

SAFE'S Executive Committee Meeting held in Kuala Lumpur

A meeting of the Executive Committee of the South Asian Federation of Exchanges was held on 16 December 2002 in Hotel Oriental Mandarin in Kuala Lumpur, Malaysia. Mr. Hiran Mendis, the Chairman of the Federation, chaired the meeting. Besides the agenda, the Committee also discussed on various needs in common in the markets in the SAFE region.

SAFE delegates attended the WFE forum on Managing Exchanges

The Kuala Lumpur Stock Exchange (KLSE) hosted the Forum on Exchanges in Emerging Economies in December 2002. In response to the invitation of WFE to represent SAFE in the forum with other regional federations, a delegation from SAFE, comprising of the Executive Committee Members, Chairman and the Secretary General attended the meeting.

On this occasion, the Executive Chairman of KLSE, Mr. Dato 'Mohd Azian Hashim said that exchanges in emerging markets needed to manage issues of market liquidity and investor confidence to attract investor capital. "Whether in emerging or developed economies, managing exchanges is essentially managing competition for the uncertainty of investor capital. Investor capital is highly mobile. It crosses boundaries, time zones and jurisdictions empowered by information and communications technology", he stated.

"In fact, it is without doubt that every exchange will do what it takes, to maintain, even enhance top of mind awareness amongst investors and market participants for investor capital. After all, no exchange can afford to be marginalized" Mohd Azlan said.

This was an important event for the exchange industry bringing together over 100 delegates from 41 exchanges as well as leading authorities on market structure and regulation. The three days of meetings combined WFE member presentations with those of outside experts of the highest level.



CSE Signs MOU for Cooperation with the Stock Exchange of Thailand

Chittagong Stock Exchange (CSE) signed a Memorandum of Understanding (MOU) for cooperation with Stock Exchange of Thailand (SET) to exchange information, knowledge, experience, and technology, in the city of Chiang Mai on 13 December 2002. The Prime Minister's of both the countries witnessed the signing ceremony of the MOU. SET President, Mr. Kittiratt Na-Ranong and CSE President, Mr. Mirza Salman Ispahani signed the MOU at the West in Riverside Plaza. CSE Vice-president Syed Mahmudul Huq also present in the occasion.

"The signing of MOUs with other exchanges, either in the Asia-Pacific or other regions, is aimed at enhancing our competitiveness and the operational efficiency of the SET. The MOU will be a good start for future collaboration," Mr. Kittiratt said.



The Prime Minister of Bangladesh Begum Khaleda Zia, and the Thai Prime Minister Dr. Thaksin Shinawatra witnessed the signing ceremony of the MOU between CSE and SET in Chiang Mai on 13 December 2002.

FORBES Magazine Journalists visited CSE

Ms. Sarrah Elliott and Mr. Max Lopez two Journalists of FORBES - an US Fortnightly Magazine, paid a fact finding visit to Chittagong Stock Exchange. FORBES, one of the top two US Business magazines wants to

focus on Bangladesh Economy. CSE CEO, Maroof Matin gave a brief presentation of CSE vision and functionality to the journalists. CSE President, M. Salman Ispahani answered the various questions of the visiting Journalists concerning the present capital market.

CDBL Meeting for CSE Members

Central Depository Bangladesh Ltd. (CDBL) arranged a meeting on its system implementation update for the CSE members in Chittagong. Mr. M H Samad, Managing Director & CEO of CDBL in his presentation informed the members about the progress of CDS

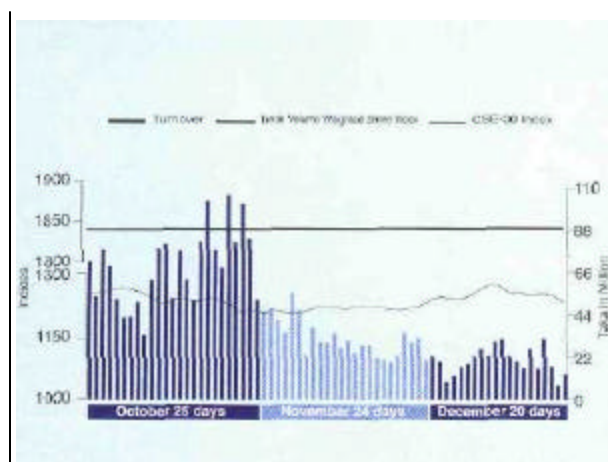
implantation, Depositories Regulation 2002 & CDBL Bye-laws, admission requirements of CDBL participants and proposed schedule of fees and deposits.

CDBL Project Management Advisor Ms. Nellie C Dagdag, President & CEO of Philippines Central Depository Inc., Ms. Rosario (Rio) Raymundo, CDBL Technical Advisor, Mr. Ashiq S.Rahman, Executive, Systems Administration, CDBL made the prime part of the presentation. The speakers' panel had elaborately narrated the benefits of the CDS system. It is expected that CDBL would begin its operation by the end of March 2003.

Market Performance: Oct-Dec 2002

	Oct-Dec 2002		Change (%)
CSE Trade Volume weighted Share Index as on 31/12/2002	1841.1422	1.12	0.06
CSE-30 Index as on 31/12/2002	1232.4042	-25.18	-2.00
Total Turnover Value (Tk. Mn.)	2879.17	-1062.80	-26.96
Total Turnover Value (US\$. mn.)	48.55	-18.95	-28.07
Total Turnover Volume (No. mn.)	129.43	-55.50	-30.01
Total Trades (No. mn.)	0.14	-0.07	-33.33
Market Capitalisation (Tk. on.) as on 31/12/2002	60.46	-1.59	-2.56
Market Capitalisation (US\$. bn.) as on 31/12/2002	1.02	-0.04	-3.77
Issues Traded	128		
Issues Gained	33		
Issues Declined	90		
Issues Unchanged	5		
Average Daily Turnover Value (Tk. mn.)	41.73	-10.82	-20.59
Average Daily Turnover Volume (No. mn.)	1.87	-0.59	-23.98
Average Daily Trade ('000)	2.09	-0.74	-26.15
Number of days traded	69		
Divident Yield (%) as on 31/12/2002	7.08		
Price Earning Ratio as on 31/12/2002	6.47		
Total No. of Listed Securities	185		
No. of Companies	172		
No. of Mutual Funds	10		
No. of Debentures	3		
Total No. of Issued Shares, Mutual Funds and Debentures (No. mn.)	876.59		
No. of shares of all listed companies	804.23		
No. of certificates of all listed Mutual Funds	72.25		
No. of Debentures of all listed Debentures	0.11		
Total Issued Capital of all listed Securities (US\$. mn.)	524.11		
Issued Capital of all Companies	516.81		
Issued Capital of all Mutual Funds	4.97		
Issued Debentures	2.33		

CSE Indices Vs Turnover



IPO in 2002

Companies	Subscripti open/els, in Mn. Tk.	IPO	Paid Capital
1 Modern Cement Ltd.	19-1-'02 20-1-'02	40	173.22
2 Information Services Network	17-2-'02 18-2-'02	10	71.18
3 Padma Cement Ltd	8-4-'02	38	276
4 Midas Ltd.	9-4-'02 14-07-02 15-07-'02	15	100
5 BD Com Online	6-10-'02 7-10-'02	30	100
6 InTech Online	12-10-'02 13-10-'02	25	40
7 Fahad Industries	9-11-'02 10-11-'02	25	50.6

Sectoral Performance : October-December 2002										
51 SECTOR	No. Comp anies	Issued Shares	Issued Capital	%of Total	Market Capitalisation	%of Total	Turnover Volume	Turnover Value	% of Total Turnover	
		Taka			Taka			Taka		
1 Insurance	17	11,571,600	1,157,160,000	3.74	3,229,035,900	5.35	31,260	4,246,720	0.15	
i Textile	35	172,032,319	7,580,813,590	24.50	6,674,392,757	11.06	3,443,480	83,230,725	2.89	
3 Pharma. & Chemicals	17	97,686,416	1,925,591,600	6.22	8,313,329,614	13.78	4,854,880	196,895,785	6.84	
4 Food & Allied Products	22	83,348,741	2,101,546,100	6.79	2,085,031,000	3.46	10,209,090	107,561,888	3.74	
5 Cement	7	54,652,340	1,422,227,000	4.60	3,659,968,360	6.07	5,920,480	117,338,210	4.08	
b Engineering	16	54,186,207	1,854,620,700	5.99	4,972,912,915	8.24	6,110,890	149,432,270	5.19	
7 Leather & Footwear	8	19,526,000	1,300,100,000	4.20	778,609,000	1.29	1,118,995	28,167,928	0.98	
8 Services & Property Dev.	3	32,005,680	3,200,568,000	10.34	1,728,477,120	2.87	835,130	45,531,793	1.58	
9 Paper& Printing	9	60,833,605	971,963,500	3.14	724,067,494	1.20	12,097,175	325,536,461	11.31	
10 Fuel & Power	2	20,118,280	201,182,800	0.65	2,582,673,380	4.28	65,800	7,773,215	0.27	
11 Mutual Fund	10	72,250,000	295,000,000	0.95	503,400,000	0.83	2,147,660	3,142,843	0.11	
12 Banking	17	59,370,571	6,740,757,100	21.79	16,551,510,916	27.44	400,415	88,055,599	3.06	
13 Ceramics	4	5,586,000	558,600,000	1.81	797,384,500	1.32	71,515	7,086,618	0.25	
14 Information and Comm Technology	5	40,868,050	408,680,500	1.32	526,067,265	0.87	81,902,500	1,703,611,950	59.17	
15 Miscellaneous	10	92,442,000	1,223,040,000	3.95	7,195,459,600	flJSS	228,860	11,567,985.00	0.40	
Total	182	876,477,809	30,941,850,890	100.00	60,322,319,821	100.00	129,438,130	2,879,179,988	100.00	



Colombo Stock Exchange (CSE) - one of the best performing Stock Markets in the World for the second consecutive year

Colombo Stock Exchange (CSE) became one of the best performing Stock Markets in the world for the year 2002 moving up by an impressive 31.2%. The All Share Price Index (A5PI) which opened the year at 621.0 points closed the year at 815.1 points moving up by 194.1 points (31.2%), while the MILANKA Price Index (MPI) which opened at 1,3031.0 points reported a growth of 343.6 points (33.3%) to close at 1,374.6 points. The ASPI reached its highest point in five years (860.3 points) on 2b September 2002 while the MPI, which was introduced in 1999, recorded its highest ever point of 1,479.8 points on the same day. On 1 9th September the CSE recorded its history's third highest daily turnover of Rs 778.7 Mn.

INDEX PERFORMANCES

Year	ASPI	YQY%Change
1993	979.3	61.7
1994	986.7	0.8
1995	663.7	(32.7)
1996	603.0	(9.1)
1997	702.2	16.4
1998	597.3	(14.9)
1999	572.5	(4.2)
2000	447.6	(21.8)
2001	621.0	38.7
2002	815.1	31.2

CSE recorded a total turnover of Rs 34.5 Bn and an average daily turnover of Rs 147 Mn. A total of 283,126 trades were concluded during the year with

an average daily share volume of 5.1 Mn shares being traded.

MARKET PERFORMANCE

Year	Total (Rs Mn)	Average Turnover {Rs	Shares (NoMn)	Trades (No)
1993	22,124	91	424	231,837
1994	34,505	147	506	404,367
1995	11,249	47	316	186,275
1996	7,403	31	227	98,191
1997	18,315	76	515	206,312
1998	18,232	76	634	329,068
1999	14,842	61	486	205,759
2000	11,049	46	449	160,277
2001	14,057	58	747	159,723
2002	30,523	128	1,220	283,126

During the year the market was driven mainly by local investors. Local Companies accounted for 41.2% of the total purchases while local retail investors accounted for 34.3%. Foreign investors accounted for 24.5% of the total purchases. Foreign investors were net buyers in the market after a lapse of 4 years. Net foreign investment for the year amounted to Rs 2.4 Bn, the second highest net foreign inflow recorded in the history of the CSE.

FOREIGN INVESTMENT

Year	Purchases (Rs Mn)	Sales (RsMn)	Net Inflow / (Outflow) (Rs Mn)
1993	9,295.0	6,055.0	3,240.0
1994	14,473.0	13,139.0	1,334.0
1995	5,389.0	5,479.0	(90.0)
1996	4,224.0	3,872.0	352.0
1997	8,218.0	7,502.0	716.0
1998	5,645.4	7,205.5	(1,560.1)
1999	5,050.1	6,000.9	(950.8)
2000	1,445.2-	4,809.9	(3,364.7)
2001	2,111.9	3,136.7	(1,024.8)
2002	7,477.7	5,036.2	2,441.5

Sector performances depicted the market sentiment with -15 sectors recording gains while 3 sectors declined.

SECTOR PERFORMANCE 2002

Sector	Year Opening	Year Closing	Year High	Year Low	Change (%)
Bank Finance Ins	1,355.8	1,855.7	2,060.7	1,166.6	36.9
Bev Food Tobacco	787.5	1,041.9	1,041.9	697.0	32.3
Chemicals Pharms	993.7	1,253.0	1,287.4	847.3	26.1
Construction Eng	316.2	379.7	408.7	262.1	20.1
Diversified	153.9	201.0	217.3	130.0	30.6
Footwear Textile	91.1	175.1	198.6	80.1	92.3
Health Care	100.0	102.6	112.3	91.6	2.6
Hotels Travels	236.5	413.0	439.4	222.7	74.7
Investment Trust	1,502.4	2,635.5	2,989.4	1,421.1	75.4
IT	100.0	90.0	106.7	-	(10.0)
Land Property	106.1	134.6	172.3	95.7	26.8
Manufacturing	382.7	483.1	508.9	345.9	26.2
Motors	299.3	459.0	540.4	247.5	53.4
Oil Palms	3,965.0	3,547.3	3,984.0	3,401.0	(10.5)
Plantations	235.4	198.5	229.2	166.3	(15.6)
Power & Energy	100.0	100.0	100.0	-	-
Services	2,254.6	2,682.3	2,979.1	2,088.1	19.0
Stores Supplies	686.0	912.6	995.5	592.9	33.0
Telecom	-	-	-	-	-
Trading	640.6	906.1	906.1	561.2	41.4

There were nine new listings during the year. A total of R-S 4.2 Bn was raised through new issues and Rights Issues during the year making the year 2002 as the best: ever year for the Primary Market.

A total of 11,016 new accounts were opened at the Central Depository System during the year with 62,010 deposits of share certificates. In comparison a total of 5,067 new accounts were opened during the year 2001.

	Quarter to December 2002	Previous Quarter	Quarter to December 2001
Turnover (Rs.)	5,431,672,959	10,130,035,933	8,755,144,157
Domestic	4,616,735,476	8,219,773,614	7,731,212,266
Foreign	814,937,483	1,910,262,319	1,023,931,891
Market Days (No.)	61	63	59
Daily Turnover Average (Rs.)	89,043,819	160,794,221	148,392,274
Trades (No.)	67,124	100,031	98,546
Domestic	65,039	96,252	95,389
Foreign	2,085	3,779	3,157
Shares Traded (No.)	237,862,471	393,576,484	418,791,839
Domestic	219,633,795	350,267,898	377,068,362
Foreign	18,228,676	43,308,586	41,723,477
Companies Traded (No.)	218	219	207
Companies Listed (No.)	238	240	238

	Quarter to December 2002	Previous Quarter	Quarter to December 2001
Shares Trade (No.)	18,228,676	43,308,586	41,723,477
Purchases	15,257,529	47,804,806	26,237,425
Sales	21,199,823	38,812,366	57,209,529
Turnover (Rs.)	814,937,483	1,910,262,320	1,023,931,591
Purchases	681,237,041	2,362,965,935	780,696,950
Sales	948,637,926	1,457,558,704	1,267,166,832
Trades (No.)	2,085	3,780	3,158
Purchases	2,372	3,710	2,307
Sales	1,799	3,849	4,006



DSE Members' training programme held

A two-day training programme for the members of the Dhaka Stock Exchange Ltd. was held at the DSE on 2 November 2002.

The programme titled 'Internal Control and Financial Reporting' and 'International Accounting Standard' arranged under the Asian Development Bank (ADB) technical



A two-day training programme for the members of the Dhaka Stock Exchange was held at the DSE building on November 02, 2002.

assistance for capacity building of Securities and Exchange Commission (SEC) was attended by a large number of DSE members.

DSE Chairman Mr. Ahmed Iqbal Hasan delivered the welcome speech and hoped that the training programme would help the DSE members to cope with the challenges in future. Mr. John Hepp of ADB presented the keynote paper. The training programme was coordinated by DSE councilor Mr. Ahmed Rashid.

In addition to the DSE Chairman, the meeting was also attended by councilors, CEO (Current Charge) Mr. Matizuddin Ahmed FCA, SEC Executive Directors Mr. Abdul Hannan Joarder and Mr. Anwarul Kabir Bhuiyan and other Executives.

CDS Implementation Update and Orientation programme held in DSE

A Central Depository System Implementation Update and Orientation programme for the members of Dhaka Stock Exchange was held at the DSE on 23 November 2002.

DSE Chairman Mr. Ahmed Iqbal Hasan in his welcome address hoped that the programme would help the DSE members. CDBL Project Management Advisor and President & CEO, Philippines Central Depository,

Inc. Ms. Nellie C Dagdag presented the keynote paper. A large number of DSE members attended the programme which was coordinated by DSE Councilor Mr. Ahmed Rashid.

Details aspects of CDS Implementation, draft regulations, Bye-laws, proposed fees, deposit schedule, CDBL participants admission requirements etc were appraised by Managing Director and CEO of CDBL Mr. M. H. Samad.

Kuwait Stock Exchange delegation visits Dhaka Stock Exchange

A five member delegation of Kuwait Stock Exchange (KSE) led by its IT Consultant Mr. Aref Abdul Malik visits Dhaka Stock Exchange on 3 November 2002.



A five member delegation of Kuwait Stock Exchange (KSE) led by its IT Consultant Mr. Aref Abdul Malik visits the Dhaka Stock Exchange on November 03, 2002.

The KSE team visits the country's premier bourse ahead of introducing online trading system in their bourse. The team also held a courtesy meeting at

the DSE board room, which was attended among others Councilor Mr. Ahmed Rashid, Mr. Syed Tareque Md. AH, Mr. Habib Abul Mushtaque, Mr. Hanif Bhuiya, Mr. Saifut Islam (member), CEO and other executives of the Exchange.

Canadian International Development Agency visits DSE

Canadian International Development Agency (CIDA) adviser Mr. J. Bhattacharya and field director Mr. Abu Sayed Khan visit Dhaka Stock Exchange on 17 December 2002. They held a meeting with DSE Chairman Mr. Ahmed Iqbal Hasan and other senior members of the exchange including Councilor Mr. Ahmed Rashid, former Vice Chairman Mr. Onu Jaigirdar, Mr. Saiful Islam (member) and Mr. A. S- M. Khairuzzaman, Head of IT.



On invitation of DSE Chairman Mr. Ahmed Iqbal Hasan, CSE President Mr. Mirza Salman Ispahan! visits DSE for a discussion on matters related to CDS and capital market.



New Board of Directors

From 1 January 2003, the composition of the Board of Directors has been changed and now the Board consists of 10 members including Managing Director. Out of these, 5 Directors are elected from

amongst 200 members of the Exchange and 4 non-member Directors are nominated from various trade and professional bodies. The Chairman is elected by the Board from amongst the elected Directors. The operational and administrative activities of the Exchange are managed by the Managing Director who is the full time chief Executive of the Exchange. The Board of Directors for the year 2003 is as follows.

- | | |
|--|-------------------|
| 1. Mr. Firozuddin A. Cassim | Chairman |
| 2. Mr. Moin M. Fudda | Managing Director |
| 3. Mr. Arif Habib | Director |
| 4. Haji Chani Haji Usman | " |
| 5. Mr. Mohammed younus Haji Ali Dangra | " |
| 6. Mr. Salim M. Sozer | " |
| 7. Mr. Bashir AChowdry | " |
| 8. Mr. Mohammad Habib-ur-Rehman | " |
| 9. Mr. Javed Iqbal | " |
| 10. Mr. Kamal Afsar | " |

New Listings

Term Finance Certificates (TFCs) with a total amount of Rs.3,696.83 million of 5 companies namely, MCB, Orix Leasing Pakistan, Crescent Leasing Corporation, Worldcall Communications and Quetta Textile Mills were listed.

Important Statistics

Membership strength	200
* Active members	142 (includes 92 corporate members 9 of whom are public quoted companies,]
* Listed companies	71!
* Securities listed on the Exchange	743 (Ordinary shares 711, Preference shares 5 and 21 debt instruments.)
* Listed Capital (ordinary shares)	Rs. 291, 315.85 million (US\$.5022.68 million)
* Market Capitalisation (ordinary shares)	Rs.595, 072.50 million (\$10259.87 million)
**Total Turnover	14,975.14 million shares (T+3) 2,768.73 million shares (Future Contract)

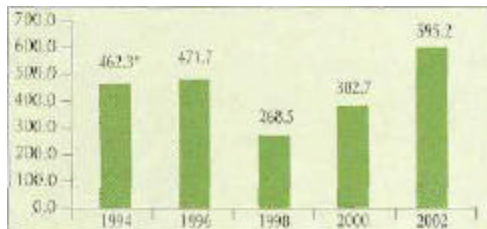
SKST->SSKKV:	Sept 30, 2002	Dec 31, 2002
KSE 100- Index	2018.75	2701.42
Market capitalization Rs. in billion.	463.646	595.072

"The information is up to December 31, 2002

** The informati on is from October to December. 2002

Market Capitalisation

(Rs. in billion)



* March 22, 1994

Best Performing Market

The Karachi Stock Exchange was the best performing market during the year 2002, gaining 112.2%. Following is the comparison of KSE 100 Index with other world indices.

EXCHANGE	INDEX	DATE		CHANCE	
		31-Dec-01	31-Dec-2002	POINTS	%
Karachi	KSE100	1,273.07	2,701.42	1,428.35	112.20
Colombo	All Share	621.04	815.11	194.07	31.25
Bangkok	SET	303.85	356.48	52.63	17.32
Jakarta	Composite	392.04	424.95	32.91	8.39
Bombay	BSE 30	3,262.33	3,377.28	114.95	3.52
Kuala Lumpur	Composite	696.09	646.32	(49.77)	(7.15)
Seoul	Composite	693.70	627.55	(66.15)	(9.54)
Manila	PSE	1,168.08	1,018.41	(149.67)	(12.81)
USA	Dowjones	10,021.50	8,341.63	(1,679.87)	(16.76)
Singapore	Straits Times	1,623.60	1,341.03	(282.57)	(17.40)
China	Shanghai Composite	1,645.97	1,357.65	(288.32)	(17.52)
Hong Kong	Hang Seng	11,397.21	9,321.29	(2,075.92)	(18.21)
Tokyo Nikkei	10,542.62	8,578.95	(1,963.67)	(18.63)	
USA	S&P500	1,148.08	879.82	(268.26)	(23.37)
London	FTSE	5,217.40	3,940.40	(1,277.00)	(24.48)
USA	NASDAQ	1,950.40	1,335.51	(614.89)	(31.53)
Frankfurt	Dax	5,160.10	2,892.63	(2,267.47)	(43.94)

~ The last quarter of 2002 was marked by the visit of representatives of IMF/World Bank in Mauritius for information gathering from different sources in respect of the various sub-sectors of the financial services sector, with the view to carrying out an assessment of industry practices in the context of the Financial Sector Assessment Programme (FSAP). The FSAP is a joint initiative of the Financial Stability Forum (FSF), designed to assist governments, central banks and national supervisory agencies in assessing financial sector strengths, weaknesses and vulnerabilities of financial systems. In this context, the FSAP mission had meetings with officials of the Stock Exchange of Mauritius to discuss pertinent issues relating to the securities industry including among others: securities regulation and compliance as well as issues on the operational and functional aspects of the Stock Exchange. The assessment report will be submitted to the Government early this year.



The Stock Exchange of Mauritius attended the 7th African Stock Exchanges Association (ASEA) Annual Conference held in Dar-Es-Salaam, Tanzania from 27th to 30th November 2002. The theme of the Conference was "Towards Integrated African Capital Markets". The deepening of African capital markets, the importance of good corporate culture in attracting local and foreign investments, the development of bond markets in Africa and the move towards a real integration of the African capital markets (through cross-border trading and listing) were fundamental issues addressed at the Conference.

During the last quarter 2002, turnover amounted to Rs 329.95 million and 26.69 million shares were exchanged. The SEMDEX closed at 399.26 on 31 December 2002 after reaching 402.61 on 24 December 2002. The SEMDEX and the SEM-7 have recorded a year-on-year growth of 17.11% and 18.49% respectively. After having broken its 4th August 1998 all-time on 16 December 2002, the Total Return Index, SEMTRI reached a new all-time high of 790.45 points on 17 December 2002. The SEMTRI closed at 812.56 in rupee terms and 433.96 in dollar terms on 31 December 2002. The SEMTRI has recorded a 29.65% growth for the year 2002. The SEMTRI's strong performance reflects both the attractive dividends received on listed stocks as well as a healthy upward movement of share prices. As at end December 2002, the average Price-Earnings-Ratio was 5.24 whereas the average Dividend Yield stood at 9.80%.

The key challenge of the local stock market in the years to come will be to address the continued under valuation of listed stocks. This under valuation stems from a series of factors, including the persisting prevalence of high real interest rates in Mauritius, the rather inactive stance of certain key institutional players, concerns about the governance of some listed companies and fears about the sustainability of the growth model which had made the success of Mauritius during the last two decades. With the average dividend yield on the market currently above 10 and the average price-earnings-ratio below 5, many listed stocks compare very favourably even against the high-yielding treasury bills.

As regards Corporate Governance, substantial improvements have been achieved with the implementation of the new Listing Rules and further progress is expected on this front with the incoming Code on Corporate Governance. On the regulatory front, the forthcoming Securities Act and a new legislation on Collective Vehicles will reinforce the regulatory oversight of the local stock market and improve investor confidence. Consequently, the local market looks well poised to pursue the realignment process in the months to come and offer investors an attractive return potential.

In the context of the application of the SEM for membership to the World Federation of Exchanges (WFE), visits are being expected from the WFE for a thorough auditing to see whether it is fully compliant with international standards.

During the year, the SEM intends to work closely with the JSE Securities Exchange to explore the possibility of linking the two markets.



BSE Welcomes SEBI approval of the Kania Committee Report* on Corporatisation and Demutualisation of Exchanges

The Governing Board of the Exchange welcomed the decision of the Securities and Exchange Board of India (SEBI) as announced vide its Press Release dated 29 November 2002, whereby the SEBI Board has approved the recommendations of the Group formed under the Chairmanship of Justice Kania on Corporatisation and Demutualisation of Exchanges. BSE is confident that the process of Corporatisation and Demutualisation of Stock Exchanges in India will now be expedited and implemented immediately so that the benefits associated with Corporatisation and Demutualisation are enjoyed by Indian Exchanges.

BSE, a leading Stock Exchange in India would be able to further improve the transparency and efficiency in its functioning and thereby live upto the expectations invested in it by its members, and vast multitude of Investors. BSE is confident that it would be able to adapt itself to the demands imposed by global markets and carve its own niche amongst the major International Stock Exchanges.

BSE is now a full fledged member of World Federation of Exchanges

BSE obtained full fledged membership of World Federation of Exchanges on 7 October 2002. World Federation of Exchanges formerly FIBV - International Federation of Stock Exchanges, is a global trade association for the exchange industry focussing on regulated securities and derivative markets, settlement institutions and related clearing houses, and their diverse services to capital markets.

It is a great recognition for BSE as well as for the Indian Capital Markets as the selection process and procedure for obtaining the membership is very strict and requires compliance with World Federation of Exchange market principles. This membership provides a forum for communication, analysis and debate among members. Its purpose is to facilitate the representation, development of organized and regulated markets, and to meet the needs of evolving capital markets in the best interest of their users.

BSE intends to play a key role in the emerging structure of the global financial market by providing an efficient and transparent institutional mechanism for the trading, clearing and settlement of transactions in the securities market.

Visit of Mr. Jaswant Singh, Hon'ble Finance Minister of India to BSE



The Stock Exchange, Mumbai (BSE) and Securities Industry Association of India (SIAI) felicitated Mr. Jaswant Singh, Hon'ble Union Minister for Finance and Company Affairs on Saturday, 26 October 2002. Mrs. Jayawantiben Mehta, Hon'ble Minister of State for Power and Mr. G.N. Bajpai, Chairman, SEBI graced the occasion as Guests of Honor. The function was also attended by Mr. Kirit Somaiya, MP, Mr. Vinod Tawade, MP and Mr. U.K. Sinha, Joint Secretary, ECB & Capital Market, Ministry of Finance.

Speaking on this occasion, the Hon'ble Finance Minister assured the gathering that decision on Corporatisation

and Demutualization of Stock Exchanges will be done at the earliest. He also reaffirmed his commitment on working towards shortening of the settlement cycles in the Indian Capital Markets in a phased manner from T+3 basis to T+2 and finally on T + 1 basis by the year 2004.

High Speed Internet Trading on Bsewebx

With a view to provide investors with high speed internet trading capabilities, on 27 October, 2002 BSE launched Speedx-z versatile unified trading screen on www.BSEwebx.com. Speedx combines convenience and speed to simplify and elevate investor's trading experience. It offers following key features :

- 4 Investors can view market watch, Script info, place and manage orders, view risk profile - all through a single screen.
- + Investors can add and delete scrips upfront through the Market watch window. The auto-refresh feature fetches the latest snapshots to keep the investor wired to the market
- ? Speedx facilitates the investors to stay wired to the Litest prices, volumes and depth and make an informed decision.
- ? Investors can execute orders through the compact-trading screen even as they watch the market move. It also incorporates the Multiple Order entry window for rapid trading.
- ? Investors can view their order/trade status instantly and modify/ delete their transactions from the same window.

BSE's Clearing House becomes the first Securities Clearing House in India to be ISO 9001 -2000 Certified

On 30 October 2002 BOI shareholding Ltd (BOISL), BSE's clearing house became the first securities clearing house in India to be ISO 9001:2000 certified. BOISL has been set up as joint venture of Bank of India and BSE on 14 September 1989.

The ISO 9001:2000 certification award presentation ceremony was held at Convention Hall at BSE. Mr. K. V. Krishnamurthy, Chairman and Managing Director, BOI and Chairman, BOISL received the certificate.

Speaking on this occasion Mr. K. V. Krishnamurthy said that "In an increasingly competitive global as well as domestic market place, standards of quality, social responsibility and environment safety are issues critical in running a successful business. Indeed a quality assurance system through the ISO 9000 system will pay dividends in the long run. The ISO certification is a step toward Total Quality Management and achieving continuous improvement in services."

BOISL is a tech savvy institution, committed to adopting state-of-the-art technology. The Clearing House has played an active role in implementation of various reforms introduced in the capital market including shifting from physical to rolling settlement, T+5 and T+3. In fact, it is geared for the proposed T+2 and T+1 settlement.



Indian Securities Market - A Review

In order to keep the market participants abreast with the developments in the securities market, NSE brings out an annual review of the securities market titled 'Indian Securities Market - A Review'. The fifth issue of the review was released in October 2002. Matters relating to recent developments in terms of policies, regulations and product innovations in the market during April 2001 to June 2002 form the major components of the publication. It also provides concise details of market design, analyses market outcome in terms of important performance parameter and summarises the ongoing policy debates in the securities market.

Introduction of NSE Government Securities Index

The increased activity in the government securities market in India and simultaneous emergence of mutual (gill) funds has given rise to the need for a well defined Bond index to measure returns in bond market. The NSE-Government Securities Index prices components off the NSE benchmark ZCYC, so that movements reflect returns to an investor on account of change in interest rates only, and not those arising on account of the impact of idiosyncratic factors. The index is available from 1 January 1997 to the current

date. The index would provide a benchmark for portfolio management by various investment managers and gilt funds. It could also form the basis for designing index funds and for derivative products such as options and futures.

Record Turnover

The Exchange recorded an all time high turnover in the Derivatives segment and also on the Wholesale Debt Market Segment. The Wholesale Debt Market Segment recorded all time high of US\$ 1,984 mn on 15 November 2002. While the derivatives segment of NSE recorded all time high volume of US\$ 787 mn on 9 December 2002. The previous highest was US\$ 645 mn recorded on 28 November 2002.

Seminar under NSE Research Initiative

Two seminars were conducted by NSE during October 2002 and December 2002 during which presentation on the five research papers were made by research scholars under the NSE Research Initiative covering following topics:

1. Futures Trading, Information & Spot Price Volatility of NSE-50 Index Futures Contract
2. Market Microstructure Effects of Transparency of Indian Banks
3. Dividend Policy of Indian Corporate Firms-An Analysis of Trends and Determinants.
4. Measuring stock exchanges productive efficiency through price adjustment coefficients.
5. Section switching stock market price effect in the Indian: capital market and the policy implications thereof.

Market Summary

{17th September to 16th December 2002}
{17th September to 16th December 2002}

Sl. No.	Particulars	Bhadra (17Aug-16 Sept)	Aswin (17 Sept-16 Oct)	Kartik (17 Oct-16 Nov)	Marga (17 Nov-16 Dec.)
1.	Turnover				
	a) Share units ('000)	189.95	69.92	83.80	190.74
	b) Value (Rs. in Million)	45.14	21.35	27.93	61.61
2.	Market days	20	18		19
3.	Average daily turnover (Rs. in Million)	2.26	1.19	1.64	3.24
4.	Number of Companies listed	96	96	96	98
5.	Number of Companies Traded	52	56	49	60
6.	Market Capitalisation of listed Cos, (Rs. in Million).	34133	33564	33788	33764
7.	NEPSE Index				
	High	230.01	223.14	225.65	220.59
	Low	222.98	217.11	219.16	214.57
	Closing	222.98	219.26	220.73	214.57