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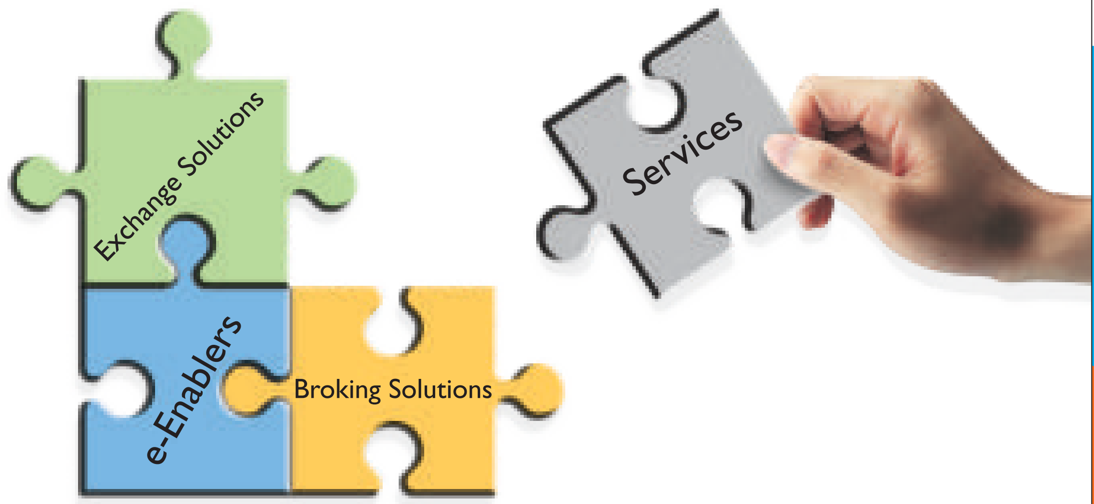

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FORUM VIEWS

unicef for every child

CRC30 YEARS
CONVENTION ON THE RIGHTS OF THE CHILD

FOR EVERY CHILD, SURVIVAL

I ♥ Stock markets

BROKERS FORUM

SOCIAL RESPONSIBILITY INITIATIVES

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BOMBAY STOCK EXCHANGE BROKERS' FORUM (BBF) GOVERNING BOARD 2018 - 19

I ❤ Stock Markets

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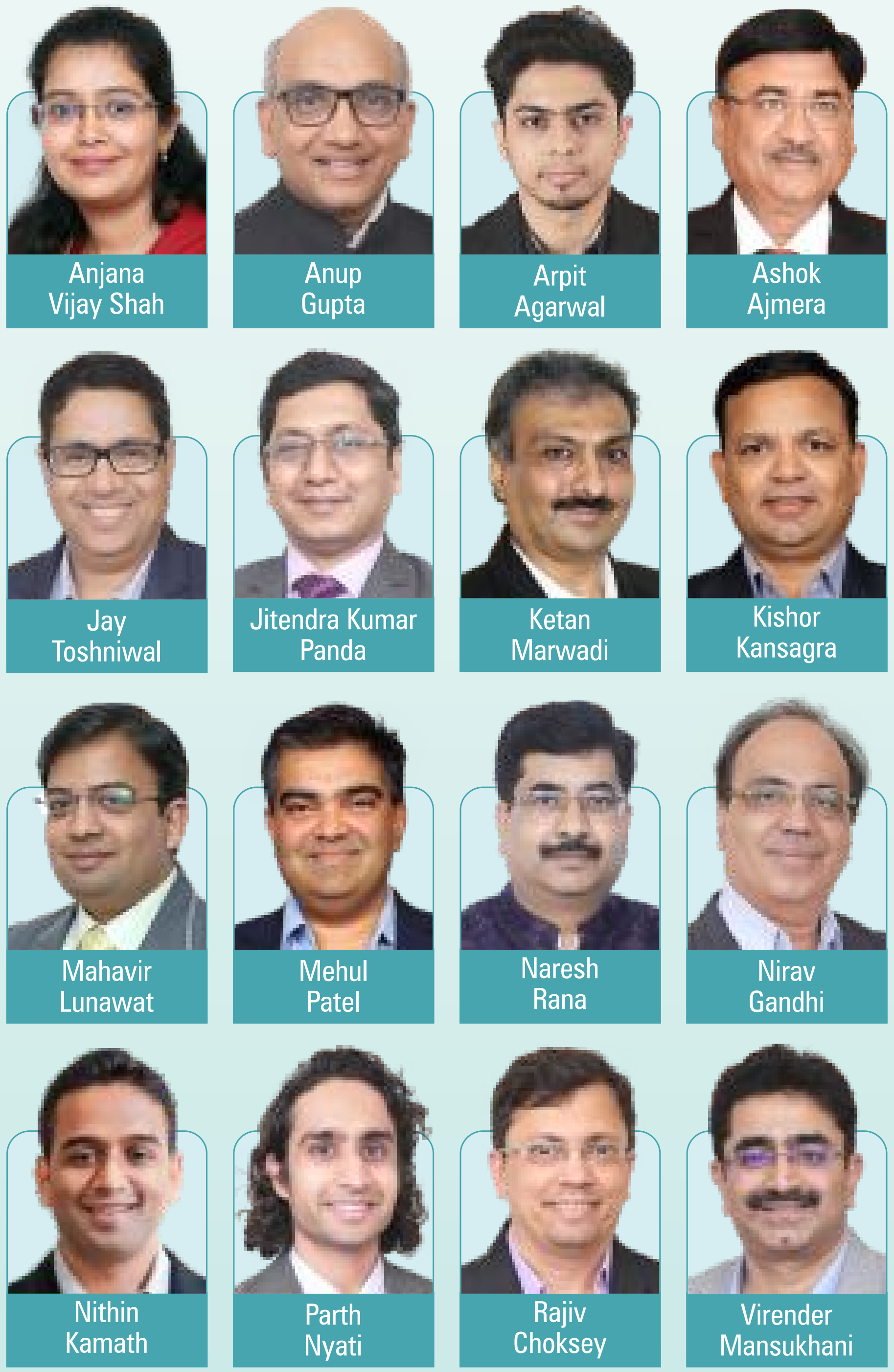

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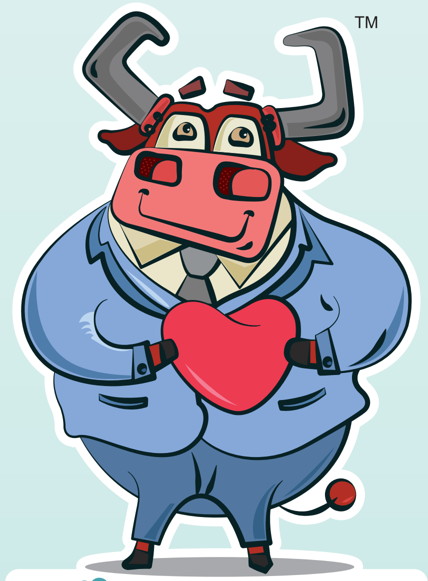

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October 2019 CONTENTS

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Dr. Vispi Rusi Bhathena, PhD (h.c.)

Welcome

to Forum Views magazine.

The Indian Economy is passing through one of the most turbulent times as the macro economic variables are all showing signs of weakness and also the Global cues are not conducive. Gross Domestic Product (GDP) has come down to 5% which is at 6 years low is a clear indicator that all is not well with the manufacturing coming down to 0.6%. The Index of Industrial Production (IIP) is at 2% which is at 4 months lowest level. The Corporate sector is not expanding and there have been job losses across the board. The auto mobile sector saw highest fall in sales in August month thus creating room for more job losses in the troubled sector.

> "BBF pays tribute to the world's most widely ratified human rights treaty in history - "unicef CRC 30 Years | Convention on the Rights of the Child.""

RBI has reduced the Repo Rate from 5.75% to 5.40% thus reducing the cost of borrowing for the retail consumer and corporates. The housing and auto sector loans would get cheaper hence the middle class segment who has dream of his own house and own car can utilise this lowest cost of borrowing.

After the bumper rainfall, there is a hope that there would be a demand revival in the coming months since this time pan India there has been abundant rainfall and thus agriculture production would be benefited.

At the International front, the US China trade war has been the key factor in dampening the sentiment. US and China account for 33% of the world GDP and thus any conflict between them, potentially reduces the world GDP and thus affects our exports also. Indian exports reduced by 9.7% ($ 25 billion) and thus the heat of the global trade war affecting our economy.

The US Fed is likely to reduce the interest rates by 25 basis points which would be cheered by the world economy since that would signal softening of the interest rates globally. Globally Central banks have been advocating accommodative stance so that the world trade picks up and the cost of capital comes down.

Dr. Aditya Srinivas

The Foreign Institutional Investors (FIIs) have sold shares worth Rs. 5500 crore in the first week of September 2019 while in August 2019 they had sold shares worth Rs. 17592 crores. On the other hand our Mutual Funds have invested Rs. 17400 crores in August.

On the BBF front:

BBF - Representations

Date	Topic	Represented To
29 Aug	Concerns of SEBI's circular on Handling of client's securities dt. June 20, 2019	SEBI
05 Sep	Bombay Stock Exchange Brokers' Forum (BBF) Investor Education activities Messaging through cartoon scripts	SEBI
05 Sep	Representaion on records of placing orders by clients	SEBI
05 Sep	System Audit of Stock Brokers for cybersecurity compliances Differential norms for Auditors selection	SEBI
06 Sep	Representation on records of placing orders by clients	(Ministry of Finance)

(On the cover) unicef CRC 30 Years | Convention on the Rights of the Child

What has the Convention achieved?

The Convention is the most widely ratified human rights treaty in history. It has inspired governments to change laws and policies and make investments so that more children finally get the health care and nutrition they need to survive and develop, and there are stronger safeguards in place to protect children from violence and exploitation. It has also enabled more children to have their voices heard and participate in their societies.

What needs to happen

The hope, vision and commitment of world leaders in 1989 led to the Convention. It is up to today's generation to demand that world leaders from government, business and communities end child rights violations now, once and for all. They must commit to action to make sure every child, has every right.

Courtesy: https://www.unicef.org/child-rights-convention/what-is-the-convention | https://www.unicef.org/

BBF - KNOWLEDGE STRIPS

All Stock Brokers settle the accounts of the client on a periodic basis in line with Regulatory Directives. Kindly co-operate if and when Stock Broker does so, and be wary if settlements do not take place.

Issued in Public Interest by
Bombay Stock Exchange Brokers' Forum (BBF)

FAQ

JIGNESH MEHTA
Director
SecMark Consultancy Pvt. Ltd

FAQ ON SEBI CIRCULAR FOR PRE-ORDER INSTRUCTION

1. What are the permissible forms of pre-order instruction

Evidence of the client placing order, could be, inter alia, in the form of:

- Physical record written & signed by client
- Telephone recording
- Email from authorized email id
- Log for internet transactions
- Record of SMS messages
- Any other legally verifiable record.

2. Is SMS a permissible form of pre-order instruction?

Yes, as per SEBI master circular issued on March 22, 2018; SMS is considered a permissible form of pre-order instruction.

3. Who has the burden to prove client placed order?

As per SEBI, the burden of proof rests with the broker

4. How long does the broker need to maintain record of pre-oderinstruction?

Brokers are required to maintain the records for a minimum period for which the arbitration accepts investor complaints as notified from time to time, currently three years. However in cases where dispute has been raised, such records shall be kept till final resolution of the dispute. However for exceptional cases such as technical failure etc. where broker fails to produce order placing evidences, the broker shall justify with reasons for the same and depending upon merit of the same, other appropriate evidences like post trade confirmation by client, receipt/payment of funds/ securities by client in respect of disputed trade, etc. shall also be considered.

5. Orders received through phone call

Wherever the order instructions are received from clients through the telephone, the stock broker shall mandatorily use telephone recording system to record the instructions and maintain telephone recordings as part of its records.

6. What is OIMS?

OIMS (Order Instruction Management System) is a simple mobile app that helps clients in placing orders with their broker and allows to maintain complete audit trail. Please visit our website **www.oimsonline.com** for more details and watch the video.

7. How does OIMS help in compliance of this circular?

OIMS helps in maintaining audit trail of SMS exchanged between client & broker. When client sends SMS to place order with broker the same is captured in OIMS and a log is generated. SMS is an approved means of placing order as per SEBI master circular (SEBI/HO/MIRSD/DOP1/CIR/P/2018/54) dated March 22, 2018.

> Brokers are required to maintain the records for a minimum period for which the arbitration accepts investor complaints as notified from time to time, currently three years.

8. How does OIMS maintain the record of pre-order instruction?

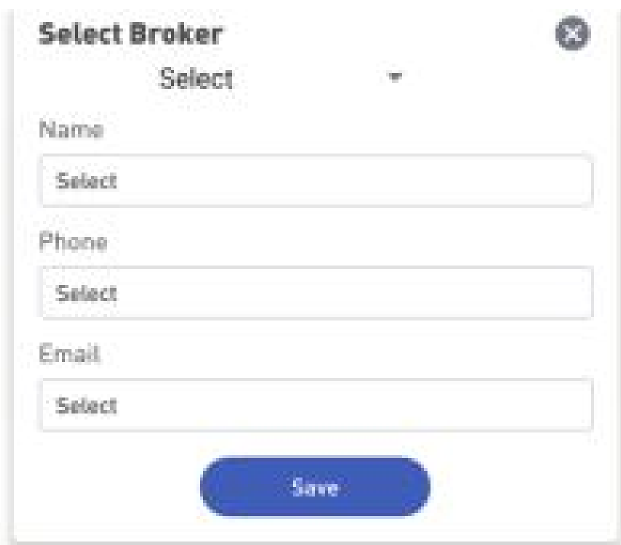
Client receives advice from Advisor and he needs to communicate the same with broker. Advisor, client and broker all are registered with OIMS. When advisor gives advice to client, it is received as an SMS and gets updated in the mobile app (OIMS), client can either send this particular SMS manually or by using auto-forward facility to broker. Log of all the SMS received and sent is stored in the mobile app and can be generated/re-generated as a report in various formats like csv, xls, pdf as & when required.

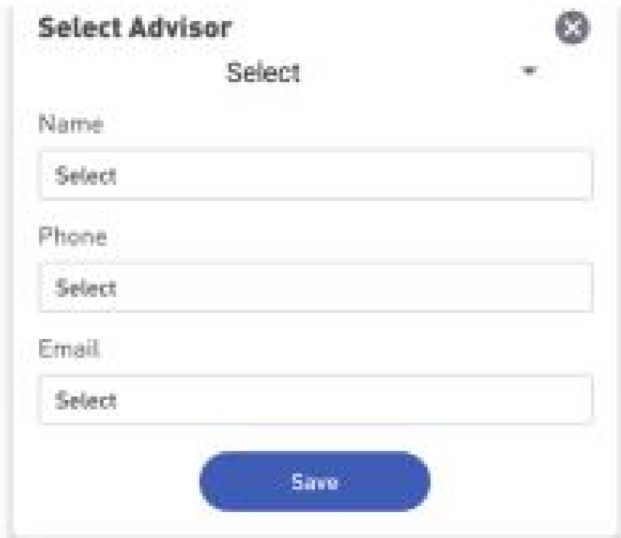
9. How easy is it to use the OIMS app?

OIMS has been designed to be very user friendly and easy to use. Once it is installed, client & broker do not need to perform any specific tasks as the app will keep running in the back ground.

10. How does this work?

Once the client downloads the mobile app and registers in OIMS, he needs to select advisor and broker (as can be seen in the attached screen shot). Once this is done, advisor can send his recommendation by SMS to client who in turn can forward the same to his broker for execution.





11. Please explain using a diagram

Workflow as below

Workflow for Client

Workflow for Broker

12. How is log maintained?

OIMS maintains a log of every SMS that has been exchanged between advisor, client and broker. These logs can be extracted/ generated as reports whenever required. Broker can also share the logs with their head office or main broker.

Jignesh Mehta is a CA and ICWA. He has worked in many MNC's and specialises in Operations, Risk Management, etc.

He has joined SecMark recently; he's a qualified Chartered Accountant and Cost & Management Accountant having over 20 years of experience in Financial Services space. He served in management positions at NSE, JP Morgan Chase, Bank of America Merrill Lynch, SG Securities (Singapore) & Societe Generale Securities India. He has exposure in Operations across various segments in Listed and OTC products like Cash Equity, Derivatives, Fixed Income & Swaps along the life cycle of these products for all Post Trade activities, Business Development, Client Services, Risk and Control Management, Project Management, Treasury and Trade accounting management for Institutional clients both Foreign & Domestic. He can be reached at jignesh@secmark.in.

FAQ

NILESH HUNSWADKAR
Founder - Director
Athang Advisors
(A Business Consultancy Firm)

ESG - ENVIRONMENTAL, SOCIAL AND GOVERNANCE INVESTING AT A GLANCE

What is the background?
The history of investing theories shows us how along with 'return', the return generation parameters have been accorded importance and rightly so. In this journey, one of the important milestone took place in the early 2000s,when a report called "Who Cares Wins-Connecting Financial Markets to a Changing World"was published. This report was a result of a joint initiative of financial institutions which were invited by, the then United Nations Secretary-General Kofi Annan to develop guidelines and recommendations on how to better integrate environmental, social and corporate governance issues in asset management, securities brokerage services and associated research functions. This laid the foundation for the Principles of Responsible Investments (PRI), which were launched in April 2006 at the New York Stock exchange.

What is Responsible investing?
The practice of ESG investing as we know today, probably began as early as 1960s, initially as socially responsible investing, with investors excluding stocks or entire industries from their portfolios based on business activities such as tobacco production, gambling (also referred as sin stocks) or involvement in the South African apartheid regime et al. Prior to the principles, investors did consider some or all of the aspects in their investment thesis, but this specifically culled out and articulated the incumbent factors.

What are the 6 Principles of ESG?
The six Principles for Responsible Investment are a voluntary and aspirational set of investment principles that offer a menu of possible actions for incorporating ESG issues into investment practice. The six principles * are detailed hereunder -

- Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.
- Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.
- Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.
- Principle 5: We will work together to enhance our effectiveness in implementing the Principles.
- Principle 6: We will each report on our activities and progress towards implementing the Principles.

*as defined on the PRI website; courtesy PRI website

Environmental	Social	Governance
Climate Change	Human Capital	Corporate Governance
Carbon Emissions	Gender diversity & equality	Whistle blower schemes
Pollution & Waste Treatment	Human Rights	Board composition
Water scarcity	Labour Standards	
Energy Efficiency		
Biodiversity		

These cover what we widely refer to as ESG - Environmental, Social and Governance. On an operating basis there are broad parameters under each of these, which then form the actionables that get embedded in the investing/investment advisory process. There is no one exhaustive ESG parameter list. A sample of commonly considered parameters are given below for reference -

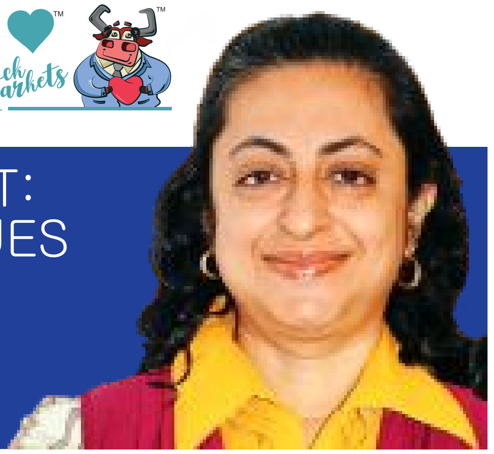
Acceptability of ESG
Since it's beginning, the PRI signatories have risen to 2500 and having Asset under Management of about US$ 80 trillion currently. In India, the trend has just begun over the last few years where about 5-6 ESG funds have been launched across Mutual Funds & AIF platforms. The scepticism of around returns not being in line with non-ESG funds in the context of India will need to be seen as the investing type completes one cycle.

In a world that is getting more and more conscious about these issues, it is obvious that this investing charter will gain currency. Hope it helps the return and the basic cause of sustaining this only planet!

Nilesh G. Hunswadkar is the Founder Director of Athang Advisors, a Business Consulting desk. He has extensive experience in policy and practice, across sleeves of the Institutional Investment management industry.

FDI AND ECONOMIC DEVELOPMENT: AN OVERVIEW OF IMPORTANT ISSUES

By Professor Piya Mahtaney
Economist / Author



Introductory Exposition

There are two ways in which the prevalent scenario in the Indian economy can be viewed: Either as a growth slowdown or as the beginning of the next phase of reforms. What began as a turning point almost three decades ago with the beginning of economic liberalization has now to proceed further as the country is on its way to next level of economic development. Focussing thus upon building the link between reforms and development instead of an unnecessary politicization of the current situation is an exigency that cannot be overlooked. Taking this line of thinking forward therefore this article for Econ Buzz will attempt to present an overview about fundamental issues in so far as the impact that FDI has on economic development is concerned.

The recent announcements about FDI by the government is clearly directed at bridging the deficiency in investment that the country is bearing the brunt of, notably according to official estimates FDI inflows into the Indian economy totalled a fairly high $64.37 billion during the fiscal ended March 2019. That said it is also evident that there continues to exist considerable scope to realize India's potential as an attractive investment proposition and in tapping its advantages as a hub for investment it is imperative that this is aligned with India's development priorities. FDI has to be accompanied by an expansion of domestic investment- public and private and this means that even if it used to bridge the shortfall in investment in certain sectors foreign investment should not viewed as a substitute for domestic investment but as a complement.

> "FDI has to be accompanied by an expansion of domestic investment– public and private and this means that even if it used to bridge the shortfall in investment in certain sectors foreign investment should not viewed as a substitute for domestic investment but as a complement."

A report by Mckinsey (2018) cites that recent Out Performers: which include those nations that have achieved GDP per capita growth of 5 per cent annually for over 20 years are India, Ethiopia, Vietnam, Laos, Cambodia, Azerbaijan, Kazakhstan, Belarus, Turkmenistan, Uzbekistan, Myanmar. Long term outperformers of growth which include those countries which have had a per capita GDP growth rate of 3.5 per cent annually for 50 years are China, Hong Kong, Singapore, Indonesia, Malaysia, South Korea and Thailand. Notably the outperformers accounted for almost 95 percent of that change, Furthermore economic progress in China and India and resulted in lifting 900 million out of extreme poverty, 730 million in the instance of the former and 170 million in the case of the latter.

Economic progress in all these countries which represent an expense of diverse economic experience have contributed to lifting a billion people out of abject poverty. All these countries are at different levels of development however the fundamental commonality is the role of capital accumulation in enabling and sustaining economic progress According to the Mckinsey report (2018), "Capital accumulation-enabled by high rates of investment and domestic savings-contributed an average of approximately four percentage points to economic growth each year between 1990 and 2016 for the seven 50-year outperformers in our sample, and five percentage points for the 11 shorter-term outperformers, between 1995 and 2016. Investment as a share of GDP averaged 30 percent for long-term outperformers and 20 percent for recent outperformers, or three to 13 percentage points higher than investment in other developing economies. The difference in domestic savings as a share of GDP was ten to 30 percentage points higher." The configuration of savings, investment (including FDI) and capital accumulation differs across countries but stepping up net capital formation is an imperative in all of the recent outperformers and how effectively FDI is used to bridge the deficit in capital accumulation does have a part to play in charting out the expediency of economic progress. An aspect common to all the long term outperformers is the efficient use of FDI as an instrumentality of economic progress and since China's experience in this context is more recent and in certain ways more comparable to the challenges confronting developing nations it would instructive to view the role that FDI has played in the country's development.

China's annual real GDP growth of over 9 per cent during 3 decades spanning 1979-2018 coupled with the fact that it continues to be among the leading foreign investor destinations are facts that are closely intertwined with the success of the country's FDI-export growth model. the emergence of China's FDI export model spans two distinct phases. During the initial stages of its emergence during the early eighties the country's export processing industries were set up predominantly by investment from Hong Kong, Taiwan and South-East Asia. At this point the FDI export linkage did result in employment provision. However the accrual of other gains such as the dissemination of technological progress and skill building was limited. Increasing levels of investments in the production of light goods such as electrical goods, toys, footwear, apparel, leather goods entailed processes that would transform imported intermediate goods into finished or semi-finished goods. Notably in terms of facilitating technology transfer or enabling the integration of domestic Chinese enterprises into the global production structures during the first stage of China's FDI-export model was rather limited

In descriptive terms thus the quality of FDI improved significantly after the mid nineties with the inflows of foreign investment into sectors that required the use of advanced technology and human capital formation. However this positive aspect cannot be delinked from the precedent phase or from the qualitative aspect of the reform measures. Notably the qualitative aspect of FDI bears correspondence to the nature of China's reform initiatives which encompassed during the initial stages a fair degree of decentralization at the regional level and the emergence of a quasi private sector. Subsequently as measures to restructure China's SOEs and its banking sector begun to gain ground it influenced the kind of FDI. The task of improving the competitiveness of SOEs and stepping up the expansion of its non state owned enterprises remains even as the need for China to improving the functioning of its banking sector is accentuated by its present transition from an investment led to consumption driven economy. The moot point is not to suggest that India should replicate China's economic trajectory but to demonstrate that whether or not FDI will have a positive impact on development is largely determined by the prevalent and evolving macroeconomic context. Thus it is the intrinsic characteristics of a country such as the presence or absence of specialised capabilities, the state of its institutions and infrastructure, trade bal¬ances and balance-of-payment constraints that will finally shape the eventual outcome of FDI

The transition of the Chinese economy from a low income to an upper middle income country is one aspect of the narrative, the other relates to the challenges that it is confronted with currently wherein it is the role of institutional reform that would become as vital if not more than the role that FDI has played during the precedent decades. Moving onto higher valued manufacturing would require much more than an expansion in FDI and it is in that regard more complex particularly in a economy that is grappling with an aging population, declined in value added manufacturing, overcapacity across a number of industries and a slowing economy. Policy thrust has a vital role to play in the fructification of economic objectives however the intended shift towards becoming a manufacturer of hi-tech production entails a process of transformation that would enable it to define new sources of competitive advantage and in doing so confer on it increasing levels of value addition. This defines a compelling need for measures that go beyond the purview of ensuring low costs to those that would enable industry to gain a competitive edge in the qualitative dimension of production and this includes the manufacture of knowledge intensive products.

Press Trust of India

India received the highest-ever FDI inflow of $64.37 billion during the fiscal ended March 2019, said a government report.

"In the current financial year (2018-19), the country registered highest ever FDI inflow of USD 64.37 billion," the report said.

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.

RISK AND REWARD – THE ADVANTAGE OF PASSIVE INVESTMENT

By Koel Ghosh
Head – South Asia
S&P Dow Jones Indices

Passive investment is emerging as the more viable and favorable option over active investing. Recommendations for passive investing are supported by statistics. The S&P Dow Jones Indices SPIVA® Around the World Report for year-end 2018 (see Exhibit 1) highlights the trend of benchmark indices beating active funds.

Exhibit 1: SPIVA Year-End 2018 Results

Source: S&P Dow Indices LLC. Data as of Dec. 31, 2018. Past performance is no guarantee of future results. Chart is provided for illustrative purposes

In India's significant growth economy, with lower inflation, higher GDP, and a robust financial market, there is recognition that the number of large-cap active funds underperforming their benchmark index is growing. The SPIVA India Year-End 2018 Scorecard revealed that 92% of large-cap funds underperformed the S&P BSE 100over the 1-year period, 91% underperformed over the 3-year period, and over 50% under performedover both the 5- and 10-year periods. The challenge for active fund managers to deliver superior returns is on the rise.

Exhibit 2: Percentage of Funds Outperformed by the Index

FUND CATEGORY	COMPARISON INDEX	1-YEAR (%)	3-YEAR (%)	5-YEAR (%)	10-YEAR (%)
Indian Equity Large-Cap	S&P BSE 100	91.94	90.59	57.55	64.23
Indian ELSS	S&P BSE 200	95.45	88.10	40.54	51.52
Indian Equity Mid-/Small-Cap	S&P BSE 400 MidSmallCap Index	25.58	56.52	39.68	55.26
Indian Government Bond	S&P BSE India Government Bond Index	81.58	71.43	88.00	96.43
Indian Composite Bond	S&P BSE India Bond Index	94.44	90.97	96.64	83.33

Source: S&P Dow Jones Indices LLC, Morningstar, and Association of Mutual Funds in India. Data as of Dec.31, 2018. Past performance is no guarantee of future results. Table is provided for illustrative purposes

Investors are adopting new dynamic approaches to portfolio management in order to align themselves with targeted portfolio goals. Passive investment objectives are driven by strategy and risk / return profiles.

The passive strategies to select from are manifold: value, growth, fundamental, technical, dividend, indexing, tactical, core, satellite, etc. Asset allocation in the strategy seeks to balance risk and reward by assigning the ideal weights of assets in the portfolio to meet the requirement of the end objective. Strategies vary along a spectrum, from aggressive to conservative.

The selection made on the risk/reward spectrum determines the strategy. Reward, or return, is the change in the value of the investment measured in percentage or in absolute terms like appreciation in stock price or receipt of dividends. Risk is measured by standard deviation, which expresses the volatility of the stock or portfolio by variance from the average. If an investment portfolio has an average expected return of 12% with standard deviation at 5%, the range of returns is expected to be between 7% and 17%.

Modern Portfolio Theory (MPT) is a preferred strategic tool that uses diversification to select a group of assets that offer maximum return for a given level of risk. Harry M. Markowitz in 1952 famously explained the relationship of risk and reward through his article "Portfolio Selection" in the Journal of Finance. He became the pioneer of MPT, also referred to as the Markowitz model.

MPT assumes that investors are generally rational and risk averse. The time horizons for risk and return are the same. The views on risk measurement are identical for all investors and they control risk by diversifying their holdings. The investor prefers to either maximize his return for minimum risk or maximize his portfolio return for a given level of risk.

The theory compares two portfolios with the same return expectation, but one has lower risk than the other. MPT shows that the preference is for the portfolio with lower risk. MPT also clarifies that diversification reduces the portfolio risk. MPT supports the case for the passive investing. This style inherently provides a diverse basket of stocks, avoiding concentration risk and offering returns at the chosen risk level.

Standard deviation typically is used to help evaluate investment risk options. If an index offers a lower standard deviation than an active strategy, but with a comparable average return, the choice of preferable investment option should be easy.

Arange of indices offer varied strategies across geographies, asset classes, themes, and factors. Index methodologies are transparent and rules based, staying true to style, unlike active management, which can use discretion in striving to achieve objectives. Passive investing is also generally lower in cost, owing to lower fund management fees and ease of trading, as the index constituents trade on the stock exchange like regular equity stocks.

The Indian passive investment industry is gaining strength with over USD 16billion in assets. Core satellite strategy can facilitate the co-existence of both active and passive styles to meet portfolio goals.

Koel Ghosh is the head of business development for S&P Dow Jones Indices in South Asia. Koel is responsible for business development, sales and ongoing client relationship management across South Asia. She explores new markets and works with market participants to offer suitable solutions.

Prior to joining S&P Indices in 2009, she gained wide experience in the asset management and financial industry. She previously served at IL&FS Mutual Fund and UTI Asset Management Company where she gained insights on the asset management industry through her marketing and sales roles. She extended her experience further in the investment management industry in her role at Thomson Reuters.

Recently, she has the additional responsibility as Head of Business Development at Asia Index Pvt. Ltd. (BSE & S&P DJI Venture). Koel is a Chartered Accountant and a member of the Institute of Chartered Accountants of India.

COMPLIANCE REQUIREMENT FOR THE MONTH OF OCTOBER – 2019

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

Segment	Particulars	Due Date
All exchanges / DP / TM / CM	Implementation of SEBI circular dated 20/06/2019 CIR/HO/MIRSD/DOP/CIR/P/2019/75 for Handling of Clients' Securities by Trading Members/Clearing Members	01/10/2019
BSE	BSE - Uploading of margin funding file for the month of September 2019.	01/10/2019 to 08/10/2019
All Exchanges	Contingency Drill / Mock Trading Session (Subject to circular to be issued by respective exchanges)	05/10/2019
PMS	PMS- Uploading of activity report on SEBI portal	05/10/2019
Income Tax	TDS Payment for the Month of September 2019 for Corporate and Individual.	07/10/2019
NSE	NSE- Uploading of margin funding file for the month of September 2019	07/10/2019
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 September, 2019	07/10/2019
MCX	Reporting of Cyber Security Incidents for the quarter July, 19 to September, 2019	09/10/2019
Stamp Duty	Payment of Stamp duty: - Security and Commodity Exchanges	10/10/2019
NSE / BSE / MCX / NCDEX / CDSL / NSDL	Reporting for Artificial Intelligence (AI) and Machine Learning (ML) applications and systems offered and used by market intermediaries	15/10/2019
MSE	Uploading of margin funding file for the month of September, 2019	15/10/2019
BSE / NSE	Submission of compliance certificate by compliance officer for execution of orders for the quarter ended September 2019	15/10/2019
NSE / NSDL / BSE /	Reporting of Cyber Security Incidents for the quarter July, 19 to September, 2019	15/10/2019
CDSL / NCDEX	Reporting of Cyber Security Incidents for the quarter July, 19 to September, 2019 (Subject to circular)	15/10/2019
PMS	Half yearly reporting by PMS as per SEBI circular IMD/DOF-1/PMS/Cir-1/2010 dated March 16, 2010	30/10/2019
BSE / NSE / MSE	Statement of Accounts for funds & Securities to clients for the quarter ended 30/09/2019(Non running accounts)	31/10/2019
MCX	Statement of Accounts to clients for the quarter ended 30/09/2019	31/10/2019
NCDEX	Statement of Accounts to clients for the half year ended 30/09/2019	31/10/2019
NSE / BSE	Margin Trading Facility- Submission of Networth & Compliance Certificate for the half year ended 30/09/2019	31/10/2019
BSE / MSE / NSE / MCX / NCDEX	Submission of Annual Returns (Including Networth certificate) for F.Y. 2018-2019	31/10/2019
MSE	Submission of compliance certificate by compliance officer for execution of orders for the quarter ended September 2019	31/10/2019
NSDL	Risk Assessment Template for the period from 01.04.2019 to 30.09.2019 (Subject to circular to be issued from NSDL)	20/10/2019
CDSL	Risk Assessment Template for the period from 01.04.2019 to 30.09.2019 (Subject to circular to be issued from CDSL)	31/10/2019
BSE	No. of STR filed with FIU-IND for the month of September, 2019. (Including NIL STR)	Before 31/10/2019
All Equity & Commodity Exchanges	Uploading of Clients' Funds, collateral and other details lying with the member broker.	Weekly basis
All Stock Exchanges	Uploading of day-wise Holding statement in the specified standard format to exchange within 4 trading days of subsequent week	Weekly Basis

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.

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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.

FRAUD DETECTION AND MANAGEMENT IN FINANCIAL MARKETS

By Jayesh Shah
Promoter, Prism Cybersoft Private Limited

Why should there be a focus on fraud management now?

The current push on migrating from cash to cashless will create millions of new users for digital payment platforms. These users will use debit cards, credit cards, payment wallets, internet banking etc. for the first time. A huge section of these users will not be tech savvy and will not understand how to protect them from cyber frauds. These are sitting ducks who will be targeted. Perpetrators of frauds know this very well and consider this as a gold mine. Increase in volumes of digital transactions will increase the volumes of payment frauds. For the last few years, payment frauds are growing at 18-19%. Fraud growth is going to be higher than e-commerce growth. As we push for more and more cashless, we must be conscious of this fact and in fact actively invest in fraud detection and management technologies.

What is the level of awareness in India?

There are three parts to this awareness. First is the awareness with banks/ financial institutions, then there is awareness of their regulators and finally, the awareness of customers availing their services. In India, both the level of awareness and sensitivity amongst the banks and regulators is very high. They are doing their best to put systems and processes in place to monitor and curtail these kinds of frauds. In fact recently, RBI issued a directive to banks stating they should report all cyber frauds within two to six hours of happening else they will be charged for abetting the crime. This includes debit and credit card frauds, ransom ware attacks and unauthorised access to banks servers. The government is also setting up a Computer Emergency Response Team (CERT) for cyber-attacks in the financial sector. RBI has also created a specialized cell called C-SITE within its supervision department to conduct audit of IT readiness in banks cyber security measures. Sadly, the third part, which is awareness of end clients, is an area that needs significant investment and improvement.

> "The most common type of fraud we are likely to witness is called payment fraud. This is a fraud in which the perpetrator deprives his victim of his money, belongings or personal information over the telephone or internet."

What are the kinds of frauds that we will witness?

The most common type of fraud we are likely to witness is called payment fraud. This is a fraud in which the perpetrator deprives his victim of his money, belongings or personal information over the telephone or internet. Some common methods of payment frauds include phishing where the perpetrator tries to get sensitive information like credit card details and passwords by impersonating a bank's website etc. The victim feels he is logging onto his bank's portal whereas he is actually keying in information in a fake website that resembles his bank's site. Then there is identity theft where perpetrators steal the identity of their victim and complete their transaction. There is page jacking, where only part of an e-commerce transaction session is hacked and while paying, the victim is directed to a fake payment page. There are several other kinds of frauds where the perpetrators either fake as merchants or as buyers with stolen credentials.

How can businesses mitigate fraud?

Businesses have to continuously make investments in proper processes and technology to mitigate this kind of fraud. The network security systems, firewalls, antiviruses etc. need to be continuously updated. Apart from this, depending upon the business one is engaged in, appropriate software to analyse transactions as and when they are happening to detect frauds is essential. It is also very important to have a high degree of awareness to the trends in latest frauds and how they are being carried out. All employees need to be trained to raise their level of consciousness. There are other pre-requisites that businesses must take care of. For example, tying up with a verified payment processor, encrypting all transactions and e-mail related communication, ensuring continuous verification of tokens and login credentials, requiring customers to login before making a purchase etc. These things are the first level of hygiene that all businesses must comply with.

What are there other advanced mitigation techniques where technology can help?

Financial institutions must move from a silo approach of fraud detection to a more proactive, analytic approach. At least the manual verification of transactions and patterns need to be completely dumped in favour of sophisticated software available. Manual processes are not scalable, laborious, error prone, subject to an individual's judgement. Not only should these processes be automated, they should be tightly linked to the transaction system and client's profile. Technology must be used to the hilt because when it comes to charting a cyber-fraud, perpetrators abilities are way beyond the abilities of their victims. They keep on practicing their art until they reach perfection. Holding public money and fiduciary responsibilities, financial institutions must always be a step ahead. There are many things financial institution's cyber-security teams must take care of. The first thing they must start with is by implementing technology that reduces social engineering attacks by using strong password policies, two factor authentication, signature on release (most popular in India is through OTP; some banks also issued a physical token generation device), sending notifications to client for any changes in client data etc. Secondly, there must be technology to track changes in user or beneficiary of payments. This can again be done by sending notification on beneficiary changes, use of fraud prevention systems that monitors bank's payment messages and checks if payments comply to previous patterns, e-mail messages for un-reconciled or unaccounted transactions. Third, weak file transfer protocols must be strengthened. This can be done by hardening communication between servers through use of latest firewalls, securing all messages by using encryption and active steps to 'sign all data at rest' such as hash based authentication that will prevent tampering with files and static data. Finally, since a large number of security risks emanate from employees who left the organization, when employees leave, all electronic signing rights into various applications must be revoked. In this entire exercise, exception management is the key. Risk management applications must understand the firm's client's behaviour and look for any exceptions and flag them off immediately.

How does the security in current technology stack up?

Both RBI and banks have been working actively to ensure that the network and transactions are reasonably secure. The technology around debit and credit cards has been around for years now and is reasonably secure. Cards have been migrated to EuroPay, MasterCard and VISA, POS terminals have been upgraded to accept these, RBI has enabled a 2 factor authentication for transactions where cards are not physically present and there is a PIN based authentication where card is physically used. E-wallets and mobile wallets for payments is very new and active work will be needed in this area. The essential laws on security and privacy side need to be enacted. The RBI mandates fintech companies running these e-wallets to have adequate security; it does not prescribe any minimum standard of security. This is an area that needs to be worked upon. The other area to be fixed in case of e-wallets is that of liability. It is still not clear whose liability it will be in case of any fraud or failure. The regulator must frame clear policies and enact them to protect the rights of both, the consumers and also the fintech companies running these e-wallets. There are several other technology risks like malware, Trojans and hard attacks that will need to be continuously worked upon. Data transmission through mobile networks is known to be risky and a lot of improvement is needed in this area.

How can users protect themselves?

Users will need to remain very vigilant to protect themselves. Till mobile was not about money, it was ok but now they may lose money if they are careless. They must be very careful of what apps they download and from where. They should restrict all their downloads to highly reliable sources like Google Play, Apple Store or Amazon Store etc. They should never activate the 'developer mode' on their device and be reasonably careful on what rights they are granting to apps at the time of installation. Everyone must use protection software like anti-virus for mobile phones. Finally, they must never respond to any messages/ mails that appear suspect. Always keep in mind that electronic frauds are going to multiply from hereon. Finally, things like phishing will be a large problem. Customers should actively get themselves educated.

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.

SAT: NO PENALTY FOR NON-DISCLOSURE IN CASE OF INORDINATE DELAY BY SEBI

In an order dated August 22, 2019 in the matter of Ashok ShivlalRupani and Anr. v. SEBI, the Securities Appellate Tribunal **(SAT)** held thatowing to an inordinate delay in initiation of adjudication proceedings, no penalty can be imposed for non-disclosure of change in shareholding. SAT further held that, once appropriate disclosures had been made under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 **(Takeover Regulations)**, the non-compliance of similar disclosure obligations under the SEBI (Prohibition of Insider Trading) Regulations, 1992 **(PIT Regulations)** is merely technical in nature.

The appellants, as directors of Oregon Commercial Limited **(OCL)**, had sold shares of OCL from January 04, 2010 to January 10, 2011, resulting in a change of shareholding above specified thresholds. However, they had failed to make necessary disclosures as provided under Regulation 13(4) and 13(5) of PIT Regulations. Therefore, the Adjudicating Officer **(AO)** of SEBI, through an order dated August 29, 2018, had imposed a penalty of Rs. 2 lakh each on the appellants.

Further, the board of directors of OCL in its meeting dated July 22, 2010 had recommended for a change in management of OCL, which was subsequently approved by the shareholders. However, no disclosures were made concerning the board meeting in accordance with Regulation 30(4) of the SEBI (Listing Obligations and Disclosures Requirements), 2015 read with clause 36 of the Listing Agreement. Hence, through a separate order on September 06, 2018, the AO imposed a penalty of Rs. 2 lakh each on the appellants.

While allowing the appeal, SAT observed that there was an inordinate delay of about 8 years in the issuance of show cause notice and the power to adjudicate had not been exercised by SEBI within a reasonable period. Therefore, the appellants cannot be penalized at such a belated stage. Further, SAT held that since similar disclosures regarding the change in shareholding had been made by the appellants under the Takeover Regulations, non-compliance of Regulation 13 of PIT Regulations was merely technical in nature. It was observed that once a disclosure is made under the Takeover Regulations, the investors become aware of the change in shareholding.

While SAT had previously held that penalty cannot be imposed twice for similar disclosure violations under PIT Regulations and Takeover Regulations, this order unequivocally states that disclosure under one regulation makes the non-disclosure under the other regulation merely technical, and not worthy of a penalty.

SEBI RATIONALIZES IMPOSITION OF FINES FOR NON-REPORTING OF MARGINS

On August 01, 2019, SEBI issued a circular directing all stock exchanges and clearing corporations to formulate a standard and uniform framework for imposing penalties for non-reporting / false-reporting of margin collected from clients on trading members and clearing members, with a view to harmonize and rationalize the existing framework.

SEBI has also directed that the new framework shall incorporate the principle of 'proportionality', and that fines shall be levied based on the 'materiality' of non-compliance by trading members including factors such as, number of instances of non-reporting / false reporting, repeated violations, etc. Also, the amount of fine **may** extend to 100% of the false / incorrectly reported / non-reported margin amount or suspension of trading for appropriate number of days **or both.**

Previously, under SEBI circulars dated August 10, 2011 and September 07, 2016, all instances of non-reporting of margin collected were deemed to constitute 100% short-collection and penalties as applicable were liable to be imposed. Also, at the time of inspection, if false-reporting of collected margins was found, a penalty of 100% of the falsely reported amount shall be imposed on the members along with suspension of trading for one day.

This circular was issued in light of the SAT ruling in GRD Securities v. SEBI and Anr., wherein NSE and SEBI had contended that as per the circular dated August 10, 2011, once a violation is established, there was no discretion in imposition of penalty for non-reporting of margins. However, SAT had rejected their contentions and held that since the circular does not differentiate between non-collection and delayed collection of margin, the principle of proportionality needs to be incorporated in the provision by reading the word 'shall' in the circular as 'may'. According to SAT, the principle of proportionality is a basic tenet that must be adhered to while interpreting any penal provision with serious consequences and therefore, delayed collection / crediting of margin cannot be treated at par with non-collection of margin.

It is relevant to note that though the previous circulars did not specifically provide for 'proportionality' to be considered by the stock exchanges while imposing penalty, it followed from the above decision of SAT that 'proportionality' must be read into the provision while deciding the quantum of penalty in case of non-reporting of margins. This principle has been incorporated into the August 01, 2019 circular which provides that imposition of penalty will depend on the 'materiality' of non-compliance based on various factors.

KEY HIGHLIGHTS OF THE SEBI BOARD MEETING

On August 21, 2019, the SEBI board has approved certain major amendments to the existing securities laws. Some of these changes are discussed below:

Revised framework for Foreign Portfolio Investors (FPIs)

Pursuant to the recommendations of the H.R. Khan committee in May 2019, the SEBI board has approved a new set of regulations for FPIs, which seeks to consolidate and simplify the existing regulatory framework for easing out operational constraints and compliance requirements. The existing framework consists of the SEBI (Foreign Portfolio Investors) Regulations, 2014 **(FPI Regulations)**, along with 57 circulars and 183 FAQs.

As per the broad policy provided in the press release, the FPIs shall be recategorized into two categories, instead of the existing three categories. Under the existing framework, the FPIs were categorized based on their risk profile, with stricter compliance requirements for Category III FPIs. SEBI has also decided to simplify the documentation requirements for KYC as well as the registration process for multiple investment managers.

Further, in order to liberalize the FPI route for certain entities, the broad-based eligibility criteria for institutional foreign investors shall be removed. Previously, for a fund to be broad-based, it was required to have at least 20 investors with no single investor holding more than 49% of the fund units. Also, in order to remove exit constraints for FPIs having exposure to illiquid or suspended securities, FPIs shall now be permitted to dispose such securities through off-market transfers. However, offshore funds floated by domestic mutual funds intending to invest in India, will now be required to register as FPIs, in order to prevent potential regulatory arbitrage.

Additionally, government regulated entities such as central banks, which are comparatively low risk and long-term investors, will now be eligible for registration even if they are not members of the Bank for International Settlements. Similarly, entities established in the International Financial Service Centre **(IFSC)**, shall be deemed to have met the jurisdiction criteria for FPIs, in a bid to promote the IFSC as a key off-shore hub for cross-border transactions.

Also, the SEBI board has decided to rationalize the requirements for issuance and subscription of offshore derivative instruments, however, the full extent of such change and consequent impact on the FPIs can be understood only after the notification of the approved regulations.

SEBI approves Informant Mechanism for aiding insider trading investigations

On June 10, 2019, SEBI had issued a discussion paper seeking to introduce an 'informant mechanism' under the SEBI (Prohibition of Insider Trading) Regulations, 2015, for aiding investigation and prosecution in insider trading cases. The 'informant mechanism' has now been adopted by way of an amendment, which provides that a reward of 10% of the amount of disgorgement up to Rs. 1 crore shall be granted for reporting of insider trading violations. However, the reward shall be granted subject to the minimum disgorgement of Rs. 1 crore based on the information provided, which may disincentivize persons from reporting violations involving lesser amounts.

The policy shall provide for the protection of the identity of the informant, who has the option to submit the Voluntary Information Disclosure Form **(VIDF)** anonymously, through a legal representative. Informants shall also be protected from harassment, termination or suspension at the hands of the employer for filing a VIDF.

The information provided shall be processed by a separate wing of SEBI, the Office of Informant Protection, and transferred to the operational department after determination of the materiality of the information. In case of vexatious and frivolous complaints, SEBI may initiate appropriate action against the informant. This may deter persons from reporting instances of insider trading.

Also, while bringing an action against an informant, SEBI may consider the cooperation rendered by such informant in an enforcement action or settlement application.

Mutual funds (MFs) can now invest in unlisted NCDs

In its board meeting dated June 27, 2019, the SEBI board had laid down certain investment restrictions for MFs, which included complete prohibition on investment in unlisted debt securities such as, non-convertible debentures **(NCDs)**, etc. SEBI has now decided to permit MF schemes to invest in unlisted NCDs, subject to a maximum of 10% of the debt portfolio of the scheme. However, such NCDs must have simple structures and be rated, secured and with monthly coupons.

Amendments to SEBI (Credit Rating Agency) Regulations, 1999

Credit Rating Agencies **(CRAs)** shall now be allowed to obtain information related to the issuer's existing and/or future borrowings, repayment and delay or default in servicing such borrowings, etc. from the lender or any other organization. The amendment to SEBI (CRA) Regulations shall include an enabling provision in the credit rating agreement providing explicit consent to the CRA to obtain such information.

Review of SEBI (Buy-Back) Regulations

Until now, buybacks by listed entities were permitted by SEBI only if the post buyback debt to equity ratio is not more than 2:1 both on a standalone and consolidated basis. SEBI has now decided to allow buybacks by listed entities even in cases where post buyback debt to equity ratio is not more than 2:1 on standalone basis, but exceeds 2:1 on consolidated basis if: a) the post buyback debt to equity ratio is not more than 2:1 on consolidated basis, after excluding subsidiaries that are non-banking finance companies **(NBFCs)** and housing finance companies **(HFCs)** and are regulated by RBI or National Housing Bank, and b) such excluded subsidiaries have debt to equity ratio of not more than 6:1 on standalone basis. In the past, various issues were raised with regard to consideration of consolidated financial statements for companies which had higher debt due to their exposure towards NBFCs and HFCs.

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

ANALYZING CIRCULARS (04 AUGUST TO 07 SEPTEMBER 2019)

Regulator	Important Circular's Title For The Period
SEBI/BSE/NSE	**Handling of Clients' Securities by TM/CM -->>** As per representations from Exchanges as well as market participants, the effective date has been extended by one month by SEBI and accordingly all accounts other than 'Pool account (including 'Early Pay-in'), 'Client Margin Trading Securities account' and 'Client collateral account' shall be wound up on or before September 30, 2019 whereas earlier it was 31st August. Similarly TM/CM to open unpaid securities account latest by September 30, 2019 instead of August 31st, 2019 and inform Exchanges about within a week of closure and opening of accounts in specified format. Penal action on account of Non-Compliance and accordingly the same will be effective from October 01, 2019.
SEBI-PRESS RELEASE	**SEBI Board Meeting -->>**Key decisions taken at SEBI board meeting regarding New Regulations to simplify and rationalize the existing regulatory framework for FPIs in terms of easing registration, other operational constraints and compliance requirements and consolidated multiple notifications into 1 single circular and regulations, Norms for permitting companies listed on the Innovators Growth Platform with an option to trade under regular category ,Review of Buy-backs, Amendments to SEBI (Issue and Listing of Debt securities by Municipalities)Regulations, 2015,Amendment to SEBI (Credit Rating Agencies) Regulations, 1999,Proposed SEBI PIT (Third Amendment) Regulations, 2019 incentivizing and protecting informants who report information, useful for detecting such violations of PIT Regulations further salient features of approved proposed mechanism is detailed in circular and Amendments to SEBI MF Regulations, 1996.
SEBI/BSE	**Non-compliance with certain provisions of SEBI (ICDR) Regulations, 2018 -->>** Providing details of fines to be levied for non compliance with ICDR regulations regarding delay in completion of a bonus issue, non-completion of conversion of convertible securities and its allotment within specified time period, Failure to make application to exchange for listing of further issue of equity shares and to make an application for granting approval to exchange.~~ Further providing details regarding after treatment of fines collected and procedure followed in case of non compliance.
SEBI	**Parking of Funds in Short Term Deposits of Scheduled Commercial Banks by MF - Pending deployment -->>** Trustees and AMC to ensure that funds of scheme is not parked in STD of a bank who had invested in that scheme and further also ensure that bank do not invest in scheme having STD until the scheme has STD with such bank.
SEBI	**SEBI (Buy-Back of Securities) (Amendment) Regulations, 2019 -->>** SEBI Buy Back regulation will now also be applicable to buy-back of equity shares having superior voting rights, or other specified securities of a company in accordance with the applicable provisions of the Companies Act.
SEBI	**SEBI(Delisting of Equity Shares) (Amendment) Regulations, 2019 -->>** SEBI Delisting of Equity Shares regulation will now also be applicable to equity shares having superior voting rights, or other specified securities of a company in accordance with the applicable provisions of the Companies Act as the term "shares" shall include equity shares having superior voting rights."
SEBI	**SEBI (ICDR (Third Amendment) Regulations, 2019 -->>** Important Amendments to ICDR Regulation are as follows ~~Introduction of Defination of SR equity shares and Introduction of clauses that issuer needs to comply for issuing IPO ~~Minimum promoters' contribution to be considered SR equity shares~~Insertion of new sub regulation Regarding Lock in period for SR equity shares and its conversion to voting rights .~~SR equity shares not to be considered while security for a loan granted by a scheduled commercial bank or a public financial institution or a systemically important non-banking finance company or a housing finance company~~SR equity shares not to be considered for Transferability of locked-in specified securities~~Insertion of New regulation regarding SR Shareholders Right to renounce and conversion of same and lock in period of the same , SR equity shares of promoters to be considered for computation of minimum promoters' contribution .~~Introduction of new clause regarding lock in period and voting rights of SR equity shares under regulation regarding Lock-in of specified securities held by the promoters .~~Introduction of new clause for issuance of bonus shares to SR Shareholders and conversion of same in equity shares under regarding Restrictions on a bonus issue.~~An undertaking from the issuer that at any given time, there shall be only one denomination for the equity shares of the issuer excluding SR equity shares.~~Companies having SR equity shares, a statement that the shares issued will be pari passu with the existing shares (excluding SR equity shares) in all respects including dividends.~~Special rights of such SR shareholders shall be disclosed along with the circumstances in which the SR equity shares shall be treated as ordinary equity shares.
SEBI	**SEBI (LODR) (Fourth Amendment) Regulations, 2019 -->>** SR Shareholders to be considered for composition of BOD, Audit Committee, Nomination and remuneration committee, Stakeholders Relationship Committee, Risk Management Committee. Further a listed entity having SR equity shares can issued to its promoters/ founders, may issue SR equity shares to its SR shareholders only through a bonus, split or rights issue in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and the Companies Act, 2013."~~New Regulations regarding Treatment of SR shares for voting in every respect including dividends, except voting on resolutions. accept dividends, minimum holding of SR shareholders, Voting rights of SR shareholder under different circumstances such as appointment or removal of independent directors and/or auditor, voluntary winding up of the listed entity; changes in MOA, AOA, passing of special resolution in respect of delisting or buy-back of shares etc, conversion of SR shares into equity shares, Event where SR equity shares compulsorily converted into equity shares compulsorily.
SEBI/BSE	**Circular on investments by AIFs incorporated in IFSC -->>** AIFs incorporated in IFSC permitted to make investments as per the provisions of the SEBI AIF Regulations, 2012 and the guidelines and circulars issued thereunder, including the operating guidelines for AIFs in IFSC for harmonizing Provision governing investments by AIFs incorporated in IFSC with provision regarding investments applicable for domestic AIFs as earlier .they were allowed to invest through the foreign portfolio investor route.
SEBI/BSE/NSE	**Product Advisory Committee -->>** Based on advice of the Commodity Derivatives Advisory Committee (CDAC), Exchange dealing in commodity derivatives segment to constitute a Product Advisory Committee (PAC) for each group/complex of commodities having common stakeholders/value chain participants, on which derivatives are traded or being proposed to be traded on the exchange in order to bring transparency in the design process for commodity derivatives contract and to cater the needs of the physical market participants~~ Further providing details regarding Terms of Reference, Composition of PAC, Proceeding of meetings, Disclosures and Confidentiality and Conflicts of Interest. The same will be effective from Sept 07, 2019.
SEBI	**Disclosure of reasons for encumbrance by promoter of listed companies -->>** In Order to bring greater transparency, Promoter along with PACs are required to disclose detailed reasons for encumbrances in prescribed format to respective

	company and Exchange within 2 working days from creation of such encumbrance for equals or exceeds 50% of their shareholding in the company or 20% of the total share capital of the company w.e.f from Oct 1, 2019.~~However Promoter to make disclosure of reasons for encumbrances of its shareholding by October 4, 2019 to company and exchange if the combined encumbrance by the promoter along with PACs equals or exceeds 50% of their shareholding in the company or 20% of the total share capital of the company as on 30 Sept 2019 .Further listed companies are required to disclose on their website within 2 working days of receipt of contents in prescribed format.
SEBI	**SEBI(SAST) (Second Amendment) Regulations, 2019 -->>** An increase in the voting rights of any shareholder beyond the threshold limits of twenty-five per cent or more of the voting rights in the target company but less than the maximum permissible non-public shareholding without the acquisition of control, pursuant to the conversion of equity shares with superior voting rights into ordinary equity shares, shall be exempted from the obligation to make an open offer under regulation 3.~~Elaborating the term of encumbrance by including restriction on the free and marketable title to shares, whether executed directly or indirectly, pledge, lien, negative lien, non-disposal undertaking, any covenant, transaction, condition or arrangement.~~ Promoter of a target company along with PAC group are required to disclose any encumbrance of shares to company and Exchange on yearly basis within seven working days from the end of each financial year.
SEBI-INFORMAL GUIDANCE	**Informal Guidance in the matter of Shriram Transport Finance Company Limited -->>** As per SEBI Circular read with LODR Regulations Before amendment a listed entity has subsidiaries/ Joint Ventures/ Associates, the entity may exercise the option under regulation 33 (3) (b) of the listing Regulations to submit quarterly/year to date consolidated financial results, However after amendment it became mandatory for a listed entity to file consolidated financial results in specified formats quarterly /year-to-date including financial statements of Subsidiary/Associates/joint venture.~~Further the format of quarterly financial results clearly stipulates that all subsidiaries, associates and joint venture to be covered under consolidated financial statements, accordingly a listed entity is Required to submit quarterly/year-to-date consolidated financial results by including its associates.
BSE/NSE	**UNSC Sanction Committee list- Press Releases -->>** Brokers are advised to follow the SEBI press releases on insertions/ deletions and amendments made to the UNSC Sanctions Committee List as received from MEA and must ensure necessary compliance as required under the provisions of SEBI "Guidelines on Anti-Money Laundering (AML) Standards and Combating the Financing of Terrorism (CFT) /Obligations of Securities Market Intermediaries under the Prevention of Money Laundering Act, 2002 and Rules framed there under" issued on July 04, 2018.
BSE/NSE	**FAQ on Handling of Clients Securities by TM/CM -->>** Exchange have issued FAQ's on Handling of Clients' Securities by TM/CM based on representations from Stock Brokers stating as follows.~~The important takeaways simplified from FAQs are as follows: 1. Client securities in excess of Member /CM margin obligation can be kept in the client collateral account without pledging to CC and further to be ensured that collateral of one client is not utilised for any other client or proprietary obligation and same should not be directly transferred from "Stock Broker-pool account" or "Client unpaid securities account" (CUSA) to "Client collateral account". Also securities held in "Client Collateral/Collateral" to be settled as monthly/quarterly settlement 2. In case of No or Partial Payment , Broker can transfer unpaid client securities from pool/unpaid securities demat account to client's demat account only if its RMS Policy permits, if not then broker to dispose off the same within 5 trading days from PI/PO in proportion to shortage after adjusting any other client credit. 3. Securities lying in the existing Stock Broker-Client Accounts shall be either returned to the clients upon fulfilment of pay-in obligation or disposed-off after giving client a notice of 5 days on or before Sep 30, 2019. 4. Securities in 'client unpaid securities account' can either be transferred to Client BO account on fulfilment of client's funds obligation or can be sold by TM/CM within T+5 days after PO and hence can be transferred to pool. However cannot be transferred from "Client unpaid securities account" to "Client collateral/collateral Account" 5. Securities in "Client unpaid securities account" cannot be considered towards client's margin obligation. 6. Regarding changes to KYC/POA-On account of compulsory T+5 liquidation, relevant clauses applicable to settlement of securities should be deleted and accordingly Rights and Obligations and Do's and Don'ts document and Running account authorization will also undergo changes. Further, the provisions w.r.t compulsory liquidation, payment terms etc to be informed to clients. Further details of DP account of broker will also be revised and accordingly POA will also undergo changes. 7. Sale of securities lying in collateral account, based on client's instruction, can be considered towards such unpaid securities provided clear funds are received within such 5 trading days. 8. The broker shall not allow the client to initiate buy trade if the client does not pay the debit balance by 5th day and hence TM initiates the liquidation process. 9. Only free and unencumbered securities in hat have fully paid by the client can be pledged with the CC or transferred to CMs. Further as per clause 8 above - Securities in 'client unpaid securities account' can either be transferred to Client BO account on fulfilment of client's funds obligation or can be sold by TM/CM within T+5 days after PO and hence can be transferred to pool. However cannot be transferred from "Client unpaid securities account" to "Client collateral/collateral Account". Hence implied CUSA stocks cannot be directly pledged.
BSE	**Trading in BSE Startup Segment -->>** Exchange to introduce two new groups namely "MS" for normal/rolling settlement and "TS" for trade to trade settlement with price bands of 20%/5% respectively with a limit of Rs 10 Crore for single order and margin will be levied on VAR basis. ~~Further securities in MS/TS group will be settled on net basis/gross basis respectively and will be available in block deal trading window where entry will be in multiples of applicable lot size..~~Auction is allowed for securities, further Shortage of MS group will be auctioned as settlement is on net basis. TS will be closed-out as per T2T close-out criteria.
BSE/NSE	**ASM framework - Update -->>** Revised criteria applicable for inclusion of stocks under the Short Term ASM is based on Monthly High Low variation greater than 75% + Beta of the stock multiplied by S&P BSE SENSEX variation and Average unique PANs trading in the scrip in last one month is less than 100 /200 for Stocks with a market capitalization more than INR 100 crore and less than or equal to INR 500 crore/Above INR 500 crore w.e.f September 03, 2019, whereas currently it is based on monthly high low variation of 50%.
BSE/NSE	**Collection of Back Dated Broker Turnover Stamp Duty by Agency on Transaction of Security& Commodity through Brokers for the State of Uttar Pradesh -->>** BOI Shareholding Ltd. has been authorized for collection of Broker Turnover Stampduty on transaction of Securities & Commodities and also appointed for collecting the backdated Stampduty from

	February 2008 to March 2019 and accordingly members can pay their back dated stampduty by using web-based portal of BOI Shareholding Ltd.~~Thus BOI shareholding Ltd are required to submit the details of transaction executed by member broker either for its clients or by the firm for itself or by proprietor for himself the segment wise Turnover Data from February 2008 and Member Brokers Master List along with its registered office addresses, contact details and Email Ids in soft copy to BOI shareholding Ltd by 31.08.2019 .
BSE/NSE	**Changes in relation to STT -->>** When an option is exercised, STT to be levied on the "intrinsic value" i.e. difference between the settlement price and the strike price of the option instead of the settlement price as at present w.e.f September 1, 2019.
BSE	**Transaction charges in Interest Rate Options -->>** No transaction charges applicable on trading in Interest Rate Options with effect from August 26, 2019 until further notice.
BSE	**Revision in transaction charges in Equity Derivatives Segment -->>** Exchange shall waive off the transaction charges in all products in equity derivatives segment with effect from August 20, 2019.
BSE/NSE	**Rationalization of imposition of fines for false/incorrect reporting of margins or non-reporting of margins by TM/CM in all segments. -->>** In order to rationalize and bring uniformity in the manner of imposition of fine for 'false/incorrect' reporting of margin collected from clients, Exchange to device a standard framework for imposition of fine where fine will be charged on the basis of materiality of non-compliance done by the member taking into account factors such as number of instances, repeated violations, etc. on TM/CM .~~Further the quantum of fine to be charged may extend to 100% of such false/incorrectly/non reported amount of margin and/or suspension of trading for appropriate number of days.
BSE	**Uniform Implementation of KYC requirements-Update -->>** Exchange received rejections from RTAs for FATCA with regards to Non-Individuals, stating that the FATCA details are incomplete. Thus Members are informed that field such as NFFE_CATG, ACT_NFE_SC, NATURE_BUS are mandatory for Non-Individuals and should ensure that same is complete before re-uploading FATCA details to avoid any rejections from RTA.
BSE	**Reporting of TM wise Collateral details by CM. -->>** Facility of Uploading of Holding statements to ICCL is applicable to TCM ,PCM and not to SCM, Further the reporting has to be done for the collaterals deposited by the TM across all the segments, with the CM.
BSE	**Discontinuation of Liquidity Enhancement Scheme in Equity Derivatives. -->>** Exchange to discontinue the LES on Monthly Single Stock Options and Index options of equity derivative segment and Weekly Futures and Options contracts/Monthly Futures Contracts on BSE SENSEX, BSE BANKEX and BSE SENSEX 50, with effect from August 20, 2019.
BSE	**Introduction of Liquidity Enhancement Scheme (LES) in equity Derivatives. -->>** Liquidity Enhancement Scheme (LES) has been introduced in S&P BSE SENSEX Futures Monthly Contracts, S&P BSE SENSEX Options Monthly Contracts and Single Stock Futures Monthly Contracts and Single Stock Options Monthly Contracts w.e.f August 26, 2019.
NSE	**Implementation of SWITCH transaction on NMF Trade Member Portal -->>** Exchange to introduce the facility of SWITCH transaction for the users of NMF Trade Member Portal w.e.f 6th September, 2019 thus enabling investors to switch their mutual fund holdings from one scheme to another scheme of same AMC.~~TM on behalf of investors to submit switch request on the 'Switch' order menu of NMF Trade member portal and the facility will be available on web portal through order entry screen as well as bulk file upload.
NSE	**Acceptance of securities as collateral (Cash/F&O/CD/Commodity/SLB) -->>** Securities such as Partly paid, subject to any lock in period, buy back scheme any charge or lien, encumbrance of any kind, Equity shares/Corporate bonds by CM or any associates of it not be accepted as liquid assets.
NSE	**NEAT Application - Discontinuation (CM/F&O) -->>** Exchange to discontinue NEAT application and its associated support in Capital Market and Equity Derivatives Segments w.e.f. April 2020 in order to keep pace with advancement in technology by migrating from outdated to latest technology.
NSE	**Application Programming Interface (API) for Weekly submission of Holding Statement -->>** Exchange to introduce an API based platform for weekly submission of Holding Statement data by TM to enable them to directly upload the data from back office system to the Exchange with minimal manual intervention.~~API specification document, drafted in consultation with other Exchanges, is enclosed as Annexure-A.~~ Further a mock facility will be provided by the Exchange by October 31, 2019 to enable the members to test the API system and on completion of the testing period, the Exchange shall migrate to mandatory API based submission for the weekly securities holding data.
NSE	**Connectivity - Merge and Demerge requests for POP connectivity -->>** Requests for Merge and Demerge at existing POP based commissioned leased lines under managed service mode having connectivity of same bandwidth, same scenario and at the same location will be accepted w.e.f August 30,2019. On receipt of request for the same via SNIT, provided that no other request is pending on requested connectivity. ~~Further for merge request member are required to confirm IP to be retained if failed the same will be considered as Surrendered and for demerge request members to ensure availability of router and ensure that same is procured from SIFY and is under warranty/AMC with Sify, or else if it opts for new router needs to follow specified procedure enclosed as Annexure.
NSE	**Enablement - Digital submission of additional segment request -->>** In order to make efficient and easy submission of enablement application, Exchange introduced a facility for acceptance of additional segment enablement requests of Capital Market segment, Futures & Options segment and Currency Derivatives segment through electronic member interface `ENIT'.~~However applicant to ensure that he is registered in particular segment for which he is seeking enablement and have at least on active connectivity , further should ensure that request is accompanied by supporting documents .~~Further request for a particular segment once placed cannot be placed again until previous request is rejected or completed and enablement is subject to remittance of deposit only through NEFT as specified in offer letter.
NSE	**Acceptance of Bullions as Collateral -->>** Gold and Silver will now also be accepted as collateral towards margin deposit and member desirous of providing same as collateral is required to provide a deed of pledge in specified format from September 03, 2019. ~~Further details regarding procedure and provisions of accepting bullions as collateral and format of Deed of pledge is provided in Annexure.
NSE	**Clarification on collaterals provided as margin -->>**Henceforth Members cannot lodge their own securities to CC and clients for margin purposes and accordingly Modified clarification Read as "F&O and CDS Members are allowed to accept approved securities from clients for margin purposes. Where Member has accepted securities with appropriate hair cut for

	margin purpose, but has to deploy his funds for meeting margin requirements of the client at the Exchange, Members may levy interest or delayed payment charge on debit balance as per the terms consented by the client".
NSE	**Clarification on valuation of carry forward positions on account of Inter-operability -->>** Settlement price for futures contract on Friday i.e. August 16, 2019 shall be computed as the weighted average price across all Exchanges to ensure that positions across all CC are carried forward at common price on date of implementation of inter-operability i.e. August 19, 2019.
NSE	**Staggered Delivery Period in Commodity futures contracts -->>** All compulsory delivery commodity futures contracts shall have a staggered delivery period i.e. beginning few working days prior to expiry of contract and ending with expiry subject to limitation of minimum period of five working days.~~Exchange to jointly prepare and publish framework outlining factors and circumstances required for longer duration of staggered delivery period in any commodity.~~ Further exchange to impose pre-expiry margin by the start of the staggered delivery period.
NSE	**Decommissioning of support for TLS 1.0 and TLS 1.1 -->>** (Cash/F&O/CDS/Debt/Currency derivatives):Transport layer Protocol (TSL) is a protocol securing HTTPS by providing secure communication between web browsers and servers, thus in order to enhance the security of data and communications to and from NSE Clearing's systems, Support for TLS 1.0 and TLS 1.1 protocols to be decommissioned and to adopt TLS 1.2 which was published ten years ago to address weaknesses in TLS 1.0 and 1.1.~~Accordingly leading browsers have decided to drop the support for the earlier versions of the protocol i.e. TLS 1.0 and TLS 1.1 and further members are requested to Upgrade the browsers to the latest versions as specified and update the settings as detailed in Annexure.
NSE	**SME-Blackout Period reporting on ENIT -->>** Members can now submit request for declaration of black out period in SME market making when the quotes are not being offered by them along with necessary reason for the same through ENIT for online reporting and tracking of such declarations made to Exchange and window for reporting the same will be open between 00:00 hrs till 15:30 hrs only.
CDSL	**Updated List Of Reason Codes For Off Market Transactions -->>** CDSL has introduced additional Reason codes effective from August 31, 2019 as follow ~~33 "Commercial Paper Issuance" to be used for transfer of CP from issuing and Paying Agents to Investors account at the time of primary issuance.~~33 "Certificate of Deposit Redemption" to be used for transfer of CD from investor account to CD Redemption account at time of Redemption.
CDSL	**Revised guidelines by FIU-IND regarding Model Template for STR (GoS part) and guidelines for filing STRs -->>** RE's are advised to refer communiqué 692 dated December 28, 2018 enclosing Model Template for STR (GoS part) and guidelines for filing STRs issued by Financial Intelligence Unit - India (FIU-IND) vide its Office Memorandum no. 9-11/2018/AV.I/FIU-IND dated December 12, 2018. Overview of issues faced and changes required in process and systems are duly highlighted• Account holder alternate address can be given if not staying at current address• In case of the structuring of cash or funds rotation , clustered accounts to be reported and for fund transfer across bank, source/destination details to be given (system change)• Further, if STR based on LEA inquiry, enquiry office address should be provided and RE to conduct adequate due diligence• Repeated STRs for continuous media reports not advised unless essential• Single line GOS with history details will be rejected• Abnormally delayed STRs to be avoided and timely reporting of suspicious transactions required• Cash transaction Details to be correctly filled in and should exactly match with "Transaction Summary" head of the model template (system change for RE where CTR is reported)• In case any information required to be filled is not available with the RE, then that field should be LEFT BLANK.(system change)• PAN to be reported, else will be construed as NA with RE• Alert Indicators for triggering the STR should be mandatorily reported-(system change)• RE to review submitted status report and resubmit with changes required within 5 days (system change-alert required that greater than 5 days
CDSL	**Updated List Of Reason Codes For Off Market Transactions -->>** CDSL provided additional Reason code such as 30 (Transfer between Minor Account and Guardian Account), 31 (Transfer between specified family members), 32 (Transfer between Partner and Firm or Director and Company). ~~ Transaction such as Return of client securities by NBFC, & Reversal of off market transfers shall be permitted under the reason code "Other" till September 30, 2019 instead of August 31, 2019.
NSDL	**Change in off-market transfer reason codes -->>** NSDL has introduced additional Reason codes effective from August 31, 2019 as follow ~~ 20 "Certificate of Deposit Redemption" to be used for transfer of CD from investor account to CD Redemption account at time of Redemption. ~~22 "Commercial Paper Issuance" to be used for transfer of CP from issuing and Paying Agents to Investors account at the time of primary issuance with effect from August 31, 2019.
NSDL	**Database for Distinctive Number (DN) of Shares - Action against non-compliant companies. -->>** SEBI mandated issuer or its agent to daily reconcile the records of dematerialized securities with all securities issued by them in order to enable Depositories to maintain a complete reconciled record of equity shares, including both physical and dematerialized shares, issued by the company.~~Thus in case of noncompliant companies Exchange to exercise Beneficiary Owner a/c level freezing including all corporate benefits and further restrict from any transfer, by way of sale, pledge, etc., of any of the securities, held by the promoters and directors of non compliant company and shall retain the same till such time the company complies with the provision of SEBI circular .~~Further Depositories are advised to keep in abeyance in specific cases where moratorium on enforcement proceedings has been provided for under any Act, Court/ Tribunal Orders, etc.
NSDL	**Change in off-market transfer reason codes -->>** NSDL provided additional Reason code such as 88 for Transfer between Minor Account and Guardian Account), 89 (Transfer between specified family members), 90 (Transfer between Partner and Firm or Director and Company). ~~ Transaction such as Return of client securities by NBFC, & Reversal of off market transfers shall be permitted under the reason code "Other" till September 30, 2019 instead of August 31, 2019.

Compiled by **Rekha Shah, Analyze N Control**
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AMNESTY SCHEME

By Neha Ahuja
Advocate

In the Union Budget 2019-20, the Hon'ble Finance Minister announced the **Sabka Vishwas-Legacy Dispute Resolution Scheme, 2019.** The Scheme has now been notified and will be operationalized from 1st September 2019. The Scheme will be valid till 31st December 2019. Government expects the Scheme to be availed by large number of taxpayers for closing their pending disputes relating to legacy Service Tax and Central Excise cases that are now subsumed under GST so they can focus on GST.

Government expects Scheme to be availed by large number of taxpayers for closing their pending disputes relating to legacy Service Tax and Central Excise cases. The two main components of the Scheme are dispute resolution and amnesty:

1. The dispute resolution component is aimed at liquidating the legacy cases of Central Excise and Service Tax that are subsumed in GST and are pending in litigation at various forums.

2. The amnesty component of the Scheme offers an opportunity to the taxpayers to pay the outstanding tax and be free of any other consequence under the law.

(The most attractive aspect of the Scheme is that it provides substantial relief in the tax dues for all categories of cases as well as full waiver of interest, fine, penalty, in all these cases, there would be no other liability of interest, fine or penalty. There is also a complete amnesty from prosecution.)

For all the cases pending in adjudication or appeal - in any forum - this Scheme offers a relief of 70% from the duty demand if it is Rs.50 lakhs or less and 50% if it is more than Rs. 50 lakhs.

> "Government expects the Scheme to be availed by large number of taxpayers for closing their pending disputes relating to legacy Service Tax and Central Excise cases that are now subsumed under GST so they can focus on GST."

The same relief is available for cases under investigation and audit where the duty involved is quantified and communicated to the party or admitted by him in a statement on or before 30th June, 2019.

Further, in cases of confirmed duty demand, where there is no appeal pending, the relief offered is 60% of the confirmed duty amount if the same is Rs. 50 lakhs or less and it is 40%, if the confirmed duty amount is more than Rs. 50 lakhs. Finally, in cases of voluntary disclosure, the person availing the Scheme will have to pay only the full amount of disclosed duty.

The Scheme is especially designed to free the large number of small taxpayers of their pending disputes with the tax administration.

Neha Ahuja, Advocate

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

ALTERNATIVE INVESTMENT FUND (AIF) – AN ALTERNATIVE MODE OF FUNDING IN INTERNATIONAL FINANCIAL SERVICES CENTRES (IFSCS)

By Roshan Kumar Bajaj
Director, JPNR Corporate Consultants Private Limited

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

1.0 Synopsis of the previous release

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

2.0 Coverage in the current release

In the current release, we shall endeavour to lay down the critical aspect of Alternative Investment Fund (AIF) to assess the viability of setting up AIFs in IFSC. AIFs shall provide the necessary boost to GIFT IFSC in terms of funding and investor access.

3.0 Key points which have been discussed in this article:

In the ensuing paragraphs, we have sought to introduce the key take aways of the AIF as may be relevant for the IFSC operating out of it.

3.1 Definition of AIF:

Alternative Investment Fund means any fund established or incorporated in India in the form of a trust or a company or a limited liability partnership or a body corporate which, is a privately pooled investment vehicle which collects funds from investors, whether Indian or foreign, for investing it in accordance with a defined investment policy for the benefit of its investors.

3.2 Funds which are not considered under AIF:

- Family trusts, set up for the benefit for the benefit of relatives.
- Employee Stock Option Purchase trust set up under SEBI (Share Based Employees Benefits) Regulations, 2014 or as permitted under Companies Act, 2013.
- Employee welfare trusts or gratuity trusts set up for the benefit of employees.
- Special Purpose Vehicle (SPV) funds including securitization trusts.
- 'Holding companies' within the meaning of sub-section 46 of section 2 of Companies Act, 2013.
- Funds managed by securitisation company or reconstruction company registered with the Reserve Bank of India, under section 3 of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act).
- Any such pool of funds which is directly regulated by Reserve Bank of India (RBI).

"Alternative Investment Fund means any fund established or incorporated in India in the form of a trust or a company or a limited liability partnership or a body corporate which, is a privately pooled investment vehicle which collects funds from investors, whether Indian or foreign, for investing it in accordance with a defined investment policy for the benefit of its investors."

3.3 Categories of AIF:

"Category I Alternative Investment Fund" includes

- Venture capital funds (Including Angel Funds)
- SME fund,
- Social venture fund
- Infrastructure fund

"Category II Alternative Investment Fund" are such funds which does not fall in Category I and III and doesn't undertake leverage or borrowing other than to meet day to day operational requirements. Such as

- private equity funds or
- debt funds, etc.

"Category III Alternative Investment Fund" includes

- hedge funds or
- funds which trade with a view to make short term returns.

3.4 Minimum Investment Requirement To AIF in IFSC:

Investment in all categories of Alternative Investment Funds shall be subject to the following conditions:-

- Investors can be Indian, Non-Resident of India (NRI) or foreign.
- Minimum corpus should be at least **USD three million** (in terms of INR more than Rs. 20 crore) for each scheme.
- The AIF shall not accept from an investor, an investment of value less than **USD one hundred and fifty thousand** (In terms of INR not less than Rs. 1 crore) or **USD forty thousand** (in terms of INR not less than Rs. 25 lakh) in case of employees/directors/fund manager of AIF.
- The manager or sponsor shall have a continuing interest in the respective AIF in the form of investment, (a) of not less than **2.5% of the corpus** or **USD seven hundred and fifty thousand** (in terms of INR more than 5 crore), whichever is lower (if Category I or II) and (b) **5% of the corpus** or **USD 1.5 million** (in terms of INR more than 10 crore), whichever is lower (if Category III).
- No scheme of the AIF shall have more than one thousand investors;
- An AIF set up in IFSC may invest in the units of other AIFs set up in IFSC and India subject to the provisions of AIF Regulations.

Earlier, AIFs were permitted to invest in India through the Foreign Portfolio Investment (FPI) route in terms of **SEBI circular dated May 23, 2017** governing permissible investments by AIFs operating in IFSC. Now, such AIFs may invest in India through the Foreign Venture Capital Investor or Foreign Direct Investment (FDI) route also, in accordance with applicable FDI policy/ guidelines issued by Government of India and RBI in this regard.

3.5 Overseas investments:

The **SEBI vide para 2.B. of the Circular No. CIR/IMD/DF/7/2015** dated 1 October 2015, had laid down conditions for AIFs to comply with before investing outside India. Such conditions included obtaining prior approval from SEBI, capping investments to a limit of USD 500 million (now USD 750 million) and 25% of investible funds, etc. As per the operating guidelines issued by the SEBI, these conditions should not apply to an AIF set up in the IFSC.

3.6 DIRECT/ INDIRECT TAX INCENTIVES UNDER AIF IN IFSC:

Direct Tax	Rate in IFSC
Minimum Alternate Tax (MAT)	9%
Commodities Transaction Tax (CTT)	NIL
Dividend Distribution Tax (DDT)	No DDT
Capital Gain	No Capital Gain
Tax Holiday	Available
Income Tax	Exempted* • 100% for 1st 5 years • 50% for next 5years • 50% of ploughed back profit

* Further a change in the respect of section 80LA of the Income Tax Act will take effect from 1st April, 2020, a Unit of IFSC shall be allowed to deduction at 100% for 10 years from the date of commencement of business. In addition to the deduction, exemption can be claimed for any ten consecutive assessment years out of fifteen years from the year of commencement.

Tax exemption under section 56(2)(viib) of the Income Tax Act, 1961:

As per section 56(2)(viib), if a closely held company receives, from any resident person, any consideration for issue of shares that exceeds the face value of such shares, the aggregate consideration received for such shares as exceeds the fair market value of the shares is taxable as income from the other sources.

However, this provision is not applicable for the consideration received by a venture capital undertaking for a specified fund or a venture capital fund or by a company from a class or classes of persons as may be notified by the Central Government in this behalf. Currently the benefit of exemption is available to Category I AIF. An Amendment in the provision has been introduced by the Finance Bill, 2019 which will take effect from 1st April, 2020 to extend the exemption to Category II AIF as well.

Indirect Tax	Rate in IFSC
Goods and Service Tax	Exempted
Custom Duty	Exempted
Drawback	Available
Electricity duty/ Stamp duty/ registration fees	Exemption/ Reimbursements

4.0 Parting remarks

Setting up of AIF in GIFT City, being the species of private pooled funds recognized in India, can become another important step in commencing the third stage of proliferation of financial and capital market activities. It can be a breakthrough for the investors and the organisations as it provides multiple options for small investments in numerous start-up companies or other companies which give an alternative to the investors where high risks are involved with the high rate of returns.

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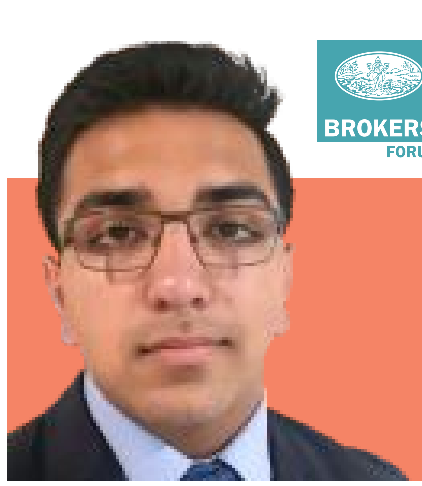
Roshan Kumar Bajaj [FCA, CIFRS]

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.



ANALYSIS OF FII AND MUTUAL FUND CAPITAL FLOWS IN EQUITY MARKETS

By Dhruv Rungta
Student at Walnut Hills High School, Ohio USA

Analysis of FII and Mutual Fund Capital Flows in Equity Markets

- Graphical representation of capital below

Introduction and Exposition

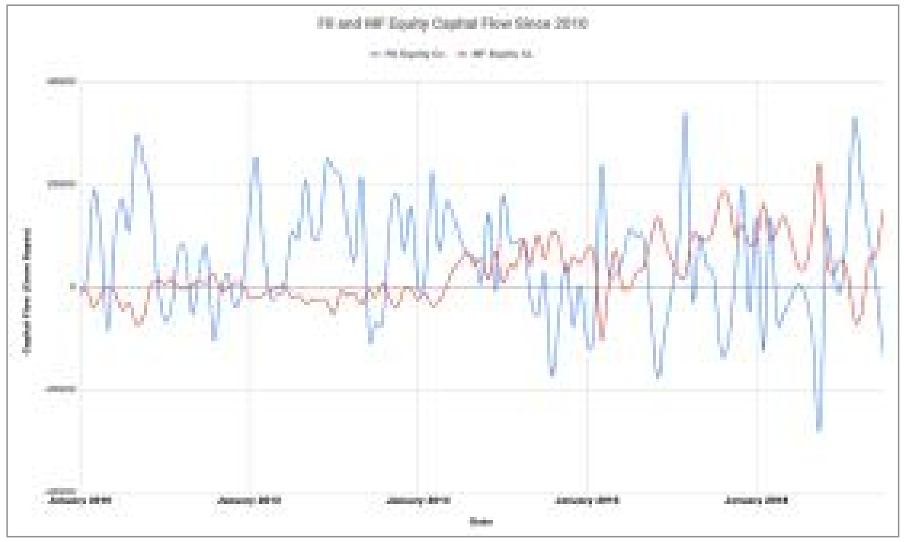
Foreign Institutional Investor (FII) and Mutual Fund capital flow in equity markets show strong inverse correlations with increasing correlation in recent years. Today, FII capital flow appears to be more volatile and illustrates a lack of commitment to the long-term success of the domestic market. Such investors appear to invest for short periods of time and are quick to pull funds from the market during corrections. This type of investment is destructive for the domestic market and does not encourage sustained development and outlooks.

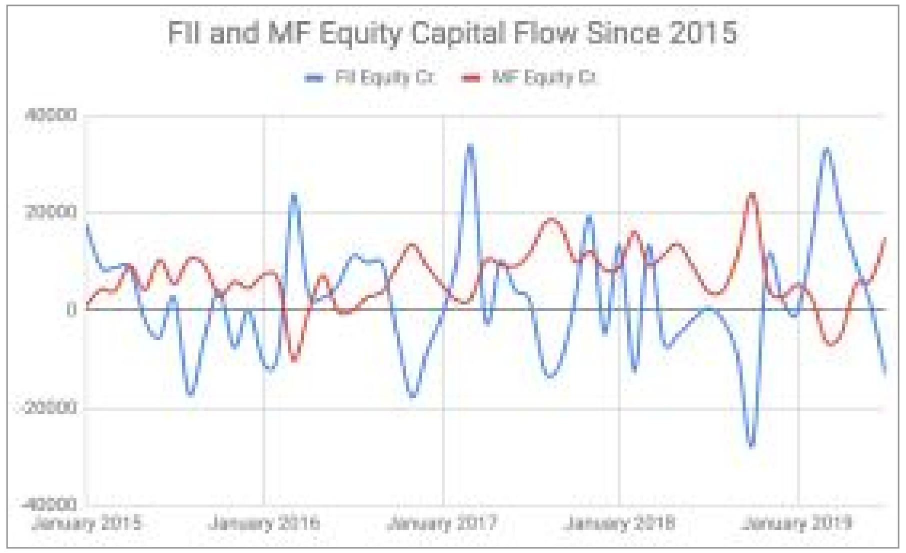
"Capital from mutual funds behave as a stronger and more stable substitute to FII capital and will aid in the long-term prosperity of the Indian economy, Such stability demonstrates positive outlooks for the long-term success of the nation."

Mutual fund capital flow appears to have stabilised in recent years with a consistent positive flow into the market. These funds are more and more behaving as a backbone to the Indian economy and buffer the markets in times of exhaustive FII outflow and supplement the economy when FII inflow is positive. Capital from mutual funds behave as a stronger and more stable substitute to FII capital and will aid in the long-term prosperity of the Indian economy, Such stability demonstrates positive outlooks for the long-term success of the nation.

Comparing 2010-2014 Data to 2015-2019 Data

Previous to 2015, FII investment was a driving force in the development of the Indian stock market. FII capital flow was much more stable than mutual fund capital flow with FII investment aimed at long-term development and a coefficient of variation of only 1.26 (2010-2014). Such investment was highly beneficial in allowing sustained growth and at this time, mutual fund capital was highly volatile with market awarness of this instrument quite low and a coefficient of





variation at -4.20 (2010-2014). Dependency on foreign capital was very high along with the consistency of this capital.

Since the start of 2015, multiple national advertising campaigns have made awareness of mutual funds much greater. This awareness coupled with a growing economy and participation in the market has stabilised mutual funds and has allowed for greater market dependence on domestic investment. At the same time, the volatility of FII capital flow has significantly increased on account of the 2015 Chinese Economic Crisis which the resulted in an annual FII capital flow of only 18,000 crore rupee as compared to more than 1 lakh crore rupee in the previous 3 years. Another key factor in increased volatility of FII capital flow was demonetization in 2016 which resulted in a 5.7% reduction in GDP and large FII outflow. A variety of other factors have also contributed to this volatility. Since 2015 FII capital flow has become over 6 times more volatile than the capital flow of domestic mutual funds. The extreme volatility of FII capital can be indicated with a coefficient of volatility value of 5.59 since 2015, this is comparable to the coefficient of the volatility for a mutual fund with a value of only 0.87 since 2015.

Current Scenario and Outlook

Following the release of the budget plan in early July, Indian markets have experienced an extreme outflow of foreign capital. Amounting to nearly 2 Billion USD, foreign investors have likely been selling on account of the income-tax surcharge being applied to them. Such volatility of foreign funds is not uncommon with 13 distinct instances of negative capital flow since 2015.

The volatility of FII Capital flow will likely remain high as India continues to develop and global trade tensions continue to grow. The Indian economy's dependence on mutual funds will persist as participation and awareness rates rise. This dependence brightens future outlooks for the domestic economy and will allow the nation to be more self-sufficient and not at the mercy of global trends. As time continues, FII capital flow should affect the domestic market less since increased investment in mutual funds will buffer the markets.

Additional Commentary

One notable observation is that both FII and mutual fund capital flows appear to be more negative at the end of their respective financial years. This trend indicates that sales of mutual funds in March and the negative flow of FII capital in December are not good indicators of market outlook but rather attempts by investors to increase end of year profits.

Data:
https://docs.google.com/spreadsheets/d/1RVgQ0iSqh5iTqLWdP_R_K8d9f-goe_YDXs0GhK0CCRg/edit?usp=sharing

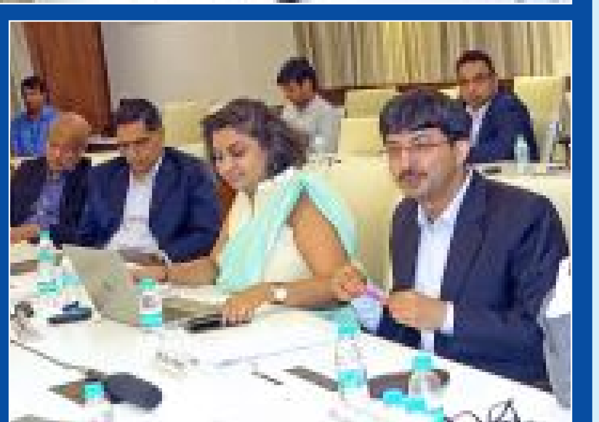
Data on FII and MF capital can be found at
https://www.moneycontrol.com/stocks/marketstats/fii_dii_activity/index.php and https://www.way2wealth.com/mutual-fund/mfactivity/

Dhruv Rungta is a senior at Walnut Hills High School who intends to pursue a career in both Engineering and Business Management and Analytics. He has completed multiple analytical studies under the tutelage of Dr. Aditya Srinivas and has business experience both in the U.S. and in India.

He worked under Dr. Aditya Srinivas, Chief Operating Officer and Chief Economist at BSE Brokers Forum.

BBF - Policy Group Meeting | Royal Bombay Yacht Club | Mumbai (23rd August)

7th Seminar of BSE - PIF Financial Sector Policy Series: Volume II Towards a USD 5 Trillion Economy | BSE | Mumbai (28th August)



Uttam Bagri (Chairman, BBF) addressing

Bombay Stock Exchange Brokers' Forum (BBF) signs MoC with AV Financial Experts Network Private Limited (FinX) | 12 September 2019, Mumbai

Bombay Stock Exchange Broker's Forum (BBF) & AV Financial Experts Pvt Ltd. (FinX) have decided to collaborate amongst each other and engage closely with BFSI Industry bodies, BFSI companies, educational institutions & related organisations in building & fostering a sustainable eco-system for better employability & employment opportunities in the capital markets. This initiative will work towards attracting quality talent and enhancement of skills for the members.

Uttam Bagri (Chairman-BBF) with Himanshu Vyapak (CEO-FinX)

(L-R) Upasana Koul (COO-FinX), Himanshu Vyapak, Uttam Bagri, Dr. Vispi Rusi Bhathena | PhD (h.c.) (CEO-BBF), Ujwal Damani (Associate Director-BBF)

Japan Securities Dealers Association (JSDA) - 15th ASF Tokyo Round Table (Tokyo, Japan | 2-7 September 2019)

BBF represented by Ujwal Damani (Associate Director, BBF International Business Cooperation Division)

DAILY DETOX

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

By SherinaTanwani
Brahma Satya Trainer
& Healer

Man is a creature of habit. Every single day, we follow a routine that we have set for ourselves. We get up at a particular time, we follow a pattern of all the things that we consider to be our morning ritual, we eat foods that we have decided are healthy or needed for us, we arrange our things in a manner that is acceptable to us, and so on.

Once in a while, after partying all night, or after our body is exhibiting signs of dis-ease, or even simple physical problems like acidity or bloating, we may decide that our body is in need of a detox. however, what we don't realize is that detoxification can also be a daily process, a daily habit that we need to incorporate into our life.

A natural body detox doesn't have to be complicated. Here are some easy-to-do habits that will guide you towards a healthier lifestyle.

A word of caution: While each tip on its own is simple, trying to incorporate too many new things into your daily routine all at once is a recipe for none of them to stick.

You may already be doing some of these things on a regular basis. Review the list first and then pick one or two new things to start. Once these become habitual, then pick a couple more items.

If you do this consistently each month, by the end of the year you'll have a bunch of new natural body detox habits that support your physical (and mental) health!

Ways to Naturally Detoxify Your Body Every Day

1. Drink more filtered water. It takes liquid to flush out those unwanted toxins. Try upping your hydration level today. You'll be amazed by how great you'll feel!

2. Start your day with lemon water. Get the hydration habit going with 8 oz. of water with one whole lemon in the morning before you eat or drink anything else.

3. Oil Pulling. Oil pulling is the process of swishing 1 tablespoon organic coconut oil around in your mouth for between 10 and 20 minutes. The chemical reaction between your saliva and the oil literally "pulls" bacterial toxins out from the deepest crevices in your whole oral cavity. Oil pulling can also strengthen the stomach, heart, liver, lungs, and reproductive organs. Give it a try - and don't forget to spit it out afterwards into the garbage can so you don't clog your sink drain. Cold pressed organic coconut oil is the most beneficial for this.

> "A natural body detox doesn't have to be complicated. Here are some easy-to-do habits that will guide you towards a healthier lifestyle."

4. Tongue scraping. Besides oil pulling, another effective way to target the oral cavity for detoxification is through the Ayurvedic practice of "tongue scraping." Scraping the tongue daily removes any build-up on the tongue, which, if left untreated, …may house a significant number of bacteria. Tongue scraping requires an inexpensive tool (stainless steel works best) that can be purchased at any medical store. The tongue should be scraped very gently from back to front 7 to 14 times.

5. Eat more organic green leafy veggies. Kale, celery, spinach, parsley, cilantro, and mint… all these greens are your friends. They contain vital nutrients, plenty of fiber and chlorophyll, which helps to cleanse the blood. Try them in a smoothie or in a raw salad, or very lightly sautéed in coconut oil if eating them raw is not for you.

6. Add some probiotics. The gut is the first line when it comes to nutrient absorption, and probiotics are the "food" of healthy gut bacteria. Probiotic rich raw sauerkraut and kimchi or a refreshing kombucha is very effective.

7. Try some chlorophyll. Another great addition to your diet can be chlorophyll (wheatgrass) in tablet or liquid form. Chlorophyll is the green pigment found in plants and algae. Chlorophyll can increase red blood cells and bind with toxins and heavy metals, sending them on their way out of your body.

8. Consider gentle detoxifying teas. Add some dandelion, turmeric, or Holy Basil tea to your evening routine or try lemon tea for a mid-afternoon pick-me-up. Chia, milk thistle, garlic, and spirulina are all great natural detoxifiers.

9. "Unplug" during a meal. Take a media break while you eat. This is just a good habit to get in for proper digestion. While you eat your lunch or as you sit down with your family for dinner, instead of focusing on who is texting you or what is playing on TV, why not focus on what is going on around you or with each other? Chew your food slowly as well — chewing is the first stage of digestion. Let's practice some mindful eating.

10. Play out your stress. Take a detox from the mundane and dive into your creativity! Spend at least an hour engaging in a healthy creative activity, allowing all concepts of time to go out the window. Get lost in the play of painting, dancing, writing, doodling, needlepoint, being in nature, playing games or whatever brings you joy.

11. Breathe more. Pay attention to your breath. Does your breathing become shallow when you are stressed or upset? Decide to take a deep breath instead. Deep breathing can help cleanse the respiratory system and oxygenate the blood.

12. Try meditation. Meditation not only calms the mind, it also helps relax those stress responses that are pumping too much cortisol into your body, creating inflammation and toxic build-up. Start with even 5 minutes and simply focus on your breath as you close your eyes and go within.

13. Do some aerobic exercise. Get moving! Aerobic exercise pumps life-giving oxygen and feel-good hormones into your body. But did you also know that during a workout the muscles act like the liver and produce an enzyme that clears out depression-causing chemicals?

14. Stretch and release. Stretching not only keeps muscles and joints flexible, it can also lower inflammation and "fight or flight" responses that can lead to chronic disease. A 2009 study of women with breast cancer found that those who underwent a 75-minute restorative yoga class for 10 weeks had less instances of depression than those who did not. Stay motivated and detox from stress by doing a few stretches throughout the day.

15. Hot and cold shower cycling. Now that you have worked up a sweat and stretched it all out, consider keeping the detox going as you step into the shower. Cold showers can lower stress and improve circulation. Hot showers, on the other hand, relieve tension and congestion and help you sleep better. Turn the shower temp to a little hotter than you would normally have it. Then alternate the temp to as cold as it will go for 30 seconds. Work up to alternating hot & cold intervals for 5-minutes.

16. Spend time in nature. Shinrin-yoku, or "forest bathing," is a Japanese term for being in nature in order to gain the physical benefits it can offer. A 2010 review of 24 studies found that spending some time in nature kicks in parasympathetic nerve activity that can help heal and detoxify. Don't live near a forest? Try the beach or a park. Nature can be found almost anywhere!

17. Get some sun today. Sunshine provides us with vital vitamin D, a truly "healing hormone" that has been linked to lower inflammation, lower blood pressure, improvements in muscle tone, improved brain function, and even cancer protection. Try 10 minutes of sun exposure without sunscreen.

18. Make your home electro-pollution free. Make sure your bed is located as far away as possible from Cellphones or other electronic devices. Turn off your Wi-Fi routers before you snooze so that EMFs do not disturb the quality sleep you need to detox and heal.

19. Take a bath. "Hyperthermia," or using heat to heal, is a great detox modality. Your bathtub can be your own hyperthermia tool. Take a hot bath and release tension with some added Epsom or mineral salts and calming essential oils, like lavender. After getting out of the bath, wrap yourself in a blanket for a few minutes for some extra sweating power.

20. Body brushing. Brushing your skin for detoxing? You bet! And right before a bath or shower is the best time to do it. Using a soft-bristle brush, gently start at your feet and arms and work your way towards your heart. Dry brushing is a core modality for Ayurvedic detoxification protocols because it stimulates the lymphatic system.

21. Give an enema a try. A simple filtered water enema with a bit of aloe or lemon juice added can be a soothing way of flushing the colon as well.

22. Castor oil packs. Castor oil packs have been shown to improve the detoxification capacity of the liver, support reproductive organs, improve lymph flow, and reduce inflammation. Try using a "castor oil pack" along with a heat source on your abdomen for at least an hour. Or simply drink a tablespoon of castor oil for an internal cleansing.

23. Foot massage. Relax and unwind by giving yourself a soothing foot massage. Reflexology is the Chinese practice of corresponding points on the foot with organs in the body. When you are massaging your feet, you are really loosening up the entire body. Or treat yourself to a Reflexology session at Prisim.

24. Connect with others. Connect with someone in your life that means a lot to you. Make a phone call or send a text just to say "hi." If no one is around, sit in a coffee shop or a park and strike up a conversation. Make time for family.

25. Take time for gratitude and appreciation. Last on this list, but certainly not least, take the time to simply let go. Detox from negative thinking by tuning in to the things, people, and situations in your life that you are most appreciative of. Have a job you love? Are you proud of your kids? Do you live in a great neighborhood? Are you grateful for all that you have learned about detoxing and your health? Celebrate all of this until it puts a smile on your face!

Sherina Tanwani is an authorized System BrahmaSatya trainer and healer since the year 2001. She conducts various workshops:

- Brahma Satya Energy Healing - Level 1, 2 & 3
- Reiki - Level 1 & 2
- Magnified Healing
- Crystal Chakras
- Goal Empowerment with Art &Huna Healing
- Chakra Meditation
- NaadBrahma Meditation
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Services offered:

- Aura Scan & Analysis
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- Aura Cleansing & Chakra Balancing with Crystals
- Numerology Report
- Angel Therapy
- Crystal Grid to resolve all personal & environmental issues
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- Art Therapy & Zentangle
- Emotional Catharsis
- Fairy / Angel Card Reading
- Healing Meditations - Chakra Meditation, Naadabrahma etc.
- Numerology
- Hypnotherapy / Past Life Regression
- Clearing of Spaces
- Reconnective Healing & The Reconnection
- Heartlight Ascension
- Raw & Vegan Foods by Prana Kitchen

FIBRE

By Dr. Namita Jain
Managing Director, Kishco Limited

Q: I have been advised by my physician to increase Fibre intake in my diet. He has also advised me to lose weight. What are the benefits of taking a fibre-rich diet? Does it help in weight loss? Can you suggest ways to increase fibre in the diet?

Fibre adds bulk to the food and is an all-important source of roughage. The roughage component in fibre aids the digestive system, helping the body's elimination process.

Are you getting enough fibre? A low-fat, balanced diet, rich in fibre is beneficial for health. Simply adding adequate amounts of fibre to the diet can improve overall health, prevent heart ailments, colon cancer and diabetes.

The body's internal broom

As fibre passes through the digestive tract, it acts like a sponge, cleansing the waste matter and preventing constipation. Fibre's main function is to help bowels function more efficiently. If the elimination process is compromised, toxins build up, resulting in ill-health.

The outer layer of a grain, which contains most of the fibre, is removed in the refining process. This is why whole-grain products, such as brown rice, whole-grain bread and other unrefined foods are recommended.

Fibre: a tool for weight loss?

Fibre helps remove fat and unwanted waste from the colon wall. It is filling and low in calories and provides a welcome feeling of fullness especially if you are watching your weight.

Consider the options before you grab all those empty calories. Make informed choices based on the menu available, then, if you really are in the mood to indulge, cut back on quantities and savour the food in small portions. This is far better than going on an all-out binge.

DON'T snack mindlessly on the on-the-house buttery breads and naans, fried savories, rich sauces and gravies. Ask about ingredients when uncertain about their description on the menu.

DO select dishes that offer fresh sprouts, vegetables. Grilled/ steamed foods retain fibre content. Ask for whole wheat or multi grain bread orrotis.

Water is essential

Be sure to increase water consumption - consume at least eight to ten glasses per day. Fibre requires ample water to function optimally. Increasing fluids helps fibre to move more easily through the intestines.

> "Be sure to increase water consumption – consume at least eight to ten glasses per day. Fibre requires ample water to function optimally. Increasing fluids helps fibre to move more easily through the intestines."

To peel or not to peel

Eating the skin of certain vegetables and fruits ensures that you get even more fibre.

For example, the peel contains 75-percent of dietary fibre in an apple. It is important to make sure the fruits and vegetables are washed properly if you decide to eat the peel.

The removal of seeds or hulls also reduces fibre content.

For example, tomatoes with seeds have more fibre than de-seeded ones.

Benefits of fibre

- Improves digestive health.
- May help reduce the risk of colon cancer, heart disease and diabetes.
- Decreases elevated blood cholesterol levels.
- Helps control weight.

Drawbacks

- Too much fibre can cause bloating.
- Excessive fibre can interfere with the absorption of iron, zinc and other minerals.

The National Cancer Institute of America recommends a daily intake of between 20 to 35 grams of fibre-rich foods.

Ways to increase intake of fibre

- Eat breakfast. Breakfast is one of the best fibre opportunities of the day - you can consume whole-grain toast, fresh fruit or fibre-rich cereal such as oats and bran.
- Eat legumes more often. Try lentil soups, stews or casseroles.
- Eat whole fruits more than juice. Most of the fibre in fruit is found in the skin, seeds and pulp.

To lose weight: Banish Excuses!

Excuse 1: "I don't have time in the mornings to pack my lunch, I eat out mostly every day."

Most office-goers are rushed, but that is no excuse to eat unhealthily. If you are ordering food from your workplace or at a restaurant, make better choices such as -- a soup, a salad, yogurt, a brown bread sandwich. Avoid greasy, heavy meals and sweetened calorific beverages to wash them down.

Excuse 2: "I have a tendency to gain weight"

If you lead a sluggish life and eat rich food, you will further increase your tendency to gain weight. Remember, regular exercise and correct food habits will help you stay in shape no matter what your tendency is.

Excuse 3: "Had I the time, I would be slim too. I would go on a diet too!" "I keep meaning to, but it doesn't seem to happen. I am so busy."

Dieting is not time consuming. It is just sensible eating. Most slim people are in the habit of making low-fat choices and watching their weight. You can too, it's all about making correct choices.

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.

GHEE; HERO OR VILLAIN?

By Parth Adhyaru
Fitness Fundamentalist & Wellness Consultant

"I was trying to lose weight so I stopped having ghee, oil, butter, cheese, etc" said a girl who had come to consult me on her weight issue! This was about a decade back in my initial days that shook me to the core thinking how much misconception can prevail even among well-educated population.

"Hrinam Krutva Ghritam Pibet" the Sanskrit litrature speaks, meaning; make debt but drink Ghee - is what I replied to her as I do till date to each and every such person who thinks Ghee may aid to weight gain. Well, anything in excess, excess calories will be converted to fat eventually but that doesn't make Ghee the culprit at all.

First of all, lets understand how actual Ghee is made. The ancient ayurvedic texts talk of Ghee to be mainly from the Cow origin to be of medicinal value and to be noble to health hence Ghee made from Buffalo milk is not considered to be Ghee.

When Cow milk is converted to curd, further to buttermilk and churned in wobbling action, the emulsified stuff or solids that come up to the surface is white butter. When this white butter is melted in a thick pan using low heat for a certain duration it is converted to ghee. Ghee has to be free from any milk solids or dairy material hence Ghee is NOT clarified butter but it is more refined version of it. While making Ghee, it is of utmost importance that the heat is low and there is no ramification; meaning no or negligible amount of smoke is being emitted. Traditionally, some would prefer using earthen pan or a clay pot to process this. Cow ghee is yellowish in colour and its odour may repel some - especially while it is being made or warmed.

Ayurveda describes Ghee as both - as a medicine itself and as a vehicle to many of the Ayurvedic medicines. Since the advent of the notorious cholesterol science, we took on to the west and forgot what our Aryan roots taught us. People started fearing Ghee. Roti and Rice without Ghee is probably more dangerous than the refined "2-min noodles" that are available on the shelf! Ghee is probably the most important innovations of the Aryans that stands tall today, recently being backed up by the modern western science. It is believed to have originated about 5,000 years back.

Clinical evidences show that Ghee has several health benefits that are difficult to find in any of its substitutes; well, actually Ghee doesn't have an option. Ghee is hypoglycaemic if taken by itself as a medicine which means it can lower blood sugar in people who are suffering from high blood sugar - Diabetes. Let me not claim that it cures Diabetes but it certainly can have a great control over the blood sugar levels if taken alone or with food. When you eat a Laddu full go Ghee, the sugar in it doesn't peak in the blood stream as much as it would without Ghee being in it.

"Ghee has to be free from any milk solids or dairy material hence Ghee is NOT clarified butter but it is more refined version of it."

Ghee is hydrating; it hydrates our very dry in nature grains - why did we come up with an idea of applying Ghee to roti and adding Ghee to rice? It is because without those fats the very dry grains will not be properly digested and they would also have a very high potential to stick to the intestinal linings causing hypo-gastric discomfort & constipation leading to many bowel problems in the longer run. Ghee is also hydrating to our skin if eaten in adequate quantities.

Ghee can work as a superb laxative; when taken by itself early in the morning or late at night either with warm water or warm milk, Ghee can work wonders in those who are suffering from chronic or habitual constipation. This can not only make your intestines sparkling clean but will also strengthen the intestinal function along with retaining the intestinal elasticity hence flexibility. It can result into rock solid digestive function and due to Ghee's anti-septic nature, it can help keep the entire GI tract infection-free, or may help fight some of the GI infections that may otherwise cause a lot of digestive troubles.

Due to Ghee's anti-septic nature, it may also help those who have suffered from ulcers anywhere in the GI tract when taken with a little organic turmeric powder on a daily basis!

Ghee slows down the digestion process of faster refined foods like white rice & Maida hence any ancient Aryan culinary preparations have included Ghee (or equivalent natural fats) in the recipe so that (1) the refined carbohydrates in the dish doesn't make blood sugar level peak, (2) it slows down the digestion ensuring satiety for a long period of time, so no hunger pangs within a couple of hours of eating, and (3) it helps in better digestion and makes sure no sticky grains will stick inside the intestine thus making the bowel clearer.

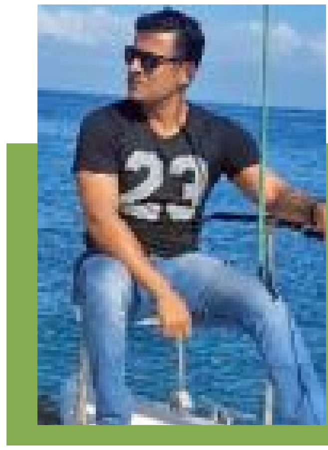
Many gassy foods when consumed with adequate amount of Ghee in addition to certain spices of course reduces its gassy nature and eases its digestion alleviating gastric bloating and any such discomfort associated with those foods. i.e beans and lentils, broccoli or cabbage, and to your surprise even Milk! There are people who are not Lactose-intolerant but still have troubles consuming Milk. They would be easily be able to handle a lot of milk intake if they add a tbsp or two of actual Ghee to their glass of Milk!

Based on the facts above, now you are the best judge whether to call Ghee a hero or a villain!

Happy Health!!

Disclaimer: The facts stated in the article are not substitute to a physician's advice. There may be different conditions and contexts in which the aforementioned advice may not be suitable to all individuals. The article is not intended to treat or cure any chronic diseases or medical conditions.

Parth Adhyaru is a fitness fundamentalist & wellness consultant. He is an M.D. in Alternative Medicine & relies on herbs & phyto-compounds extensively for weight loss, control & prevention of lifestyle induced diseases & conditions. He is an active participant in the ESPEN (European Society of Clinical Nutrition) & a former newspaper columnist featuring 'Fitness Fundas'. He can be reached at tfc.amdavad@gmail.com



NUTRITIONAL KETOSIS

By Devbrath Guha
Certified Nutritionist & Corporate Wellness Trainer

Ketogenic diet is the buzzword of fitness industry and many famous personalities ranging from Karan Johar of Bollywood to Kim Kardashian of Hollywood. So, what exactly is Keto diet. Keto diet is a high fat, moderate protein and low carbohydrate diet where the body starts burning ketone bodies instead of glycogen as the fuel source. This diet form was primarily used for children suffering from epilepsy since, Beta Hydroxybutyrate (one of the main ketone bodies) is known to be rejuvenate dead neurons but it is now used by many for weight loss and management.

The human body primarily uses carbohydrates and fats as the primary source of fuels and proteins used as building block. That protein can also be used for generating glucose through gluconeogenesis is out of scope of discussion for this topic as of now. In ketogenic diet, 75-80% of food intake is fats (Saturated and Unsaturated), 15-20% from proteins to ensure no loss of muscle and stopping production of hormones and enzymes. Saturated fats will be fats that are in solid state in room temperature (butter, lard, ghee) and unsaturated ones will be in liquid state in room (olive oil, coconut oil, canola oil). Fats from full-fat cottage cheese as well as meat, fish will also contribute towards fatalong with protein.

Diabetic ketoacidosis is a serious complication of diabetes that occurs when your body produces high levels of blood acids called ketones. The condition develops when your body can't produce enough insulin. ... Without enough insulin, your body begins to break down fat as fuel. People suffering from Diabetes type 1 are advised to seek guidance from their medical consultant, since they already have high ketone levels in blood and adding further ketones may be fatal for them. Such patients may better have a low carbohydrate diet with complex carbs included in every meal thereby ensuring sustained release of glucose. When Diabetes type 2 patients are put on dietary or nutritional ketosis, Beta Hydroxybutyrate being anti-inflammatory results in better insulin sensitivity. Hence, patients suffering from diabetes type 2 lose weight on this diet as well as have better overall medical parameters. But as soon as they change their energy source to carbohydrates, symptoms reappear. That's because diabetes is a lifestyle disease and keto diet has to be adopted by such patients as a part of their lifestyle.

"Diabetic ketoacidosis is a serious complication of diabetes that occurs when your body produces high levels of blood acids called ketones."

Now for the fears associated with Keto diet, as stated in the previous paragraph, people suffering from diabetes type 1, whose small intestines are stapled or have a known renal or liver condition should avoid or seek medical advice before doing this diet else for everyone else it's the best form of eating. Afterall, our ancestors were hunters on land as well as in the seas… The fear of fat releasing fat in blood is an absolute crap since studies have proved that carbohydrates and uncontrolled insulin in blood causes triglycerides and plaques. A high Total Cholesterol (TC) to high-density lipoprotein (HDL) ratio is the best predictor of cardio vascular risk and people need to keep a watch for this parameter in their blood report as a sign of concern. While in ketosis, this number will improve gradually as the inflammation reduces and so does body fat and triglycerides. That's because, when you are in ketosis, fats, especially saturated fats in triglyceride form are converted by the liver to ketones to be used as fuel by the body. Carbohydrates are inflammatory due to their notorious act of spiking insulin that impacts the insulin receptors leading to glucose not been carried to muscles and liver but instead stored as adipose tissue within the body. Insulin, as the name suggests, insulates body fats and in absence of the same, glucagon released by the alpha cells of the pancreas along with the enzyme lipase in presence of hormone norepinephrine, breaks the adipose tissue to fatty acids and glycerol. These fatty acids are converted to ketones in the liver thereby generating Adenosine Triphosphate (ATP), or body's energy currency through Beta oxidation or Lipolysis.

In keto, you cannot consume tubers growing underground with the exception of ginger and garlic as well as fruits baring handful of berries since berries have a low glycemic index and spike blood glucose in a controlled manner. You also have to restrict your consumption of onions and tomatoes. Most importantly, Keto is not a license to eat sausages, processed meats, mayonnaise sauces etc since processed foods still contain high levels of sodium and trans fats.

Supplementation is a must while following keto diet, since tubers and fruits contain most of the vitamins and minerals which is ruled out from this diet plan. In the absence of insulin, kidneys become most efficient in releasing sodium and hence salt intake as well as intake of magnesium and potassium is a must. Himalayan pink salt, 500 mg magnesium supplementation and about 5-7 cups of green leafy vegetables for the required 4700 mg potassium are most critical. Vegetables also provide the most needed fiber which is needed for bowel formation.

Most importantly, since insulin levels are stable, you should feel satiated most of the times as the stored fat is being burnt as fuel.

Lastly, hydration is a must and ensure you are having atleast 70ml per kg bodyweight of water. Keto is not a fad diet if done properly and under expert supervision, it's a lifestyle that can be adapted or you may decide to move to a low carbohydrate variety with a target to maintain the body weight.

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HOW TO CHOOSE SECURE WEBCASTING SERVICES?

By Siddharth Bera
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EPITOME
Webcast Simplified

Are you planning to produce a webcast? You must be aware of the ways you can stage video production. You need to get the best shots of the event you are organizing and edit those to make a great video package. However, webcasting is completely different from that. You need to know how to distribute the video online. The challenge is even greater when you need to webcast live videos on the web channels. India based company Epitome Corporation Pvt Ltd offer your own secured channel or can also take the services of the **secure webcasting services** using which you can deliver a branded video streaming with full of security.

Why choose secure webcasting services?

You may not be aware of all the technical details of webcasting a video on the Internet. That is the reason you should choose webcasting service providers to take up the task for you. Webcasting services are around for a long time. There are quite a few good ones. However, you need to choose the best webcasting service provide who would provide **secure webcasting services.** There are certain important things that you need to consider while choosing such a service provider:

The foremost decision that you need to take is which of the company events you'd like to webcast. If it is a single live event about an important product launch or any special occasion in the company that you'd like the targeted audiences to know, you need to choose webcasting services. You need to measure whether this approach of webcasting will help to generate leads and revenue for the company. If it does, you should opt for live webcasting services.

"The challenge is even greater when you need to webcast live videos on the web channels. India based company Epitome Corporation Pvt Ltd offer your own secured channel or can also take the services of the secure webcasting services using which you can deliver a branded video streaming with full of security."

If you have a certain in-house webcast expertise and yet are looking for a packaged solution for webcasting the videos of the company, you should choose hosted solutions. These service providers generally have their own cloud-based platforms. These platforms support the webcast distribution process. However, the webcasts will be managed by you by subscribing to their hosted solutions. If you produce webcasts too frequently, choosing this type of hosted services seems to be a viable solution to your video webcasting problem.

Secure webcasting will also broaden the online event experience. With the right services your events can turn into large virtual events for the target audiences to follow. The videos are often as big as online trade shows bringing a lot of details about the products and services to the potential customers. The virtual events are nowadays becoming the platform for attracting online customers and brand enthusiasts.

Log on www.epitomesolutions.in to know about the services they offer.

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