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FORUM VIEWS

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An indispensable partnership: U.S. - India ties under Biden and Modi | Fintech, Cybersecurity, the road ahead for stock exchanges | Longevity will influence major decisions made by over a billion people | Commodities market - the road ahead in the era of digitization | Future impact of digital transformation in securities and capital market industry | An investor’s guide to shareholder meetings in India | Social empowerment through emotional intelligence




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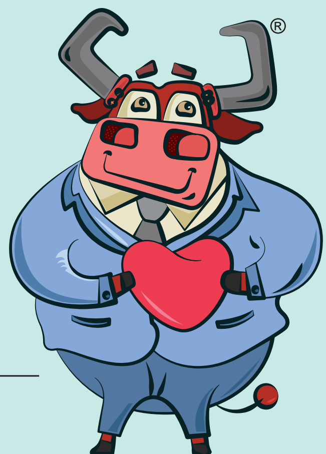

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FROM THE BBF SECRETARIAT

Welcome to the August 2021 edition.

Indian economy coming back to normalcy and stock markets rising to new heights: The Indian economy macroeconomic indicators are showing signs of improvement slowly and gradually. The Consumer Price Index (CPI) inflation has reached 6.26% which is more than the RBI comfort zone of 6%. The rise in the CPI inflation will put pressure on RBI to raise interest rates. Interest have been kept lower by the RBI deliberately, so that the economy gets push to revive. The Index of Industrial Production has come to 129% which is due to the lower base effect.

RBI in its monetary policy has kept the repo rate unchanged as still the economy is not of woods. The GST collection for the month of June 2021 has reduced to Rs. 92849 crores which was above Rs. 1 lakh crores for 8 consecutive months. The second wave of COVID 19 has hit the economy hard and thus the whole economy which was coming back on track rapidly has seen some slow down due to the rise in the COVID cases and restrictions imposed by the state governments.

FED has already indicated the tapering of the bond buying programme as US economy is showing strong signs of growth with GDP projected to be in the range of 6%. This puts pressure on the global stock markets especially the emerging stock markets like Brazil, Russia, India, China and South Africa. Global Interest rates may see northwards in the coming year and thus may be a challenge for the equity markets.

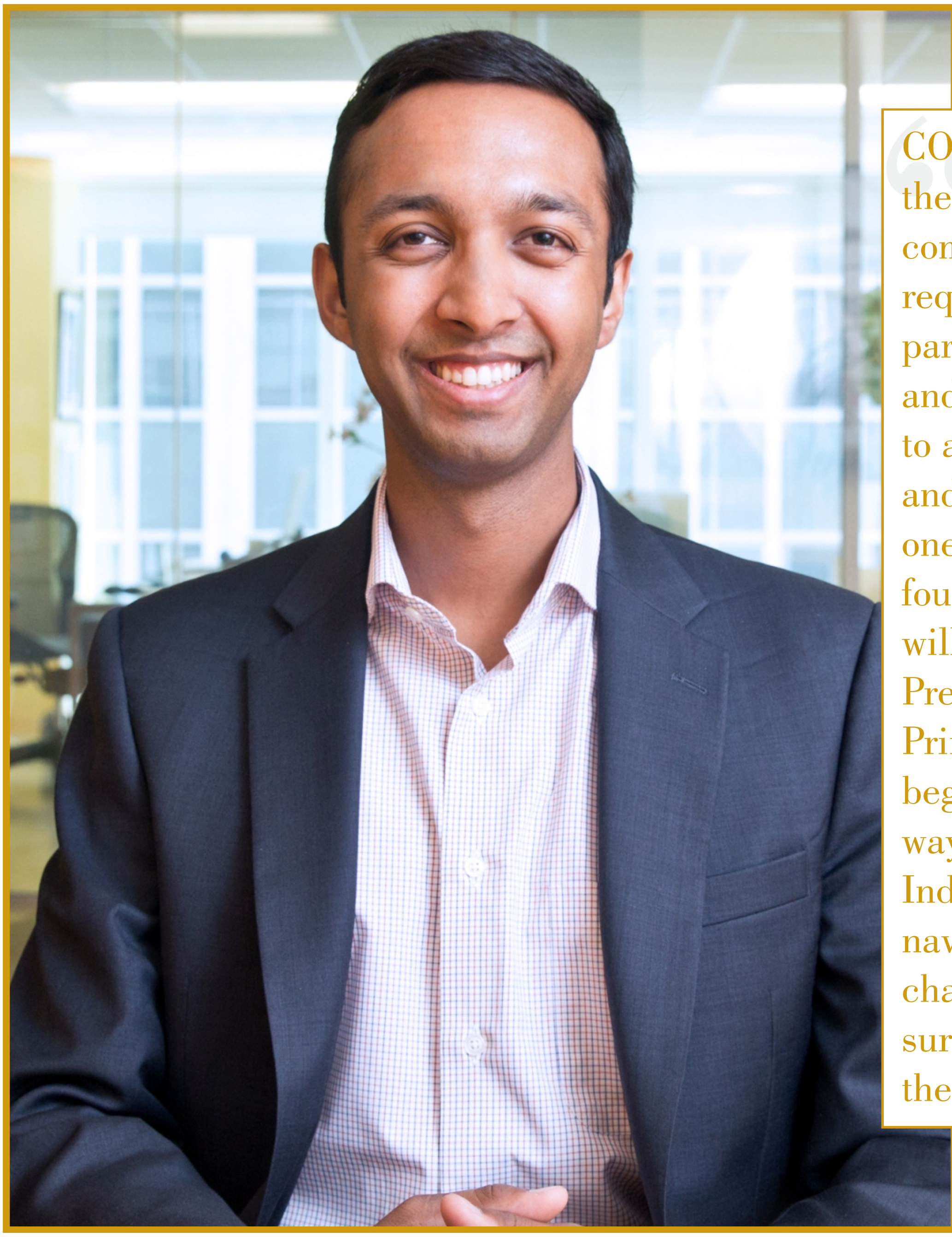
Indian economy is gradually coming back to normalcy with more than 35 crores people vaccinated and thus it leads to businesses having more normal working hours and confidence among the consumers also.

On BBF front:

Day/ Date	Webinar topic
Friday, 23 July	CDSL updates on Regulatory mandates effective from 01-Aug-2021
Tuesday, 20 July	Investor's Guide to Shareholders Meetings in India
Friday, 16 July	Critical provisions of Reopening of Assessment u/s 148 of Income Tax Act under old, new provisions
Wednesday, 14 July	Surveillance Obligations on Stockbrokers Changes w.e.f. 01-Aug-2021
Monday, 12 July	BoltPlus on Web Trading Application
Friday, 9 July	Go Digital with BSE STAR MF

BBF CONDUCTED 30 WEBINARS TOWARDS INVESTOR EDUCATION AND AWARENESS INITIATIVES WHICH WERE ATTENDED BY OVER 1200 PARTICIPANTS.

GLOBAL INSIGHTS



COVID-19 has tested the entire global community and required strategic partners like India and the United States to adapt, innovate, and act in support one another. That foundation of trust will be essential as President Biden and Prime Minister Modi begin to explore new ways to deepen U.S.-India ties and navigate new challenges that will surely emerge along the way.

ANAND RAGHURAMAN

Vice President

The Asia Group (United States)

AN INDISPENSABLE PARTNERSHIP: U.S. - INDIA TIES UNDER BIDEN AND MODI

For 72 hours in late April, the ghosts of U.S.-India relations past reemerged with a vengeance. A hard-hit India looked to America for assistance as a second wave COVID-19 surge devastated the nation, but it received little assurance from a Biden administration focused on the crisis at home. In America's hesitation, some Indian commentators saw proof positive of a long-held suspicion: that America has and will always be an unreliable partner to India. Even those inclined to be more charitable to Washington expressed hurt, frustration, and anger at America's silence. Would the Biden administration come to India's aid in its hour of need or pursue the Trumpian policy of "America First" in a new, softer avatar?

The answer, though delayed, was strong and clear. America would mobilize in full support of India's relief efforts. Statements of solidarity with India cascaded down from the President himself to the senior cabinet officials and leaders in the Congress. The White House quickly devised and enacted a concrete plan of action to ship medical equipment to India and redirect its own vaccine supply orders to India. U.S. businesses came forward offering medical equipment, life-saving oxygen, millions of dollars in donations, and critical logistical support. All throughout, the Indian American diaspora community worked tirelessly to raise funds, identify charities, and assist friends, family, and communities in need.

Lessons from the COVID-19 Crisis

What does this episode reveal about the state of U.S.-India relations today?

First, the "hesitations of history" impeding U.S.-India relations are not easily banished from India's body politic. Decades of strained ties during the Cold War period linger in the modern era, and these ghosts of the past reawaken in times of crisis and high tension.

Second, India's anger in response to America's delayed aid underscores how the expectations governing the U.S.-India partnership have changed over the past three decades. Today, India fully expects America to assist it in times of crisis because that is what close friends and strategic partners do. Those expectations would not apply to a country that was truly ideologically or geopolitically opposed to Indian interests, such as China or Pakistan.

Third, the scale of the American response highlights the strength of the deepening bond linking India and United States, as well as the clear value of this partnership to India. No other country - not even India's Cold War partner Russia - has marshalled the type of comprehensive and sustained response being led now by the U.S. government, private sector, and general public. This is a direct result of the goodwill India has generated in America as well as India's rising centrality in international affairs and the global economy. It is also a reflection of a growing reality: America is India's indispensable partner.

> "CLEARLY INDIA AND THE UNITED STATES HAVE CONSIDERABLE ROOM TO GROW THEIR COMMERCIAL PARTNERSHIP GIVEN THE SIZE OF THEIR ECONOMIES AND RESPECTIVE COMPANIES."

Deepening U.S.-India Strategic Ties

COVID-19 has tested the entire global community and required strategic partners like India and the United States to adapt, innovate, and act in support one another. That foundation of trust will be essential as President Biden and Prime Minister Modi begin to explore new ways to deepen U.S.-India ties and navigate new challenges that will surely emerge along the way.

The clearest and most immediate imperative is accelerating India's push to vaccinate its population, while simultaneously taking steps to reposition India as a global supplier of COVID vaccines. The second wave surge - and the prospect of a third wave later this year - has understandably forced India to prioritize the crisis at home. But as the Modi government ramps up domestic production capacity, it can begin charting a path to supply neighbors in South Asia as well as other partners over the coming years. The United States can continue to support these efforts by offering financing, as it did during the Quad Leaders summit in March, and by working with its pharmaceutical firms to ensure fair and equitable access to vaccines.

Looking beyond COVID-19, however, both sides will need to deepen the strategic convergence between Delhi and Washington to meet new geopolitical challenges in the Indo-Pacific. Foremost among these is the rise of China as a serious geopolitical and economic superpower in Asia. The Biden team has signaled its intent to lean heavily into strategic competition with China, while managing escalation risks of open confrontation. India too has hardened its stance against China in the wake of repeated border clashes and taken steps to reinforce its border forces. There is now a recognition in New Delhi that India, for the first time in its history, has an antagonistic superpower on its doorstep. This has animated a flurry of defense and diplomatic coordination between New Delhi and Washington and a campaign to crack down on Chinese investment in strategic sectors.

Transforming Trade and Commercial Relations

Despite the growing convergence on strategic issues, the United States and India still remain divided on several substantive trade and commercial areas - even in the post-Trump era. Indeed, U.S.-India trade has consistently lagged behind progress in the strategic relationship, and bilateral trade volumes have fallen short of other peer countries.

As a recent study by the Atlantic Council (with contributions by the author) details, two-way trade in goods and services topped USD 146 billion in 2019, with India slated as the United States' ninth-largest trading partner. Still, these sums fall far behind U.S. trade volumes with other Asian countries, such as Korea, Vietnam, and China. For instance, China's trade with the United States is 6 times larger than India's. Korea's trade with the United States is 1.5 times larger than India's despite Korea's GDP being roughly 40 percent smaller than India's. Clearly India and the United States have considerable room to grow their commercial partnership given the size of their economies and respective companies.

Yet taking the commercial partnership forward will not be easy. In Washington and Delhi, strains of economic nationalism and populism are in vogue and validated in part by the experience of COVID-19. For the Modi government, the pandemic is likely to reinforce the push toward self-reliance as articulated through the Prime Minister's signature Atmanirbhar Bharat campaign. In select sectors, such as health, manufacturing, and technology, the trend toward localization and protectionism is likely to continue or even grow stronger and generate friction for U.S. companies operating in the Indian market.

Similar dynamics are also at play in the United States. The Biden Administration's "Build Back Better" campaign emphasizes the need to rebuild and reinvest at home. Washington is also taking long overdue steps to boost resiliency in medical supply chains as well as in critical technologies, such as semiconductor and chipset manufacturing. Strategic, technological, and economic competition with China has only accelerated these trends and given them a bipartisan stamp of approval that is increasingly rare in a politically polarized Washington.

Meanwhile, the Biden administration has yet to articulate a coherent vision for trade engagement in Asia - not to mention trade relations with India. For the moment, there appears to be no desire in Washington to rejoin grand regional trade deals such as the Trans-Pacific Trade Partnership (TPP). Likewise, the trade battles and tariff wars that were commonplace during the Trump administration have given way to what the Biden administration characterizes as a "worker-centric" trade policy. How this policy manifests in practice remains unclear.

The hard reality is that domestic political trends and economic imperatives facing India and the United States will likely make comprehensive trade liberalization much harder to achieve. Lofty goals of inking a bilateral free trade agreement or raising trade volumes to USD 500 billion by 2030 will need to be leavened with a dose of realism. The way forward lies in a stepwise progress that builds on the practical lessons and opportunities of the recent past. Can Washington and New Delhi seize the opportunity to resolve acute sources of tension when trade ministers meet this fall? There is ample skepticism in both capitals, but also a recognition that a more stable and predictable trade relationship would benefit both countries.

Three Workstreams to Take Forward

As the Biden and Modi administrations look to next three years left in their respective terms in office, there is a critical window of opportunity to cement progress in U.S.-India relations and make hard choices that would fundamentally expand the aperture of the partnership. Three lines of effort deserve special attention.

Most importantly, the Biden administration will need to find ways to ensure that the progress in the strategic relationship is mirrored by growth in the trading relationship. Too often, Washington has been content to ringfence trade frictions with India if it meant continuing strategic cooperation in the defense and diplomatic domain. India has also tacitly favored this approach because it allows New Delhi to reap the best of both worlds - it can secure American support to counter strategic threats posed by a rising China even while retaining economic policies that protect homegrown firms from foreign competition.

DELIVERING ON THESE AMBITIOUS GOALS AND LINES OF EFFORT WILL REQUIRE SUSTAINED FOCUS AND LEADER-LEVEL COMMITMENTS TO TAKE THE RELATIONSHIP FORWARD. BUT GIVEN THE STAKES AT PLAY AND THE OPPORTUNITIES IN HAND, THE TIME IS RIPE FOR THE UNITED STATES AND INDIA TO DOUBLE DOWN ON THEIR INDISPENSABLE PARTNERSHIP.

The onus is now on the Biden administration to change this calculus even if it means temporarily incurring diplomatic pushback from New Delhi. From an American standpoint, pushing for liberalization within India's economy would naturally bring commercial benefits to American firms. But economic liberalization is also vital for India to get back on a high-growth trajectory following years of sluggish growth - and that too is in America's long-term strategic interest. Indeed, an India that is economic prosperous is also one that will have the ability and appetite to look externally and project power within the Indo-Pacific. An India that is economically hobbled will have a hard time balancing China's rise in the long-term.

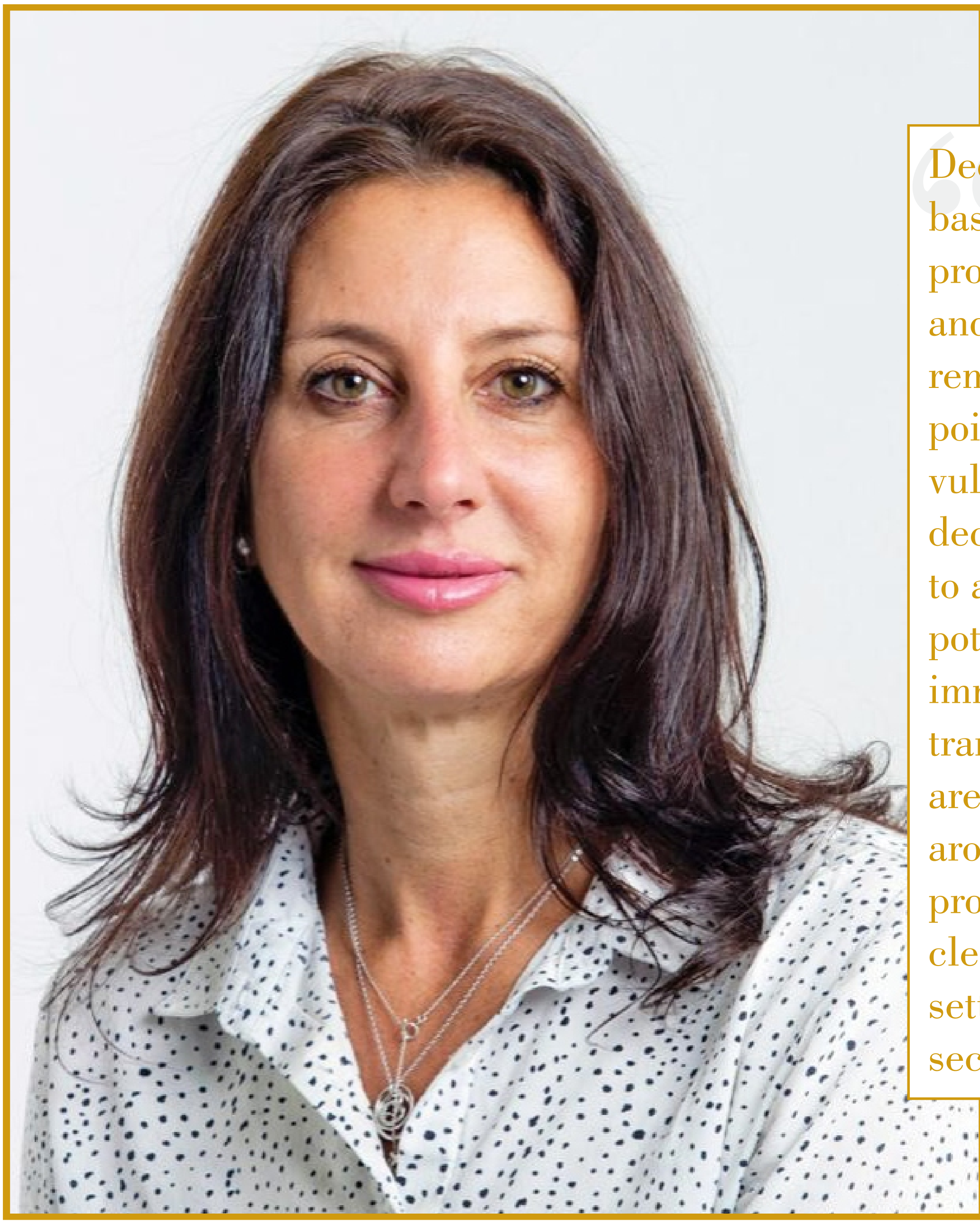
The second core workstream would see the United States and India work together to forge a new consensus on climate in the run up and aftermath of the upcoming COP26 climate summit. U.S.-India climate cooperation has already catalyzed global action once before with the signing of the Paris Climate Agreement in 2015. President Obama and Prime Minister Modi's leader level diplomacy was vital to the completion of the landmark agreement, and in the intervening period since, India has carried the torch on the climate issues while the United States pivoted sharply during the Trump administration. With a willing Biden administration now ready to build a new consensus on climate, there is ample scope for bilateral and multilateral efforts to promote more aggressive climate cooperation. Joint partnerships on clean energy finance and green innovation are importance pieces of the puzzle; more impactful will be making more ambitious pledges to cut greenhouse gas emissions and inspiring strong emissions reductions by developed and developing countries.

Third and finally, the United States and India should look to double down on efforts to promote joint R&D across sectors. Healthcare and manufacturing stand out as important sectors, given the global supply shifts underway and the opportunities to build local bases in India. Likewise, there is ample scope to increase joint innovation in digital services and hardware, with leading companies like Google, Facebook, and Microsoft investing billions in local partnerships. Officials in Washington and Delhi can help these commercial linkages mature and blossom by streamlining skilled worker visa programs and taxation frameworks and investing in new educational exchanges that connect the next generation of American and Indian innovators.

Delivering on these ambitious goals and lines of effort will require sustained focus and leader-level commitments. But given the stakes at play and the opportunities in hand, the time is ripe for the United States and India to double down on their indispensable partnership.

Anand Raghuraman is a Vice President at The Asia Group and the team lead for technology and financial services clients operating in South Asia. In this capacity, he advises clients as they plan and advance strategic campaigns, navigate complex regulatory challenges, and develop highly-resonant social impact initiatives tailored to South Asian markets. Alongside his direct support of clients, Anand works closely with The Asia Group's leadership to help drive business development initiatives for the firm's South Asia practice. He has played a critical role in expanding The Asia Group's partnerships in India and expanding the firm's thought leadership on emerging trends at the intersection of technology, geopolitics, and trade. Anand is also a Non-Resident Fellow at the Atlantic Council South Asia Center, where he publishes commentary on Indian technology policy and contributes to new research initiatives on U.S.-India trade relations.

GLOBAL INSIGHTS



> "Decentralised data bases are solving the problems of hacking and cyber threats as removing central point of vulnerabilities decreases incentives to attack "honey pots" of data and immutable, transparent ledgers are improving issues around post trade processes for clearing and settlement times on security exchanges."

LORETTA JOSEPH

Fintech Consultant, **Financial Services Commission (Mauritius)**

Board Member, **Regional Centre of Excellence (Mauritius)** in collaboration with the OECD on Fintech

FINTECH, CYBERSECURITY, THE ROAD AHEAD FOR STOCK EXCHANGES

We are stepping into a new financial age, rapid tech innovation and digitalisation has affected every facet of life in 2021 and financial technology is disrupting traditional players in financial services providing efficient, fast and cost-effective ways to deliver traditional financial products. Blockchain technology has created new and exciting applications beyond bitcoin for digitisation of money and other new and existing asset classes. Atomically swapping of assets and smart contract functionality will create better liquidity opportunities in both primary and secondary markets. Decentralised data bases are solving the problems of hacking and cyber threats as removing central point of vulnerabilities decreases incentives to attack “honey pots” of data and immutable, transparent ledgers are improving issues around post trade processes for clearing and settlement times on security exchanges. It is time to explore this paradigm shift and mitigating risks and harnessing the opportunities of emerging tech.

Digital assets are a new asset class, crypto assets are just a subset but with a market capitalisation of over $1 trillion. USD cannot be ignored. As this new asset class grows, technology gets more refined and adoption of AI, Blockchain and IOT applications across financial services and products becomes more interesting. Just as bitcoin grabbed the attention of both retail and institutions so are securities token offerings (STO’s) and digital offerings of tangible asset classes. This, coupled with many jurisdictions ready to set up regulatory frameworks around this new asset class that gives clear investor and consumer protection guidance and mainstream adoption of blockchain and other emerging technologies the financial services industry has been overhauled.

Stock exchanges could build new business models for new asset classes whilst utilising existing exchange platforms which benefit from existing regulations and market conduct rules. At present, few fully fledged market- licensed traditional exchanges have ventured into the digital asset space. The digital asset marketplaces or crypto asset Exchanges as they are sometimes referred to lack transparency, do not adhere to market best practices and there is little or no clarity on trading fee structures. Complex user interfaces, little or no protection for different user experience or skill levels, system performance issues and KYC/AML concerns plague the industry.

STOCK EXCHANGES COULD BUILD NEW BUSINESS MODELS FOR NEW ASSET CLASSES WHILST UTILISING EXISTING EXCHANGE PLATFORMS WHICH BENEFIT FROM EXISTING REGULATIONS AND MARKET CONDUCT RULES. AT PRESENT, FEW FULLY FLEDGED MARKET-LICENSED TRADITIONAL EXCHANGES HAVE VENTURED INTO THE DIGITAL ASSET SPACE.

Digital asset exchanges are internet-based platforms designed to facilitate the trading of digital assets and accordingly they can access customers across the world with a relatively limited physical footprint in any single jurisdiction. Traditional exchanges and trading platforms are subject to laws and regulations (usually in the form of a licensing or authorisation regime) in the jurisdiction(s) in which they operate and/or market and the intermediaries (brokers/trading and clearing participants) who can access the platform also usually need to have some form of license or authorization. Digital asset exchanges are direct-to-customer platforms and typically operate without the need for intermediaries to place orders on behalf of their users or hold users’ assets in custody. As such, a digital asset exchange can function as a broker, custodian and trading venue at the same time.

Recent events have shown that regulators are increasingly scrutinizing exchanges on two fronts; firstly, they want to ensure that digital asset exchanges are not facilitating trading in regulated financial products (e.g., tokens which have the characteristics of securities) without holding the appropriate license or authorisation and, secondly, they want to understand how exchanges market their services to potential customers and whether such marketing activity itself constitutes some form of regulated financial activity for which a license or authorization is required. Other features, such as the provision of leverage, may also trigger regulatory scrutiny.

These issues are exacerbated by the absence of any internationally harmonised view of token characterisation, meaning that a token which is not classified as a 'security' (or other regulated product) in one jurisdiction might be classified as a 'security' (or other regulated product) in another jurisdiction. Additional features and services, such as leverage, derivatives, futures etc., are also subject to jurisdictional differences.

Digital assets should be taken seriously by financial industry leaders. They are set to become the biggest financial asset class by the end of this decade and bring as much financial innovation as the explosion of derivatives and structured products in the 1980s. Given the lack of skills and expertise in this market, developing solutions ahead can lead to sustained competitive advantage in the emerging digital asset value chain.

For financial institutions and their customers, they could increase market liquidity, transparency, accessibility, and at the same time reduce transaction costs and associated risks dramatically. Furthermore, new products and services could be developed that benefit from core blockchain properties, for instance via smart contracts. As a result, the rise of digital assets is likely to prove those wrong who imagined blockchain uniquely useful as a particular type of database, without the need of a network-wide digital asset. Certain factors unlock the potential of digital assets and distinguish them from the original cryptocurrencies.

1. Technology and Cyber security

Digital assets can now be deployed to regulated, interoperable, scalable, and enterprise-friendly distributed ledger technologies (DLT), as opposed to the public blockchains. These DLTs can be considered hybrid deployments, as the blockchain ledger is just one component so that those platforms are easier to integrate with company IT infrastructure. As a result, clear governance, identity, security, and implementation frameworks can be embedded by design. This, in turn, offers compliance and legal guarantees to financial authorities. Many financial institutions have already joined blockchain consortiums that would facilitate the exchange and emission of those assets.

2. Tokenisation

Cryptocurrencies have no intrinsic, convertible, or pegged value, which explains most of their volatility. On the other hand, digital assets are mainly emitted by tokenising the underlying asset. Tokenisation works by representing an asset with divisible, digital tokens with money-like properties (medium of exchange, storage of value, and unit of account). Those are then deployed to a blockchain network for security and verification purposes. Once the emission is complete, those assets can be swapped on a primary or secondary market exchange that has the necessary infrastructure to realise the trading, settlement, and custody of these assets. Many existing players are working on regulated digital asset market infrastructures. Some players are offering the infrastructure as a service. The following underlying assets could benefit from tokenisation:

- Traditional financial assets, such as fiat currencies, shares, or bonds.
- Illiquid financial assets, such as real estate mortgages and insurance products.
- Nonfinancial assets, such as commodities.
- Intangible alternative assets, such as pieces of art, patents, certificates, or intellectual property.

We are seeing the rise of NFT's and Defi (decentralised finance) applications again making us rethink the institutional nature of financial products.

3. Compliance

Beyond the trading and storing of digital assets, the new foundations and the deployment of the digital asset infrastructure and products are being implemented in a compliant manner by all financial utility providers: market operators, exchanges, banks, technology providers, central banks, and local financial regulators. The green light of the latter is mandatory for the issuance, exchange, and thus institutional adoption of these assets. This will enable existing concepts qualified as "stable coins" (pegged or convertible to one or a basket of "stable" assets) or "STO" (2) (issued token representing a share of an asset like a security and categorised as such) to gain a proper legal status and framework. As a result, the emergence of legal frameworks will help to define, classify, and regulate those assets when issued, exchanged, or converted back to fiat currencies. In addition, rising compliance and security standards for storage and custody solutions offer clients the right balance between trust and control for their digital assets.

On the asset management side, (alternative investment funds) are already regulated and emerging ETFs (exchange-traded funds) are on the path to legalisation. Also, while traditional financial institutions clear the way to extend their offering to include digital asset products, emerging native digital asset brokers and exchanges receive their first banking and trading licenses which again challenge the existing players. Altogether, this evolution will not just provide the legal and practical means to portfolio managers and institutional investors to diversify a percentage of their portfolio directly or indirectly into digital assets. It will also enable digital assets to become a viable part of capital markets.

DIGITAL ASSETS WILL OFFER MAJOR OPPORTUNITIES FOR FINANCIAL MARKETS. THE POTENTIAL SUCCESS OF THE UPCOMING SECOND WAVE OF BLOCKCHAIN PLATFORMS, APPLICATIONS, AND DIGITAL ASSETS COULD ENABLE MOST FINANCIAL INSTITUTIONS THAT MISSED OR IGNORED FINTECH CAN STILL BENEFIT FROM THIS REVOLUTION.

4. Ecosystem

As mentioned, financial institutions, capital market operators, and regulators have gained enough maturity in the tangible benefits and risks of blockchain and DLTs for the emergence of an end-to-end digital asset ecosystem. For exchanges and operators, trading, clearing, and settlement are now possible in seconds thanks to “atomic swaps”. Those smart contracts cryptographically solve the problem of the counterparty risk of a transaction without reconciliation costs: The blockchain ledger offers trust as an independent “triple-entry” accounting system recording all transactions and state changes of the network.

Also, banks and other financial intermediaries see the potential of automating consolidated reporting and compliance, post-trading, custody, and asset servicing. Furthermore, interest is rising as digital assets also offer formidable opportunities in terms of derivative products like options, futures, collateralised lending or staking. The latter works by rewarding the holders with a “dividend” for verifying operations on the blockchain. Portfolio and asset managers are observing the low correlation that such assets have more traditional assets and are starting to understand the unique value and risk drivers of those assets, such as higher security, more privacy, scalability, and decentralised web.

Even central banks are now testing their own tokenised currencies, central bank digital currencies (CBDC). For them, digital currencies, such as digital euros, would have the double advantage of enabling exchanges and allowing their customers to keep digital assets in a stable form without converting back to fiat-and at the same time influence the digital asset market stability.

These assets are still in the infancy stage and digital asset ecosystem is still maturing. To accelerate this growth, common and recognised technical standards for exchange, communication, and data transmission is still needed. In addition, as financial and payment intermediaries living from transaction costs or legally protected and exclusive offerings now fear disruption, they might try to come up with alternatives, creating additional technological confusion in the market.

Even basic concepts of what constitutes a “real” blockchain and what doesn’t are still disputed. A tech neutral regulatory framework where the decentralisation, distribution, anonymity, and accessibility aspects of the DLT should depend first and foremost on the use and business case.

The remaining hurdles concern the lack of interoperability and the absence of integration between different DLT and blockchain networks. Furthermore, even conceptual integration is still not enough as cross- and multi-blockchain operation and scalability requirements are not met for most of the use cases. As a result, sunk costs rise for financial intermediaries having to adapt their infrastructure to one platform and later start the process from scratch for a new technology. The reconciliation and adaptation of the core banking systems, public registries, and even (banking) ledgers to these new systems remains a complex issue.

The absence of standards and maturity has the benefit that technological entry barriers remain low. In addition, given the lack of skills and expertise in this market, developing solutions ahead can lead to sustained competitive advantage in the emerging digital asset value chain. The danger of not moving ahead is increasing, as the technology is moving fast, from limited experiments to market adoption. Digital assets will also blur the line in the financial industry value chain, strengthening the current trend of tech companies entering this market by offering new services. The commitment must go beyond offering the same services for digital assets as for traditional assets. Particularly in the context of digital assets, forgetting the new roles of customers and retail market could turn out to be a huge mistake, as this technology enables disintermediation and empowers the active and direct involvement of the end-user, as opposed to traditional assets and securities.

Finally, as this tech infrastructure is developed, the applicative and product marketplace offerings are still missing or remain more unclear than the Internet was in the late 1990s before Google, Facebook, or Amazon. This will require new market dynamics, further ecosystem collaboration, and even integration financial intermediaries could complement these decentralised platforms with their access to traditional stakeholders, holding and transacting traditional assets. Overall, beyond digital assets, financial institutions will need to partner and think differently to seize the benefits of decentralised finance and open banking, without getting disrupted in the process.

Digital assets will offer major opportunities for financial markets. The potential success of the upcoming second wave of blockchain platforms, applications, and digital assets could enable most financial institutions that missed or ignored fintech can still benefit from this revolution. Even despite increased pressure in terms of compliance and data security, financial institutions could also be backed up by regulators, finally starting to catch up with the technological pace. To do so, decision-makers in financial institutions should grasp the opportunities of digital assets to adapt and provide new offerings. They will need to develop a clear strategy and mature potential use cases. As a result, real commitment and lean execution are required. Some will have to reconsider their stance both on fintech and emerging tech such as blockchain.

In terms of approach, financial institutions need to find the right balance between the fear of sunk costs and the risks of adopting a wait-and-see approach. The right approach is to test multiple opportunities in parallel with concrete projects limited in cost and scope but oriented toward clear learning milestones and success criteria. If they are reached, more budget and focus should be allocated to selected strategic projects. Setting up dedicated internal task forces or "spin-off" teams to work on those projects can strengthen the commitment and turn them into refined use cases with potential profitable business cases. This approach can be complemented and accelerated with a detailed understanding of market dynamics and the ecosystem.

Currently **Loretta** is the fintech consultant at the Financial services Commission (Mauritius) and is a board member of the Regional Centre of excellence (Mauritius) in collaboration with the OECD on Fintech. Loretta is an external resource to GIABA, She regularly advises a number of global organisations on responsible adoption of financial technology across policy makers, governments and industry, specifically blockchain .She has previously advised OECD and OSCE on digital assets and their impact in AML/CFT.

Also, the MD of Lo-Jo Consulting. She was the fintech and regulatory consultant to the Government of Bermuda, presently, Serbia and the Premier office of South Australia.

Loretta sits on the papal council of Humanity 2.0 the Developed in collaboration with the Dicastery for Promoting Integral Human Development at the Holy See and a consortium of leaders and luminaries.

Loretta is a highly dynamic, skilled banking, financial and consulting professional with over 25 years in financial markets and related sectors. She has a worked for major investment banks at Board, MD or senior management level throughout Asia and India including, RBS (India), Macquarie Group (India), Deutsche Bank, Credit Suisse and Elara Capital (India), Spanning a long career, Loretta has tremendous exposure to global financial markets, multiple asset classes and emerging market environments. Loretta has advised many international banks, global hedge and pension funds on managing portfolio and exposure to derivatives and related products. For the last decade, she has been paramount in successful transaction facilitation for Foreign Investors in India and other emerging markets. She has operated in many multi-cultural organisations. Loretta sits on the advisory board of UWS (Business School), Blume Ventures (India). She is also an adjunct fellow at UWS (Australia).She was previously Director of market development at SSX , is a Lifetime fellow of ADDCA (Australian Digital Currency and Commerce Association) chair of the Sebian blockchain Association.

Loretta holds various advisory positions globally. She was the recipient of the Fintech Australia "Female leader of 2016" She was the recipient of the Fintech Australia "leader of 2017 and Sancta Sophia College (Within Sydney University) Alumni Award 2016, 2018 and current 2019 alumni Award recipient for Social impact. Loretta holds a bachelor of economics degree from the University of Sydney.

GLOBAL INSIGHTS

"In the 21st century, planning for life after 55 is very different. People are living much longer and many are planning to stay in their own homes and work years beyond traditional retirement age. There are over 1 billion people 55 years and older worldwide and this demographic is projected to grow to 3.2 billion people by 2050."

MARGARETTA COLANGELO

Co-founder and CEO

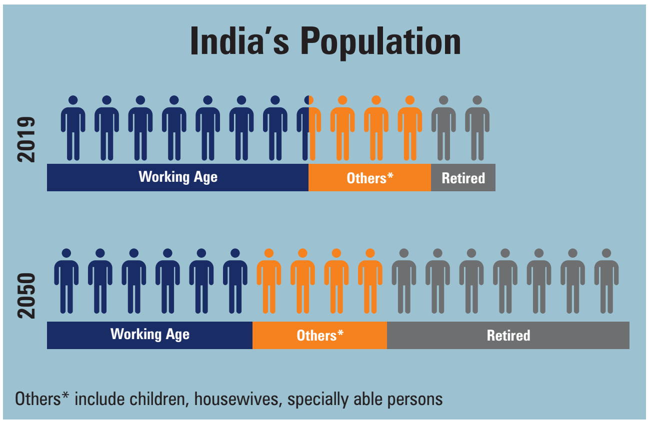
Jthereum (an enterprise Blockchain technology company) (San Francisco, United States)

LONGEVITY WILL INFLUENCE MAJOR DECISIONS MADE BY OVER A BILLION PEOPLE

On January 1, 1960, the first community designed for people 55 years and older opened in Sun City, Arizona. The developers built model homes, a shopping center, a recreation center, and a golf course and invited retirees to visit the community. They expected about 10,000 people on opening day but over 100,000 people lined up to view the five model homes. In the first year over 2,000 homes were sold in Sun City. Retirement communities like Sun City with very low property taxes and leisure activities were very popular in the later half of the 20th century and enabled retirees to live comfortably on social security and pensions.

In the 21st century, planning for life after 55 is very different. People are living much longer and many are planning to stay in their own homes and work years beyond traditional retirement age. There are over 1 billion people 55 years and older worldwide and this demographic is projected to grow to 3.2 billion people by 2050. This cohort is a powerful force that is driving economic growth with global spending power of $15 trillion USD annually. In fact, this is the most capable demographic in terms of purchasing power. Over the next decade their economic activity will increase and become central to economic and social policies around the world.

Historically companies have overlooked people over 55. Even today many companies focus on younger consumers even though the 55+ cohort makes up the wealthiest part of the financial system. In the US, this demographic is the most affluent age segment with $1.6 trillion in spending power. They have a net worth twice the US average and hold 80% of all personal wealth. For comparison, millennials hold only 4.8% of personal wealth and Mark Zuckerberg single-handedly holds 2% of all millennial wealth.

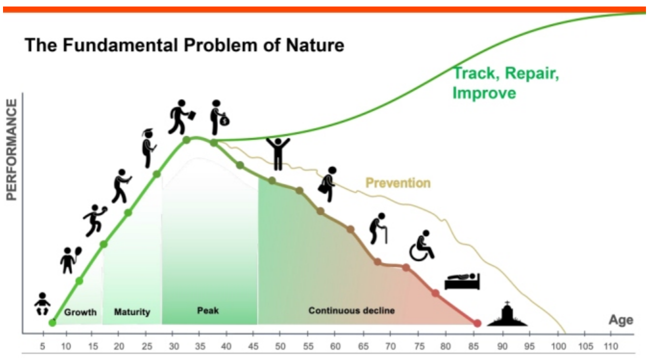


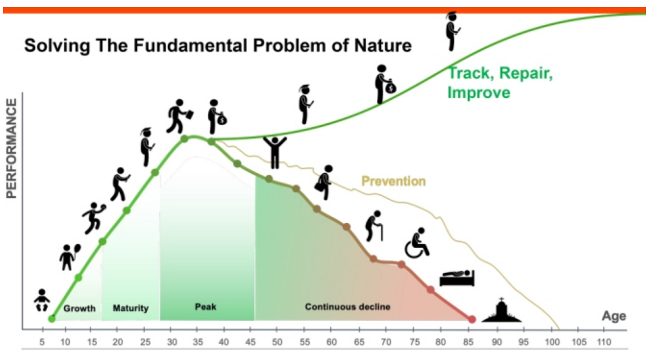
Longitudinal Ageing Study in India 2018, Harvard Chan School of Public Health

Generational Shifts

In 2020 the first people born into Generation X (born 1965 - 1980) turned 55. Research from Pew Center projects that by 2028, GenXers will outnumber Baby Boomers with 64 million Gen Xers compared to 63 million Boomers. GenXers will age differently than previous generations. Many people in this cohort do not have pension plans and are not prepared financially to retire at 65. GenXers will develop Longevity communities focused on extending healthspan so that they can remain high functioning and productive for decades longer than previous generations. The Stanford Center on Longevity at Stanford University is studying population aging and longevity. Their research suggests that many GenXers may live 20-30 years longer than previous generations and continue working after 65. This generation will be the first to have the option to receive treatments to slow down aging and delay age related diseases. This could increase functional years by decades.

Some of the most successful business leaders driving technological innovation are GenXers including: Elon Musk (founder Tesla), Jack Dorsey (founder Twitter) Larry Page and Sergey Brin (co-founders of Google) Satya Nadella (Chairman Microsoft) Jeff Bezos (founder Amazon) Michael Dell (founder Dell Computers) Pierre Omidyar (founder ebay). Products and services designed for aging GenXers will transform the global economy and increased health span will create new business opportunities and novel financial possibilities. Healthy longevity will reshape the global financial system and disrupt the business models of pension funds, insurance companies, banks, investment firms, and entire national economies.



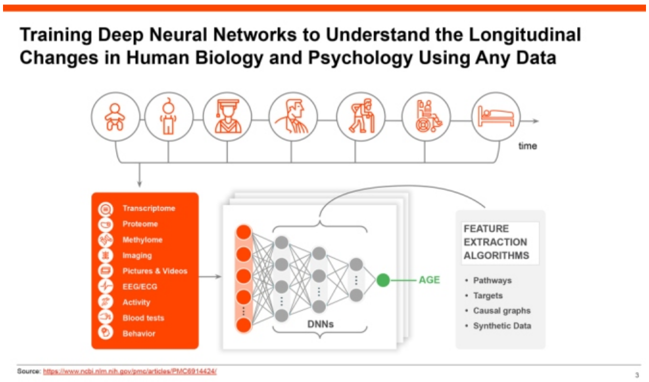


Source Insilico Medicine

Global Longevity Industry

The Global Longevity Industry is valued at $25 trillion. This ecosystem includes over 16,000 companies and 8,000 investors worldwide. These companies are developing products and services for people over 50 including AgeTech, WealthTech. BioTech, NeuroTech, and FinTech optimized for people who want to live extra long lives. Progressive governments and businesses understand that whole populations are living longer and realize that many traditional systems will need to be redesigned and organized in a different way. For example, traditional banks weren't designed to serve a large number of clients living a long, long time. Today, banks have a small number of clients who are over 100 and they are outliers. In the next decade the number of people over 100 will increase dramatically.

The longevity economy offers opportunities for businesses especially for banks, insurance companies, and healthcare providers. In the next few years, age-friendly companies will develop new products designed for customers who are planning to live extra long lives. Over 30% of the population is expected to live decades longer than previous generations. With this additional time they will have more time to accumulate wealth, will have a longer investment horizon, and will benefit from compounding.



Longevity Progressive Regions

Regions that develop progressive biotech and financial ecosystems will have strong potential to become global leaders in the Global Longevity Industry. Progressive investment banks, pension funds, and insurance companies will develop new business models, using AI to improve the quality of the analytics. The synergy between innovative AI and wealth management will lead to the creation of next generation financial institutions optimized for people who will live decades longer. Major disruption will come from biopharma companies that apply next generation techniques using AI, Deep Learning, generative adversarial networks, and reinforcement learning to drug discovery, drug repurposing, and biomarker development. These regions will attract the most innovative biopharma startups from all over the world and become global innovation hubs.

Characteristics of Longevity Progressive Regions

- governments that recognize population aging
- government initiatives that support developing advanced geroscience and FinTech
- concentration of Longevity companies with a large talent pool in biomedicine
- high investment in biotech
- the capacity to integrate AI into economic, financial, and healthcare systems
- financial systems that treat Longevity as a dividend
- a strong research environment for geroscience, biopharma, digital health
- a high number of students studying biotech and advanced technologies

PRODUCTS AND SERVICES DESIGNED FOR AGING GENXERS WILL TRANSFORM THE GLOBAL ECONOMY. INCREASED HEALTH SPAN WILL CREATE NEW BUSINESS OPPORTUNITIES AND NOVEL FINANCIAL POSSIBILITIES.

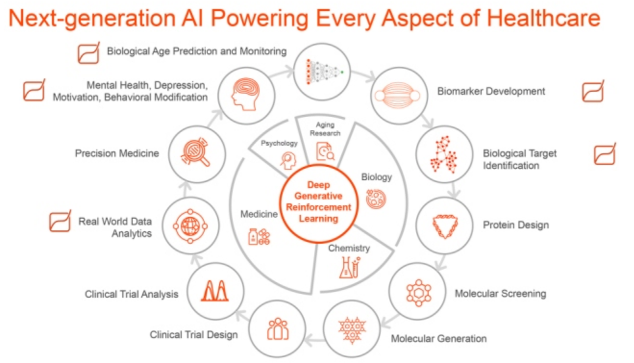
Longevity progressive regions will emerge in the next ten years. People who prioritize maximizing their healthspan and wealthspan will want to live in these regions. These areas will have high quality precision health clinics that offer FDA approved longevity treatments, advanced financial services companies, and longevity friendly policies. These regions will work to attract people who want to live extra long lives and businesses in these regions will optimize their products and services for people over 55, the most valuable group in terms of purchasing power. Since people will have many extra years of good health and many will work past the traditional retirement age and continue to accumulate wealth.

Communities around the world are preparing for the demographic shift. The World Health Organization has created guidelines to help regions develop age-friendly communities. Some regions have already received Age-Friendly designation from the World Health Organization.

Attributes of Age Friendly Communities

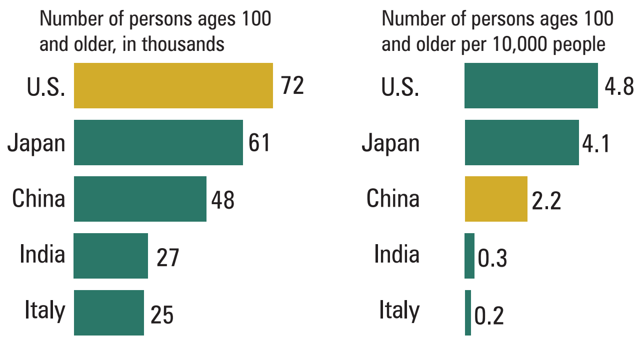
- Recognize the capacities and resources of older people
- Anticipate and respond flexibly to aging-related needs and preferences
- Promote the inclusion and contribution of older people to community life
- Affordable housing and low property taxes
- Support re-skilling and employment of older people

- Health services and Longevity Medicine aimed an extending healthspan
- Outdoor spaces optimized for older people
- Transportation optimized for older people



New models for work and retirement are emerging to keep pace with extended longevity. Governments and companies are exploring new models for re-skilling, continuing education, and employment. Financial services companies are using advanced technologies to revise financial planning for longer life spans. Innovative financial services companies have an opportunity to design new products that provide a comprehensive view of investments, taxes, insurance, and regulation without unneeded complexity. Progressive insurance companies are already developing Longevity focused InsurTech and offering financial incentives to encourage people to maintain good health. Seniors lose over $46 billion every year to financial elder abuse. Banks and Financial services companies are designing new ways to protect older people from financial scams and fraud. Over 1,000 financial companies around the world are already developing products and services optimized for people 60 and over.

U.S. has the most centenarians overall in 2015, but fewer per capita than other top countries



Note: These five countries had the most centenarians in 2015.

Source: United Nations, Department of Economic and Social Affairs, "World Population Prospects: 015 Revisions"

Image source Pew Research Center

Studies on centenarians show that women over 100 outnumber men around the world. There are more than 573,000 centenarians worldwide. The US has the highest number of centenarians, 93,927. In 2016 there were 66,000 female and 16,000 male centenarians in the US.

Japan has the highest number of centenarians per capita. In Japan, there are 57,000 female and 8,000 male centenarians. Studies conducted at The Stanford Center on Longevity showed that women scored lower than men when tested on financial literacy and their confidence in making important financial decisions. This is significant because the ratio of female to male centenarians is skewed toward women at a ratio of 7:1. This ratio is expected to increase to 11:1 over the next decades.

> **LONGEVITY PROGRESSIVE REGIONS WILL EMERGE IN THE NEXT TEN YEARS. PEOPLE WHO PRIORITIZE MAXIMIZING THEIR HEALTHSPAN AND WEALTHSPAN WILL WANT TO LIVE IN THESE REGIONS. THESE AREAS WILL HAVE HIGH QUALITY PRECISION HEALTH CLINICS THAT OFFER FDA APPROVED LONGEVITY TREATMENTS, ADVANCED FINANCIAL SERVICES COMPANIES, AND LONGEVITY FRIENDLY POLICIES.**

Innovation for Longevity

Innovative treatments are being developed that may enable people to avoid age related diseases and live very long healthy lives. Assistive technologies, digital services, and smart home technologies will enable independent living. Doctors trained in Longevity Medicine will use AI to assess risk of disease and help people avoid serious illnesses. AgeTech embedded in financial products will help protect older people from financial scams and fraud, and WealthTech will help them prepare for long term financial stability. In the next two decades, population aging will lead to dramatic shifts that disrupt governments, national economies, and healthcare systems. Technological advances and scientific breakthroughs will lead to changes in economic and healthcare decisions made by billions of people. The Longevity industry will dwarf all other industries in both size and market capitalization.

Margaretta Colangelo is Co-founder and CEO of Jthereum, an enterprise Blockchain technology company. She has published over 200 articles on AI, Blockchain, and Longevity and is the host of AI Time Journal's AI in Healthcare Podcast. Margaretta serves on the Advisory Boards of the AI Precision Health Institute at the University of Hawai'i Cancer Center, NaNotics, Robots Go Mental, and on the Board of Directors of the Bring Hope Humanitarian Foundation. She serves on the advisory board of the Alliance for Longevity Initiatives and is a mentor at the Foresight Institute Biotech & Health Extension Accelerator. She is based in San Francisco.

ASIA-PACIFIC MARKETS MONTHLY HIGHLIGHTS AND INSIGHTS

S&P Global
Market Intelligence

Key findings:

- **M&A Activity By Country, Sector**
- **Initial Public Offerings**
- **Private Equity Investments And Buyouts**
- **Venture Capital Investments**
- **Market Attributes: Index Dashboard**

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M&A ACTIVITY IN ASIA PACIFIC: SELECTED COUNTRIES

In June 2021, China dwarfed the other countries in APAC with 244 M&A deals and Indonesia led the table with highest deal value (US$ 730bn). In YTD 2021, Taiwan showed the largest YoY growth in the total number of deals (91%) and Indonesia saw the most considerable YoY growth of deal values (4,776%).

No. of Deals and Value by Country/Region (June'21)

Country	No. of Deals	Value of Deals ($USDmm)
Australia	154	7,144.90
China	244	17,816.00
Hong Kong	21	860.80
India	87	2,623.00
Indonesia	6	730,457.70
Japan	79	4,655.80
South Korea	65	7,837.00
Malaysia	41	5,464.50
New Zealand	26	785.60
Philippines	7	71.10
Singapore	30	1,277.00
Taiwan	6	1,348.20
Thailand	29	421.50
Vietnam	39	2.00

No. of Deals and Value YTD Activity (21' vs. 20')

	No. of deals			Value of Deals ($USDmm)		
	21 YTD	20 YTD	YoY Growth	21 YTD	20 YTD	YoY Growth
	Jan 1, 2021 - Jun 30, 2021	Jan 1, 2020 - Jun 30, 2020	YoY Comparison Through Jun 30, 2021	Jan 1, 2021 - Jun 30, 2021	Jan 1, 2020 - Jun 30, 2020	YoY Comparison Through Jun 30, 2021
China	1,657	1,338	24%	97,051	11,566	739%
Australia	854	609	40%	51,140	10,658	380%
India	511	350	46%	19,813	30,542	-35%
Japan	681	677	1%	35,104	1,699	1966%
South Korea	356	306	16%	25,133	1,755	1332%
Malaysia	197	137	44%	7,838	2,109	272%
Vietnam	233	167	40%	1,328	97,549	-99%
Singapore	165	152	9%	10,379	2,229	366%
Thailand	121	103	17%	20,265	226,005	-91%
New Zealand	118	90	31%	6,832	11,778	-42%
Hong Kong	187	164	14%	11,403	1,015	1024%
Philippines	63	35	80%	977	1,458	-33%
Indonesia	59	54	9%	731,940	15,012	4776%
Taiwan	61	32	91%	3,603	1,662	117%
Total	**5,263**	**4,214**	**25%**	**1,022,808**	**415,038**	**146%**

Key	Threshold (No. of Deals)
	0 - 7
	>7 - 49
	>49 - 98
	>98 - 146
	>146 - 195
	>195 - 244

Source: S&P Global Market Intelligence as of July 1, 2021. Figures are based on M&A announcement dates. Includes both closed and pending transactions as well as those without transaction values. Charts are provided for illustrative purposes.

INITIAL PUBLIC OFFERINGS BY COUNTRY

In terms of IPOs in APAC, China led the table with 58 new IPOs and US$ 19bn of IPO value. In YTD 2021, Australia witnessed the largest YoY growth of the total number of IPOs (467%) and South Korea saw a surge in IPO values with 105,240% compared to YTD 2020, largely contributed by the announcement of IPO of Krafton.

No. of IPOs and Value by Country/Region (June'21)

Country	No. of Deals	Value of Deals ($USDmm)
China	58	18,799.90
Japan	21	722.80
Australia	19	1,280.60
India	9	1,339.30
Indonesia	4	209.60
Hong Kong	3	253.30
South Korea	3	112.70
Malaysia	2	1,317.90
Singapore	2	14.80
Thailand	1	12.50
New Zealand	0	0.00
Philippines	0	0.00
Taiwan	0	0.00
Vietnam	0	0.00

No. of IPOs and Value YTD Activity (21' vs. 20')

	No. of deals			Value of Deals ($USDmm)		
	21 YTD	20 YTD	YoY Growth	21 YTD	20 YTD	YoY Growth
	Jan 1, 2021 - Jun 30, 2021	Jan 1, 2020 - Jun 30, 2020	YoY Comparison Through Jun 30, 2021	Jan 1, 2021 - Jun 30, 2021	Jan 1, 2020 - Jun 30, 2020	YoY Comparison Through Jun 30, 2021
China	297	177	68%	59,422	1,404	4132%
Japan	52	34	53%	2,650	146	1716%
Australia	68	12	467%	3,182	655	386%
India	41	16	156%	5,327	566	842%
Indonesia	20	29	-31%	384	1,084	-65%
Hong Kong	18	18	0%	2,474	236	949%
South Korea	46	23	100%	9,017	9	105240%
Malaysia	11	14	-21%	1,661	32	5140%
Singapore	10	8	25%	1,104	2,283	-52%
Thailand	15	3	400%	2,950	33,144	-91%
New Zealand	1	1	0%	245	638	-62%
Philippines	2	1	100%	1,294	2	78316%
Taiwan	1	1	0%	32	14	119%
Vietnam	1	5	-80%	10	-	NA
Total	**583**	**342**	**70%**	**89,750**	**40,212**	**123%**

Key	Threshold (No. of IPOs)
	0
	>0 - 12
	>12 - 23
	>23 - 35
	>35 - 46
	>46 - 58

Source: S&P Global Market Intelligence as of July 1, 2021. Figures are based on public offerings offer date. Includes all closed transactions. Tables are provided for illustrative purposes.

PRIVATE EQUITY INVESTMENTS & BUYOUTS: SELECTED COUNTRIES

In June 2021, China led the table with 138 PE deals and US$ 11.5bn of deal value among all APAC countries. Across the region, China remained the most active market in terms of deal value in YTD 2021, and Singapore and Hong Kong saw the biggest YoY leap in deal values (1,971% and 1,683%, respectively).

No. of Deals and Value by Country/Region (June'21)

Country	No. of Deals	Value of Deals ($USDmm)
China	138	11,532.90
India	28	1,249.60
Japan	28	208.00
South Korea	17	799.50
Australia	11	3,201.60
Hong Kong	7	615.00
Singapore	5	31.50
Vietnam	4	12.00
Philippines	3	171.00
Indonesia	2	0.00
Malaysia	1	0.00
New Zealand	1	318.60
Taiwan	0	0.00
Thailand	0	0.00

Key	Threshold (No. of Deals)
	0
	>1 - 28
	>28 - 55
	>55 - 83
	>83 - 110
	>110 - 138

No. of Deals and Value YTD Activity (21' vs. 20')

	No. of deals			Value of Deals ($USDmm)		
	21 YTD	20 YTD	YoY Growth	21 YTD	20 YTD	YoY Growth
	Jan 1, 2021 - Jun 30, 2021	Jan 1, 2020 - Jun 30, 2020	YoY Comparison Through Jun 30, 2021	Jan 1, 2021 - Jun 30, 2021	Jan 1, 2020 - Jun 30, 2020	YoY Comparison Through Jun 30, 2021
China	806	457	76%	50,332	37,923	33%
India	168	117	44%	8,292	7,896	5%
Japan	174	194	-10%	33,853	7,472	353%
South Korea	135	96	41%	7,645	7,270	5%
Australia	57	58	-2%	17,376	3,282	429%
Hong Kong	17	9	89%	2,511	141	1683%
Singapore	55	39	41%	6,285	303	1971%
Vietnam	14	12	17%	543	832	-35%
Philippines	9	2	350%	635	132	382%
Indonesia	20	13	54%	544	1,717	-68%
Malaysia	6	4	50%	0	47	-100%
New Zealand	10	12	-17%	659	221	199%
Taiwan	5	3	67%	74	25	194%
Thailand	2	4	-50%	3	121	-98%
Total	**1,478**	**1,020**	**45%**	**128,754**	**67,382**	**91%**

Source: S&P Global Market Intelligence as of July 1, 2021. Figures are based on M&A announcement dates. Includes both closed and pending transactions as well as those without transaction values. Tables are provided for illustrative purposes.

VENTURE CAPITAL INVESTMENTS: NON BUYOUTS BY COUNTRY

In June 2021, China was the most active VC investments market in APAC. In YTD 2021, China also saw a large YoY growth in the number of deals from 653 to 1,185, and Japan experienced the most significant YoY growth in the value of deals (12,270%).

No. of Deals and Value by Country/Region (June'20)

Country	No. of Deals	Value of Deals ($USDmm)
China	212	13,092.60
India	60	831.50
Japan	59	310.00
South Korea	18	796.10
Australia	13	222.90
Hong Kong	11	665.10
Singapore	11	430.20
Indonesia	9	68.60
Vietnam	5	14.00
Malaysia	3	5.40
Philippines	3	171.00
New Zealand	2	11.30
Taiwan	1	0.00
Thailand	0	0.00

Key	Threshold (No. of Deals)
	0
	>2 - 42
	>42 - 85
	>85 - 127
	>127 - 170
	>170 - 212

No. of Deals and Value YTD Activity (21' vs. 20')

	No. of deals			Value of Deals ($USDmm)		
	21 YTD	20 YTD	YoY Growth	21 YTD	20 YTD	YoY Growth
	Jan 1, 2021 - Jun 30, 2021	Jan 1, 2020 - Jun 30, 2020	YoY Comparison Through Jun 30, 2021	Jan 1, 2021 - Jun 30, 2021	Jan 1, 2020 - Jun 30, 2020	YoY Comparison Through Jun 30, 2021
China	1,185	653	81%	53,179	7,668	594%
India	339	268	26%	7,584	5,161	47%
Japan	325	292	11%	5,951	48	12270%
South Korea	132	91	45%	4,694	124	3693%
Australia	62	62	0%	5,501	180	2962%
Hong Kong	30	20	50%	2,634	1,841	43%
Singapore	104	97	7%	6,764	62	10818%
Indonesia	55	50	10%	837	40	1968%
Vietnam	21	21	0%	157	-	NA
Malaysia	12	7	71%	119	125	-5%
Philippines	10	3	233%	455	2,689	-83%
New Zealand	12	12	0%	367	1,459	-75%
Taiwan	7	7	0%	83	835	-90%
Thailand	3	9	-67%	6	50,643	-100%
Total	**2,297**	**1,592**	**44%**	**88,331**	**70,872**	**25%**

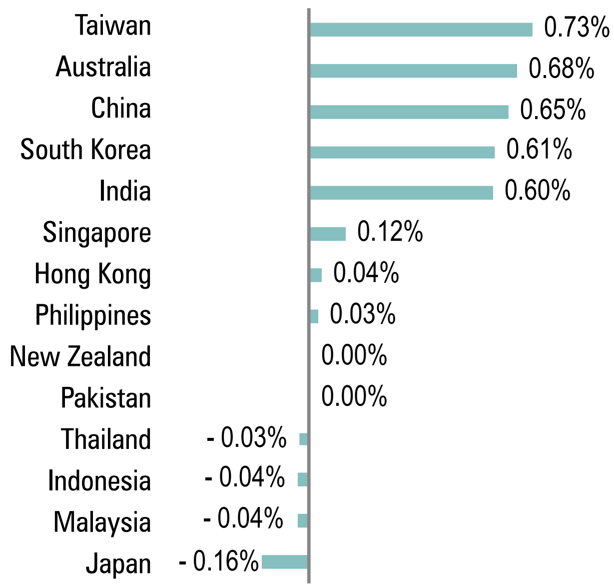
Source: S&P Global Market Intelligence as of July 1, 2021. Figures are based on transaction announcement dates. Includes both closed and pending transactions as well as those without transaction values. Non-buyouts will include all features except for leverage buyouts (LBO), management buyout or secondary LBO. Tables are provided for illustrative purposes.

MARKET ATTRIBUTES: INDEX DASHBOARD

Summary

- Asian equities rose in Q2, with the S&P Pan Asia BMI up 3%. All single-country indices posted gains.
- Momentum and Value strategies were the leading factors, Australia and India were the leading countries, and Health Care and Materials were the top performing sectors.
- With the exception of the S&P/ASX 200 VIX, volatility declined across the region.
- Commodities posted strong gains, with Crude Oil in the lead.
- Performance for Asian fixed income indices was mostly positive.

S&P Pan Asia BMI Country Contribution Q2 2021



Source: S&P Dow Jones Indices LLC and/or its affiliates. Data as of June 30, 2021. Index performance based on total return. Numbers in brackets are closing price levels for the corresponding indices. Returns for single country indices and single country strategies are in local currency, otherwise USD. Sector contributions to the S&P Pan Asia BMI are calculated over the prior month. Charts and graphs are provided for illustrative purposes. Past performance is no guarantee of future results. For more information, please visit our website at www.spdji.com your questions answered

SANDIP SHAH

Head- IFSC Dept.
Gujarat International Finance Tec-City
Co. Ltd. (GIFT City)

INVESTMENT ADVISORY SERVICES IN IFSC

1. What is International Financial Services Centre (IFSC)?

An IFSC is a special jurisdiction in India from where global financial service providers offer financial services / products to global customers in foreign currencies. It caters to customers outside the jurisdiction of the domestic economy.

Gujarat International Finance Tec-City (GIFT City) is India's only approved IFSC located in the city of Gandhinagar, Gujarat. GIFT City consist of a conducive Multi-Service SEZ (Special Economic Zone) and an exclusive Domestic Area.

Apart from providing a global financial platform, it provides easy access to the Indian economy, which is amongst the largest and fastest growing economies in the world.

2. How is an IFSC unit regulated?

In India, an IFSC has to be approved by the Central Government under the Special Economic Zones (SEZ) Act, 2005 and is also governed by the IFSC Authority.

The IFSC Authority Act, 2019 provided for an establishment of unified IFSC Authority unified authority for the development and regulation of financial products, financial services and financial institutions in the IFSC in India., Prior to the establishment of IFSC Authority, the domestic financial regulators, namely, RBI, SEBI, PFRDA and IRDAI regulated the business in IFSC.

3. How different is an IFSC unit from FEMA perspective vis-à-vis a domestic unit?

A unit set up in IFSC is treated as a "person resident outside India" (i.e. non-resident) for exchange control purposes (FEMA) whereas a domestic unit is treated as a "person resident in India". Hence, an IFSC unit enjoys the privileges of a non-resident under exchange control provisions.

4. How are the Investment Advisers (IAs) regulated in IFSC?

In 2015, the SEBI issued guidelines to facilitate and regulate the securities market in IFSC at GIFT City including the IA framework in the IFSC. On 28 January 2020, the SEBI issued Operating guidelines for IAs in the IFSC (Operating guidelines) which provide a framework for setting up IA entities in IFSC and a major boost to Indian wealth management industry. The Operating guidelines were further amended by SEBI on 28 September 2020. Currently, Investment Advisers are regulated by IFSC Authority in GIFT City.

> **A FINANCE COMPANY SETUP IN IFSC CAN OFFER INVESTMENT ADVISORY SERVICES. HOWEVER, THE FINANCE COMPANY SHALL NEED TO OBTAIN A IA LICENSE FROM IFSCA AND SHALL BE SUBJECT TO THE CONDITIONS LAID DOWN UNDER SEBI IA REGULATIONS, SEBI (IFSC) GUIDELINES, 2015 AND OPERATING GUIDELINES.**

5. What is defined as an Investment Adviser?

The term 'Investment Adviser' means any person, who for consideration, is engaged in the business of providing investment advice to clients or other persons or group of persons and includes any person who holds out himself as an investment adviser, by whatever name called.

6. What is an Investment Advice?

As per the SEBI (Investment Adviser) Regulations, 2013 (SEBI IA Regulations), an 'investment advice' means advice relating to investing in, purchasing, selling or otherwise dealing in securities or investment products, and advice on investment portfolio containing securities or investment products, whether written, oral or through any other means of communication for the benefit of the client and shall include financial planning.

Provided that investment advice given through newspaper, magazines, any electronic or broadcasting or telecommunications medium, which is widely available to the public shall not be considered as investment advice for the purpose of these regulations.

7. Which clients can an Investment Adviser in IFSC can provide services to?

As specified in the SEBI (IFSC) Guidelines, 2015, in order to avail investment advisory services in IFSC, the client shall be:

- a person resident outside India;
- a non-resident Indian;
- a financial institution resident in India who is eligible under FEMA to invest funds offshore, to the extent of outward investment permitted;
- a person resident in India having a net worth of at least US Dollar one million during the preceding financial year who is eligible under FEMA to invest funds offshore, to the extent allowed in the Liberalized Remittance Scheme of Reserve Bank of India.

8. Who can register as an Investment Adviser in IFSC?

An entity, being a company or a limited liability partnership (LLP), which has the minimum prescribed net worth can act as an Investment Adviser in IFSC, in the following forms-

- Any entity (being a corporate or LLP or any other similar structure recognised under the laws of its parent jurisdiction), desirous of operating in IFSC as n IA, may form a company or LLP to provide investment advisory services. However, the formation of a separate company or LLP shall not be applicable in case the applicant is already a company or LLP in IFSC.
- It has been clarified that existing recognized entities in IFSC can also apply for IA registration without forming a separate company or LLP.

9. Whether investment adviser providing investment advice exclusively to clients based out of India is exempted from obtaining registration under SEBI IA Regulations?

Under the SEBI IA Regulations, persons providing investment advice exclusively to clients based outside India are exempted from obtaining registration under SEBI IA Regulations. Persons providing investment advice to Non-Resident Indians or Persons of Indian Origin shall fall within the purview of SEBI IA regulations.

ANY ENTITY (BEING A CORPORATE OR LLP OR ANY OTHER SIMILAR STRUCTURE RECOGNISED UNDER THE LAWS OF ITS PARENT JURISDICTION), DESIROUS OF OPERATING IN IFSC AS N IA, MAY FORM A COMPANY OR LLP TO PROVIDE INVESTMENT ADVISORY SERVICES. HOWEVER, THE FORMATION OF A SEPARATE COMPANY OR LLP SHALL NOT BE APPLICABLE IN CASE THE APPLICANT IS ALREADY A COMPANY OR LLP IN IFSC.

10. Whether a fund manager of a Mutual Fund or an Alternative Investment Fund is required to obtain registration under the SEBI IA Regulations?

No. Any fund manager, by whatever name called of a mutual fund, alternative investment fund or any other intermediary or entity registered with SEBI, is not required to seek registration as an IA.

11. In connection to a non-individual Investment Adviser, who is a Principal Officer?

Principal Officer means the managing director or designated director or managing partner or executive chairman of the board or equivalent management body who is responsible for the overall function of the business and operations of non-individual investment adviser.

12. Who is a Partner?

'Partner' means partner of the firm or a limited liability partnership who renders investment advice on behalf of the firm or limited liability partnership.

13. Who is a Person associated with investment advice?

'Person associated with investment advice' shall mean any member, partner, officer, director or employee or any sales staff of such investment adviser including any person occupying a similar status or performing a similar function irrespective of the nature of association with the investment adviser who is engaged in providing investment advisory services to the clients of the investment adviser.

All client-facing persons such as sales staff, service relationship managers, client relationship managers, etc., by whatever name called shall be deemed to be persons associated with investment advice, but do not include persons who discharge clerical or office administrative functions where there is no client interface.

14. What are the qualifications and certifications required for an Investment Adviser or a Principal Officer of a non-individual IA?

- A professional qualification or post-graduate degree or post graduate diploma (minimum two years in duration) in finance, accountancy, business management, commerce, economics, capital market, banking, insurance or actuarial science from university or an institution recognized by the Central Government or any State Government or a recognised foreign university or institution or association or a CFA Charter from the CFA Institute;
- An experience of at least five years in activities relating to advice in financial products or securities or fund or asset or portfolio management;
- Persons associated with investment advice shall meet the following minimum qualifications, at all times -
- a professional qualification as stated above; and
- an experience of at least two years in activities relating to advice in financial products or securities or fund or asset or portfolio management;
- An individual investment adviser or principal officer of a non-individual investment adviser, registered under the SEBI IA regulations and persons associated with investment advice shall have, at all times a certification on financial planning or fund or asset or portfolio management or investment advisory services -
  - from NISM; or
  - from any other organization or institution including Financial Planning Standards Board of India or any recognized stock exchange in India provided such certification is accredited by NISM

15. What is the certification requirement for an Investment Adviser in IFSC?

Partners and representatives of the IA applicant offering investment advice shall have, at all times, a certification on investment advisory services:

- in respect of partners and representatives resident in India:
  - from National Institute of Securities Markets (NISM); or
  - from any other organization or institution including Financial Planning Standards Board India or any recognized stock exchange in India provided that such certification is accredited by NISM
- in respect of partners and representatives resident outside India:
  - from any other organization or institution or association or stock exchange which is recognized/ accredited by a Financial Market regulator in that foreign jurisdiction.

However, certification from NISM shall be mandatory for partners and representatives of applicants who offer investment advice in relation to Indian securities markets.

IN CASE THE INVESTMENT ADVISER IS SET UP AS A SUBSIDIARY, THE NET WORTH REQUIREMENT IS TO BE MET BY THE SUBSIDIARY ITSELF. HOWEVER, IF THE SUBSIDIARY DOES NOT MEET THE CRITERIA, THE NET WORTH OF THE PARENT ENTITY WILL BE CONSIDERED.

16. What is the minimum net worth requirement of an Investment Adviser in IFSC?

The Investment Adviser in IFSC is required to have a minimum net worth of USD 700,000.

In case the Investment Adviser is set up as a subsidiary, the net worth requirement is to be met by the subsidiary itself. However, if the subsidiary does not meet the criteria, the net worth of the parent entity will be considered.

The IAs/ parent entity shall fulfil the aforesaid net worth requirement, separately and independently for each activity undertaken by it under the relevant regulations.

17. Is a net worth certificate required to be submitted at the time of application?

Yes. In case of overseas applicants, a net worth certificate (not more than six months old at the time of filing of application) by a chartered accountant or its equivalent under the laws in force of the country in which the applicant is registered or incorporated, shall be provided. The membership number or any other identification number of the chartered accountant or its equivalent shall be included in the certificate.

Further, in case of overseas applicants, a credit score from a body similar to CIBIL, if existing in the applicant's jurisdiction, shall be provided.

18. Who is required to appoint a Compliance Officer?

An Investment Adviser which is a body corporate or a partnership firm shall appoint a Compliance Officer who shall be responsible for monitoring the compliance by the investment adviser in respect of the requirements of the Act, regulations, notifications, guidelines, instructions etc.

19. Whether the Investment Adviser is required to segregate distribution or execution services?

Yes. Investment Advisers which are banks, NBFCs and body corporate providing distribution or execution services also to their clients shall keep such activities segregated from investment advisory activities. The investment advisory service has to provide by a separately identifiable department or division (SIDD) or a subsidiary, as the case may be and such SIDD or subsidiary shall include the words 'investment adviser' in its name. Further, such distribution or execution services can only be offered subject to the following conditions:

- The client shall not be under any obligation to avail the distribution or execution services offered by the investment adviser or its affiliates;
- The investment adviser shall maintain arm's length relationship between its activities as investment adviser and distribution or execution services;
- All fees and charges paid to distribution or execution service providers by the client shall be paid directly to the service providers and not through the investment adviser.

20. Whether Investment Advisers are allowed to provide advice to Foreign Portfolio Investors (FPIs)?

Yes. IFSCA registered investment advisers can provide investment advisory services to FPIs.

21. What are Assets under Advice?

'Assets under advice' shall mean the aggregate net asset value of securities and investment products for which the investment adviser has rendered investment advice irrespective of whether the implementation services are provided by investment adviser or concluded by the client directly or through other service providers.

22. What fees can an investment adviser charge from its clients for the services rendered by him?

Regulation 15A of the SEBI IA Regulations provide that Investment Advisers shall be entitled to charge fees from a client in the manner as specified by SEBI. Accordingly, SEBI issued a set of Guidelines on 23 September 2020, basis which the Investment Advisers shall charge fees from the clients in either of the two modes:

- Assets under Advice (AUA) mode-
  - The maximum fees that may be charged under this mode shall not exceed 2.5 percent of AUA per annum per client across all services offered by IA.
  - IA shall be required to demonstrate AUA with supporting documents like demat statements, unit statements etc. of the client.
  - Any portion of AUA held by the client under any pre-existing distribution arrangement with any entity shall be deducted from AUA for the purpose of charging fee by the IA.
- Fixed fee mode-
  - The maximum fees that may be charged under this mode shall not exceed INR 125,000 per annum per client across all services offered by IA.
- General conditions under both modes
  - In case 'family of client' is reckoned as a single client, the fee as referred above shall be charged per 'family of client'. As per the SEBI IA Regulations, 'family of client' shall include the individual client, dependent spouse, dependent children and dependent parents;
  - IA shall charge fees from a client under any one of the two modes mentioned above, on an annual basis. The change of mode shall be effected only after 12 months of on-boarding/ last change of mode.
  - If agreed by the client, IA may charge fees in advance. However, such advance shall not exceed fees for 2 quarters.
  - In the event of pre-mature termination of the IA services in terms of agreement, the client shall be refunded the fees for unexpired period. However, IA may retain a maximum breakage fee of not greater than one quarter fee.

23. Can a Finance Company set up in IFSC offer Investment Advisory services?

Yes. A Finance Company setup in IFSC can offer Investment Advisory services. However, the Finance Company shall need to obtain a IA license from IFSCA and shall be subject to the conditions laid down under SEBI IA Regulations, SEBI (IFSC) Guidelines, 2015 and Operating guidelines.

24. Can an IFSC Banking Unit (IBU) offer Investment Advisory services?

Yes. Under the IFSC Authority (Banking) Regulations, 2020, a Banking Unit has been permitted to
Offer Investment Advisory services to person resident in India and persons resident outside India. Further, the IA

department shall obtain a IA license form the IFSCA and shall adhere to the IA guidelines laid down under various regulations.

A FINANCE COMPANY SETUP IN IFSC CAN OFFER INVESTMENT ADVISORY SERVICES. HOWEVER, THE FINANCE COMPANY SHALL NEED TO OBTAIN A IA LICENSE FROM IFSCA AND SHALL BE SUBJECT TO THE CONDITIONS LAID DOWN UNDER SEBI IA REGULATIONS, SEBI (IFSC) GUIDELINES, 2015 AND OPERATING GUIDELINES.

25. What is the tax framework for Investment Advisory entities operating in IFSC?

The tax framework is as follows:

- Corporate tax rate:
  - 100% profit linked deduction for any 10 consecutive years out of first 15 years of operations, at the option of the Company.
  - Post the tax holiday, 22% (plus applicable surcharge and cess) for domestic companies that opted to forego certain deductions (with an exception of deductions available to IFSC)
- Minimum Alternate Tax (MAT)/ Alternate Minimum Tax (AMT):
  - MAT/ AMT @ 9% (plus applicable surcharge and cess) of book profits applies to a Company/ LLP/ branch of an LLP setup as a unit in IFSC.
  - Not applicable to companies in IFSC opting for new tax regime of 22%.
- Goods and Services Tax:
  - GST not applicable on management fees received by Portfolio Manager in IFSC from offshore clients

26. What are the approvals required for setting up an Investment Advisory entity in IFSC and to whom shall the application be made?

Approvals required to be obtained for setting up an Investment Advisory entity in IFSC are as follows:

- Approval from SEZ authorities
- Approval from IFSC Authority

Application for setting up an Investment Advisory entity in IFSC should be made in:

- Form F to Development Commissioner, Kandla SEZ for SEZ approval.
- Specified form to the IFSC Authority for IFSC Authority approval.

Sandip Shah, Head of IFSC Dept. at Gujarat International Finance Tec - City Co. Ltd (GIFT City). GIFT City is developing an International Financial Services hub in Gandhinagar, Gujarat. Mr. Shah has over 11 years of professional experience in Project Development, Policy Matters, International Financial services regulations and Securities market.

He is a Bachelor of Commerce and Master of Business Administration with specialization in International Finance. He has also done Diploma in Foreign Exchange and Risk Management and Company Secretary - Intermediate from Institute of Company Secretaries of India.

He has been involved from the beginning of International Financial Services Centre at GIFT City. He has been leading various initiatives with IFSC Authority, Ministry of Finance, RBI, SEBI and IRDAI to develop and promote IFSC globally. He is also instrumental in preparing key regulatory proposals for IFSC institutions. Mr. Shah works closely with IFSC Authority for developing new lines of business such as Aircraft leasing, International Bullion Exchange, Offshore Fund management etc.

Currently, he is the Head of IFSC Department at GIFT City and has been instrumental in bringing domestic and international financial institutions in GIFT City. Mr. Shah has played key role for signing cooperation for GIFT City with Bloomberg, Refinitiv and educational institutes like Gujarat National Law University, Nirma University, ICFAI Business School and National Institute of Financial Management (NIFM).

He has worked extensively in various Committees formed by Ministry of Finance, Ministry of Commerce, Ministry of Civil Aviation in the areas of international financial services.

Currently, he is a Member of Steering Committee set up by Ministry of Finance for promoting export of financial services in India. Mr. Shah is also a visiting faculty at Institute of Commerce, Nirma University.

BROKERS FORUM

your questions answered

ZERICK DASTUR

Founder

Zerick Dastur, Advocates and Solicitors

TOO CLEVER BY HALF: FRONT RUNNING AND HOW SEBI STAYS AHEAD OF THE GAME

1. What is front running? Is it illegal?

Sometimes referred to as forward trading or tail-gaiting, Black's Law Dictionary has defined front running in the securities market as *"A broker's or analyst's use of non-public information to acquire securities or enter into options or futures contracts for his or her own benefit, knowing that when the information becomes public, the price of the securities will change in a predictable manner."* Simply put, when the front runner anticipates a bulk trade on the strength of certain non-public information that has come to their knowledge owing to some occupational advantage over the ordinary public investor, the front runner uses that information to position their own trades or another's trades such that they can benefit from the price movement following the occurrence of that bulk trade.

In the landmark judgment in **SEBI v. Kanaiyalal Baldevbhai Patel,** *(2017) 15 SCC 1,* the Hon'ble Supreme Court formulated a more nuanced definition of front-running as comprising at least three forms of conduct, i.e. (i) trading by third parties who are tipped on an impending block trade **("tippee" trading);** (ii) transactions in which the owner or purchaser of the block trade himself engages in the offsetting futures or options transaction as a means of "hedging" against price fluctuations caused by the block transactions **(self front-running);** and (iii) transactions where an intermediary with knowledge of an impending customer block order trades ahead of that order for the intermediary's own profit **(trading ahead).**

Front running is illegal and its prohibition is explicitly recognized under Regulation 4(2)(q) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 **("PFUTP Regulations"),** which states that *"Dealing in securities shall be deemed to be manipulative, fraudulent or an unfair trade practice… if it involves any order in securities placed by a person, while directly or indirectly in possession of information that is not publicly available, regarding a substantial impending transaction in that securities, its underlying securities or its derivative;…".*

> "SEBI HAS THE POWER TO INVESTIGATE THE AFFAIRS OF INTERMEDIARIES OR PERSONS ASSOCIATED WITH THE SECURITIES MARKET, TO ISSUE DIRECTIONS INCLUDING SUSPENSION OF TRADE IN ANY SECURITY IN A RECOGNIZED STOCK EXCHANGE, TO RESTRAIN ANY PERSONS' ACCESS TO THE SECURITIES MARKET AND TO PROHIBIT ANY PERSONS ASSOCIATED WITH THE SECURITIES MARKET FROM PURCHASING SELLING OR DEALING IN SECURITIES."

In Kanaiyalal (supra), the Supreme Court held that front running by non-intermediaries is also prohibited under Regulations 3 and 4(1) for being fraudulent or unfair trade practice, provided that the ingredients under those heads are satisfied. The Supreme Court held that a person conveying confidential information to another person, i.e. the tippee, breaches their duty prescribed by law and if the recipient of such information knows of the breach and trades, and there is an inducement to bring about an inequitable result, then the recipient tippee may be said to have committed the fraud. To arrive at the conclusion that the parties were involved in an apparent fraudulent practice violating market integrity, the Hon'ble Supreme Court satisfied itself that the parting of information regarding an imminent bulk purchase and the subsequent transaction in respect thereof were so intrinsically connected that no other conclusion could be drawn but one of joint liability of both the 'initiator of the fraudulent practice' and the other party who had knowingly aided them.

2. What powers does SEBI have in its arsenal to combat cases of front running?

SEBI has been vested with wide ranging powers under the SEBI Act, 1992 (SEBI Act) and the PFUTP Regulations to curb market manipulations including front-running under Regulation 4(2)(q) of the PFUTP, protect the interests of investors in securities and promote the development of and regulate the securities market.

SEBI has the power to investigate the affairs of intermediaries or persons associated with the securities market, to issue directions including suspension of trade in any security in a recognized stock exchange, to restrain any persons' access to the securities market and to prohibit any persons associated with the securities market from purchasing selling or dealing in securities.

SEBI can initiate proceedings under Sections 11 and 11B of the SEBI Act to take urgent remedial measures in the interest of investors. SEBI also has the power to impose monetary penalties on wrongdoers. Section 15HA of the SEBI Act prescribes a penalty of not less than Rs.5 lakhs for fraudulent and unfair trade practices which may extend to rupees twenty-five crore, or three times the amount of profits made out of such unfair practices, whichever is higher. Additionally, SEBI has the power to direct disgorgement of ill-gotten gains.

At the same time, SEBI can also initiate criminal proceedings under section 24 of the SEBI Act against any person who contravenes or attempts to contravene or abets the contravention of the provisions of the SEBI Act or any rules or regulations thereunder. On conviction, the wrongdoer may be punished with imprisonment for a term which may extend to ten years, or a fine, which may extend to rupees twenty-five crores, or both.

SEBI HAD ALSO PRIMA FACIE OBSERVED THAT A AND B BY OPENING TRADING ACCOUNTS AND BANK ACCOUNTS AND BY GIVING ACCESS TO C OF THEIR TRADING ACCOUNTS, HAD PLAYED AN ACTIVE PART/PARTICIPATED IN THE SCHEME/DEVICE TO FRONT RUN THE CONCERNED TRADES AND, THEREFORE, A AND B WERE ALSO PRIMA FACIE LIABLE FOR THE FRONT RUNNING TRADES EXECUTED FROM THEIR TRADING ACCOUNTS.

SEBI can also commence proceedings for cancellation and suspension of registration or debarment from practice against market intermediaries involved in front running under section 23 of the SEBI (Intermediaries) Regulations, 2008 and can issue directions inter alia to the intermediary or other persons associated with the securities market directing them to refund any money or securities collected from the investors under any scheme or otherwise, with or without interest, or not to access the capital market or not to deal in securities for a particular period or not to associate with any intermediary or with any capital market related activity.

3. Discuss some recent orders SEBI has issued against front running trading activities

In June 2021, SEBI passed an Order- in the matter of ***Various Funds of the Fidelity Group and Others 2021 SCC*** *OnLine SEBI 130* on the issue of front running. In response to alerts generated by SEBI's surveillance system for possible instances of front running, SEBI conducted an examination to look into possible violations of the provisions of the SEBI Act and regulations. The examination period was between May 2019 and August 2019. SEBI observed that the trading pattern of two individuals viz A and B suggested that they managed their trading to take advantage of the impending trading activity of Fidelity Group entities by front running them, and thereby generated profits for themselves from the price movement of scrips on account of the large buy/sell orders of Fidelity Group entities. The Order was to be treated as a show cause notice.

FRONT RUNNING, LIKE INSIDER TRADING, IS AN OFFENCE WHICH IS LOOKED AT VERY SERIOUSLY BY THE REGULATOR. AS CAN BE SEEN, EMERGENCY DIRECTIONS HAVE BEEN PASSED IN CASES RELATING TO FRONT RUNNING. A PROACTIVE REGULATOR CONTINUES TO ACT WITH VIGILANCE IN THE INTEREST OF INVESTORS AND TO ENSURE THAT THE INTEGRITY OF THE MARKETS IS MAINTAINED.

SEBI contended that A and B's relative, C, an employee of Fidelity International Ltd. who used to receive non-public/confidential information regarding the trades to be executed on behalf of Fidelity Group entities one day before the actual day of trading was front running trades from A and B's account. SEBI had also prima facie observed that A and B by opening trading accounts and bank accounts and by giving access to C of their trading accounts, had played an active part/participated in the scheme/device to front run the concerned trades and, therefore, A and B were also prima facie liable for the front running trades executed from their trading accounts.

While arriving at its observations on the connections between the concerned parties, SEBI referred to trading patterns and history, e-mail and telephone records, KYC and PAN details, and such other relevant data. SEBI also examined, inter alia, passports, flight and hotel bookings and even profiles from matrimonial websites and Facebook.

SEBI passed directions against the parties directing the impounding of their alleged unlawful gains along with interest; freezing of their bank and depository accounts to the extent of the amounts impounded; a freeze on any transfer/redemption of the securities/units held in their name, jointly or severally; directed them not to dispose of or alienate any of their assets/properties/securities until the amount to be impounded is credited to a prescribed escrow account; and directed them to provide a full inventory of all their assets and properties and details of all their bank and demat accounts and holdings of shares/securities, if held in physical form and details of companies in which they hold substantial or controlling interest.

Front running, like insider trading, is an offence which is looked at very seriously by the regulator. As can be seen, emergency directions have been passed in cases relating to front running. A proactive regulator continues to act with vigilance in the interest of investors and to ensure that the integrity of the markets is maintained.

(Zerick Dastur, Tanvi Gaitonde and Kunal Kothary)

Views of the author are personal and do not constitute legal advice.

Zerick Dastur is Proprietor of the Law Firm, practicing in the field of Court litigation, Dispute Resolution, Arbitration, Securities law and Competition Law. He is a triple Gold Medalist from Mumbai University having topped the Mumbai University in Law. His practice covers diverse areas of Corporate, Commercial, Securities law and Regulatory disputes. He is representing a number of clients in the Port Sector, Infrastructure and Mining Sectors. He has represented clients in domestic and international, commercial arbitration matters. He handles a number of cases relating to securities law litigation and SEBI. He was a former Partner at the Law Firm, J. Sagar Associates.

He has litigation experience before the Hon'ble Supreme Court, various State High Courts Statutory Tribunals and Regulators. He has been involved in a number of matters involving issues of Constitution Law. He has been involved in landmark matters involving defence of Auditors and Corporate clients before various Regulators/Civil/Criminal Courts and Tribunals in connection with Corporate frauds. He has also advised various clients in matters involving shareholder disputes and minority actions before the NCLT and CLB.

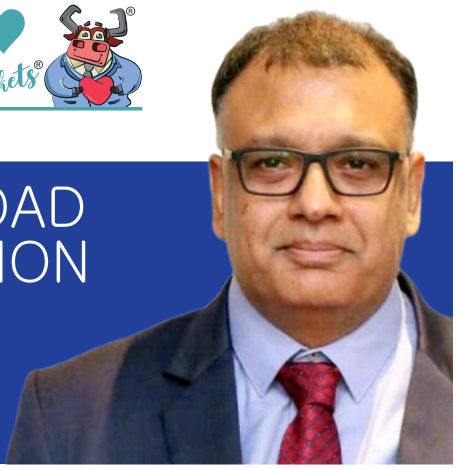
He also practices Securities Law and appears before the Securities Appellate Tribunal and the SEBI. He has advised clients in connection with Competition Law issues in everyday business operations including issues relating to anti-competitive agreements and abuse of dominance by enterprises.

He writes for various newspapers and publications on issues relating to Corporate law, Arbitration, Commercial and Competition Law. He regularly writes on securities law for the publication run by the Bombay Stock Exchange Brokers Forum. He is a regular speaker at events organised by Economic Times, VC Circle, Indian Merchant Chambers, Consumer Resources, Corporate Knowledge Foundation and the World Zoroastrian Chamber of Commerce.

He is a Member of the Law Committee of Indian Merchant Chambers and was involved in the drafting of the Rules for the IMC International Arbitration Centre.

COMMODITIES MARKET – THE ROAD AHEAD IN THE ERA OF DIGITIZATION

Vikram Dhawan
Fund Manager & Head Commodities
Nippon India Mutual Fund



If you want to know where a commodity is headed, go after its relevance in the ongoing technological and environmental disruption. The Covid-19 pandemic has upended the commodity markets as we knew it. No longer are commodities cycles exclusively demand-driven; supply disruptions that were unheard of have come to the fore. However, that does not render commodities demand dynamics irrelevant, but it is not the sole variable driving commodity prices in the new normal.

In the past two decades, the major commodity bull run that started at the turn of the century was primarily driven by commodities demand from a surging Chinese economy. From a stodgy socialist giant, China became the factory for the world matching the scale and quality of the western world.

The commodity bull run came to an abrupt halt in 2008 due to the Global Financial Crises (GFC). Whilst risk assets like equities, credit and real-estate recovered from the 2008 crash, the rebound in commodities prices was short-lived and 2-3 years after the GFC a multi-year downtrend resumed that lasted up to 2016.

The main culprit for the gross underperformance of commodity prices was over-exuberance and overindulgence of the miners and producers of commodities who embarked on a hyper capex drive in response to higher prices from 2003 to 2007. This led to a massive supply overhang over the market for most commodities lasting over a decade pushing commodities prices into a vicious tailspin and capping the upside on rebounds. However, there were exceptions like palladium, rhodium, etc., but these were few and far between.

The Covid-19 pandemic has disrupted the supply chains and dented output across most commodities. Whilst most of the disrupted production and supply may eventually come back online, however, buffer stocks that were once scorned upon by the managers and accountants alike, now are not only critical but strategic too. Who would have thought that the world will run out of toilet paper and micro-chips?

For those who were cynical of the role of technology in the commodities trade, the Covid-19 pandemic was a watershed moment. The commodities world needs more digitisation not less.

THE COVID-19 PANDEMIC HAS DISRUPTED THE SUPPLY CHAINS AND DENTED OUTPUT ACROSS MOST COMMODITIES. WHILST MOST OF THE DISRUPTED PRODUCTION AND SUPPLY MAY EVENTUALLY COME BACK ONLINE, HOWEVER, BUFFER STOCKS THAT WERE ONCE SCORNED UPON BY THE MANAGERS AND ACCOUNTANTS ALIKE, NOW ARE NOT ONLY CRITICAL BUT STRATEGIC TOO.

Digitisation is a very broad term and owing to the scope of discussion limited to primary commodities, we may limit the discussion to four major areas or rather four realms as follows:

- **Producers**
- **Supply Chains**
- **Consumers**
- **Investors**

Producers - Miners dig deep into Earth's crust that got shaped by billions of years of cosmic events. There are huge amount of data or samples that are collected from the mining equipment and operations. Being ostensibly commercial enterprises albeit of high risks and costs, mining companies usually do not use the massive data so collected for anything beyond figuring the optimal course of the mine shafts. However, such data can provide invaluable insights to improve productivity, safety and reduce costs and environmental impact.

Recently the Spanish energy giant, Repsol started offering its digital expertise to its peers for a handsome fee of course. Its proprietary data and analytics platform, Advanced Repsol Intelligence & Analytics (Aria) that enhances productivity and efficiency across its operations and that has reportedly saved almost 1,500 Rupees Crores for the company in 2020, will now be available to industrial clients who wish to save costs and improve productivity and efficiency of their operations.

Supply Chains - While digitisation has made trading and moving of physical commodities efficient and faster. However, it also generates valuable insights in the form of data that provides feedback for continuous improvements with regards to productivity and costs using Artificial Intelligence (AI) and Machine Learning.

However, AI is not only used for enhancing the commercial aspects of supply chains, as in the case of the renowned German car manufacturer, Audi that uses AI to ascertain the sustainability of its suppliers in terms of environmental pollution, human rights, corruption, etc.

The Blockchain technology is already being used in supply chains with the distinct advantages of transparency, autonomy, security and efficiency.

Recently Indian technology giant, Tech Mahindra Limited joined hands with Hyderabad-based start-up StaTwig to develop VaccineLedger, a product that provides supply chain traceability for vaccines globally.

Consumers - Digitisation has been a boon for the consumers. And it isn't just limited to online malls-the likes of Amazon.

Sectors like banking, investments, pharmaceuticals, medicine, etc., that were once considered too complex to be made directly accessible to common folks through mobiles and personal devices are now at the forefront of the digital revolution. Covid-19 pandemic has compressed the technology life cycle and even the most audacious innovations of esoteric technology start-ups are finding audiences and investors in every field.

The desired side effect of the digitisation is the capping of inflation in consumer goods prices. Despite a strong demand for consumer goods, digitisation has led to fiercer competition amongst suppliers and brought sales and distribution costs down. Moreover, consumers have better choices and data to make informed choices.

Investors - Bitcoin's popularity or rather more recently its volatility has outshone the technology used by the cryptocurrencies-Blockchain.

"The blockchain is an indestructible digital ledger for keeping track of economic transactions which can be programmed to maintain not only financial transactions but virtually everything that has value." Don & Alex Tapscott, authors Blockchain Revolution (2016).

THE TWO MAJOR TRENDS DISRUPTING THE COMMODITY MARKETS ARE TECHNOLOGY AND THE ENVIRONMENT. FUTURE DEMAND GROWTH FOR EACH COMMODITY WILL BE HEAVILY INFLUENCED BY THEIR USAGE IN NEW TECHNOLOGY.

Once the tulip-mania subsides in the cryptocurrencies and the prices settle in the ranges more aligned to their fundamentals, investors will warm up to asset-backed cryptocurrencies. Commodity backed cryptocurrencies like the Perth Mint Gold Token has been received well.

The main reason why investors may flock to commodities backed cryptocurrencies is that Regulators and leading Fund Houses across the globe haven't ventured beyond gold, silver and crude oil backed Exchange Traded Funds (ETFs). Commodity backed Exchange Traded Funds are securities listed on stock exchanges that track the prices of a commodity. Unless specified otherwise Commodity Backed Exchange Traded Funds are fully backed by the underlying commodity. For instance, a Gold Exchange Traded Fund shall always be backed by physical gold bars. The only exception is Crude Oil which is a cash-settled derivatives market globally.

There are no major fund offerings that invest directly into physical Lithium, Cobalt, Nickel, Copper, etc., that are likely to see a significant increase in demand from the Electric Vehicle (EV) manufacturers in the next 5-10 years. If you believe in the EV story, then these metals may be a proxy to participate in it.

Moreover, commodities backed cryptocurrencies like their illustrious cousin the Bitcoin would transcend international boundaries and regulations. The genie is already out of the bottle and banning them would create a premium black market and increase the maverick gloss in it.

The two major trends disrupting the commodity markets are technology and the environment. Future demand growth for each commodity will be heavily influenced by their usage in new technology.

> **COMMODITY PRODUCERS MAY HAVE TO GEAR UP FOR HIGHER ENVIRONMENTAL STANDARDS THAT MAY ENTAIL EITHER HIGHER OPERATING COSTS OR CAPITAL COSTS OR A BIT OF BOTH IN THE NEXT COUPLE OF DECADES. MOREOVER, STRICTER ENVIRONMENTAL LAWS MAY MAKE LARGE GREENFIELD PROJECTS EVEN RISKIER, AND COMPANIES MAY BE LOATH TO TAKE LARGER BETS ON THEM.**

For instance, Electric Vehicles consume almost six times more copper than their internal combustion ancestors. Consumption of nickel is even higher. Under the current trajectory of demand growth for both metals, there will not be enough copper and nickel to cater to the demand from the Electric Vehicle manufacturers in the coming years. The supply growth for both these metals needs to at least double to avoid a supply shock.

In case one is still not convinced about the Electric Vehicle story then it is worth appreciating that Electric Vehicles have 10-20 times less the number of moving parts and are thus easier and cheaper to assemble. With the battery sitting on the floor of the car the centre of gravity and space available in an Electric Vehicle is better than an internal combustion car. And add to it that they are a lot less noisy and polluting-though not so much if backed by coal fired-electricity.

The election of Joe Biden as the 46th President of the United States marks a turning point for the global environment debate. The USA has put the environmental agenda at the very top. Unsurprisingly, leading western world countries have followed suit. It appears days of the smoke-belching producers and toxin-spreading mines may be numbered. Unless the government of the land turns a blind eye, miners, refiners, and smelters may need to clean up their acts. While it won't happen overnight or even in the next few years, however, the writing is very much on the wall and it is quite green.

Commodity producers may have to gear up for higher environmental standards that may entail either higher operating costs or capital costs or a bit of both in the next couple of decades. Moreover, stricter environmental laws may make large greenfield projects even riskier, and companies may be loath to take larger bets on them. This risks underinvestment in the new production capacity over the next decade and threatens a vicious commodity upcycle.

However, a lot can change in a decade; let us not forget that not too long ago the USA withdrew from the Paris climate agreement and was enthusiastic about coal.

The Covid-19 pandemic is a stark warning about the consequences of manipulating Mother Nature. One hopes the lessons learnt are put into practice.

In case someone still has any doubts about the environment then they may do a little test suggested by American natural resources scientist, Dr Guy McPherson- "If you really think that the environment is less important than the economy, try holding your breath while you count your money."

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He has over two decades of experience in global commodities. He has been associated in the past with global commodities majors like the Bank of Nova Scotia of Canada, N.M. Rothschild & Sons of U.K., Vedanta Plc, Aditya Birla Group and The Reliance Group.

FUTURE IMPACT OF DIGITAL TRANSFORMATION IN SECURITIES AND CAPITAL MARKET INDUSTRY

Dr. Vivek Pandey
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1.0 Preliminaries

Disruptive technologies such as robotic process automation (RPA), artificial intelligence (AI), machine learning (ML), Blockchain - collectively referred to as Digital Transformation - delivers significant operational and efficiency for Securities and Capital Markets.

Application of digital transformation is already underway in different area of operations across Securities and Capital Markets.

- **Trade lifecycle process**
  - Includes trade allocation, settlement, reconciliation and exception handling, corporate actions dissemination and processing. The purpose is to eliminate manual tasks by automating information extraction, aggregation, enrichment, classification, advanced analytics, natural language processing and analysis, reporting, compliance, and audit trail.
- **Client lifecycle management**
  - Includes KYC, onboarding, account and trade supervision, due diligence, investigation, and reporting workflows. The purpose is to streamline information extraction and collation for efficient due diligence, while cognitive tools provide new insights for conducting risk assessment and case investigation.

2.0 Artificial Intelligence & Machine Learning

AI is a suite of tools like ML, Natural Language Processing (NLP), Deep Neural Networks etc. that impacting securities and capital market in the most efficient way. The capital market is a gigantic data bank that is made up of data about investors and their financial assets. And that data creates tremendous potential for Artificial Intelligence to drive better decision making in the industry. These AI algorithms can do a variety of tasks like predicting stock prices, automating routine processes that are done manually or even simplifying the chore of fetching data and preparing it for analysis.[1,2]

Common Use Cases for AI ML in Securities and Capital Markets Industry

a) **Adopting AI ML & dynamic learning to place the best orders across venues.**
  - AI ML platforms process massive diverse sets of data and runs a variety of predictive models to come up with stock-ranking rating. AI algorithms recommends daily top stocks using pattern recognition technology and a price forecasting engine. JP Morgan's LOXM, an AI based trading system, can handle the buy/sell transaction involving huge equity stakes without upsetting market prices and execute client orders at top speed and at the best prices possible.[3]

b) **Developing predictive analytics to forecast market changes.**
  - AI enabled Predictive analytics give advanced market insights and allows the fund managers to identify specific market changes much earlier as compared to the traditional investment models. Firms such as Bank of America and Morgan Stanley investing heavily in ML to develop automated investment advisors, the disruption in the investment banking industry is quite evident.[4]

THE CAPITAL MARKET IS A GIGANTIC DATA BANK THAT IS MADE UP OF DATA ABOUT INVESTORS AND THEIR FINANCIAL ASSETS. AND THAT DATA CREATES TREMENDOUS POTENTIAL FOR ARTIFICIAL INTELLIGENCE TO DRIVE BETTER DECISION MAKING IN THE INDUSTRY.

c) **Deploying real-time risk analytics to generate multi-dimensional risk exposure report.**
  - AI platform identifies complex trading patterns on a massive scale across multiple markets in real time. Combining ML with high-speed, big data processing power, the company provides an ongoing assessment of risk.

d) **Using ML to gain insight into next-best-action via algorithms for asset selection.**
  - For every next-best-action, AI based Robo Advisors derive the recommendations by analysing customer portfolio, continuous transactions, and handle risks in

unexpected scenarios. Overnight, Trade Ideas' AI-powered Robo-trading platforms process dozens of investment algorithms to more than a million different trading scenarios to increase the probability in future sessions the next day.

e) **Employing Neural Network to determine buy or sell opportunity using social media sentiment analysis.**
   - News, Wikipedia, blogs (twitter, Facebook, and others) and search engines provides way to gauge the sentiments of investors. With the help of NLP and ML algorithms like Neural network the data is analysed, and a sentiment score is calculated. The sentiment score gives the investor's collective opinions about the securities. Based on that a buy or sell signal is generated.

f) **Utilizing Deep Learning to respond to client inquiries via speech-to-text natural language processing.**
   - Capital markets have deployed digital assistants, to render better service interaction and transform sales. For enhanced interaction with the clients, virtual assistants offer conversational interface that rely upon AI (like ML, Language Processing). AI then understands the intent of the user and make real time responses based on algorithms.
   - TD Ameritrade's Facebook Messenger bot allows users to move funds, receive alerts about their stock performance or even access live customer support from online brokers.[5]

g) **Exploiting IDA Services to review, extract, and abstract data from unstructured or semi-structured documents.**
   - Intelligent Document Analysis (IDA) uses NLP and ML to derive insights from unstructured data. Text (extraction & abstraction based) Summarisation can be used to enable humans to quickly digest the content of large volumes of documents without the need to fully read them.
   - In JP Morgan, ML system can look through financial deal in seconds with higher accuracy than its lawyers and accountants. Bloomberg reports that the AI system saved 360,000 hours for the bank as well as helps put across more than 12,000 new wholesale contracts per year.[6]

h) **Identify complex trading patterns in large datasets with market abuse and financial crime surveillance.**
   - Interpreting unstructured inputs, analysing the human behaviour pattern, and learning to respond without explicit coding has been the biggest advantage of AI. Through the combination of AI ML, data anomalies can be detected in five to ten milliseconds with decisions made to counter these anomalies in real time, with the anticipation of results. According to a research, for almost every $1 lost to fraud, the recovery costs borne by financial institutions are close to $2.92.

3.0 Robotics Process Automation

Given the amount of manual and semi-manual processes in trade lifecycle, investment banks are under pressure to optimize the operational costs. As a result, many capital market firms are resorting to RPA to transform their back office to achieve cost reductions and improve business efficiencies. With significantly reduced timelines to automate manual processes with low investment, RPA has become a part of cost and efficiency programs across back-office operations and shared services. RPA fits in well to provide a secure and controlled environment, making the processes error-free.[7 8]

“RECENT REGULATIONS SUCH AS KYC, AML AND FATCA RESULTED IN CAPITAL MARKET FIRMS TO COLLECT, INPUT AND ANALYZE CLIENT DATA TO ENSURE THEY COMPLY WITH REGULATORY AND FIRM POLICIES. FIRMS USE RPA IN CLIENT ONBOARDING PROCESS TO IMPROVE REGULATORY COMPLIANCE AND REPORTING AT A MINIMAL COST.”

Common Use Cases for RPA in Securities and Capital Markets Industry

a) **Customer Onboarding**
   - Recent regulations such as KYC, AML and FATCA resulted in capital market firms to collect, input and analyze client data to ensure they comply with regulatory and firm policies. Firms use RPA in client onboarding process to improve regulatory compliance and reporting at a minimal cost. RPA gathers and inputs a huge amount of structured data and maintain a complete audit trail.

b) **Trade Settlement**
   - RPA is helpful in streamlining trade settlement by performing research on orders, resolving discrepancies, and resolving trades that are impacted by system processing issues.

c) **Investment Management**
   - RPA assesses an investor's portfolio and thus minimize the inherent risk of investing. The bots help in improving the users' investment decision making by offering information updated in real-time about fluctuations on the stock market.

d) **Reconciliation**
   - RPA reconciles the data between multiple systems and identify mismatches across datasets during the reconciliations that are performed at various stages of the trade life cycle.

e) **Regulatory Compliance**
- RPA plays a critical role in improving governance and regulatory compliance. It simplifies compliance by keeping detailed logs of automated processes, automatically generating the reports an auditor needs to see, and eliminating human error.

f) **Communication and Reporting**
- RPA helps in communicating with the customers in a better manner through the automation of sending transactional notifications and periodic reports at a minimal cost. Additionally, they can be used to sending reports to regulators.

> **BLOCKCHAIN ALLOWS FOR A GROUP OF INDEPENDENT ENTITIES TO SHARE COMMON BUT SENSITIVE DATA SOURCES THAT ARE AUTOMATICALLY AND SECURELY RECONCILED BETWEEN PARTICIPANTS.**

g) **Corporate Actions**
- RPA delivers good benefit in the corporate action process wherein they can pull out relevant information from standardized SWIFT messages to capture event announcement and entitlement calculation by checking positions on relevant dates in internal records.

4.0 Blockchain

The potential applications of blockchain/DLT technology vary across sectors but have one thing in common - the prospect of a decentralised, immutable, secure and consistent way of organising and sharing data. But blockchain does not simply update passive data entries across digital records that need to reconcile the same changes. It also supports sophisticated 'smart contracts'. These are basically instructions for downstream processes and allow for the automation of processes such as payment instructions or the moving of collateral. Blockchain allows for a group of independent entities to share common but sensitive data sources that are automatically and securely reconciled between participants.[9]

Common Use Cases for Blockchain in Securities and Capital Markets Industry

a) **Issuance**

Issuance refers to the process of offering securities or other investment assets to investors to raise capital. Blockchain enables the creation of both digital representations of existing conventional securities and that of wholly new digital assets, brought to market in the form of tokens.[10] The securitization of financial instruments and securities will become both more customized and streamlined through blockchain issuance platforms. Issuance can be improved across the lifecycle of assets including the digitization of equity at incorporation or for the various assets under management. Conventional security-backed assets can be digitized to create tokens representing individual securities with the improvement of additional programmable functionality.

b) **Sales and trading**

Sales and trading refers to buying and selling of securities and other financial instruments. Blockchain enables digital securities to seamlessly go-to-market through a variety of channels including bilateral negotiations, centralized exchanges, decentralized exchanges, matching algorithms, and auctions. Blockchain gives rise to various new possibilities including new and bespoke digital instruments created to match investor demands. These new assets are made possible by the instantaneous and customizable nature of digital security issuance which can be programmed to seamlessly perform different kinds of business functions.

c) **Collateral management**

Blockchain enables more efficient collateral management through the digitization of the collateral holdings into a single, optimized registry. Additionally, smart contracts can enable the precision of collateral management by automatically issuing margin calls and invoking predetermined rules for each bilateral or intermediary relationship. The creation and digitization of collateral tokens or assets facilitate new markets and possibilities. For instance, digitally represented collaterals on blockchain can be used to redeploy and settle in real-time, eliminating delays between valuation and call.

d) **Exchanges**

Blockchain has the potential to improve business operations of exchanges across a number of their functions. Reduced trading fees coupled with faster settlement and clearing has the potential to decrease overhead costs and enhance existing processes. A shared, distributed ledger enabled by a blockchain network can enhance KYC and AML compliance as well as provide trade matching or confirmation. The blockchain's transparent ledger can aid exchanges with data verification, access rights, and in the best case provide more robust warning systems for trading activity.

e) **Clearing and settlement**

Clearing is the process of updating accounts and organizing the transfer of money and securities. Settlement is the actual exchange of assets and financial instruments. Smart contracts can be programmed to match payments to transfers through off-chain cash payments, cryptocurrencies, or stablecoins. For settlement, they can match a variety of models that take into account risk tolerance and liquidity needs of the market that include atomic settlement, deferred settlement, and deferred net settlement.

f) **Post-trade services and infrastructure**

Post-trade services come into play after a trade is complete. Today's post-trade settlement processes face risks due to the instantaneous nature of transactions and the fluctuating prices and markets. Global post-trade processing incurs costs ranging from $17B to $24B per year, including reference data, reconciliations, trade expense management, client life-cycle management, corporate actions, tax, and regulatory reporting. Blockchain automates and streamlines these processes, increasing security and efficiency and reducing costs and settlement times.

g) **Asset servicing**

Asset servicing refers to when an asset requires a distinct set of services, whereas asset management is the administration of money and securities by investment banks and other financial institutions. Blockchain enables automation of digital security lifecycle events including coupons, dividends, exercise of rights, maturity, and pricing, streamlining service, and management processes.

h) **Mutual fund administration**

Blockchain enhances the fund management process by automating and securing fund reference data among key stakeholders in near real-time. This greatly increases the transparency and security of fund data and any other reference information.

Entity registration can be costly and requires intensive KYC/AML compliance procedures. By nature, a blockchain provides a unified common ledger for the entity where records can be automatically stored, verified, maintained, and distributed.

I) **Custody**

Custody refers to the guardianship or holding of securities for safekeeping to minimize the risk of theft or loss. The advanced security attributes of blockchain technology, including its decentralized architecture and its cryptographically secure code, ensure assets are kept extremely safe.

j) **Transfer agent replacement**

Enabled by smart contracts and digitization, a blockchain network can act as a digital transfer agent by maintaining a chain of provenance for assets and coded asset lifecycle payment instructions. This would allow investors to be paid, request investor sign-off, and review materials without extraneous agent tasks. Greater logic could be implemented into a digital transfer agent such as recording the net subscriptions and liquidations/redemptions initiated by investors. Further, a digital agent utilizes smart contracts to identify share class and automatically distribute proceeds such as dividends.

5.0 The Way Forward

In future-state model, global exchange operators shall be well-equipped to engage in numerous digital transformation initiatives to enhance revenue generation and streamline operations. Potential application areas include IPO listing and continued-listing compliance, securities lending and borrowing, data monetization, shared Know Your Customer compliance, market surveillance, and continuous model validation for clearing and margin.

Thriving global exchanges of the future will be characterized by their understanding and adoption of innovative digital transformation solutions and enabling technologies that are designed to attract a broader ecosystem of players and provide them with access to more data for decision-making and the ability to access markets seamlessly.

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WORLD CURRENCY AT A GLANCE

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The year 2021 began with a relatively low bond that triggered $ 12 trillion debt to trade at a negative yield as well as boosted the valuation of global equities to $ 117 trillion. As far as currencies are concerned the dollar was beaten down in the early part of the year against developed and emerging currencies amid a surge in global carry trades.

From the emerging market segment, carry trades helped Indian Rupee to rank the best performing currency in Asia for May with 2% appreciation which was the largest monthly gain in the last 27 months. Similarly, the Chinese yuan ran the fastest rally in Asia with gains of over 11% in the last 12 months ending in May.

Renminbi hits a high of 6.30 versus the dollar - the highest in three years but remains short of the pre-trade war high of 6.25. On the other hand, G10 pairs versus dollars performed well notably the pound which rallied from $1.35 to $1.42 in a matter of three months between March to May and rupee terms it crossed the 100 marks for the first time since sterling's devaluation took place in 2016 during Brexit referendum.

However, later half in June, the short positioning in US Dollar started to unwind amid fear of inflation risk coming from the US economy as well as the reversal of carrying trades in forex space.

What went wrong from the inflation side that pulled the dollar out of multi-year lows? Interestingly US Inflation hit 5% in May on an annualised basis exceedingly far beyond the FOMC standard target of 2%. Inevitably the elevated inflation from the US economy initially perceived transitory as most of the CPI index components were impacted due to the re-opening.

FX moves are highly dependent on the nature of the inflation releases from various economies as well as whether US economic data support Fed rate-setters to hike rates earlier than expected and finally domestic reasons for particular currency to behave against the dollar notably the Indian Rupee.

Inevitably it's the relative comparison between US economic data and the rest of the markets and accordingly, the dollar will pan-out on the positive side if US economic data outperform against the Eurozone or the UK. As far as EM markets are concerned, the carry trade positions will guide the emerging currencies. If the carry trades are unwinding it will keep pushing the local currencies lower and vice-versa.

THE YEAR 2021 BEGAN WITH A RELATIVELY LOW BOND THAT TRIGGERED $ 12 TRILLION DEBT TO TRADE AT A NEGATIVE YIELD AS WELL AS BOOSTED THE VALUATION OF GLOBAL EQUITIES TO $ 117 TRILLION. AS FAR AS CURRENCIES ARE CONCERNED THE DOLLAR WAS BEATEN DOWN IN THE EARLY PART OF THE YEAR AGAINST DEVELOPED AND EMERGING CURRENCIES AMID A SURGE IN GLOBAL CARRY TRADES.

Inflation - Whether It Will Be Short-Lived

To answer the inflationary impact, we need to assess the US recent inflation trend. Admittedly, the spike in US headline components is merely driven by the re-opening of the economy. On a relative basis, the pandemic crisis caused a jump of 4% change in the US consumer price index since the beginning of the recession whereas the great financial crisis caused hardly a 1% jump in the same index.

Additionally, few outer components in the US CPI index - car rental index jumped over 20% since the pandemic began and such price rise is not regular and proves to be transitory. However, bond markets are painting a moderate picture instead of some gloomy concerns.

If we go with the inflation-linked US 10-year bond yield (TIPS), its hovering levels are not seen before 2020. But what causes the dollar to rise if inflation remains transitory? Our best guess is the market positioning for a short dollar which triggered to unwind and at the same time, forward looking guidance for inflation remains sceptical due to high oil prices.

Inevitably the US Dollar will be supported based on the present inflation trend in the US relative to the rest of the developed economies.

FX MOVES ARE HIGHLY DEPENDENT ON THE NATURE OF THE INFLATION RELEASES FROM VARIOUS ECONOMIES AS WELL AS WHETHER US ECONOMIC DATA SUPPORT FED RATE-SETTERS TO HIKE RATES EARLIER THAN EXPECTED AND FINALLY DOMESTIC REASONS FOR PARTICULAR CURRENCY TO BEHAVE AGAINST THE DOLLAR NOTABLY THE INDIAN RUPEE.

How Reliable is US Economic Data?

Starting from the latest US job data which added 850,000 jobs in June which exceeded the market consensus of 700,000 was supportive for the dollar with a slight miss in the unemployment rate. However, the June figure still below 7 million of the pre-pandemic level of employment along with many youths is not willing to join the workforce amid on-going jobless benefits given by the US government.

Another parameter to gauge the strength of the US economic data is consumer confidence which is way up relative to the previous financial crisis in the US economy. Indeed, households have used the various sources of cash support starting from stimulus payments and unemployment benefits to feed their families or shore up their savings and hold on to their homes and cars, even as millions of jobs were lost.

The Census Bureau reported a greater than 30% drop in the number of Americans going hungry last year, a sharp departure from the rise in hunger and poverty that usually accompanies a recession which gives a better sense that US economic data are much stronger than the UK or the EU which is why the dollar is getting supported against euro and pound as well based on growth differential which turns to expectations of interest rate differential.

Rupee Outlook - Domestic Factors

Rupee underperformance highlighted since the beginning of June. The domestic currency fell over 2% weaker versus the dollar. Rupee depreciation came despite improvement in the COVID situation. Outflows in the equity and bond markets were the laggard factors for rupee weakness.

Additionally, oil prices which jumped to the highest level triggered the rupee to fall below 74.50 versus the dollar amid importers rush to cover their imports notably at a time when forward premia are trading at the lowest level after hitting over 5% in one year and fell to 3.25% in a matter of few weeks once the unwinding of carrying trades began since early June.

A three-month low in new daily COVID cases and vaccine rollout to 6-7mn doses per day leaves India's economic recovery on track. Mobility is scaling back towards pre-crisis levels, and the disruption through April and May continues to fade.

Nevertheless, challenges remain as India's above-target inflation (well above RBI's upper threshold) and ongoing structural constraints limit the near-term scope for support. But the RBI's commitment to supporting the recovery through liquidity injection and significant accumulation of large FX reserves limit the substantial risk in rupee's depreciation.

With recent data releases in the last few weeks and policy announcements limited to additional fiscal support, India's fundamentals are unchanged. And for the rupee, the positive factor that India's Balance of Payment won't impact much unless Brent surpasses a higher $85 which is somehow supportive of currency appreciation and a central bank attempt to cap the inflation via currency strength rather than rate hikes.

That the RBI is expected to lag the global hiking cycle should not disadvantage Rupee. Policy rates remain higher than many others in emerging countries at 4.0%, and yields on 10-year bonds are the highest in Asia. However, when the Fed rate hike cycle adjusts on the higher side, emerging currencies tend to depreciate and Indian Rupee may not stand alone despite India being the highest carry provider in EM Asia after Indonesia.

Based on the expectations of the Fed rate hike cycle, the rupee may depreciate towards 76.00 by year-end although decent IPO flows including Zomato, Paytm and other technology-based companies will cap any abrupt fall in rupee in the last quarter of this calendar year 2021.

Ayush Aggarwal is a young dynamic business leader. He is an MBA (PGP-FMB) from SP Jain Institute of Management and Research, Mumbai, and a graduate from Delhi University. He has a great understanding and an in-depth knowledge of financial Market. He is the CIO (Chief Investment Officer) of SMC Private Wealth Vertical at SMC Global Securities ltd. managing and handling portfolio management activities. He has an excellent understanding of the various Macro & Micro factors driving the economy and financial markets. He has a knack of Identifying high growth potential as well as fundamentally strong companies. HNI clients at SMC have benefitted significantly from his practical and pragmatic views.

UNDERSTANDING THE BASICS OF SUSTAINABILITY: TIME FOR A NEW STRATEGY?

Koel Ghosh
Head – South Asia, S&P DOW JONES INDICES

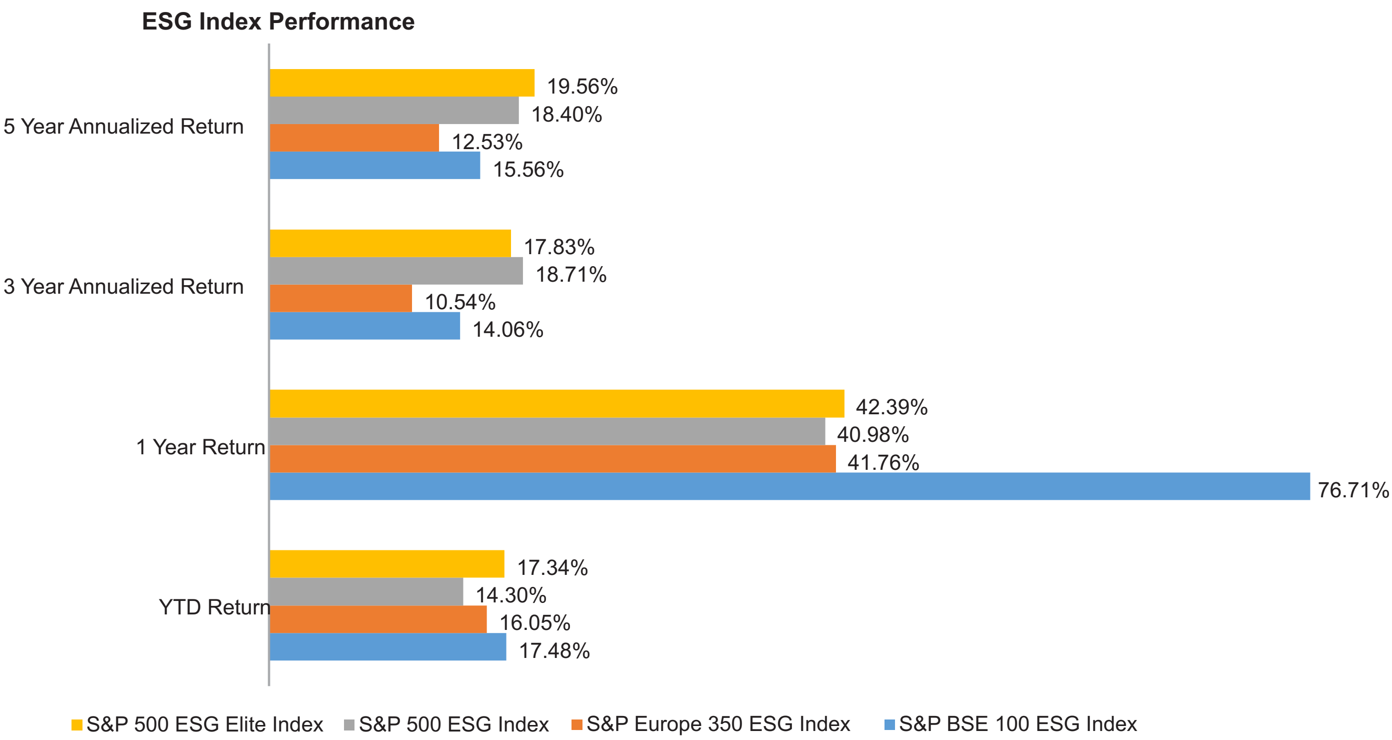
The growing importance and inclusion of sustainability values among global investment themes has redefined investors' views of sustainability factors in portfolio strategies. The idea that sustainability concepts are futuristic is dated-the future has definitely arrived.

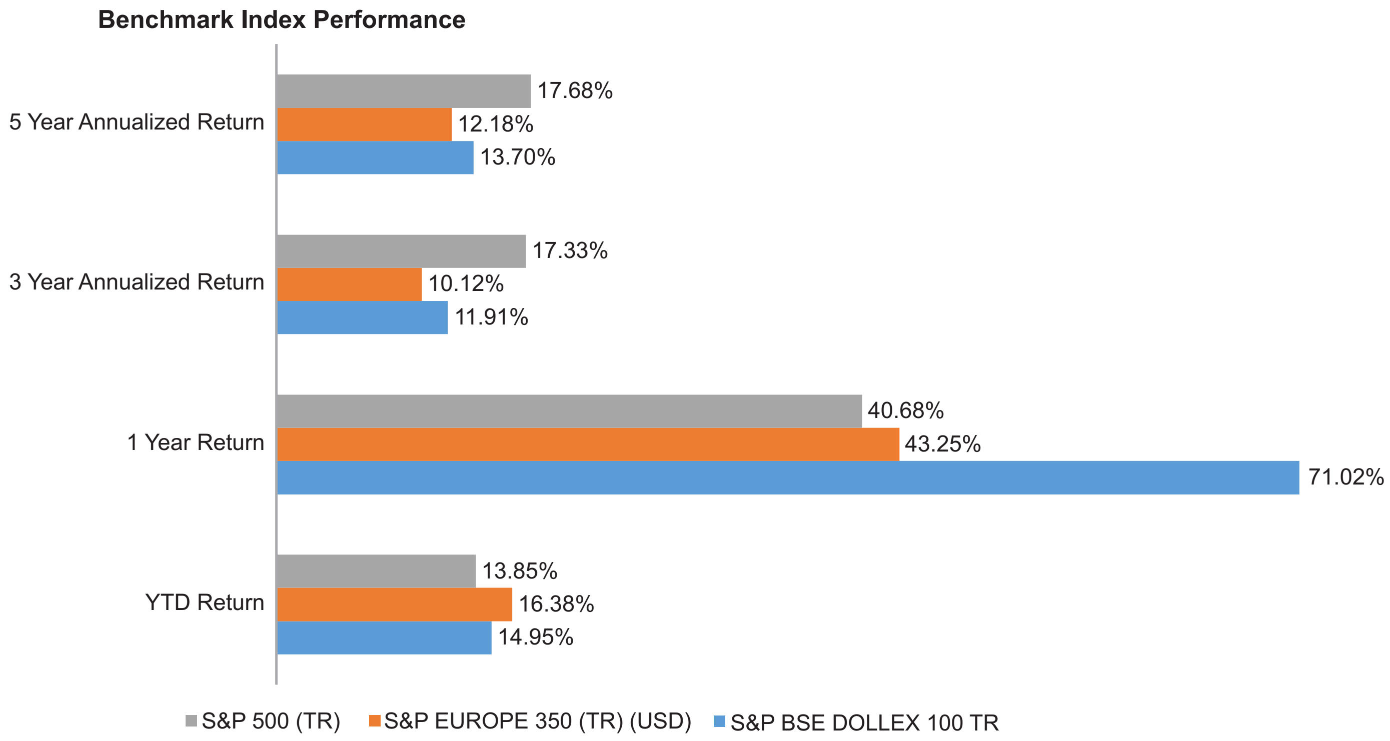
The world is changing, and the percentage of retail and institutional investors applying environmental, social, and governance (ESG) principles is on the rise. More and more sustainability data providers are scaling their business to provide deeper qualitative and extensive information, as companies are prioritizing disclosure and reporting. Sustainable funds attracted USD 185.3 billion in net flows in the first quarter of 2021, which was up 17% from the previous quarter at USD 158.3 billion.[1] While Europe led the ESG scoreboard followed by the U.S., Asia ex-Japan reported USD 7.8 billion, with 4% of total inflows and 237 funds. Many projections forecast a multifold growth in ESG solutions in investment products, so it might be time to take notice of this new wave.

India is slowly waking up to the growing reality of ESG relevance. While some have embraced this concept, skepticism rules in a market that has the leading country benchmark, the S&P BSE SENSEX, above 52,000 and a one-year annual return of 62%.[2] The thought that ESG is just a novelty is still at large. Therefore, a deep dive into this fast-developing concept may be a worthwhile dialogue.

First, what are ESG values and what constitutes them? ESG investing is not about categorizing companies on the basis of how "good" they are but how they manage each of the ESG factors (environmental, social, and corporate governance), thereby helping investment strategies in their selection methodologies. S&P Dow Jones Indices has a wide gamut of indices tracking these factors. ESG indices based on core benchmarks, such as the S&P 500® ESG Index, S&P Europe 350® ESG Index, S&P 500 ESG Elite Index, and S&P BSE 100 ESG Index are just a few.

Exhibit 1: ESG Index Returns versus Their Benchmarks for Select Regions





Source: S&P Dow Jones Indices LLC. Data as of June 15, 2021. Index performance based on total return in USD. Past performance is no guarantee of future results. Charts are provided for illustrative purposes.

Exhibit 1 shows that return trends by ESG indices in U.S., Europe, and India tended to be higher than the underlying benchmark. Though nominal outperformance, it does contest many myths that ESG factors lead to underperformance. For the U.S. market, we compared the S&P 500 ESG Elite Index and S&P 500 ESG Index, both of which showed outperformance in the majority of periods, other than a slight underperformance by the S&P 500 ESG Index in the one-year period. The Indian benchmark outperformed the other benchmarks, but the ESG index still outperformed in all periods and by a greater margin than in the U.S. or Europe.

Though these statistics are not a forecast of future performance, it does provide a compelling review of such sustainability factors in investment strategies.

INDIA IS SLOWLY WAKING UP TO THE GROWING REALITY OF ESG RELEVANCE. WHILE SOME HAVE EMBRACED THIS CONCEPT, SKEPTICISM RULES IN A MARKET THAT HAS THE LEADING COUNTRY BENCHMARK, THE S&P BSE SENSEX, ABOVE 52,000 AND A ONE-YEAR ANNUAL RETURN OF 62%.

1. https://www.fundssociety.com/en/news/markets/global-assets-in-esg-funds-neared-2-trillion-dollars-boosted-by-record-inflows
2. Yearly annualized returns as of May 31, 2021

This article is not an advice. Please read at https://www.spglobal.com/spdji/en/disclaimers

Koel Ghosh is the regional head of South Asia for S&P Dow Jones Indices (S&P DJI). Koel leads the regional commercial efforts and actively educates and advocates for passive investing. She explores new markets and works with market participants to offer suitable solutions.

Her previous experience in the asset management and financial industries add to her in depth knowledge in that space. She contributed to the growing Indian asset management industry through her marketing and sales roles at IL&FS Mutual Fund and UTI Asset Management Company. At Thomson Reuters, she further extended her business development skills in the financial data industry.

She additionally heads up the business initiatives in India and serves as Managing Director and Chief Executive Officer of Asia Index Private Limited (a BSE and S&P DJI venture).

She was recognized by AIWMI as one of the top 100 women in finance in India in 2019. She is a Chartered Accountant.

AN INVESTOR'S GUIDE TO SHAREHOLDER MEETINGS IN INDIA ("GUIDE")

Sivananth Ramachandran, CFA (Siva)
Director of Capital Markets Policy, India, CFA Institute

Overview

Shareholder meetings provide a platform for direct participation by shareholders in the affairs of the company, and hold the directors to account through voting, Q&A and discussion. There are three main functions of the annual general meeting (AGM)[1]: to present financial and strategic information to shareholders, to obtain the consent of shareholders for key decisions, and to generate discussion between shareholders and managers. Shareholder meetings serve a useful purpose.

The Value of attending AGMs

In principle, shareholders have an opportunity to question the board, engage with other shareholders, and seek further information before they vote on resolutions. AGMs are also a social ritual where shareholders get to know the board, understand the company narrative and changes, assess the general power dynamics between the company and its shareholders and the quality of engagement; these insights cannot be gained by merely reading financial statements or company updates. Lastly, shareholder meetings may gain prominence for institutional investors due to two developments - an increase in stewardship responsibilities, and a possible increase in oversight of selective disclosure of information to analysts and investors. Shareholder meetings, owing to their public nature, not only provide an avenue for meeting increased stewardship responsibilities, but also seek information in a manner that would avoid concerns about selective disclosure and insider regulations.

Concerns Around AGMs

However, there have been some concerns expressed about shareholder meetings. AGMs date back to the joint stock associations of the 19th century, and critics see them as a relic which no longer fits the purpose. Research in another context suggests only a tiny fraction of small shareholders attends an AGM, even in companies facing financial difficulties. Lastly, in the Indian context, cultural sensitivities come in the way of both expressing as well as acknowledging critical views, and most AGMs are reduced to bouts of reverence, slick corporate videos and long speeches, followed by refreshments or gifts.

Covid-19 and AGMs

Covid-19 has changed the AGM landscape in a number of ways. There has been a surge of new investor registrations - demat accounts opened in the last two years accounts for over one-third of all accounts - and there is an opportunity for regulators and industry to inculcate a sense of ownership and voting habits. Secondly, virtual AGMs, allowed in response to covid-19, has had a mixed impact on engagement. It has opened up avenues for new classes of investors, foreign and out-of-city domestic investors who could otherwise not been able to attend and engage; however, there are concerns that companies have found it easier to avoid difficult questions.

> **THERE ARE THREE MAIN FUNCTIONS OF THE ANNUAL GENERAL MEETING (AGM): TO PRESENT FINANCIAL AND STRATEGIC INFORMATION TO SHAREHOLDERS, TO OBTAIN THE CONSENT OF SHAREHOLDERS FOR KEY DECISIONS, AND TO GENERATE DISCUSSION BETWEEN SHAREHOLDERS AND MANAGERS. SHAREHOLDER MEETINGS SERVE A USEFUL PURPOSE.**

Regardless of how the meetings evolve, their effectiveness depends, in part, on well-informed shareholders. CFA Institute believes that shareholders (also known as shareowners) and those who manage shares for others need to know their rights in order to make informed, responsible investment decisions. Raising investor awareness and knowledge ultimately improves market integrity and efficiency and fits with our mission.

Types of Shareholder Meetings
There are primarily three types of shareholder meetings in India, i.e., Annual General Meeting (AGM), Extraordinary General Meeting (EGM) and meetings convened by the National Company Law Tribunal (NCM). They differ in their frequency and agenda. Except for the AGM, which must be held every year, the others are held to seek shareholder approval on specific resolutions, ranging from electing directors to altering the Memorandum of Association, to raising capital, to increasing borrowing limits or to undertake mergers and acquisitions. Postal ballot is an alternative means for shareholders to approve resolutions without the requirement of having a physical meeting.

Rights of Shareholders

The separation of ownership and control and dispersal of shareholders all over the globe make it of considerable importance to know the rights, privileges, and liabilities of the shareholders. Shareholders maintain oversight on the functioning of the management, pass key resolutions in general meetings, propose amendments to resolutions and possess the right to inspect company documents. Further, they also have the right to call an EGM to discuss special or ordinary resolutions. These rights are listed below (not intended to be exhaustive).:

Note that some rights are available only at a certain shareholding threshold - for example, shareholders who own at least 1% of the total voting power (or paid-up capital of more than Rs. 5 lakhs) have the right to propose certain business items by giving a special notice.

Shareholder Resolutions

A shareholder resolution is a proposal submitted by the management or shareholders of a company to be voted on at the shareholder meeting, directing the board to take some form of action. A resolution proposed at the meeting, once passed by shareholders, is a legally binding decision made by the company.

The Companies Act categorizes shareholder resolutions into either Ordinary or Special. However, certain resolutions, which are of interest to the majority or controlling shareholders, may require the concerned or 'interested' shareholders to abstain from voting (majority of Minority).

Questions to consider for Three Important Shareholder Resolutions

1. Director Renumeration

Remuneration of directors, both executive and non-executive, must be approved by shareholders. Companies must disclose the detailed breakup of all the remuneration components including basic and variable pay, and stock options, new performance benchmarks/ criteria, extent of fulfilment of previously set performance benchmarks, and the ratio of managerial remuneration to average/median employee remuneration. Shareholders should analyse the above information from the annual report. In addition, they can examine the following:

- Increase in remuneration vs increase in profitability
- If remuneration level is higher than comparable industry peers
- If there is a low proportion of variable pay (viz., performance related incentives, bonus, commissions, etc.) in the overall salary (especially for professional directors), shareholders can question the management
- Some promoters choose to award inexperienced family members with high salaries that are not justified by their role and position in the company. Shareholders should seek an explanation from the independent directors for their agreement with such a decision.
- If the director is receiving remuneration from multiple sources

2. Related Party Transaction

As per SEBI LODR, for listed companies, all material RPT (transaction value exceeds 10% of annual turnover, or 5% in case of royalty/ brand payments) shall require prior approval of shareholders. The regulations prohibit interested/ related parties from voting on such resolutions. The companies must disclose the parties to the transaction, nature of association between parties, particulars of the transaction, economic benefit for interested parties, and other information. Shareholders should look out for companies providing preferential terms to specific shareholders/other parties thereby transferring value from public shareholders to elsewhere. Shareholders should analyse the following:

- The rationale for the transactions
- Whether an independent opinion has been obtained on the valuation/pricing aspects
- Whether the approval sought is for an indefinite amount or an undefined time period
- Whether the quantum of royalty has been decided by an independent evaluation
- Track record on royalty payouts and alignment with performance of the brand

They should closely analyze the information provided by the company and seek clarifications from the management if they are unsure about the full implications of the transaction.

THERE ARE PRIMARILY THREE TYPES OF SHAREHOLDER MEETINGS IN INDIA, I.E., ANNUAL GENERAL MEETING (AGM), EXTRAORDINARY GENERAL MEETING (EGM) AND MEETINGS CONVENED BY THE NATIONAL COMPANY LAW TRIBUNAL (NCM). THEY DIFFER IN THEIR FREQUENCY AND AGENDA.

3. Raising Debt / Equity

According to Companies Act, issuance of shares on a pro-rata basis to existing shareholders (rights issue) will not require shareholder approval. However, if the issuance is to any other entity, it requires approval through a special resolution. Companies must disclose the reason for issuance, details of issue, basis of valuation, to whom the allotment would be made, pre- and post-issue shareholding, among others. Shareholders must scrutinize the following while voting on resolutions for raising capital:

- Use of proceeds
- Extent of dilution
- Urgency of funds
- Debt levels and available cash with the company
- Whether the proposal includes any issue of warrants
- Whether the issue is within the borrowing limits of the company (in case of debt instruments)
- Debt servicing capacity and past repayment history
- Leverage ratios and credit rating

Virtual Meetings

Electronic voting and live one-way webcast of AGMs had become commonplace in recent times, at least for large companies. Owing to the pandemic, the MCA approved a temporary relaxation to companies to hold virtual general meetings. Not only India, but companies all around the world have welcomed this reform, at least for the present.

We asked our members their experiences of attending online meetings. Here are some of the takeaways.

1. Remember to register yourself as a speaker. If you don't register in a timely manner, you will not get an option to ask questions anytime later. In a physical AGM, all you must do is show up.
2. Some companies also ask that questions be submitted beforehand. This allows them to prepare, but potentially creates a situation where management can screen out tough questions.
3. Companies may have more control over the engagement in Virtual AGMs, but unless they have the right intent, it doesn't result in a higher quality of engagement. There are always those who sing poems, ask frivolous queries, or want free gifts, who get priority over others who want to ask more pertinent questions.
4. In a physical AGM, shareholders can judge body language of management in response to sensitive queries. In virtual AGMs, management often shut off their cameras.
5. Some companies had a limit of 1000 shareholders. This can be a limitation where the demand for attendance is higher, and you may need to log in early.
6. There is no way to force management to answer questions. In a physical setting it is a lot easier (in a polite yet firm way) to get companies to answer your questions.
7. There is no way to collaborate with other shareholders on an issue. In physical AGMs, we have banded together to ensure management listens to our concerns. In virtual AGMs, you are almost always alone.

The above points show some of the limitations of virtual AGMs, but also offer an opportunity for good companies to differentiate themselves from the rest, in terms of effective and broad-based engagement.

Rules of Etiquette

1. Exercising Voting Rights

If for some reason you are unable to attend the meeting, you can appoint a proxy who can vote on their behalf. In addition, you are encouraged to use remote eVoting facilities provided by companies to vote on shareholder resolutions.

2. Prepare in Advance

You should familiarize themselves with the notice, read the annual report in advance in order to educate yourself and initiate a meaningful discussion/debate. This is an important factor in virtual meetings, given the paucity of time.

3. Avoid Obstructive Behaviour

You should ensure that the meeting is not obstructed in any manner, as that would defeat the purpose of the meeting. Do not interrupt other shareholders when they are speaking or asking questions.

> THIS GUIDE IS MEANT TO SERVE AS A REFERENCE FOR SHAREHOLDERS TO BETTER UNDERSTAND THE NATURE OF SHAREHOLDER MEETINGS, INCLUDING THE ACTIVITIES, PROCEDURES, AND RULES OF ETIQUETTE OF THE MEETINGS, AS WELL AS OTHER MATTERS, SO THAT THEY CAN ADEQUATELY PREPARE TO ENGAGE AT THESE EVENTS.

4. Allow participation by all Shareholders

You should keep your comments brief and restrict your queries to only the critical items so that a more broad-based discussion, with wider participation from all shareholders, can take place.

5. Ensure Integrity

You should not accept any gifts, gift coupons, or cash in lieu of gifts from company representatives at the meeting. Distribution of such gifts is not permitted by law.

Objectives behind the Guide

This guide is meant to serve as a reference for shareholders to better understand the nature of shareholder meetings, including the activities, procedures, and rules of etiquette of the meetings, as well as other matters, so that they can adequately prepare to engage at these events. For example, we provide an overview of the various types of important resolutions put to vote at shareholder meetings and how shareholders can research and analyse important issues before the meetings. Although this guide may have more general applicability, it pertains mainly to companies listed on the stock exchanges and incorporated in India. The scope of the guide is restricted to the most common business items typically transacted in shareholder meetings. It is not meant to be exhaustive and does not constitute legal advice.

CFA Institute contracted with the Institutional Investor Advisory Services India Limited (IiAS), a proxy advisory firm in India, to conduct research on the latest regulatory developments in India and help update this guide.

1. Although AGM is one type of shareholder meeting, unless specified otherwise we use the term shareholder meeting and AGM interchangeably throughout the article.

Sivananth Ramachandran, CFA (Siva) is the Director of Capital Markets Policy, India at the CFA Institute. In his role, he is responsible for advocating policy positions on issues that impact Indian capital markets, including corporate governance, ESG, and pensions. He is frequently quoted in media.

He has over fourteen years of experience in financial services. Prior to joining the CFA Institute, Siva spent five years at Morningstar, and led their global index product development team. He also served as a spokesperson for sustainability at Morningstar India. Prior to his time at Morningstar, Siva spent nearly five years at MSCI where he co-authored research papers on small cap investing, portfolio construction, and economic exposure.

He has an MBA from the Indian Institute of Management, Lucknow. He also holds the Chartered Financial Analyst (CFA) and Professional Risk Management (PRM) designations, and the Fundamentals of Sustainability Accounting (FSA) credential provided by Sustainability Accounting Standards Board (SASB).

SOCIAL EMPOWERMENT THROUGH EMOTIONAL INTELLIGENCE

Mansi Dholakia
CEO Founder, Global Mental Health Association (GMHA)
United Nations Speaker | National SDG Ambassador, India

Empowerment is a term we hear almost each day every day from every single being. Parents want to empower their child so that they grow up to achieve the best in life. Women empowerment is the way forward to bring about the change in the society. In recent times men empowerment has taken up a huge change and is on the rise.

The question that I wish to pose is whether just making them financially stable and making them study hard and be on top of the race or being ready to work with the fast pace of life enough to call it being empowered?

If yes, then in this empowered society why are the number of suicide cases on the rise? Why are the cases of depression amongst children so high? And why are there so many cases of violence still prevalent in the society?

The answer to it all is "Empowering the society emotionally". Developing the EQ in individuals is equally important as developing the mental, financial and social life of the individual. In fact being emotionally intelligent will aid individuals to be more holistic in all the approaches in life.

What are emotions?
Every emotion is our body's response to the changes happening around it. As natural as any physical reaction like fever, cold or pain, Emotions are reactions to the people, experiences and traumas or happy situations.

For example in the present situation, where there is so much of uncertainty around us, there is a loss of jobs, loss of loved ones and no certainty whether it will all be still the same when things normalize, or will they every normalize., the basic emotions that arise are fear, frustrations or anger.

But from a very young age in the society, we are not to feel these emotions. They are thought to be negative emotions and we are taught not to show them or express them. We still see cases where men are told they can't be emotional. Crying is still considered a form of weakness and being angry, sad, jealous are labeled as bad emotions. But are these emotions really bad? The answer is NO!

No emotion is good or bad. We need to experience each emotion equally. And not just experience the emotion but also acknowledge and accept it with an open mind. To know that unless we as a society need to understand and acknowledge this fact and work on developing the EQ of the society from the root level. A lot of things need to be unlearned and relearned in order to be empowered in a true manner.

THE ANSWER TO IT ALL IS "EMPOWERING THE SOCIETY EMOTIONALLY". DEVELOPING THE EQ IN INDIVIDUALS IS EQUALLY IMPORTANT AS DEVELOPING THE MENTAL, FINANCIAL AND SOCIAL LIFE OF THE INDIVIDUAL. IN FACT BEING EMOTIONALLY INTELLIGENT WILL AID INDIVIDUALS TO BE MORE HOLISTIC IN ALL THE APPROACHES IN LIFE.

Importance of Emotional Intelligence:
In the recent times many individuals have faced the pressure of the uncertainties and succumbed to it either by taking their own life of going into such a shell that their loved ones are unable to get through to them. The cases of depression in the Covid19 era have increased tremendously.

As per the KFF analysis of data from the Census Bureau's Household Pulse Survey (an ongoing survey created to capture data on health and economic impacts of the pandemic), KFF Health Tracking Poll data, and data on mental health prior to the COVID-19 pandemic, during the pandemic, a larger than average share of young adults (ages 18-24) report symptoms of anxiety and/or depressive disorder (56%). Compared to all adults, young adults are more likely to report substance use (25% vs. 13%) and suicidal thoughts (26% vs. 11%). This data is truly thought provoking as to whether we are doing enough to empower the youth, who is the backbone of the future societies.

Emotional Intelligence is the ability to understand, label, acknowledge and manage the emotions. It is a way of life where an individual can change his/her perspective to things and empower themselves to be a better version of themselves each day and every day.

Not only does EI work on empowering the individual but also help in developing the intrapersonal and interpersonal skills.

Key areas in Emotional Intelligence:

Self Awareness:

Self awareness in being able to understand and manage our own emotions, to find our WHY! And to understand what works for us and what doesn't. To identify our triggers, our positive attributes and work on utilizing these to bring out the best within us. It helps to be in charge of our thoughts, and in turn our emotions, further on managing them well instead of the emotion controlling us.

Being self aware in turn helps us deal with self, others and situations around us in a much calmer manner.

With very simple techniques, one can work on raising the self awareness.

Self Motivation:

When I interact with the youth, the students across the universities, the questions that I often come across are "How to stay motivated?", "How to avoid boredom?", "How to avoid procrastination?", "How to set goals and achieve them?"

We are so busy in doing the routine work to such an extent that the reason why we started the work is lost somewhere. We tend to forget why we do what we do!

Emotional Intelligence helps us being in charge of the WHY and working in sync with it. Going back to the drawing board and reworking what doesn't feel right. As individuals self awareness increases, and EQ rises, they can find the motivation within themselves, without the need to have an external factor to keep them going.

Self Resilience:

Emotional Intelligence builds self resilience and thus works in developing the skills and drive needed to adjust to things and changes. It not only helps prepare us to work with the change, but to truly embrace the change by overcoming the fears and blocks within. These could be the blocks that have been within us since childhood or developed over the period of time and stop us from moving forward. EI is an excellent tool to identify these and work on replacing them with thoughts and visuals that would have the exact opposite effect instead.

Empathy:

One of the key skills and my own personal favorite after self awareness is Empathy. As with self awareness where we understand our own blacks and emotions, empathy is understanding others. As they say: "Walking in someone else's shoes" to understand their state of mind, and the reasons for their behaviors or responses.

An empathetic person or a leader is someone to whom everyone looks up to. They not only handle their own self beautifully but also work equally on developing and growing those with them.

Being an empath helps one develop their social skills and work with individuals around them in a better way.

EMOTIONAL INTELLIGENCE BUILDS SELF RESILIENCE AND THUS WORKS IN DEVELOPING THE SKILLS AND DRIVE NEEDED TO ADJUST TO THINGS AND CHANGES. IT NOT ONLY HELPS PREPARE US TO WORK WITH THE CHANGE, BUT TO TRULY EMBRACE THE CHANGE BY OVERCOMING THE FEARS AND BLOCKS WITHIN.

GMHA: A vision towards building mentally healthy Community.

Global mental health association (GMHA) a US based organization, we are working on creating awareness about emotional intelligence across the society. Operational in more than 4 countries we are now working on developing the EQ in the Indian society.

With the belief that Mental Health is a priority and not an option, we at GMHA put in a lot of research, to understand the gap between the needs of the society and the resources available.

In our research the key points we noticed were:

1. There is a huge gap among the corporate requirement of today and the level of soft skills training provided in the curriculums.
2. Mental health everyone talks about, very few have knowledge or understanding of Emotional Intelligence.

3. Though there are numerous students of very high IQ they lag when it comes to being leaders of tomorrow, due the lack of equal EQ.
4. Many top students from top universities do get recruited into high profile jobs but struggle to move further up the ladder, due to the changing dynamics in the corporate structures.
5. A lot of depression and stress is prevalent due to the lack of proper guidance to manage the emotions well.
6. Suppressed emotions are the major cause of sudden violent and suicidal tendencies in the children and youth.

With these findings in mind, we developed content create awareness about emotional intelligence. We addressed over 25000 students and professionals across India to introduce basic emotional intelligence to them.

> IN ORDER TO RAISE THE SUCCESS QUOTIENT OF THE SOCIETY AND BE A TRULY EMPOWERED ONE, WE NEED TO BALANCE THE EQ AND IQ ACROSS ALL THE SECTORS. THE YOUTH NEEDS TO BE MADE AWARE ABOUT THE IMPORTANCE OF EQ INSTEAD OF JUST PUSHING THEM INTO THE RACE OF BEING ON TOP.

We are also tirelessly working on establishing EI as a subject within the curriculum for schools, colleges and corporate trainings.

Our team of psychologists and therapists are working each day to create more and more content and address more individuals through webinars. Our research wing is actively working on researching more ways in which we can empower the society and reach more masses.

We also run a 24x7 free email helpline to help anyone in need of counseling. Till now we have received many emails from students, doctors, people dealing with loss, and have benefitted from the email consult with our psychologists.

We also have a student's group to help them deal will day to day stress and blocks by guiding them with well designed and planned daily activities.

The way forward:

In order to raise the success quotient of the society and be a truly empowered one, we need to balance the EQ and IQ across all the sectors. The youth needs to be made aware about the importance of EQ instead of just pushing them into the race of being on top.

One needs to understand the importance of being emotional and being able to manage them.

Apart from the work we are already working on a few things that I can think of, which can make a difference in the society are:

1) Introducing Emotional Intelligence as a part of curriculum across the schools and universities.
2) Special focus and emphasis on EQ at work place, to develop the team work, leadership and communication skills.
3) To have EI experts as a part of the staffs in educational institutes to help children manage their emotions well.
4) As we go towards normalizing the lives within the current situation, we need to express and motivate parents, teachers, managements, students and workers to understand and acknowledge the importance of being ok with not being ok!
5) As a society we need to be more inclusive and speak openly about the mental health and the hazards of not asking for help!
6) To embrace each one without judgment, and accept them for who they are, irrespective of their caste, creed, gender, profession and economic background.
7) Encourage open communication within the families and work places to develop the confidence and trust amongst the families.

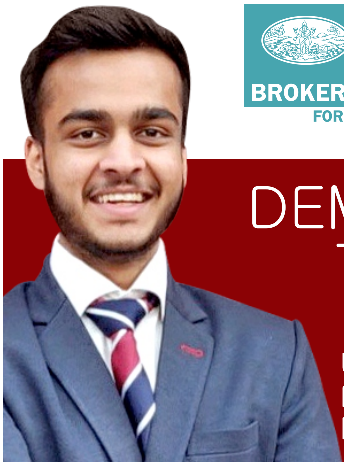
For the vision of a society free of mental health issues, suicides and violence cases, managing emotions hold s the key to bring about the much-needed change! A little effort from each of us has the power to change the society and reduce the cases of violence, depression and suicides. After all an unknown author has rightly said

> PEOPLE ARE NOT BORN EMPOWERED; THEY ACHIEVE IT DURING THEIR LIFETIME.

Mansi Dholakia is a Global Mental Health Ambassador, United Nations speaker, SDG National Ambassador, an EI coach, a holistic expert and an author.

She is the CEO of GMHA (Global Mental Health Association) USA, an advisor on board at Mental Health Change UK, an advisor on board with EQ4Peace USA. She is also on the board of trustees with World Peace Tracts organization in the United Kingdom. She has also been invited to speak as an esteemed speaker at UN ECOSOC convention.

FEATURE



DEMYSTIFYING THE UPCOMING TREND OF SPAC IN INDIA

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Miheer Jain
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WHAT IS SPAC?

Let's keep it simple: Special Purpose Acquisition Companies (SPACs) are an alternative way for companies to go public that differs from a traditional initial public offering (IPO) in its process, speed, disclosure and regulatory requirements, wherein a shell company (with no real operations) go public and then merge itself with an operational one (target company).

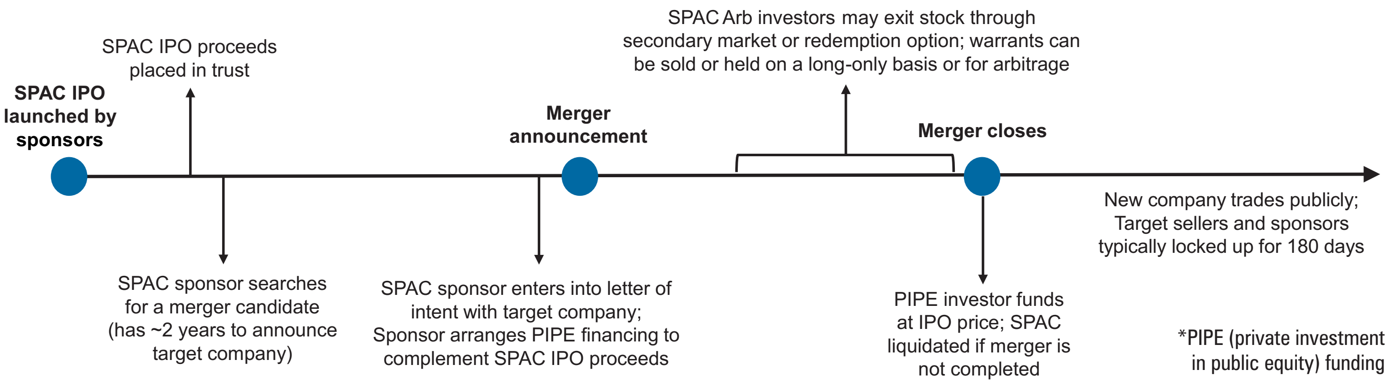
If the SPAC is unable to find a target within 2 years of its listing, then it will have to return the investor's money.

Recently, SPACs have become the dominant way for a company to raise equity finance in the U.S. We're not quite even halfway through into 2021, and yet well over 200 new blank-check have already raised more money than the record $83.4 billion that was raised in all of 2020 and have been dominated by tech, electric vehicle, healthcare and industrial companies (specialty chemicals, aerospace, metals & mining).

RECENTLY, SPACS HAVE BECOME THE DOMINANT WAY FOR A COMPANY TO RAISE EQUITY FINANCE IN THE U.S. WE'RE NOT QUITE EVEN HALFWAY THROUGH INTO 2021, AND YET WELL OVER 200 NEW BLANK-CHECK HAVE ALREADY RAISED MORE MONEY THAN THE RECORD $83.4 BILLION THAT WAS RAISED IN ALL OF 2020 AND HAVE BEEN DOMINATED BY TECH, ELECTRIC VEHICLE, HEALTHCARE AND INDUSTRIAL COMPANIES (SPECIALTY CHEMICALS, AEROSPACE, METALS & MINING).

WHAT IS THE PROCESS?

The understanding of the process lies in the timeline of a SPAC from the incorporation to merging a potential company to the new company trading on the markets.



*PIPE (private investment in public equity) funding

THE UPSIDE OF SPAC LISTING ROUTE

SPACs are often considered as a shortcut to a traditional IPO, wherein the indirect expenses are high and delays are likely. While an IPO takes 12-18 months from releasing a red herring prospectus to the shares listing, A SPAC merger usually occurs only in 3–6 months on average.

The post and pre-IPO pricing heavily depend on the market sentiments and the reaction of the investors to the listing.

However, because of an over-the-counter structure, SPACs open the room for negotiations both at the investor and the company level. This especially advantageous in volatile and/or bearish trends.

SPACs route also leads to lower marketing expenses. A SPAC merger doesn't need to generate interest from investors in public exchanges with an extensive roadshow and aggressive advertisements through the investor networks as is the case in a typical IPO. So a company whose public reach is low and has low anticipated public interest can expect to get a value equal to their true worth.

Moreover, SPAC sponsors are often experienced financial and industrial professionals. They can tap into their network of contacts to offer management expertise or take on a role themselves on the board to make it lucrative for the merger candidates. This operational expertise also prevents agency problems and conflicts of interests among the merchant bankers as often seen in IPOs.

WHY SPACS AREN'T PERFECT?

Firstly, these companies are blank or shell companies, which means they don't have **any real operations** and investors invest in them only on the basis of "expectations". This creates an expectation gap for the investors, which may lose economical returns when such expectations don't realise in the medium-term.

Second, as of now more than 52 SPACs had announced **mergers that weren't completed** and 264 SPACs were still looking for companies to bring public. These numbers are rising daily as the SPAC route is preferred all over the global markets. Moreover, most of these "shell" companies tend to be **early-stage and unprofitable:** 69 of them had negative free cash flow or negative net income.

Third, because SPACs make it so easy for companies to go public in the US, the SPAC boom may end up bringing a lot of earlier stage, much riskier companies to market. This will **increase the systematic risks** of the market, since newer companies have a high risk of failure and future negative returns.

Fourth, in a "normal" market, SPACs would sell for roughly the per-share value of the cash they hold, at least until they've announced a deal. Yet until recently many SPACs were immediately trading at a **large premium to their cash holdings.** That didn't make much sense.

Fifth, for the people responsible for taking the SPAC public and negotiating with target companies, this can be an avenue to **make a lot of easy money.** All they have to do is pay a nominal amount for a sizeable stake in the SPAC before marketing and taking it public.

This has made SPACs glitters in the eyes of investors who turned towards them with filthy cash.

INDIA'S TAKE ON SPAC LISTING

ReNew Power, one of India's leading renewable energy providers, recently completed a final business combination agreement with RMG Acquisition Corporation II. By the second quarter of 2021, the united power generation firm will be listed on NASDAQ, thanks to the USD 8 billion acquisition. This is the first big international offering of an Indian company using a Special Purpose Acquisition Company ("SPAC") vehicle in recent history.

With businesses like Videocon d2h and Yatra Online Inc. now listed on the NASDAQ, fresh investment opportunities in Indian companies have resurfaced, setting the stage for SPAC transactions. However, because India lacks a specialised legislative framework to protect these transactions, the deployment of SPACs may meet certain difficulties.

> **SEBI HAS FORMED A PANEL OF SPECIALISTS TO LOOK INTO THE VIABILITY OF ADOPTING SPECIAL PURPOSE ACQUISITION COMPANIES (SPACS)-STYLE STRUCTURES IN INDIA. THE PANEL, WHICH IS PART OF SEBI'S PRIMARY MARKET ADVISORY COMMITTEE (PMAC), HAS BEEN REQUESTED TO DELIVER ITS FINDINGS AS SOON AS POSSIBLE. "SEBI WANTS TO LOOK INTO THE POTENTIAL OF SPACS WHILE ALSO PUTTING IN PLACE NECESSARY CHECKS AND BALANCES IN THE REGULATORY FRAMEWORK TO DEAL WITH THE DANGERS," A SOURCE FAMILIAR WITH THE SITUATION SAID.**

The agreement of ReNew Power (an Indian power firm) to list on Nasdaq via the SPAC route rekindled discussions about SPACs in India. While Indian companies such as Citius Power (acquired by Phoenix India Acquisition Corporation in 2008 and currently delisted) and Yatra (acquired by Terrapin 3 Acquisition in 2016 and currently listed on NASDAQ) have sought listing on foreign stock exchanges through the SPAC route in the past, no foreign company has used the SPAC route to date. A large part of this can be attributed to India's tight regulatory environment, which imposes a number of practical constraints on any such transaction.

DELIBERATIONS BY INDIAN REGULATORY

While the 2013 Act does not expressly prohibit a SPAC from being listed, the fact that the SPAC is an inactive (shell) corporation necessitates protection against government action against shell companies. In essence, a SPAC corporation has no principal (actual) business object. The sole goal of forming a SPAC is to raise capital for the target firm. If the SPAC entity's name is struck off the register because it is dormant, or the directors/promoters are penalised for violation, it will cause unnecessary difficulties. The difficulty can be readily solved by granting an exception to such a SPAC company.

SEBI (ICDR) Regulations & Stock Exchange Requirements

The following eligibility criteria for an IPO are set forth in Regulation 6(1) of the ICDR Regulations, 2018:

1. Net tangible assets of at least three crore rupees for the preceding three years.
2. Average operating profit of at least fifteen crore rupees during the preceding three years.
3. The net worth of at least one crore rupees in each of the preceding three years.

However, an entity that does not meet the main listing criteria may seek listing by complying with the alternate listing norms set forth in regulation 6(2), which state that any entity that does not meet the main criteria may make a public offer only if the issue is made through the book-building process and at least 75% of the net offer is allotted to qualified institutional buyers.

Although a SPAC entity may list itself under alternative eligibility norms, it must ensure that not more than 10% and 15% of its assets are allocated to retail individual investors and non-institutional investors, respectively, in order to comply with the mandate of regulation 32(2) read with regulation 6(2). To put it another way, at least 75% of the net offer must go to qualified institutional buyers. Given that a SPAC listing is a privately negotiated contract, the aforementioned criteria, which appears to be unachievable, is actually a blessing in disguise. It will provide greater fund certainty in the turbulent Indian market.

Compliance with the ICDR Regulations, as well as the BSE and NSE listing requirements, is required. The entity seeking listing (in our case, the SPAC firm) or the promoter/promoting company formed in or outside India must have a track record of at least three years to be listed on the NSE (sponsors of the SPAC entity).

Foreign Exchange Norms

Since a merger between a SPAC firm and the target is likely to be a cross-border merger, it is subject to numerous RBI Regulations.

According to the Foreign Exchange Management (Cross Border Merger) Regulations 2018, in the event of an inward merger, the resultant firm, or transferee company, may issue or transfer security to persons residing outside India in accordance with RBI guidelines and subject to sectoral caps.

As previously stated, a SPAC company lacks a particular business objective, causing confusion about the industry in which it operates. As a result, the maximum foreign shareholding in such a company cannot be determined.

Furthermore, the RBI standards impose stringent reporting requirements for cross-border mergers. As a result, the SPAC entity's compliance requirements increase, lengthening the time it takes to complete the SPAC listing.

THE WAY FORWARD

SEBI has formed a panel of specialists to look into the viability of adopting Special Purpose Acquisition Companies (SPACs)-style structures in India. The panel, which is part of SEBI's Primary Market Advisory Committee (PMAC), has been requested to deliver its findings as soon as possible. "SEBI wants to look into the potential of SPACs while also putting in place necessary checks and balances in the regulatory framework to deal with the dangers," a source familiar with the situation said.

The International Financial Service Centre Authority (IFSCA) recently released a consultation paper that calls for SPAC to be listed in the IFSC. In India, there is now only one IFSC, the GIFT City in Gandhinagar, Gujarat. The purpose of the consultation paper is to regulate the listing of securities of international and Indian enterprises on an IFSC stock market. It stipulates that the offer size for a SPAC listing must be at least USD 50 million. The minimum promoter (sponsor) investment in an IPO of SPAC is set at USD 250,000, and the minimum application size is set at 20% of the post-issue paid-up capital.

While SPAC's listing at the IFSC is a positive step, it should be emphasised that the GIFT City IFSC is still in its early stages and is not yet a well-established platform for fund raising. The IFSC's reach and capital access are far inferior to those offered by the BSE and NSE. It is past time for Indian regulators to adopt new market mechanisms for fund raising in order to fully exploit the capital market's potential.

SPAC listing is already permitted in countries such as the United States, Canada, and Australia, and the SPAC approach has resulted in numerous successful listings so far. Asian markets, on the other hand, such as Hong Kong and Singapore, are anticipating SPAC listings on their respective exchanges before the end of the year. The discussion here indicates that the Indian regulatory environment would need to be changed to allow SPAC listing. While the current regulatory environment does not completely rule out the possibility of a SPAC listing in India, the SEBI regulations specific to SPAC listings, as well as necessary amendments to the RBI Guidelines, Stamp Act, and Takeover Code, will make such transactions financially and legally feasible. It's past time for Indian regulators to realise the enormous value-creation potential of SPAC listings in India.

Miheer Jain is a Fourth-Year Law Student at NMIMS School of Law, Mumbai pursuing B.B.A L.L.B (Hons.). He has interest in M&A, Corporate Restructuring and Capital Market Transactions.

Uddeshya Goel is a Portfolio Associate at Mumbai Angels Network with specific interests in international business, Private Equity and capital markets.

INTRODUCTION OF NEGOTIATED LARGE TRADE (NLT) FACILITY FOR DERIVATIVES IN GUJARAT INTERNATIONAL FINANCE TEC-CITY INTERNATIONAL FINANCIAL SERVICES CENTRES (GIFT IFSC)

Niraj Kumar Harodia
Director, JPNR Corporate Consultants Pvt. Ltd.

This is our thirty-eighth release in the series of awareness articles on IFSC

1.0 Synopsis of the previous release

In our last release, we had emphasized on relaxation provided to non-resident investors from PAN requirements under Section 139A of the Income Tax Act, 1961.

2.0 Coverage in the current release

The International Financial Services Authority (IFSCA) vide Circular dated June 22, 2021 has decided to introduce NLT (Negotiated Large Trade) Facility for Derivatives on Stock Exchanges and laid down guidelines for its implementation, which is being dealt with in our current release.

3.0. Meaning

The term 'Negotiated Large Trade' (NLT) generally refers to off-market trading facility that allows Trading Participants or their clients to arrange and transact orders of a defined large size away from the trading system. NLT allows large trades to be done at a single price and it minimises the possible price impact and time delays that may occur when transacting orders of large sizes on the Exchange. These large sized transactions are referred as Negotiated Large Trades (NLT).

4.0 Applicability

The IFSCA vide circular dated June 22, 2021 has made NLT facility available for trading in Derivatives on Stock Exchanges. This circular has been issued by the Authority in exercise of powers conferred to it by Section 12 of the International Financial Services Centres Authority Act, 2019 to develop and regulate the financial products, financial services and financial institutions in the International Financial Services Centres.

5.0 Benefits of this facility

The benefits of introduction of NLT facility for Derivatives on Stock Exchanges are as follows:

a. NLT allows trades to be done at a single price and
b. Minimizes the possible price impact and time delays that may occur when transacting orders of large size on the exchange.

6.0 Operational Framework for NLT facility

The Operational framework for NLT facility in the derivatives segment shall be as follows:

a. The NLT Trading Window shall be open throughout normal trading hours of Stock Exchanges.
b. The orders placed shall be within +/-1% of the applicable Reference Price. The Reference Price shall be the Volume Weighted Average Price (VWAP) of trades executed in the 30 minutes preceding the NLT order execution.
c. The minimum order size in terms of notional value, for execution of trades, shall be USD 1 million.
d. The NLT transactions shall not be considered for calculation of the daily Open, High, Low, Close (OHLC), VWAP or Daily Settlement Price (DSP) or the Final Settlement Price (FSP) of the derivatives contract for which the transaction has been executed.
e. The NLT trades on behalf of clients shall not be executed against the trading member's own account. The Trading Members shall execute NLT trades on behalf of clients only obtaining explicit written consent from their respective clients.
f. The position limits applicable to the normal market shall be applicable to the NLT window.
g. The Stock Exchange shall ensure that all appropriate trading and settlement practices as well as surveillance and risk containment measures as applicable and implemented with respect to the NLT window.
h. The Stock Exchange shall disseminate details of the NLT trades to the public on the same day, after the market hours.

The Authority has also issued instructions and guidelines for the Stock Exchanges to take necessary steps and put in place necessary systems for implementation of the provisions of this circular and make necessary amendments to the bye-laws, rules and regulations for the implementation of this decision.

7.0 Conclusion

- The NLT Facility has been introduced by the Authority with a view to set up a vibrant capital market ecosystem in GIFT-IFSC.
- The introduction of NLT facility for Derivatives in Stock Exchanges is a major step towards the growth and development of Indian Financial Markets. It will also help in attracting more foreign investors and foreign capital in our country.

Niraj Kumar Harodia (FCA, ACS, B. Com)

He is a Director in JPNR Corporate Consultants Private Limited which is a business advisory and Consultancy Company, incorporated under Companies Act, 2013. The company is engaged in providing services related to Goods and Services Tax, advisory services to International Financial Service Center [Gujarat International Finance Tec-City (GIFT)]. During his association with Deloitte earlier, he has gained expertise in Banking and Real Estate Industries.

He is proficient in Direct and Indirect Taxation and he has been rendering advisory services in GST Impact Assessment in various industries namely Hotel, Construction, Real Estate, Coal, Agro Chemicals etc.

He is also a visiting faculty of GMCS, ICAI and is also the Chairman of Editorial Board of Direct Taxes Professional Association.

The article is co-authored by **CS Jyoti Sinha Banerjee**

U.S ECONOMIC RECOVERY AND GLOBALIZATION 2.0: AN OVERVIEW

Professor Piya Mahtaney
Economist/ Author

As the world inches out of what was almost a catastrophic event the bounce back of the U.S economy is keenly watched because global economic prospects continue to be considerably influenced by it. I remember the adage - when the U.S `sneezes the world catches a cold'. This article is about the U.S economic recovery and the recent change in the country's policy orientation which would observably have implications for the world.

AS OPTIMISM RISES FROM THE RUBBLE OF ALMOST TWO YEARS OF PESSIMISTIC UNDERTONES THAT DEFINED THE POST PANDEMIC PHASE IN THE WORLD IT BECOMES IMPORTANT TO UNDERSTAND THAT THE INITIAL PICKUP DRIVEN AS IT WERE BY PENT UP DEMAND WILL HAVE TO BOLSTERED OR SUPPORTED BY IMPENDING STRUCTURAL CHANGES IF A SUSTAINED RECOVERY IS TO CONTINUE ACROSS COUNTRIES.

The recently announced $1.8 trillion stimulus package in February 2021 has already begun to lift sentiment demonstrated rather vividly by the recent Bull Run that rallied across the stock markets of the U.S, India and other countries of Asia. This is hardly surprising given the massive stimulus package that was initialized by the Biden administration, the uptick in the rate of vaccination and the recovery plans that will be implemented by the governments of a number of nations. As optimism rises from the rubble of almost two years of pessimistic undertones that defined the post pandemic phase in the world it becomes important to understand that the initial pickup driven as it were by pent up demand will have to bolstered or supported by impending structural changes if a sustained recovery is to continue across countries. So in as much as this is true for the U.S economy it also applies to almost every nation. Thus, equally critical are the other measures that need to accompany this if the upswing is to continue beyond the short term, thus the stimulus package will need to be followed by expenditures that will pave the way for the revival and renewal of the American economy over the longer term.

In consonance with this the Biden administration plans an expenditure of about $4.5 trillion over the next decade which would be directed fundamentally at renewing its infrastructure, improving its competitiveness and facilitating a consistent transition to a renewable energy based low carbon future. Notably it is the American Jobs Plan (AJP) and the American Families Plan (AFP) that would be the main constituents of the According to a country focus note by the IMF (July 1, 2021), "the proposed plans are designed to address a range of challenges that have held back the economy. Many of these challenges have been magnified by the pandemic, which has worsened income inequality and had a disproportionate impact on historically marginalized groups. In this context, the AJP and AFP would make substantial investments in both physical and human capital to help alleviate these disparities and create greater opportunities for economic advancement. Significant investments in infrastructure, research and development, education, childcare, and in-home care would increase productivity and support participation in the labour force." The IMF cites that the AJP and AFP will add a cumulative 5.3 percent to the level of US GDP during 2022-24, as spending ramps up over the next few years.

On February 24, 2021, President Biden signed executive order (E.O 14017) in which he directed the U.S government to undertake a comprehensive review of critical U.S supply chains to identify risks, address vulnerabilities and develop a strategy to promote resilience. In a report that was released by the White house: Manufacturing, and Fostering Broad-Based Growth, 100-day reviews under executive order 14017, (June 2021). It is evident that there would over the next few decades be a fundamental change in U.S economic policy orientation which would have implications for almost every country. Notably it also means that the nature of globalization driven as it has been by minimizing costs would now have to factor considerations of sustainability, security and economic resilience. Before proceeding further, it would be useful to cite some excerpts from the report that would be pointers to the underpinnings of the approach that will guide economic policy in the U.S.

"Our economic security, steady employment and smooth operation of critical industries also require secure and resilient supply chains. For more than a decade the Department of Defence has consistently found that essential civil industries would bear the preponderance of harm from a disruption of strategic and critical materials supply."

"Our private sector and public sector approach to domestic production which for years prioritized efficiency and low costs over security, sustainability and resilience has resulted in the supply chain risks that have been identified in this report.''....

"We must press for a host of measures tax, labour protections, environmental standards and more that help globalization to ensure that it works for American as workers and families and not merely as consumers. The Administration's approach to resilience must focus on building trade and investment partnerships with nations who share our values-valuing human dignity, worker rights environmental protection and democracy....''

Notably the four initial priority products are:

- Semiconductor manufacturing and advanced packaging
- Large capacity batteries
- Critical minerals and materials
- Pharmaceuticals and Active Pharmaceutical Ingredient (API)

Describing the course that U.S economy policy would take over the next few years as America's equivalent of `Atma Nirbhar' **Mr Suman Chowdhury, Chief Analytical Officer, Acuité Ratings & Research** shares his perspective about the larger implications of this in the global and Indian context. An enumeration of the Q&A with Mr Suman Chowdhury follows:

> **SIGNIFICANT INVESTMENTS IN INFRASTRUCTURE, RESEARCH AND DEVELOPMENT, EDUCATION, CHILDCARE, AND IN-HOME CARE WOULD INCREASE PRODUCTIVITY AND SUPPORT PARTICIPATION IN THE LABOUR FORCE.**

1) In the light of the impending indigenization of 4 critical industrial segments in the U.S economy- semi conductors, large capacity batteries, pharmaceuticals and defence what are the major or fundamental implications that you envision for the global economy?

In the light of the emerging geopolitical dynamics, the threat perception from China and its growing domination in the world economy, it was expected that the developed nations such as the USA will take initiatives to reduce their economic dependence on China. Essentially, it implies either increasing investments in their indigenous manufacturing capabilities or facilitating alternative supply chains in countries like India particularly in the critical and also emerging sectors - semi-conductors, batteries, pharma and defence. While this may have some impact on global trade in the near to medium term, it can lead to a realignment of the global supply chains going forward and benefit countries like India if they develop and work on their export strategies.

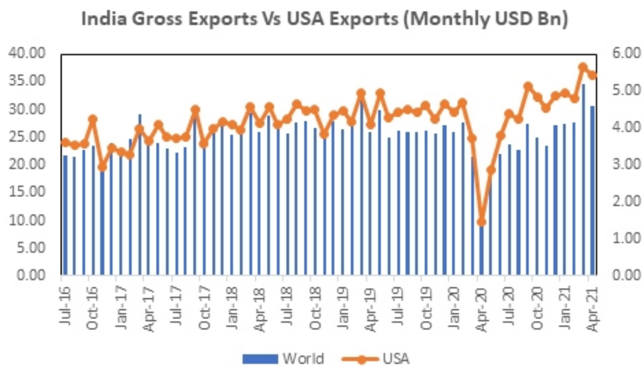
2) Do you foresee that Globalization 2.0 can coexist with increasing indigenization in the U.S economy?

We believe that globalization has reached such a stage that it is unlikely to witness any fundamental reversal. The indigenisation initiatives in nations such as India and USA are intended to reduce the dependence on certain nations and particularly China for critical items such as semi conductors and pharma products. But such indigenisation is unlikely to be complete in the sense of the term and will also involve building fresh supply chains from alternative sources. Therefore, we are likely to see the evolution of a different global trade configuration which will have relatively less linkages with China.

3) Which segments do you think would be impacted most both positively and negatively in India?

Currently, India's exports to USA mainly comprise agro-commodities, textiles, leather, gems and jewellery and engineering products. The indigenisation initiatives in USA on the critical products, therefore will not have any negative implications on the export volumes from India. On the other hand, it can have positive implications for sectors such as pharma, electronics and engineering if USA and India jointly work on developing alternative supply chains for the primary and the intermediate items for these critical sectors.

4) Do you think America's embarking on this exercise of indigenization would impact U.S -India trade?



As we can see from the above chart, the monthly exports to USA have seen a steady uptrend in FY21 amidst the pandemic. If we exclude Q1 data (when there was a national lockdown), the export growth in 9MFY21 stood at 9.3% vs 9MFY20. We expect merchandise exports to USA to grow at an average annual rate of 10% over the next 5 years.

The indigenization exercises in USA may actually benefit India as the supply chain network may be spread across some non-China nations. However, the exporters out of India along with the Government of India would need to work out a proper strategy to capitalise on such an opportunity.

5) What are the possible linkages between Atmanirbhar Bharat and scaling up the value chain for exports?

Atmanirbhar Bharat involves a focus on building manufacturing capabilities in sectors where there is a significant domestic demand and currently, the gap is met out of imports. The PLI scheme has been devised to incentivise such investments and also achieve economies of scale that will generate cost competitiveness. Once such cost competitive units are put in place, they will also create export opportunities for more value added products. In our opinion, therefore, Atmanirbhar Bharat is not only about meeting domestic demand but also developing the necessary platform to boost exports over the longer term.

Conclusion

Plausibly the imminent question that arises is whether an increased focus on domestic concerns would render the process of globalizing less crucial for the world economy. Not really, demonstrably the pandemic has underscored the need for strategic interdependence and a deeper and expansive process of international co-operation.

Piya Mahtaney completed her second Master's in Development Economics from Leicester University in England I embarked on a career in journalism with the Times of India. I was assistant editor in Metropolis on Saturday, subsequent to which I joined as senior feature writer In Economic Times. As an economist that reported, analyzed and wrote on a wide range of socio-economic issues, writing a book about economic development and the emerging trends of globalisation seemed almost inevitable.

The books that I have authored are as follows:
- Structural Transformation: Understanding the New Drivers of Investment, Innovation and Institutions, Palgrave Macmillan, Singapore, April 2021
- Globalization and Sustainable Economic Development, Palgrave Macmillan (U.S), August 1st 2013
- India China and Globalisation* was published by Palgrave Macmillan (England, 2007)
- Globalisation Con Game or Reality was published by Alchemy Publishers, India (2004) 2004.
- The first book titled Economic Con Game, Development fact or Fiction was published by Pelanduk Publications (Malaysia) in 2002.
- India China and Globalization, (paperback, Palgrave Macmillan, England December 2014)

Besides authorship I am a visiting lecturer with St Xavier's Institute of Communications and St Xavier's College, Department of Economics. I am also a council member of the Forum of Free Enterprise ad I write a monthly column for Forum Views which is a magazine brought out by the BSE.

My interest is classical Western Ballet in which I have received training for many years since I was a child.

FREEZING OF BANK ACCOUNTS UNDER GST

Neha Ahuja, LLM
Advocate

The Rajasthan High Court in its recent order in the case of M/s Padmavati Enterprises has quashed the order freezing the bank account of the petitioner for more than one year pending investigation under CGST Act.

> **FURTHER IF NO RESPONSE IS PROVIDED THEN THE TAX OFFICIALS HAVE BEEN DIRECTED TO EVALUATE THE TAX LIABILITY AFTER TAKING INTO ACCOUNT THE AVAILABLE DATA. AFTER THAT, THE OFFICIALS CAN BEGIN WITH THE RECOVERY PROCEEDINGS, AS PER THE SOP, IF THE ENTITIES FAIL TO ANSWER THE REVIEW ORDER FOR 30 DAYS, THE REPORT STATES.**

The Government has directed the officials of CBIC to take a tough step on defaulters and attach their property and freeze bank account on account of failing to file their tax returns. The CBIC issued standard operating procedure which provides "For the purpose of assessment of tax liability… the proper officer may take into account the details of outward supplies available in the statement furnished under section 31 (Form GSTR-1), details of supplies auto-populated in FORM GSTR-2A, information available for e-way bills, or any other information available for any other source, including from inspection." For accomplishing this, the officials will send a system generated message as a reminder to the defaulters. Post the due date, a system-generated message will be sent to all the defaulters asking. All the authorised signatories of the entity, proprietor of the entity, partners of a firm, directors of companies or the kartas in case of HUFs will also receive the system generated message. If the entity fails to comply, five-days after the due date, an electronic notice will be served. giving it 15 days to furnish the returns.

Further if no response is provided then the tax officials have been directed to evaluate the tax liability after taking into account the available data. After that, the officials can begin with the recovery proceedings, as per the SOP, if the entities fail to answer the review order for 30 days.

Neha Ahuja, Advocate

- Working as an Advocate in the field of Tax, Intellectual Property, Capital Markets & Securities, Anti-Corruption, Investigation, Manufacturing, Consumer Products, Industrial Products & Durables, Communications (Telecom & Broadcasting), Energy (Power, Coal, Oil & Gas),Mining, Civil and Criminal litigation. Specialized in Criminal Litigation.
- Consulting various law firms in India.
- Regular faculty at Jai Hind College of Commerce and Science for the subject of Law. Lectures given on the following Acts and Bills:
  Contract Law, 1872, Companies Act, 2013, Reserve Bank of India Act, 1934, Banking Regulation Act 1949, Negotiable Instruments Act 1881, Indian Insurance Act 1938, IRDA Act 1999, Consumer Protection Act, 1986, Ombudsmen Act 1975,Indian Stamp Act 1899, Indian Registration Act 1908, Lokpal and Lokayukta Bill.
- Worked as a Constitutional expert on several books published by Lexis Nexis namely "India Needs GST" 3rd Edition. Also, written textbooks at college level on the subject of IPR & Cyber Law published by Vipul Prakashan.
- Editor for Law Textbooks on the subject of Contract Law, 1872 and Negotiable Instrument Act 1881 published by Reliable Publication.
- On the panel as a Legal Committee member to social clubs such as the Cricket Club of India.
- Completed her Bachelors in Banking and Insurance (BBI). There after obtained a Masters degree in Commerce (Mcom) and then completed Legum Baccalaureus (LLB) and LLM.

COMPLIANCE REQUIREMENT FOR THE MONTH OF AUGUST – 2021

Compiled by CA Kamlesh P. Mehta
(B.Com, FCA, DISA)
M/s. Kamlesh P. Mehta Associates

Authorities	Particulars	Due Date
BSE	Uploading of client funding reporting for the month of July, 2021	01.08.2021 to 08.08.2021
NSE/ BSE	Surveillance Obligations for Trading Member - updating	01.08.2021
All Exchanges	Settlement of Running Account of Client's Funds lying with Trading Member	01.08.2021
NSE/ BSE / CDSL/ NSDL	Mandatory field in unique client code (UCC) information provided to exchange (For New clients registered)	01.08 2021
All Exchanges	Contingency Drill / Mock Trading Session (Subject to circular to be issued by respective exchanges)	07.08.2021
PMS	PMS- Certification for Activity Report- through SEBI portal for the month of July, 2021	Within 7 working days of next month
Income Tax	TDS Payment for the Month of July, 2021	07.08.2021
NSE	Uploading of client funding reporting for the month of July, 2021.	07.08.2021
Depositary	Investor Grievances (Report)' •CDSL & •NSDL for the month of July, 2021	10.08.2021
MSE	Uploading of client funding reporting for the month of July, 2021.	14.08.2021
BSE	No. of STR filed with FIU-IND for the month of July, 2021. (Including NIL STR)	Before 31.08.2021

NSE/ BSE	Reporting of client level cash and Cash Equivalent Balances by trading members to the clearing members on weekly basis (within next four trading days of subsequent week)	Weekly basis
NSE	Submission of Bank statement to exchange on weekly basis (within next four trading days of subsequent week)	Weekly basis
NSE/ BSE/ MCX/ NCDEX	Requirement of sending a complete 'Statement of Accounts' for funds, securities and commodities in respect of each of its clients (within next four trading days of subsequent week)	Weekly basis
NSE/ BSE/ MCX/ NCDEX	Reporting of client level Cash and Cash Equivalent Balances and Bank account balances (within next four trading days of subsequent week)	Weekly basis
All Equity & Commodity Exchanges	Uploading of Clients' Funds, collateral and other details lying with the member broker. (Enhanced Supervision within three trading days of subsequent week)	Weekly basis
All Exchanges	Uploading of day-wise Holding statement in the specified standard format to exchange (within four trading days of subsequent week)	Weekly basis

***Note:** The Compliance Calendar is indicative in nature. For realtime updates, kindly refer respective Market Infrastructure Insitution's latest circulars.

Kamlesh P. Mehta, B.Com. FCA, DISA (Post qualification course in information system audit from ICAI) is a practicing Chartered Accountant by profession having an experience of 26 years in the field of capital market compliance consultancy, depository services audit, management consultancy, system audit and Commodity market compliance consultancy.

He is a Proprietor of CA firm M/s. KAMLESH P. MEHTA ASSOCIATES & Partner of MEHTA SANGHVI & ASSOCIATES located at Borivali, Mumbai.

He is also providing compliance calendar to BSE brokers forum and ANMI regularly and same is published in their journal. Recently he and his team had drafted compliance manual for commodity brokers published by BSE brokers forum.

He is a regular speaker of the various seminars for broking and DP compliances organized by WIRC (Western India Regional Council of ICAI) and study circle group. **For further assistance, kindly contact at: kamleshmehtaca@gmail.com**

SEBI'S INFORMAL GUIDANCE ON THE USE OF ELECTRONIC SIGNATURES

On May 20, 2021, in the informal guidance issued to Purnartha Investment Advisers Pvt. Ltd. **(Purnartha)**, SEBI clarified the validity of procuring client's signature by electronic means on the annexure setting out the fees and charges of the portfolio management account opening form.

The informal guidance was sought in relation to a circular issued on October 05, 2010 by SEBI to bring uniformity and transparency in the fees and charges levied by Portfolio Managers **(PMs)**. Under the said circular, during the on boarding process PMs are required to mandatorily attach an annexure to the client agreement which lists the fees and charges payable. Further, PMs are also obligated to obtain the client's signature and acknowledgement on the annexure signifying an understanding of the fee structure in their own handwriting. Purnartha, by way of an interpretative letter, sought clarity on whether, instead of a handwritten acknowledgement and signature, an electronic signature affixed in accordance with the provisions of the Information Technology Act, 2000 **(IT Act)** and an acknowledgement written electronically using fingers or a stylus pen on the touch screen of a personal computing device shall adequately satisfy the aforementioned requirement.

In its response, SEBI concurred with Purnartha's view that permitting clients to affix electronic signature and electronically acknowledge their understanding of the fee structure set out in the annexure would be considered to be in compliance with the requirements of the said circular. In arriving at this conclusion, SEBI relied on two considerations - First, that S. 5 of the IT Act deems authentication by electronic signature affixed in a manner prescribed by the Central Government satisfactory of the condition of signature by any person; and Second, that the intent of the circular is to disclose the fee structure and charges payable and secure the client's understanding of the same.

The recognition of electronic signatures and acknowledgments on personal computing devices as a valid means of meeting the requirements under the circular can be viewed as an attempt to balance the preference and convenience of investors with transparency and uniformity that the circular intended to introduce. The stance taken by SEBI is a positive step in its ongoing efforts to introduce safe and secure digital practices in the securities market.

SEBI ISSUES REVISED REGULATORY SANDBOX POLICY

On June 14, 2021, SEBI issued a circular on 'Revised Framework for Regulatory Sandbox' **("Revised Sandbox Policy")**, revising the erstwhile framework issued by SEBI through circular dated June 05, 2020. A regulatory sandbox grants regulatory relaxations (ranging from registration fee to track record) for a period of one year, to financial institutions to enable them to experiment with fintech solutions on real customers in a live environment. After one year, the relaxations and limited registrations granted by SEBI are withdrawn.

The key highlights of the Revised Sandbox Policy are discussed hereunder.

Division of sandbox testing

The Revised Sandbox Policy bifurcates testing of the applicants' proposed solutions into two stages, cumulatively not exceeding a twelve-month period, unless extended. During stage-I, applicants would be utilizing limited and identified set of users, while during stage-II, testing would be extended to a relatively larger set of identified users. The maximum number of users would be capped at both stages, based on the requirements of each applicant and as approved by SEBI on case-by-case basis.

Upon approval to stage-I, applicants are required to apply for one-year limited registration certificate for the particular category of intermediary from SEBI, under which it seeks to test the solution. An applicant would become eligible for stage-II upon completing three months in stage-I. Separate applications are prescribed to be filed at each of the two stages.

The Revised Sandbox Policy has introduced the requirement for applicants to obtain positive consent of users, including their understanding of the risks involved in using the solution, at both stages and in the format prescribed thereunder.

Eligibility Criteria

In light of the division of sandbox testing, the Revised Sandbox Policy has prescribed eligibility criteria for each of the two stages. At stage-I, the applicant should be a SEBI registered entity, while it may partner with an unregistered entity and retain its status as the principal applicant. It is also essential that the proposed solution firstly, pertains to securities market, secondly, has identified benefits, and thirdly, is required to either be innovative or enable better performance in existing processes or facilitate inclusion.

Further, at stage-I, the applicant is required to demonstrate a genuine need for relaxations in regulations and prove that the solution cannot be developed without the same. Instead of the requirement to carry out a limited offline testing prescribed under the erstwhile framework, the Revised Sandbox Policy requires the applicant to have necessary resources to support testing and to demonstrate well-developed testing plans with clear objectives and success criteria.

Besides this, the Revised Sandbox Policy emphasizes on the requirement to have proper risk management strategy and incorporation of adequate safeguards to mitigate and control risks that may arise from testing of the solution. The applicant is required to propose adequate safeguards to manage risks and contain the consequences of its failure.

At stage-II, the applicant is required to demonstrate the progress achieved at stage-I, the risks observed during stage-I along with steps taken by the applicant to mitigate the same. The feedback received from the users during stage-I would also be a considering factor for determining the applicant's eligibility for stage-II. At this stage, the applicant must prove that they are complying with the objectives of the Revised Sandbox Policy, and present their intention and ability to deploy the solution on a broader scale. The applicant is also required to share an exit strategy at this stage.

Rights of users participating in the sandbox

The Revised Sandbox Policy has introduced certain protections for the participating investors. The applicant must ensure that users participating in testing of its solution have the same protection rights as users participating in the live market. The applicant must also take liability / indemnity insurance to safeguard the users participating in the sandbox. Furthermore, in this regard, the applicant is also required to publish clearly defined grievance redressal mechanism to address grievances of participating users. The users are also enabled to use the SEBI Complaint Redressal System (SCORES) for registering their grievances.

Evaluation Criteria

The Revised Sandbox Policy prescribes evaluation criteria for both stages of testing, drawing parallels to the eligibility criteria prescribed thereunder. Evaluation at stage-I is based on criteria including the genuine need to test and relaxations sought, identified benefits of the solution, risk measured, defined grievance redressal mechanism, etc.

Evaluation criteria for stage-II are largely based on the outcome of stage-I and include the progress achieved, user feedback received and risks observed during stage-I as well as steps taken by the applicant to mitigate those risks. Other evaluation stage-II includes safeguards in place to manage risks and contain consequences of failure as well as the applicant's intent and the feasibility to deploy the proposed solution post testing.

In addition to an exit strategy required to be submitted by the applicant, detailing the process to be undertaken upon successful testing, the Revised Sandbox Policy now also requires the submission of a withdrawal strategy, in case the testing fails. The withdrawal strategy is required to provide inter alia, for the process of selling/ transferring, etc. of the current position of the existing users and refunding any dues to them.

Conclusion

The two-staged approach introduced by the Revised Sandbox Policy introduces eligibility criteria better suited for distinct stages of the sandbox life cycle. It also streamlines the testing process by creating a hurdle enabling enhanced assessment and proficient categorization of successful innovation solutions.

SAT ORDER IN THE MATTER OF SUZLON ENERGY LIMITED V. SEBI

Event - based and prompt disclosure of material information are directed towards keeping public shareholders abreast of the developments of the listed entity. A statutory obligation in this regard was initially provided under the erstwhile Clause 36 of the Equity Listing Agreement **(Listing Agreement)**, which laid down an indicative list of events which may be considered as 'material' and are required to be intimated on an immediate basis to the stock exchanges. Presently, this obligation is provided under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

It should be noted that Clause 36 is to be read with S. 21 of the Securities Contracts (Regulation) Act, 1956 **(SCRA)**, which requires an entity to comply with the conditions of the Listing Agreement. Any failure to make timely disclosures would attract penalties under the provisions of SCRA.

Recently, on May 03, 2021, in the matter of Suzlon Energy Limited & Anr. v. SEBI, the Securities Appellate Tribunal **(SAT)** had addressed the validity of invoking S. 23E of the SCRA for imposition of penalty, a practice commonly followed by SEBI while adjudicating violations of Clause 36 of the Listing Agreement.

In the above matter, SEBI had passed an order against the Appellant, a company engaged in providing solutions for wind energy generation, for failure to make announcements in relation to the cancellation of certain orders, which was considered by SEBI as 'material information' warranting disclosure under Clause 36 of the Listing Agreement. In this regard, SEBI had imposed the following penalties for the aforesaid violation:Rs. 5 lakh each under S. 23(A)(a) of the SCRA, which deals with the penalty for failure to furnish information, and S. 15HB of the SEBI Act, 1992 **(SEBI Act)** and a penalty of Rs. 1 crore under S. 23E of the SCRA, which deals with failure to comply with listing conditions.

On appeal, while SAT upheld SEBI's finding on the merits of the matter and the penalties imposed under Ss. 23A(a) of the SCRA and 15HB of the SEBI Act, the penalty imposed under S. 23E of the SCRA was set aside. According to SAT, the words 'failure to comply with listing conditions' used in S. 23E cannot be equated to a 'failure to comply with Clause 36 or other conditions of the Listing Agreement'. In this regard, SAT also referred to Rules 19 and 19A of the Securities Contracts (Regulation) Rules, 1957, which lays down the conditions for listing of securities on a stock exchange, and clarified that S. 23E is attracted when the conditions under Rule 19 are violated, and not for violation of Clause 36.

In the above matter, an important distinction has been drawn out by SAT between conditions that are applicable on an entity prior to listing and the conditions imposed subsequently under the Listing Agreement. SAT held that S. 23E of the SCRA can be invoked only in case of violations of the former, i.e. conditions applicable prior to listing. The distinction is also of particular significance in light of the difference in the quantum of penalty which can be imposed under Ss. 23E and 23A(a) of the SCRA. While S. 23A(a) provides a maximum penalty of Rs. 1 crore, S. 23E allows SEBI to impose a penalty up to Rs. 25 crores.

In the past, SEBI has consistently placed reliance on S. 23E for imposing penalties while adjudicating violations of Clause 36 of the Listing Agreement. The above decision is likely to effect a change in this ongoing trend and come to the aid of listed entities facing huge penalties for delayed or non-disclosure of 'material' information.

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SURVEILLANCE AND AML UPDATES: POWERED BY ANALYZENCONTROL

Rekha Shah
Founder, Analyze N Control

REGULATORY NOTIFICATIONS		
Title	**Regulator**	**Summarized**
FATF Public statement on Jurisdictions on call for action and increased monitoring - June 2021 Plenary	All Exchanges	• FATF has now identified Haiti, Malta, the Philippines, and South Sudan as new jurisdictions subject to increased monitoring and it may be observed that Ghana is no longer subject to increased monitoring. Further Pakistan also continues but the FATF encourages Pakistan to continue to make progress to address asap the one remaining CFT-related item by demonstrating that TF investigations and prosecutions target senior leaders and commanders of UN designated terrorist groups. • Accordingly, TM are requested that it does not preclude regulated entities from legitimate trade/business transactions with such countries and jurisdictions. • Ref link - https://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/increased-monitoring-june-2021.html
Surveillance Obligations for Trading Members - Update	All Exchanges	• The exchange has reassessed the ongoing framework of surveillance obligations of TM and has identified enhancements to make it more effective. Surveillance alerts guided by indicative themes to be monitored by All TM, TM and DP and TM with Internet-based Trading. • The themes include: - Clients/group of clients inactive or new clients doing a significant percentage of volume or such set trading frequently in small quantities / minimum market lot, - Disproportionate trading with KYC reported financials, - Frequent Master data changes, - Insider trading, - SMS Information and cautious list-based trading, - Continuous and consistent profit/loss. - Significant trading activity where a client has pledged the shares of the same scripor has significant holding or has frequent off-market transactions.(applicable to TM and DP), - Monitoring if the orders placed by respective clients or authorized reps with client's address as per KYC vis-a-vis the dealing office address. - Internet-based Trading: IP addresses monitoring of clients (including multiple client codes from the same location). • The circular details obligation of TM about client due diligence required and obligation and responsibility of Compliance officer, Designated Director / Partner / Proprietor and Internal Auditor of the TM. • The obligation of Quarterly reporting of alert status by TM to the exchanges (BEFS for BSE) within 15 days of the quarter in the specified summary and detailed format and details of any major surveillance action taken (other than reported to exchange), if any. • **Penalty (on monthly basis) in case of late/non-submission of Quarterly Reporting of status: Rs 10K per day for 1st instance and Rs 20K per day from the second instance onwards till submission of the quarterly report.** • Disciplinary Action for non-fulfillment of Surveillance obligation by TMs on internal and exchange downloaded alerts as per the Rules, Bye-Laws, Regulations. • **The provisions of the notice effective from Aug 01, 2021, and of Quarterly reporting from the quarter ending Sept 2021**

SEBI Board Meeting	SEBI	• SEBI June2021 Board meeting had an interesting take on some of major highlighted aspects of: • **Accredited investors framework:** which is a category of investors usually features high-net-worth individuals or entities that have access to complex and high-risk investments. Specified accreditation agencies to grant accreditation status and issue Accreditation Certificate. The circular discusses outlining the eligibility criteria and benefits of being in this investor category. • **Independent directors:** focusing on enhanced disclosures including skill set and fitment, transparency in Appointment/re-appointment and removal of ID .Greater flexibility to companies while deciding the remuneration for all directors (including IDs), which may include profit-linked commissions, sitting fees, ESOPs, etc., within the overall prescribed limit specified under the Companies Act, 2013. • **Amendment to MF Regulation:** to provide for the investment of a minimum amount as skin in the game in the MF schemes by AMCs based on the risk associated, instead of the current requirement of 1% of the amount raised in NFO or Rs. 50 lakhs, whichever is less. • **Amendment to Bankers to an Issue:** Regulations: permitted such other banks, other than scheduled banks to register as a Banker to an Issue. • **Amendments to the PIT Regulations:** The maximum amount of reward has been increased to 10 Cr and streamlined the process of reward payments segregated up to Rs. 1 Cr or greater than Rs. 1 cr.
Guidance Note on Analyst/Institutional Investors meet	BSE	• Many companies have sought clarity about point 15 of para-A of Part A of Sch III on LODR Regulations and the same has been clarified: - Disclosure of group meetings (including schedule and post-meeting disclosures) shall be mandatory, whereas disclosure w.r.t. one-on-one meetings shall not be mandatory. - All AV recordings and transcripts of post-earnings/quarterly calls conducted physically or through digital means, either conducted by the listed entity or any other entity shall be disclosed to the exchange. - Further, PIT Regulations provides for fair disclosure of UPSI, but it has been observed that in cases where the analysts/research personnel/investor meet (attended by representatives of the listed companies, or one on one or group meet) and not organized by the listed company, the possibility of the company sharing UPSI cannot be ruled out. - Such a scenario is equivalent to 'selective disclosure' and not compliant with the extant regulatory framework. - To avoid the same, all listed companies required to disclose audio recordings or transcripts where UPSI is shared, irrespective of whether it was organized by the listed company or by any other entity.
Placing of Orders at Unrealistic Prices	NSE/ BSE	• Members to refrain and are required to ensure that none of their traders/dealers/clients indulges in placing orders repeated orders at unrealistic prices causing false or misleading appearance w.r.t. the price of the contract. • Further, the members to implement appropriate internal systems/checks to restrict placing orders at unrealistic prices. • The Exchange may take appropriate action against such members where such repeat instances are observed. • Front end systems to be strengthened
Alignment of interest of Key Employees of Asset Management Companies (AMCs) with the Unit holders of the Mutual Fund Schemes	SEBI	• To align the interest of the Key Employees of the AMCs with the unit holders of the MF schemes, it has been decided that a part of the compensation of the Key Employees shall be paid in the form of units of the scheme(s), as detailed in circular. • However, ETFs, Index Funds, Overnight Funds, and existing close-ended schemes shall be excluded. • Further 50% of the compensation shall be by way of units of the scheme/category managed by the fund manager and the remaining 50% can be units of those schemes whose risk value as per the risk-o-meter is equivalent or higher than the scheme managed by them. • No redemptions of the said units shall be allowed during the lock-in period. Further, the above is applicable from October 1, 2021

Implementation of Section 51A of UAPA, 1967: Updates to UNSC's 1267/ 1989 ISIL (Da'esh) & Al-Qaida Sanctions List	SEBI/ All Exchanges	• Participants need to be careful for any updation or amendments given in UNSC and OFAC list and ensure appropriate updates in screening systems. • One individual is added named QDi.429 Name: 1: MOHAMMAD 2: ALI 3: AL HABBO] in UNSC's 1267/ 1989 ISIL (Da'esh) & Al-Qaida Sanctions List. Intermediaries to perform due diligence while registering them.
Guidance note on communications by Listed Entities	BSE	• It has been observed that the KMP/authorized officers have been seen disclosing their prospectus, future plans, etc. while being interviewed however, such companies must ensure that no PSI (price sensitive information) is disclosed unless the same has been first disclosed to the Exchange. • In this regard, the Exchange has issued a guidance note highlighting that: 1. Such statements must be evidence-based, and not manipulative and not to make any statement that can misled or be untrue. 2. The information broadcasted must be clear and understandable. 3. If the listed entity presents any financial data, data for the past three years shall also be included along with particulars relating to sales, gross profit, net profit, share capital, reserves, earnings per share, dividends, debts, and the book values. • The companies should also provide a link to the company's website where the details are available and can be verified. The investors should not be not distracted by excessive and unnecessary details.
Automation of Continual Disclosures under Regulation 7(2) of SEBI (Prohibition of Insider Trading) Regulations, 2015 - System driven disclosures for inclusion of listed Debt Securities	SEBI/ BSE	• System Driven Disclosures has been implemented for member(s) of promoter group & designated person(s) in addition to the promoter(s)/director(s) of the company (entities) under Regulation 7(2) of PIT Regulations pertaining to trading in equity shares and F&O. • The disclosures for Equity and Equity Derivative segments are being displayed on the exchange Website under 'System Driven Disclosures'. • Regarding the same, it has also be decided to include the listed debt securities of equity listed companies under preview and the procedure for the implementation of System Driven Disclosures will also be applicable. • Further, the depositories and Exchanges pertaining to the above to be disseminated on their websites w.e.f. July 1, 2021.
Multiple UCCs allotted to clients	BSE/ NSE	• Upon analysis of the data being uploaded in the Exchange system, it was noted that multiple client codes are still being allotted to a single retail client in a segment. • TM's to immediately desist the practice of allotting multiple client codes to a retail single client, the use of which shall be treated violative of the UCC requirement. • The institutional client categories/NRI/PMS are exempted from the above requirement. • Further, if a TM has already allotted multiple UCC codes to a client in a segment, TM is mandated to keep only one UCC code in the "Active" status and mark the other codes as "Inactive" or "Closed" whichever is applicable, the codes which are marked as "Active" only are sent to Depositories for mapping. • TM's to allow trading only for "Active" status marked client codes. Further, the above needs to be complied by the TM's by June 30, 2021.

SEBI - Chairman /AO Judgements - are such cases covered either as a pattern in your Surveillance/AMLor in Client Screening systems	
Cases about multitude of Investment Advisory orders increases anxiousness amongst investors about credibility of such services.	• 12 Investment Advisory orders highlighting about unregistered IA activity and/or cases of inadequate disclosures to investors were passed by SEBI. • These cases detailed false/unrealistic claims and almost assurance of unreasonably high return rates on their website and were charging fees for those services. • It was also noted in some cases that IA's took fees from their clients and never gave them services or made huge losses for their clients, some IA's were also engaged in unethical practices like charging various types of non-transparent fees such as additional GST charges, file charges, server charges etc. instead of advising the client after considering their financial situation, risk appetite, financial goal, prior experience. • Further, few IA's despite being registered with SEBI made false/unrealistic claims guaranteeing returns, pressurized clients to subscribe to additional products and forced their clients to take loans to pay the advisory fees, further also sold their services which were not consistent with the clients' risk appetite and their capacity to absorb such losses. • Considering the given scenarios, SEBI debarred such IAs' and also directed them to refund the money/fees collected from their clients.

Isn't it a type of Insider Trading or is it only covered under PFUTP Regulations? - Several orders in the matter of Mutual Fund regarding their 6 Debt Schemes where entities or relations holding significant positions (including KMP's, Director's and Independent Director's, etc.) traded with the benefit of UPSI	• SEBI noted that the AMC had committed serious lapses/violations with regard to scheme categorization by replicating high–risk strategy across several schemes, calculation of Macaulay duration to push long term papers into short duration schemes, non–exercise of exit options in the face of the emerging liquidity crisis violated securities valuation & risk management practices and investment-related due diligence. • Further, entities or relation holding significant position (including KMP's, Director's and Independent Director's, etc.) of the fund redeemed their units while in possession of non-public information with respect to stress in the debt schemes and had avoided loss with respect to the redemptions. • Considering such violations SEBI prohibited: - AMC from launching any new debt scheme(s) for 2 years, directed them to refund the investment management and advisory fees collected from such funds, and also imposed penalties on them. - Further, KMP's were debarred for 1 year (although there was a temporary stay for one of the cases) and were directed to refund redeemed investments, and other entities including Independent Director were also imposed a huge penalty for committing such frauds.
Various front running and insider trading cases were seen in the recent past	• Noticees traded and made notional gains in the scrips based onaudited financial results, collaboration between 2 companies, and placing & executing their trades before the orders of big clients. • In one of the large technology companies' insider trading case, senior corporate counsel was the one who was a connected person with other key persons and transmitted the news related to audited financial results, • In another Biopharma company, the noticee was the designated person with the company who traded in the scrip on the basis of collaboration news on next-generation Biosimilars, which was not yet public. • Another case was a different variation, where a set of dealers in one of the large Broking houses, was the front runnerof the trades, investments of the one of the MF schemes and who placed ordersand executed before the orders of various entities of Fidelity Group (Big Clients). • Considering such facts SEBI debarred such entities and directed them to disgorge the illegal gains made by them.
Case of PFUTP-Fraudulent, where Noticees (key persons associated with the company) manipulated the financial statements of the company, showing a more than a healthy picture of its P&L account and balance sheet.	• The financials were manipulated by entering into fake purchase and sale transactions with the entities controlled byMD and these manipulated financial statements also appeared in its Prospectus when the said company got listed on the stock exchange in 2006. • Moreover, these manipulated figures also appeared in its annual financial statements which misled the common investors and that such acts cause serious prejudice to the integrity of the securities market. • Further,executive directors of the said company, have colluded in ensuring that the company's financials are misstated and auditors for the relevant specified reasons, were responsible for negligence in certification of accounts and lack of professional skepticism in the audit. • Considering such scenario SEBI debarred the Noticees.
Case of synchronized trading in the scrip	• Noticees (connected persons, majorly on account of common directorships, fund transfer etc.) had carried out buy trades in the scrip, which was 50.96% of the total market-wide trade, of which the buy orders were placed by the Noticees after the sell orders, with which the buy orders of the Noticees have got matched. • The price had increased substantially and the Noticees in total had purchased 55.39% of the total market volume. • The profits of the Company were negligible, and no major corporate announcements were made, the price hike of the scrip during the investigation period was not viewed to be normal. • Further, the Noticees were found to be involved in the trades which had contributed to the LTP. • SEBI debarred the Noticees.

Compiled by **Rekha Shah with Team Power Updates, Analyze N Control**

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THE JOYS OF RENUNCIATION

Jaya Row
Founder, Vedanta Vision &
Managing Trustee, Vedanta Trust

Why are people not inspired to tread the spiritual path? Because it is perceived as a life of deprivation, giving up the good things of life, moving away from family and friends and retiring to a hermitage or ashram. Renunciation is the central theme of all religions yet it is the one concept that is not only not understood, but horribly misunderstood. So, people either follow their wrong beliefs and get frustrated or shun spirituality and deny themselves a life of joy and happiness.

While there have been several people who changed their lifestyles and adopted a form of 'external' renunciation, there are outstanding examples of people who lived a luxurious life, enjoyed the best that the world had to offer, rejoiced in a fulfilling family life, and yet were men and women of renunciation. For every Sudama who lived in poverty there was a King Janaka who lived in opulence and luxury. Both were equal renunciates! The sage Durvasa ate enormous quantities of food but was known as a nitya upavasi, eternal faster. And Krishna who is supposed to have had 16,000 wives was revered as a nitya brahmachari, eternal celibate!

The problem lies not in the world but in the delusion in our minds and in our warped sense of values. The weary traveller who disregards the advice of a wise man of the desert and rushes towards the mirage for water is doomed. Similarly, the millions of people who look for fulfilment in the objects of the world are only signing up for disappointment. What is required is the quiet conviction that happiness is not a commodity that can be bought in the world. Then you can go out and enjoy as much as you want.

While the world gives instant gratification, it is a myth to believe that it will last. Or that it will satisfy the human spirit. Even the instant pleasure you experience is in the mind. As long as a desire remains unfulfilled the mind is agitated. The moment the desire is fulfilled the agitation ceases and you are happy. So happiness is in the mind, not in the object.

Initially, the spiritual path seems like punishment. You think you will lose everything you love and relish. It is like a child seeing his father's life as boring. All that Dad does is work in the office the whole day. He does not engage in anything the child finds exciting. The child concludes that adult life must be one of drudgery. Similarly, when the masters invite you to partake of the bliss of renunciation you reject it because you are ignorant of the rewards it offers. And the freedom from the stress and bondage it confers.

Renunciation is assigning the right value to the world and all that it offers, while you are engaged in it and delighting in it. It is knowing that everything in the world is ephemeral and that it only gives sorrow in the end.

Renunciation is growth. What is the life of a caterpillar compared to that of a butterfly? For us to say no to growth is like the caterpillar refusing to leave the safe confines of the leaf it is nibbling on to take to the skies. Renunciation is awareness of the limitations of worldly existence and a yearning for freedom from its shackles. Renunciation is knowledge of the higher. As you move from the lure of physical enjoyments to emotional pleasures, physical objects lose their lustre. When a teenager falls in love, toys fall of their own accord. When a young girl is inspired to earn a doctorate in Physics the obsession with family and friends wanes. And finally, when the nostalgia of the infinite grips you all desires vanish.

Amazingly, as you lose the black-market value for worldly things, objects of desire come to you. Your enjoyment increases as you are no longer obsessed with sense objects. Your mind is calm. You establish wonderful relationships and partake of intellectual delights too. All this while you are sipping the sweet nectar of Atman, the Spirit. You are in bliss, whether you have worldly enjoyments or not.

Find joy in the mundane at the BHAGAVAD GITA webinars by JAYA ROW every Saturday 6.30 - 7.30 pm IST. Followed by Q&A. Register at www.vedantavision.org/gita.

Jaya Row, Articulate, effective and engaging, Mrs. Jaya Row brings alive the wisdom of the Vedas in a modern context. Combining her experience in corporate life with 40 years of study and research of Vedanta she provides useful insights to life.

Charming oration which transforms complex Vedic principles into brilliant management mantras is the hallmark of her discourses. Her clarity, wit and zeal have captivated audiences far and wide and inspired people from all walks of life.

She has the rare gift of being able to connect with and address the concerns of a wide range of people from varied walks of life - from CEOs, corporate executives and policy makers to industrialists, scientists & doctors, lawyers, academicians, homemakers and university students.

Apart from her popular discourses in India, she is a well loved speaker in the United States, UK, Europe and other countries for the last several years. She has been invited to speak at prestigious organizations such as:

- World Economic Forum Davos
- Google, California
- Intel, California
- MasterCard, New York
- World Bank, Washington DC
- Deutsche Bank, New York
- Stockholm School of Economics
- Princeton University, New Jersey
- Shell UK, London
- Coca Cola Company, Atlanta
- Young Presidents' Organization
- Maersk Liner Graduate Programme

She has specially designed world-class educational programs on basic human values for school children and the youth. She has published books on life values for 5 to 8 year olds.

ART & THE CHANGING SOCIAL DIMENSION

Priyal Thakkar
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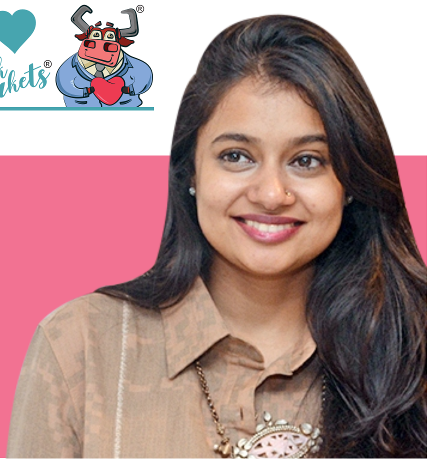

We are in the middle of a pandemic, and the general feeling of fear and a negative worldview of our self and the world around us is prevalent. But here is where I beg to differ. We are at a time when the belief systems of the human race, has been shattered. Great institutions that we put our faith and trust in for years, lik e the government, companies we work for and rely on for a living and so also the medical community, has been shattered. And it is in moments and times like these that we are forced to bring our focus and faith from external factors to what actually lies within. It brings light to the fact that what we truly need is what we already have within us, experiences we have had and learnt from and those on our journey that have shaped us and made us who we are today. Everything we stand for lies in us and at the most in our very immediate environment.

It is the time for being there and for sharing precious moments of our past with our loved ones. There is the question of restriction of physical interaction that we are bound by on and off, and would rather remain cut off, but safe and healthy. The need of the hour is to work around all the difficulties and to understand the motive behind coming together and to do so in new and innovative ways.

Having meaningful connections with loved ones is essential to avoid chaos of expectations from one another. It is very important to question the need of coming together, that is to question what you need from others as well as what others need from you or what you need to give to others. There are several ways of passively connecting with your community, for example, sync watching a movie, sports or art and cultural events, on digital platforms.

It is important to have meaningful interactions that we have with our loved ones, as well as have a specificity and structure in the interactions, again to avoid clashes of expectations. A family friend told me about participating in live cooking sessions, where couples from across the world, who have had a professional relationship, are bonding with each other taking turns to teach recipes of meals authentic to their cultural roots, in an organized and pre-planned format. Each couple gets a turn to showcase their skills and the other couples follow their lead in that session, and learn hidden recipes and about cultures other than their own.

It is also necessary to have conversations one wouldn't normally have, to adapt to the situation we are all living in. I watched a Ted talk video log about different ways of coming together by an expert and author of The Art of Gathering, Priya Parker. She said that an interesting way of coming together was to organize music and songs highlighted evening. The evening was inspired by Bruce Springsteen's speech about songs that shaped and represent him through different phases of his life. This group of friends got together to sing and talk about songs that shaped their lives through the years making it a fun and interesting way of sharing and simultaneously letting go of any emotional baggage one may be carrying and faced with. Music is a safe space to understand how to love & accept the environment.

> **IT BRINGS LIGHT TO THE FACT THAT WHAT WE TRULY NEED IS WHAT WE ALREADY HAVE WITHIN US, EXPERIENCES WE HAVE HAD AND LEARNT FROM AND THOSE ON OUR JOURNEY THAT HAVE SHAPED US AND MADE US WHO WE ARE TODAY. EVERYTHING WE STAND FOR LIES IN US AND AT THE MOST IN OUR VERY IMMEDIATE ENVIRONMENT.**

It is important here to note that ground rules are necessary to make such activities a success. Another takeaway is from festivals that we celebrate. Festivals are community activities that have had structure for years.

Take Diwali for example, the same tasks are carried out every year in an organized and structured format, making spending quality time with the family and the community enjoyable. But since the times are different now, the rules of such activities can be tweaked.

Even for a simple video call for work, one could ensure having a backdrop that is a meaningful part of ones personality, and share that with the coworkers, making the interaction more personal and substantial. I have been doing live interviews and live talks about my art, and I try to have artworks in the background of essence. When I spoke about an award that I had won, I stood in front of an artwork that I had created dedicated to my parents.

My grandmother, who lives with us, enjoyed a musical evening with 300 plus guests when her brother and sister-in-law celebrated their anniversary by organizing a live musical evening with band playing their favorite songs for all their family and friends who all logged in and sang along. I heard of a Dj- D Riche who organized a virtual dance event, where requests were taken and participants from each individual homes, moved to the beat, making it democratic event at the door and on the dance floor.

Currently it is a loneliness boom and there are ill effects of isolation. It is important to engage in social activities and there are several ways. It is however important to give structure, and one way to give structure to activities is to give a name to them.

My discovery during lock down was realizing the importance of the little things in life- and how much it had always mattered to me. Being appreciative and grateful for the smaller joys and keeping those at a conscious level within, as shaping force can be sublime. I went on to invent a concept that I named Covenant Art. I decided to dedicate my time with this aspect of life I truly resonate with and translate it as an art form- the artist that I am!

I began by interviewing close family and friends about the little things they tell themselves or remind themselves of subconsciously that keeps them going. Our family surgeon said something so beautiful- Dr. Rohit shah, he constantly tells himself at work that Life after all is in Gods hands. This keeps him humble and grounded. It helps him remain true and authentic to his profession and makes him more efficient too! I translated this aspect and several others of his answers to a well-researched questionnaire, into an artwork- a digital collage artwork.

This piece of art when hung on ones wall encourages self-reflection and is meant to inspire. It is suggestive digital art with respect to promises one makes to oneself pertaining to personal as well as professional goals. It stimulates the subconscious mind in a favorable direction and is a unique expression of whom one is. The central message of this concept is about believing in and being in tune with you. Being aware, realizing, remembering and most importantly being proud of whom one is!

This same process can more so be applied to time spent and dedicated to a loved one or ones. For example Surbhi and Alok, who dated for just a couple of weeks in person, and then went to having a long distance committed relationship for a year and half, across the globe and then tied the knot, as soon as lockdown was lifted for a while. I thought of them, and depicted in their artwork, love dragons- those that find meaning in life through one another.

Therefore, engaging in The Covenant Art journey has benefited every one and me several folds, not just an individual but a group or couple. As someone, who is shy and a bit of an introvert, learning through the experiences of others, who love sharing can be extremely rewarding and a great life learning- one interview at a time. I now have live interviews on social media, making my interactions public for anyone to watch and feel inspired by. It is the little everyday moments that are the heroic moments of our life leading to great things. And it is the everyday loving people in our lives that are our true heroes.

Priyal Thakkar a modern day artist nurtured at Dr. Bhau Daji Lad Museum and Rachana Sansad College of Fine Arts. In her career as an artist she has had multiple achievements she has exhibited her work at Jehangir art gallery and the Pavilion, MET in New York. She successfully ran an organised company of professional wedding photographers under the name Snapix. She had also trade marked a concept called Paintographs, which is an exploration between painting & photographs.

Now, she is working on a concept called Covenant Art, which is about recording the journey and the meaning of existence, focusing on little pleasures of life that impact and inspires all! She believes that, to be able to retain within, the precious moments, is sublime. She feels that little pleasures, for example travel experiences with loved ones, are a balancing act through subtlety. It also creates a structure of existence. It makes one feel proud and good. It brings about a different expression of whom or what one is. It describes the complexity of one's existence, concentrating on the subtle pleasures, thereby acting as a reminder of what truly matters after all. It is about telling one's unique stories, creating an impact, in an inspirational manner.

TURMERIC (HALDI): A POWERFUL HEALER

Dr. Bina Gupta
Former HOD (Finance)
Lala Lajpat Rai Institute of Management, Mumbai

Turmeric considered as Indian Gold with brilliant deep yellow hue is a spice superstar with emerging scientific reputation as one of the nature's most powerful healer.

Thousands of research studies all over the world have proved that curcumin present in turmeric possess significant anti-inflammatory, anti-oxidant, carminative, anti-flatulent and anti-microbial properties and thus protects and improves the health of every human organ. It can combat more than 70 diseases.

USDA National Nutrient data base reveals that turmeric contains 100 g of turmeric provides 53% of dietary fiber, (% of Recommended Daily Allowance, RDA per 100 g), 138 % of vitamin B-6 (pyridoxine), 32% of niacin, 43 % of vitamin C, 21 % of vitamin E, 54 % of potassium, 517 % of iron, 340 %of manganese and 40 % of zinc. but 0% cholesterol.

Health benefits of Turmeric

- **The Anti-Cancer Spice:** Thousands of research studies show that curcumin found in turmeric can fight bigger killer cancers such as breast, colon, cervical, lung, prostrate, brain, bone, blood, esophagus, liver, stomach and deadly form of skin cancer melanoma; It can inhibit activation of genes that trigger cancer, spread of tumor cells, transformation of normal cells into cancerous cells and kills the cells that mutate into cancer cells. It can enhance the destroying effect of chemotherapy and radiation.

- **Helps in Alzheimer's disease and Parkinson's disease:** Curcumin present in turmeric helps in prevention and delaying of Alzheimer's disease by slow down of oxidative damage to neurons, reduced damage to the pathways of communication between the brain cells and reduces level of toxin metals in the brain.

- **Helps in Arthritis: Having Anti-inflammatory** properties, turmeric helps in combating inflammation and reduces swelling, stiffness, and pain in the knee by improving knee function.

“TURMERIC CONSIDERED AS INDIAN GOLD WITH BRILLIANT DEEP YELLOW HUE IS A SPICE SUPERSTAR WITH EMERGING SCIENTIFIC REPUTATION AS ONE OF THE NATURE'S MOST POWERFUL HEALER.”

- **Fight heart diseases:** As turmeric is rich in anti-oxidants and dietary fibers and has zero cholesterol, it helps in protecting coronary artery diseases and stroke risk by controlling blood cholesterol level.

- **Improves liver health:** Curcumin enhances the production of enzymes which detoxifies the liver and promotes flow of bile which consequently cleans the liver and rejuvenates it.

- **Helps to prevent weight gain** by reducing growth and expansion of fatty tissue.

Method of consuming Turmeric:

To boost up turmeric absorption, add ¼ tsp. of crushed or powdered black pepper and ¼ tsp. of fat like coconut oil, butter, olive oil etc. Absorption of turmeric increases 20 times by adding black pepper and fat.

Turmeric can be incorporated in our daily diet in many forms.

- **Turmeric is a wonder spice, with deep roots in Indian cuisine** and growing fandom worldwide. Turmeric powder can be added at the beginning of cooking process of most of the cooking dishes such as curries, stews, scrambled eggs, frittatas, tossed with roasted vegetables, rice preparations and sprinkled over greens.

> **THOUSANDS OF RESEARCH STUDIES SHOW THAT CURCUMIN FOUND IN TURMERIC CAN FIGHT BIGGER KILLER CANCERS SUCH AS BREAST, COLON, CERVICAL, LUNG, PROSTRATE, BRAIN, BONE, BLOOD, ESOPHAGUS, LIVER, STOMACH AND DEADLY FORM OF SKIN CANCER MELANOMA.**

- **Turmeric water:** Boil one glass of water with ½ tsp. of turmeric powder and a pinch of black pepper powder till it reduced to half the quantity. Cool and have it two times in a day.

- **Turmeric milk or Golden milk:** Boil a cup of milk with ½ tsp. of turmeric powder, 1/4 tsp. of grated ginger or dry ginger powder and a pinch of cinnamon powder. Cool and add 1 tsp. of honey or any sweetener according to taste.

- **Turmeric tea:** Boil one glass of water with half spoon of grated ginger, 1/4tsp. of black pepper powder and a small piece of pounded cinnamon. Simmer the water for 5 minutes and strain and cool it. Add jaggery powder of honey to your taste. Have this tea in the morning or at bedtime for a week.

- **Turmeric for skin treatment:** Turmeric is the most natural remedy used to lighten dark skin, get rid of skin tags, pigmentation and dark spots effectively. The following masks can be prepared to treat various skin problems:

1. Apply a mix ½ tsp. of turmeric powder and ½ tsp. of aloe Vera gel on affected areas. Massage the area in gentle circulation motion for 2-3 minutes Place soaked the cotton ball in the mixture over the skin tag once in a day for 2-3 weeks.

2. Apply a mix ½ tsp. of turmeric powder and ½ lemon juice evenly on the affected areas for 15-20 minutes every day. Rinse it with plain water.

3. Apply a mix of a pinch of turmeric powder, 1 tsp. of rice flour, 4 tsps. of raw milk and ½ lemon juice evenly all over your face and neck for 20-25 minutes and rinse it with cold water twice or thrice a week.

4. For dark spots, mix ½ tsp. of turmeric powder, 1 tsp. gram flour, ½ tsp. Neem powder, 1tsp.plain Yogurt, 1 tsp. pure honey or aloe Vera gel and 1 tsp. rose water. Apply the mixture on face leaving the area surrounding the eyes for 10 minutes. Wash it with normal water.

Dr. Bina Gupta, Former HOD (Finance), Lala Lajpat Rai Institute of Management, Mumbai.

BSc.(Hons.), P.G. Diploma in Dietetics, B.Ed, M.Ed, M A (Economics), P.Hd (Business Economics)

THE WORLD OF VEGANSIM

Priti K Shroff
Founder & Managing Director
PRISIM – The Healing Temple

By Ritu Zaveri
Yoga Teacher & Writer

One hundred billion. That's how many animals are slaughtered each year by human beings purely for consumption every single year. Although the figures are astronomical, they do not even include the billions of additional animals who are killed, maimed, and tortured every year in laboratories, circuses, fur farms, zoos, and marine parks around the world. As the dominant species that naturally inherit the responsibility of maintaining the planet we inhabit, we aren't even remotely close to succeeding. If anything, we've grown habituated to abusing the power we've acquired and exercise it over innocent animals who stand no chance before the weapons and machinery used to overpower them. The truth is, we share this planet with thousands of species that comprise the earth's ecosystem. We are not their masters and they are certainly not our slaves.

That the production of meat, eggs, and dairy involves tremendous suffering on the part of tens of billions of animals every year is both inescapable and incontestable. To take just one example, in the United States alone, eight-billion chickens are slaughtered for human consumption every year. That amounts to twenty-three-million chickens every twenty-four hours, or two-hundred and sixty-nine chickens who are slaughtered every single second of every single day.

The fact of the matter is that meat and dairy products are greatly water-intensive. Rearing such animals requires the usage of water- intensive grains. Typically, one pound of beef requires close to 2500 gallons of water to be produced and consumed. Additionally, animal agriculture uses 65% of the world's nitrous oxide- a gas with the global warming potential 296 times greater than carbon dioxide per pound. Methane production and cow flatulence contributes to staggering amounts of gas emissions that are currently harming the air construct to alarming levels. 216,000 people are born to our planet every day. Balancing an animal agriculture system that feeds such a massive population is practically impossible. Animal agriculture is responsible for 51% of human- caused climate changes. Rainforests across the globe are being cut down to support animal agriculture and fulfil land requirements. Livestock causes 51% of the worlds green house gas emissions It is now well known that the leading cause of environment destruction is animal agriculture. The human race has catalysed mass extinction at astounding rates. There is a brutal system in place that is damaging the labour, the environment and the human beings involved in the system.

IF ANYTHING, WE'VE GROWN HABITUATED TO ABUSING THE POWER WE'VE ACQUIRED AND EXERCISE IT OVER INNOCENT ANIMALS WHO STAND NO CHANCE BEFORE THE WEAPONS AND MACHINERY USED TO OVERPOWER THEM. THE TRUTH IS, WE SHARE THIS PLANET WITH THOUSANDS OF SPECIES THAT COMPRISE THE EARTH'S ECOSYSTEM.

According to popular belief, in order to maintain a strong and healthy body, consumption of animal meat such as seafood or farm reared animals- is imperative. Fishing of any type is driving us into a state of immense depletion. Earlier on, it was a matter of taking just a little from an endless ocean. We have unfortunately arrived at a point where it is no longer a matter of taking just a little from a large reservoir but rather depleting the very driving force that was providing us with that abundance of fish in the first place. While other contributors are openly discussed and addressed, the transition to a vegan diet and awareness of the subject is deeply suppressed while it continues to traumatise the planet.

Let us now address the most essential questions of all. Is it possible to be a healthy vegetarian or vegan? Yes ofcourse it is! Consider this- the purpose of cows' milk is to raise a calf into a fully grown cow. Cow's milk is literally a calf growth formula so to speak. It is abundant in hormones, lipids, proteins, sodium, growth factors, and so much more- all of which helps sustain the growing calf. When consumed by human beings on the other hand, it stimulates muscle growth but also causes issues such as lumps in the breasts or overgrowth of the uterus, fibroids, hysterectomies and so much more. Presently, several world renowned personalities such as Arnold Schwarzenegger, Kendrick Farris, Nate Diaz, Bryant Jennings, Morgan Mitchell, Scott Jureck consume a plant based diet. One of the biggest misconception in sports nutrition is that animal protein must be consumed in order to transcend ordinary levels. On the contrary, all the protein the body receives consuming a steak or hamburger is derived by the plants consumed by the cow. ALL protein originates in truth, originates in plants. Cow, pigs and chickens merely act as agents that carry them from the plants to the consumer. The average plant eater is scientifically proven to receive 70% more than the required amount of protein on a plant based diet. Every single plant contains every single amino acid required by the human body. In fact research comparing plant and animal protein has repeatedly shown that as long as the proper amount of amino acids are consumed, the source is completely irrelevant. Strength, endurance, sexual prowess, fertility and a radiant personality can all surely be achieved through a healthy plant based diet.

The truth is 'compassion' and 'veganism' are synonyms. "The assumption that animals are without rights and the illusion that our treatment of them has no moral significance is a positively outrageous example of Western crudity and barbarity. Universal compassion is the only guarantee of morality." Arthur Schopenhauer'

It is time we as humans address the errors we've been indulging using ignorance as an excuse. Our planet needs us more than ever before. Our choices determine the legacy we leave behind. We've got to make the right choices else disaster awaits us at the other end of the line.

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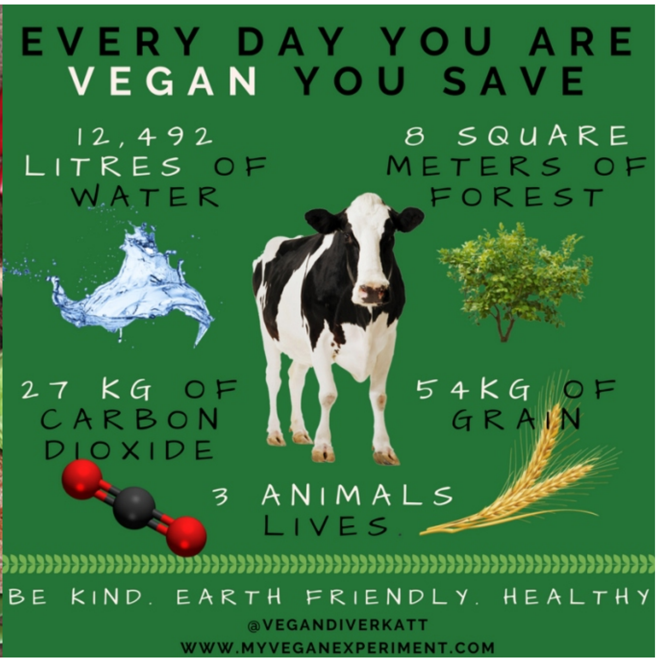

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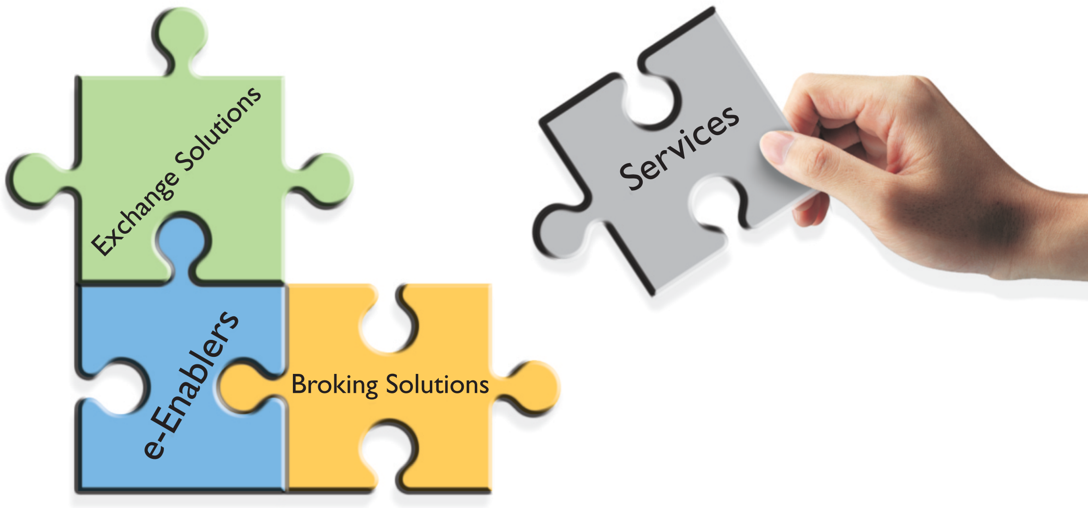

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