DOW JONES INDUS. AVG | 32,733 | 14.0 | -0.3 | -0.7 | -8.6 | 22.7 | 18.6 |
| France | CAC 40 | 6,267 | 8.8 | -2.8 | -4.1 | -8.3 | 19.3 | 10.2 |
| Germany | DAX | 13,254 | 9.4 | -1.7 | -6.0 | -15.5 | 17.7 | 12.9 |
| UK | FTSE 100 | 7,095 | 2.9 | -4.4 | -6.0 | -2.0 | 11.8 | 9.4 |
| Hong Kong | HANG SENG | 14,687 | -14.7 | -27.1 | -30.4 | -42.1 | 37.1 | 7.6 |
| South Korea | KOSPI | 2,294 | 6.4 | -6.4 | -14.9 | -22.8 | 18.0 | NA |
| Japan | NIKKEI 225 | 27,587 | 6.4 | -0.8 | 2.8 | -4.5 | 21.0 | 15.0 |
| Singapore | STRAITS TIMES STI | 3,093 | -1.2 | -3.7 | -7.9 | -3.3 | 12.9 | 10.4 |
| Taiwan | TAIWAN TAIEX | 12,950 | -3.5 | -13.7 | -22.0 | -23.8 | 25.1 | NA |

**Note:** P/E Ratios2are as on the last trading day of month.

**NA:** Not Available

Data for Sensex and Nifty were taken from respective exchange website.

**Source:** Refinitiv, BSE and NSE

**Figure 1: Trends in Select Stock Market Indices**

**Note**: All indices have been indexed to 100 on September 30, 2021.

**Source**: Refinitiv

**Bond Market**

* Among BRIC Nations, 10-year government bond yield was observed to be highest in Brazil (11.9 per cent) and the lowest in China (2.7 per cent) at the end of October 2022.
* Indian 10-year government bond yield was unchanged at 7.4 per cent at the end of October 2022.
* Among select developed countries[[3]](#footnote-3), 10-year government bond yield in the US increased to 4.1 in October 2022 from 3.8 in September 2022. The yield of 10-year government bond in the UK fell to 3.5 per cent from 4.1 per cent during the same time.

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

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Country** | **Yield as on** | **Bond Yield in previous period** | | | |
| **31-Oct-22** | **1-Month** | **3-Month** | **6-Month** | **1-Year** |
| **BRIC Nations** | | | | | |
| Brazil | **11.9** | 12.0 | 13.0 | 12.3 | 12.2 |
| Russia | **9.9** | 10.3 | 9.1 | 10.1 | 8.2 |
| India | **7.4** | 7.4 | 7.3 | 7.1 | 6.4 |
| China | **2.7** | 2.8 | 2.8 | 2.8 | 3.0 |
| **Developed Markets** | | | | | |
| USA | **4.1** | 3.8 | 2.6 | 2.9 | 1.6 |
| UK | **3.5** | 4.1 | 1.9 | 1.9 | 1.0 |
| Germany | **2.2** | 2.1 | 0.8 | 0.9 | -0.1 |
| Spain | **3.3** | 3.3 | 1.9 | 2.0 | 0.6 |
| Japan | **0.2** | 0.2 | 0.2 | 0.2 | 0.1 |

**Source:** Refinitiv

**Currency Market**

* During October 2022, among BRICS nations, Rouble of Russia depreciated most against USD by 3.1 per cent, followed by Renminbi of China (2.6 per cent) and Rupee of India (1.5 per cent) from their end September 2022 exchange rate. Real of Brazil, on the other hand appreciated by 4.4 per cent during the same time. Among developed markets during October 2022, Yen depreciated against USD by 2.7 per cent. Pound of UK, on the other hand appreciated by 2.7 per cent followed by Euro (0.9 per cent).

**Table 3: Movement in Major Currencies across Developing and Developed Markets**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Country** | **Currency** | **Index as on** | **Percentage change in Currency Index over period** | | | |
|  | **31-Oct-22** | **1-Month** | **3-Month** | **6-Month** | **1-Year** |
| **BRICS Nations** | | | | | | |
| Brazil | Real | 5.2 | -4.4 | 0.1 | 4.2 | -8.1 |
| Russia | Rouble | 61.1 | 3.1 | 2.2 | -13.0 | -13.8 |
| India | Rupee | 82.8 | 1.5 | 4.3 | 8.2 | 10.5 |
| China | Renminbi | 7.3 | 2.6 | 8.3 | 10.5 | 14.0 |
| S. Africa | Rand | 18.3 | 0.8 | 9.9 | 15.7 | 20.3 |
| **Developed Markets** | | | | | | |
| UK | Pound | 0.9 | -2.7 | 6.1 | 9.6 | 19.4 |
| Europe | Euro | 1.0 | -0.9 | 3.4 | 6.7 | 17.0 |
| Japan | Yen | 148.7 | 2.7 | 11.7 | 14.5 | 30.4 |
| Switzerland | Franc | 1.0 | 1.4 | 5.2 | 2.8 | 9.3 |
| US | Dollar Index | 111.5 | -0.5 | 5.3 | 8.3 | 18.5 |

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

2. Negative sign (in percentage change figures) indicates appreciation of quote currency against the base currency (USD)

**Source:** Refinitiv

**Figure 2: Movement of the USD-INR Index, US Dollar Index and MSCI EM Currency Index**

**Note:**

1. All indices have been normalised to 100 on September 30, 2021.
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

**Foreign Holdings of US Treasury Securities**

* At the end of August 2022, Japan was the biggest foreign holder of US Treasury Securities, holding 16.0 per cent of the total US Treasury Securities, followed by China (12.9 per cent). The total foreign holding of US Treasury Securities at the end of August 2022 was USD 7509.0 billion of which the holdings by India stood at 2.9 per cent (USD 221.2 billion). India’s holding increased by 4.3 per cent (M-o-M) and by 1.9 per cent (Y-o-Y).

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

|  |  |  |  |
| --- | --- | --- | --- |
| **Country** | **Aug-22** | **Change over Period (%)** | |
| **1-Month** | **1-Year** |
| Japan | 1199.8 | -2.8 | -9.1 |
| China, Mainland | 971.8 | 0.2 | -7.2 |
| United Kingdom | 644.7 | 1.6 | 13.3 |
| Cayman Islands | 307.3 | 5.3 | 16.6 |
| Luxembourg | 306 | 0.6 | 4.0 |
| Switzerland | 294.9 | 2.6 | 0.8 |
| Belgium | 287.9 | 0.8 | 26.4 |
| Ireland | 275.3 | -0.7 | -15.7 |
| France | 233.7 | 0.4 | -1.8 |
| Taiwan | 233.2 | -2.8 | -1.7 |
| Brazil | 232.2 | -2.3 | -6.7 |
| India | 221.2 | 4.3 | 1.9 |
| Canada | 211.1 | -1.4 | 24.8 |
| Hong Kong | 190.2 | -1.6 | -13.3 |
| Singapore | 189.5 | 0.7 | -1.0 |
| Saudi Arabia | 122.1 | 0.4 | -1.6 |
| Korea | 118 | 5.1 | -8.5 |
| Norway | 110.4 | -1.3 | -7.9 |
| Germany | 88.7 | 1.4 | 7.6 |
| Bermuda | 82 | 0.4 | 16.8 |
| Netherlands | 65.4 | -0.2 | 0.2 |
| Australia | 54.1 | 0.0 | 14.9 |
| Mexico | 53.3 | 7.7 | 5.1 |
| Israel | 51.2 | -3.6 | -19.9 |
| Kuwait | 51 | 3.2 | 9.0 |
| Philippines | 50.9 | -0.6 | 2.2 |
| Thailand | 48.4 | -0.6 | -15.5 |
| United Arab Emirates | 47.8 | 15.7 | -18.6 |
| Sweden | 42.2 | -3.9 | -2.3 |
| Bahamas | 40 | 12.0 | 85.2 |
| Vietnam | 38.2 | -4.3 | -14.7 |
| Italy | 38 | -5.7 | -7.3 |
| Chile | 36.5 | -5.7 | -4.7 |
| Iraq | 35.6 | 2.9 | 88.4 |
| Colombia | 34 | -3.1 | 2.7 |
| Poland | 33.9 | -6.4 | -38.6 |
| Peru | 32.4 | 1.3 | 15.7 |
| All Other | 435.9 | 0.4 | 1.8 |
| Grand Total | 7509.0 | 0.1 | -0.9 |
|  |  |  |  |
| Of which |  |  |  |
| For. Official | 3904.1 | -1.0 | -7.4 |
| Treasury Bills | 230.5 | -1.5 | -10.7 |
| T-Bonds & Notes | 3673.6 | -0.9 | -7.2 |

**Note**:

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

**Source**: U.S. Department of the Treasury

**HIGHLIGHTS OF DEVELOPMENTS IN**

**INTERNATIONAL SECURITIES MARKET**

**International Organization of Securities Commissions (IOSCO)**

1. IOSCO issued regulatory measures to address increasing risks and challenges from digitalisation of retail marketing and distribution. They aim to assist the members in adaptation of their regulatory and enforcement approaches - consistent with their legal and regulatory frameworks - to meet the growing challenges posed by rapidly evolving digitalisation and online activities. The measures include the development of the policy toolkit related to, inter alia, marketing, distribution, surveillance, compliance and supervision. Also the enforcement toolkit measures include deploying technology in detection and investigation of misconduct in the securities market. The suggested measures would help address some of the emerging risks associated with the use of behavioural and gamification techniques and financial influencers, leading to enhanced investor protection.
2. IOSCO is conducting a survey on interaction between Index Providers and Asset Managers to assess the role of asset manager in relation to indices and index providers and processes of index providers in the provision of indices. It further studies the potential impact of administrative errors on investment funds and the potential conflicts of interest that may exist at the index provider in relation to the fund. The survey is also expected to help understand the governance and processes in case of exceptional market events or shocks.
3. IOSCO and International Valuation Standards Council (IVSC) have entered into a Statement of Cooperation to develop a greater understanding of the quality and consistency of valuations and the professional standards employed by valuers internationally with the objective of mitigating risks to the quality of financial information for the protection of investors and for the stability of the financial system.

**Bank for International Settlements (BIS)**

1. BIS and four central banks have completed a successful pilot of real-value transaction on cross-border CBDC platform 'mBridge'. Project mBridge envisions an efficient, low-cost, regulatory-compliant and scalable cross-border payment solution with CBDC at its core. The experiment was designed to operate across different jurisdictions and currencies, to explore the capabilities of distributed ledger technology and the application of CBDC in cross-border payments between commercial banks. It would help developing nations to access the international financial system for payments by enabling peer to peer and instant exchange of multiple CBDCs on a single network resulting in greater financial inclusion.

**Monetary Authority of Singapore (MAS)**

1. MAS organised the Transition Finance Towards Net Zero Conference to galvanise key public and private sector stakeholders to mobilise capital at scale to help economies and corporates decarbonise. It emphasised the blending of use of concessional capital and catalytic capital to draw in private capital at commercial rates for financing projects with sustainable outcomes.
2. MAS launched ESG Impact Hub to spur co-location and collaboration between Environment, Social, Governance (ESG) FinTech start-ups and solution providers, financial institutions and real economy stakeholders. The hub seeks to expedite growth by growing ESG FinTech, anchoring ESG Enablers and supporting ESG Stakeholders.
3. MAS announced Five-Pronged Strategy of to counter the Financing of Terrorism. It would prevent, detect, investigate, and enforce against terrorism financing (TF). The key points of strategy are:
   1. Coordinated and Comprehensive Risk Identification
   2. Strong Legal and Sanctions Frameworks
   3. Robust Regulatory Regime and Risk Targeted Supervisory Framework
   4. Decisive Law Enforcement Actions
   5. International Partnerships and Cooperation
4. MAS published consultation papers proposing regulatory measures to reduce the risk of consumer harm from cryptocurrency trading and to support the development of stablecoins as a credible medium of exchange in the digital asset ecosystem. Although, cryptocurrencies are highly risky, it broadens the digital asset ecosystem resulting in non-feasibility of banning. Therefore, to reduce the risk to consumers from speculative trading in cryptocurrencies, MAS will require that cryptocurrencies service providers ensure proper business conduct and adequate risk disclosure. The proposed measures are:
   1. relevant risk disclosures to retail consumers for informed decisions
   2. implement proper segregation of customers’ assets, mitigate any potential conflicts of interest which arise from the multiple roles they perform and establish processes for complaints handling.
   3. maintain high availability and recoverability of their critical systems.

MAS also emphasised the potential of stablecoins to be a medium of exchange to facilitate transactions in the digital asset ecosystem, provided they are well-regulated and securely backed. The expanded framework would ensure higher regulation and fair degree of stability. Further issues under deliberations include value stability, reference currency, disclosures and prudential standards

1. The Monetary Authority of Singapore’s (MAS) Cyber Security Advisory Panel (CSAP) provided insights on how Singapore’s financial sector can address technology and cyber risks amid heightened geopolitical tensions, rapid digitalisation of financial services and an increasingly hostile cyber threat landscape. The key insights of the meeting are
   1. Maintaining agility of responses to cyber threats amid a worsening geopolitical climate
   2. Adopting a holistic approach in dealing with digital banking scams
   3. Mitigating cybersecurity risks related to the increasing use of distributed ledger technology (DLT)
   4. Preparing for emerging risks associated with quantum computing
   5. Managing concentration risks associated with critical third-party service provider.
2. The Monetary Authority of Singapore (MAS) released a report detailing potential uses of a purpose-bound digital Singapore Dollar (SGD) and the supporting infrastructure of Project Orchid where Phase-1 of Project Orchid explored the concept of purpose-bound digital SGD (purpose-bound money, or PBM, for short). PBM enables senders to specify conditions, such as validity period and types of shops, when making transfers in digital SGD.

**Financial Conduct Authority (FCA), UK**

1. FCA launched its latest ScamSmart campaign aimed at giving consumers the knowledge and tools to avoid pension scams. FCA has found that a quarter (25%) of consumers who would consider withdrawing money from their pension earlier than planned to cover the cost of living have higher vulnerability for getting into a pension fraud. Thus, it cautioned the investors to not fall prey for such schemes.
2. FCA published a review of business interruption insurance claims handling. The identified good practices are:
   1. quick movement of resources to priority business areas and employment of technical external expertise
   2. Numerous channels for customers to contact firms,
   3. Firms issuing proactive communications encouraging policyholders to provide information to process their claims.

The identified areas where firms were found lacking are:

1. robust conduct management information system resulting in delay in claim process
2. Inaccessibility of records of policy wordings
3. Inadequate dealing of vulnerable consumer.
4. FCA proposed new rules to tackle green washing. The FCA is proposing to introduce:
   1. Sustainable investment product labels that will give consumers the confidence to choose the right products for them. There will be three categories – including one for products improving their sustainability over time – underpinned by objective criteria.
   2. Restrictions on how certain sustainability-related terms – such as ‘ESG’, ‘green’ or ‘sustainable’ – can be used in product names and marketing for products which do not qualify for the sustainable investment labels. It is also proposing a more general anti-greenwashing rule covering all regulated firms. This will help avoid misleading marketing of products.
   3. Consumer-facing disclosures to help consumers understand the key sustainability-related features of an investment product – this includes disclosing investments that a consumer may not expect to be held in the product.
   4. More detailed disclosures, suitable for institutional investors or retail investors that want to know more.
   5. Requirements for distributors of products, such as investment platforms, to ensure that the labels and consumer-facing disclosures are accessible and clear to consumers.

**Securities and Exchange Commission (SEC), USA**

1. SEC adopted rules to require mutual funds and exchange-traded funds to transmit concise and visually engaging shareholder report that highlights the key information. Further, the rule amendments require funds to make certain information that may be more relevant to investors and financial professionals who desire more in-depth information available online and available for delivery free of charge to investors on request. That information will no longer appear in fund’s shareholder reports but will remain available to investors on a website identified in the shareholder report and must be filed semi-annually with the Commission. It would also promote the transparency in fees and expenses calculation.
2. SEC amended its regulation to introduce an audit trail alternative method under which electronic records can be preserved in a manner that permits the recreation of an original record if it is altered, over-written, or erased. The audit-trail alternative is designed to provide broker-dealers with greater flexibility in configuring their electronic recordkeeping systems so they more closely align with current electronic recordkeeping practices while also protecting the authenticity and reliability of original records. Earlier, broker-dealers were required to preserve the electronic record exclusively in a non-rewritable and non-erasable format. The introduction of new format would facilitate the examination of the records.
3. SEC adopted rules to require securities exchanges to adopt listing standards that require issuers to develop and implement a policy providing for the recovery of erroneously awarded incentive-based compensation received by current or former executive officers. The final rules require a listed issuer to file the policy as an exhibit to its annual report and to include disclosures related to its recovery policy and recovery analysis where a recovery is triggered. The amendments also require all listed issuers to file their written recovery policies as exhibits to their annual reports; indicate by check boxes on their annual reports whether the financial statements included in the filings reflect correction of an error to previously issued financial statements and whether any of those error corrections are restatements that required a recovery analysis; and disclose any actions they have taken pursuant to such recovery policies.

**POLICY DEVELOPMENTS IN INDIAN SECURITIES MARKET**

1. **Extension of timeline for entering the details of the existing outstanding non-convertible securities in the ‘Security and Covenant Monitoring’ system hosted by Depositories**

SEBI, in August 2021, had issued a circular to develop a platform, ‘Security and Covenant Monitoring’ using Distributed Ledger Technology (DLT) for recording and monitoring of security created and monitoring of covenants of non-convertible securities. Upon receiving representations from depositories, the timeline for entering legacy data, i.e., details of the existing outstanding non-convertible securities was extended to October 31, 2022.

*Source: SEBI/HO/DDHS/RACPOD1/CIR/P/2022/136 dated October 03, 2022*

1. **Execution of ‘Demat Debit and Pledge Instruction’ (DDPI) for transfer of securities towards deliveries/ settlement obligations and pledging/ re-pledging of securities - Clarification**

SEBI had issued guidelines regarding execution of ‘Demat Debit and Pledge Instruction” (DDPI) for transfer of securities towards deliveries/ settlement obligations and pledging/ re-pledging of securities. DDPI shall serve the same purpose of Power of Attorney (PoA) but will significantly mitigate the misuse of PoA. In view of the feedback received, the scope of DDPI has been widened to include Mutual fund transactions being executed on Stock Exchange order entry platforms and Tendering shares in open offers through Stock Exchange platforms.

*Source: SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2022/137 dated October 06, 2022*

1. **Review of provisions pertaining to Electronic Book Provider platform – Revision in Chapter VI of the Operational Circular**

In August 2021, SEBI prescribed provisions pertaining to Electronic Book Provider (EBP) Platform for issuance and listing of Non-Convertible Securities, Securitised Debt Instrument, Security Receipts, Municipal Debt Securities and Commercial Paper, stipulating the issuances which necessarily be made through EBP, the eligible participants, obligations/ responsibilities of various entities, provision to issuer to withdraw offer, process of bidding and allotment, etc. Upon receiving representations from various market participants to review provisions pertaining to EBP Platform to address the issue of ‘fastest finger first’ (i.e. allotment based on time priority in bidding for issuances with fixed parameters), certain bidders not getting allocations despite having worked on the issuance pre-listing, high ratio of green shoe to base issue size, limits on arrangers placing bids on behalf of clients, etc, the book building process has been modified so as to ensure allocations based on the ‘best bid’ rather than the bidder with the best technology for placing the fastest bid. The other stipulations of the existing EBP framework like threshold limits for applicability, bidding limits for arrangers, penalty in case of default, etc. have also been modified. Accordingly, the extant Chapter VI (Electronic Book Provider platform) of the Operational Circular has been replaced with a revised Chapter VI.

*Source: SEBI/HO/DDHS/ DDHS\_Div1/P/CIR/2022/00139 dated October 10, 2022*

1. **Suspension, Cancellation or Surrender of Certificate of Registration of a Credit Rating Agency**

Taking into account the event of cancellation, suspension, or surrender of certificate of registration of Credit Rating agency (CRA), SEBI has prescribed norms to be followed to facilitate orderly migration of credit ratings of listed or proposed to be listed debt instruments or other regulated instrument from the CRA whose certificate of registration has been suspended/cancelled/surrendered to other SEBI registered CRA. The norms have to be read along with any suspension or cancellation orders passed by SEBI.

*Source: SEBI/HO/DDHS/DDHS-RACPOD2/P/CIR/2022/ 140 dated October 13, 2022*

1. **Governing Council for Social Stock Exchange (“SSE”)**

SEBI amended the applicable regulations to provide framework for Social Stock Exchange (SSE). Every Social Stock Exchange shall constitute a Social Stock Exchange Governing Council (SGC) which shall oversee functioning, with composition and terms of reference as specified by SEBI. Accordingly, SEBI prescribed the composition of the SGC and its terms of reference. The said SGC shall have a minimum of seven members having representation from each categories as specified by SEBI. The terms of reference have been drawn up keeping in mind that the SGC is expected to provide oversight and guidance to facilitate the smooth functioning of the operations of the Social Stock Exchange, with regard to registration, fund raising and disclosures by Social Enterprises.

*Source: SEBI/HO/MRD/MRD-RAC-2/P/CIR/2022/141 dated October 13, 2022*

1. **Request for Quote (RFQ) platform for trade execution and settlement of trades in listed Non-Convertible Securities, Securitised Debt Instruments, Municipal Debt Securities and Commercial Paper**

In 2013, SEBI permitted Stock Exchanges to offer electronic, screen based trading for debt instruments. In 2020 both NSE and BSE Launched Request for Quote (RFQ) platforms to bring in transparency in ‘Over the Counter’ deals which were negotiated bilaterally. To enhance liquidity, SEBI mandated Mutual funds and Portfolio Management Services, while IRDAI prescribed Insurers to undertake a specified percentage of their total secondary market trades in Corporate Bonds through RFQ platform of Stock Exchanges. Upon receiving representations from market participates to permit stock brokers, SEBI has decided to allow stock brokers registered under the debt segment of the Stock Exchanges to place/ seek Bids on the RFQ platform on behalf of their clients.

*Source: SEBI/HO/DDHS/DDHS\_Div1/P/CIR/2022/142 dated October 19, 2022*

1. **Modification of operational guidelines for FPIs registered with Multiple Investment Managers**

SEBI, in 2021, introduced block mechanism in the demat account of clients undertaking sale transactions, for ease of operations in Early Pay-in mechanism. The mechanism was introduced on an optional basis. Later on, the facility of block mechanism was made mandatory for all Early Pay-in transactions. In view of feedback from Depositories and Custodians, SEBI clarified that the block mechanism shall not be applicable to clients having arrangements with custodians registered with SEBI for clearing and settlement of trades.

*Source: SEBI/HO/MIRSD/DoP/P/CIR/2022/143 dated October 27, 2022*

1. **Reduction in denomination for debt securities and non-convertible redeemable preference shares**

SEBI, in an operational circular issued in 2021, had prescribed provisions pertaining to denomination of issuance and trading of Non-Convertible Securities. It had mandated that face value of each debt security or non-convertible redeemable preference share issued on private placement basis shall be Rs. Ten Lakh and the trading lot shall be equal to the face value. The high ticket size acted as a deterrent for market participants and restricting their ability to access the market for corporate bonds. Keeping this in mind, SEBI reduced the Face Value to Rs. One Lakh.

*Source: SEBI/HO/DDHS/P/CIR/2022/00144 dated October 28, 2022*

1. **Addendum to SEBI Circular on Development of Passive Funds**

Considering the emergence of passive funds, i.e., Exchange Traded Funds (ETFs) and Index Funds as investment avenues for retail investors due to their inherent advantages, a need was felt to review the regulatory framework for passive funds in India. In this regard, a Working Group(WG) was constituted with representation from various stakeholders. The recommendations of the WG and stakeholder’s feedback were deliberated by Mutual Funds Advisory Committee (MFAC) and upon the recommendation of MFAC, SEBI came up with necessary circulars in 2022. Upon requests received by stakeholders, the clause of the circular dealing with ‘direct transaction in ETFs through AMCs’ shall be applicable form May 01, 2023.

*Source: SEBI/HO/IMD/DOF2/P/CIR/2022/145 dated October 28, 2022*

1. **Standardisation of Rating Scales used by Credit Rating Agencies (CRAs)**

Issuer Rating/ Corporate Credit Rating indicates the degree of safety of the issuer/ Entity to timely service its debts obligations. SEBI had devised certain standardised rating symbols and definitions to be used by the Credit Rating Agencies (CRAs). It further standardised symbols and definitions for ratings of instruments having explicit credit enhancement feature. Recently SEBI has standardised new symbols and definitions to be used for new ratings/ review by CRAs. It also issued standard descriptors for rating watch and rating outlook.

*Source: SEBI/HO/DDHS/DDHS-RACPOD2/P/CIR/2022/146 dated October 31, 2022*

1. **Review of provisions pertaining to specifications related to International Securities Identification Number (ISIN) for debt securities issued on private placement basis**

In continuation to the measures taken to deepen and boost the liquidity in the corporate bond market, SEBI had issued an Operational Circular in August 2021 where it has capped International Securities Identification Number (ISIN) maturing in a financial year to seventeen. Capping of ISINs reduced fragmentation in the primary market and enhanced liquidity in the secondary market. Thus, SEBI decided to further cap the number of ISINs maturing in a financial year for debt securities issued on private placement basis to a maximum of fourteen. Further six ISINs will be available for the issuance of the capital gains tax debt securities on private placement basis by the authorized issuers.

*Source: SEBI/HO/DDHS/DDHS\_Div1/P/CIR/2022/147 dated October 31, 2022*

*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.*

**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. *In case of close ended schemes, at the time of maturity, AMC repurchases the units.* [↑](#footnote-ref-1)
2. USA, France, Germany, UK, Hong Kong, South Korea, Japan, Singapore and Taiwan [↑](#footnote-ref-2)
3. USA, UK, Germany, Spain, Japan [↑](#footnote-ref-3)