

## Central Depository System Orientation Program held at Sylhet

Central Depository Bangladesh Ltd. (CDBL) & Chittagong Stock Exchange jointly organized an orientation program on its System for the investors and clients of the CSE Sylhet based Members on 22nd September 2002. The program took place at the Sylhet Chamber of Commerce & Industry where number of participants from different arena observed the CDS system and its procedure.

Mr. M H Samad, Managing Director & CEO of CDBL spoke on CDBL's operation, its participant's role and the importance of the system. Ms. Nellie C Dagdag, CDBL Project Management Advisor and President & CEO of Philippines Central Depository, Inc., Ms. Rosario (Rio) Raymundo, CDBL Technical Advisor, Mr. Ashiq S.Rahman, Executive, Systems Administration, CDBL, Dr. Virgillio (Dean) T Velasco, Sr. Financial Economist, ADB conducted the prime part of the presentation.

Before introducing the system to the Members the speakers' panel elaborately narrated of the benefits of the CDS system. The speakers said that implementation of the Central Depository will dematerialise paper based Share Certificates and eliminate risk of forgery and fake share?. It is expected that CDBL will begin operation by the end of this year. After the session participants asked different questions of the system whether it is friendly to them as well as for the Capital Market.



Ms. Nellie C Dagdag, CDBL Project Management Advisor and President & CEO of Philippines Central Depository, Inc. is speaking at the orientation program on CDBL System for the investors and clients of the CSE Sylhet based Members on 22nd September 2002.



## ADB discuss on Good Governance with the Listed Companies in CSE

A meeting was held on Good Governance and Share Holders right, with the Listed Companies in CSE on 5th October 2002. Mr. Alan Rosenberg, Team Leader of ADB TA project and Mr. Anwarul Kabir Bhuiyan, Executive Director, SEC and Project Manager ADB TA project discussed about the subject. In the meeting listed companies officials raised different questions on Good Governance and emphasized of importance of Good Governance.

Mr. Alan Rosenberg said that there are several reasons why good corporate governance is important to Bangladesh. The most important thing is that it promotes the efficient use of capital, both by an individual company and by the national economy. The

benefits of good corporate government also include helping to protect the credit markets and the banking system, improved tax collection, protection of the national economy from unjustified swings in equity prices due to excessive speculation and increased employment. Also, if Bangladesh is to obtain additional local and foreign investment it must change not only its practices, but also the investment community's perception of it. Foreigners will participate in Bangladesh's capital market when local investor rights are acknowledged and protected. Since Bangladesh starts from such a low threshold, to change these perceptions, Bangladesh must, for a period of years, have good corporate government practices that not only meet, but also exceed international standards. He also said that Corporate Governance is a blend of law, regulation, enforcement and appropriate voluntary practices by companies that permit a company to attract capital, perform efficiently and generate long-

term economic value for its shareholders, while respecting the interests of its stakeholders and society as a whole. The principal characteristics of effective corporate governance are:

- protection of the rights of minority shareholders
- transparency (including disclosure of relevant reliable financial and operational information, information on ownership and control, and information on the internal processes of management)

responsible directors capable of independently evaluating and approving the joint stock company's strategy, business plans and decisions, independently hiring, monitoring and, when necessary, replacing management and auditors.

## ADB Representatives visit CSE

An Asian Development Bank (ADB) delegation comprising two key officials - Mr. Virgilio T. Velasco, Senior Financial Economist and Ms. Saitien Thongplengsri, Governance, Finance and Trade Division of South Asia department of ADB, Head Quarter, Manila, visited Chittagong Stock Exchange on 16th September 2002 and met the CSE Brokers, Listed Companies Officials and Bankers in Chittagong.

During the meeting Mr. Velasco discussed about the impact of the capital market reform program, lessons learned, shortcomings, constraints and problems. He also focused on the potential reforms for the future Capital Market Development Program Loan. Mr. Habibullah Khan, Vice President Chittagong Stock Exchange concluded the discussion session with thanks to the delegation team and participants for taking part in the meeting.

## CSE Conducted a Three Day Training Program on "Financial Diagnosis"

Chittagong Stock Exchange conducted a three days-training program on "Financial Diagnosis" from 2nd Sept. to 4th Sept. 2002 at CSE Conference Hall. The objective of the seminar was to develop the analytical skill of different officials engaged in interpreting financial statements. Mr. I.C. Bardhan, Senior Management Counselor & Deputy Director of Bangladesh Institute of Management and Dr. Milon Kumar Bhattacharjee Associate Professor of Department of Accounting, University of Chittagong were the key speakers of the course.

52 participants from the different professional arena - Bank, Insurance, Students from different Universities, Authorized Representatives from CSE members and also CSE officials participated in the course. Dr. Milon elaborately described the financial statements and their interpretations, performance evaluation through



SAFE Vice Chairman and CSE President Mirza Salman Ispahan! is seen with the participants in the certificate distribution ceremony of the 3 days training program on Financial Diagnosis conducted by Chittagong Stock Exchange.

ratio analysis etc. He concisely described about the financial tools that are used in the financial report of a company. Mr. I.C. Bardhan described about the fund generation and diagnosis process of a financial report. He also discussed that with the help of ratio analysis financial performance can be identified.

CSE president Mr. Mirza Salman Ispahan! was present in the concluding session of the training program and gave a short speech. He emphasized of the importance of the topic and requested the participants to follow the guidelines that elaborated at the course. At the end CSE president distributed the certificates of the training program among the participants.

## CSE and Focus held workshop on "Reporting on Capital Market" for young journalists

Despite many apprehensions about the share market there is a great possibility for the development of Bangladesh Stock Market. The general people can be informed and be aware of the economy and the capital market of the country from the newspapers if Journalists make report on the country's economy and share market judiciously.

With this end in view, Chittagong Stock Exchange and FOCUS, the forum for development journalism and communication studies jointly organized the workshop on "Reporting on Capital Market" and urged the media to play an active role in motivating the people to invest in the capital market by focussing on trade trends and economic issues. Speakers at the workshop viewed that the media could also remove confusion of small investors by giving an exact picture of the share market including measures for security of their investment and possibilities of return from it.

A total of 30 participants including journalists working in different media and students of Chittagong University's Journalism Department participated in the workshop. CSE Vice-president Habibullah Khan distributed certificates among the participants.



## Price Indices Continue its Record Breaking Run

The All Share Price Index (ASPI) and the Milanka Price Index (MPI) continued its record breaking run during the month of September.

The ASPI which opened the month at 752.1 closed at 856.5 moving up by 104.4 points (13.3%). On 26th September the ASPI recorded a five year high of 860.3. The MPI which opened the month at 1,327.1 moved up by 136.8 points (10.3%) to close at 1,463.9. The MPI which was introduced in (January 1999, recorded its highest ever point of 1,479.8 on



26th September. The ASPI has recorded a growth of 235.5 points (37.9%) for the year and the MPI has appreciated by 432.9 points (41.9%). A total turnover of Rs 5.1 Bn was recorded during the month with an average daily turnover of Rs 254.1 Mn

From January to September this year the CSE has recorded a total turnover of Rs 25.1 Bn averaging Rs 141.7 Mn turnover per day. During the corresponding period in 2001 (January to September 2001) the CSE recorded a total turnover of Rs 5.3 Bn with an average of Rs 29.2 Mn per day. The CSE recorded only Rs 14 Bn for the entire year 2001 with an average daily turnover of Rs 58 Mn.

The market was driven mainly by the local investors during the month of September with local retail investors contributing to 47.8% of total purchases and local companies contributing to 37.5%. Foreign investors contributed 14.7%. Foreign investors continued to be net buyers in the market for the

	2002 up to 30th Sep	2001 up to 30th Sep	2001	From October 2001 to 30th September 2002
Growth of the ASPI (%)	37.9	(9.8)	38.7	112.2
Growth of the MPI (%)	41.9	(13.0)	47.6	140.9
Average Daily Turnover (Rs. Mn.)	141.7	29.2	58.0	143.4
Net Foreign purchases (Rs. Mn.)	2,708.8	(538.3)	(1,025.0)	2,222.3

seventh consecutive month with purchases of Rs 746.1 Mn and Sales of Rs 469.9 Mn. The total net foreign inflow for the year up to September amounted to Rs 2.7 Bn. The Land & Property Sector recorded a significant growth of 71% during the month while the Investment Trust Sector moved up by 63%. Footwear & Textiles and Hotels & Travels sectors moved up by 32% and 29% respectively.



## 12 non-broker councillors in DSE policy-making body

The newly selected twelve non-broker councillors have been included in the policy-making body of Dhaka Stock Exchange in a council meeting on 27 July 2002. The main bourse of the country in line with the Dhaka Stock Exchange (Council and Administration) Regulations, 2000, finalised the selection of non-elected policy makers. DSE Council consists of 24 councillors, of them 12 are elected by the members while the remaining 12 come from non-broker quota. The Securities and Exchange Commission has already approved the selection of the new non-broker councillors of the DSE.

## DSE delegation visits Calcutta bourse, apprised of CSE CDS

A 23-member delegation of the Dhaka Stock Exchange (DSE) led by its Chairman Mr. Ahmed Iqbal Hasan



DSE Chairman Mr. Ahmed Iqbal Hasan presenting a crest to his counterpart the Chairman of the Calcutta Stock Exchange Mr. Supriya Gupta on the 21 of August, 2002.

visited the Calcutta Stock Exchange (CSE). During the visit from August 19 to August 21, two interactive sessions were held on 19th and 20th August 2002.

The delegation was apprised of the central depository system of India.

During the sessions the delegation was thoroughly briefed on settlement procedures at the exchange through depository module, DP functions for broking and non-broking entities, legal aspects of depository operations and system related issues.

The DSE delegation also held a meeting with the Chairman of Calcutta Stock Exchange Mr. Supriya Gupta and Directors of the bourse on August 21, 2002.

## DSE Chairman visits Thai Stock Exchange

Mr. Ahmed Iqbal Hasan, Chairman of the Dhaka Stock Exchange (DSE) made a courtesy visit to the Stock Exchange of Thailand (SET) on 5th of August 2002. He was welcomed by Chavalit Thanachanan, the Chairman of SET. Among others, Mark Reinecke, Managing Director of Equity Partners and Md. Rafiqul Islam, Member of DSE were present in the meeting.



A roundtable discussion on "Integrated Financial Development Strategic Intervention for the Financial Industry and Trade Sector" arranged by the Asian Development Bank (ADB) at Dhaka Stock Exchange on 07 August, 2002.

## ADB roundtable held at DSE

A roundtable discussion on 'Integrated Financial



Chairman of the Dhaka Stock Exchange Mr. Ahmed Iqbal Hasan is exchanging views with delegations of Credit Lyonnais Securities Asia of India (CLSA). Mr. Pankaj Agarwal, head of Corporate Finance, CLSA, Mr. Mark Reinecke, Managing Director, Equity Partners Ltd., Mr. Ahmad Rashid, Councillor, DSL and Mr. Saiful Islam, Members, DSE are also seen.

Development Strategic Intervention for the Finance Industry and Trade Sector's arranged by the Asian Development Bank (ADB) was held at the Dhaka Stock Exchange on August 7, 2002. Ahmed Iqbal Hasan, Chairman of the Dhaka Stock Exchange was present on the occasion. Among others, representatives of Chittagong Stock Exchange, Central Depository Bangladesh Ltd., Banks, Insurance Companies and other financial institutions were present.

## CLSA delegation meets DSE

A two-member delegations of Credit Lyonnais Securities Asia of India (CLSA) led by its Head of Corporate Finance, Pankaj Agarwal met the Chairman of the Dhaka Stock Exchange Ahmed Iqbal Hasan on August 24, 2002. Ashish Gosh, Analyst, CLSA, India. Mark Reinecke, Managing Director of Equity Partners Ltd., Ahmad Rashid, Councillor of DSE and Saiful Islam, Member, DSE were also present in the meeting.

During the quarter, M/s Bosicor Pakistan Limited with a paid up capital of Rs.1,377.566

## New Listings

million was listed. In addition, Term Finance Certificates (TFCs) with a total amount of Rs.4,036.83 million of seven companies namely, Saudi Pak Leasing, Sui Southern Gas, Sitara Chemical, Engro Chemical, Maple Leaf Cement and Orix Leasing were listed.

## New Joining

Mr. Moin M. Fudda has been appointed as the Managing Director of the Exchange on September 20, 2002 in place of Mr. Noman Ahmed who resigned on August 23, 2002.

## Important Statistics

Membership strength	:	200
Active members	:	144 (includes 92 corporate members 9 of whom are public quoted companies.)
*Listed companies	:	723
*Securities listed on the Exchange	:	750 (Ordinary shares 723, Preference shares 4 and 23 debt instruments)
*Listed Capital (ordinary shares)	:	Rs.274,650.45 million (\$4647.21 million)
•Market Capitalisation (ordinary shares)	:	Rs.463,646.19 million (\$7845.11 million)
**Total Turnover	:	7,265.79 million shares

	June 30, 2002	Sep 30, 2002
KSE TOO- Index	1770.12	2018.75
Market capitalization <i>Rs. in billion.</i>	411.576	463.646

## LSE index Re-composed

Lahore Stock Exchange (LSE) has re-composed its index, which will be put in place in the second week of next month. Currently, the new index is under the process has been named LSE-25, will replace the existing LSE-1 01 index.

## LSE to promote online trading

The Lahore Stock Exchange that provides online trading facility to its members is now going a step



\*The information is up to September 30., 2002  
\*\* The information is from iuly to September. 2002

further having developed a software that would enable the brokers to provide online trading facility to their clients. Lahore Stock Exchange is the only bourse in the country that offers online trading facility to its members.

## ADB may increase Capital market development loan

The Asian Development Bank is considering to increase the amount for second phase of the Capital

Market Development program loan from \$250 million to slightly over \$260 million.

## Mutual funds thrive in capital market

The mutual funds, which thrive in the capital market, have shown an outstanding performance gauged on the basis of good pay-outs. The total market capitalization of the mutual funds sector which was approximately Rs.26 billion.

## Foreign investment up by Rs 349 million in July

Foreign investors bought 28.717 million shares valued at Rs.659.24 million in July 2002 while they sold 15.953 million shares worth Rs.310.17 million, indicating a net inflow of Rs.349.07 million or \$5.9 million.

## Capital market gets US\$ 55 million foreign investment

Capital market has received \$55 million foreign investment during the first quarter of the current calendar year.

## MCB to launch Rs.1.6 billion TFCs

The Muslim Commercial Bank Limited is launching the first unsecured, subordinated Term Finance

Certificate issue to date by a commercial bank for Rs,1,600 million. The advisory and arrangement for this transaction has been completed by a consortium comprising ABN AMRO N.V., Jahangir Siddiqui and Co. Ltd. and Global Securities Pakistan Limited.

## Pakistan-Kuwait Co to finance various projects

Pak-Kuwait is an equal joint venture between governments of Pakistan and Kuwait, with the board comprising three members each nominated by Kuwait investment Authority. Pak-Kuwait stated that it was actively involved in a number of diversified activities, which included short/long term finance, project finance, leasing, local capital market and treasury operations, etc.

## Saudi Pak Okays Rs.1,125million financing to 25 firms

Since its inception, the Saudi Pak has provided financing facilities of Rs. 14,068 million which includes direct equity investment of Rs.1,615 million and term financing of Rs.12,453 million. In addition, the underwriting of public issue of shares and guarantees have also been provided for a total amount of Rs. 1,825 million.

## BSE commemorates 127 years on July 9, 2002

For last 127 years, BSE has played a significant role in fuelling India's economy. BSE started out as a modest association formed under a banyan tree, it is one of India's most long-standing business icons today.

On July 9, 2002, BSE embarked on a new initiative to encourage and empower investors with greater emphasis on investor awareness, education and training. Always at the forefront in providing a transparent, vibrant and high-value marketplace for investors, BSE on this day reaffirmed its commitment to serve and safeguard the interests of the Indian investor. The following are the initiatives that were launched by BSE on its Foundation day:

### 1. E-Learning by BSE Training Institute (BTI)

BSE launched E-Learning, the first of its kind lorry of an Indian Exchange into the e-Learning space. BTI has been actively participating in empowering the market through its numerous exhaustive courses covering all facets of the Capital Markets from Regulatory perspectives to Market Microstructure and Trading related aspects. Key Features of BTI e-Learning:



### BTI will be soon launching:

- **On Line Examination** where Investors can register for On Line Examination through the site and can take exams from any of the authorised centers of BTI online
- **On Line Interactivity** wherein BTI personnel and faculty can actually engage in online discussion boards on relevant topics with students.

- Investors can register for courses online via the Internet by filling up a simple Registration form.
- Based on the course selected, Investors will be able to log on to the specific course for which they have enrolled. Investors can also download the basic course material, which they can use even after the course expires.
- Courses are interspersed with mock tests and quizzes. The system also allows investors to view the progress chart through their My Knowledge Center section.

## 2. Launch of Trade Confirmation System for Investors

In order to safeguard the interests of the investors, enhance transparency and restore the confidence of investors in the market, on July 9, 2002 BSE launched for the first time in Indian Capital Market history, a Trade Confirmation System on the Exchange through its website [www.bseindia.com](http://www.bseindia.com).

This system enables Investors to confirm and verify their transactions done at BSE by simply filling the details of their transactions from the contract note on the designated form provided and a confirmation reply is generated instantly. This system is offered free of charge to investors over the Internet. Alternatively, those investors who do not have Internet access can also get their transactions confirmed at the BSE Investor's Services Cell.

Investors can confirm the transactions done in respect of a trading day (T) on the same day. Data is stored in this system for 5 trading days on a rolling basis. In case Investors need an authenticated copy of the trade confirmation, the same can be obtained from Investor's Services Cell through this system. This facility is currently available only for Retail Investors.

## Launch of Internet Enabled Broker and Sub-broker Trading System

BSE launched Internet enabled Branch and Sub-broker Trading System called i-BAT (Internet enabled Broker Administration and Trading Terminals). This will enable all members of BSE to start offices anywhere in India. Members can also use this system to open offices outside India, subject to SEBI regulations applicable for opening offices outside India.

This system will help Members expand their business and distribution at a very low start up cost without having to worry about incurring costs on Leased Lines or VSATs in order to expand geographically. The system provides for the Broker Super Terminal to set limits for each of the Branch and Sub-broker so that the Risk Management is centralised at the Main Broker office. It also provides for central client level Risk Management in respect of each Branch or Sub-broker.

BSEwebx is India's first Exchange based Internet Trading system. It was launched in February 2001. The portal has seen steady increase in volumes and investor registrations.

## Investor Service Centre at New Delhi

BSE, in a significant move to expand its investor services nationwide, on September 2, 2002 opened an exclusive centre for investor services in New Delhi. It is planning to open investor service centres in all the major financial centres in India.

The Investor Service Centres, marks a major development in expanding the scope and reach of BSE services to investors located in different parts of the country. These centres are envisaged to provide exclusive services to the investors and are designed to offer complete range of services, which include:

- Provision of time bound and personalized services

to the investors with improved quality in respect of equity, derivatives and debt.

- Single window to answer all queries.
- Accept and Redress Investor grievances and act as an information centre.
- Sale of publications of the Exchange and free distribution of informative and educative materials,
- Organize Investor Awareness and other Training Programmes.
- Organize presentations/lectures/seminars on capital market.

The Stock Exchange, Mumbai (BSE) a forerunner in creating and furthering Investor Awareness and Education has been conducting Investor Awareness Programmes all over India of which 39 programmes have been conducted in the state of Punjab, Haryana, Karnataka and Goa.

## Seminar on Reverse Fungibility

The Stock Exchange, Mumbai under the aegis of 'BSE Forums' organised a Seminar on Reverse Fungibility on September 17, 2002 at the BSE Convention Hall.



Two-way Fungibility which is also known as Reverse Fungibility allows conversion of American Depositary Receipts (ADRs, which are the shares issued by Indian companies that are listed in American markets) and Global Depositary Receipts, (GDRs, which are issued outside India, but listed in other than American markets) into domestic shares and the reconversion of the same shares into Depositary Receipts. Depositary Receipts are issued and traded outside the country of the issuer, but the underlying shares are lodged in the custody of the domestic custodian. So far about 80 Indian companies issues Depositary Receipts. Reserve Bank of India issued operating guidelines on Reverse Fungibility on 13th February 2002.

Two-way fungibility offers enormous benefits to a wide range of capital market intermediaries. For corporates it provides greater reach and access to larger markets in addition to good liquidity, for banks it provides scope for a host of advisory and payment services, for brokers good business opportunities, and for investors arbitrage and better price discovery opportunities for the shares held by them. It also enables the domestic players in the capital markets to acquaint well with the international markets leading to greater maturity in dealing with sophisticated products and services.

To promote the advantages of reverse fungibility and explain various operational aspects of it, this seminar

was organised, which was addressed by leading capital market professionals like Mr. Piyooch Gupta, Regional Manager, Northern Zone, SEBI, Mr. Viraj Kulkarni, Vice President, Securities Country Manager, Citibank, Mr. Marg Wiggin, Vice President,

Bank of New York, Hong Kong, Mr. K.R. Kamath, Chief Manager, ICICI Bank, Mr. Deepak Bagla, Vice President, Depository Sales, Citibank, and Mr. Jayesh Ghia, Senior Vice President & Head of Operations, DSP Merrill Lynch.

In recent months, both local and foreign investors expressed renewed interest for the stock market. The Semdex closed at 379.73 points on 30 September, while the SEM-7 finished the month at 82.18 points. Turnover and traded volume seems to be pointing towards an increase and foreigners have also been actively involved in stock market transactions. The financial results published by the listed companies continue to confirm that the local stock market is backed by good company fundamentals.



## SEM introduces new index, SEMTRI

The Stock Exchange of Mauritius (SEM) has launched in October 3, 2002 a new index, the SEMDEX Total Return Index (SEMTRI), whose main purpose is to provide domestic and foreign market participants an important tool for performance measurement of the local stock market. Besides capturing the price movements of listed stocks common to the already published all-share index, SEMDEX, the Total Return Index, SEMTRI, incorporates the added feature of providing investors, in general, and long-term investors like pension funds, in particular, a good measurement of total return which combines both capital gains/losses of listed stocks and gross dividends obtained on these stocks. Gross dividends are assumed to be re-invested in the underlying stocks. The new index is published daily in both rupee and dollar terms. The SEM publishes also on a quarterly basis the ten best performing companies on the Official Market in terms of annualised return.

## Regional Stock Exchange in Central Africa

In the context of the setting up of a Regional Stock Exchange in Central Africa, the Stock Exchange of Mauritius has already submitted the Rules and Regulations of the Exchange and of the Central Depository to the Client and currently a review of the harmonization of the fiscal regime is being carried out. The Request for Proposal (RFP) for the implementation of an Automated Trading System and a Central Depository System has already been drafted and forwarded to the Client. A representative of the Stock Exchange of Mauritius was recently in Libreville, Gabon to provide assistance and advice in the design and electrical installations of the building where the Regional Stock Exchange will be situated. The Client is currently in the process of: (1) establishing the regulatory and supervisory body (Commission de Surveillance du Marche) and (2) recruiting the Director General and the technical staff of the Exchange.

## Corporate Governance & New Listing Rules

The Committee on Corporate Governance has released the report on Standards and Codes (R.O.S.C) prepared by the World Bank after undertaking a due diligence exercise on corporate governance issues in Mauritius. The Chairman of the Committee, Mr Tim Taylor, said that Mauritius has obtained a good grade due to the enactment of the Companies Act 2001 and the implementation of new Listing Rules, which have promptly addressed the issues of corporate governance. The Committee has also decided to go ahead with the preparation of a Code of Corporate Governance for Mauritius. In this context five task teams have been constituted, each one with a convener; namely: Auditing and Accounting; Board and Directors; Internal Audit, Control and Risk Management; Compliance and Enforcement; and Non-Financial Aspects. The Chief Executive, Mr Sunil Benimadhu, of the Stock Exchange of Mauritius is a member of the task team on Board and Directors.

## Cyber Island

Government is investing massively in the development of a globally competitive Information and Communication Technology (ICT) industry. In this context, Government's plan to transform Mauritius into a Cyber Island is well underway. The construction of a Cyber City in the island will start soon. This project will entail the investment of funds to the order of USD 200 Million during the next two years. This project, as well as other infrastructure projects, falls under the Public Private Partnership Scheme, which has the objective of ensuring a close collaboration and concerted action between the Government and the private sector in respect of major projects.

## Online Trade Verification

NSE provided investors with a facility to verify trades on F&O segment and CM segment on the NSE website. Using this facility, an investor who has received a contract note from a trading member of the Exchange, can verify details of trades executed for him on the Exchange. Trade details are available for verification on the same day (i.e. T itself) after 19:00 hours 1ST. Trade details for



the last 5 trading days are available on the website at any time, i.e., trades executed on 'T' day can be verified till the T+4th day. The investor needs to input details of the trade viz. client code (provided by the trading member), security details (symbol and series/contract descriptor), order number, trade number, trade quantity and price (excluding brokerage). If an identical match is found for the details provided, a confirmation along with the details of the trade are

displayed to the investor. If no match is found, a message is displayed to that effect and investor is advised to contact his trading member for clarification.

## Knowledge Initiative - NSE's Certification on Financial Markets

The percentage of marks required to declare a candidate successful was reduced from 60% to 50% in respect of Capital Market (Dealers) Module, AMFI-Mutual Fund (Basic) Module, and AMFI-Mutual Fund (Advisors) Module w.e.f. 1st July 2002. Capital Market (Basic) Module was discontinued w.e.f. 15th July 2002. A new module called "Securities Market (Basic) Module" would be introduced soon.

## Reconstruction of Indices

S&P CNX /Nifty was reconstituted to include HCL Technologies Limited and Bharat Petroleum Corporation Limited w.e.f. October 28, 2002. Asian Paints (India) Limited and Proctor and Gamble Hygeine Healthcare Limited were excluded. In addition to this, S&P CNX 500 and CNX MidCap 200 were also reconstituted to include Tata Coffee Limited and Andhra Bank respectively w.e.f. July 18, 2002. Codrcj Industries Limited were excluded from both the indices.

## Seminar under NSE Research Initiative

Three research papers under the NSE Research Initiative were presented by the research scholars in a seminar held in NSE on August 9, 2002. The abstracts of the papers are given below:

### A. Empirical Investigation in Performance of Extreme Value Estimators of Volatility

Traditionally, the standard deviation of returns computed from the closing prices is used to estimate volatility. But, there exists a class of "Unconditional Volatility" estimators, commonly known as extreme-value estimators, which are based on the extreme-values of the asset prices observed during the trading. In this study the author compares the performance of the extreme-value estimators with that of the traditional estimators using the realized volatility as benchmark. He uses three years high frequency data set of 5 minutes returns to compute the realized volatility estimates of S&P CNX Nifty's stock index and its 10

constituent stocks. Based on the analysis, the author finds that all the extreme-value estimators generally perform well for the index and the stocks and are 2-5 times more efficient, except for the illiquid stocks.

### B. Institutional Investors and Corporate Governance in India

The author tries to understand the financial performance of the companies with good and poor corporate governance records and finds a positive relationship between corporate governance index and financial performance measured in terms of Tobin's Q and excess stock returns which implies that companies with better corporate governance records have generated higher returns for their investors. He also finds a positive relationship between the stake of mutual funds and corporate governance index and between the debt holding of the Development Financial Institutions and corporate governance index. He finds a negative relationship between the stake by the banks (both debt and equity) and corporate governance index and between the stake of UTI and corporate governance index. He argues that it is possible that the institutional investors have merely invested in companies with better corporate governance index or corporate governance index in such companies is better because they are actively monitored by institutional investors.

### C. Equity Market Inter-linkages: A Case of US and India

In this paper the author tries to take a closer look at the perceived inter-relation between US and Indian stock markets. He investigates the behaviour of NSE Nifty Index as the barometer of the Indian stock market and NASDAQ Composite index as the representative of US market with the help of the granger causality results and finds unidirectional causality running from the US stock markets to Indian stock market. He further finds that the NASDAQ daytime returns and volatility significantly affect the Nifty overnight returns and volatility. The effect of NASDAQ daytime return volatility shocks on Nifty overnight returns, on average, is 9.51% and that of Nifty daytime return volatility is a mere 0.5%. In the sample forecasts, he finds that by including the information revealed from NASDAQ day trading provides better forecasts of Nifty overnight returns but not of volatility forecasts.

## Market Summary

(17th August to 16th September 2002)

Sl. No.	Particulars	Baisakh (April-May)	Jestha (May-June)
1.	Turnover		
	a) Share units ('000)	146.07	189.95
	b) Value (Rs. in Million)	38.09	45.14
2.	Market days	22	20
3.	Average daily turnover (Rs. in Million)	1.73	2.26
4.	Number of Companies Listed	96	96
5.	Number of Companies Traded	58	52
6.	Market Capitalisation of Listed Cos. (R.s. in Million)	34558	34133
7.	NEPSE Index of the Month		
	High	226.59	230.01
	Low	221.49	222.98
	Closing	226.59	222.98