

SAFE News

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CSE is advancing to start Internet trading soon

The Chittagong Stock Exchange (CSE) is all set to launch stock trading on the Internet. With the launching of Internet trading the country will enter the cross border trading, as the bourse will facilitate trading from anywhere in the world. An investor just needs a computer with Internet connection. In order to trade on the net an investor will require to maintain an account with a CSE broker who will provide a log-in password to him or her. Once the investor logs in, all his or her transactions will be routed through brokerage firm to the CSE system.



The brokers will be accountable and liable to the CSE for the transactions. The brokers would set an on-line trading ceiling for the investors based on the amount of money one deposits with a broker. Any amount beyond the limit will be rejected by the system. In the case of selling shares, the investors will have to physically deposit the shares to the brokers who will set a parameter for selling the shares of the particular companies based on deposit securities. Once such shares are sold, the money will be deposited with the account of the investor, who will accordingly get a higher limit for buying,

These trades through the Internet will then be executed after validation. Every investor will get an auto-generated e-mail with the confirmation note of the trade. The only challenge of the Internet trading is the settlement procedure for transaction from abroad, which is likely to be taken care of through custodian bank. The CSE is in talk with two commercial banks to

provide necessary banking facility to the brokers and investors. The CSE chief executive also said the bourse is trying to devise trading mechanism under present rules and regulations.

CDS mock operation start this year

Central Depository of Bangladesh Ltd (CDBL) is expected to start mock operation of central depository systems this year. The draft business rules specification was submitted for finalization. Major users like Stock Exchanges, banks, issuers, ICB insurance companies have accepted the BRS principle. The meeting discussed and agreed on service charges. The issuer will be a specialized Depository participant. There may be a considerable sub account with the DP account holder. A stock trader or investor will have sub-account with either broker or bankers. Stockbrokers will have options to be DP account holder with CDBL or sub account holder with the bourse or bank. New accounts will be needed for both the brokers and stock traders.

CSE is Organizing Month Long Seminar for the New Generation

Chittagong Stock Exchange has taken initiative to organize a month long seminar with the local School and College students to create awareness generation of Bangladesh Economy. In the seminars CSE focused on the role of Stock Exchange in the Stock Market, Kinds of Share Market, Broker and Dealer activities, How saving makes investment, How investment creates Industry, jobs etc. CSE Chief Executive Mr Wali-ul-Marooof Matin also informed of the CSE's vision, History and future plan. Thousand of Students participated in the seminars and raised many interesting questions about the Stock Market. Mr Matin was assisted by other CSE officials.

Colombo Stock Exchange expands the market with government debt securities

The Colombo Stock Exchange (CSE) is now expanding its product range with the establishment of a formal secondary market for Government debt securities. It has in place the trading, clearing & settlement systems and infrastructure to offer a secondary market for trading in Government Securities.



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The CSE has commenced a series of demonstrations of the proposed Debt Securities Trading System at the Exchange in March 2002 for stockbrokers and other interested organizations and institutions such as banks, investment banks, insurance companies, primary dealers and fund managers.

CSE introduced two new sectors

CSE introduced Healthcare and Telecommunication sectors to the sector classification in March 2002. With the addition of these two sectors, the CSE would have 19 sectors.

The CSE will introduce another new sector to the sector classification with the listing of E-channeling Limited, the first IT company to be listed on the CSE. New IT Company E-channeling Limited offered 6,666,667 ordinary shares to the public on 26th March 2002.

CSE to attract new companies to List

Five companies were listed on the bourse in the first quarter of the 2002. Lakdhanavi Limited and ACE Power Generation Matara Limited - two power generation companies, Touchwood Investments Limited, Asha Central Hospitals Limited and E-channeling Limited a New IT company were five newly listed companies in the CSE.

Promoting the stock market among women

The Securities and Exchange Commission of Sri Lanka (SEC) organized a series of seminars with the objective of attracting more women to invest in the Colombo Stock Market.

The SEC with the participation of stockbrokers and the CSE conducted this series of seminars in February and March 2002. Most of these seminars were held in the regions and was well attended by the members of women's organizations.

DSE Council calls on Honourable Finance Minister

DSE Council led by Dhaka Stock Exchange (DSE) Chairman Mr. Md. Shahiq Khan called on the Finance and Planning Minister Mr. M. Saifur Rahman at his secretariat office on February 12, 2002.

Talking to the DSE delegation, Finance and Planning Minister Mr. M. Saifur Rahman said shares of state-owned energy sector companies and Jamuna Bridge will be offloaded through the bourses to bring buoyancy in the ailing stock market.

It was the first meeting of Mr. Saifur Rahman with the members of a stock exchange after induction of the newly-elected government in mid-October last year (2001). Finance Secretary Mr. Zakir Ahmed Khan was also present.

Newly elected Chairman, Senior Vice-Chairman and Vice-Chairman

Mr. Ahmed Iqbal Hasan has been elected uncontested as the Chairman of the Dhaka Stock Exchange Ltd. for the year 2002. Mr. Abdul Haque and Mr. Khwaja Ghulam Rasul have been also elected uncontested as the Senior Vice-Chairman and Vice-Chairman respectively of the Dhaka Stock Exchange Ltd. for the year 2002.

Direct-listing share lands at DSE with a big bang

The first ever direct listing shares of Square Textile Ltd.

landed on the DSE trading with a big bang on January 24 with the price hitting Tk.29.30 against its face value of Tk.10 per share.

British Deputy High Commissioner visits DSE

British Deputy High Commissioner Mr. Robert Gibson visited the Dhaka Stock Exchange on March 6, 2002. While visiting the exchange, the Deputy High Commissioner exchanged views with the DSE Chairman Mr. Md. Shahiq Khan and others councillors of the Exchange at the DSE Board Room.

Welcoming the Deputy High Commissioner, DSE Chairman Mr. Md. Shahiq Khan said with the installation of the on-line automated trading system, the DSE has become one of the modern stock exchanges in the world. Deputy High Commissioner appreciated the activities and the reforms that took place and assured that British investment in Bangladesh will substantially increase in near future. Later on he also visited the DSE IT department.

DSE held its 40th AGM

The 40th Annual General Meeting of Dhaka Stock Exchange Ltd. was held on March 28, 2002. A large number of members attended. The meeting, which was presided over by outgoing Chairman, Mr. Md. Shahiq Khan. The members present unanimously approved all the agenda of meeting including the audited accounts and balance sheet for the year 2000-2001 of the Exchange.





New Developments

New Listings:

During the quarter, the Exchange listed two companies namely, National Bank of Pakistan and WorldCall Multimedia Limited with a paid up capital of Rs.4260.38 million and three TFCs, Engro Chemical Limited, Security Leasing Corporation Limited and Crescent Leasing Limited amounting to Rs.1100 million.

Important Statistics:

"Listed Companies

*Securities Listed on the Exchange (Ordinary shares 741 Preference shares 5 and 14 debt instruments)

*Listed Capital *Market Capitalization

**Average Daily Turnover **Average Daily Trade Value

"Listed Companies	:	741
*Securities Listed on the Exchange (Ordinary shares 741 Preference shares 5 and 14 debt instruments)	:	760
*Listed Capital	:	Rs. 260,184.75 million (\$2,666.63 million)
*Market Capitalisation	:	Rs. 432,121.23 million (\$7,193.63 million)
**Average Daily Turnover	:	195.44 million shares
**Average Daily Trade Value	:	Rs. 5,262.62 million (\$87.61 million)

	December 31, 2001	March 29, 2002
KSE 100-Index	1,273.07	1,868.12
Market capitalization (Rs. in billion)	296.143	432.12

* The information is upto March 29, 2002. ** The information is upto January - March 2002

LSE switches to T+3 settlement system

Lahore Stock Exchange has placed all listed companies on T-i-3 settlement system instead of the previous T+5 system from December-2001.

National Bank of Pakistan gets listed with LSE

National Bank of Pakistan has issued 10% of its capital to the General Public and is now listed at the LSE. NBP is the largest bank in Pakistan & was previously wholly owned by the Government of Pakistan.

NCCPL to linkup the settlement of three stock exchanges of Pakistan

National Clearing Company of Pakistan Ltd. (NCCPL) has been established. LSE is one of its equity holders. NCCPL will linkup the settlement of three stock exchanges of Pakistan. NCCPL has become operational since December 2001 and over a period of time further features and functionalities are being added to it.

ADB delegates visits LSE

A two member delegation from Asian Development Bank (ADB) led by Aftab A. Qureshi, Sr. Evaluation Specialist of Bank, visited the LSE & discussed with the Chairman & Management of LSE issues pertaining to capital market reforms.

Listed Cos to submit quarterly accounts

All the listed companies are now required to submit quarterly accounts. Previously companies submitted only annual and half-yearly results. This is one of the major reforms initiated by the Securities and Exchange Commission of Pakistan (SECP), the apex regulatory body in Pakistan.

LSE Index March April-2002

1/3/2002	307.64= + 1 3.95 points
29/3/2002	321.59
1/4/2002	318.01 = -0.37 points
26/4/2002	317.64





During the first quarter 2002, both local and foreign investors expressed renewed interest for the stock market. The Semdex closed at 373.43 points at the end of March, while the SEM-7 finished the month at 84.24.

During the month of January, the two main indices, Semdex and SEM-7 gained 9.7% and 13% respectively. The market rally was spurred by bargain-hunting on some highly capitalized stocks and adjustments to a grossly oversold market which continues to display good short to medium-term growth potential. On February 7, 2002 the Semdex and the SEM-7 peaked at 388.91 and 87.89. Foreign transactions showed a positive net purchase of Rs.18.7 million (US\$. 616,000) for the quarter. Turnover and traded volume amounted to US\$. 21 million and 71 million shares respectively compared to US\$. 12 million and 17 million shares for the same quarter in 2001.

The second phase of the setting up of a Regional Stock Exchange in Central Africa has started. The Stock Exchange of Mauritius has recently conducted an awareness campaign in the five states, namely Gabon, Congo, Chad, Equatorial Guinea and Republic of Central Africa, to sensitise potential shareholders of the regional stock exchange and potential issuers about the characteristics and features of the regional stock exchange. The 2nd phase of the project consists of:

- (1) drafting the Rules and Regulations of the Exchange and the Central Depository,
- (2) review of the legal framework in the region in the context of the harmonization of the fiscal regime,
- (3) establishment of the regulatory and supervisory body (Commission de Surveillance du Marche)
- (4) recruitment of the Director General and the technical staff of the Exchange

BSE Training Institute (BTI) and Jamnalal Bajaj join hands to empower capital market participants

BSE Training institute (BTI), India's premier training institute and Jamnalal Bajaj Institute of Management Studies (JBIMS), the management institute of the prestigious University of Mumbai . MIIMKAT

which has been rated amongst the top 25 B-schools in the Asia-Pacific region have joined hands to educate capital market participants through a three month

Certification Programme on Capital Markets (CPCM).



The Financial Services Promotion Agency (FSPA) set up under the Financial Services Development Act 2001 came into operation on December 3, 2001, assigned with the responsibility of promoting Mauritius as a global business destination. The objectives are to:

- (1) Promote the development of the financial services industry and of an international finance center in Mauritius.
- (2) Prepare and implement plans for human resource development and training in the field of financial services.
- (3) Act as a one-stop shop for operators and investors investing or operating in the financial services sector.

The FSPA has already started its promotional campaign in Europe (Luxemburg, London, Geneva) to sensitise the investment community on the opportunities and advantages of investment prospects in Mauritius.

The FSPA recently recruited a Chief Executive Officer, Mr Jacques Putzeys.

The Committee on Corporate Governance has organized a Conference on THE ROLE OF THE BOARD OF DIRECTORS on Saturday 16 March 2002. Eminent speakers participated in the Conference such as M/s. MERVYN KING of South Africa who has published a report on the code of Corporate Governance for South Africa, Olivier Fremont of the World Bank. Mr Fremont has undertaken a due diligence exercise for the preparation of a Report on Standards and Codes (R.O.S.C) for Mauritius. Mr Sunif Benimadhu, Chief Executive of the Stock Exchange of Mauritius talked on the Listing Rules focusing on the role of the Board of Directors of Mauritian companies. The outcome of the Conference would be the preparation of a Code of Best Practice for Board of Directors.

The first programme was launched on Monday, 11 February 2002 and this training programme consists of 5 modules namely Macro Economics, Primary Market, Secondary Market, Regulatory Framework for Capital Markets and Related areas of Capital Market. The course content demystifies the capital markets empowering participants to make more informed financial investment decisions.

BSE has been in the forefront of undertaking many initiatives which have helped enhance the safety and security features in the capital market mechanism and ensure the highest degree of protection to the investor. This programme is one of the major initiatives taken by The Stock Exchange, Mumbai (BSE) and Jamnalal Bajaj Institute of Management Studies, to educate various market participants.

India's first bell ringing ceremony at BSE

For the first time in the history of Indian capital markets, a bell ringing ceremony was organised at the Convention Hall of BSE. On February 18, 2002, Bharti Tele-Ventures signaled the start of trading of their shares at the Exchange with Mr. Sunil Bharti Mittai doing the honours.

The shares of Bharti Tele-Ventures, India's private sector provider of telecommunications services, listed on the Stock Exchanges within a record time often working days after the Initial Public Offer (IPO) which closed on February 2, 2002. Bharti Tele-Ventures recently raised Rs. 834 crores through the first 100 per cent Book-Building Initial Public Offer (IPO) in the country. The IPO was oversubscribed over 2.5 times.

Mr. Sunil Bharti Mittai, Chairman and Managing Director, Bharti Tele-Ventures had the honour of ringing the bell, to mark the listing of Bharti Tele-Ventures on the BSE. This is the first time in India that the listing ceremony was conducted, along the lines of listing ceremonies prevalent internationally.



BSE facilitates an expert debate on whether the International Free Float Methodology of Index Construction should be adopted for Equity Indices in India

On Thursday, 21 March 2002, The Stock Exchange, Mumbai (BSE) organised the first of its kind Round Table on Free Float Index in India. The objective of the Round Table was to generate a debate amongst the Indian market participants, mutual funds, Foreign Institutional Investors (FIIs) as also regulatory agencies and academicians on issues relating to the applicability of free float to stock indices in India. The Round Table addressed on various critical issues pertaining to index construction including-international experience on free float, major issues and imperatives in moving over to free float in the Indian capital markets.



The Round Table was chaired and moderated by Mr Mark Makepeace, Chief Executive, FTSE, London. The panel speakers were Mr Nagendra Parakh, Chief General Manager, SEBI, Mr Bharat Shah, Chief Investment Officer, Birla Sun life AMC Ltd, Mr Ajit Surana, Governing Council Member, The Stock Exchange, Mumbai (BSE), Mr U. R. Bhat, Chief Investment Officer, Jardine Fleming Asset Management, Mr Vineet Bhatnagar, Managing Director, Refco (India) Pvt. Ltd., Mr Krishnamurthy Vijayan, CEO, JM Mutual Fund and Dr Manoj Vaish, Dy. Executive Director, The Stock Exchange, Mumbai (BSE). The Round Table was participated by various Professionals from the mutual fund industry,

Investment banks, member brokers and Foreign Institutional Investors.

BSE has taken pioneering steps towards moving to the International best practice of index construction based on free-float. The Round Table on Free Float is the first in a series of discussions to be held by BSE. Under the aegis of BSE Forums, the Exchange strives to generate meaningful discussions on significant issues and developments in the capital markets.

Inauguration of Exchange Plaza

Finance Minister Yashwant Sinha inaugurated the new premises of National Stock Exchange, Exchange Plaza on April 1, 2002. In his inaugural address, the minister acknowledged that the equity market is the one area in finance where the greatest changes have come about. He suggested many new areas where NSEs capability can be deployed like trading of government securities and derivatives on interest rates, currency, bullion and commodities through the NSE system. Citing the instance of Simex in Singapore trading in Nifty futures, he suggested the exchange to start trade on futures on foreign indices. NSE can be the international currency futures market which trades after Hongkong closes down but before London opens.

Considering NSEs sophisticated knowledge in finance and technology, he also advised the exchange to build a central IT processing facility for the global securities industry equivalent to Italy's Euro MTS, which is an order-matching exchange for government bonds all across Europe. Stating that NSE has been a great agent of change in the last decade, the Union Finance Minister called upon the exchange to move ahead with a global perspective.

NSE-VaR for Government Securities

The Value-at-Risk (VaR) is increasingly being used as a basis for setting regulatory minimum capital standards for risk management purposes. It helps in monitoring and managing market risk, i.e. the risk of loss due to adverse movements in interest rate, exchange rate, equity and commodity exposures. VaR models use historical data to evaluate maximum (worst case) trading losses for a given portfolio over a certain holding period at a given confidence interval. In the

Indian context, as regulation progressively moves from uniform prudential standards to entity-specific risk coverage requirements, the market players need to develop risk measurement models. The estimate of risk and the corresponding cover crucially depend on the VaR model chosen by the market participants and the accuracy of measurement. It would of course not be cost effective for each participant to set up individual risk measurement systems for estimating portfolio risk under alternative models and scenarios.

In its endeavour to further develop market infrastructure, NSE has developed a VaR system for measuring the market risk inherent in Government of India (GoI) securities. The NSE-VaR system builds on the NSE database of daily yield curves and provides measures of VaR using five alternative methods. Together, these five methods provide a range of options for market participants to choose from. NSE-VaR system releases daily estimates of security-wise VaR at 1-day and multi-day horizons for securities traded on the Wholesale Debt Market of NSE and all outstanding GoI securities. Participants can compute their portfolio risk as a weighted average of the security-wise VaRs, the weights being proportionate to the market value of a given security in their portfolio.

Record Turnover

The F&O Segment of the Exchange recorded the highest turnover of Rs. 2,156 crore on February 28, 2002. The Nifty Futures, Nifty Options, Stock Futures and Stock Options recorded volumes of Rs. 381 crore, Rs. 48 crore, Rs. 1,376 crore and Rs. 350 crore respectively on that day. This was around 60% of total turnover of the Capital market segment of the Exchange on that day.

The Wholesale Debt Market Segment of the Exchange recorded highest ever turnover of Rs.8,040 crore and 1,263 trades on February 7, 2002.

The selected indicators of the three market segments, viz. Capital Market (CM), Wholesale Debt Market (WDM) and Futures & Options (F&O) segments of NSE, are presented in the Table below:

Market Segments of NSE - Selected Indicators:

Segment	No. of Members ^a		No. of Securities Available for Trading ^b		Market Capitalisation Rs.Cr.		Turnover Rs. Cr.	
	2000-01	2001-02	2000-01	2001-02	2000-01	2001-02	2000-01	2001-02
CM	973	928	1,029	890	657,847	636,861	1,339,510	513,167
WDM	93	88	1,534	1,790	580,835	756,794	428,582	947,191
F&O	340	484	3	2,010 ^c	-	-	2,365	101,925 ^d
TOTAL	979	936	2,566	4,690	1,238,682	1,393,655	1,770,457	1,562,283

a do not add up to total because of multiple membership.

b Excludes suspended securities.

c 3 index futures, 68 index options, 9.3 stock futures and 1846 stock option contracts.

d includes notional turnover {(strike price + premium) % quantity} in index options and stock options.

On a point to point basis, the S&P CNX Nifty, the lead indicator of market sentiments, declined by about 19 points from 1148 at the close of last financial year to 1130 at the close of the current financial year. Though the decline was by 1.6% only, the bearish sentiment dominated the market throughout the year, contributed by global economic slowdown, major irregularities in stock market operations, terrorist attacks on WTC and Indian Parliament. Despite several odds, NSE set several records in terms of performance parameters like turnover, dcmat settlement, new products launch, etc.

BCP Site

Mr. G. N. Bajpai, Chairman SEBI, inaugurated NSE's regional office and the Business Continuity Plan (BCP) site at Chennai. NSE relocated the BCP site from Pune to Chennai, since Pune was in the same seismic zone as Mumbai where the Exchanges central trading and settlement systems are located. Business Continuity and Disaster Recovery planning are crucial for those engaged in real-time business and are intended to ensure continuity of business in the face of occurrence of any unforeseen and perhaps disastrous events.

At the inaugural function, Mr. Bajpai stressed on regaining the investor's confidence which is currently at low ebb. The best protection that could be given to the investors is in terms of education and empowerment. Emphasizing on the need for improving the quality of intermediation which would help in investor empowerment, Mr. Bajpai stressed on the need for real time process management of transactions in the stock exchanges i. e. having real time connectivity between banks, depositories and exchanges.

FIMMDA NSE MIBID/MIBOR

NSE has been disseminating reference rate for use in Overnight Call and Term Money Market in the form of daily MIBID/MIBOR since 1998. The product has been widely accepted and used by market participants. Fixed Income Money Market and Derivative Association of India (FIMMDA) has been in the forefront for creation of benchmarks that can be used by the market participants to bring uniformity in the market place. To take the process of development further, FIMMDA and NSEIL decided to co-brand the dissemination of reference rates for the Overnight Call and Term Money Market using the current methodology behind NSE-MIBID/MIBOR. The product will be henceforth referred to as FIMMDA-NSE MIBID/MIBOR and would be jointly disseminated by FIMMDA as well as NSEIL through their websites and other means and simultaneous dissemination of the information would be as per international practice.

New NCFM Modules

Three new modules were added to NSE's Certification in Financial Markets. They are as follows:

1. FIMMDA-NSE Debt Market (Basic) Module
2. AMFI-Mutual Fund (Distributors) Module and
3. AMFI-Mutual Fund (Employees) Module.

T+3 Rolling Settlement

The rolling settlement on T+3 basis would commence w.e.f April 1, 2002. The custodial confirmation for all settlement types shall be on T+1 basis by 3:30 P.M. The settlement cycle would be as follows:

Activity	T+3 Rolling Settlement
Trading	T
Custodial Confirmation	T+1
Determination of Obligation	T+1
Securities/Funds Pay-in	T+3
Securities/Funds Pay-out	T+3
Valuation Debit	T+3
Auction	T+4
Bad Delivery Reporting	T+5
Auction Pay-in/Pay-out	T+6
Close Out	T+6
Rectified Bad Delivery Pay-in/Pay-out	T+7
Re-bad Delivery Reporting	T+9
Close Out of Re-bad Delivery	T+10

T+1 means one working day after the trade day. Other T+ terms, have similar meanings.

New Chairman

Consequent on the resignation by Mr. G. N. Bajpai, the Board of Directors elected Mr. P. P. Vora, Chairman and Managing Director, IDBI as the Chairman of NSE on March 26, 2002.

Exchange Traded Fund

The first Exchange traded fund (ETF) in India, Nifty BeES (Nifty Benchmark Exchange traded scheme), was launched by Benchmark Mutual Fund. It is an

open ended fund based on S&P CNX Nifty. It is a no load scheme with only a maximum of 0.80% of average net assets as total annual expenses including management fees. It was listed on NSE on January 8, 2002 and is bought/sold like any share through any NSE terminal at real time prices. It can be created and redeemed through a unique in kind mechanism of exchanging a pre-defined portfolio. Each unit of Nifty BeES is approximately equal to 1/1 Oth of the value of S&P CNX Nifty i.e. if the value of Nifty is 1000 the value of a unit will be Rs. 100 and so on.



Market Summery (14th March to 12th April 2002)

1. Turnover	
a) Share units (000)	154.25
b) Value (Rs. in Million)	51.36
2. Market days	18
3. Average daily turnover (Rs. in Million)	4.03
4. Number of Companies Listed	119
5. Number of Company Traded	54
6. Market Capitalization of Listed Cos. (Rs. in Million)	32862
7. NEPSE Index of the Month	
High	219.14
Low	216.21
Closing	186.22
US \$ 1 = Rs. 77.00	