

Headline: NSE pitches for new investment products, bullish on ETFs

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Pitching for new products to attract more investors to stock markets, leading exchange NSE has said there is a need for tailor-made instruments for different kinds of people and 'one vanilla' cannot serve all.

Bullish on different kinds of ETFs (Exchange Traded Funds), as also on products like REITs (Real Estate Investment Trusts), National Stock Exchange's **MD and CEO Chitra Ramkrishna** said that the country has a huge pool of untapped savings and the market needs right investment vehicles to tap the same.



NSE, which **Ramkrishna** said itself is on its path to get listed, is one of the two major stock exchanges in the country and was incorporated in 1992 - the other being over 140-year-old BSE.

Besides trading in shares of listed firms, two exchanges offer a host of other products including various derivatives.

However, just about 3 per cent of population is estimated to be present in equity markets and a need is being felt including by the regulators, policymakers and market players, for newer product classes.

"Efforts have been always made for how to take the equity markets to retail savers. We have always believed that passive investment vehicles like ETFs are the right way to do it," **Ramkrishna** told PTI in an interview here.

Terming the government decision to allow EPFO (Employees Provident Fund Organisation) money in the stock market as a 'game-changer initiative' in this regard, she said, "You will find that over the medium-term, the people's awareness of putting some portion of savings in equities will increase.

"Then you will see the positive side effect of the people putting in parts of savings into mutual funds and ETFs. Then over a curve, you will see people putting money in IPOs and then coming to the secondary markets."

She also pitched for a greater push towards the habit of SIPs (Systematic Investment Plans) in broad-based products like ETFs and mutual funds.

"If we parallelly proceed on these two tracks, definitely our coverage will improve," said **Ramkrishna** who has been with NSE since its inception.

Ramkrishna further said, "Savings is never a constraint in this country. With the right product vehicles, we will be able to tap that."

Terming REITs as promising products, she said there is need to experiment with different kinds of structures to tap the savings pool.

"One vanilla will never be able to serve the purpose. So what we are going to see in the next few years is different product structures -- one which will catch institutional interest, one which will catch retail interest, so you tailor the product right and you will get the money from the market from the different parties."

Ramkrishna further said that NSE's experience with ETFs has been very satisfactory and even when markets were not doing very well, it has been seeing accretive investor accounts being opened for ETFs.

"The beauty of ETFs is that when there is commodity upturn, people will invest in products linked to gold, and then they can go to equities or a bit of both."

Stating that "more and more ETFs will continue to come", the NSE chief said the exchange has also introduced ETFs based on government securities.

"SIP, ETFs and broad-based is really the way we can penetrate. Now some of the large intermediaries are doing aggressive account openings on ETFs and mobile trading is picking up too. There are multiple channels through which we are going to reach more and more of the population."

Asked whether the stock markets can take a cue from the boom in online retail market and tap mobile platforms more to attract investors, she said that right kind of technology is definitely available in India.

"There are a lot of mobile front-ends which have been developed and a lot of brokers have deployed that. It is very much easy on front-end and complex at back-end kind of thing," she said, but added that the technology can only be an enabler and it cannot be a reason for people to come to the market.

"Somebody comes to the equity market, then you can use technology as an enabler to keep him engaged in the market, to keep the costs low, to keep it efficient, to keep it transparent, all of that you can do," she added.

At the same time, she said, technology is being used to expand penetration and improve connectivity, while the adoption of mobile trading platforms has also gone up sharply.

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Terming self-listing a "logical priority", leading stock exchange [NSE](#) has said it is also open to listing elsewhere if supervision is rested with a neutral body that can be the domestic regulator, but not a rival exchange.

The exchange, which has nearly 1,400 companies listed on its platform, is also open to exploring overseas options for its own listing along with its domestic setups for better value for the shareholders.

"For NSE, self-listing is a logical priority. We are also open to listing elsewhere provided supervision is rested with a neutral body, which could be the regulator here, but not a competing exchange," its **Managing Director and CEO Chitra Ramkrishna** told **PTI** in an interview here.

"Similarly, by the same logic, we are also not in favor of regulating a competing exchange. Globally, there are many such models available," she said.

When asked whether the exchange would like to go for an overseas listing, **Ramkrishna** said that option could always be explored but the domestic market would remain a priority.

"For realisation of better values for our shareholders, we can also explore overseas options along with our domestic setups," she said.

The exchange has said it has no problem in its shares being traded on any other exchange, but it is opposed to the idea of getting regulated by another exchange.

In the stock market regulatory framework, exchanges function as front-line regulators and all listed companies need to share with them all their crucial business information under a strict set of disclosure norms.

NSE recently formed a Listing Committee that will engage with the stakeholders on self-listing agenda and seek their support to its stand against any kind of regulation by any other bourse.

As per the current Sebi regulations, a stock exchange cannot get listed on its own platform and the listing must take place on another exchange.

NSE is opposed to the idea of cross-listing and wants to list shares only on its own platform, saying it cannot be subjected to regulation by a rival.

However, rival BSE has said it has no problem with cross-listing and it recently got in-principle approval from the Securities and Exchange Board of India (Sebi) for its IPO. The exchange would now file a Draft Prospectus with Sebi and expects its IPO in 6-9 months.

While a number of existing shareholders of NSE have been pushing hard for the exchange to get listed soon, the exchange has said it is on course to get listed and she is hopeful of a resolution on the entire matter.

Its Listing Committee comprises of Board members, shareholders and management representatives and has been tasked to accelerate the process of listing and to assist the exchange's chief in implementing the same.