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FORUM VIEWS

BROKERS FORUM

BOMBAY STOCK EXCHANGE BROKERS' FORUM (BBF)

PRESENCE AT

2018 IFIE-IOSCO GLOBAL INVESTOR EDUCATION CONFERENCE

BUILDING LIFELONG FINANCIAL RESILIENCY
IN A CHANGING ENVIRONMENT

10TH ANNIVERSARY IFIE-IOSCO CONFERENCE
TOKYO, JAPAN I 9 - 11 APRIL 2018

OICU-IOSCO · INTERNATIONAL FORUM FOR INVESTOR EDUCATION · JSDA

BROKERS FORUM

BOMBAY STOCK EXCHANGE BROKERS' FORUM (BBF) GOVERNING BOARD 2017 - 18

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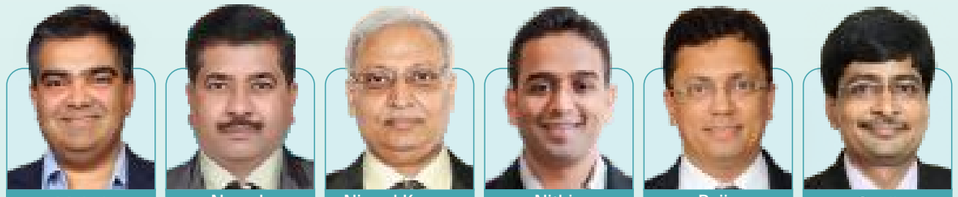

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Chief Executive Officer

Dr. Aditya Srinivas
Chief Operating Officer
& Chief Economist

MAY 2018 CONTENTS

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ceo & coo message

Dr. Vispi Rusi Bhathena

Welcome

to *Forum Views* magazine.

Indian Economy Macro parameters improving: Indian Economy has been steadily improving with macroeconomic parameters showing signs of strengthening. The GDP has come to 7.2% which shows that the economy is slowly crawling back; the effects of GST slowly getting absorbed into the system. The retail CPI inflation has cooled down to 4.14% which means that the RBI would have enough elbow room to reduce the rates or keep them constant. Both the scenario would help the economy to grow further as the cost of capital would go down and the corporates can increase their investments. The IIP data for the fourth consecutive month has come 7.1% which is above the 7% mark which means that the economy is on the track of recovery and that industrial demand is picking up.

> "Globally the factors have been slightly disturbing as the US attacked the Syria thus raising the geopolitical tension at the global level. The world markets reacted negatively but Indian markets are more resilient and are slowing marching up wards."

The demand and consumption in the economy is likely to pick up in the second half with the monsoon set to be normal as predicted by the metrological department. Indian Economy is still agri driven with 49% of the population still dependent on agriculture for livelihood either directly or indirectly. Rural economy accounts for 40% of the demand of the two wheeler segment and 40% demand for the cement sector. This means that the good monsoon would ensure that the disposal income for the rural sector would go up and thus the demand in the economy would also rise. The economy would then be benefited from the rise in the GDP data.

Globally the factors have been slightly disturbing as the US attacked the Syria thus raising the geopolitical tension at the global level. The world markets reacted negatively but Indian markets are more resilient and are slowing marching up wards. The SIP flows in the month of March 2018 has been Rs 7119 crore. This shows that the Indian markets are now maturing with retail investors having long term approach for investing.

Dr. Aditya Srinivas

On the BBF Front:

BBF - Seminars & Events:

Date	Topic
18 Apr	Seminar on Margin Trading and Securities Lending Borrowing Mechanism

BBF - Investor Education and Awareness Programs:

Date	Institutions
1 Mar	Patuck Gala College Of Commerce & Management (Batch 1-2)
5 Mar	Vivek College of Commerce
6 Mar	S. K. College of Science & Commerce (Batch 1-2)
7 Mar	Patkar College Of Arts & Commerce (Batch 1-2)
8 Mar	Jai Hind College
8 Mar	Vivek College of Commerce
9 Mar	Jai Hind College
9 Mar	Bhavans Hazarimal Somani College
9 Mar	Maniben Nanavati Women's College
12 Mar	Prahladrai Dalmia Lions College of Commerce & Economics (Batch 1-2)
12 Mar	Maniben Nanavati Women's College (Batch 1-2)
13 Mar	Vivek College of Commerce
13 Mar	Guru Nanak College of Arts, Science & Commerce
15 Mar	Jai Hind College
19 Mar	Institute of Electrical and Electronics Engineers (Batch 1-2)
20 Mar	S. K. College of Science and Commerce
20 Mar	Guru Nanak College of Arts, Science & Commerce
21 Mar	N. G. Acharya & D. K. Marathe College (Batch 1-2)
22 Mar	Patuck Gala College of Commerce & Management (Batch 1-2)
23 Mar	Vidyalankar Institute of Technology (Batch 1-2)
23 Mar	Jai Hind College

2018 IFIE-IOSCO GLOBAL INVESTOR EDUCATION CONFERENCE
BUILDING LIFELONG FINANCIAL RESILIENCY IN A CHANGING ENVIRONMENT

10TH ANNIVERSARY IFIE-IOSCO CONFERENCE
TOKYO, JAPAN | 9 - 11 APRIL 2018

IFIE (The International Forum for Investor Education) and IOSCO (The International Organization of Securities Commissions) partnered for the 10th time on this annual event. The Japan Securities Dealers Association (JSDA) hosted the 2018 IFIE-IOSCO Global Investor Education Conference in Tokyo, 9 - 11 April 2018.

This year's conference focused on improving financial resilience for individuals and the FC/IE organizations who serve them in the context of key trends, such as demographic cohort challenges and the development of financial technologies ("fintech"), that significantly impact the implementation of FC/IE strategies and programmes. Case studies, panels, roundtables, breakout discussions, and skill-building and problem-solving sessions using in-depth content were used to address challenges in Growth and Emerging Market (GEM) jurisdictions as well as in Advanced markets.

SCHEDULE

Sunday, April 8, 2018

16:00 - 18:00	**IFIE Advisory Board meeting**

Monday, April 9, 2018

09:00 - 12:00	**GEM Workshop**
12:00 - 13:00	**Lunch for Global Leadership and attendees and IFIE/Chapter Networks (Americas, Asia, Europe/Africa)**
13:00 - 15:30	**IFIE Africa Chapter AGM**
13:00 - 15:30	**IFIE Americas Chapter AGM**
13:00 - 15:30	**IFIE Asia Chapter AGM**
13:00 - 15:30	**IFIE Europe and MENA Chapter AGMs - TBD**
16:00 - 17:30	**IFIE Annual Members Meeting**
18:30 - 20:00	**IFIE-IOSCO Global Investor Education pre-Conference Reception** All those attending the Conference and adjacent meetings are welcome to attend

Tuesday, April 10, 2018

09:30 - 10:30	**Welcomes and Opening Session of the 2018 10th Anniversary IFIEIOSCO Global Investor Education Conference** Welcome/Introduction from Koichi Ishikura, JSDA and Chair, IFIE Welcome Remarks from Conference Host and JSDA Chairman Mr. Shigeharu, Suzuki, Chairman and CEO, JSDA Welcome Remarks from Mr. Takao Ochi, State Minister for Financial Services, Government of Japan Welcome Remarks from Lori Schock, Director, Office of Investor Education and Advocacy, U.S. Securities and Exchange Commission (SEC) and Chair, 2018 IFIEIOSCO, Global Investor Education Conference Programme Committee Remarks from Paul Andrews, Secretary General, IOSCO Remarks from Mr. Shinichi Yoshikuni, Chairman of the Central Council for Financial Services Information, Japan
10:30 - 10:45	**Break (TBD)**
10:45 - 12:30	**Quick Start - Ideas, Trends and What's New in FC/IE Implementation Work Around the World in the Past Year** • Pasquale Munafo', Senior Officer, General Manager's Office, Consob Italy; Vice-Chair, IOSCO Committee 8 - Working Together with Other Stakeholders and Leveraging Partnerships with Universities • Ana Leoni, Head of Education, ANBIMA, Brazil-Fostering the Public Debate about Financial Education: Establishing Broad Conversations with Stakeholders, Market Agents, Media and Investors • Pamela McDonald, Director of Communications and Education, British Columbia Securities Commission, Canada-Building a Financial Capability/Investor Education Programme Using Research to Segment Messaging • Myungsoo Sim, Deputy Director of International Affairs, KOFIA, South Korea-"Drilling Down" on Messaging: Emerging Thinking on How Investor Education Relates to Building Capital Markets • Camille Beaudoin, Director of Financial Education, AMF Quebec, Canada-Thinking About Risk: New Investor Risk Profile Calculator • Damian Yip, Head of Marketing and Programmes, Investor Education Centre (IEC), Hong Kong-New Public Campaign in "Chin Family series" on Bitcoin and other Cryptocurrencies • Erica Richardson, Director, Commodity Futures Trading Commission, U.S. -Cryptocurrencies and Initial Coin Offerings (ICOs) • Jose Alexandre Cavalcanti Vasco, Securities and Exchange Commission (CVM), Brazil; Chair, IOSCO Committee 8-The Application of Behavioural Insights to Financial Literacy and Investor Education Programmes and Initiatives
12:30 - 13:30	**Lunch**
13:30 - 14:30	**Afternoon Plenary Session-"Key Issues in and Impacting the FC/IE Field"** Discussion on External Trends Impacting the Field and What They Mean for our Work • Douglas Melville, Principal Ombudsman and Chief Executive, Channel Islands Financial Ombudsman (CIFO), moderator • Paul Andrews, Secretary General, IOSCO • Kazuhisa Shibayama, Founder/CEO of WealthNavi, Japan • Peter Douglas, CAIA, Director, CAIA Foundation • N. Hariharan, Securities and Exchange Board of India (SEBI) • Lucy Njaramba, Capital Markets Authority (CMA) Kenya
14:30 - 14:45	**Remarks** • Kumi Fujisawa, Chair of Financial Literacy and Education Support Committee, JSDA
14:45 - 15:00	**Break**
15:00 - 18:00	**Afternoon Plenary Session-"Key Issues in and Impacting the FC/IE Field" (continued)** **Key Issues Engaging Young People Starting Out** • Ali Aldakheel, Capital Markets Authority, Saudi Arabia, moderator • Tyler Fleming, Ontario Securities Commission (OSC)-Research on Millennial Needs and Engagement, and Implications for the Work • Kazim Hasirci, Habitat Association, Turkey-Engaging Young Adults Just Starting Out and Building Resiliency in Turkey • Tirta Segara, Indonesia Financial Services Authority (OJK)-Perspectives on Engaging Young Adults and Building Financial Resiliency in Indonesia • Rediet Abiy, Aflatoun-Global Perspectives on Building Resiliency in Young Adults **Key Issues in Meeting the Needs of An Aging Society** • Gerri Walsh, FINRA, moderator • Jed Hodgson, Manager Regulatory Affairs, Financial Conduct Authority (FCA), UK-Report on Senior Investor Vulnerability by IOSCO Committee 8 on Retail Investors • Akiko Nomura, Nomura Institute of Capital Markets Research-Case Study: Longevity and Challenges for Asset Management in Japan • David Boyle, Commission for Financial Capability New Zealand-Workplace-Focused Initiatives to Help People Plan for Retirement **Multimedia Showcase of FC/IE Work from Around the Globe** • Cecile de Wit, IOSCO, moderator
18:30 - 21:00	**Networking Event** Buffet Networking Dinner at International House of Japan, an institution set up in 1952 to recognize and promote the value of culture in international/global relationships. The donated estate on which the International House stands is just one of Tokyo's many treasures. More history on the funders and 20th century leaders who supported the creation and programming of the organization is available at https://www.i-house.or.jp/eng/about/index.html. 

Wednesday, April 11, 2018

09:30 - 11:00	**Morning Session Day 2** Coping with Dynamic Change-Aspects of Building Individual and Organizational Resilience to Achieve Impact • Robert Stammers CFA, Director of Investor Engagement, CFA Institute, moderator and speaker • Gerri Walsh, Senior Vice President, FINRA & President, FINRA Foundation, U.S. - Case Study on Building Resilience #1 • David Boyle, Group Manager, Education, Commission for Financial Capability, New Zealand - Case Study on Building Resilience #2 • Ruth Benjamin-Swales, President, Association for Savings and Investment South Africa (ASISA) Foundation, South Africa - Case Study on Building Resilience #3
11:00 - 11:15	**Break**
11:15 - 11:30	**Remarks** • Masamichi Kono, Deputy Secretary General, Organisation for Economic Cooperation and Development (OECD)
11:30 - 12:30	**Morning Session Day 2 (continued)** Roles of Different Sectors in Implementing FC/IE initiatives to help make individuals more resilient • Douglas Melville, Principal Ombudsman and Chief Executive, Channel Islands Financial Ombudsman (CIFO), co-moderator • Lori Schock, Director, Office of Investor Education and Advocacy, U.S. Securities and Exchange Commission (SEC), and Chair 2018 IFIE-IOSCO Global Investor Education Conference Programme Committee, co-moderator • Paul Andrews, Secretary General, IOSCO • Flore-Anne Messy, Head of the Financial Affairs Division, OECD • Robert Stammers, CFA, Director of Investor Engagement, CFA Institute • Errol Cova, Head of Investment Institutions and Trust Supervision Department, Central Bank of Curacao and Sint Maarten
12:30 - 13:30	**Lunch**
13:30 - 15:00	Breakout Session 1 (English with Japanese Translation) Financial Education and Building Resiliency Among Children/Youth/Families • Melanie Mortimer, President, SIFMA Foundation, co-moderator/resource • Rediet Abiy, Head of Programmes, Aflatoun, co-moderator/resource
13:30 - 15:00	**Breakout Session 2 (English-only)** Managing in an FCIE Context: Additional Types and Complexity of Investment Products and Services • Uttam Bagri, Chair, Bombay Stock Exchange Brokers' Forum (BBF), comoderator • Anurag Bansal, Vice Chair, Bombay Stock Exchange Brokers' Forum (BBF), comoderator • Peter Douglas, CAIA, Director, CAIA Foundation, co-moderator/resource
13:30 - 15:00	**Breakout Session 3 (English-only)** Segmenting Initiatives, Scaling Initiatives • Tim Burrell, Financial Conduct Authority (FCA), UK, moderator • Damian Yip, Investor Education Centre (IEC), Hong Kong, resource
13:30 - 15:00	**Breakout Session 4 (English with Japanese Translation)** Addressing and Implementing Initiatives Related to Senior Investor Vulnerabilities • Hannah Regan, Financial Conduct Authority (FCA), UK, co-moderator • Jed Hodgson, Financial Conduct Authority (FCA), UK, co-moderator • Gerri Walsh, Vice President, FINRA, & President, FINRA Foundation U.S., resource
15:00 - 15:15	**Break**
15:15 - 16:15	**Developments in Tools and Techniques for Measuring FC/IE Initiatives in Context of Goals Like Resiliency-Two Models** • Kathryn Edmundson, Executive Director, IFIE, moderator • Jed Hodgson, Manager, Financial Conduct Authority (FCA), UK-Follow-up research and findings by Money Advice Service (MAS) UK work on measurables • Janete Nel, Marketing Manager and Point Person on ASISA Consumer Financial Education Standing Committee, Association for Savings and Investment South Africa (ASISA)
16:15 - 17:30	**The Road Ahead Wrap-Up Session-Looking Back, Going Forward-Voices of Senior Leadership** • Paul Andrews, Secretary General, IOSCO • Koichi Ishikura, JSDA and Chair, IFIE • Flore-Anne Messy, Head of Financial Affairs Division, OECD • Lori Schock, Director, Office of Investor Education and Advocacy, U.S. SEC, and Chair, 2018 IFIE-IOSCO Global Investor Education Conference Programme Committee • N. Hariharan, Chief General Manager, Securities and Exchange Board of India (SEBI) • Kathryn Edmundson, IFIE, moderator • Additional speakers TBD

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Bombay Stock Exchange Brokers' Forum (BBF) presence at

2018 IFIE - IOSCO Global Investor Education Conference

Building Lifelong Financial Resiliency in a Changing Environment

10th Anniversary IFIE - IOSCO Conference (Tokyo, Japan, 9-11 April 2018)

Hariharan Neelakanta Iyer (Chief General Manager, Securities and Exchange Board of India (SEBI)) addressing

With Ananta Barua (Executive Director, Securities and Exchange Board of India (SEBI))

With Paul Andrews (Secretary General, IOSCO; Past Chair, IFIE, International Organization of Securities Commissions (IOSCO); Kathryn Edmundson (Executive, Director - International Forum for Investor Education (IFIE)

ARTIFICIAL INTELLIGENCE AND MARKETS

By Sumit Agrawal
Regulatory Lawyer
Ex-Asstt. Legal Advisor, SEBI

> "By far, the greatest danger of Artificial Intelligence is that people conclude too early that they understand it."
>
> - Eliezer Yudkowsky, American AI researcher

Since past few years, the idea of AI has been the talking point for the world. Contrary to popular belief, Artificial Intelligence (**"AI"**) is not a new concept, especially to the readers of science fiction (Sci-fi). In recent times, however, it is becoming more science and less fiction. The world of technology is changing rapidly, with computers and now robots, replacing simple human activities.

The term artificial intelligence is a combination of two words in a literal sense. The first, 'Artificial' means something which is not natural but man made. The second word "Intelligence" is quite difficult to define in a dictionary sense. However, Intelligence can be defined as an inclusive term which is relative to human mental capabilities i.e. perception, learning, planning, reasoning, problem solving, decision making, using language and learn from past experiences etc.

The Britannica Dictionary defines artificial intelligence as "the ability of a digital computer or computer-controlled robot to perform tasks commonly associated with intelligent beings."

HOW IS AI DIFFERENT THAN THE COMPUTERS WE HAD OVER THE YEARS?

Digital computers were first developed in the late 1940s. Created back then in the 20th century as a means to calculate, computers have come a long way from being just a number crunching machine; be it size - where multi-storied tower-sized computers have evolved into tiny pocket devices we call smartphones or be it speed -where computers of today are billions of times faster than the first computer ever made. Computers have affected our lives in such a profound manner that it's hard to imagine the modern world without them. However, the rapid evolution of computers won't stop at speed improvement and size reduction.

The key difference between the previous generation computers and the AI-based machines is the ability to think on their own and make decisions. The earlier computers were prone to follow what they were specifically programmed to do by the set of instructions fed into their memory system. However, the AI-based computers, as they evolve will be capable of decision making based on two primary variables. The first being result reached by calculative analysis using its resources both online and offline. Secondly, it will also learn from its past experiences using the machine-learning techniques. In simpler terms, it will be like how humans mold and adopt themselves with past experiences when faced with a choice of making decisions.

AI TO BECOME MAIN-STREAM?

It already has become prevalent in a number of activities. For instance, search engines such as Google, several medical diagnoses, voice and handwriting recognition tools are based on AI-based algorithms. There are chat-bots like haptik and virtual assistants like Google Assistant, Apple's Siri, Samsung's Bixby & Amazon's Alexa already existing and getting better every second. Google's implementation of AI with respect to cross language translation is extremely accurate and to the point. Something which takes a whole lifetime for a human being to learn languages like Japanese, English, and Chinese and then translate those languages is being done in a matter of seconds by Google's algorithms with remarkable accuracy. Similarly, AI is how Netflix is able to suggest a video that you might enjoy, Amazon is able to recommend a product that you may need next week based on past purchases, and it is also how your email filters spam messages that you do not want to receive in your inbox.

Further, there are various segments in the industrial space such as manufacturing, logistics, payment services, sales and customer relationship management (CRM) based applications which are adopting AI-based approach. In future, we may see automated transportation using driverless cars or even deployment of AI robots in hazardous and dangerous jobs or even a revolution in the sectors such as healthcare, power generation, education etc.

LEGAL STATUS OF AI

It can be said that the advancement of AI in India is at the stage of infancy. In the Indian context of law, the term AI has not been defined yet by any legislation or a judicial pronouncement. However, it can be said that, under the Indian laws, the status of a 'person' is not granted exclusively to human beings. The law has extended this status to non-human entities as well, whether they are corporations and other artificial legal persons.

As discussed above, no law currently in force in India recognizes artificially intelligent entities to be legal persons, which raises the question of whether there is a need for such recognition. While considering this question, one has to understand the essence of law when it considers a person separate legal entity. The basis of such recognition boils down to the basic three questions.

Firstly, whether such entity has the right to own a property?

Secondly, can this entity sue and be sued in its own name?

And finally, if the answers to the above two questions are affirmative then, can we make this entity subject to legal rights and duties?

On October 27, 2017, Saudi Arabia became the first country in the world which granted citizenship to a robot named 'Sophia'. Sophia is a humanoid robot based on a neuron engine powered by AI. Sophia has the ability to follow faces, sustain eye contact and recognize individuals. She is also able to process speech and have conversations using a natural language subsystem. Its creator Mr. David Hanson has said that Sophia would ultimately be a good fit to serve in healthcare, customer service, therapy, and education.

Coming back to the question i.e. if AI is recognized as a person under the Indian Law, then how it will it fall within the existing ambit of laws such as intellectual property laws (Copyrights, Patents, Industrial Designs etc.), civil and criminal laws and taxation laws. For instance if an original literary work is produced by an AI-bot then will the copyright law provide protection to it? For the record, the section 2(d)(vi) of the Copyright Act, 1957 provides that author of the work "in relation to any literary, dramatic, musical or artistic work which is computer-generated, the person who causes the work to be created; In this case if the AI is recognized as a person then who shall be recognized as the owner of that copyright? It could be argued that either the person who invented that AI-bot may have a claim on such copyright based on the definition provided under the act or since the AI-bot itself is a person then it shall be capable to hold the copyright of the same in its own name.

Similarly, in case of a criminal offence, will the AI-bot be liable for serving imprisonment vis-à-vis like a human offender. These are the questions we may have to answer in near future. However, one thing is certain, If AI is allocated the status of a person then it will open up a Pandora's Box as far as legal ramifications are concerned with respect to the laws in the country.

How will AI impact the securities market?

AI has the potential of making a sea change in the entire securities market. These changes will affect the whole spectrum of the market including that of stock exchanges, market intermediaries, the market regulator, depositories, and investors. Following are the key areas where AI can make a groundbreaking difference.

1) AI-based supercomputers can manage highly complex systems in an effective and autonomous manner. After providing the initial instruction sets, the AI-based system shall take over the handling of complex processes such Initial Public Offer ("IPO"), book building process, allotment procedure, stock settlement cycle etc. It shall also bring down the time required to complete the aforementioned procedures, meaning thereby quicker listing of securities and transfers.
2) As we are aware, top-tier listed companies need to comply with several statutory compliances, AI-based tools will make it easier for the management to know the current status and deadlines of the compliances. Some companies are also in the process of developing of an AI-based internal accounting system will monitor, prevent and correct the flaws flowing from the books of the company, which in turn will prevent reoccurrence of frauds of high magnitude.
3) Traders, Fund managers and analysts typically rely on fundamental analysis of securities. These methods are easy to learn and apply but not always effective. However, with AI-based tools, the analysis will combine the fundamental analysis with machine-learning based tools resulting in better portfolio suggestions to clients.
4) Further, the analysis and research reports prepared by human beings are rather subjective and capable of bias. However, the analysis by an AI supercomputer will be more streamlined, consistent and reliable.
5) AI-based computers can not only process a gigantic amount of data but also run analysis in real-time based on the results acquired, something which is not comprehensible for a human being in a limited time.
6) Extensive use of AI will result in more predictable and efficient markets with lower volatility for extended periods of time with only occasional volatility spikes due to regime changes.
7) From the viewpoint of the regulator, AI-based vigil mechanism systems will be much more effective than current process of combining humans with traditional computers at detecting the instances of fraudulent transactions such a securities fraud, IPO scams, front running, insider trading and other offences AI-based tools will bring immense assistance during litigation to litigants as well as adjudicating tribunals and courts during the pendency of cases. An AI-based system can be developed which will understand the facts of the case and deliver the relevant applicable laws, judicial precedents and other research-based analysis autonomously. With the help of internet and having access to a nearly limitless amount of data, it will become highly difficult to suppress a material fact of the case.
8) AI- based tools will be highly conductive for law firms as well, wherein tasks of due diligence, contract analysis, Technology-assisted review(TAR) for finding a particular fact in a document will become easier and enable lawyers work faster on a case. All this will allow lawyers to work into the creative, intellectual analysis that they are trained to do, for instance formulating litigation strategy and courtroom tactics.
9) AI-based tools can review and suggest improvements in existing regulatory framework to the regulator itself. Such improvements shall be suggested by the AI on extensive and continuous analysis of the market conditions with respect both the internal and external factors affecting such market and the effectiveness of current regulatory framework governing the segment where change is suggested.
10) Predictive actions are possible through use of technology especially Artificial Intelligence (AI) in utilizing the huge data available with the stock exchanges, regulators and courts by data management techniques. AI and Big Data Analytics through machine-learning can create patterns out of unstructured data such as the voluminous data sets. Say for instance in case of judiciary or regulatory perspective, such large database can be used to predict the time, different types of cases take to be heard; what kind of outcomes result; how many cases are waiting to be heard. A modern system can be recording and making available such transparent and open data.AI can even understand contextual differences in meaning and help in predictive results. As an aid in traditional justice delivery mechanism, AI can thus play a supplementary role in the future. As a first step, it is important to realize the importance of databases, both structured and unstructured, and open up the same to analytics and technology.

11) Some AI-based robo-advisers have been established by technology start-ups, such as Betterment and Wealth Front in the U.S., Nutmeg in the U.K. and 8 Securities in Asia. While these independently operated robo-advisers account for only a small fraction of the overall global asset management industry, their presence has not gone unnoticed by incumbents. Such robo-advisers utilize algorithms to construct, manage and rebalance investment portfolios, typically using a pre-determined mix of exchange-traded funds (ETFs) to build low-cost, diversified, and liquid portfolios tailored to the investor's objectives. The only thing the portfolio investor needs to do is to complete a profile that helps these robo-advisors to determine their risk appetite and/or investment objective, which is then used to build a portfolio for the investor.
12) Finally, AI could support planning, coordinating, integrating, synchronizing, and directing activities to operate and defend stock exchange, regulator and intermediary networks and systems effectively, provide assistance in support of secure operation of such networks and systems, and enable action in accordance with all applicable laws, regulations and rules thereof.
13) Automated Disclosures under SEBI's Takeover Code, Insider Trading Regulations or Listing Norms could be achieved with the help of AI.

GLOBAL AND DOMESTIC INITIATIVES TAKEN BY COURTS, GOVERNMENT AND REGULATORS

DOMESTIC INITIATIVES

1. The advent of AI is real. Even the judiciary is acknowledging its impact. Hon'ble Justice A.K. Sikri of the Supreme Court was recently quoted "When we talk of Artificial Intelligence, it is in various fields where it is going to help like research. It helps not only in the research but in finding what the law is but right from the beginning where the problem comes, how it is to be solved, how it is to be tackled, and how the digital data can help us."
   His colleague and another notable judge of the Hon'ble Supreme Court, Justice D.Y. Chandrachud had remarked last year that "the idea of Artificial Intelligence is not to supplant the human brain or the presence of the judges but to provide a facilitative tool for the judges to reassess the processes which they follow or to reassess the work which they do with a view to ensure that their outcomes are more predictable, consistent and ultimately provide wider access to justice to the common citizens."
2. In the recent case of Matrimony.com Limited and Ors. vs. Google LLC and Ors., Competition Commission of India (CCI) observed that data's importance in this century is going to be on par with what oil was to the last one. The commission noted that using the AI-based innovation; such data can be used extensively for revenue generation.
3. During the budget 2018 speech, Arun Jaitley, the union finance minister announced a national program on AI to be spearheaded by Niti Aayog. A high-level committee headed by Niti Aayog vice-chairman Rajiv Kumar has been formed to lay out a roadmap for India's R &D on AI.
4. Recently Minister of State for Corporate Affairs Shri P P Chaudhary claimed that AI-based technology was being considered for integration within the MCA21 portal. The primary purpose of the technology will be to detect finer discrepancies in details provided by the companies in the balance-sheets.Such artificial intelligence software then would match the data submitted to the ROC over the time with the balance-sheet of the company. If there is any discrepancy, action can be taken against the companies and their directors in the interest of small investors. Further, such data can also be used to detect shell companies which have infested the listed space.
5. In September 2017, a Policy group" was created by the Ministry of Electronics and Information Technology with representation from the academia, which has done a lot of research on the subject, and Nasscom for the industry's perspective. The group will make its observation and recommendations on aspects like skilling the workforce, privacy, security and fixing responsibility if anything goes wrong with the usage of AI.
6. SEBI has been closely monitoring the increased usage of AI in the regulatory space throughout the world. In a recent development, it has come to light that the regulator is planning to use new technologies like blockchain and artificial intelligence. The primary aim of this move is to handle challenges arising out of technological advancement in the market and to ensure effective integrated surveillance mechanism.
7. NSE, the country's largest stock exchange has stressed the need for technological innovation including the usage of AI. In an interview, Mr Vikram Limaye, CEO of the bourse noted that AI can be utilized to assist human employees in making better-informed decisions, acceleration of low-risk tasks and to facilitate more transparent algo and high frequency trading (HFT)

GLOBAL INITIATIVES

1. Japan has recently announced that they will start the usage of AI-based technology to manage the government pension scheme with effect from fiscal year 2018, initially on a trial basis. The reason for such action is deemed to be quicker and more comprehensive analysis by AI than human counterparts while being cost effective at the same time.
2. China has laid down plan to become the world leader in AI by 2030. The state council of the communist republic has released a policy of intent detailing capital-intensive investments by companies, military and government in AI technology.
3. The United States of America (USA) has been one of the early adopters of AI phenomena. In 2016, The White House released a report detailing the future usage of AI. America is already applying the AI mechanism to to predict medical complications, reduced traffic wait times and even to analyze and comprehend tourist data.
4. In September 2015, in response to some Canadian registered portfolio managers and restricted portfolio managers starting to operate as "online robo-advisers", the Canadian Securities Administrators (CSA) clarified in CSA Staff Notice 31-342 that there is no "online advice" exemption from the normal conditions of registration for a portfolio manager. The rationale behind the clarification is that Since the law is technology neutral, and the obligations applying to the provision of traditional (i.e. non-digital) financial product advice and digital advice are the same. Robo-advisers also fall within the purview of the existing legal framework.
5. SEBI's counterpart in the USA i.e. Securities Exchange Commission (SEC) has taken pro-active measures to implement AI within their systems to ascertain the results. For instance, in 2016, the US regulator utilized text analytics methods to machine-measure the frequency of Credit Default Swaps which lead to the 2008 economic crisis, the aim of SEC was to check the filings by corporate issuers and analyze news articles spanning over the decades. They further examined the trends across time and across corporate issuers to learn whether there was any signal of impending risk emerged which could have taken as sign of early warning. These machine-learning methods are now widely applied across the Commission. They are being used to quickly and easily identify latent trends in large amounts of unstructured financial information, some of which may warrant further scrutiny by the commission, if necessary. The Modus operandi of the commission today with respect to AI is that first they apply unsupervised learning algorithms to identify unique or outlier reporting behaviors. Secondly, the output from the first stage is combined with past examination outcomes and fed into a second stage [machine-learning] algorithm. The overall result of this combined analysis predicts the presence of idiosyncratic risks at each investment level. The accuracy of these analyses is more of a mixed bag wherein the speed of analysis is upto 5 times more than the regular human verification but there are still instances where it has also generated false positives or, more colloquially, false alarms.
6. Despite the minor issues plaguing the AI, the SEC is positive at its development and future prospects. The SEC in its report titled as "The Role of Big Data, Machine-learning, and AI in Assessing Risks: a Regulatory Perspective" concluded that power of machine-learning is clearly evident but these intelligent computers cannot examine a compliance issue all by themselves. However, considering the rapid development AI has seen in past few years its usage in automated data aggregation, law violation assessments and risk identification in future cannot be ruled out.

Warnings against AI?

Yes, it is quite true that some eminent scientists and entrepreneurs have warned against the technological advancement of AI and their stance is probably valid in case of usage of AI in warfare. However, opposing AI even in sectors wherein it is primarily used for public good is far-fetched. Since AI is in its beginning right now, extensive testing of its working is required. Such testing can be achieved using trial and error method with the aid of human supervision. As AI learns from its past experiences including mistakes, over the time, it will become less and lesser prone to make mistakes, thereby may be becoming flawless at one point. Further, AI is not subject to typical human bias and emotions which will result in consistent and objective approach in dealing with matters. However, it needs to be understood that AI needs good data. If the data is incomplete or biased, AI can exacerbate problems of bias and unrealistic results.

Another instance why AI is opposed is due to threat that it will advance its use at the cost of jobs of human beings. While it is true that AI will subsume some of the tasks human beings are doing, but most of the jobs which AI might kill will be on the lower side of the job chain.

The challenge for the government would be to design governance mechanisms that ensure AI and its allied technologies do not transgress boundaries. While Indian courts or legislations are yet to determine the legal status of AI, the Government would have several roles to play. It would have to monitor the safety and fairness of applications as they develop and adapt regulatory frameworks to encourage innovation while protecting the public.

Concluding Remarks

AI divides opinions, some are willing to adopt it, and some are vehemently opposing it. Another threat AI faces is the possibility of being hacked and misused for unlawful purposes.

Primarily, there are two competing theories which predict the AI's future but there is no certainty as to how AI will evolve.

a) AI can never reach a point where it is superior to humans.
b) AI will surpass the human participation in every single field.

AI's application is developing at an increasingly faster pace, creating new opportunities to achieve better outcomes for various stakeholders but at the same time, as with any change, new risks and vulnerabilities may arise. As far as the disadvantages are concerned, several steps to safeguard the AI mechanism are suggested. One check which is suggested that is to keep human in the loop of the AI process by way of external verification whenever we can, so as to check and correct if the algorithms' guesses are incorrect. Secondly, it is suggested to build robust cyber security mechanisms. One interesting argument presented by security experts is to program AI specific algorithms to safeguard itself from the activity of hackers and since AI can think on its own, it is suggested that it will evolve its instruction sets on its own to counter the newer threats. As far as jobs are concerned, it's similar to how many jobs were terminated when computerization happened back at end of 20th century. But does it mean we shouldn't have moved on from papers to computers back then? However, some analysts suggest that since AI is evolving consistently, it will soon replace every single job. Such an act cannot be ruled out but only time will tell if that does happen. Further, the development of AI bots who rival the cognitive intelligence of human beings is still decades away according to scientists For instance, The Robo-Advisers are still at a nascent stage wherein there are several questions on their usage due to the possibility of error in the calculations, over simplistic generalized approach and lack of personal touch which an investor gets from a traditional human being.

The future generation needs to prepare for a time wherein they will not only compete with humans but highly intelligent machines as well. It is time to accept that automation is here to stay and is bound to create a future for all of us. Change is already underway rapidly. While AI gives rise to some interesting opportunities to radically transform investment management and capital markets, it will be very disruptive for people who work in the industry. One of the companies in AI space is Kensho, which is backed by Google, Goldman Sachs and S&P Global. Kensho uses AI to scan vast data sets much more quickly and accurately than analysts and sells the information to banks and other financial institutions. Its competitor Sentifi, takes in data from thousands of sources, then filters it for accuracy. Similarly, San Francisco based hedge fund Numerai encrypts its trading data and then crowd sources AI-based algorithms from anyone who wants to have a go.

To my mind, there is too much data for humans to be able to use in capital markets today and AI will change the landscape as evolution of internet did. As we speak in capital markets today, we have barely scratched the tip of this iceberg.

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KRIYANG KARIA
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FATCA and CRS - Do you have all the answers?

> "The law provides for reporting of dividend, interest, gross proceeds on sale or redemption and account balance or value of assets held by a reporting entity."

Brokers, Depository Participants and Custodians are mandated to comply with Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standard (CRS) regulations. May 2017 reporting saw a complete set of information being reported for Calendar Year 2016. Reporting of interest and dividend triggered for US reportable accounts in 2017. CRS was applicable for 2017 reporting for the purposes of CY 2016 accounts. 2017 also triggered reporting of gross amounts paid or credited to the clients during the year.

Largely, financial institutions, including the brokers and depositary participants (DP) appear to be settled with the new law. However, this three year old law still leaves financial institutions, especially brokers with some open questions. Let us try and address a few in this short note:

Why is a broker required to report?

The law provides for reporting of dividend, interest, gross proceeds on sale or redemption and account balance or value of assets held by a reporting entity on behalf of a reportable account. While the broker only trades on behalf of the customers, it is the only intermediary privy to some information that is required to be reported under the law.

While the onus to report account value is on the DP, information regarding gross proceeds, dividend and interest paid is available with the broker to report. Even if technically the Inter-Governmental Agreement provides for exemption to executing only broker, the Guidance Notes issues by the Central Board of Direct Taxes (CBDT) suggests in various clauses that a broker is required to report under this law.

Is a broker a Custodial entity or an Investment entity?

A plain reading of law suggests that the activity of trading on behalf of a customer falls within the definition of an Investment entity. However, the definition of an Investment entity largely intends to include funds that hold assets and trades on behalf their customers. Further, also, the Guidance notes under various clauses equate a broker with that of a DP under Custodial entity.

One needs to evaluate the same where a broker has registered itself as an Investment entity. If one is also a DP, registration under both the categories should also be re-examined.

How frequently do you need obtain fresh declarations?

KYC is an ongoing process and each change entails fresh KYC documents to be obtained. FATCA and CRS law is no different. A change in residential status entails fresh declaration to be obtained. Residential status of an Individual may change in 182 days as per the extant tax laws. A Financial Institution is required to build in robust internal policies and checks to identify changes in residential status. Such change has its own regulatory impact as well which a broker needs to comply with.

What is the law for blocked accounts?

CBDT clarified that Financial Institutions may 'block' and not 'close' non-responsive client accounts. The law mandates to treat these accounts at par with non-participating accounts and report.

What if there is non-compliance?

Non-compliance attracts penalties from INR 100 to INR 500 per day. The law also provides for penalty of INR 50,000 for furnishing inaccurate information.

The views provided herein are of the author's own.

Kriyang has 11 years of professional experience, including 10 years in Large Accounting Firms, specializing in cross border taxation issues, regulatory and tax compliances, double tax treaty planning and FATCA.

His experience includes advising clients in the Financial Services industry and has worked on a number of tax advisory and compliance assignments with large Mutual Funds, Banks, NBFC, and finance companies.

He has also provided income-tax and regulatory advisory services to private equity players on structuring their investments into India, including, capital structuring, jurisdictional structuring for intermediate companies, permanent establishment issues.

He has carried out more than 125 tax due diligences across various industries including Oil & Gas, FMCG, NBFCs & Micro Finance Companies, Manufacturing and Telecom.

He is a FATCA & CRS expert and has assisted large financial institutions to comply with FATCA & CRS.

He has been a speaker at BSE Brokers' Forum and ANMI for FATCA / CRS for last three consecutive years

SELECT PROJECTS
Assisted a very large global fund to conduct and coordinate multi-country tax due diligence for more than three groups in Oil & Gas Services sector .

Assisted a large motor manufacturing company with pending litigation for several years, including representing before tax authorities at all levels.

Assisted large private sector bank and multi-country fund in India to comply with FATCA & CRS regulations.

U.S – CHINA TRADE WAR: A CLASH OF THE TITANS (ALMOST): IMPLICATIONS FOR TRADE LIBERALIZATION

By Professor Piya Mahtaney
Economist / Author

Introductory Exposition

The invariable outcome of a trade war is that it is a zero sum game which simply this means that all those countries involved will lose out. This generalization also applies to the currently impending trade war between U.S and China By the time this article is read either the world will find itself at the beginning of a trade war between its two leading economies or some kind of a compromise would have been brokered between the two titans. At this point I am of the view that the second possibility is more likely simply because too much is at stake indicated by how jittery the stock and currency markets got in response to the looming US -China trade war. So as the global economy finds itself gripped by the anxiety of trade war between U.S and China which could very well be described as a clash of the titans, except that in this case the clash could very well stop just before it is about to happen. In this article for Econ Buzz one of the mains points explained would be that currently rising levels of protectionism and a slowing pace of trade liberalization is actually the consequence of incomplete economic integration.

As an economist it is very tempting to get into the analytics of the losses and gains product and industry wise for U.S and China as a result of the proposed imposition of tariffs on U.S imports of steel products from China. At this point suffice it to say that it is evident that the trade war will have costs not just for U.S and China but for the world at large. For one, U.S companies are also among those who will stand to lose out as a consequence of increasing tariffs because it is China's rapid integration into the world economy that have also increased U.S exports to China. Secondly the U.S economy is the midst of a recovery that is gaining traction and China is realigning itself from an investment driven to a demand driven economy. This makes if fairly likely that a compromise will be brokered. However even if there were to be a trade war the question that arises is whether a trade war that would very well end as a zero sum game would compel China to comply with the rules of game. The obvious answer is No. If anything it would encourage more market distorting measures. The recent United States Trade Representative Report (USTR) about China's WTO Compliance (2017) says, "Indeed, it is simply unrealistic to believe that WTO enforcement actions alone can ever have a significant impact on an economy as large as China's economy, unless the Chinese government is truly committed to market-based competition. The notion that our problems with China can be solved by bringing more cases at the WTO alone is naïve at best, and at worst it distracts policymakers from facing the gravity of the challenge presented by China's non-market policies." Be it the U.S or any other nation trade dispute related negotiations with China are not easy, that said it is always a better option to leave open the dialogue space with the latter and use non tariff levers to limit China's market distorting behaviour. The narrative of the U.S -China trade is a constituent of a much larger issue which relates to the basis of trade liberalization as it has occurred over the preceding three decades. A further elaboration of this point follows:

> "At this point suffice it to say that it is evident that the trade war will have costs not just for U.S and China but for the world at large."

Notably China's increasing geopolitical significance and increasing economic influence differentiates it from other developing nations. According to USTR (2017) estimates in 2001 U.S had a goods trade deficit of $83 billion with China, in 2017 the U.S trade deficit with China was $274 billion at the end of the first nine months of the year The broader issue that comes to mind is that neither is China the only WTO member to have engaged in market distortive measures and neither have the schisms in the global trading system been initiated by China. Admittedly China has aggravated the asymmetries and distortions that were already present. What we see happening in the context of trade liberalization as it has occurred over the preceding three decades have been almost contrary to the objectives that were enumerated by WTO members at the conclusion of the Uruguay Round of Multilateral trade negotiations in 1994 at Marrakesh, Morocco. The culmination of this was the Marrakesh declaration in which WTO members affirmed, "...that the establishment of the WTO ushers in a new era of global economic cooperation" that "reflect[s] the widespread desire to operate in a fairer and more open multilateral trading system.'' The reality as we know is a long distance from this slated objective, the global trading system is itself not as open as it should be particularly for other developing and less developed nations. The World Trade Organization (WTO) meetings bear testimony to the obviously discriminatory practices that poorer nations have had to bear the brunt of. Take for instance the case of agricultural subsidies in developing and less developed nations which in many instances is critical to protect the small and marginal farmer in these regions. Agricultural subsidies have been one of the main issues of contention in WTO negotiation between developed and developing countries for over two decades. According to an excerpt from my book Globalization: Con Game or reality which articulates this fact," the dismal failure of the WTO talks in Seattle in 1999 which occurred in a scene wrought with high-drama protestations by over 50,000 demonstrators finally put to rest one of the bestselling myths of our time that free

trade existed... Excluding the representatives of developing countries from the 'green room' discussions on critical issues (during the Seattle round of WTO talks) was an overt display of the fact that what mattered was not consensus but the bargaining positions of the respective countries. It was not merely the opposition by most developing countries that contributed to the deadlock of the Seattle talks but also the inability of the US and the EU to concur on agriculture issues particularly where subsidies were concerned that had its role to play.'' Until about 5 years ago in so far as trade policy is concerned the situation concerning the agricultural sector of developing nations, was not dramatically different, admittedly some concessions were granted and there was a nominal increase in the market access for some developing nations. However there continued to be fundamental differences in the approach that developed and developing countries about the extent and nature of agriculture protection required by the latter. Over 2 years ago the finalization of the Nairobi package at the WTO meeting in 2015 did represent a step towards creating a level playing in the realm of agricultural trade liberalization.

According to the briefing note of 10th WTO conference which was held in Nairobi, in 2015, " the decision to fully eliminate any form of agricultural export subsidies is an historic decision and constitutes a significant step in the reform of agricultural trade. It ensures that countries will not resort to trade-distorting export subsidies and thereby levels the playing field for agriculture exporters. It is particularly meaningful for farmers in poor countries who cannot afford to compete with rich countries which artificially boost their exports through subsidization..." According to the decision on export competition that was adopted in Nairobi, developed countries will immediately remove export subsidies, except for a handful of agriculture products, developing countries will do so by 2018 and the poorest and food-importing developing countries will enjoy additional time to cut export subsidies. The significance of this measure is undeniable because it is the outcome of prolonged negotiations between the WTO and the developing countries but that still does not change the fact that a that a majority of small and marginal farmers in developing nations are in dire need of infrastructure and other forms of support without which they cannot be competitive. Given the restrictions imposed by the WTO on subsidies the nature of support that will be provided to the farming sector in less developed countries remain to be seen. Some would contend that this is outside the domain of trade liberalization, the fact remains that changing dynamics of growth and trade is a clear indicator that an increase in the incomes of the developing countries is crucial for global growth to pick up. Moreover in most developing countries agriculture still retains its dominance in employment provision. Most developed countries are confronted by sluggish domestic demand, an aging population and very restricted fiscal leeway consequent to high deficits and debt. Evidently it is the momentum of opportunity creation in the developing nations that will have a considerable role in determining the world economic outlook. Despite this fact the prevalence of non tariff barriers or measures to restrict the exports of developing countries to developed countries continues. According to a findings of a study by UNCTAD over the period 2008-2012 in general non tariff measures (NTM) were more significant in restricting developing country market access than tariffs and this restrictive effect applied more to agricultural products. Interestingly this study calculated that although agricultural imports from low income countries face average tariffs of about 5 per cent when NTMs are included the overall trade impediment is equivalent to about a 27 per cent tariff. Therefore increasing economic cooperation and reducing trade barriers with other developing and less developed nations is an important step, and one that is long overdue in this direction.

Conclusion.

Unambiguously the curative lies in taking the step towards a faster pace of economic integration, a more level playing field for developing nations. The question that arises is whether this will happen sooner or will it be propelled later by the sheer pressure of shifting growth dynamics. We have to wait and see, however for now irrespective of whether or not the US-China trade spat erupts into a full fledged trade war, we can be certain that the underpinnings of trade will change and this will have implications for the global economy.

In the next article of Econ Buzz I will discuss the measures that are required for a country to become more competitive in the light of emerging challenges and technological advances.

Piya Mahtaney completed her second Master's in Development Economics from Leicester University in England she embarked on a career in journalism with the Times of India. She was an assistant editor in Metropolis on Saturday, subsequent to which she 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 she has authored are as follows:

- India China and Globalization (2nd ed), Palgrave Macmillan (England), December 2014
- Globalization and Sustainable Economic Development, Palgrave Macmillan (U.S), August 1st 2013
- Institute of South East Asian Studies (Singapore) published an edition (August 2010) of my book India China and Globalisation.
- The first edition of 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.

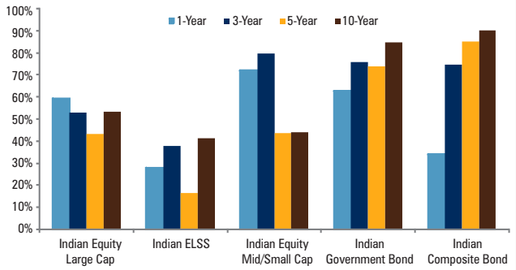
TAKEAWAYS FROM THE SPIVA® INDIA YEAR-END 2017 SCORECARD

By Akash Jain
Associate Director – Global Research & Design
S&P BSE Indices

In a year with strong equity returns in India, theS&P BSE 100ended in the black with a 33.3% annual return. However, the S&P Indices Versus Active (SPIVA) India Year-End 2017 Scorecard shows that a majority of active funds in the Indian Equity Large-Cap and Mid-/Small-Capcategorieslagged their respective benchmarks over the one-year period ending in December 2017.

The biannual SPIVA India Scorecard attempts to capture the performance of active funds (both equity and bond funds) domiciled in India against the S&P BSE benchmarks over different time horizons. The study revealed that over the one-year period ending in December 2017, 59.4% of Indian Equity Large-Cap funds, 27.9% of Indian ELSS funds, and 72.1% of Indian Equity Mid-/Small-Cap funds underperformed their respective benchmark indices. Additionally, the majority of the Indian Composite Bond funds underperformed the S&P BSE India Bond Index over the 3-, 5-, and 10-year periods, and the majority of Indian Government Bond funds underperformed the S&P BSE India Government Bond Index over the 1-, 3-, 5-, and 10-year periods (see Exhibit 1).

Exhibit 1: Percentage of Funds That Underperformed the BenchmarkOver Different Time Horizons



Source: S&P Dow Jones Indices LLC, Morningstar, and Association of Mutual Funds in India. Data from December 2007 to December 2017, based on the SPIVA India Year-End 2017 Scorecard. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

In the three equity fund categories-Indian Equity Large-Cap, Indian ELSS, and Indian Equity Mid-/Small-Cap-theasset-weighted average fund returns were higher than their respective equal-weighted average fund returns over the 10-year horizon. This difference was most pronounced in the Indian Equity Large-Cap category (87basis points) among the three equity categories, indicating that the larger funds by AUM in this category performed better over the 10-year period (see Exhibit 2).However, an opposing trend was observed for the one-, three-, and five-year periods, when the equal-weighted average fund returns exceeded their respective asset-weighted average returns, in the Indian Equity Mid-/Small-Cap category, which implies that the alpha generation from mid- and small-cap selection was more constrained for the large funds, due to the low investment capacity of mid- and small-cap stocks in recent years.

Exhibit 2: Difference Between Asset-Weighted and Equal-Weighted Fund Returns

FUND CATEGORY	1-YEAR (%)	3-YEAR ANNUALIZED (%)	5-YEAR ANNUALIZED (%)	10-YEAR ANNUALIZED (%)
Indian Equity Large-Cap	-0.16	-0.09	0.29	0.87
Indian ELSS	-0.33	-1.03	-0.32	0.53
Indian Equity Mid-/Small-Cap	-2.40	-0.68	-1.00	0.12

Source: S&P Dow Jones Indices LLC, Morningstar, and Association of Mutual Funds in India. Data from December 2007 to December 2017, based on the SPIVA India Year-End 2017 Scorecard. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

In the year-end 2017 report, the number of Indian Equity Large-Cap active funds at the start of the three-year period shrunk to 100 from 155, a drop of 55 funds in the universe compared with the figures reported in the SPIVA India Mid-Year 2017 Scorecard. This drop was mainly caused by the introduction of a new fund category, Flexicap, by Morningstar in the second half of 2014. The Flexicap category includes funds that invest at least 65% of their total assets in Indian equities but invest no more than 65% of total assets in either large-cap stocks or small-/mid-cap stocks of these 55 large-cap funds, 46were reclassified to Flexicap while the seven other funds were merged during this six-month period.

Additionally, the number of Indian Equity Large-Cap active funds at the start of the one-year period in the SPIVA India Year-End 2017 Scorecard decreased to 64 from 87, a drop of 23 funds in the universe compared with the figures reported in the SPIVA India Mid-Year 2017 Scorecard. This drop was due to a change in the definition of large-cap funds in the second of 2016 by Morningstar. The minimum requirement for percentage of assets in large-cap stocks for large-cap funds was changed from 65% to 75%. As a result, 20large-cap funds were reclassified to Flexicapfunds.

To discover more about the performance of Indian active funds versus their benchmarks, check out the SPIVA India Year-End 2017 Scorecard.

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He is an integral part of Asia Index Private Limited, which is a partnership between S&P Dow Jones Indices and BSE Limited (formerly Bombay Stock Exchange).

He joined S&P Dow Jones Indices in 2016.He has been in the financial markets for more than six years, including at Deutsche, Credit Suisse, and Edelweiss, with experience in both the buyside and the sellside. He has worked extensively in researching, back-testing,and trading portfolios across different asset classes.

He attained his Bachelor of Technology (B.Tech) degree from Indian Institute of Technology (IIT Bombay) and holds a Masters of Business Administration (MBA) from Saïd Business School (University of Oxford).

FINANCIAL FRAUDS AND ITS SOLUTIONS

By Jayesh Shah
Promoter, Prism Cybersoft Private Limited

In the globalised and liberalised business environment of the last few years, we face a drastically increasing volume of frauds, especially in the financial sectors in India. The Indian financial services sector has witnessed exponential growth in the last decade - a growth that has not been without its pitfalls, as incidents of fraud have also been on the rise. Fraud results in significant losses to the public exchequer, thus adversely affecting service delivery. Financial fraud is big business, contributing to an estimated 20 billion USD in direct losses annually. Industry experts suspect that this figure is actually much higher, as firms cannot accurately identify and measure losses due to fraud. The worst effect of financial frauds is on FDI inflows into India. The time has come for financial services organisations to pursue a more strategic approach to fraud management within. To overcome this challenge, they need strict and focused steps. There needs to be transparency at all levels in organisations to reduce frauds.

In today's volatile economic environment, the opportunity and incentive to commit frauds have both increased. Instances of asset misappropriation, money laundering, cybercrime and accounting fraud are only increasing by the day. With changes in technology, frauds have taken the shape and modalities of organised crime, deploying increasingly sophisticated methods of perpetration. As financial transactions become increasingly technology-driven, they seem to have become the weapon of choice when it comes to fraudsters.

Evolving regulatory framework driving increased compliance among financial institutions

The regulatory framework in India is continuously evolving. Driven by the need for stricter regulatory compliance and the global standards of delivering financial products and services, the regulators can be seen as becoming more aggressive and stringent in enforcing the existing regulations. At the same time, they are also striving to constantly evolve these legislations and statutes to keep up with the international technology and service standards.

> "The time has come for financial services organisations to pursue a more strategic approach to fraud management within. To overcome this challenge, they need strict and focused steps. There needs to be transparency at all levels in organisations to reduce frauds."

- Regulations governing financial institutions are set to have a huge impact.
- The reporting requirements of the financial sector have never been this stringent.

Backoffice solutions are gaining huge prominence in financial sector for meeting regulatory reporting requirements and in process setting standards to avoid financial frauds.

Backoffice solutions integrated with key features like Enhanced Supervision, GDPR, KYC, eKYC etc. help in identifying integrity of client's transaction and personal information.

Evolving risks in the financial services sector

While some of the risks in the financial services sector have always been there, they keep changing with the constantly evolving technology standards and regulatory framework.

- Cybercrime: A majority of the banks in India offer online and mobile banking services. Most of the transactions are conducted via payment cards, debit and credit cards, and electronic channels such as ATMs. Consequently, both private and public banks as well as other financial institutions in India are becoming increasingly vulnerable to sophisticated cyberattacks.
- Identity theft: With the proliferation of mobile devices and online platforms, the nature of identity theft has changed in today's world.
- Money laundering: India has witnessed numerous terror attacks and remains a potential target for such strikes. Stringent regulatory requirement and media scrutiny have made it mandatory for financial institutions to perform strict compliance checks to prevent the use of money laundering to fund terrorist activities.
- Loan loss: The risk of loan loss is high in India. Due to lack of appropriate due diligence and monitoring of loans, the number of loan defaults has increased in recent years. The non-performing assets are growing in last few years while the GDP has been declining.

Challenges and Opportunities in Fraud detection

When it comes to fraud detection, most financial services organizations face similar changes: disparate transaction systems, piecemeal fraud detections solutions, and high operational costs.

The right fraud solution could deliver huge benefits across the business - driving down costs and risks, improving customer satisfaction and enabling innovation. To achieve this, the solution must be able to:

- **Enhance Information Credibility** by integrating disparate data sources (including unstructured text such as notes fields and call center logs)
- **Detect fraud faster with real-time integration** to authorization systems and on-demand scoring of all purchases, payments and non-monetary transactions.
- **Improve behavior monitoring of individuals** to incrementally detect fraud and reduce false positives by using data across all of a customer's accounts and transactions.
- **Uncover Hidden Relationships,** detect subtle patterns of behavior, prioritize suspicious cases and predict futures risks using advanced analytics - including complex rule writing capabilities.
- Minimize overall workloads with greater standardization, consistency and efficiency
- Prevent sophisticated internal and external fraudulent activities using advanced customer screening and real-time monitoring across channels
- Improve transaction integrity and ensure client trust by managing threats more effectively
- Proactively detect, profile and prioritize risky and non-compliant behavior using integrated analytics and AI.

Technology

The emergence of advanced big data and analytics technologies combined with huge increases in processing speed can help provide the means to counter the multi-channel, rapidly executed fraud campaigns of organized criminal gangs. Some best practices in utilizing these technologies:

- Multifaceted solutions - Many organizations successful in controlling financial crime apply a number of different controls even if they overlap. The most successful institutions are implementing tools and processes for cyber security, entity resolution (relationship analytics), malware detection, pattern analysis and real-time transaction scoring in combination. But there are limits as to how much can be practically deployed.
- Analytic agility - The cycle time between discovery of a new fraud pattern and the subsequent adjustments to the transaction scoring process to interdict it is a key factor.
- The trade finance industry has emerged as a key focus area for realising the efficiencies of Blockchain technology. Blockchain has the potential to disrupt the trade landscape by making it easier to reduce disputes and frauds to provide delivery and payment certainty, enable transparency of trade asset movement, and facilitate the flow of trade receivables. The result: increased collaboration, automation and oversight in trade transactions. Blockchain technology will change the face of banking if banks can come together around a common joint platform. Trade finance frauds will motivate banks to adopt distributed digital ledger technologies in 2018.

For effectively using new technology involves a learning curve for many organizations. Clearly, training and platform simplification are important.

Here are some steps to take:

- Put a clear focus on segregation of duties (spread and rotate financial responsibilities, control who views sensitive documents)
- Offer internal and external audits (monthly profit and loss reviews, monthly balance sheet reviews)
- Develop protocols for electronic banking transactions (e.g., limiting access, verbally confirming requests, two-step authentication process, safeguard data)

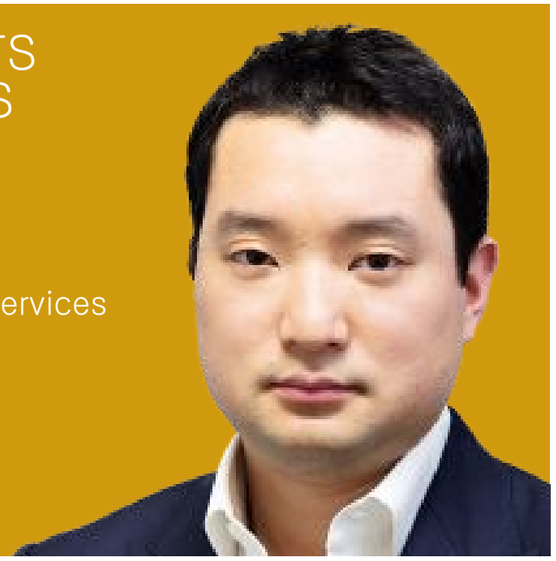
Jayesh Shah holds B.S. and M.S. in Computer Engineering from University of Bridgeport, USA. He has more than 25 years of experience in field of IT.

He promoted Prism in 1996 and as its MD and CEO provides Vision, Direction and also takes care of Strategic Affairs, Marketing and Commercials.

Prism has recently been awarded by STPI & CeBIT INDIA for Best IT Exhibitor of 'Make in India' Pavilion at CeBIT India 2014.

ASIA–PACIFIC MARKETS MONTHLY HIGHLIGHTS AND INSIGHTS

By Philip Lee
Global Head of Proprietary Data Services



S&P Global
Market Intelligence

Key findings:

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

Philip Lee is a Director at S&P Global Market Intelligence and globally heads up the Desktop Application Specialist team, based in Hong Kong. He manages a team of data specialists that create Excel models and develop workflow solutions utilizing S&P Global Market Intelligence desktop tools. He has over 11 years of Excel modeling experience with a focus on corporate finance and M&A models.

Philip joined S&P Global Market Intelligence in 2008. Prior to that, he spent 4 years with Banc of America Securities, where he was an Associate in the Technology and Media M&A group. He also spent a year with AGM Partners, focusing on Media M&A advisory and private equity.

Philip holds a BS in Commerce, concentrating in Finance and International Business, from the University of Virginia.

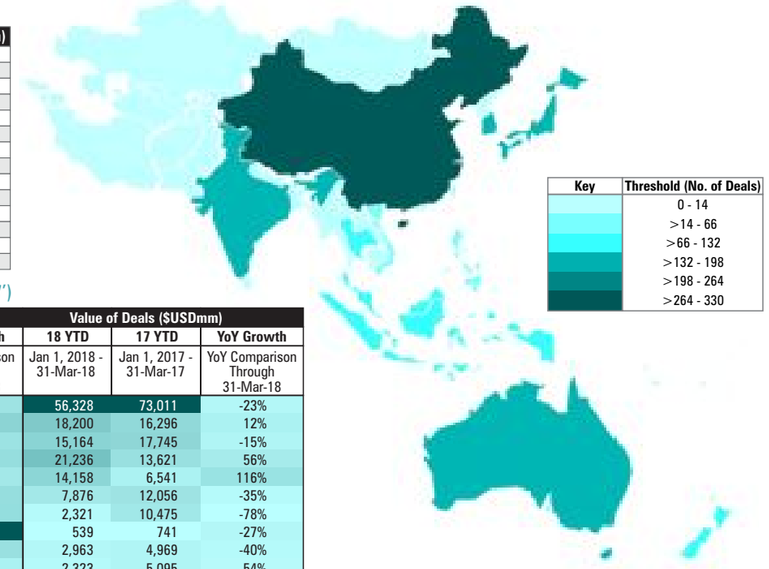
Contact Information: If you have any questions relating to the content featured in the publication, please contact MI-APAC-Marketing@spglobal.com

M&A ACTIVITY IN ASIA PACIFIC: SELECTED COUNTRIES

Aggregate deal volume and aggregate deal value decreased 7% and 11%, respectively, compared to the same time last year. On the country level, a strong uptick in the number of deals was seen in Vietnam, with large deals also taking place in Australia.

No. of Deals and Value by Country (Mar'18)

Country	No. of Deals	Value of Deals ($USDmm)
China	330	18,112.90
India	169	5,953.70
Japan	118	3,836.50
Australia	98	12,135.30
South Korea	86	1,446.90
Hong Kong	46	1,973.50
Malaysia	38	736.40
Vietnam	33	156.00
Singapore	28	936.20
Thailand	27	463.40
New Zealand	24	758.90
Indonesia	14	78.20
Taiwan	10	369.90
Philippines	7	422.40



No. of Deals and Value YTD Activity (18' vs. 17')

	No. of deals			Value of Deals ($USDmm)		
	18 YTD	17 YTD	YoY Growth	18 YTD	17 YTD	YoY Growth
	Jan 1, 2018 - 31-Mar-18	Jan 1, 2017 - 31-Mar-17	YoY Comparison Through 31-Mar-18	Jan 1, 2018 - 31-Mar-18	Jan 1, 2017 - 31-Mar-17	YoY Comparison Through 31-Mar-18
China	972	1,125	-14%	56,328	73,011	-23%
India	439	397	11%	18,200	16,296	12%
Japan	401	448	-10%	15,164	17,745	-15%
Australia	328	343	-4%	21,236	13,621	56%
South Korea	262	335	-22%	14,158	6,541	116%
Hong Kong	135	142	-5%	7,876	12,056	-35%
Malaysia	121	125	-3%	2,321	10,475	-78%
Vietnam	128	43	198%	539	741	-27%
Singapore	88	96	-8%	2,963	4,969	-40%
Thailand	72	108	-33%	2,323	5,095	-54%
New Zealand	58	44	32%	1,120	356	215%
Indonesia	31	69	-55%	211	1,123	-81%
Taiwan	36	35	3%	1,319	982	34%
Philippines	25	19	32%	751	66	1037%
Total	**3,096**	**3,329**	**-7%**	**144,509**	**163,076**	**-11%**

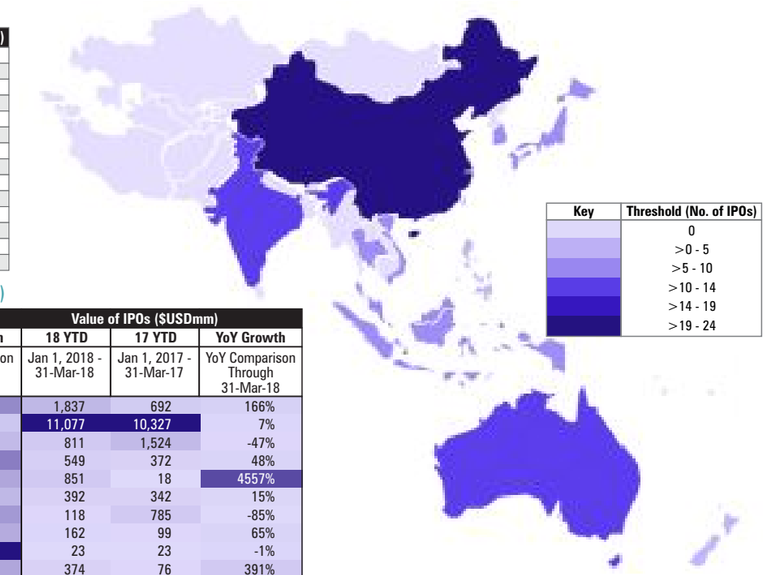
Source: S&P Global Market Intelligence as of Mar 31, 2018. Figures are based on M&A announcement dates. Includes both closed and pending transactions as well as those without transaction values. Charts are provided for illustrative purposes.

INITIAL PUBLIC OFFERINGS BY COUNTRY

The Asia Pacific region raised approximately US$7.0bn in funds across 89 IPOs last month, with India overtaking China for the most number of offerings. Compared to the same period last year, the number of deals was down by 22%, but the total value of deals was up by 12%.

No. of IPOs and Value by Country (Mar'18)

Country	No. of Deals	Value of Deals ($USDmm)
India	24	1,449.40
China	16	4,032.30
Japan	14	579.00
Hong Kong	13	143.00
Vietnam	6	80.60
South Korea	4	236.00
Malaysia	4	29.20
Australia	3	66.50
Indonesia	2	7.90
Thailand	2	42.50
Singapore	1	302.60
New Zealand	0	0.00
Philippines	0	0.00
Taiwan	0	0.00



No. of IPOs and Value YTD Activity (18' vs. 17')

	No. of deals			Value of IPOs ($USDmm)		
	18 YTD	17 YTD	YoY Growth	18 YTD	17 YTD	YoY Growth
	Jan 1, 2018 - 31-Mar-18	Jan 1, 2017 - 31-Mar-17	YoY Comparison Through 31-Mar-18	Jan 1, 2018 - 31-Mar-18	Jan 1, 2017 - 31-Mar-17	YoY Comparison Through 31-Mar-18
India	54	34	59%	1,837	692	166%
China	53	143	-63%	11,077	10,327	7%
Japan	17	29	-41%	811	1,524	-47%
Hong Kong	44	24	83%	549	372	48%
Vietnam	16	16	0%	851	18	4557%
South Korea	10	15	-33%	392	342	15%
Malaysia	9	7	29%	118	785	-85%
Australia	19	21	-10%	162	99	65%
Indonesia	4	1	300%	23	23	-1%
Thailand	6	6	0%	374	76	391%
Singapore	4	2	100%	340	54	536%
New Zealand	-	-	NA	-	-	NA
Philippines	-	1	-100%	-	141	-100%
Taiwan	1	1	0%	13	0	6455%
Total	**226**	**290**	**-22%**	**15,821**	**14,181**	**12%**

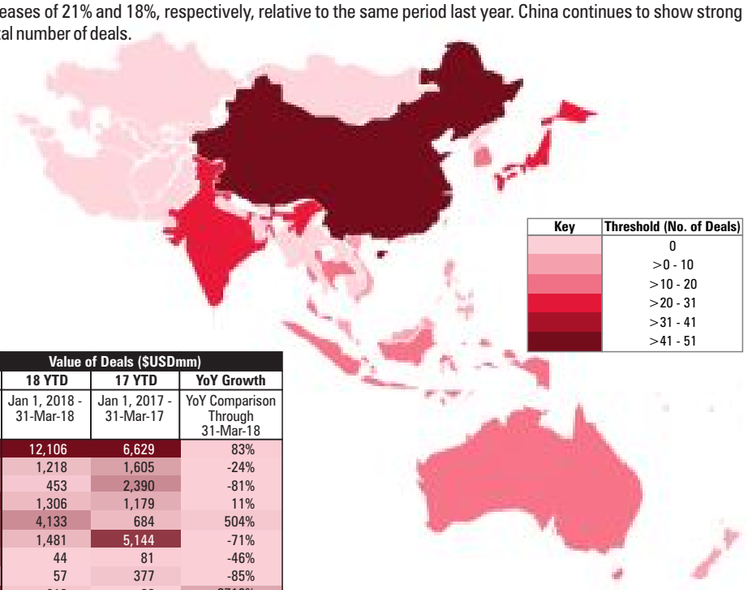
Source: S&P Global Market Intelligence as of Mar 31, 2018. Figures are based on public offerings offer date. Includes all closed transactions. Tables are provided for illustrative purposes

PRIVATE EQUITY INVESTMENTS & BUYOUTS: SELECTED COUNTRIES

Aggregate deal volume and deal value showed increases of 21% and 18%, respectively, relative to the same period last year. China continues to show strong growth, accounting for approximately 40% of the total number of deals.

No. of Deals and Value by Country (Mar'18)

Country	No. of Deals	Value of Deals ($USDmm)
China	51	2,604.80
India	27	310.60
Japan	25	164.40
South Korea	12	359.30
Australia	4	2,322.50
Hong Kong	3	220.00
New Zealand	2	44.20
Singapore	2	4.70
Vietnam	2	380.00
Indonesia	1	11.00
Malaysia	0	0.00
Philippines	0	0.00
Taiwan	0	0.00
Thailand	0	0.00



No. of Deals and Value YTD Activity (18' vs. 17')

	No. of deals			Value of Deals ($USDmm)		
	18 YTD	17 YTD	YoY Growth	18 YTD	17 YTD	YoY Growth
	Jan 1, 2018 - 31-Mar-18	Jan 1, 2017 - 31-Mar-17	YoY Comparison Through 31-Mar-18	Jan 1, 2018 - 31-Mar-18	Jan 1, 2017 - 31-Mar-17	YoY Comparison Through 31-Mar-18
China	153	101	51%	12,106	6,629	83%
India	64	62	3%	1,218	1,605	-24%
Japan	66	67	-1%	453	2,390	-81%
South Korea	35	26	35%	1,306	1,179	11%
Australia	21	18	17%	4,133	684	504%
Hong Kong	7	6	17%	1,481	5,144	-71%
New Zealand	2	2	0%	44	81	-46%
Singapore	6	11	-45%	57	377	-85%
Vietnam	4	3	33%	613	22	2719%
Indonesia	2	2	0%	30	1	2039%
Malaysia	2	3	-33%	181	1	13723%
Philippines	-	-	NA	-	-	NA
Taiwan	-	2	-100%	-	55	-100%
Thailand	1	-	NA	-	-	NA
Total	**358**	**296**	**21%**	**21,410**	**18,111**	**18%**

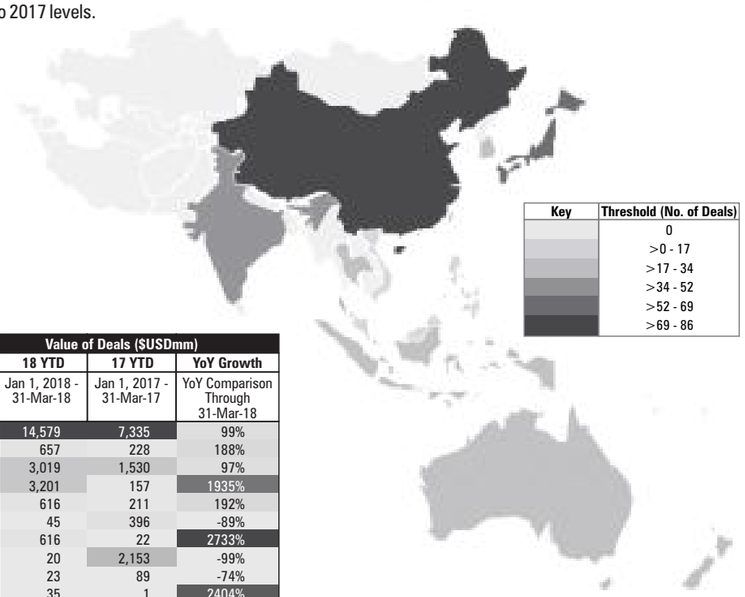
Source: S&P Global Market Intelligence as of Mar 31, 2018. Figures are based on M&A announcement dates. Includes both closed and pending transactions as well as those without transaction values. Tables are provided for illustrative purposes.

VENTURE CAPITAL INVESTMENTS: NON BUYOUTS BY COUNTRY

In the venture capital market, 200 deals with US$5.3bn in total transaction value were completed last month. Aggregate deal volume increased by 20% and aggregate deal value increased by 87% compared to 2017 levels.

No. of Deals and Value by Country (Mar'18)

Country	No. of Deals	Value of Deals ($USDmm)
China	86	4,125.50
Japan	43	252.00
India	38	341.00
South Korea	10	96.10
Australia	9	95.70
Singapore	4	7.00
Vietnam	4	383.10
Hong Kong	2	0.00
New Zealand	2	5.70
Indonesia	1	11.00
Malaysia	1	19.00
Philippines	0	0.00
Taiwan	0	0.00
Thailand	0	0.00



No. of Deals and Value YTD Activity (18' vs. 17')

	No. of deals			Value of Deals ($USDmm)		
	18 YTD	17 YTD	YoY Growth	18 YTD	17 YTD	YoY Growth
	Jan 1, 2018 - 31-Mar-18	Jan 1, 2017 - 31-Mar-17	YoY Comparison Through 31-Mar-18	Jan 1, 2018 - 31-Mar-18	Jan 1, 2017 - 31-Mar-17	YoY Comparison Through 31-Mar-18
China	223	129	73%	14,579	7,335	99%
Japan	119	99	20%	657	228	188%
India	99	104	-5%	3,019	1,530	97%
South Korea	24	31	-23%	3,201	157	1935%
Australia	24	22	9%	616	211	192%
Singapore	13	19	-32%	45	396	-89%
Vietnam	7	2	250%	616	22	2733%
Hong Kong	4	10	-60%	20	2,153	-99%
New Zealand	5	5	0%	23	89	-74%
Indonesia	8	7	14%	35	1	2404%
Malaysia	6	5	20%	28	3	725%
Philippines	1	4	-75%	-	15	-100%
Taiwan	1	4	-75%	3	55	-95%
Thailand	1	5	-80%	0	2	-76%
Total	**535**	**446**	**20%**	**22,842**	**12,197**	**87%**

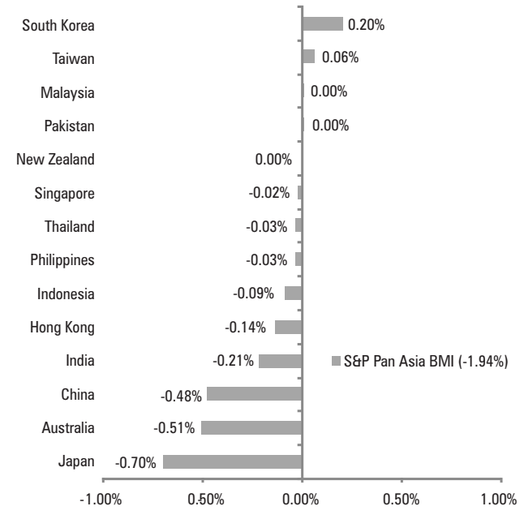
Source: S&P Global Market Intelligence as of Mar 31, 2018. Figures are based on transaction announcement dates. Includes both closed and pending transactions as well as those without transaction values. Non-buyouts will include all features except for leverage buyouts (LBO), management buyout or secondary LBO. Tables are provided for illustrative purposes

MARKET ATTRIBUTES: INDEX DASHBOARD

Summary

- Volatility continued to rise in March as a trade war between the U.S. and China in particular weighed on sentiment. VIX* closed the month at 19.97, making it an eleven point increase since the start of the year. The HSI Volatility Index nearly doubled over the quarter.
- The S&P Pan Asia BMI fell 1.94% in March, erasing all but 0.11% of the equity benchmark's previous returns this year.
- The majority of our S&P Pan Asia BMI smart beta strategies beat the parent index this quarter. The typically more defensive Low Volatility strategy led the way, beating second-placed Growth by over 2%. Momentum closed out the top three despite seeing a turnaround in March.
- Japanese equities were notable losers as the potential political implications of the so-called Moritomo Gakuen scandal created additional headwinds this month. The S&P/TOPIX 150 fell 2.41% to make it a 4.82% quarterly decline.
- Elsewhere, market participants reacted positively to the news of potential talks among the U.S., South Korea and North Korea; greater prospects of peace in the Korean peninsula helped the S&P Korea BMI to a 0.79% monthly gain.
- The S&P GSCI Crude Oil topped the charts among commodity indices this month, quarter and over the last 12 months. A softening in the U.S. dollar, hardening rhetoric between the U.S. and Iran, and bullish prospects for global economic growth contributed to this.

S&P Pan Asia BMI Country Contribution March 2018



Source: S&P Dow Jones Indices LLC and/or its affiliates. Data as of March 30, 2018 except * as of March 29. Index performance based on total return. 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.

COMPLIANCE REQUIREMENT FOR THE MONTH OF MAY – 2018

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

Segment	Particulars	Due Date
PMS	PMS- Uploading of activity report on SEBI Portal	5/5/2018
All Exchanges	Contingency Drill / Mock Trading Session (Subject to circular to be issued by respective exchanges)	5/5/2018
Income Tax	TDS Payment for the Month of April 2018 for Corporate and Individual	7/5/2018
All Exchanges	Uploading clients' fund balance and securities balances by the stock brokers on stock exchanges system as per SEBI circular of Enhanced supervision for the month of April, 2018	7/5/2018
NSE	NSE- Uploading of margin funding file for the month of April 2018	7/5/2018
BSE	BSE- Uploading of margin funding file for the month of April 2018	8/5/2018
Stamp Duty	Payment of Stamp duty: - Security and Commodity Exchanges for the month of April, 2018	10/5/2018
Depository	Investor Grievances (Report) for the month of April, 2018 • CDSL & • NSDL	10/5/2018
CDSL/NSDL	Half Yearly Internal Audit Report for the period ended 31.03.2018	15/05/2018
MSE	Submission of client funding details for the month of April, 2018	15/05/2018
All Stock Exchanges	Disclosures by trading members and their group entities on their holdings in various listed companies for the quarter ended 31.03.2018	15/05/2018
MCX / NCDEX	Submission of half yearly ALGO system audit report as at 31/03/2018	30/05/2018
BSE / NSE / MSE	Submission of Risk Based Supervision for the period ended March, 2018	31/05/2018
NSE /BSE / MSE	Submission of half yearly Internal audit report	31/05/2018
MCX / NCDEX	Submission of half yearly Internal audit report	31/05/2018
MCX / NCDEX	Submission of Risk Based Supervision for the period 1st April, 2017 to 31st March, 2018	31/05/2018
NSE / MSE	Submission of half yearly Net worth Certificate as at 31.03.2018	31/05/2018
NCDEX	Submission of half yearly Net worth Certificate as at 31.03.2018	31/05/2018
BSE	Uploading of No. of STR filed with FIU-IND for the month of April 2018 (Including NIL STR)	Before 31/05/2018

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 24 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 along with his associated concerns specializes in Audit and Assurance Services of various compliance areas related to Capital Market Operations and system audits of broking industry.

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.

SEBI BOARD MEETING IN MARCH, 2018

SEBI has taken the following significant decisions in its board meeting held on March 28, 2018:

DECISION ON RECOMMENDATIONS OF THE KOTAK COMMITTEE

As a reaction to the reducing governance standards in listed companies and the heated board room battles, SEBI had formed a committee to re-look into the corporate governance norms in India under the Chairmanship of Mr. Uday Kotak. The Kotak Committee had submitted its report on October 5, 2017. SEBI has now accepted some of the Committee's proposals.

With regard to the directors: (i) Reduction in maximum number of directorships for a director of a public company from 10 to 8; (ii) Additional disqualifications for independent directors, such as, members of promoter group of a company cannot be independent directors in the same company; (iii) Minimum number of directors on the board increased from 3 to 6; (iv) At least one 'woman-independent director' on the board of top-500 listed companies; (v) Separation of position of 'non-executive chairperson' from MD/CEO for the largest companies.

With regards to the disclosure norms: (i) Disclosure in the annual report regarding expertise of directors; (ii) Utilization of proceeds generated from preferential issue and qualified institutional placements to be disclosed; (iii) Reasons of resignation of auditors; (iv) Half-yearly disclosure of related party transactions.

With regards to various committees of the board: (i) Audit Committee to also review the utilization of loans given or investments made into a subsidiary company; (ii) Nomination and Remuneration Committee to appoint and decide the remuneration of the 'senior management', including compliance officer and chief financial officer; (iii) Risk Management Committee to look into the cyber security issues of the company.

Although implementation of some of these recommendations may increase the level of transparency and reduce the possible sources of conflicts, it will also increase the time spent and cost incurred on compliance by the companies. We are of the view that prescribing principles and giving flexibility in their implementation to the company is better than stipulating a rule-based approach, which encourages a tick box approach to compliance. Many of the provisions will also increase false comfort and moral hazard, as investors will assume that their interests are being taken care of by an=independent non-executive chairman, even though that person's appointment, pay and exit are in fact determined by the controlling shareholder.

RELAXING OF PROVISIONS REGARDING ANGEL FUNDS

Based on the recommendations received from a working group comprised of angel networks, consultants and start-ups, the SEBI Board has simplified certain provisions of the SEBI (Alternative Investment Funds) Regulations, 2012 with respect to 'Angel Funds' to facilitate the growth of start-ups and bolster innovation.

The maximum investment amount in any venture capital undertaking by an angel fund has been increased from five to ten crore rupees, and the minimum corpus required for an angel fund has been reduced from ten to five crore rupees. The maximum period of accepting funds by the angel fund from angel investors has been increased to five years from the existing three year period. The provisions of the Companies Act, 2013 shall also apply to an angel fund formed as a company.

The relaxation in the regulations may accelerate the growth of angel funds and provide better accessibility of funds to start-ups. The increase in the maximum period of accepting funds will benefit the funds by providing a larger time-frame for them to realize the returns on their investments.

REVISED FRAMEWORK FOR NON-COMPLIANCE OF THE LISTING REGULATIONS

SEBI has decided to revise the enforcement framework for improving the compliance of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) by listed entities. One of the key highlights of the revised framework is to empower stock exchanges to block the shareholding of promoter and promoter groups (P&PGs) in non-compliant entities as well as their shareholding in other securities. This decision seems to be in line with the existing enforcement framework, wherein the stock exchanges are empowered to act against the P&PGs of non-compliant entities to ensure effective compliance with the requirements of the Listing Regulations.

However, this criterion should not be applied in all cases. Every member of the P&PG should not be penalized and exemptions should be provided to those who have lost effective control over the affairs of non-compliant entities. In circumstances where insolvency professionals and official liquidators are appointed to manage the affairs of non-compliant entities, the P&PGs may lose control over the operation and management of such entities. They are not in a position to direct/compel the management to comply with the requirements of the Listing Regulations. In such situations, it is infructuous to penalize the members of the P&PG as they cannot ensure that non-compliant entities will comply with the requirements of the Listing Regulations. In addition, the obligation on promoters blurs the obligation of the board of directors who are in fact the legally responsible group for any defaults. This distinction will cause some discomfort where the promoter shareholding is limited, say only 15% and thus their obligation vis-à-vis the board ought to be more limited.

STRENGTHENING THE ALGORITHMIC TRADING FRAMEWORK

Sharing of co-location services: SEBI has now mandated stock exchanges to permit stock brokers to share the co-location services provided by the exchanges. Currently, stock brokers are required to license one exclusive rack for accessing co-location services, even if they have to carry out small trades. In terms of the new mandate, the brokers can now share these racks with other brokers resulting in lesser costs, which would encourage small brokers to do algorithmic trading.

Tick-by-Tick (TBT) Data for free: SEBI has mandated exchanges to provide their TBT data feed for free to the brokers. Currently, exchanges charge a nominal fee for this data and making this zero would reduce entry barriers for small brokers who intend to do algorithmic trading.

Tightening of Order to Trade Ratio: If an algo-trader carries out trades largely at a price beyond ±1% of last traded price of the security, such orders are penalized by the exchanges. The current limit would now reduce to 0.75%. This is a welcome measure, as it would ensure that algo-trades are carried out at a price close to the last traded price to ensure market stability and accurate price discovery.

Unique identifier for each algorithm: SEBI has proposed that each of the trades carried out by way of algo-trading should be tagged with the algorithm generating the trade. This would provide a trail of each trade and act as an efficient risk mechanism tool.

Latency disclosures: SEBI has increased standards of disclosure in terms of the latency, both within the exchange trading infrastructure and also between a reference rack in the co-located facility and the core router of the exchange.

Mock trading: SEBI has recommended better infrastructure such as simulated marker environment for mock testing of algorithmic software.

STRENGTHENING THE EQUITY DERIVATIVES MARKET AND PHYSICAL DELIVERY

To further strengthen the equity derivatives market, SEBI has resolved to introduce physical settlement of all stock derivatives, in a phased manner. Stock derivatives which were hitherto settled in cash i.e. by squaring off the exposure on the expiry of the contract, will gradually be available for physical settlement by delivery. Further, changes have been made to the existing entry criteria for introduction of stocks into the derivative segment in line with increasing market capitalizations. Towards this, SEBI has modified the market-wide position limit from three hundred to five hundred crore rupees and the median quarter-sigma order size from ten to twenty-five lakh rupees. Additionally, a minimum deliverable value of ten crore rupees in the cash market of a particular stock has also been introduced. These changes are designed to remove unnecessary, and at times manipulative speculation in the derivatives segment for illiquid or low volume stocks.

The intention is to make all equity derivatives compliant with the new framework within a period of one year. Stocks which fail to meet the enhanced criteria will be sequentially moved from cash to physical settlement and upon continuing failure to meet the enhanced criteria, will be entirely removed from the derivatives segment, based on prescribed timelines. SEBI has also tried to limit the exposure of small investors towards the derivatives segment by prescribing exposure limits based on disclosed income and by requiring rigorous due diligence in cases where such investors wish to invest beyond the exposure limits. The changes are a step in the right direction towards curbing speculation in the derivatives segment, as many instances of mis-selling derivatives products to smaller investors have been uncovered.

DEPOSITORIES TO DISTRIBUTE DIVIDENDS, ETC.

In addition to the registrar and share transfer agents (RTA), the companies will also be allowed to obtain assistance from the registered depositories for distribution of returns on investment, such as, dividend. Since the depositories are in direct contact with the investors through various means of communication, their direct involvement will make the process faster and more accessible for the investors. This action by SEBI is probably motivated by the unearthing of a massive fraud at an RTA entity a few years back.

FPIS PROHIBITED FROM EXECUTING NDUS

On March 14, 2018 SEBI issued an informal guidance to UBS AG, a registered Foreign Portfolio Investor (FPI), clarifying its position on whether non-disposal undertakings (NDUs) constitute an 'encumbrance' under the SEBI (FPI) Regulations, 2014.

An NDU is an undertaking given by the holder of a security to another, usually for availing credit facility, stating that the holder will not dispose-off his shares until the amount borrowed has been paid off. Here, UBS had issued NDUs to avail finance and execute certain commercial contracts. Regulation 32(2)(d) of the FPI Regulations stipulates that the shares held by an FPI should be free from all encumbrances. Therefore, UBS had sought guidance on whether NDUs would amount to 'encumbrance'.

Although the FPI Regulations do not define 'encumbrance', the FAQs on the Takeover Regulations provide that NDUs executed by promoters will also be covered within the scope of the term 'encumbrance' for the purpose of disclosure obligations under the Takeover Regulations. In its letter to UBS, SEBI has taken a view that the said interpretation can be extended to FPI Regulations and that execution of an NDU would amount to the creation of an 'encumbrance'.

Presently, FPIs execute NDUs to avail finance as they are restricted from pledging their shares. By extending this restriction to NDUs, this informal guidance has provided much-needed clarity on SEBI's intention to prohibit FPIs from entering into any kind of agreement or understanding which may impact the free transferability of shares.

Courtesy: Finsec Law Advisors
A financial sector law firm which provides regulatory advice and assistance focusing on the securities, investments and banking industry. www.finseclaw.com

Disclosure: Finsec Law Advisors is representing Kirloskar Chillers Private Limited.

ANALYZING CIRCULARS (25 FEBRUARY TO 07 APRIL 2018)

Regulator	Important Circular's Title For The Period
SEBI	**SEBI Board Meeting** -->> Regulator has set new rules aimed at improving corporate governance in publicly traded companies, made algorithmic trading accessible, Strengthening the framework of Equity Derivatives Market and cut mutual fund fees
SEBI	**Orders per second limit and requirement of empanelment of system auditorsfor algorithmic trading in commodity derivatives** -->> SEBI had issued broad guidelines on algorithmic trading for National Commodity Derivatives Exchanges.~~It required exchanges to place a limit on the number of orders/second from a particular CTCL ID/ATS User-ID to twenty orders/second and to impose economic disincentives for orders exceeding twenty/second which is now relaxed upto hundred orders/second. ~~However compliance with the limit "X" so set bya particular CTCL ID/ATS User-ID shall be measured over a rolling period of five seconds.~~Additionally it has also been decided to do away with the requirement of empanelment of system auditors by the exchanges for system audit of algorithmic trading.
SEBI	**Guidelines for Liquidity Enhancement Schemes (LES) in Commodity Derivatives Contracts** -->> SEBI had issued revised guidelines for LES in Equity Cash and Equity Derivatives segments which will now be applicable to Commodity Derivative segment with additional requirements.Exchanges to ensure systems to ensure LES not to create artificial volumes,reduce liquidity or trigger market manipulation and should not lead to misselling of the product.
SEBI/NSE	**Master Circular on Prevention of Unauthorised Trading by Stock Brokers** -->> Master circular consolidating controls to prevent unauthorized Trade.In addition to sound recording additional modes for keeping evidence of client placing such order are introduced. The burden is on brokers of producing proof in case of dispute in executed trades.Required to maintain records currently for 3 years or till further intimation by SEBI.Master circular shall continue to be effective from 1st April 2018.
SEBI	**Clarification to Circular pertaining to Investor Protection Fund (IPF) and Investor Service Fund (ISF)** -->> 10% of IPF interest income can be spent on Research activities related to commodities market.~~NCDEs have been granted 3 years period starting April 1st, 2018 to permit utilizing interest on IPF for activities of ISF also.
SEBI	**Monitoring of Foreign Investment limits in listed Indian companies** -->> FEMA prescribes the various foreign investment limits in listed Indian companies. Like aggregate FPI and NRI Limit, sectoral cap.~~In order to facilitate the listed Indian companies to ensure compliance with the various foreign investment limits, SEBI in consultation with RBI has decided to put in place a new system for monitoring the foreign investment limits. Circular details on dissemination, reporting and breach management procedural guidelines.~~The depositories and Exchange put in place the necessary infrastructure and IT systems for operationalizing the monitoring mechanism , disseminating information on the available investment headroom in respect of listed Indian companies.~~Depositories shall issue the necessary circulars and guidelines for collecting data on foreign investment from listed companies.~~The new system for monitoring foreign investment limits in listed Indian companies shall be made operational on May 01, 2018.
SEBI/BSE/ NSE	**Investor Grievance Redress Mechanism - New Policy Measures** -->> Change in process of filing investors grievances using SCORES Effective from August 01, 2018.~~Investors to register with requisite details Grievance directly to companies / intermediaries and the complaint shall be forwarded to the entity for resolution and Entity to redress within 30 days,3 year maximum limitation period to register on scores subject to specified conditions andIntroduction of escalation procedure
SEBI	**Clarification to Circular pertaining to Investor Grievance Redressal System and Arbitration Mechanism** -->> SEBI has received representations from the NCDEs as follows: NCDEs to provide training of at least one day to every arbitrator each year.~~Additional fees by members filing delayed claim beyond prescribed time-lines shall be non-refundable even if arbitration award is in favor of member.
SEBI/CDSL/ NSDL	**Due diligence and reporting requirements under Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standards (CRS)** -->> Necessary steps by RFIs to ensure compliance with w.r.t FATCA/CRS requirements for carrying out the necessary due-diligence and reporting for Foreign Portfolio Investors (FPIs)
SEBI	**Risk Management norms for commodity derivatives** -->> Circular aligns norms related to BMC between Clearing corporation of Equity,FNO and Commodity segments for minimum liquid NW of Rs 50L and FDR to be replaced with eligible collateral within 3 months and Margin provisions for intra-day crystallised losses to be complied within 3 months of this circular date
SEBI	**Spread margin benefit in commodity futures contracts** -->> Initial margin benefit would be eligible if each individual contract in the spread shall be from the first three expiring contracts in the two commodities only further the IM benefit should be adequate to cover MTM loss for 99% days based on backtesting for 250 days and the same would not eligible for ELM.
SEBI/NSE/ CDSL/NSDL	**Separate limit of Interest Rate Futures (IRFs) for Foreign Portfolio Investors (FPIs)** -->> It has been decided to allocate a separate limit of INR 5,000 crore to FPIs for taking long position in IRFs to facilitate further market development and ensure that FPIs' access to bond futures remains uninterrupted during the phase when FPI limits on Government securities are under auction.Exchanges to ensure monitoring mechanism and publish specified data of available limits and alerts w.r.t breaches on website
SEBI	**Clarifications with respect to circular on "Specifications related to International Securities Identification Number (ISINs) for debt securities issued under the SEBI (Issue and Listing of Debt Securities) Regulations, 2008** -->> Issue of separate ISINs if call and/or put option is exercised for a portion of debt issued,Partly Paid to fully paid conversion will not be counted as an additional ISIN ,Exemption from the applicability of ISIN circular shall be available only till June 30, 2020 and shall not continue beyond that period.Any other exemption shall be applicable only from paragraph 2.1 and 2.3 of the ISIN circular,Issuer to disclose upfront about further issuances may be made under the same ISIN and reporting to exchanges on half yearly basis.
SEBI/BSE/ NSE/ CDSL/NSDL	**Clarifications in respect of investment by certain Category II FPIs** -->> Private banks/ merchant banks investing on behalf of clients need to ensure adequate client due diligence. Further investment in India by insurance/ reinsurance companies must be maintained as an undivided common portfolio and investments related to regulated persons permitted as Cat. II FPIs viz. AMC, investment managers/ advisers, Portfolio managers etc is clarified
SEBI	**Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) (Amendment) Regulations, 2018** -->> Mainly amended to include Obligation of Clearing Corporation in Commodity Derivatives. 44D-Every recognised clearing corporation providing clearing and settlement services for commodity derivatives shall ensure guarantee for settlement of trades including good delivery.
SEBI/BSE/ NSE/NSDL	**Revision of limits relating to requirement of underlying exposure for currency derivatives contracts** -->> RBI has revised the limits beyond which market participants would be required to establish underlying exposure in the currency derivatives segment.~~Domestic clients / Foreign Portfolio Investors (FPIs) may take long or short positions without having to establish existence of underlying exposure, upto a single limit of USD 100 million equivalent, across all currency pairs involving INR, put together, and combined across all the stock exchanges, and also ensure that,their short positions at all stock exchanges across all contracts in FCY-INR pairs do not exceed USD 100 million.~~For the short position limit, stock exchanges shall restrict the FPI from increasing its existing short positions or creating new short positions in the currency pair till such time FPI complies with the said requirement.~~To take long positions in excess of USD 100 million in all contracts in FCY-INR pairs, FPIs shall be required to have an underlying exposure in Indian debt or equity securities, including units of equity/debt mutual funds.
SEBI-INFORMAL GUIDANCE	**Informal guidance Deepak Nitrite Limited**-->> Query: Regarding IRDR and SAST provision where one of promotor of the company wants to gift the shares to her grandson Informal Guidance: >The proposed transaction may not be treated as 'modification or reclassification of the status of the Shareholders', as there would be no reclassification or modification of the status of shareholders from promoter to public shareholder and vice versaThe proposed transaction would not trigger an open offer under Regulation as no change in overall %. Since Shri Param Ajay Mehta would be considered as a member of the promoter group by virtue of ICDR Regulations, the inclusion of Shri Param Ajay Mehta may not be considered as change in control and hence it shall not trigger open offer under Regulation 4 of the Takeover Regulations.
SEBI-INFORMAL GUIDANCE	**Informal Guidance issued to UBS AG** -->> UBS FPI is desirous of making application in its capacity as an `acquirer' or `prospective acquirer' UBS FPI is not a promoter of any of the listed companies for the purpose of SEBI (ICDR) Regulations, 2009.~~FPI Regulations imposes an obligation on the DDP engaged by an FPI to ensure that equity shares held by an FPI are free from all `encumbrances'.~~In relation with SAST Regulations, it is clarified that non disposal undertakings executed by promoters will be covered within the scope of the term 'encumbrance' for he purpose of Regulation 28(3) of the SAST Regulations.~~Hence in view of above:~~The term encumbrance used in Reg 32(2)(d) of the SEBI (FPI) Regulations, 2014 include non-disposal undertaking(s) and hence FPI are restricted from executing non-disposal undertaking(s).
SEBI-INFORMAL GUIDANCE	**Informal Guidance issued to PuranikBuildcon Private Limited** -->> There is no prohibition per se against delisting of debt securities but wanted clarification on whether, pursuant to such delisting, the FPI can hold the unlisted NCDs subject to the relevant Amendments.~~FPIs are allowed to invest in unlisted NCDs subject to the end use restriction on investment in real estate business, capital market and purchase of land.NCDs were issued to the FPI where stated that the company is engaged in real estate business.~~In view of this, the FPI cannot be permitted to hold the NCDs after the same is delisted as the FPIs are restricted from utilizing the proceeds of the investment for real estate purposes as specified in the aforesaid Relevant Amendments.
SEBI-PRESS RELEASE	**Date for filing refund claims in the matter of PACL Limited extended** -->> Committee has decided to extend the last date of receipt of claim applications from February 28, 2018 to March 31, 2018.
SEBI-PRESS RELEASE	**SEBI Chairman meets group of PACL investors** -->> A committee was constituted for selling the properties of PACL Ltd. and using the sale proceeds to refund the investors of PACL Ltd and committee has uploaded videos for help in filing the claim applications for refund using SMS and/or web-portal. Further group of investors requested the committee to speedup the process of refund.
BSE	**ICCL Circular - Intra- day Crystallisation of Losses** -->> The margining system of Clearing Corporations

	currently levies margin based on net buy unsettled trades in the cash segment and on the net open positions in the derivatives segments. Guidelines have been given to address the issue of risk arising out of accumulation of crystallised obligations incurred on account of intra-day squaring off of positions and in order to mitigate such risk.
BSE	**Master Circular IT 2018** -->> Circular combines all previous circulars and notices related to Exchange connectivity and application parameters for benefit of market participants
BSE/NSE	**Easing of Access Norms for investment by FPIs** -->> SEBI Changes in regulatory provisions to ease the access norms w.r.t Discontinuing prior approval on renewal of FPI registration or Rationalization of declaration procedures for continuation and placing reliance on Custodian due diligence for FPIs.
BSE/NSE	**Reference Price for Block Deal Window Mechanism** -->> If no trades executed in the existing listed scrip or newly listed (IPO)/ relisted security between 1:45pm to 2:00pm, then VWAP between 9:00am to 1:45pm in that security to be considered as BRP.~~For the computation of VWAP, the trades of pre-open / special pre-open session as the case may be, shall also be considered.~~NSE -additional clarification-In case VWAP is not available as per above, then the previous day's adjusted close price / base price shall be considered as reference price.
BSE	**Change in Surveillance Measures** -->> Attempt to rationalize and align the multiple surveillance frameworks and curb excessive price movement in listed/traded exclusively in BSE, a new surveillance framework viz. Advance Price Band (APB) Framework is being introduced and will be be applicable on securities shortlisted based on pre-defined objective criteria covering Average Market Capitalisation, PE Multiple, number of price band hits.
BSE	**Clarification on Aadhaar** -->> Guidelines are given regarding Aadhaar implementation through BSE StAR MF Platform. Applicable for NON DEMAT transactions to all categories of Investors, excluding NRIs and to all members, MFI / RFI / MFD / RIA/ RFD for all new UCCs as well for FIRST time investment of existing UCCs with any AMC. fordemat mode the guidelines are issued by Depositories to be followed.
BSE	**Revision of penalty norms for violation of trading limits (assigned by clearing members to trading members) in Equity Derivatives & Currency Derivatives segments.** -->> Penalty norms have been revised w.e.f from April 2, 2018 for violation of trading limits (assigned by CM) to TM for 1st instance and there are additional charges over and above 1st instance for given instances in a month and violations in threshold limits including referring to the Disciplinary Action Committee after 10th instance.
BSE	**Revision of penalty norms for de-activation of trading terminals due to non-availability of Total Liquid Assets (Collateral) during trading session, in Equity Cash Segment.** -->> @0.07%per day for 1st instance and there are additional charges over and above 0.07% for the given instances in a month and violations in threshold limits including referring to the Disciplinary Action Committee after 10th instance.
BSE/NSE	**Additional Surveillance Measure (ASM) - Update** -->> Shortlisting of securities for placing in ASM is based on objective criteria as jointly decided by SEBI and Exchanges covering following parameters as observed in the recent months-High Low Variation~~Client Concentration ~~No. of Price Band Hits~~Important for members to track transactions of such scrips in surveillance systems
BSE/NSE	**Additional Surveillance Measure (ASM)** -->> Additional Surveillance Measures (ASM) on securities with surveillance concerns viz. Price variation, Volatility etc.~~Securities move into ASM framework March 26, 2018, placed in Price Band of 5%, and Margins levied at the rate of 100%.~~Further monitored on pre-determined objective criteria and would be moved into Trade for Trade segment once the criteria get satisfied~Important for members to track transactions of such scrips in surveillance systems
BSE	**Updation of PAN details of Dealers/ Key Managerial Personnel (KMPs)/Directors.** -->> Must update PAN details of Dealers/ Key Managerial Personnel (KMPs)/Directors by April 30, 2018.to avoid the Rs 5000/-penalty
BSE	**Aligning of Interest payable on cash collateral in equity derivatives segment and Currency derivatives segment, with present bank saving rate.** -->> ICCL shall pay to the clearing members, interest @ 3.5% p.a. which was previously 4 % on cash collateral maintained in the Equity and Currency Derivatives Segment in line with current saving bank rate w.e.f April 2, 2018 without any change in methodology for calculating the interest.
BSE	**Review of clearing charges in Equity Cash Segment, Equity Derivatives Segment and Currency Derivatives Segment** -->> The clearing charges levied by ICCL shall stand modified to Rs. 0.02 per trade from previous charge of Rs 0.01 per trade on all trades cleared in the Equity Cash Segment, Equity Derivatives Segment and Currency Derivatives Segment with effect from April 2, 2018
BSE	**User ID wise order to trade ratio file in Equity Segment** -->> Exchange is providing user id wise order to trade ratio file for equity segment.The file will contain user id wise number of orders, trades and order to trade ratio.
BSE	**Uniform Implementation of KYC requirements - Update** -->> MFIs/MFDs are hereby informed that scanned image of the common Declaration Form for FATCA for entities shall be accepted.
BSE	**Cross Currency Derivatives Segment. MTM Settlement** -->> Members are requested to note methodology for computation of Mark To Market profit/loss for Cross-Currency Derivative is calculated based on difference of closing price between T and T-1 of cross-currency derivative contracts duly factored with USD-INR reference rate of T day
BSE/NSE	**Expulsion of Trading Member** -->> CPR Capital Services Ltd has been declared as defaulter in terms of Bye law

	1(a) of Chapter XII of Bye Laws of the Exchange and expelled under Rules 1 and 2 of Chapter IV of the NSEIL Rules w.e.f. March 05, 2018:
BSE/NSE	**Declaration as Defaulter and Expulsion of Trading member** -->>Ficus Securities Private Limited declared as defaulter w.e.f. March 05, 2018:
BSE	**Bulk upload facility for updation of Aadhar/UID for existing clients and Revised batch upload file format for UCC** -->> New file format changes and bulk upload facility of Aadhar for existing individual and non-individual clients would be made live from March 12, 2018~~Old file format would discontinue and the stock brokers would be unable to upload the UCC with the existing batch upload file format.~~The new batch upload file format for the registration of new clients is attached herewith as Annexure-"Batch Upload".
BSE	**Master Circular for listing requirements** -->> This master circular is a compilation of the checklist/requirements list as on February 28, 2018. It may be noted that the documents and requirements mentioned in the Master Circular (checklists) are the basic requirements and that in certain cases, further documents/requirements may be called for as and when deemed necessary, in the interests of proper scrutiny and public disclosure.
BSE	**Revision in transaction charges in equity segment.** -->> Transaction charges for securities which are part of S&P BSE SENSEX 30 Index shall be waived off from March 12, 2018 in order to facilitate and encourage retail participation in financial sound companies.
BSE/ NSE	**Submission of data towards Monitoring of client funds - Enhanced Supervision circular** -->>TMs are requested to note that, w.e.f. April 2018 data towards monitoring of clients funds is required to be submitted on weekly basis. ~~Members will have to submit the data as on last trading day of every week on or before the next three trading days.
BSE/NSE	**Mechanism to monitor revised limits relating to requirement of underlying exposure for Currency Derivatives contracts** -->> Exchanges have jointly devised mechanism to monitor revised limits relating to requirement of underlying exposure and have received appropriate regulatory concurrence for the same~~If position is in excess of USD 100 million equivalent, clients shall provide disclosure of underlying exposure to Trading Member as per existing practice.~~Exchange will intimate/caution to TM, When the client position reaches USD 75 million equivalent at a particular exchange,Further member will be alerted if the client position reaches USD 85 million equivalent and USD 95 million respectively.
BSE	**Set-off of transaction charges of trading segments against Annual Membership Subscription fees.** -->> To optimize over all trading costs Exchange to allow 100% set-off of transaction charges across all trading segments against the Annual Membership Subscription fees.
BSE	**Amendment to PML (Maintenance of Records) Rules, 2005** -->> Members to update their preparedness, mention the number of active clients and number of clients who have complied with submitting Aadhaar numbers with respect to the client categories covered in the Amendment to PML (Maintenance of Records) Rules, 2005.Members submit by March 31, 2018.
BSE	**Enhancements in Market Summary file in Currency Derivatives Segment** -->> Trading members to note that in addition to the existing market summary files, it is proposed to provide separate market summary files for trades done only in Currency Derivatives and IRF contracts after end of trading wef March 12, 2018.
BSE/NSE	**FII-Investment under Portfolio Investment Scheme** -->> As per BRI guidelines related to Monitoring of Foreign Investment under the PIS in Indian Companies - series- IL/6 lakh series will be suspended w.e.f. March 07, 2018 for M/s TeamLease Services Limited
BSE	**Transaction charges for Futures and Options contracts on Cross Currency Pairs.** -->> No transaction charges on futures and options contracts on Cross Currency Pairs (EUR-USD, GBP-USD and USD-JPY) from February 27, 2018 to August 31, 2018.
BSE	**New Features added on BSE StAR MF Platform- ISIP Facilities-Update** -->> MFIs/MFDs are hereby informed that banks have brought in a validation that URN should be in upper case. ~~Further for legacy cases in case of mismatches, transactions may be rejected as it is now case sensitive at the bank end. effective from 12th March 2018
BSE	**Clarification on Aadhaar- Deferred till further notice** -->> As per a recent update received from RTAs the mandatory submission of Aadhaar Number from April 1, 2018 for all new mutual fund folios / accounts has been deferred till further notice.
BSE	**Flashing a link to SCOREs on the dashboard of Trading Accounts** -->> As per study conducted under the aegis of QCI to understand root causes of grievances / complaints on securities market related issues and suggested that intermediaries should provide a link to SCORES portal, within the trading account dashboard of clients to make it easier to lodge grievances w.e.f. July 01, 2018.
NSE	**Revision in Slab wise Operating Ranges in SLBS** -->> Slab wise operating ranges are revised for contracts available in SLBM segment. The revised operating ranges with reference to base price would be as given in circular.The base price details of contracts is being provided to members in the base_priceddmmyyyy.xls file on NSE EXTRANET path (/slbftp/slbcommon/BasePrice). effective from April 09, 2018.
NSE	**Margin provisions for intra-day crystallised losses (Cash, Currency and Debt & Bonds)** -->> NSCCL shall

	calculate and levy the Intraday Crystallised Mark to Market Losses (ICMTM) in prescribed manner, The date of implementation of the above shall be communicated separately. The methodology of computation of ICMTM is illustrated in Annexure 1.
NSE	**Clearing & Settlement - Electronic Bidding Platform for Issuance of Debt Securities on Private Placement Basis** -->> Procedure for Clearing & Settlement of successful bids on Electronic Bidding Platform.
NSE	**Electronic Bidding Platform for Issuance of Debt Securities on Private Placement Basis** -->> Framework for issuance of debt securities on private placement basis through an electronic book mechanism.
NSE	**Amendment to indicative penalty structure** -->> Exchange has indicative penalty structure for Delay in issue of Daily margin statement is follows. ~~excess of 2% and upto 5% of number of instances - Rs. 5,000/.~~excess of 5% and upto 10% of number of instances - Rs. 20,000/.~~excess of 10% of number of instances - Rs. 40,000/.
NSE	**Mock Trading - Tri Party Repo** -->>Introducing Tri Party Repo in New Debt Segment(anonymous order matching web based platform) and to encourage greater participation.the Exchange shall be conducting mock trading session from April 02, 2018 to April 13, 2018
NSE	**Revision of Trading Parameters of SME securities in Capital Market segment.** -->> New SME IPO securities shall form part of Special Pre-Open Session conducted using call auction mechanism for price discovery before being made available for trading in normal market. ~ According the relevant trading parameters given for Market timings, Market Parameters, Moving to normal market, Order Validation and Risk Management for SME securities incase of listing / Relisting and existing listed securities.
NSE	**Sub-broker renewal fees for block of five financial years ending March 2023** -->> Members to submit surrender or conversion to AP application(s) on or before March 20, 2018 for the sub-brokers who do not wish to continue their business with the trading member as a sub-broker after March 31, 2018 to avoid the payment of renewal fees.
NSE	**Amendments to the Byelaws of NSCCL** -->> Definition of "Delivering Member" and "Receiving Member" is modified and definition of term Novation is added. Also Clearing Corporation's acceptance on types of collaterals from clearing members is amended.
NSE	**Amendments to Byelaws (F&O segment) of NSCCL** -->> "Delivering Member" and "Receiving Member" is modified and definition of term Novation is added. Byelaw 15 (1) in Chapter VI is renamed with the heading "TRANSFER OF POSITION". Also Clearing Corporation's acceptance on types of collaterals from clearing members is amended.
NSE	**Trading Access Point - New Versions** -->> Members to download and install the new TAP versions which shall be made available from March 09, 2017 17:00 hours onwards in the mentioned path on Extranet. ~ The current TAP version and the new TAP version shall be supported up to contingency drill/ mock in April 2018 and thereafter only new version of TAP shall be available.
NSE	**Additional Risk Management measures for long dated option contracts** -->> Revisions made in margins for long dated option contracts(all option contracts with expiry more than 9 months) towards-Applicable exposure margins (effective June 01, 2018) and Concentration margins (April 02, 2018)
NSE	**Revision in Trade Execution Range** -->> The revised trade execution range for Currency Futures & Options contract is given, Reference price for each contract shall be computed as explained in the circular. Any order which is within the operating range but which may result in a trade outside the execution range, shall be cancelled by the Exchange.
NSE	**Connect2nse - Margin application** -->> NSCCL introducing a new information gateway for members 'NSCCL-MASS'. It shall be the information gateway for members to communicate online with NSCCL.~~Existing margin application available in connect2nse shall continue to be available till further notice.(Cash/F&O/Currency Derivative)
NSE	**POP network changes-Discontinuation of A3 & A5 scenario** -->> The current POP infrastructure is being augmented with upgraded network facilities to create a Digital Distribution Architecture which shall be highly reliable, resilient, secure and flexible. ~ In order to ensure maximum convenience to members during the transition mode, such changes shall be rolled out in a phased manner and details shall be communicated through circulars on a periodic basis.
NSE	**Updation of Permanent Account Number of User Ids** -->> Members to note and upload the missing PAN on ENIT where facility has been provided to update missing PAN of existing user ids via ENIT from the mentioned path.
NSE	**UCI-Provisional Pending Codes** -->> Regarding Cross Currency Derivatives, an additional fifth PPC file after 8:30 pm will be provided which shall contain list of client codes for all segments which have traded during the day after considering client code modifications done during the day but without PAN details.Non-submission charges of Rs.10,000/- per day per code.
NSE	**Transaction charges for Cross Currency Futures and Options Contracts** -->> Cross Currency Futures and Options contracts in Currency Derivatives Segment will start from February 27, 2018. ~ No transaction charges will be levied on the trades done in Cross Currency Futures and Options contracts till May 31, 2018.

NSE	**Revision in Scheme of Strikes in Stock Options** -->> List of stocks with respective applicable step values and number of strikes to be available for trading w.e.f. April 02, 2018, is provided in Annexure-1.Members to load updated contract.gz file in the trading application.
NSE	**Introduction of Alpha category membership in Currency Derivatives (CD) and Debt Segments (pdf)** -->> Alpha membership offered only to handle order flow of Family and Associate Firms / Companies and Maximum Client IDs allowed under this category will be 50 (on PAN basis).Other details specified in circular.
NSE	**Trading Access Point - New Versions** -->> New TAP versions from April 06, 2018.(TAP OS compatibility details) In Annex (Cash/ F&O/ Currency Derivative)
NSE	**Underlying asset broadcast** -->> Exchange to provide the underlying asset data feed for currency pairs on trader workstation and its use shall be restricted to authorised trading terminals and their registered clients only to place orders and not for any other business purposes.
NSE	**Levy of fair usage charges for multi-leg IOC orders (pdf)** -->> Revised charges for multi-leg IOC orders to be levied for 2 Leg and 3 Leg orders which are Immediate or Cancel (IOC) in nature in Equity Derivatives segment is given in circular.
NSE	**Non Competitive Bidding Platform Mock Session** -->> Online bid collection facility called e Gsec to be available on existing web based E IPO platform through single bid entry and bulk upload facility
CDSL	**Submission Dissemination Of DP Tariff Charge Structure To Cdsl Every Year** -->> Mandatorily submit their tariff/ charge structure to CDSL latest by April 30 every year through their online 'easiest' login.~~In case of no change in the tariff details already available on CDSL's website then the DP has to click on "No change in tariff" option available in "Create/ Modify Tariff" link.The procedure submission is as per circular.
CDSL	**Financial Action Task Force [Fatf] Public Statement Dated February 23, 2018** -->> As part of the on-going efforts to identify and work with jurisdictions with strategic AML/CFT deficiencies, the FATF plenary has released fresh Statements titled 'Public Statement - 23 February 2018.
CDSL	**Intimation For Change In Cdsl Bank Details For Making Payments** -->> While processing payments DPs are required to note the change in CDSL bank details on the invoices dated on or after February 28, 2018. In case of direct deposit of cheques at ICICI Bank CMS counter in favour of CDSL Current A/c No. / Code: CDSLCOL.
CDSL	**Submission Of Net Worth Certificate & Audited Financial Statements** -->> Due date for submission of certificate of net worth and Audited Financial Statements for the financial year ended March 31, 2018 is September 30, 2018.~~Circular also elaborates: Some common deficiencies in net worth certificates/AFS submitted by Stock Broker/ NBFC / RTA Depository participants. DPs are advised to avoid the following deficiencies while submitting the net worth certificate and AFS~~Clarification on certain items in the net worth certificate like Paid-up Capital + Free Reserves - Share Application Money, Receivable from / Investments in/Loans and advances to group Companies and Value of Stock Exchange Card.
NSDL	**2018-0018-Policy-HUF Demat Account - Amendments to Bye Laws and Business Rules** -->> SEBI guidelines on opening of HUF demat accounts and procedure to be adopted in the event of death of Karta of a HUF
NSDL	**2018-0015-Policy-Online facility for seeding Aadhaar in NSDL DematAccounts** -->> Facility to update Aadhaar number in demataccounton an online basis which will be authenticated directly with UIDAI is developed and made live with effect from March 14, 2018.
NSDL	**2018-0020-Policy-SEBI Order under Section 11B of the Securities and Exchange Board of India Act, 1992** -->> 76 Entities are restrained from accessing the securities market and from buying, selling or dealing in securities, directly or indirectly in whatsoever manner, till further directions from SEBI based on the specified SEBI order.~~DPs are expected to ensure appropriate due diligence at the time of on boarding or transactions for given entities.
NSDL	**2018-0014-Policy-Interest and Dividend Information** -->> Issuers/Registrar and Transfer Agents have provided information related to dividend/interest per unit of security in rupee terms in respect of calendar years 2015, 2016 and 2017. The said information is made available on as is where is basis to Participants on i-Assist under the head of 'Interest Dividend CA Details'

RECENT DEVELOPMENTS – GIFT IFSC

By Roshan Kumar Bajaj
Director, JPNR Corporate Consultants Private Limited

This is our Second release in the series of awareness articles on IFSC

In our last release, we had comprehensively covered the budget announcements that had critical impact on GIFT IFSC. Apart from the same, there are certain critical developments which are expected to bring significantly favourable results for the existing as well as prospective investors at GIFT IFSC and the IFSC segment in India as a whole.

1. Recent developments

The past couple of months have been consequential from the perspective of GIFT IFSC. The Government demonstrated its determination in making GIFT IFSC a grand success by announcing an investment of Rs. 10,500 Crores in GIFT IFSC which has been lauded by the investors and the management of GIFT City. It has been estimated by GIFT City management that, by 2025, this initiative shall help them in creating one million jobs. [Source: Economic Times]

On the business front, the GIFT IFSC is experiencing exponential growth in terms of:

- IFSC banking transactions crossing USD 8 Million;
- Average daily trading volume of IFSC exchanges increasing from USD 30 Million to USD 250 Million
- Cumulative trading turnover of IFSC exchanges crossing USD 10 Billion till date
- INX recording an all time high daily turnover of USD 500 Million

On operational front, initially, the units in GIFT City were facing high attrition rate due to which they were incurring additional costs in recruitments, education and training etc. However, of late, it is being noted that there has been significant reduction in attrition rate which is quintessential for the success of any project.

[Source: Economic Times]

In a move to further boost business prospects, the following steps/ proposals may act as catalysts in the growth story of GIFT IFSC:

- SEBI is considering a proposal to allow "omnibus" structures for trades. This would bring GIFT IFSC at par with other major jurisdictions around the world. It will provide a big boost to Indian exchanges' planning to bring offshore volumes on Indian indices back home.

  An "omnibus" account, usually used by derivatives traders, is opened in the name of an account provider, and securities belonging to several clients are credited to this account. For example, Morgan Stanley has an omnibus account with a local broker in GIFT City. The clients of Morgan Stanley can take exposures without going through KYC procedures. These structures are different from participatory notes (P-notes) but provide a similar kind of anonymity, earlier offered by these offshore derivatives, to foreign investors.

> "The Government demonstrated its determination in making GIFT IFSC a grand success by announcing an investment of Rs. 10,500 Crores in GIFT IFSC which has been lauded by the investors and the management of GIFT City."

- NSE, BSE has snapped ties with overseas bourses. The existing licensing agreements with overseas products like SGX Nifty shall run up till August 2018. While the overseas bourses are working on alternative products to protect their volumes, Indian bourses are leaving no stone unturned to get the GIFT City index products up and running.

[Source: Economic Times]

2. Concluding remarks

The success of GIFT IFSC was clouded with lot of apprehensions from the business and regulatory perspective. However, considering the recent developments, the intent and level of determination of the existing Government has put all apprehensions to rest. These developments shall instill a lot of confidence in the existing investors and attract prospective investors too. Specially, proposal to introduce omnibus structure for trades in GIFT IFSC and Indian bourses snapping ties with overseas bourses to strengthen GIFT IFSC shall act as a shot in the arm for the ruling Government's marquee project.

For more information & queries, please contact
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Mobile No: +91 8017467202 / 9903271562

Roshan Kumar Bajaj [FCA, CIFRS]

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 Centre [Gujarat International Finance Tec-City (GIFT)]. During his association with Deloitte earlier, he has gained rich experience in providing Audit and Assurance services to various large Corporate including Telecom, FMCG, Cement, Consumer Appliances, Port, Healthcare, Hospitality sectors, Steel, Mining etc. He has expertise in providing services relating to IFRS and Ind-AS also and has handled domestic and international projects for the same. He also contributes to various articles relating to his domain.

CONCEPT OF "PEER TO PEER EXECUTIVE BOARD" FOR SMALL AND MEDIUM BUSINESS ENTREPRENEURS (SME)

By Anand Kulkarni
Regional Director, Alpha Group India

A. What is this Peer to Peer executive Board?

Imagine being part of a group of business people all committed to consciously improving their companies, their lives and manifesting their dreams. Each member brings their unique business and personal perspectives, resources, skills, and contacts to the mutual benefit of the group. Most importantly, everyone is committed to working actively not only towards their own goal, but also supporting the other members in achieving theirs. A true win/win opportunity.

Napoleon Hill coined the concept of the "mastermind alliance" in his classic book Think and Grow Rich. He believed that a group of like-minded, achievement-oriented individuals could dramatically leverage each other's success.

Of course, people have collaborated for mutual benefit since the beginning of time. By creating a Peer Executive Mastermind Group we provide a practical and productively focused structure for sustainable business growth.

B. The 3 Keys to Alpha Executive Group Success:

Alpha Executive Group effectiveness is founded on 3 elements:

1 Structure: - The Alpha Group structure ensures equal contribution and participation as well as maximum efficiency and effectiveness.

2 Commitment: - The Alpha Executive Groups process encourages and rewards commitment. The group must take priority in your business life, or you may as well not bother. Make this a priority and your business will grow.

3 The People: - Alpha Executive Groups are comprised of like-minded executives from diverse business backgrounds. The synergy created between people who are committed to growing, evolving and manifesting for themselves and others, encourage everyone involved to new heights of achievement.

> "By creating a Peer Executive Mastermind Group we provide a practical and productively focused structure for sustainable business growth."

Different perspectives serve to ensure that people see all sides of the equation.

C. How does it help the SME Business owner ?

This is Collective group wisdom at play , to support and help each other grow .just imagine ,

"What if there were 19 other people that as they moved forward in their life and business were also thinking about me, about how they could support me, how they could include me, how they could create for me, and I was doing the same for them... what might that mean to my life?" "What would it mean to my business?"

The above questions will help each one understand the concept of Peer to peer executive board and also the importance of contribution into each other's life & Business.

D. The challenge before an SME (Small and Medium Enterprise)

Business owner world wide is that they don't have anyone to fall back upon while making tough and required decision in their business for growing to next level and creating an enterprise in desired time frame . In both situation there is a huge pressure and loss in both emotional and financial areas.

E. What and how can one be a part of this Peer to Peer executive group?

Simple write to the author of this article or send a message for him or his office to respond and involve you in one of their Board meetings.

Anand Kulkarni is a Mumbai university graduate with a rich experience in the BFSI domain.

He is a Life and Business Coach. He is Director Training in Ms. Dyota Solutions Pvt. Ltd. and Regional Director of The Alpha Group a subsidiary of Nobel Manhattan Group UK.

On personal front he stays with his parents and is blessed with 2 kids and spouse who works with Accountant Generals office central govt. a passionate individual with a drive to make a fundamental difference in every life that crosses his path. Now on a mission to contribute in the sme businesses.

He can be reached at anand.kulkarni@the-alpha-group.biz

SOLVING COMPLEX BUSINESS PROBLEMS

By Nikhil Bhatia
Director – West India, TCG Digital

A company's data is its greatest asset, but financial companies face an entirely different set of challenges. They require something more from their ever growing volume of data. Big data analytics is currently the biggest game changing opportunity and paradigm shift for financial services company since the internet going mainstream.

Financial services companies generate and compile multitude of data a year, including structured data such as customer demographics, transaction history, and also unstructured data such as customer behaviour on websites, via system logs and on social media. There is a huge potential with such varied data sources in the areas of fraud detection, customer analytics, underwriting risk management and even data optimization through Data Lake.

TCG Digital has been working with some of the most progressive companies in financial services to rapidly deploy customer analytics that drive customer acquisition, increase customer loyalty and deliver more targeted advertisement.

TCG Digital correlates customer purchase history, customer profile data, and customer behaviour through transactions that indicates areas of interest (for example purchasing Amazon Prime using Credit/Debit Card).

Using the insight gained, the company could offer personalized recommendation to an individual based on their interests. For example, if a person made a number of transactions at Restaurants and Gourmet Food, the company could send a credit card with a special promotion on high-end restaurants and cafes.

Furthermore, insights from customer acquisition journey can be used to design campaigns that improve conversion rates. It is also used to identify points of failure along the customer acquisition path - or the behaviour of customers at risk of churn to proactively intervene and prevent losses.

> "TCG Digital has been working with some of the most progressive companies in financial services to rapidly deploy customer analytics that drive customer acquisition, increase customer loyalty and deliver more targeted advertisement."

A 360 degree view of a customer can generate a risk profile. This can be used in underwriting process, claims, amount of loan, collateral size, sales of financial products. Risk profiling can be customized with business strategy to identify target segment that will be pursued.

Another critical area is fraud prevention, detection and mitigation. The rule based approach and data analytics approach utilize these assets to discover fraudulent transactions. It is important to use a combination of these approaches to bring out the best strategy to discover fraud. TCG Digital has successfully helped in curbing frauds across finance institutions.

Fraud analysis is done through frequency, type and overall claim amounts to determine the genuineness of submitted claims. Billing analytics can separate genuine claims from inflated amounts. Text mining is a critical method to discover insights from unstructured data and sift through business rules to discover anomalies. Businesses can perform time series analysis, profiling of customers and fraud scoring. This can be combined with social media to generate footprints of customers for tell-tale signs of forgery.

Analytics can be widely used by regulatory authorities to uncover fraud, wrongdoing and misconduct. For example, a portfolio manager gets non-public information related to a potential merger and trades ahead of the announcement. Risk and compliance analytics require network analysis for identifying collusion.

TCG Digital follows a hybrid approach that include organizational rules, pattern analysis, and statistical method and network linkages. Fraud is detected in clusters link analysis and how are they connected to each other. A higher score will be generated for fraudulent transactions.

For analytics use cases, TCG digital follows unsupervised learning in amalgamation with predictive analysis to deliver accurate results. But, the foundation is laid by data quality, data integration and descriptive reporting that is seamlessly amalgamated with

predictive, prescriptive analytics and machine learning. By leveraging structured and unstructured data alike from disparate sources to yield business results.

The varied business requirements has helped TCG Digital evolve a platform "tcg mcube". It is built on modern technologies for end-to-end analytics which is fast, flexible, scalable and delivers business value in quick time. Platform capabilities include scaling up to multiple petabyte whereas data can be ingested real-time or batch, structured or unstructured and even IOT or social media. It has a searchable business intelligence repository with self-service engineering modules. It has been enhanced by best in class data engineering capabilities. The BI has more than 500 visualization option and can easily be integrated with a mobile app. To cap it off, predictive algorithms and advanced machine learning modules have been integrated to provide a holistic picture of the entire business. This platform adapts to enterprises' existing maturity and helps traverse the journey across the decision analytics value chain over time accelerating time to results. This platform has been developed by TCG Digital.

TCG Digital is part of The Chatterjee Group (TCG), with presence across 8 countries and a total of 8,000 employees, out of which 1,000 employees are a part of the technology and consulting group. TCG Digital is focused on building modern enterprises, integrating the enterprise value chain with modern technologies.

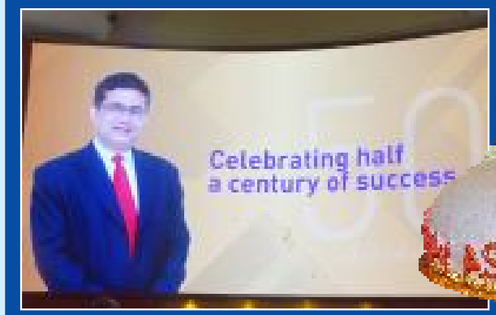
TCG Digital value propositions include

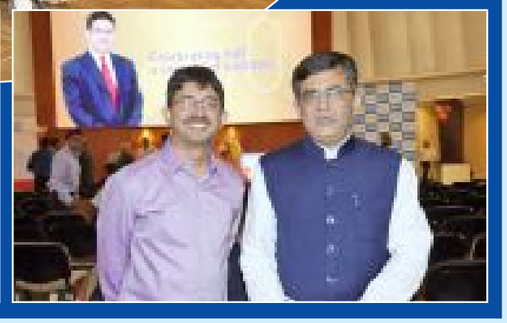
- World class product built on latest of technologies
- Strong team of functional consultants with an in-depth understanding of the retail domain.
- Strong team of statisticians with many years of experience in predictive modelling, data mining, machine learning and optimization
- Phased delivery approach that enables users to derive business value quickly and facilitates the incorporation of user feedback at the earliest

Co-authored By Shiksha Surana, Consultant @TCG Digital

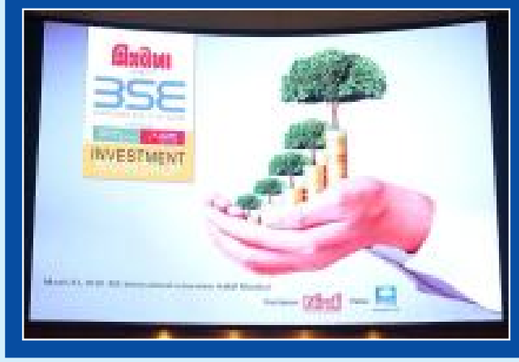
Nikhil Bhatia has 15 years of experience in Technology, having worked at companies across different business domains. His most recent position, he has worked and championed cutting edge technical initiatives in BI and Analytics. Key skills and expertise in strategizing and designing Enterprise IT Architecture, building and managing Core Business Applications, Digitization, Business Intelligence, Solution Architecture, Infrastructure & Cloud management.

50th Birthday Celebration of Mr. Ashishkumar Chauhan (MD & CEO, BSE LTD) (16th March)

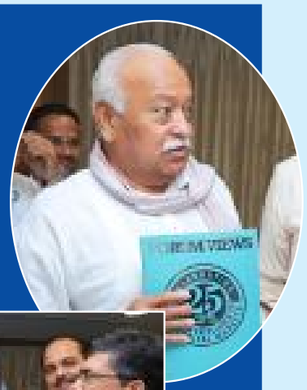


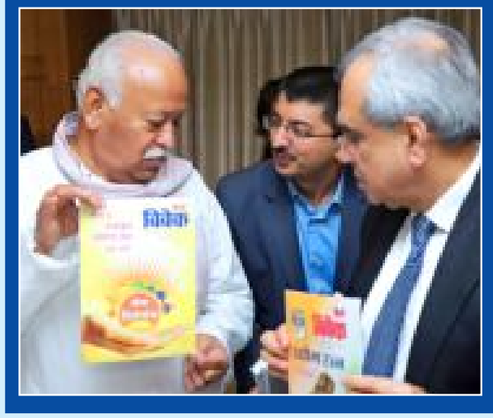


Chitralekha Group presents BSE Investment Workshop (Powered by BSE) on Friday 23rd March 2018; Partner: BSE Brokers' Forum (BBF); in association with Aditya Birla Sunlife Mutual Fund

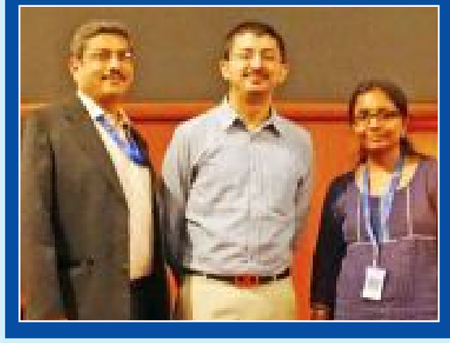


BBF presence at the "Bharatiya Arthavyastha Aur ArthaNiti - Long Term Perspective" by Ma. Sarasanghachalak, RSS, Dr. Mohanji Bhagwat. (Session was attended by persons engaged in BFSI Sector including Banks, Fund Management, Foreign Portfolio Management, Mutual Funds, Brokers, Investment Advisors etc.) (Monday, April 16th at the BSE International Convention Hall)





Seminar on Margin Trading and Securities Lending Borrowing Mechanism (18th April)



BSE - Exclusive Workshop on newly launched exchange hosted trading platform BEST (BSE Electronic Smart Trader), its new state of the art multi exchange / multi segment trading platform (19th April)

PAIN IS A GIVEN, SUFFERING A CHOICE

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

In the Bhagavad Gita Krsna emphatically declares there is no place for grief in life. We invite grief into our lives by unintelligent identification. We further compound the problem by suffering in anticipation of pain, anguish during the experience and agonising in memory of past trauma. The root cause is ignorance. The Bhagavad Gita gives knowledge which removes the pain and misery in life. It explains the nature of the world. The world is a mix of pairs of opposites, is ever-changing and is unpredictable. Understand the world as it is. Enjoy it, but never depend on it. Then the same world which now gives stress will becomepleasurable. You will be happy.

Grief and delusion come from identification with the body, mind and intellect - the little self. When you view everything from a personal angle there is grief. View the same thing from a larger perspective there is peace.

Arjuna, the mighty prince and warrior, is reduced to tears and gets paralysed. He looks at the entire scenario from his personalviewpoint. He lays down his bow and arrow and refuses to fight. He surrenders to Krsna and says, "I am your disciple. Please teach me". Arjuna is now ready for Krsna's message.

Krsna, who had remained silent through the entire first chapter, now smiles. He knows Arjuna is going through a temporary setback and is confident of dispelling his confusion. But he does not comfort Arjuna. He speaks the Truth - uncompromising and forthright. It removes the despair and prepares Arjuna for the philosophy that is to come.

Krsna's opening words are - Arjuna, you speak words of wisdom but you mourn for those that should not be mourned for. The wise grieve neither for the living nor for the dead. Thus from verses 11 to 53 Krsnapresents Arjuna with the highest knowledge - the indestructibility of the Soul.

Arjuna is worried about dying. So are we all. Krsna explains what happens at death. Atman, the real you, never dies. Even the mind and intellect do not perish. You only leave behind the body and environment that no longer meet with your needs and move to another body and circumstances more suited to the fulfilment of your desires. Just as a man gives up tattered clothes to don new ones. Thus your journey to Truth continues.

> "Grief and delusion come from identification with the body, mind and intellect – the little self. When you view everything from a personal angle there is grief. View the same thing from a larger perspective there is peace."

Krsna says - There was never a time when you and I did not exist nor will there ever come a time when we shall cease to be. Everything around us changes. One who is not troubled by these fluctuations and remains steady, equal to joy and sorrow, is fit for Immortality.

In the midst of this cycle of birth and death it is your duty to act. For a ksatriya there is nothing more sacred than a righteous cause. You are fortunate to have such an opportunity that is a win-win situation. If victorious you will gain the vast kingdom. If slain you will attain heaven.

We are all warriors in the battle of life. Each one has obligations to perform. Do what you have to do, without attachment. Your right is to action only, not to its fruit. If you act thus you will be freed from the sorrow and bondage of birth and death.

Perfection in action is yoga. Also, serenity is yoga. Most people experience quietude only in inactivity. When activity begins they lose their peace of mind. Excellence is peace in the midst of intense exertion. When the mind is calm, the intellect is sharp, and action brilliant. If the mind is disturbed, thinking gets fuzzy and action becomes flawed.

A tranquil mind is fit for meditation. Meditation is the art of focussing the mind on one thought to the exclusion of any other thought, under the supervision of the intellect. In deep meditation you stop the chant. Free of thought, the mind goes. The intellect which had been distinguishing between sound and silence now gets transfixed in the silence. Intellect also vanishes. What remains is Atman. You have moved to the state of Godhood!

Jaya Row will be on a lecture tour to the United Kingdom in June.
To view the lecture itinerary of her talks in London, Leicester, Birmingham and other places, visit www.vedantavision.org

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.

RUNNING AND STRETCHING

By Dr. Namita Jain
Managing Director, Kishco Limited

Q: Running is an exercise that I enjoy. I am an occasional runner, but lack stamina. Please suggest how running can be a part of my daily physical activity? How can I build stamina? Also, what are the pros and cons of running?

A: If you are not a runner, start gradually and progress slowly into a running program. It may take several weeks to build stamina and get comfortable with running, but when you are able to get past that stage, you become hooked!

You can start by building up to a brisk 30-minute walk. When that becomes easy, try alternating 1 minute of jogging with every 5 minutes of walking. Gradually replace more of the walk with a jog. Slowly increase the speed of the jog so that it becomes a run.

Pros: You really feel alive and exhilarated when you run. Running is an excellent way to feel energized, both physically and mentally. It improves cardiovascular fitness, increases stamina and improves the overall level of fitness. Also, did you know that running a mile burns about 100 calories? It is one of the fastest ways to burn calories and shape-up.

Cons: Running is a high-impact activity and therefore places greater stress on the joints. If you have any joint concerns, stay with low-impact exercises such as walking, cycling and swimming.

You can run indoors or outdoors. If you prefer working out indoors, treadmills are great machines on which to run. On the other hand, if you prefer working-out outdoors, you have many options - such as running in a stadium, in the park, on hills or on the beach.

Sprinting

The endless combinations possible with sprinting, keeps your body constantly challenged. A track is ideal for sprinting because 100-meter distances are clearly marked. You should sprint at 70 per cent to 80 per cent of your maximum speed.

Hills

Hill running strengthens the legs and burns more calories, as it is tougher to run on a hill than a flat surface. This kind of training is intense, as your heart tries to keep pace with the increased energy required to fight gravity.

> "Running is an excellent way to feel energized, both physically and mentally. It improves cardiovascular fitness, increases stamina and improves the overall level of fitness."

Distance

You can greatly increase stamina with distance running. Marathon training is a form of distance running.

Training tips

- When you want to quicken your pace, ensure that you work on increasing the intensity of your arms as well as the legs.
- When running uphill, alter your body weight forwards in the stride to allow for the steeper gradient.
- Hold your stomach muscles tight to maintain good posture. Use your arms - keep your elbows slightly bent, with all of the movement initiating from your shoulder joint.
- Stretch after a run. Muscles you need to stretch are the deltoids, hamstrings, quadriceps and calves.

Don't forget to stretch

1. Calf stretch (Gastrocnemius): Taking a giant step forward with the right foot, right leg bent, left leg straight, move your hips forward toward your bent right knee. Hold for 15 seconds, then repeat with the left leg.

2. Front of the thigh stretch (Quadriceps): Stand tall, grasp right foot with right hand. Bring your right foot toward your hip, keeping knees together. Hold for 15 seconds and repeat with the left leg.

3. Back of the thigh stretch (Hamstrings): Raise the right leg and rest it on an elevated platform, such as a park bench or ledge. Keeping your hips square, bend at your waist and lower your trunk forward. Hold and repeat with the left leg.

4. Shoulder stretch (deltoid): Cross the right arm horizontally over your chest, placing your left hand or forearm just above the elbow joint, pull the right arm closer towards your chest. Repeat with the left arm.

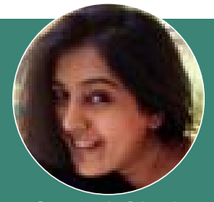
Namita Jain, MD Kishco Ltd. has been actively involved in the wellness space for over 25 years. She is qualified from the American College of Sports Medicine, the American Council of Exercise, the Aerobic and Fitness Association of America, the Reebok and the Pilates UK institute. She has authored over 10 best-selling health and wellness books.

In the field of rehabilitation, she offers consultations at Bombay Hospital. This column addresses concerns faced by many and her insights for facing the challenge. Learn the powers and perils of lifestyle changes through this Q&A column.

For information and registration on specialized workshops conducted by Namita Jain, contact prism healing institute at - prisimmbs@gmail.com.

MUD THERAPY

By Priti K Shroff
Founder and Managing Director
PRISIM – The Healing Temple



Samal Shah
Mud Therapist

How wonderful is it, to be connected with MOTHER EARTH, through the therapy of mud. Mud is soft, sticky matter resulting from the mixing of earth and water. Mud is one of five elements of nature having immense impact on the body in health as well as in sickness. It can be employed conveniently as a therapeutic agent as a treatment as its black color absorbs all the colors of the sun and conveys them to the body. Secondly, as the mud retains moisture for a long time, when applied over the body part it causes cooling. Thirdly, its shape and consistency can be changed easily by adding water. Moreover, it is cheap and easily available.

Mud procedure contains water, oil, mud itself, cloth, and if required then steam for treatment. Before use mud should be dried, powdered and sieved to separate stones, grass particles and other impurities and soaked under the rays of the sun to yield the maximum Vitamin D from it. Also, its shape and consistency may be modified with ease, just by changing the water content, which makes it easy to use. A mud pack is advantageous over a cold compress (cold water therapy) as it retains the coolness over a longer period of time. Therefore, it is recommended whenever a prolonged cold application is required.

Benefits of Mud Therapy:
Mud therapy isn't just used for making the skin soft and for one to look appealing but it is also used to increase blood circulation, energize skin tissue, improve complexion and clear spots and patches on the skin. Mud therapy can be used in conjunction with other treatments to heal chronic inflammation caused by internal diseases, bruises, sprains, boils and wounds.

Mud packs have been found to be useful in treating diseases relating to general weakness and nervous disorders. The cooling effect of mud packs can also bring down fever. Some diseases which mud packs can help treat are scarlet fever, influenza, measles, swelling, gout, rheumatism, stomach troubles, kidney problems, liver malfunction, diphtheria, neuralgia, sexual disorders, headache, tooth ache and other general pains.

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Applying mud to the abdomen can cure indigestion, flatulence and intestinal obstructions. It is also helpful in amoebiasis, colitis, enteritis and other bacterial diseases. Even Stomach trouble, kidney disorders can be removed. It cures allergy, psoriasis and many other skin diseases. It reduces the irritation of eyes hence useful in the case of conjunctivitis, itching of the eyes, allergic conditions. General weakness and nervous disorders are cured by mud therapy. Mud Therapy can also cure arthritis, asthma, bronchopneumonia, diabetes etc to a large extent.

Besides the benefits of mud above, mud is so effective because out of the five constituent elements of this universe, mud (earth) has an important role to play in our health and overall being.

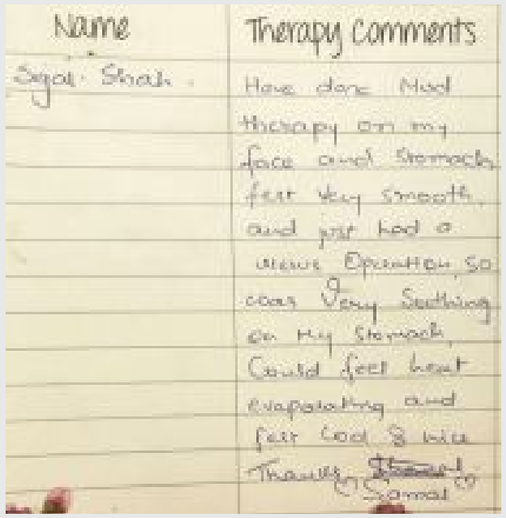
There are different ways to apply mud to different parts of the body. Coating of oil is very important before using the mud. So this includes massage therapy as well in it. Mud taken from the earth is mixed with warm water so that it becomes a smooth paste. It is allowed to cool, and then spread on a strip of cloth. The size of the cloth depends on which part of the body the mud pack is to be applied. The cloth covered with mud is placed on the part of the body which is to be treated. It is then covered with some protective material, like flannel. The mud pack is removed after 10 to 30 minutes maximum.

Conscious detoxification is a great way to achieve optimum health. The best ways to detox is through the skin. Detoxification is one of the most effective methods to eliminate toxic substances that build up throughout our system. The toxins present in the environment constantly attack the body. These toxins get accumulated in the body's fat layers. Accumulation of toxins in the body cause harm to the biological processes. Hence, it becomes essential to remove the toxins regularly from the body otherwise; a high toxin load may cause skin problem, frequent or recurring colds, chronic pains, low energy levels, allergies and other illness.

The skin is the largest breathing human organ. Taking a hot bath or sauna promotes sweating that flushes the toxins away from the body. Mud baths draw out the toxins and impurities from the body, exfoliating and nourishing the skin.

Gratitude to Mother Earth for she gives us so much unconditionally and in abundance.

Testimonials



Name	Therapy Comments
Sejal Shah	Have done Mud therapy on my face and stomach feel very smooth and got had a uterus operation so was very soothing on my stomach. Could feel heat evaporating and feel cool & like Thanks Samal

I initially thought this is gonna be one of those regular mud packs but feeling this mud on my skin was a real revelation…washed my face to a relaxed glow and feeling so completely relaxed also my acne appears lighter and skin softer and all this with a single session... have to be back for more... love you samal

- Rashi Mehra.

Dear Ma'am,
The mud therapy was extremely helpful for my skin, it has definitely given me that instant glow, it even made my skin so smooth and bright. It's a all in one treatment. I'd definitely go for mud treatment over any facials or chemical infused products. I am feeling so calming and peaceful for my mind and body. It has a massive effect on my body and mind.The calmness after the session is truly blissful. You are really a very very amazing human being.

Thanks a ton
Rachael Baria

Prisim Healing Institute is the only distributor in Mumbai of a unique Breath Healing software program - the Pinnacle Performance Zone (PPZ). So if you want to reach to the Pinnacle of your Performance in every field of life – at home and at work, come and learn to breathe right; let go of all your stress as you manifest your goals.

Samal Shah is a certified Mud therapist from Aatmabodh Academy of Yoga. she is an Angel card reader, as well as tarot care reader and a certified Reiki healer and a Cupping Therapist. She is also a certified magnified healer (level 1), a Chakra healer and a certified yoga Instructor, where she teaches Ashtanga yoga and Hath Yoga. She is Practicing Yoga since 2014 from Yoga Institute Santacruz and Aatmabodh Academy of Yoga. She in her Yoga therapy involves Asanas, Pranayamas, mudras, face yoga, different types of meditations, mantra chants chakra yoga, she works with a lot of affirmation therapy. For her, the clients comfort, details, time is of utmost value. Before she starts to conduct any sessions with people, the case history of the client is very essential.

HD VIDEO STREAMING IS A SMART WAY OF DOING ONLINE MARKETING FOR BUSINESSES

By Shrenik Shah
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EPITOME
Webcast Simplified

Technology has brought about a transformation in the world that we are living in today! Science has changed the face of technology to just heights that today no human is able to lead a happy life without it. Rapid technological advancement has become the game changer in the 21st century. One of the greatest evolvement that technology has brought about is the Internet. Yes, these days it is virtually impossible for people to lead a fast but smooth life without the help of the Internet. To find out, valuable information people are depending more on the Internet rather than on books.

Young entrepreneurs are launching their business online for conducting a more successful entrepreneurship business. They are being able to global within a fraction of seconds. Businesses are being able to generate a wider customer base with the help of the Internet. They are being able to target potential customers not only within the national territory but also across international borders.

One of the greatest factors that are being included in the online marketing strategy of most of the online businesses is **HD video streaming.** Yes, this is one of the most effective ways to gather the attention of your potential customers. Showing videos is a great way to pass on your marketing message to your targeted audience or customers. Visual effects are easier to retain by human minds than normal textual messages.

> "HD video streaming can help businesses pass on their marketing message globally within minutes. You can target a wider global customer base with the help of video streaming."

Most of the marketing gurus are aware of this fact. This is the reason more and more companies are making use of videos for launching a successful marketing campaign. There are a lot of benefits that one can get from **HD video streaming.** So, what are those benefits? Well, here is a quick glance at them.

HD video streaming can help businesses pass on their marketing message globally within minutes. You can target a wider global customer base with the help of video streaming. The investment for applying this technique is also very less and you can get quick, effective results with the help of this method of marketing.

One can watch videos not only on their personal computers but also on other devices like tabloids, smarphones and iPhones. These days, most of the people are in the habit of using smartphones as it has a lot of inbuilt features. Surfing the Internet is one of the common features that all smarphones provide. Thus, streaming online videos related to your business can definitely build a strong customer base for your organization.

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