

Info Capsule

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President

CS Devendra V. Deshpande

❖ Securities Laws & Capital Markets

SEBI News

SEBI comes out with framework for social stock exchange (September 19, 2022)

Capital markets regulator SEBI came out with a detailed framework for social stock exchange, specifying minimum requirements for a Not-for-Profit Organisation (NPO) for registering with the bourse and disclosure requirements. This came after the SEBI, in July, notified rules for Social Stock Exchange (SSE) to provide social enterprises with an additional avenue to raise funds. SSE is a novel concept in India and such a bourse is meant to serve the private and non-profit sectors by channelling greater capital to them. The idea of SSE was first floated by Finance Minister Nirmala Sitharaman in her Budget speech for the financial year 2019-20.

For details:

<https://economictimes.indiatimes.com/markets/stocks/news/sebi-comes-out-with-framework-for-social-stock-exchange/articleshow/94310386.c>

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(Under the jurisdiction of Ministry of Corporate Affairs)



- **SEBI looks to boost surveillance of social media, other platforms through web intelligence tool (September 19, 2022)**

SEBI is looking to boost surveillance of social media and other platforms through a web intelligence tool using artificial intelligence and data analytics to probe violations of various securities laws by individuals, groups and other entities. In this regard, the capital markets regulator has invited Expression of Interest (EOI) from solution providers to implement, install and maintain a 'Web Intelligence Tool', according to a public notice.

For details:

<https://www.moneycontrol.com/news/india/sebi-looks-to-boost-surveillance-of-social-media-other-platforms-through-web-intelligence-tool-9200211.html>

- **SEBI issues framework to prevent misuse of clients' securities by brokers (September 19, 2022)**

Capital markets regulator SEBI put in place a new framework which will prevent misuse of clients' securities and funds by their stock brokers. Under the framework, depositories need to validate the transfer instruction for pay-in of securities from client demat accounts to trading member pool accounts against obligations received from the clearing corporations. The framework, applicable from November 25, 2022 is aimed at further mitigating the risk for clients' securities, especially those given towards delivery/settlement obligations.

For details:

https://www.business-standard.com/article/markets/sebi-issues-framework-to-prevent-misuse-of-clients-securities-by-brokers-122091900909_1.html

❖ **Banking and Insurance**

• **Compliance Function and Role of Chief Compliance Officer (CCO)- Urban Co-operative Banks (September 19, 2022)**

As part of the overall structure for Corporate Governance, the Compliance Function serves a critical role. Therefore, it has been decided to introduce certain principles, standards and procedures for Compliance Function in UCBs, keeping in view the principles of proportionality. Accordingly, captioned circular shall be applicable to all UCBs under Tier 3 and Tier 4 categories except UCBs under All Inclusive Directions (AID). UCBs under Tier 1 and Tier 2 categories shall continue to be governed under the existing guidelines. The UCBs under Tier 4 category shall put in place a Board-approved policy and a Compliance Function, including the appointment of a Chief Compliance Officer (CCO), based on specified framework. The UCBs under Tier 3 category shall implement the same latest by October 1, 2023.

For details: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12389&Mode=0>

• **RBI Working Paper No. 12/2022: Predicting Exchange Rate in India: A Non-parametric Causality-in-Quantiles Approach (September 19, 2022)**

The Reserve Bank of India on September 19, 2022 placed on its website a Working Paper titled “Predicting Exchange Rate in India: A Non-parametric Causality-in-Quantiles Approach” under the Reserve Bank of India Working Paper Series. Using the non-parametric causality-in-quantiles approach, the paper examines the relationship between the INR/USD exchange rate, and the crude oil and gold prices, domestic and global stock prices, volatility index (VIX) and net foreign portfolio investments under various foreign exchange market conditions. This investigation is carried out for the different quantiles of the conditional distribution of the exchange rate. The empirical analysis indicates that most of the selected variables exhibit causality with the exchange rate of the INR for all quantiles excluding the two extreme ends of the conditional distribution.

For details: https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=54390

• **RBI Working Paper No. 13/2022: Is Implied Volatility Index (VIX) a Forward-Looking Indicator of Stock Market Movements in India? (September 19, 2022)**

The Reserve Bank of India on September 19, 2022 placed on its website a Working Paper titled “Is Implied Volatility Index (VIX) A Forward-Looking Indicator of Stock Market Movements in India?” under the Reserve Bank of India Working Paper Series. The paper examines the relationship between the implied volatility index (VIX) and stock market movements in India over the last decade. It finds that negative returns in the stock index generate larger changes in implied volatility as compared to positive returns. The size of the return also influences the relative change in the implied volatility index.

For details: https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=54391

❖ **Business and Economic News**

GeM Seller Samvad held in Mumbai (September 19, 2022)

A number of Government e-Marketplace vendors shared their experiences in GeM Seller Samvad held in Mumbai on September 19, 2022. This gave an opportunity to the GeM sellers to learn about the new GeM features and functionalities that further makes it conducive for them to operate on the portal. GeM's Business Facilitator for Maharashtra and Daman and Diu Nikhil Patil informed that the GeM portal is not only limited to Central Government offices. It provides a one-stop online procurement portal for all Government Buyers including Central/State Ministries, Departments, Bodies & PSUs. All states (except Sikkim) have entered into a MoU with GeM, thereby facilitating businesses from all around the country to do business with Government departments located all over India, even in remote corners.

For details:

<https://pib.gov.in/PressReleasePage.aspx?PRID=1859344>

❖ **Terminology for today**

Vicarious Liability

Vicarious liability is a situation in which one party is held partly responsible for the unlawful actions of a third party. The third party also carries their own share of the liability. Vicarious liability can arise in situations where one party is supposed to be responsible for (and have control over) a third party and is negligent in carrying out that responsibility and exercising that control.

❖ **Market Watch**

Stock Market Indices as on 20.09.2022

S & P BSE Sensex	59719.74 (+578.51)
Nifty 50	17816.25 (+194.00)

Foreign Exchange Rates as on 19.09.2022

(<https://www.geojit.com/currency-futures>)

INR / 1 USD	INR / 1 EUR	INR / 1 GBP	INR / 1 JPY
79.52	79.62	90.76	0.55

Prepared by Directorate of Academics

For any suggestions, please write to academics@icsi.edu.

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