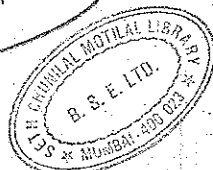


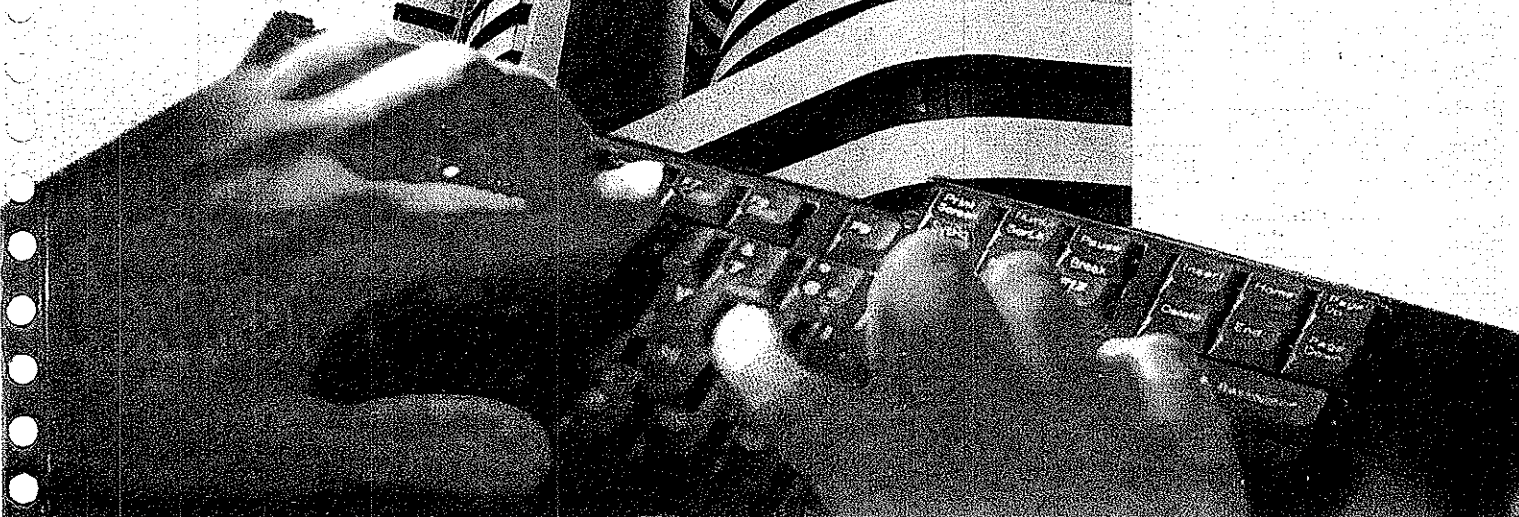


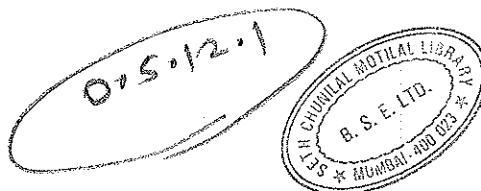
0.5.12.01



# THE STOCK EXCHANGE, MUMBAI

Answers to applicants  
questionnaire for membership





## CONTENTS

Sr. No.	Subject	Page Nos
1.	Origin and brief history of the Exchange	1
2.	Legal Status	9
3.	Objectives(s) in Statutes	10
4.	Membership	10
5.	Monitoring of Members	13
6.	Organizational Structure	15
7.	Funding of the Organization	17
8.	Regulatory Structure	18
9.	Regulatory Infrastructure	19
10.	Other existing or planned stock exchange regulation	23
11.	Listing Procedures	23
12.	Statistics	27
13.	Market Structure	28
14.	Market Information	29
15.	Trading of Securities	31
16.	Clearing and Settlement	34
17.	Investor Protection	37
18.	Foreign Investment	41
19.	Future Development	42



0.5.12.1



## THE STOCK EXCHANGE, MUMBAI

### 1. Origin and brief history of the exchange

1.1 The earliest records of security dealings in India are meagre and obscure. The East India Company was the dominant institution in the nineteenth century and business in its loan securities used to be transacted towards the close of the nineteenth century.

1.2 In 1850, the Companies Act was passed and that heralded the commencement of the joint stock companies in India. In 1874, the Dalal Street became the prominent place of meeting of the brokers to conduct their business. The brokers organised an association on 9th July 1875 known as the Native Share and Stock Brokers Association and that was the foundation of "The Stock Exchange, Bombay - now Mumbai".

1.3 The Exchange is an Association of Persons. At a meeting held in the Brokers Hall on the 5th day of February, 1887, it was resolved to execute a formal Deed of Association, constitute the First Managing Committee and appoint the first trustees. Accordingly, an Indenture was executed on the 3rd day of December, 1887, constituting the Articles of Association of the Exchange and the Stock Exchange was, thus, formally established in Bombay as a society to be called the 'Native Share and Stock Brokers' Association'. The Articles of Association adopted by the Exchange form the basis of its governance to this day. The Association is now known as "The Stock Exchange, Mumbai".

1.4 In January 1899, the Brokers' Hall was inaugurated at Dalal Street which gave the Brokers a permanent place from where they could conduct their business.

1.5 In 1928, the premises were further extended by acquiring from the Bombay Municipal Corporation the adjoining plot of land abutting on Apollo Street and flanked by Dalal Street and Hamam Street. A new building was constructed and it was thrown open for public use on 1st December, 1930. The entire Stock Exchange premises were rebuilt between 1971 and 1980 to provide for the anticipated growth of the institution. This landmark building is called "Jeejeebhoy Towers".



1.6 The Stock Exchange, at Mumbai, has continued to expand in size and grow in its stature and influence. It is not only the oldest Stock Exchange in India but also in Asia; it is also one of the oldest trade associations in the country. Among the twenty-two stock exchanges recognised by the Government of India under the Securities Contracts (Regulation) Act, 1956 (SCRA), it was the first one to be recognised and it is the only one that had the privilege of getting permanent recognition *ab-initio*. The primacy of the Stock Exchange, Mumbai places it at the heart of the capital market. The Exchange thus helps materially to make Bombay "the centre of the money and capital markets" and contributes in no small measure to the importance of the city as "the financial capital of India". The Exchange is a totally independent institution and does not owe its existence either to government or any Industrial Group.

1.7 As a result of rapidly growing economy and economic liberalisation in the nineties, the organisational structure has changed substantially. The governance of the Stock Exchange has undergone substantial change. In constituting the Governing Board, the cardinal principle followed is to maintain the independence of the Governing Board for being able to attain high standard of professional governance. The composition of the governing board is such that non-members have the majority on the board.

1.8 The Governing Board has three basic roles :

1. It is the body which makes rules, bye-laws and regulations for efficient conduct of the business of the Exchange,
2. It is the apex body for laying down the policies, and
3. It is the final appellate and disciplinary authority vis-à-vis its members.

Executive Director of the Exchange, who is appointed by the Governing Board and whose appointment is required to be approved by the regulator, The Securities and Exchange Board of India (SEBI), is the administrative head of the Exchange. He is responsible for the day-to-day functioning of the Exchange. The Governing Board appoints three statutory committees and, in 1998-99, it has appointed 15 consultative committees. The statutory committees' decisions are binding but other appointed committees are consultative in nature to help in running the Exchange smoothly.

1.9 A list of the members of the Governing Board for the year 1998-99 is given below. The meetings of the Governing Board are generally held twice in a month. The Rules of the Exchange contain detailed provisions pertaining to the operational modalities of the functioning of the Governing Board i.e. its election, composition, meetings, quorum, filling up of the vacancies in the Governing Board, etc.



MEMBERS OF THE GOVERNING BOARD 1998-99

<b>ELECTED - DIRECTORS</b>	
Mr. Jasvantlal C. Parekh (President)	Mrs. Deena Mehta
Mr. Rajendra D. Banthia (Vice-President)	Mr. Padmakant D. Shah
Mr. Jayesh K. Sheth (Hon. Treasurer)	Mr. Ramesh S. Damani
Mr. M. G. Damani	Mr. Kirit Shah
Mr. Anand Rathi	
<b>SEBI NOMINEES</b>	<b>RBI NOMINEE</b>
Mr. L.K. Singhvi, Senior Executive Director, Securities Exchange Board of India	Mr. A. Chandramouliswaran, Chief General Manager, Reserve Bank of India
Mr. R. Vasudevan, Registrar of Companies, Deptt. of Co. Affairs Government of India	
Mr. S. Jambunathan (Retd. IAS) Former Home Secretary, Govt. of Maharashtra	
<b>PUBLIC REPRESENTATIVES</b>	
Justice N. D. Vyas (Retd.), Former Justice, Mumbai High Court	Mr. S. G. Vaidya, Management Consultant, Vaidya & Associates
Mrs. Anna Malhotra ( Retd. IAS) Former Chairman, Nehva Sheva Port Trust, Mumbai	Mr. P G. Kakodkar Former Chairman, State Bank of India
Mr. M.M. Chitale, Chartered Accountant Former President, Institute of Chartered Accountants of India	
<b>EXECUTIVE DIRECTOR</b>	
Mr. R.C. Mathur (Ex-officio Member) Dy. Managing Director, State Bank of India (On deputation)	

1.10 The Statutory Committees and their members are:

**Disciplinary Action Committee**

1.11 The Exchange being a Self Regulatory Organisation is entrusted with the task of creating an environment which induces the members to strictly adhere to the code of conduct and unwritten traditions of this premier institution. This Committee prescribes norms of punishment for routine violations of trading limits and margins by the members, which the administration applies. In addition to the aforesaid, serious matters which attract suspension etc. are also decided by the Committee itself. In 1998-99 it has eight members. All members of this committee are the governing board directors and proportion of non-member directors to member directors is 5:3 in this committee.



### **Arbitration Committee**

1.12 To amicably settle the disputes between the members of the Exchange the Arbitration Committee is set up. In 1998-99 it has nineteen members. Members of this committee are practicing brokers. None of the governing board directors is a member of this committee. Arbitration Committee hears cases at two levels - lower bench hears the cases at reference level and the appeal lies with the full bench. The second and final tier of appeal lies with the Governing Board.

### **Defaulters Committee**

1.13 This Committee looks into all matters related to claims of clients, Clearing House and the members of the Exchange against the defaulter members. However, the function of this Committee is not merely to ascertain various claims against the defaulter members but also to evolve a strategy to settle these claims quickly after evaluating the genuineness of such claims. Realisation of the assets of the defaulter member is the top most priority. In 1998-99 it has eight members. The proportion of non-member to member is 5:3 in this committee.

The Consultative Committees and their members are:

### **Mr. Shapurji Broacha Brokers Helping Fund Committee :**

1.14 At the inception of the Exchange, philanthropist Mr. Shapurji Broacha had donated a large sum to the Exchange to help the brokers in need. A committee of four members of the Exchange looks after this fund and disburse funds to needy brokers who have ceased to be members as also to the relatives of such brokers. The corpus of this fund is approximately Rs. one million.

### **Investment Committee**

1.15 This committee has been constituted to assist the administration in evolving an investment strategy for placing the funds of the Exchange according to its charter and invest funds to maximise the rate of return while maintaining easy liquidity and highest safety. In 1998-99 it has seven members.



### **Building & Security Committee**

1.16 The main function of this committee is to look after the Exchange's estate. The committee also looks after the security of the Exchange which is situated in the heart of the city. In 1998-99 it has ten members. It is constituted to :

- expedite the allotment of office premises to members and to acquire additional property to take care of the expanding needs of the Exchange.
- to ensure the proper housekeeping and maintenance of the property.
- look after the security and safety of the Exchange's estate.

### **Prospectus Scrutiny Committee**

1.17 The purpose of this committee is to ensure that quality paper comes to market. The draft prospectus is vetted by the committee. A company wishing to list its securities offered through public issues is required to obtain prior written permission to include the Exchange's name in its prospectus or offer for sale documents before filing the same with the concerned office of Registrar of Companies. In 1998-99 this committee has six members all of whom are members of the governing board.

### **Scrutiny Committee**

1.18 This committee scrutinises the membership details of new members before it is put up to the governing board for approval. The committee ensures that persons of the right aptitude and unblemished integrity enter the Exchange as members, partners or designated directors. The committee applies 'fit and proper' criteria for new applicants. This committee approves changes in percentage holding of capital and capital structure of member firms. In 1998-99 it has eight members. All are members of the governing board.

### **Computer & Technology Development Committee**

1.19 Since the entire trading and settlement processes are computerised, this committee is charged with the responsibility of controlling and evaluating the working of information services department, making recommendations for upgrading, on an on-going basis, the computer system, both hardware and software and keeping the nerve centre of the Exchange i.e. the computer department in step with the new developments in technology obviating technological obsolescence at the Exchange.



1.20 The Exchange has been permitted to expand the BSE On-Line Trading (BOLT) facility beyond the geographical limits of Mumbai. Since September 1997, the implementation of BOLT expansion has seen manifold growth in terms of volume of business. In order to make trading on the BOLT more cost effective and speedy after expansion it is necessary to switch from the Data-Over-Voice (DOV) technology to VSAT technology. In view of this, and to harness the full potential of telecommunication and information technology, the Exchange software has to be continuously improved/upgraded and post-trading functions are also to be taken care of. On-line facilities have to be extended to inspection and surveillance departments. The committee is charged with planning for proper backup facilities for the BOLT system. For this purpose adequate hardware facilities and software programs are updated. This Committee has formed compact and effective task forces for hardware procurement, the Stock Exchange management information system, Depository system and other new Information Technology developments. In 1998-99 it has seventeen members.

#### **Organisation Development Committee**

1.21 This Committee looks into the Organisational structure and development of the Exchange. It has laid down recruitment policy from time to time, for optimal use of human resources, to be followed by the Exchange administration. In 1998-99 it has twelve members including three functional directors of the Exchange heading important departments viz. Finance, Information Technology and Human Resources Development.

#### **Corporate Development Committee**

1.22 The committee is an apex planning body which examines various challenges before the Exchange. It devises strategies to meet these challenges. At present urgent projects like preparing frame work for futures and options are being handled by this Committee. It prepares the blueprint of the new projects and hands over the same to the concerned department once the planning is over. In 1998-99 it has fourteen members; out of these six are board members and rest are members of the Exchange who are qualified professionals in diversified fields such as accountancy, software engineering and management. The Committee has Prof. Ramesh Gupta, Professor of Finance, Indian Institute of Management, Ahmedabad as permanent invitee. He is a well known expert in capital market in India. A few more experts, among members, are adopted by the Committee depending on the task in hand. For example, Mr. Anil Narang, Executive Director, Morgan Stanley Trust Co. Ltd., is advising in establishing Futures and Options segment at the Exchange.





### **Market Operations Committee**

1.23 This Committee is charged with policy matters pertaining to market operations related to trading and post-trading activities i.e. settlement etc. The post-settlement matters such as auctions, close-outs, bad deliveries etc. also fall under its purview. In 1998-99 it has nineteen members. Out of these, nine are governing board members including a SEBI representative and a public nominee in order to oversee investors' interest.

### **Reception Committee**

1.24 This committee has been constituted to assist the administration in handling the visits of VIPs, and also accompany and enlighten them about the functioning of the Exchange. The committee also looks into conducting and organizing the Stock Exchange's important events such as holding meetings, organising lectures, annual P.J. Memorial Lecture etc. In 1998-99 it has ten members.

### **Training Committee**

1.25 The committee concentrates on providing training to brokers, their staff, and investors in general. It prepares the training schedule for the year and organizes seminars, workshops and talks on various topics relating to issues that concern the Capital Market. This committee conducts Investor Awareness Programmes in all those cities where BOLT terminals have been set up since September 1997. In 1997-98, 33 programmes for Investor Awareness were organised. In 1998-99 it has fourteen members.

### **Investor Service Committee**

1.26 This is one of the high power committees which has a retired judge to guide its functioning. The committee meets every month and reviews the efforts made by the Exchange in resolving complaints of investors. These complaints may relate to non-performance by the companies, brokers or investors. The committee closely monitors the list of pending complaints and arbitrations and provides guidance to the Administration on resolving problem relating to unusual cases. In 1998-99 it has fourteen members including ten governing board members.



### **Brokers Consultative Committee**

1.27 The main task of this committee is to assist the administration in resolving disputes between member brokers in the shortest possible time. This committee is divided into sub-groups to ensure that at least one of the sub-groups is available every alternate day to oversee the functioning of the arbitration machinery and put in their best efforts to expedite the resolving of the arbitration cases. The main goal of the committee is to intervene in disputes between the members inter-se and to see that such disputes get resolved amicably among themselves as far as possible to obviate the need for referring such cases for semi-judicial arbitration processes.

### **Finance & Risk Management Committee**

1.28 The committee oversees financial aspects of the Exchange excluding investments. It supervises financial audit of the Exchange. This committee also looks into insurance related issues, negotiates with the insurance companies when the new policy becomes due, decides what additional risks are to be covered through insurance and reviews pending claims. It constantly endeavors to take steps to minimise risks arising out of insurable perils so that insurance premium can be kept to the minimum. The efforts of this committee have led to the most comprehensive cover at the lowest cost for the Exchange, the clearing house and the members. The committee is also responsible for review and renewal of existing insurance policy of the Exchange relating to estate, computers, etc. In 1998-99 it has thirteen members.

### **The Index Committee**

1.29 The expert committee advises the Exchange in all matters related to the Stock Exchange indices. The following jobs have been assigned to the Index Committee.

- To advise the Exchange on matters related to existing indices and suggest new indices, if necessary.
- To review composition of indexes on regular basis.
- To suggest changes/replacement in composition of the indexes.
- To advise on study/research to be carried out in relation to the above.

1.30 The Committee advises the Exchange on the BSE 30 Sensitive, BSE 100, BSE 200 and the Dollex indices. In a survey, conducted by ORG-MARG, on the Stock Market indices in India, it reestablished the fact that the BSE 30 Sensitive Index is the most popular index across all sections of the society. In an academic study conducted by the



UTI Capital Market Institute the BSE 100 index found to be the best index for stock index futures contract in India.

1.31 The Committee has the President, Executive Director, Vice-President and Treasurer as ex-officio members. In 1998-99, it has 17 experts which includes representatives from members of the Exchange, FIIs, FIs, academicians, financial analysts and representatives of user-groups.

1.32 Apart from the statutory and consultative committees the governing board has appointed three Task Forces to expedite market development process. At present the task forces are on Amendments of Rules, Bye-laws and Regulations, Debt Market and Taxation and Legal Matters.

## **2. Legal status**

2.1 The Exchange is an Association of Persons. Between 1868 and 1875 the brokers organised an informal association, and finally, constituted the Association of People forming the Stock Exchange. At a meeting held in the Brokers Hall on the 5th February, 1887, it was resolved to execute a formal Deed of Association, constitute the First Managing Committee and appoint the first trustees. Accordingly, an Indenture was executed on the 3rd day of December, 1887, constituting the Articles of Association of the Exchange and the Stock Exchange was thus formally established in Bombay as a society to be called the 'Native Share and Stock Brokers' Association'. The Articles of Association adopted by the Exchange form the basis of its governance to this day. The Association is now known as "The Stock Exchange, Mumbai".

2.2 The Securities Contracts (Regulation) Act, 1956, came into force throughout India on 20th February, 1957. This Act permits only those stock exchanges which have been recognised by the Central Government to function in any notified State or area. BSE was the first and only Exchange that got permanent recognition from day one of this statute coming into force. The recognised stock exchanges are thus placed in a privileged position, but at the same time the Act vests in Government wide powers of supervision and control. Under the Constitution of India futures markets and stock exchanges are exclusively Central Government subject .

2.3 The existing Rules, Bye-laws & Regulation of the Exchange were approved by the Ministry of Finance, Department of Economic Affairs vide its letter dated the 1st May, 1959. Since 1992, all amendments to Rules and Bye-laws are approved by SEBI as the Ministry of Finance has delegated these powers to SEBI.



### 3. Objective(s) in Statutes

3.1 Before 1992, the Ministry of Finance, Stock Exchange Division used to recognise a stock exchange. Now, an exchange is recognised only after the Securities and Exchange Board of India (SEBI) is satisfied that its Rules and Bye-laws conform to the conditions prescribed for ensuring fair dealings and protection of investors. The SEBI should also be satisfied that it would be in the interest of the trade and public interest to grant such recognition.

Apart from this, the Exchange has set for itself the following objectives :

- To safeguard the interest of the investing public having dealings on the exchange and the members.
- To establish and promote honourable and just practices in securities transactions.
- To promote, develop and maintain a well regulated market for dealing in securities.
- To promote industrial development in the country through efficient resource mobilization by way of investment in corporate securities.

The Exchange while pursuing these objectives has become an integral part of the capital market in India and has been serving the society for more than 128 years. **The British M.P., Mr. J.M. Maclean**, previously editor of the Bombay Gazette, while he inaugurated the Brokers' Hall on **18th January 1899**, dwelt on the role played by a securities broker -

*"A Bombay native broker is a very useful member of the society.... With rare exceptions, he is honest to the backbone and pays up for his own misfortunes or the defaults of his customers to the last pie.... Without doubt this is the largest Rupee Paper Market in India, whether as regards the volume of business or the extent of the fluctuations. The Bombay Port Trust and the Bombay Municipality are under a debt of gratitude to them for raising their credit to enable them to borrow at the lowest rates obtaining in India, next to government paper.*

*India being the original home of options, a native broker would give a few points to the brokers of other nations in the manipulations of puts and calls ..... A native has borne a considerable share in the building of the present Bombay..... A portion of the prosperity of Bombay is owing to the mill industry and in its every stride forward the brokers have a considerable share."*

### 4. Membership

4.1 Membership of the Exchange is a personal right to trade and is not restricted to holding of shares in the ownership. Membership of the Exchange could be acquired in the following three ways.



- By transfer of membership right by the existing members or by the heirs of the deceased members as per the provisions of the Rules of the Exchange.
- By acquiring membership right by bidding in the auction whenever offers are invited in respect of a membership card vested in the Exchange as per its Rules, Bye-Laws and Regulations.
- By acquiring membership right when Exchange issues new memberships by increasing the total number of members.

4.2 The BSE's rules and regulations have evolved from 'The Native Share & Stock Brokers Association's Articles of Association. In 1887, when the Association was formed, its Articles were more or less based on the London Stock Exchange Articles of Association. In economic terms, the association is organised around the principle of mutualisation and therefore, any **individual** member seeking membership of the association has to agree to unlimited liability before trading rights on the Exchange could be granted to him. However, to keep pace with the changing requirement of the economy and the government's commitment to globalise the economy, the Exchange has allowed corporate entities and foreign brokerage houses to become members of the Exchange. The Rules which define membership criteria, privileges and responsibilities have been updated and modified to meet changes and challenges of today and tomorrow. In the year 1997, 220 individual members have converted their individual cards into corporate cards.

4.3 As of March 31, 1998, the BSE had 636 members of which approximately 500 members are active. Out of these 333 were individual members, 290 corporate members with limited liabilities and 13 Indian companies with foreign collaboration.

### **Qualifications**

4.4 Qualifications for a member are defined in Rule 10 of the Exchange's Rules, Bye-Laws and Regulations. Qualifications are prescribed in terms of education, past experience, work experience and financial soundness.

4.5 An eligible person must have at least two years of experience as a partner or as an authorised clerk or remisier to a member. A person, who in the opinion of the Governing Board, is a close relative may succeed to an established business of an existing individual member. The person must have a minimum net worth and must possess a minimum working capital of cash and/or marketable securities excluding market value of his membership card on continuous basis. He must pass a written test conducted by the Exchange. In case of a company the above qualifications in respect of past experience, work experience and the written test applies to designated directors of the company.



## **Capital Adequacy Requirements**

4.6 Generally, capital adequacy norms are laid down on the basis of published balance sheet. But, in India, as per the SEBI requirements capital adequacy assets are deposited with the Exchange up-front.

4.7 The minimum Capital Adequacy Norm (CAN) for individual members and corporate members is Rs. one million from July, 1995, or 3% of their turnover. This is kept in the form of :

- (a) Cash (minimum 12.5%) i.e. Rs. 1,25,000/-,
- (b) Fixed Deposits (minimum 12.5%) with Scheduled Banks having lien in favour of the Exchange and
- (c) Approved securities (maximum 75%) listed on the Exchange with a haircut of 30%.

A member is free to increase the proportion of (a) or (b) at the cost of (c) above.

4.8 The Exchange reviews the value of the securities deposited by the members every month and the members having shortfall in their CAN are required to replenish the security value. The shortfall mainly occurs due to decline in the value of securities in a depressed market. However, the members generally make good this shortfall within a reasonable time (less than a week). Stern action is taken against those who do not comply and delays attract fines.

4.9 The CAN is 3%. Members aspiring to increase their volumes can do so only after providing for Additional Capital Adequacy. This could be in the form of cash or FDR or Bank Guarantee at the option of the member.

## **Composition of the Council**

4.10 The present composition of the Governing Board of the Exchange, effective mid-1993, consists of nineteen members comprising of :

- nine members of the Exchange elected from amongst the general body of member brokers for a three year term on the basis of universal franchise. One-third of the elected members retire every year on completion of their term. Members can be elected for a maximum of two consecutive terms after which a cooling off period of two years is prescribed before the member becomes eligible for re-election,
- not exceeding three members are appointed by the Securities and Exchange Board of India as its nominee; This is under the provision of SCRA.
- one representative of Reserve Bank of India (the central bank of the country). This is unique for our Exchange as no other Exchange in the country has an RBI nominee on its Board.



- not exceeding five members are appointed from public not directly connected with securities business. They are generally people of eminence in the administrative, judicial, academic, accountancy, managerial fields and are appointed or removed by the Board with the approval of SEBI; and
- an Executive Director who is also the Chief Executive Officer of the Exchange. He is appointed by the Board with the approval of SEBI and cannot be removed by the Board without the consent of SEBI.

## **5. Monitoring of Members**

### **Supervision of members**

5.1 The governing body of a recognised stock exchange in India has wide governing and administrative powers. It has the power, subject to SEBI approval, to make and amend the Rules, Bye-laws and Regulations of the exchange and suspend the operations of the exchange. It also has complete jurisdiction over all members and in practice its powers of management and control are almost absolute.

### **Frequency of monitoring**

5.2 The backbone of present monitoring system at the Exchange is management information system (MIS) based on trading data and capital adequacy norms prescribed by the SEBI and diligently enforced by the Exchange.

5.3 A member is allowed to trade within his capital adequacy norm. The capital adequacy norm is applicable for squaring-up, carry-forward and delivery trade carried out by the member. The member is warned well in advance before he reaches his intra-day limit based on the base capital and additional capital deposited by him with the Exchange as stated in 4.5 above. He must furnish more security if he wants to take bigger position in the market. Any breach of his limit is viewed very seriously and punitive fine is imposed for every breach of the limit. Persistent offenders face temporary suspension of their trading rights.

5.4 MIS reports on the safety of the market are generated on daily basis with respect to scrips and exposure of members in the market. For example, information is generated every day in respect of top 100 brokers in terms of net sales and net purchases exposure, which is subjected to intense scrutiny as to the nature of trades, their gross positions of sales and purchases, whether the deals are institutional transactions, marginable business. Their notional loss or profit on the concept of Mark-to-Market is calculated everyday. Similarly, many other reports are generated to effectively manage the margin system, price



and volume movements, the position of specific brokers in a specific scrip. These reports facilitate effective surveillance and monitoring. Based on scrutiny of such reports, necessary steps are taken on daily basis to ensure market safety.

5.5 Various types of margins are collected within 24 hours. No member can evade margin payment. The members' bank accounts will be directly debited before the next day's trading starts and no member would be allowed to trade if clear funds are not available in his account. Thus, virtually achieving margin collection by T+1. A close watch is kept on financially weak members. A weak member is allowed to square-off his position under the Exchange's supervision and requested to refrain from trading for a certain period to consolidate his financial position. His trading terminal is deactivated for the period he wants his trading rights to be dormant. Trading rights are restored to the member only on the Executive Director's express approval. The following table gives statistics related to surveillance actions taken against the members in 1996 and 1997.

Particulars	1996	1997
Bolt TWSs deactivated (Temp.)	29	25
Trade restrictions imposed	16	12
Disciplinary action by DAC	17	14
Ad-hoc margins called	129	68
Cash penalties for delayed payment of margins	888	64

5.6 In the event of frequent failure or non-compliance or a serious breach of conduct by a member, the matter is referred to Disciplinary Action Committee of the Exchange. The DACs actions, sanctions etc. are described in Section 9. Lower figures in 1997 as compared to 1996, show better compliance on the part of members.

#### **Scope of authority**

5.7 Under the Exchange's bye-laws, the governing body has the power to admit and expel a member; to warn, censure, fine and suspend members and their partners, attorneys, remisiers, authorised clerks and employees; to approve the formation and dissolution of partnerships and appointment of attorneys, remisiers and authorised clerks and employees; to enforce attendance and information, adjudicate and impose penalties; to determine the mode and conditions of stock exchange business and regulate stock exchange trading in all its aspects; and generally to supervise, direct and control all matters and activities affecting the stock exchange.





## 6. Organizational structure

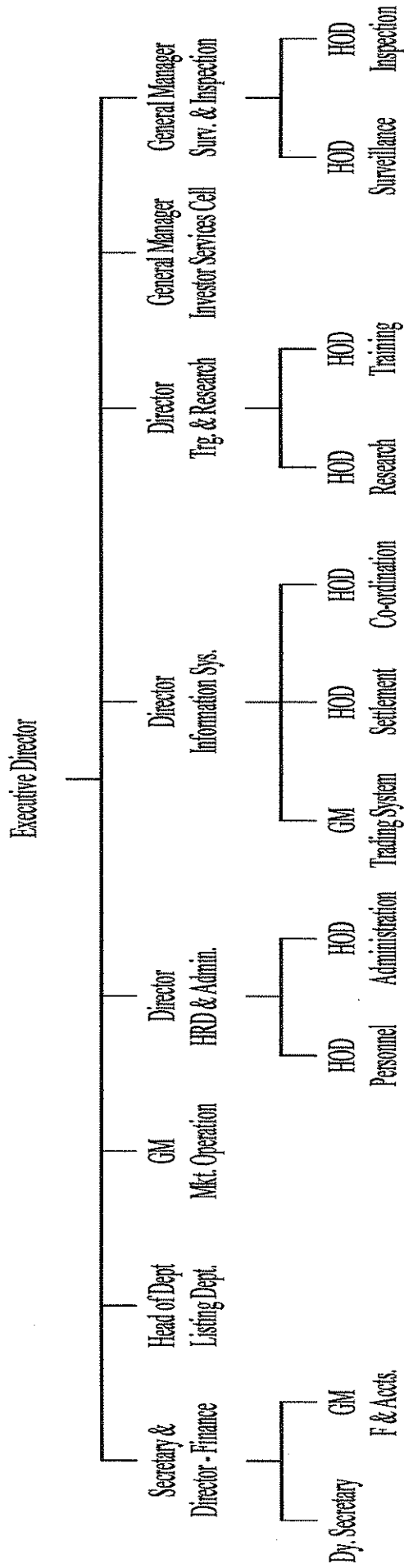
6.1 The chief executive officer of the Exchange is Executive Director. He is responsible for day-to-day functioning of the Exchange. The surveillance function is under his direct control and he is answerable to the SEBI as per the SEBI's guidelines. The present surveillance system can be broadly classified into price surveillance and position monitoring. Under price surveillance, prices of each security can vary within a certain band intra-day and within a week or within a trading cycle. Under position monitoring, a member is allowed to trade within his capital adequacy norm or such lower limits laid down for an individual member by the administration.

6.2 The next important officer of the Exchange is the Secretary of the Exchange, who is also the secretary of the Governing Board. The present secretary is also Director, Finance. There are three more directors to help the Executive Director to run the Exchange. The directors have independent charge of Human Resource Development and General Administration Department, Information System and Training & Research Department. Market Operation, Investor Services Department, Surveillance and Inspection Department are headed by General Managers and the Listing Department by Deputy General Manager and all of them directly report to the Executive Director.

6.3 Organigram of the Exchange is given overleaf. The staff strength of various divisions are as follows:

Division	Managerial Staff	Supporting Staff
Secretarial & Finance	19	28
Listing & Market Operations	21	20
HRD & Gen. Administration	24	186
Information System	42	44
Training Institute & Research	16	52
Investors Services Cell	12	35
Surveillance & Inspection	10	30
<b>Total</b>	<b>144</b>	<b>395</b>

6.4 It is the market operations department which interacts with the BOI Shareholding Ltd. - Clearing House of the Exchange - on day-to-day basis. The Information System Department hands over the settlement data to the clearing house at the end of trading cycle after processing the data as described in section 16 below.





## 7. Funding of the organization

7.1 The main sources of income for the BSE are as follows:

- Income from Investments and Deposits
- Listing Fees
- Income from Clearing House
- Income from other sources such as Membership Annual Subscription, Penalties and Fines, Rent and Maintenance Services Charges, Daily Official List Income

**TABLE - 7.1 MAIN SOURCES OF INCOME 1995-1998 (in millions of Rs.)**

	1995-96	1996-97	1997-98*
Income from Investment and Deposits	144.92	189.44	130.10
Listing Fees	113.73	133.88	124.30
Income from Clearing House	91.02	104.79	111.10
Income from other sources	73.87	63.54	72.70
<b>Total</b>	<b>423.54</b>	<b>491.65</b>	<b>438.20</b>

\* Unaudited figures

**TABLE - 7.2 Cost structure 1995-1998 (in millions of Rs.)**

	1995-96	1996-97	1997-98*
Salaries, Wages and Bonus	49.26	67.04	121.30
Computer Maintenance and Other Charges	38.29	41.92	38.20
Electricity Charges	30.13	40.84	38.00
Building Repairs & Maintenance Expenses	14.44	11.83	21.30
Insurance Premium	2.83	2.20	22.10**
Other Expenses	288.58	301.01	85.90
<b>Total</b>	<b>423.53</b>	<b>464.84</b>	<b>326.80</b>

\* Unaudited figures

\*\* The Exchange took an insurance cover of Rs. 7 billion for the Exchange and the Clearing House in 1997-98 and a comprehensive insurance policy against all insurable perils such as computer crime, error and omission, etc.



## **8. Regulatory structure**

### **Pre-SEBI Legislation**

#### **Securities Contracts (Regulation) Act, 1956**

8.1 The SCRA is the most important legislation which governs the market and the stock exchanges in India. It provides the government powers to make inquiries into the affairs of a recognised stock exchange and its members, to supersede the governing body and take over the properties of a recognised exchange, to suspend its business and lastly to withdraw the recognition granted to an exchange, should such step be deemed indispensable in the interest of the trade and in the public interest.

#### **Securities Contracts (Regulation) Rules, 1957**

8.2 Under the Act, Government has promulgated the Securities Contracts (Regulation) Rules, 1957, for carrying into effect the objects of the legislation. These rules provide, among other things, for the procedure to be followed for recognition of stock exchanges; submission of periodical returns and annual reports by recognised stock exchanges; inquiry into the affairs of recognised stock exchanges and their members; and requirements for listing of securities. The rules are statutory and they constitute a code of standardised regulations uniformly applicable to all the recognised stock exchanges.

### **Post-SEBI Legislation**

8.3 The Government constituted a separate board for the regulation and orderly functioning of stock exchanges and the securities industry. Accordingly, the Securities and Exchange Board of India (SEBI) was constituted by the Government of India on April 12, 1988, as a non-statutory body to promote orderly and healthy development of the securities market and to provide adequate investor protection.

8.4 The SEBI was given statutory recognition by an Ordinance promulgated in January, 1992. The Ordinance was replaced by the Securities and Exchange Board of India Act, 1992 (referred to as the SEBI Act, 1992) on 4th April, 1992, deemed to have come into force on 30th January, 1992. Under the provisions of the Act, it shall be the duty of SEBI to protect the interest of investors in securities and to promote the development of, and to regulate the securities market.

8.5 Also under the SEBI Act, 1992, some of the powers so far exercised by the Central Government under the SCRA, have now been vested with SEBI. They are as under :



- powers to call for periodical returns or direct inquiries to be made from any recognised stock exchange;
- grant approval to any recognised stock exchange to make bye-laws for the regulation and control of contracts;
- powers to make or amend bye-laws of recognised stock exchange;
- licensing of dealers in securities in certain areas;
- powers to compel listing of securities by public companies;
- granting approval to amendments to the rules of recognised stock exchange;
- powers to ask every recognised stock exchange to furnish to SEBI a copy of the annual report containing particulars as may be prescribed;
- powers to direct recognised stock exchanges to make rules;
- powers to supersede the governing body of a recognised stock exchange;
- powers to suspend business of any recognised stock exchange; and
- powers to prohibit contracts in certain cases.

8.6 On 27th January, 1995, the Government of India, by an ordinance called the Securities Laws (Amendment) Ordinance 1995, strengthened the regulatory powers of the SEBI over capital market intermediaries and companies. The Government withdrew the provision wherein SEBI had to seek prior approval of the Union Government for effecting changes in existing regulation, thereby reinforcing SEBI's autonomy.

## 9. Regulatory infrastructure

9.1 The Rules of a recognised stock exchange, in India, relating to the constitution of the Exchange outlines the powers of management of the governing body and its constitution (including the appointment thereon of not more than three Government nominees), the admission of members, the qualifications for membership, the expulsion, suspension and re-admission of members, the registration of partnership and the appointment of authorised representatives and clerks must be duly approved by the Governing Board of the Exchange. These Rules can be amended, varied or rescinded only with the previous approval of SEBI. Likewise, the Bye-laws of the recognised exchange providing in detail for the regulation and control of contracts in securities and for every aspect of the trading activities of members, must also be sanctioned by SEBI and any amendments or modifications must be similarly approved. SEBI's authority extends much further. It is empowered, by the Act, to make or amend, *suo moto*, any Rules or Bye-laws of a recognised stock exchange, if it so considers desirable in the interest of the trade and in public interest.

9.2 **Amendment to Rules of the Exchange:** An amendment in the Rules has to be approved by the Governing Board of the Exchange first. The duly approved resolution



passed by the Governing Board amending the Rule has to be sent to SEBI for its approval under sub-section (5) of Section 4 of SCRA. Last revision in the Rules was done on December 12, 1997.

**9.3 Amendment to Bye-laws of the Exchange:** Any amendment in the Bye-laws has to be approved by the Governing Board of the Exchange first. The duly approved resolution passed by the Governing Board amending the Bye-law is sent to SEBI for its approval and publication in the Gazette of India and the Maharashtra Government Gazette under Section 10(4) of SCRA. After receiving the comments upon the proposed amendment from the public at large, SEBI approves the amendment under Section 10(1) of the SCRA. The said amendment comes into effect after the publication of the same in the Gazette of India under Section 10(2) of the SCRA unless such pre-publication is dispensed with by SEBI. Last revision in Bye-laws was done on March 30, 1998.

**9.4 Amendments to Regulations of the Exchange:** An amendment in the Regulation has to be approved by the Governing Board of the Exchange and is communicated to SEBI within 24 hours under Bye-laws 362 of the Rules, Bye-laws and Regulations of the Exchange. Last revision in regulations was done on April 13, 1998.

**9.5 Self Regulating Role of the Exchange:** The Exchange functions as a Self Regulatory Organisation within the parameters laid down by the SCRA, SEBI Act, SEBI guidelines and Rules, Bye-laws and Regulations of the Exchange. These functions are discharged by the Governing Board. The Executive Director has all the powers of the Governing Board except suspending a member indefinitely or declaring him a defaulter or expelling him. Certain functional areas, like surveillance, inspection, investigation, enforcement of CAN, are the direct and exclusive domain of the Executive Director. The Executive Director takes decision in these areas as far as possible in an objective manner and as per parameters laid down by the Governing Board or the statutory committees like DAC. For example, the trading computer does not allow trading in a scrip to take place out of the specific daily and weekly price band. The information is well disseminated using press release to general public and on the computer network for the trading community. In the event of sustained price rise or fall of a security, without any price sensitive news, the Exchange has powers to reduce price band-width of the security within which prices are allowed to fluctuate. Under position monitoring, a member is allowed to trade within his capital adequacy norm. Apart from keeping the market informationally efficient, the Exchange is stickler for financial propriety observed by its members. A member is punished if his financial matters with the Exchange or its clients are not in order.

**9.6 Enforcement actions, disciplinary matters and sanctions since April 1996 and corrective measures taken are given in Annexure - 1.**



**9.7 Complaints of members interse:** The Investor Services Cell (ISC) handles the complaints of member-brokers against other member-brokers and other investors matters as follows :-

- Objections pertaining to various group settlements
- Bad-delivery of securities
- Auctions, Re-auctions, Spot-Transactions, Call/Dividend adjustments, etc.
- Non-implementation of arbitration awards.

9.8 Member-brokers are required to lodge the complaints against other member-brokers in the prescribed "complaint format" in duplicate along with the supporting documents. The complaint is then forwarded to the concerned respondent member-broker asking him to either resolve the complaints under advice to the Exchange or offer his comments/explanations regarding the complaint within three days of the receipt of the same. A reminder is also sent after seven days, if no reply is received from the member-broker. In case no reply is received from the respondent member-broker even to the reminder, a fine as prescribed by the Governing Board is imposed on him. It may be noted that this action ensures quick resolution of complaints, disputes, claims etc. of member-brokers against other member-brokers. Complicated complaints are referred to the 'Brokers Consultative Committee' or BCC, whose members intervene to resolve the same.

9.9 Generally complaints from member-brokers interse are investigated by the ISC. If required, personal meetings of the parties are also arranged in cases, where issues to be resolved are of a complicated nature. As a last resort where there are claims and counter-claims and the matter cannot be easily resolved by the intervention of ISC or BCC, the parties are advised to file an arbitration reference.

**9.10 Resolution of complaints through Arbitration:** With a view to ensuring speedy and effective resolution of claims, differences and disputes between members interse, the Exchange has laid down a set of procedures for arbitration thereof. These procedures are duly embodied in the Rules, Bye-laws and Regulations of the Exchange, which have been duly approved by the SEBI. Under the Rules, Bye-laws and Regulations of the Exchange, an in-house arbitration machinery has been provided to resolve disputes between members interse.

**9.11 Arbitration Committee:** The provisions relating to arbitration committee, which deal with arbitration between members interse are laid down in the bye-laws 282 to 314 of the Rules, Bye-laws and Regulations of the Exchange. A three tier arbitration machinery has been provided to decide on disputes between member-brokers. All claims, complaints, differences and disputes between members arising out of or in relation to or any of the bargains, dealings, transactions or contracts are subject to arbitration and referred to the Arbitration Committee. The Arbitration Committee is appointed by the Governing Board



every year. For the year 1998-99 the Governing Board has appointed 19 members of the Exchange as members of the Arbitration Committee.

**9.12 Lower Bench Arbitration :** A Committee of two arbitrators from the Arbitration Committee is constituted by the Secretary of the Arbitration Committee to look into such disputes. The member filing an arbitration reference is required to pay a small fee. Both the applicant and the respondent or their authorised representatives are required to be present in the arbitration meetings. After hearing the parties, the arbitrators give their award. Bye-laws lay down that arbitration references should be closed within 4 months.

**9.13 Full Bench Arbitration :** An aggrieved member who is not satisfied with the award of the Lower Bench of Arbitration Committee may file an appeal before the Full Bench of the Arbitration Committee within seven days from the date of receipt of the award by him provided the sum involved is not less than Rs.10,000/-. The member, who desires to file an appeal before the full bench of the arbitration committee, is also required to deposit the amount of the award or shares as stated in the award with the Exchange along with a small fee. The deposit amount/shares are retained with the Exchange until the case is decided by the Full Bench. In the Full Bench Arbitration meetings, all the members of the arbitration committee sit and decide the case of appeal from the Lower Bench. For cases involving an amount of less than Rs. 10,000/- there is no appeal mechanism. This is basically with the objective to prevent proliferation of references of small amount and generally of no major consequences which can otherwise clog the system.

**9.14 Appeal before the Governing Board :** A member who is not satisfied with the award of the Full Bench Arbitration Committee may prefer an appeal before the Governing Board provided the amount of the award of the Full Bench Arbitration Committee is not less than Rs.25,000. An appeal should be filed within seven days from the date of the award of the Full Bench Arbitration by paying fees of Rs.500 and also by depositing the award amount/shares as stated in the award with the Stock Exchange. The Governing Board is the final appellate authority in the case of arbitration between members.

**9.15 Settlement Arbitration :** In addition to the three tier arbitration machinery as stated above, Settlement Arbitration is held after every settlement (Patawat). In this arbitration all the members of the Arbitration Committee participate and give award on the spot indicating whether documents delivered are "in order" or "not in-order". The members/their representatives obtain the awards in the Settlement Arbitration sessions. The member is required to pay a small fee and is required to state the nature of objection as per "Uniform norms for Good/Bad-delivery" while obtaining the award. Since April, 1997, law officers have been appointed by the Exchange, who have taken over these functions, thus freeing arbitrators from the routine work.





## 10. Other existing or planned stock exchange regulation

10.1 In 1995, the Exchange changed over from Open-Out Cry system of trading to screen based trading system. As a result, some of the Bye-laws and regulations have become redundant and some more rules are required to deal with operational part of screen based trading system. The Exchange has set up a Task Force to look into all the Bye-laws and rules to suggest the changes required in the Bye-laws and rules. The Committee in consultation with our solicitors is likely to finish its work by the end of 1998.

## 11. Listing procedures

### **Pre-Issue Formalities for a company**

11.1 An issuer seeking listing of its proposed issue is required to furnish to the Exchange a copy of Memorandum and Articles of Association at pre-issue stage :

11.2 A copy of draft prospectus must be sent to the Exchange for its approval. The draft prospectus is vetted by the Prospectus Scrutiny Committee of the Exchange. The Company wishing to list their securities offered through public issues are required to **obtain prior written permission to include the Exchange's name in their prospectuses or offer for sale documents before filing the same with the concerned office of Registrar of Companies.**

11.3 If the Exchange gives permission as stated above, the company has to supply 500 copies of the company profile to the Exchange to distribute it to members. The Exchange compiles the stationery requirements of all the members and intimates to the company in advance.

11.4 The Company has to file a Letter of Application with all the stock exchanges where listing is sought (as stated in the offer document) before it files the signed copy of the offer document with the Registrar of Companies. The company has to send a cheque/Demand Draft of Rs.7,500/- towards the prescribed Initial Listing Fee, along with the Letter of Application to the Exchange. On receipt of the same the Exchange will process the company's Listing Application and shall communicate the listing formalities to be completed by the company within 70 days from the closure of the public issue.



11.5 The company has to supply sufficient number of copies of prospectuses and application forms at least 21 days prior to the opening of the public issue for distribution amongst the members of the Exchange.

11.6 The Company has to give a statutory advertisement in at least 2 national daily newspapers 10 days before the opening of the issue.

11.7 The company has to submit an amount calculated at 1% of the value of securities offered for subscription to the public with the Regional Stock Exchange at least one day before the opening of the issue. This deposit is refundable to the company without interest. However, it may be forfeited, if the company fails to comply with the Listing requirements such as paying underwriting commission to underwriters, brokerage to brokers, etc.

11.8 The company has to keep its public issue open for subscription for at least three working days and it can keep its issue open for maximum 10 working days. The disclosure with regards to the Issue Open Date, Earliest Closing Date and the Issue Closing Date should be made in the offer document. In case of a Development Financial Institution the public issue can be kept open for 21 working days.

#### **Post-Issue Listing Formalities**

11.9 Immediately on Closure of the Issue the company should intimate to the Stock Exchange Date of Closure of the Issue and declaration about receipt of 90% minimum subscription or confirming that the issue has been over subscribed. The company should publish an advertisement in two national daily newspapers about the date on which the public issue will be closed. A copy of the newspaper cuttings should be sent to all the exchanges where it has applied for listing of its securities.

11.10 Drafts of the Specimen of Share Certificates/Letter of Allotment/Allotment Money Notice should be sent to the Regional Stock Exchange for its approval.

11.11 The Company has to take immediate steps of getting Basis of Allotment approved by the Regional Stock Exchange within a period of 30 days from the closure of the issue. The Company shall have to pay interest @ 15% p.a. on excess application money, from the 31st day onwards till the date of dispatch, if the allotment has not been made and/or refund orders have not been dispatched to the investors within 30 days from the date of closure of the issue. Refund orders have to be posted even to the applicants to whom part allotment has been made.

11.12 The Basis of Allotment should be published in the newspaper and the copies of the same should be forwarded to all the recognised stock exchanges.



11.13 The Company has to complete all the listing formalities within a period of 70 days from the date of closure of the public issue in accordance with Section 73 of the Companies Act, 1956.

11.14 On completion of all the listing formalities of the Exchange, the Exchange shall issue a letter to the company approving its Listing Application. The company shall have to collect similar approval letters from the other stock exchanges where it has applied for listing of its securities. On receipt of such approval letters / trading permission from all the Exchanges as stated in the offer document, the Exchange will permit trading in the securities of the company and will accordingly issue a Notice in this regard to the members of the exchange. At the time of listing of the company's securities the exchange will be allotting Scrip Code Number to it which shall have to be written by the company in all the future correspondence made by the company relating to that particular security. The Listing Agreement has to be executed in the form supplied by the Exchange. The ultimate decision making body in the listing process is the Governing Board of the Exchange.

11.15 In case of rejection of company's application by any stock exchange as stated in the prospectus, the company may appeal to SEBI under Section 22 of the SCRA within the stipulated time, stated therein. The company has to file an appeal with SEBI under this section either within 15 days of receipt of the refusal letter or in the case of non-receipt of any such correspondence within a period of one month from the expiry of 10 weeks from the closure of the issue.

#### Schedule of Listing Fees

1.	Initial Listing Fee	Rs. 7,500
2.	Annual Listing Fee	
	i) Companies with paid-up share and /or debenture capital upto Rs. 100 million	Rs. 20,500
	ii) above Rs.100 million and upto Rs.200 million	Rs. 41,500
	iii) above Rs.200 million and upto Rs.500 million	Rs. 62,000
	iv) above Rs. 500 million and upto Rs.750 million	Rs. 103,000
Companies which have a Paid-up share and /or debenture capital of more than Rs.750 million will pay additional fee of Rs.2,100/- for every increase of Rs.50 millions or part thereof in the paid up share and / or debenture capital. In case of annual listing fees, they will be reduced by 50% for companies which are non-regional for this Exchange.		



**Time Schedule for the primary issue from filing of the prospectus to listing**

Activity	Time-taken in days
Filing & clearance of draft prospectus with SEBI and pre-issue approval of draft prospectus from the BSE	21
Incorporation of changes suggested by SEBI	3-4
Filing of draft prospectus with Registrar of Companies	3-4
Printing of prospectus and application forms	5-6
Prospectus and application forms to the Stock Exchange before the opening of the issue	21 (min.)
Listing formalities after the closure of the public issue	70 (max.)

The time schedule for the processing of a primary issue from filing of the draft prospectus to the listing takes about 3-4 months.

**Costs for the Company**

11.16 No definite statistics are available which would indicate the cost of raising capital for corporates. The following table, however, provides indicative cost based on average cost mentioned in a large number of prospectuses of companies which raised capital between 1993 and 1996.

Particulars	Cost to the company (% of issue size)
Underwriting Commission - Maximum	2.5
Brokerage - Maximum	1.5
Fees of the Issue Managers - upto Rs. 50 million	0.5
> Rs. 50 million	0.2
Listing fees, registration, pre-issue expenses, statutory advertisement, printing and stationary (Depending on the size of the issue)	5.0
Travelling, conferences & advertisement (Depending on the size of the issue)	5.0
<b>TOTAL</b>	<b>14.2 - 14.5</b>



## 12. Statistics

The Exchange publishes key statistics every month. Copy for the month of March 1998 is given in Annexure 2. This statistics is made freely available to media which uses it for dissemination of market information to public at large.

### Trading volume in shares

Year	Turnover (Rs. billion)	Volume (in billion of shares)
1994-95	677.5	10.72
1995-96	494.2	7.71
1996-97	1241.9	8.09
1997-98	2076.46	11.14

Year	No. of Listed Companies	Capital Listed (Rs. billion)				Market Capitalisation (Rs. billion)			
		Equity	Pref.	Deb.	Total	Equity	Pref.	Deb.	Total
31.03.94	3585	488.1	1.4	266.8	756.4	3680.7	1.5	302.1	3984.3
31.03.95	4702	615.1	1.8	284.8	901.8	4354.8	1.8	331.8	4688.4
31.03.96	5603	1052.8	2.1	324.7	1379.6	5264.8	1.9	370.8	5637.5
31.03.97	5832	1079.3	3.2	368.9	1448.3	4639.2	3.0	409.2	5051.4
31.03.98	5853	1107.1	20.7	637.9	1665.7	5603.3	20.7	678.3	6302.2



### 13. Market structure

13.1 All the listed shares are divided into three groups, namely, A, B1 and B2 groups. All the listed securities on the Stock Exchange are classified as either (i) 'Specified shares' - A group shares or (ii) 'Non-Specified securities - B1 and B2 group securities. The main difference between specified shares and non-specified securities is that the carry-forward business is allowed in the specified group only. As on May 12th, 1998, A Group had 150 scrips, B1 group had 1,167 scrips and B2 Group had 5,067 scrips. All the shares are traded on the BOLT trading platform on the same screen. All the shares have same trading and settlement cycle. Carry Forward facility, however, is allowed only in the A Group shares. The Carry-Forward transactions are declared by the end of the trading day and attract daily margins.

13.2 Apart from this there are two more segments available for trading in shares. These are Odd-Lots Segment and Demat Segment. Trading in securities is done in market lots. A market lot is generally of 50 or 100 shares. However, due to rights and bonus issues, an investor may acquire number of shares which are not in multiples of the market lot. To help investors to trade in odd lot shares or to convert their odd lot trading into a marketable lot the Exchange has provided on-line trading in odd lot shares. Odd lot segment has the same trading and settlement cycle but order matching and delivery in this segment is done with respect to a specific order.

13.3 To give impetus to dematerialisation of stocks, the SEBI has prescribed specific scrips which can be traded by institutional investors in dematerialised form only. Retail investors have an option to trade in physical as well as demat segment. To facilitate trading in demat form the Exchange has Demat Segment incorporated in the BOLT system. The Demat segment is available for trade using the Exchange's usual electronic order matching system.

13.4 A separate trading platform is available on the BOLT for corporate debt instruments with a separate trading and settlement cycle. These securities are collectively called 'F' Group.

13.5 A separate platform is available on the BOLT for government dated securities with a separate settlement cycle. Due to RBI restrictions, this segment is in nascent stage and is expected to become fully functional after the RBI approval. The securities under this group are classified in the 'G' group.



## 14. Market information

14.1 The exchange uses an open electronic limit order book along with a parallel electronic jobber book. The trade is conducted from members' offices where trading Work Stations are placed nation-wide. The system shows the five best buy and sell orders and the total order depth. The system also shows total depth, price and volume of the last matched trade, total volume and value of business done on the trading day, opening price of the day, last price and intra-day high-low prices of the security. Figure -1 shows the BOLT screen having details of ACC scrip.

14.2 Placed orders can be modified or cancelled until they are matched. Modified orders receive a new time-stamp. The identity of the member is known to the Exchange by the member-ID when an order is entered into BOLT. But his identity is not disclosed to the market unless he has opted to disclose it. The BOLT has provision to display identity of the investor but it is optional. Investor's identity is not disclosed to the market.

14.3 Market information is disseminated using the print media as well as the electronic media. **The Daily Official List**, in a broadsheet format, gives market information of trades on daily basis. **The BSE Times**, a weekly publication in a broadsheet format, provides information on all the securities listed on the Exchange. **The Stock Exchange Review**, a monthly publication in journal form, provides consolidated information about the market as well as other important information related to the market. **The Official Stock Exchange Directory** in 19 volumes provides historical financial information on roughly 2,500 actively traded stocks. The Directory also has sectoral data, economic data and all other information related to that particular industry as well as the market. The Exchange publishes daily notices to disseminate market related information to all the members and other interested parties. All the financial newspapers and national daily newspapers published in the country carry price and volume data of the BSE stocks as also a gist of important notices. Almost all other exchanges use our notices to disseminate information to their members.

14.4 Newspapers, large investors, local T.V. get closing price and daily volume data through E-mail. Data vendors such as Reuters, Bridge, PTI, etc., get tick-by-tick data from the Exchange using dedicated communication lines. Market information is available to investors through T.V. networks and detailed information on stocks is carried by CNBC, CNN, BBC, Zee TV, Doordarshan etc. daily.

14.5 The Stock Exchange's web-site - [www.bseindia.com](http://www.bseindia.com) - provides exhaustive information about the Exchange, its up-to-date Rules, Regulations and Bye-laws, details about the Stock Exchange members, market index values including historical data, companies listed, financial data of some of the listed companies and daily closing prices. The home-page of the site is given in figure -2.





Figure - 1 : BOLT screen

BOLT (M) - THE STOCK EXCHANGE, MUMBAI Ver 31.00 [1005/20] Continuous

Order Entry - No Buy Limit, No Sell Limit

Touch Line : B : 115 @ 1632.00 // S : 100 @ 1632.75 # MktLot : 5 Refresh

ACC \* 410 ACC

Order Type Buy Sell Quantity MinFillQty Rate Retain Till MProt  
 Buy  Sell    EOTODY 10 %

Client Retain Institution Id Position AvgRate NetPosition  
  OWN \*  SD B   @  
 Reply S

Details - ACC [ACC : 410]

Best Five Rates				Last Trade		Open
BQty	BRate	ORate	OQty	Rate	Qty	Rate
115	1632.00	1632.75	100	1632.00	50	1673.50
410	1631.00	1633.00	120			High
25	1630.00	1633.25	25			1634.00
250	1629.00	1634.00	470			Low
45	1628.50	1634.75	100			1555.00

Total Depth Buy 21555 Sell 13910

Trades 1438 Refresh  
 Volume 77525  
 Value 12.61 C Close

17 May 98 15:16 SENSEX 3905.40

Wish you happy and prosperous trading on BOLT

Figure - 2 : Home Page of the BSE's website

THE STOCK EXCHANGE, MUMBAI Microsoft Internet Explorer

Address: http://www.bseindia.com

## THE BOMBAY STOCK EXCHANGE

Sensex 3905.40 'A' Group Stock Prices as on 6-March-1998 12:00 IST

The BSE	BSE Index	Stock Prices
Governing Board	Sensex (BSE 30)	Trading Highlights
Rules & Regulations	BSE 100	Common Stocks
Introduction to BSE	BSE 200	Odd Lot Shares
Members	Doller	Debt Instruments
BOLTnet		Carry-Forward Mkt
1996 Reforms		
Risk Management		
Surveillance		
Future Plans		
BSE Statistics		

Investor's Guide  
 Investor Guidance  
 Education & Training  
 Publications  
 Delisted Companies

Done Start Exploring - new HP 820C Toolbox THE STOCK EXCHA... 4:45 PM





## 15. Trading of securities

15.1 In the last couple of years, the nature of competition has changed. It is a competition of offering better services at lower costs to attract business. The Exchange took a big leap in March/June 1995, when it introduced order-cum-quote driven electronic trading for all the listed securities numbering 4,818 in 50 working days.

15.2 The BSE On-Line Trading (BOLT) system was set up to achieve the following goals:

- impart total transparency,
- enhancement in market quality through improved liquidity, by ensuring quote continuity and disclosing market depth,
- reduction in settlement risks due to open trades, by total elimination of mismatches,
- improvement in information availability on real time basis, by catering to broad-based information requirements,
- improved MIS systems, and
- introduction of flexibility in systems, so as to handle growing volumes easily, to incorporate changes in business rules and to support geographical dispersion of market activity.

15.3 The system provides a combination of Order and Quote driven system. The order book functions as an "auxiliary jobber". It serves two purposes : first, it allows retention and matching of orders against one another, where no quotes exist in the system for a particular scrip, and second, it improves the price competitive character of the market, in case investors are willing to deal at prices better than the current best quotes.

15.4 At the same price, jobber quotes are given higher priority than limit orders in the order book. Assuming that the most competitive price at a given moment is quoted by the jobber or a set of jobbers, any incoming order would first be matched against quotes of the jobbers, and only the residual quantity, left after exhausting the jobber quotes, would traverse through the order book. However, if the best price ruling in the market is not a jobber quote but an order book entry, then the incoming order would get matched against the order book.

15.5 Several changes have been carried out to improve the BOLT facilities. The BOLT system and the mainframe hardware are continuously upgraded to meet the growing demand. The On-line trading system has 7,014 scrips available for trading. The exchange is among the front ranking Exchanges in the world in terms of computer systems. Hours for trading are 9.30 a.m. to 3.30 p.m. without a break, Monday through Friday. Backoffice administration work is carried out after 3.30 p.m.. Carry Forward trade takes place in a special session organised every Saturday .

15.6 Maximum commission rate a broker can charge is 2.5% of the consideration of the transaction with a minimum of Rs. 25/- per transaction. Short selling is allowed for



individual investors. Institutional investors are not allowed to short sell as per the SEBI guide-lines. Audit trail of each transaction exists and maintained by the Exchange. Stock lending and borrowing as prescribed by SEBI for institutional investors has not taken off. Under the Carry Forward system an investor who is short of securities can borrow from the market from individual investors through a broker after paying 'settlement rates' called 'badla rates' locally. The tick size at the BSE varies with the price of the share as follows:

Price Range (Rs.)	Tick-Size (Rs.)	% of price
<100	0.05	100 - 0.05
100-300	0.10	0.1 - 0.033
>300	0.25	<0.083

15.7 Members are required to pay margins to cover for all their open positions. Thus, the Exchange ensures that it can close out a member's position in the event of default without much risk. The margins levied by the Exchange can broadly be classified as initial margin and variation margin.

15.8 Under initial margin daily margins are collected. The daily margin is uniform 10% for the Modified Carry-Forward System and delivery trade. The initial margin provides cover for potential price movement of the market i.e. it covers the expected maximum normal volatility of the market.

15.9 Under variation margin mark-to-market margin, gross exposure margin, net exposure margin and ad-hoc margin are levied. For the carry-over trade a carry-over margin is levied. Variation margin provides cover for past price movements i.e. it covers against the members' losses on each contract and, thus, on his overall exposure in the market. To levy the variation margin all positions are valued daily and data is downloaded to the member's office using the BOLT network. Maximum of -- mark-to-market margin, gross exposure margin and net exposure margin -- is collected from every broker. The adhoc margin, if levied on a broker, is required to be paid over and above the variation margin paid by the broker. The margins are debited to the member's account the next day. Any delay in margin payment attracts punitive fine. Interest on the outstanding margin money is levied and margin money received late is detained for a longer period by the Exchange.

15.10 In order to ensure integrity of each trade, the Exchange has set up a Trade Guarantee Fund. This fund was the first to be approved by the Securities and Exchange Board of India. The Exchange's Rules and Bye-laws have been changed accordingly to take care of every eventuality which may arise in the market. All bonafide transactions are covered under the Trade Guarantee Fund (TGF) for counter-party risk. In the eventuality that a member goes under, trade executed on the Exchange are settled and dues are



recovered from the defaulting member by the Exchange as per Rules and Bye-Laws. The deficit, if any, is borne by the fund. There is, thus, no counter party risk to a solvent member. The Fund has independent trustees to look after the management of the Fund and it has public representatives in majority. Moreover, the Exchange has power to increase the corpus of the Fund and has responsibility to maintain a minimum amount in the Fund (Rs. 0.60 billion). As of March 30, 1998, the Fund had a corpus of Rs. 3.06 billion. Accretion to the fund takes place through the investment income and turnover levy of Rs. 7.50 per million rupees of turnover. The corpus of this fund as on 30th March, 1998 was :

**Composition of Trade Guarantee Fund (Rs. Million)**

Initial Contribution from Members	5.5
Exchange's Contribution	600.0
Interest Accretion	36.9
Continuous Contribution	25.2
Member's Base Capital	550.0
Bank Guarantee from Members	550.0
Additional Base Minimum Capital	1296.0
<b>Total</b>	<b>3,063.6</b>

15.11 Furthermore, in order to reduce the incidence of default due to temporary fund flow mismatch, the Exchange has created a Brokers' Contingency Fund to which all members contribute according to their turnover. The Fund ensures that any temporary short-fall in liquid funds, to the extent of Rs. 5 million, at the time of settlement should not delay the declared settlement process. It also ensures that unforeseen circumstances like delay in fund transfer from up-country or non-payment of money by the client does not attract extreme punitive measure such as declaring the member defaulter.

15.12 The Exchange has taken a comprehensive insurance cover to protect the Exchange and its Members to the extent of rupees two billion and the clearing house upto rupees eight billion. The policy covers three broad areas, namely, the Financial Institutions Bond Cover (In and Out indemnity), Electronic and Computer Crime Cover and Error and Omission Cover. The policy has insured the members against the non-trading risks such as fake, forged, lost and stolen shares, computer crimes and lost or damaged data by theft or robbery. The policy also covers all third party risks, infidelity and lost, stolen, forged and duplicate shares. The policy has automatic re-instatement clause which effectively doubles the insurance cover for the Exchange, members and the Clearing House.



## Transaction Cost

15.13 The Exchange collects from its active members the following charges every settlement.

Association Fee	0.00100%
Contribution to Trade Guarantee Fund	0.00075%
Contribution to Brokers' Contingency Fund	0.00025%

## 16. Clearing & settlement

### Clearing

16.1 The role of a clearing house in the securities market was well recognised by founding fathers of the Stock Exchange, Mumbai. Since 1921, i.e. more than 77 years, the clearing functions of the Exchange are being managed by the Bank of India (BOI). Until September, 1989, the clearing functions were managed on Agency basis. From September 1989, a subsidiary of the BOI was established which is looking after the clearing functions of the Exchange. This subsidiary of the bank is known as the BOI Shareholding Ltd. It is a joint venture of the BOI and the BSE, where the BOI holds 51% stake and the BSE holds remaining 49%. It would be pertinent to point out that being a subsidiary of a scheduled bank, it falls under the ambit of the RBI supervision.

16.2 The BOI Shareholding Ltd. (BOISL), popularly known as the Clearing House, has an independent Board of Directors. Chairman of the BOI is the Chairman of BOISL. The bank nominates four directors on the Board. The Stock Exchange also nominates three directors on the Clearing House board.

16.3 Over a period of time, keeping up with the growth of the market, technology, and structural shifts in the market, functions of the clearing house have got enhanced. At present, the functions of the clearing house are determined to fulfill its aim of reducing risk, to promote security and integrity of the markets and thus contribute to their integrity and growth.

### Settlement

16.4 The settlement on a physical basis, in large number of securities, at present, requires the delivery and receipt of documents. All settlements of securities are through



the clearing house. All members of the Exchange are also members of the Clearing House, which settles the deal on their behalf. All Clearing House members are required to open an account with a clearing bank exclusively for settlement purposes. The clearing house gives instructions to the clearing bank when funds are to be transferred.

16.5 The National Securities Depository Ltd. (NSDL) was the first depository set up in India. It started functioning with effect from 8th of November, 1996. BOISL is a depository participant of NSDL and settles all the trades which are carried out in demat segment by the members on T+5 rolling settlement basis. The Central Depository Services (India) Ltd. (CDSIL), a company promoted by the Stock Exchange, Mumbai shall become the second depository in India. This depository will be co-sponsored and owned by at least two other major exchanges, clearing house members, banks and financial institutions. It is likely to become operational by July, 1998. It is envisaged that all demat segment trades shall be settled by the CDSIL as all the members of the Exchange and the clearing house shall be its participants.

#### **SETTLEMENT CYCLE IN PHYSICAL SEGMENT**

16.6 In physical segment, the Exchange follows a batch process. Our trading cycle is Monday to Friday for A, B1 and B2 group of securities. On the following Monday netting is carried out on the computerised settlement system. Balance sheet of the settlement period of each broker is down-loaded to his back-office system by Monday evening for A, B1 and B2 group. A member has two working days to carry-out paper work related to deliveries of securities. On Thursday or Friday, he must deliver securities to the Clearing House. Reconciliation is carried out after 5.00 p.m. on Friday. Next Monday at 10.00 a.m. pay-out is declared. In brief, five working days trading takes one working day for the Exchange to do back-office work, two working days for members to carry out their back-office work, two working days are given to members for pay-in and pay-out is declared on the eleventh working day. Thus, an investor doing trade on Monday takes eleven working days to get his securities or money; and an investor doing trade on Friday, takes six working days only to get his securities or money.

16.7 If there are any shortages in delivery, the shortages are auctioned after one day i.e. on the thirteenth working day and pay-out related to shortages is over by the fifteenth working day.

16.8 As physical delivery may have some bad deliveries noticed by the clearing house, the delivery member is requested to rectify the objections. If there is any short-fall in the



objection delivery, it is auctioned on the seventeenth working day and its pay-out is declared by the twentieth working day.

For the purpose of settlement, transactions, which take place in the market, have been divided into five distinct groups as given below :

- A + B1+B2 group securities: 150 scrips of specified group for which Carry Forward is permitted and scrips of B1+B2 groups settlement and delivery is affected through the Clearing House.
- C Group to handle Odd Lots
- D Group for Spot Delivery
- F Group for Debentures and Corporate Debt Instruments (Fixed Income)
- G Group for Government Dated Securities
- H Group for Hand Delivery

Settlement reports are generated by ISD for all groups except for Spot and Hand delivery groups. For Spot and Hand delivery groups, transactions are settled by and between the members themselves. A different procedure is followed in settling the transactions in each of these groups. The details of these procedures are as follows.

#### **(A + B1+B2) Scrips**

On the next working day following the last day of the current settlement, members submit electronically details of their requirements for Receipts and Deliveries through banks (Custodians), if any, in Forms 6-A and 7-A. Members have been given the facility of giving or taking delivery of securities either fully or partly through selected banks and other approved institutions, which are members of the Stock Exchange Clearing House.

The following transactions are available on the Settlement system. Daily trades, Broker-wise Net Compulsory Carry Forward transaction from pervious settlement, Carry Forward transactions reversed for bought/sold at standard rate. Standard rates are decided by the Market Operations Department and uploaded on the settlement system. No delivery transactions are carried forward at standard rate in case of B1 and B2 group securities.

#### **Pay-in and Pay-out**

The Programme for pay-in and pay-out are announced by the Exchange six months in advance. The information is available in the BSE daily bulletin for ready reference. It is also made available to public through media. We have stuck to these schedules clock-wise during the last two years.



### **Reports of A+B1+B2 scrips**

All reports contain details like Settlement Number, Run Date in the heading. A report is generated for each member and contains Net Quantity to be received or delivered for each scrip. The securities report takes into account Carry-Forward transactions of members. A money statement is generated for each member and downloaded on his back-office computer.

### **Odd Lot Settlement**

Orders are generated for individual trades and the brokers involved are buying brokers and selling brokers. The order value is the transaction value. No-delivery transactions are carried forward at standard rate.

### **Debt Instrument Settlement**

The 'F' group signifying fixed interest segment, which consists of some of the existing debentures of various listed companies, debt instruments placed by PSU, FIs, banks, etc. are also settled through the Clearing House and individual securities and money statement for each broker for each scrip is generated. Here the pay-out day is the same as pay-in day i.e. each Friday.

16.9 All the G-30 recommendations for settlement are met except that demat trades through depository is in nascent stage and is expected to pick-up at a rapid pace when CDSIL become operational in July 1998. The DVP system is expected to become popular in the near future. The NSDL, which started operating in November 1996, proved to be a non-starter because of its pricing policy for various services and restrictive policies for enrolling depository participants. As a result, dematerialised stock in the depository is very small. Indian securities market being predominantly paper based system has batch mode of trading and settlement cycle at present. However, in special segments such as Demat Segment, the Exchange has already introduced rolling settlement as well as DVP system. In the Corporate debenture segment, same day pay-in and pay-out is practised.

## **17. Investor protection**

17.1 **Investor Grievances Redressal System:** The BSE had, on its own, setup 'Investors Grievances Cell' to help the investors. In accordance with the Government directive dated the 24th June, 1986, the "Grievances Cell" of the Exchange was re-



constituted as the "Investors' Services Cell" (ISC) under the charge of a General Manager. There are three departments which look after the different areas of work -

- (a) Department dealing with Investors complaints against listed companies,
- (b) Department dealing with Investors complaint against member-brokers and vice-versa,
- (c) Arbitration Department

**17.2 Investors' grievances against listed companies :** This department handles all matters relating to investors' complaints against the listed companies pertaining to Stock Exchange transactions and related issues. The normal procedure followed is that the investor who desires to submit the complaint is required to fill in particulars of the complaint in the prescribed "Complaint Format". A notice is sent to the company enclosing the copy of investor's complaint to solve the problem and intimate to the investor and the Exchange. A copy of the letter is sent to the complainant with a request that if he does not hear from the company within a month, he may again contact the Investor Services Cell. In that event, another notice is sent and the company's attention is drawn to the relevant rules and regulations of the Exchange. Even then, if no reply is received further actions as detailed below are taken.

**17.3** If there are large number of complaints pending against any particular company and no action is taken by it despite reminders, a consolidated list of such pending complaints is forwarded to the company asking it to settle/solve them within a period of 15 days under advice to the Exchange as also demanding explanation for the delay. If the explanation furnished by the company is found unsatisfactory or no reply is received and the problem remains unresolved, a Show Cause Notice for suspension of dealings of the securities of the company is issued under the powers conferred on the Exchange under Bye-law 39 read with Rule 19(5) of The SCRA. If the company fails to settle the complaints even after issue of the Show Cause Notice or fails to reply to the Show Cause Notice, the matter is then placed before the Governing Board for taking suitable action against the company.

**17.4** Since September, 1997, pursuant to an understanding reached between representatives of the Exchange and Registrars & Transfer Agents (RTAs) of companies having a large number of complaints make themselves available on the Exchange premises, at appointed time, to sort out complaints of investors. Thus, complaints which used to take weeks to sort out get resolved quickly now. As on October 1, 1997, there were 40,214 complaints outstanding against the listed companies. Concerted efforts were mounted between October 1997 and March 1998 by the Exchange and it could resolve 42,570 complaints as against 23,131 complaints lodged during this period.

**17.5 Investors' grievances against member-brokers of the Exchange:** The procedure followed for resolving the complaints of investors against member-brokers is that the complaint is forwarded by the ISC to the concerned member-broker to seek his





clarification or ask him to settle the complaint if the complaint is correct, within 7 days from the receipt of the letter by him. In case no reply is received from the member, a reminder is sent and the member is asked to resolve the complaint immediately. Even after this, if the member does not initiate any action, a fine of Rs.500/- is levied on him and he is directed to settle the matter expeditiously. Where the member-broker does not act upon the reminder, the ISC Officials call the member-broker for a joint meeting with the complainant and direct the parties to settle the complainant amicably. If the matter does not get resolved, intervention of the Investors Consultative Committee is sought. If all these efforts fail, the matter is referred to arbitration, besides initiating disciplinary action against the member for his unco-operative behaviour.

**17.6 Resolution of complaints through Arbitration:** With a view to ensure speedy and effective resolution of claims, differences and disputes between non-members and members, the Exchange has laid down a set of procedures for arbitration thereof. These procedures are embodied in the Rules, Bye-laws and Regulations of the Exchange, which have been approved by the SEBI, under the SCRA. Under the Rules, Bye-laws and Regulations of the Exchange an in-house arbitration machinery has been provided to decide on dispute between non-members (clients/investors) and members of the Exchange and vice-versa.

17.7 Arbitration system at the BSE has been revamped. Bye-laws provide for appointment of non-members on the arbitration bench in disputes involving members and non-members. Nine Chartered Accountants and six retired High Court judges have been inducted in the Arbitration panel. Brokers having requisite experience and standing also work as arbitrators in resolving such disputes. An investor, therefore, has a right to name an arbitrator of his own choice. This measure has considerably enhanced the confidence of investors in the arbitration mechanism of BSE.

17.8 Generally complaints from non-members (clients/investors) against member-brokers are investigated by the ISC. For the purpose of investigation, documentary proof like contract notes bills, statement of accounts, and relevant documentary proof are called for from the parties. If required, personal meetings of the parties are also arranged in cases where issues to be resolved are of a complicated nature. As a last resort where there are claims and counter-claims and the matter cannot be easily resolved by the intervention of ISC, the parties are advised to file an arbitration reference.

**17.9 Arbitration between non-members and member-brokers:** Bye-law 248 to 281 of the Rules, Bye-laws and Regulations of the Exchange deal with the procedure regarding arbitration between non-members (clients/investors) and members of the Exchange.

17.10 In the case of client v/s. member arbitration, the case is heard and decided by a panel of two arbitrators, one appointed by the applicant and other by the respondent. The



Stock Exchange has constituted a panel of arbitrators in line with the SEBI's requirement, in which 60% are outsiders such as retired judges, chartered accountants, advocates and other professionals and 40% are members of the Exchange. In these arbitration proceedings, advocates are also permitted to appear on behalf of the parties with the permission of the arbitrators. If one of the parties is so permitted, a similar privilege is extended to the other party also. The parties to the reference are required to abide by and forthwith carry into effect the award of the arbitrators which is final and binding on the parties. The party not satisfied by the award may contest the award only in a Court of Law of competent jurisdiction.

17.11 While SEBI's requirement is to provide protection to the investors with a maximum of Rs. 100,000, by way of compensation for claim against a defaulter member out of the Investor Protection Fund, BSE on its own initiative, has increased the amount payable to the extent of Rs. 2,25,000 since March, 1997. This is the highest amount that any Exchange pays to investors in case of a default of his broker.

#### **Statistics Related to Complaints Redressal**

17.12 The ISC receives on an average 4,000 to 5,000 complaints and about 2,000 to 3,000 reminder letters, every month, from investors against listed companies and 4,000 to 5,000 replies from the listed companies. Further, about 1,000 letters comprising of advices, acknowledgment letters and other miscellaneous matters are also received every month pertaining to various complaints. In addition to these, complaints are also received from member-brokers against other member-brokers, pertaining to objections, bad-delivery of securities, auctions and re-auctions of securities and other miscellaneous matters. Besides, on an average about 150 to 200 investors and representatives of member-brokers come to the ISC every day for lodging their complaints in person, seeking advice/guidance and also for attending the arbitration meetings. These figures serve to indicate the kind of services rendered by the ISC. Investors/Members of other exchanges very often write to us for help. Statistics related to grievances redressal in 1997-98 are as follows.

Particulars	1996-97		1997-98	
	Resolved	Pending	Resolved	Pending
Complaints -- against members	1,053	474	1,323	52
-- between members	14,010	11,209	14,007	78
Arbitration -- between member & client	326	231	493	233
-- between members	4,677	837	4,664	192



## 18. Foreign investment

18.1 Since 1991, there are two channels for foreign investors to invest in domestic securities. The first one is through portfolio investments. However, only those Foreign Institutional Investors (FIIs) who have been registered both with SEBI and Reserve Bank of India (RBI) are allowed to invest in domestic stocks. At present there are as many as 470 registered FIIs. The other channel is investment through Global Depository Receipts as Indian companies have been given permission to tap the international capital market.

18.2 Only foreign institutions, registered with both SEBI and RBI are allowed to make portfolio investment in India. One Foreign Institutional Investor (FII) can own up to 10% of the shares in a listed company. Total ownership of all FIIs in a single company is allowed upto 30% after the shareholders' consent. These limits are monitored by the central bank of the country namely the RBI.

18.3 Foreign institutions, making portfolio investments in India, are not subject to any additional taxes and do not face any restrictions on repatriating the capital from India.

18.4 The Indian tax system is based on a progressive tax scale for individual income and a flat corporate tax. There are special taxes for foreign companies and investors, designed to stimulate long-term investments. Indian corporates, as opposed to foreign companies, are allowed to make deductions in their long term capital gains with an inflation index. FIIs pay only 10% long-term capital gains tax, which is the lowest among all categories of investors. Many FIIs avoid paying, both, long-term and short-term capital gains tax by registering their offices at Mauritius, with whom India has a reciprocal tax treaty, under which individuals and corporates pay taxes on income earned in the country of registration.

**Short-term and Long-term Tax Schedule**

	Individual Persons	Corporate (Indian)	Foreign Corporates	FIIs
Short-term capital gains & income tax	0-30	35	35	30
Dividend & interests	0-30	35	35	20
Long-term capital gains *	20	30	20	10

\* Capital gains from stocks held longer than 12 months

18.5 Foreign direct investments (FDIs) are allowed up to certain percentages of ownership depending on the type of business. If the business is considered to have a high degree of dependence on the country, a higher percentage of foreign ownership is allowed. The limits are 40%, 51%, 76% and 100% of the capital. The lower limit is usually for consumer goods etc. and the highest limit is applicable to companies producing pharmaceutical goods and computer chips or other technologically advanced goods.



19.6 The BSE has already acquired space at the Thane-Belapur Electronic Zone to set up its Disaster Recovery Site and in due course of time BOLT-NET VSAT hub is going to be set up there.

19.7 The BSE is continuously evaluating and upgrading computer system, procedures, rules, bye-laws and regulations, trading and settlement practices etc. to provide a free, fair and investor friendly stock market system to the investors.

19.8 These breath-taking market reforms and modernisation of trading practices have compelled a leading financial daily - Business Standard - to say that 'Today the BSE is as good as the best in its trading and settlement practices'. This feather in our cap we wear with humility and strive to provide a free-and-fair market to all our investors for all times to come. We reiterate our unflinching commitment to the principles enunciated in our Charter of 1887.



Annexure - 1

Action taken by the Disciplinary Action Committee since April 1996

S. No.	Month	Name of the member	Violation	Fine (Rs.)	Suspension
1.	May 1996	Mr. A. A. Doshi Share & Stockbrokers Ltd.	Irregularities committed in trading.	-----	Suspension of six months
2.	May 1996	Mr. Saurabh Dani	Irregularities in trading.	-----	Suspension of seven days
3.	May 1996	Mr. M. A. Shah	Irregularities in trading.	-----	Suspension of seven days
4.	May 1996	Mr. S. Inderlal Agrawal	Non submission of details and information pertaining to Tax Assessment orders for Assessment year 1992-93	-----	De-activated BOLT TWS from 13.05.96 until he appears before the Scrutiny Committee
5.	Aug. 1996	Mr. Kamal Binani	Irregularities in trading.	-----	Suspension of four months
6.	Aug. 1996	Mr. Madhukar Sheth	Irregularities in trading.	-----	Suspension of four months
7.	Dec. 1996	Mr. R. G. Mohta	Irregularities in transactions.	-----	Suspension of seven days
8.	Dec. 1996	Mr. K. F. Vora	Irregularities in transactions.	-----	Suspension of seven days
9.	Dec. 1996	M/s GLFL Securities ltd.	Irregularities in transactions.	-----	Suspension of seven days
10.	Feb. 1997	Mr. D. P. Nagardas	Irregularities in trading.	5,000/-	Warning
11.	Feb. 1997	Mr. P. R. Shah	Irregularities in trading.	5,000/-	Warning
12.	Feb. 1997	Mr. Deepak Mehra	Irregularities in trading.	5,000/-	Warning



13.	Feb. 1997	Mr. Shailesh L. Shah	Irregularities in trading.	5,000/-	Warning
14.	Feb. 1997	Mr. Sharukh N. Tara	Irregularities in trading.	5,000/-	Warning
15.	Feb. 1997	SRF Investcare	Short sale of 56,100 shares of ITC Ltd.	-----	Warning
16.	Feb. 1997	Mr. M. P. Vora	Short sale of 17,700 shares of ITC Ltd.	-----	Warning
17.	Feb. 1997	Mr. Madhukar Sheth	Introduction of shares in the market during suspension	-----	Warning
18.	Feb. 1997	Mr. Vinitkumar Parikh	Non-implementation of arbitration awards and non-resolution of Investor complaints	-----	Granted time upto 28/02/97 to implement the arbitration awards, failing which case would be referred to the Governing Board for taking necessary action including declaring him as a defaulter. (Declared defaulter in the Governing Board meeting held on 5th May, 1997).
19.	Mar. 1997	Mr. Raman V. Dalal	Irregularities in trading.	-----	suspension of one year
20.	June 1997	Mr. Hemendra V. Shah	Irregularities in transactions.	-----	suspension of one year
21.	June 1997	Mrs. Sushila Rungta	For attesting the forged signature on the transfer deed.	5,000/-	Warning
22.	June 1997	Mr. Pankaj H. Shah	Non-settlement of complaint.	-----	The member be directed to settle the complaint as well as other pending complaints and implement the Arbitration Awards on or before July 21, 1997. (The case is pending under arbitration).
23.	June 1997	Mr. Kamal S. Binani	Non-implementation of Arbitration Award	-----	The member be directed to implement all the Arbitration Awards and to clear outstanding debit balances in the General Charges Account, on or before July 21, 1997. (Declared defaulter in the Governing Board meeting held on



24.	June 1997	M/s S. Jagannath Tibrewala	Non-implementation of Arbitration Award	----	January 14, 1998). The member be directed to implement all the Arbitration Awards and to clear outstanding debit balances in the General Charges Account, on or before July 21, 1997. (Declared defaulter in the Governing Board meeting held on January 27, 1998).
25.	June 1997	M/s P. J. Shah	Non-payment of sale proceeds of shares to a client	----	The member be directed to pay the dues to Mr. F. Fernandes and to clear outstanding debit balances in the General Charges Account, on or before July 21, 1997. (The matter is sub-judice at present).
26.	June 1997	Summit Integrated Credit Capital Ltd.	Debit balances in General Charges Accounts	----	The member be directed to implement all the Arbitration Awards and to clear outstanding debit balances in the General Charges Account, on or before July 21, 1997. (Declared defaulter in the Governing Board meeting held on January 27, 1998).
27.	June 1997	M/s S. J. Tibrewala	Debit balances in General Charges Accounts	----	The member be directed to implement all the Arbitration Awards and to clear outstanding debit balances in the General Charges Account, on or before July 21, 1997. (Declared defaulter in the Governing Board meeting held on January 27, 1998).
28.	June 1997	M/s P. J. Shah	Debit balances in General Charges Accounts	----	The member be directed to implement all the Arbitration Awards and to clear outstanding debit balances in the General Charges Account, on or before July 21, 1997. (Matter is pending).
29.	June 1997	Mr. J. J. Jagirdar	Debit balances in General Charges Accounts	----	The member be directed to implement all the Arbitration Awards and to clear outstanding debit balances in the General Charges Account, on or before July 21, 1997. (Matter is pending).



Appendix - 2

KEY STATISTICS - APRIL 1997 TO MARCH 1998

ITEMS	April	May	June	July	August	September	October	November	December	January	February	March
<b>I</b>												
Volume of Turnover												
i) Specified Shares (A Group) (Cr. Rs.)	11698	10476	16949	20264	17291	17875.46	15915.64	14733.32	17386.37	16418.96	15717.1	22491.66
ii) B1 Group Securities (Cr. Rs.)	440.1	821.83	1022	986.09	896.06	923.79	693.12	524.31	587.72	858.11	605.08	583.56
iii) B2 Group Securities (Cr. Rs.)	100.05	114.96	170.59	140.3	134.2	96.48	82.18	48.44	76.01	64.67	60.58	67.11
iv) F - Group Securities * (Cr. Rs.)	16.97	26.08	34.71	37.03	21.8	15.06	15.42	20.34	23.73	17.04	20.2	32.25
v) Demat Group Securities (Cr. Rs.)										21.83	93.81	135.28
<b>II</b>												
Total Turnover (i to v) (Cr. Rs.)	12255	11439	18177	21227	18343	18910.79	16706.36	15326.41	18073.83	17380.61	16496.77	23309.86
(Bn. Rs.)	122.55	114.39	181.77	212.27	183.43	189.11	167.06	153.26	180.74	173.81	164.97	233.1
(US \$ Bn.)	3.43	3.2	5.07	6	5.04	5.23	4.59	3.97	4.6	4.47	4.2	5.9
Total Turnover (i to v) (Year to date)												
(Cr. Rs.)	12255	23694	41871	63098	81441	100351.79	117058.1	132384.56	150458.39	167839	184335.77	207645.63
(Bn. Rs.)	122.55	236.94	418.71	630.98	814.41	1003.52	1170.58	1323.84	1504.58	1678.39	1843.36	2076.46
(US \$ Bn.)	3.43	6.63	11.7	17.7	22.74	27.97	32.56	36.53	41.13	45.6	49.8	55.7
<b>III</b>												
Average Daily Turnover												
i) Specified Shares (A Group) (Cr. Rs.)	615.67	523.8	807.11	872.32	960.59	812.52	837.66	736.67	790.29	820.95	827.21	1071.03
ii) B1 Group Securities (Cr. Rs.)	23.16	41.09	48.67	42.87	49.78	41.99	36.48	26.21	26.71	42.91	31.85	27.79
iii) B2 Group Securities (Cr. Rs.)	5.27	5.75	8.12	6.1	7.45	4.39	4.33	2.42	3.46	3.23	3.19	3.2
iv) F - Group Securities * (Cr. Rs.)	0.89	1.3	1.65	1.61	1.21	0.68	0.81	1.02	1.08	0.85	1.06	1.53
v) Demat Group Securities (Cr. Rs.)										1.09	4.94	6.44





IV	Total Average Daily Turnover (i to v)																																						
	(Cr. Rs.)	644.99	571.94	865.56	922.91	1019	859.58	879.28	766.32	821.54	869.03	868.25	1110																										
	(Bn. Rs.)	6.45	5.72	8.66	9.23	10.19	8.6	8.79	7.66	8.22	8.69	8.68	11.1																										
	(US \$ En.)	0.18	0.16	0.24	0.26	0.28	0.24	0.24	0.2	0.21	0.22	0.22	0.28																										
V	V-SAT Turnover (Cr. Rs.)																																						
	(included in Item No. II)	--	--	--	--	--	722.13	1900.27	2424.51	2919.27	2782.2	2950.5	5788.27																										
VI	No. of Trades (in thousands)																																						
	Total Trades (Year to date)	1096.7	1147.2	1560.8	2018.2	1664.2	1554.95	1381.97	1381.77	1738.2	1821.17	1583.2	2618.43																										
		1096.7	2243.9	3804.7	5822.9	7487.1	9042.05	10424.02	11805.79	13543.99	15365.16	16948.36	19566.79																										
VII	Deliveries (Monthly)																																						
	i) Specified Shares (A Group)																																						
	a) No. of Shares (in crores)	3.94	2.92	5.15	6.45	5.53	6.48	7	8.18	9.04	9.78	10.22	22.6																										
	b) Value (Cr. Rs.)	800.58	626.11	1159.6	1548.2	1237	1192.9	1664.36	1467.56	1644.96	1674.44	2076.46	3336.95																										
	ii) B1 Group Securities																																						
	a) No. of Shares (in crores)	2.43	3.46	3.76	5.77	4.57	3.73	4.26	4.89	6.57	6	6.08	7.69																										
b) Value (Cr. Rs.)	147.36	183.52	211.85	336.26	291.26	249.32	371.26	273.89	357.86	408.5	321.92	336.2																											
iii) B2 Group Securities																																							
a) No. of Shares (in crores)	3.56	3.92	3.82	5.17	5.09	3.91	3.89	3.34	5.92	4.74	3.49	7.34																											
b) Value (Cr. Rs.)	41.16	46.28	61.94	61.98	59.21	51.12	48.78	35.67	35.72	45.99	53.58	52.27																											
iv) Deliveries in Spot, Odd lot & Hand Del.																																							
a) No. of Shares (in crores)	2.63	2.79	3.82	2.42	3.82	1.88	1.4	1.95	1.71	1.64	1.31	3.34																											
b) Value (Cr. Rs.)	392.50	400.8	667.4	375.5	617	245.7	184.15	193.54	143.83	162	122.5	132.02																											
v) Deliveries in Demat Group Securities																																							
a) No. of shares (in crores)											0.11	1.08																											
b) Value (Cr. Rs.)											21.83	93.81	135.28																										





b) Value (Cr. Rs.)	3.57	4.75	8.55	24.56	6.53	7.19	11.42	13.52	17.87	13.14	16.35	19.02
Total Debenture Deliveries (Year to date)												
a) No. of Debentures (in crores)	0.06	0.12	0.23	0.4	0.52	0.65	0.82	1.02	1.63	1.82	2.02	2.35
b) Value (Cr. Rs.)	3.57	8.32	16.87	41.43	47.96	55.15	66.57	80.09	97.96	111.10	127.45	146.47
X												
No. of Shares Traded (in Crores)												
i) Specified Shares (A group)	41.58	34.95	52.57	65.55	55.15	53.53	46.22	49.73	56.9	59.5	46.5	89.14
ii) B1 Group Securities	5.85	10.17	13.04	14.61	12	9.12	7.85	7.85	9.15	11.7	10.04	12.5
iii) B2 Group Securities	6.18	7.13	6.63	11.24	9.07	6.06	4.91	4.12	6.84	5.96	4.08	9.74
iv) Total Shares Traded (i to iii)	53.61	52.25	72.24	91.4	76.22	68.71	58.98	61.7	72.89	77.16	60.62	111.38
v) No. of Debentures Traded (Crores)										0.2315	0.301	1.0781
XI												
Market Capitalisation												
a) "A" Group (Cr. Rs.)	2,41,157	2,36,58	2,90,53	2,87,250	2,59,913	2,57,932	2,43,242	2,28,226	2,39,232	2,22,841	3,07,789	3,36,328
b) "B1" Group (Cr. Rs.)	1,84,405	1,89,48	2,21,90	2,31,535	2,09,435	2,07,520	2,02,276	1,88,909	1,88,328	1,73,407	1,43,646	1,49,127
c) "B2" Group (Cr. Rs.)	76,520	80,324	76,054	76,561	81,535	82,276	80,624	76,438	76,156	73,265	74,922	74,870
d) BSE (Cr. Rs.)	5,02,082	5,06,39	5,88,49	5,95,346	5,50,883	5,47,728	5,26,142	4,93,573	5,03,716	4,69,513	5,26,357	5,60,325
(Bn. Rs.)	5020.8	5063.9	5885	5953.5	5508.8	5477.28	5261.42	4935.73	5037.16	4695.13	5263.57	5603.25
(US \$ Bn.)	140.34	141.47	164.29	166.72	151.47	151.41	144.54	127.97	128.27	120.65	133.97	141.87
e) All-India# (Cr. Rs.)	5,28,507	5,33,04	6,19,46	6,26,680	5,79,877	5,76,556	5,53,834	5,19,551	5,30,227	4,94,224	5,54,060	5,89,816
(Bn. Rs.)	5285.1	5330.4	6194.7	6266.8	5798.8	5765.56	5538.34	5195.51	5302.27	4942.24	5540.6	5898.16
(US \$ Bn.)	147.73	148.92	172.94	175.49	159.44	159.38	152.15	134.7	135.02	127	141.02	149.34
XII												
No. of Trading Days	19	20	21	23	18	22	19	20	22	20	19	21



XIII	No. of Companies Listed	7	9	4	4	4	3	4	3	3	2	7	2	1
	a) Newly Listed													
	b) Total (Year to date)	5831	5840	5844	5844	5848	5842	5842	5843	5850	5852			5853
XIV	Newly listed securities of existing companies	37	51	31	40	29	31	28	39	27	29			51
XV	Cumulative Listed Securities of existing companies	203	254	285	325	354	434	462	501	528	557			608
XVI	Capital Listed During the Month (Cr. Rs.)	2020	2296.8	496.12	2120.4	1147.6	2185.07	244.97	390.73	1082.34	643.27			1583.37
	(Bn. Rs.)	20.2	22.97	4.96	21.2	11.48	21.85	2.45	3.91	10.82	6.43			15.83
	(US \$ Bn.)	0.56	0.64	0.14	0.59	0.32	0.6	0.06	0.1	0.28	0.16			0.4
XVI	Amount offered thro' equity (prospectus)													
I														
	a) Total No. of Issues	3	4	4	--	1	2	3	1	--	--			
	b) Par amount (Cr. Rs.)	20.49	50.45	27.41	--	41.25	45.68	59.85	15	--	--			
	c) No. of Issues (premium)	--	1	1	--	1	2	2	1	--	--			
	d) Premium Amount (Cr. Rs.)	--	14.32	2.64	--	103.13	365.81	199.84	75	--	--			
	e) Total amount (b+d) (Cr. Rs.)	20.49	64.77	30.05	--	144.38	411.49	259.69	90	--	--			
XVI	Amount offered thro' other instruments													
II														
	(Prospectus)													
	a) Total No. of Issues	1	--	1	--	--	--	--	2	1	--			1
	b) Amount (Cr. Rs.)	111.32	--	12.99	--	--	--	--	348	750	--			400
XIX	Total amount offered thro' prospectus													
	a) Total No. of Issues	4	4	5	--	1	2	3	3	1	--			1
	b) Amount (Cr. Rs.)	131.81	64.77	43.04	--	144.38	411.49	259.69	438	750	--			400



XX	Amount offered thro' equity by existing listed companies																					
	a) Total No. of Issues	1	3	5	4	1	2	1	1	2	1				2			2	2	4	5	
	b) Par amount (Cr. Rs.)	10.64	28.66	43.48	51.52	5.3	3.16	9.89		4.88				10.95			11.03		10.95		36.8	
	c) No. of Issues (premium)	--	2	2	3	1	2	--		--				2			--		2		3	
	d) Premium Amount (Cr. Rs.)	--	187.96	2.14	110.74	39.73	23.64	--		--				65.62			--		65.62		30.8	
	e) Total amount (b+d) (Cr. Rs.)	10.64	216.62	45.62	162.26	45.03	26.8	9.89		13.88				76.57			--		76.57		67.6	
XXI	Amount offered thro' other instruments by existing listed companies																					
	a) Total No. of Issues	1	1	2	--	--	--	--		--				--			1		--		1	
	b) Amount (Cr. Rs.)	35.44	799.29	17.99	--	--	--	--		81.75				--			81.75		--		4.27	
XXI I	Total amount offered by existing listed companies																					
	a) Total No. of Issues	2	4	7	4	1	2	1		1				2			1		2		4	6
	b) Amount (Cr. Rs.)	46.08	1015.9	63.61	162.26	45.03	26.8	9.89		81.75				76.57			13.88		76.57		28.5	71.87
XXI II	Total amount offered thro' all offer documents (XIX + XXII)																					
	a) Total No. of Issues	6	8	12	4	2	2	3		4				3			5		3		4	7
	b) Amount (Cr. Rs.)	177.89	1080.7	106.65	162.26	189.41	26.8	421.38		341.44				826.57			451.88		826.57		28.5	471.87
XXI V	Total amount offered (Year to date)																					
	a) Total No. of Issues	6	14	26	30	32	34	37		41				49			46		49		53	60
	b) Amount (Cr. Rs.)	177.89	1258.59	1365.24	1527.5	1716.91	1743.71	2165.09		2506.53				3784.98			2958.41		3784.98		3813.48	4285.35
	(Bn. Rs.)	1.8	12.59	13.65	15.28	17.17	17.44	21.65		25.07				37.85			29.58		37.85		38.13	42.85
	(US \$ Bn.)	0.1	0.35	0.38	0.43	0.47	0.48	0.59		0.65				0.97			0.75		0.97		0.97	1.08
XX	Max. Active Users of BOLT	1392	1380	1382	1454	1487	1607	1620		1719				1779			1713		1779		1846	1924



The Stock Exchange, Mumbai

V	(Month end)																							
XX	BOLT connections covered the cities																							
VI	through VSAT (Month end)																							
	i) Logons covered through V-SAT																							
	a) Mumbai																							53
	b) Outside Mumbai																							316
	c) Total																							369
	ii) TWS covered through V-SAT																							
	a) Mumbai																							85
	b) Outside Mumbai																							354
	c) Total																							439
XX	BSE Sensitive Index (30 Scrips)																							
VII	(1978-79=100) High	3841.1	3801.7	4256.1	4404.7	4548	4087.3	4154.84	3805.95	3706.79	3739.21	3622.22	3963.81											
	Low	3427	3685.3	3808.2	4124.8	3876.1	3770.99	3803.24	3403.07	3329.14	3209.55	3292.91	3646											
	Average	3681.5	3741	4001.5	4256.1	4276.3	3944.78	3991.75	3611.83	3515.54	3472.87	3402.96	3816.89											
	Closing	3841.1	3755.1	4256.1	4305.8	3876.1	3902.03	3803.24	3560.29	3658.98	3224.36	3622.22	3892.75											
XX	BSE 100 Index (100 Scrips)																							
VIII	(1983-84=100) High	1646.1	1633	1827.4	1904.7	1979.7	1782.18	1790.48	1644.07	1604.34	1627.39	1568.83	1722.2											
	Low	1488.6	1586.2	1634.2	1791.9	1694.8	1641.72	1644.16	1478.02	1448.94	1401.38	1419.25	1579.07											
	Average	1586.1	1611	1716.6	1844.6	1863.6	1717.52	1722.58	1563.46	1525.78	1512.7	1467.54	1654.92											
	Closing	1646.1	1612.2	1827.4	1873.7	1694.8	1692.32	1644.16	1543.1	1586.6	1401.38	1568.83	1697.14											
XXI	BSE 200 (1989-90 = 100)																							
X	High	367.44	366.44	403.73	420.72	439.97	398.39	400.37	369.82	357.28	364.94	348.26	382.3											



	Low	332.85	356.43	365.95	399	380.04	369.43	371.39	334.74	324.86	313.63	315.94	349.99
	Average	354.07	362.1	381.68	409.59	416.29	384.56	385.38	352.26	341.32	339.17	325.91	366.4
	Closing	367.44	361.4	403.73	417.79	380.04	378.66	371.39	346.91	354.45	313.63	348.26	376.64
XX	The Dollex (1989-90 = 100)												
X	High	171.02	170.41	187.65	195.77	204.95	180.88	184.14	169.24	151.71	154.29	147.54	161.06
	Low	154.32	165.62	170.28	186.02	174.02	169.25	170.53	145.17	136.17	134.17	135.6	147.29
	Average	164.59	168.33	177.44	190.82	193.04	175.78	177.19	157.72	144.93	143.37	139.51	154.42
	Closing	171.02	168.12	187.65	194.84	174.02	174.25	170.53	149.75	150.23	134.17	147.54	158.75
XX	P/E Ratio (Month end Values)												
XI	BSE Sensitive Index based scrips (30)	14.81	14.24	16.17	15.84	14.33	14.57	14.19	13.33	13.46	12.79	14.49	15.65
	BSE 100 Index based scrips (100)	13.54	13.3	15.11	15.32	12.78	12.83	12.45	11.72	12.08	11.34	12.84	14.04
XX	Price to Book Value (Month end Values)												
XII	BSE Sensitive Index based scrips (30)	2.9	2.77	3.15	3.08	2.78	2.79	2.71	2.51	2.53	2.21	2.48	2.68
	BSE 100 Index based scrips (100)	2.46	2.41	2.73	2.72	1.81	1.8	1.75	1.63	1.65	1.46	1.63	1.78
XX	Dividend Yield % (Month end Values)												
XIII	BSE Sensitive Index based scrips (30)	1.5	1.55	1.36	1.37	1.52	1.5	1.54	1.65	1.64	1.73	1.54	1.43
	BSE 100 Index based scrips (100)	1.68	1.71	1.48	1.46	1.91	1.92	1.97	2.11	2.06	2.2	1.96	1.81
XX	No. of Registered FIs ~	443	445	451	467	470	471	471	475	476	481	489	496
XIV	No. of Registered Foreign Brokers ~	38	38	38	38	38	38	38	38	38	38	38	38
XX	FIs Purchases in												
XXVI													



	Secondary market in BSE (Cr. Rs.)	534.98	635.33	1183.4	1014.2	624.23	599	716	443.6	334.44	280.17	661.69	629
	Total Purchases (Year to date) (Cr. Rs.)	534.98	1170.31	2353.71	3367.91	3992.14	4591.14	5307.14	5750.74	6085.18	6365.35	7027.04	7656.04
	(Bn. Rs.)	5.35	11.70	23.54	33.68	39.92	45.91	53.07	57.51	60.85	63.65	70.27	76.56
	(US \$ Bn.)	0.15	0.33	0.66	0.94	1.10	1.27	1.46	1.49	1.55	1.64	1.79	1.94
XX	FII Sales in Secondary market in BSE												
XVI	(Cr. Rs.)	338.96	311.17	518.87	515.95	390.92	407	319	650.45	464.75	434.8	407.66	443
	Total Sales (Year to date) (Cr. Rs.)	338.96	650.13	1169	1684.95	2075.87	2482.87	2801.87	3452.32	3917.07	4351.87	4759.53	5202.53
	(Bn. Rs.)	3.39	6.50	11.70	16.85	20.76	24.83	28.02	34.52	39.17	43.52	47.60	52.03
	(US \$ Bn.)	0.09	0.18	0.33	0.47	0.57	0.70	0.77	0.89	0.10	1.12	1.21	1.32
XX	Net FII Investments in												
XVI	Secondary market in BSE (Cr. Rs.)	196.02	324.16	664.56	498.28	233.31	192	397	-206.85	-130.31	-154.63	254.03	186
II	Total Investment (Year to date) (Cr. Rs.)	196.02	520.18	1184.74	1683.02	1916.33	2108.33	2505.33	2298.48	2168.17	2013.54	2267.57	2453.57
	(Bn. Rs.)	1.96	5.20	11.85	16.83	19.16	21.08	25.05	23.00	21.68	20.14	22.68	24.54
	(US \$ Bn.)	0.1	0.15	0.33	0.47	0.53	0.58	0.69	0.60	0.55	0.52	0.58	0.62
XX	FII Purchases in Secondary												
XIX	market (Equity) (All-India) (Cr. Rs.) ~	1214.4	1329.5	2601.8	1922.2	1601.4	1414.4	1600.2	1093.3	934.7	772.9	1489.1	1364.3
	Total Purchases (Year to date) (Cr. Rs.)	1214.4	2543.9	5145.7	7067.9	8669.3	10083.7	11683.9	12777.2	13711.9	14484.8	15973.9	17338.2
	(Bn. Rs.)	12.14	25.44	51.46	70.68	86.69	100.84	116.84	127.77	137.12	144.85	159.74	173.38
	(US \$ Bn.)	0.34	0.71	1.44	1.98	2.38	2.79	3.21	3.31	3.49	3.72	4.07	4.39
XL	FII Sales in Secondary market (Equity)												





(All-India)~ (Cr. Rs.)	712.7	614.3	1282.5	942.3	1063.4	783.4	966.7	1505.2	1513.3	1074.7	754.5	910.7
Total Sales (Year to date) (Cr. Rs.)	712.7	1327	2609.5	3551.8	4615.2	5398.6	6365.3	7870.5	9383.8	10458.5	11213	12123.7
(Bn. Rs.)	7.13	13.27	26.10	35.52	46.15	54.00	63.65	78.71	93.84	104.59	112.13	121.24
(US \$ Bn.)	0.20	0.37	0.73	1.00	1.27	1.49	1.75	2.04	2.39	2.69	2.85	3.07
XLI Net FILS Investments in Secondary market (Equity) (All-India) (Cr. Rs.)~	501.7	715.2	1319.3	979.9	538.1	631	633.5	-411.9	-578.6	-301.8	734.6	453.6
Total Investment (Year to date) (Cr. Rs.)	501.7	1216.9	2536.2	3516.1	4054.2	4685.2	5318.7	4906.8	4328.2	4026.4	4761.00	5214.6
(Bn. Rs.)	5.02	12.17	25.36	35.16	40.54	46.85	53.19	49.07	43.28	40.26	47.61	52.15
(US \$ Bn.)	0.14	0.34	0.71	0.98	1.11	1.30	1.46	1.27	1.10	1.03	1.21	1.32
XLI FILS Purchases in Secondary market (Debt) (All-India) (Cr. Rs.) ~	132.7	63.7	302.6	83.3	39	41.3	393.1	5	0	0	5	135.3
Total Purchases (Year to date) (Cr. Rs.)	132.7	196.4	499	582.3	621.3	662.6	1055.7	1060.7	1060.7	1060.7	1065.7	1201
(Bn. Rs. )	1.33	1.97	5.00	5.82	6.21	6.63	10.56	10.61	10.61	10.61	10.66	12.01
(US \$ Bn.)	0.04	0.06	0.14	0.16	0.17	0.18	0.29	0.28	0.27	0.27	0.27	0.30
XLI FILS Sales in Secondary market (Debt)												
(All-India)~ (Cr. Rs.)	49.2	16.1	139	57.8	70.6	72.4	41.8	143.2	52.4	2.5	--	21
Total Sales (Year to date) (Cr. Rs.)	49.2	65.3	204.3	262.1	332.7	405.1	446.9	590.1	642.5	645	645	666
(Bn. Rs.)	0.5	0.7	2.04	2.62	3.33	4.05	4.47	5.90	6.43	6.45	6.45	6.66
(US \$ Bn.)	0.014	0.02	0.06	0.07	0.09	0.11	0.12	0.15	0.16	0.17	0.16	0.17
XLI Net FILS Investments in Secondary												



V	market (Debt) (All-India) (Cr. Rs.)~	83.5	47.6	163.7	25.5	-31.6	-31	351.3	-138.3	-52.4	-2.5	5	114.3
	Total Investment (Year to date) (Cr. Rs.)	83.5	131.1	294.8	320.3	288.7	257.7	609	470.7	418.3	415.8	420.8	535.10
	(Bn. Rs.)	0.84	1.31	2.95	3.20	2.89	2.58	6.09	4.71	4.18	4.16	4.21	5.35
	(US \$ Bn.)	0.02	0.04	0.08	0.09	0.08	0.07	0.17	0.12	0.11	0.11	0.11	0.14
XL	Capital raised through Euro Issues												
V	a) No. of Issues	--	1	--	--	--	1	--	--	1	--	--	--
	b) Amount Raised (Cr. Rs.)	--	357.95	--	--	--	39.79	--	--	706.86	--	--	--
	Total Capital Raised through Euro Issues												
	(Year to date)												
	a) No. of Issues	2	3	3	3	3	4	4	4	5	5	5	5
	b) Amount Raised (Cr. Rs.)	2128.7	2486.7	2486.7	2486.7	2486.7	2526.44	2526.44	2526.44	3233.3	3233.3	3233.3	3233.3
	(Bn. Rs.)	21.29	24.87	24.87	24.87	24.87	25.26	25.26	25.26	32.33	32.33	32.33	32.33
	(US \$ Bn.)	0.59	0.69	0.69	0.69	0.69	0.7	0.7	0.7	0.82	0.82	0.82	0.82
XL	Members												
VI	a) Individuals	547	546	544	543	540	537	530	507	334	334	334	333
	b) Corporate (Unlimited Liability)	5	5	5	5	5	5	5	5	2	2	2	2
	c) Clause No. (4) A @												
	d) Indian Companies	77	78	80	80	83	86	93	116	289	289	289	290
	ii) Foreign Institutional Investors'	12	12	12	13	13	13	13	13	13	13	13	13
	iii) Financial Corporations	--	--	--	--	--	--	--	--	--	--	--	--



NOTES

Note : Turnover and deliveries in Specified shares consisted of 94 scrips till 17.3.96. W.e.f. 15.4.96 scrips of B1 group added in Specified shares Group. Turnover for A+b1 group which is an aggregate of the daily turnover, includes off-market deals unlike the settlement turnover. Deliveries data is sourced from settlement turnover. Turnover and deliveries data also include debt instruments.

\* F = Debt Instruments

# Estimated

~ Source : Securities and Exchange Board of India

@ Under the Securities Contracts (Regulation) Rules, 1957

