Headline: Developing existing markets and exploring new ones	
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Developing Existing Markets and Exploring New Ones

In the next 12 months, we will see more developments in the bond market.

Market development is important along with exploring new markets says ***Vikram Limaye****, MD and CEO, National Stock Exchange, in an exclusive interview with* ***M. Rajendran***

How will you describe your journey with NSE in the last one year?
A lot has happened over this period. When I came on board, relationships had to be set right across the board, which included the regulator, the government, the media, and even clients. Since then, we have made substantial progress. We focussed a lot more to ensure that controls were tightened and strengthened, so that past issues do not repeat themselves.

Going forward what will be the focus?
Going forward, our focus will solely be on advancement of technology and we have recently announced some initiatives on that front. Some of them have already been implemented and in the next 12 months, a lot more will be initiated.

We will be revamping the clearing, the settlement and the surveillance system with updated technology. We are focused towards expanding the market and therefore raising the bar on governance is extremely important. It is important for our trading members or listed companies and corporates. Strategic partnership is important and we have entered into one with NASDAQ. There will be more that we will unfold not only in the exchange businesses but also in the non-exchange businesses.

How do you plan to do that?
The idea is to grow on all fronts. Existing market development is important along with exploring new markets and we are entering into new segments like the commodities market, bonds and currency, and have a long way to go. Equity penetration needs to be deepened along with institutional participation in the equities, which also needs to be enhanced.

You took over at a time when the employee morale was delicately balanced in view of internal and external audits.

Photo: SOUMIK KAR

How did you manage the Human Resources aspect, which is very crucial?
One has to give confidence to employees that you will stand by them; that the institution is one that everyone can feel proud of. It is extremely important that we focus on what our mandate is, the agenda is and think of the positives. I have taken the responsibility to resolve the legacy issues with SEBI. We have to learn from our past experiences and move on.

Would you like to share what kind of hardship the employees went through during this period?
It is suffice to say, employees are satisfied about what the organization has done in the last 12 months. Accessibility (to the top management) is important and I remain accessible to everyone. This is important in order to give comfort to the stakeholders. If they are having any issues, they can approach me and I am willing to give them a patient hearing. We are open to constructive criticism and are willing to resolve all kinds of issues.

When can investors expect NSE IPO to become a reality?
It is linked to the resolution of the co-location issue. Right now, I do not have the visibility on the timeline for resolution of co-location issue. Once I have it, then it will make sense to discuss the timeline for an IPO. We will have to re-file the regular Detailed Red Hearing Prospectus and go through the regular IPO process. But I think it is worthwhile spending on that, only when we have a visibility on when the co-location will get resolved. Once I begin the conversation with SEBI and get an indication how long will it take, only then we can think what the timeline for an IPO can be.

Now that respective regulators have intervened in NSE- Singapore Exchange (SGX) matter, are you hopeful that the issue will be resolved and funds will be moving towards Gujarat International Finance Tech-City (GIFT CITY)?
I believe in strong collaborations. We have been in discussion with SGX for some time now, in figuring out a structure that works for market participants and for the regulators, so that we can transition that liquidity in an orderly manner from Singapore to the GIFT CITY. I am still hopeful that we will be able to evolve such a framework which will be a win-win situation from all perspectives.

How safe and secure are our data of capital market system is, in wake of the recent report by the Shrikrishna Committee?
As far as the data securities are concerned, they are secured. We are investing a lot to protect the security of our markets. That is becoming increasingly difficult, as the kind of threats are also getting more complex. So, one has to constantly invest in technology and stay ahead of the curve in anticipating what kind of threat might come and preventing them. So we have a robust cyber security strategy to protect the exchange from all kinds of cyber threats.

What role can NSE play in taking forward the Finance Minister's initiative that he highlighted in his last year's Budget on Bond Market development?
NSE plays a very important role in any market development including bond markets. We are focusing to develop that particular area. I have seen some positive traction on that front in the last 12 months, also because the interactions between SEBI and Reserve Bank of India(RBI) have been more streamlined. They have co-ordinated to what it takes to develop the bond market. There have been regulations, which are now permitting the retail investors to get into government bonds through a non-competitive bidding route. So people who were otherwise investing in fixed deposits will get yet another revenue stream and channelize their investments into government bonds. A committee has been set up by SEBI under the chairmanship of H R Khan (former Deputy Governor of RBI) who, in his last report developed 25-30 recommendations. Some of them have been implemented. In the next 12 months, I am hopeful we will see more developments in the bond market.

You cannot hedge interest rate risk unless your bond markets are liquid and well developed

How NSE is again trying to revive the interest rate derivative market?
It is linked to the development of the bond markets. You cannot hedge interest rate risk unless your bond markets are liquid and well developed, because it is really a derivative on the bond market. So unless you have the underlying bond market substantially developed, your interest rate futures market will not be as robust as you want it to be, since they are interlinked.

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