

**Headline:** MSCI will continue to get data for ETFs: NSE

**Source:** Business Standard

**Date:** 23 February 2018

# MSCI will continue to get data for ETFs: NSE

**SAMIE MODAK**

Mumbai, 22 February

The National Stock Exchange (NSE) plans to continue to provide data to global index providers, including the MSCI, to enable overseas investors to take exposure to the Indian market through their exchange-traded funds (ETFs).

There were concerns among market participants on whether the domestic exchanges would provide data to index providers for creation of indices based on Indian securities or indices where Indian securities had weight of more than 25 per cent.

"The MSCI will continue to get data as long as it is not used to trade Indian derivatives offshore," said Vikram Limaye, chief executive officer, NSE. "There have been concerns on liquidity building offshore. Some of the arrangements were not in best interests of Indian markets in the long term."

Limaye delivered the opening remarks at a conference organised by the Asia Securities Industry & Financial Markets Association, an industry lobby for foreign investors.

On February 9, Indian exchanges in a joint statement had announced that they would stop providing market data to any index provider for creation of



**“WE’LL IRON OUT PAIN POINTS FOR FOREIGN INVESTORS. MORE (MEASURES) ARE ALSO EXPECTED FROM SEBI. WANT TO MAKE OUR MARKETS COMPETITIVE”**

**Vikram Limaye, chief executive officer, NSE**

indices or products which in part — with weight of over 25 per cent — or in full are based on prices of securities listed in India that may be made available for trading or settling of derivatives on any foreign exchange or trading platform.

Market players said the wording of the circular created some ambiguity on whether exchanges would provide data to indices such as the MSCI India, a popular index among foreign investors. The index is used by ETFs as well as for derivatives trading.

"The exchanges will provide data to ETFs based on the MSCI India. However, offshore derivatives trading also take place on the MSCI India index.

The stock price data cannot be used for it," explained an exchange official.

India's weight in the MSCI Emerging Markets and the MSCI Asia Pacific (excluding Japan) is around 8 per cent and 12 per cent, respectively. Meanwhile, the MSCI India index is fully based on securities listed in India.

"We will iron out pain points for foreign investors. More (measures) are also expected from the Securities and Exchange Board of India. Want to make our markets competitive," said Limaye. "There are various areas of markets that need to be developed further... onshore markets need to be more robust."