



**UDAI KUMAR**  
Managing Director & CEO



## Metropolitan Stock Exchange

**Kindly provide a brief profile of your company and tell us about the various products and services offered.**

We are a multi asset exchange and full service clearing corporation, covering currency, fixed income & equity cash and derivatives. We are the third exchange of its kind in India, with a comprehensive focus, located in the financial capital of the country, Mumbai. We began operations in 2008, under a different ownership structure, but have stayed operational since then. Our processes and products have evolved continuously since inception, and we have kept up with the times and global standards. Our process approach is client centric, efficiency maximizing and stringent from a regulatory standpoint. In products, we are research driven and innovation focused, leading us to position ourselves as India's 'Gen-Next' thought leadership providing exchange and clearing corporation.

**The Government of India, along with several socially conscientious organizations, have been undertaking several initiatives to spread financial literacy across the country. How does MSE ensure its contribution to the social development of the country?**

The nationwide "India Equity Investors Survey" was conducted by our

organization along with A.C. Nielsen Co. in 2010. This was only the second such survey in India after a similar survey in the early 1990s that had propelled the launch of India's modern capital markets. Our 2010 survey covered the length and breadth of the country, and focused on Tier I, II and III cities. We confirmed that financial inclusion was a need and there was a tremendous appetite for grass root level financial literacy. Following up from the survey, we have pioneered financial transacting in regional Indian languages, financial outreach to second and third tier cities and the general dissemination of financial information from a learning standpoint. Not only do we regularly conduct certification programs on securities markets on our premises, but we also regularly produce research notes and reports aimed at demystifying the workings of capital markets, on an ongoing basis.

**Technologies such as Blockchain are being increasingly adopted by the BFSI industry across the world. What is your take on the future of such technologies in India and has your company taken any measures to incorporate them in your business?**

Although both our organization in India and our global technology partners in

the UK have a deep appreciation of the potential of Blockchain technology and have been following developments closely, we still feel the technology is not universally stable enough as yet for us as an exchange, with great regulatory responsibilities, to become its early adopters. Having said that, we are following the technology closely, and once we assess the maturity, scalability and sustainability levels as sufficiently stable, we will take a call on adoption.

**The Indian capital market is relatively underdeveloped in terms of credit instruments, resources and access to foreign funds. What kind of regulatory changes would you recommend to support the development of the industry?**

On the contrary, the Indian capital market has become dramatically effective in delivering value within barely a quarter of a century. India has an active market in equities, equity indices, futures and options including single stock futures – an innovation in which India is far ahead of many much older capital markets. In fixed income, we already have a substantial sovereign bond and money market and a large though relatively illiquid corporate bond market, and in currencies we have one of the most liquid currency pairs in

the world – INRUSD. No market in the world has grown sustainably by the influx of foreign portfolio investment and India is no exception. However, there is room for substantial improvement.

The one place where regulatory intervention would make a dramatic positive difference is in the corporate bond market. Public issue of debt securities through stock exchange infrastructure should be allowed to adopt the same methodology as OFS/E-IPO. This will ensure a supply of quality paper. This will substantially reduce cost of raising debt funds and will make the debt fund raising from capital market viable. We would welcome restrictions on the institutional placement of securities to just under 10% of the issue, leaving 90%

open to market wide trading. Secondly, we would welcome transaction size reduction to ₹ 1500 per lot, thus enabling retail investors to participate in numbers and volumes similar to the equity market. The move would infuse liquidity into the bonds market and enable retail participants to partake in its gains. This, I believe, is an extremely important part of asset allocation which is missing in India, for purely structural reasons.

**What are the key factors that contribute to the success of your company? What are MSE's growth plans over the next 3-5 years?**

Our exchange is very well positioned at the cusp of a growing economy, growing

demand for multiple asset classes, and the existence of an increasingly aware and growing investor class, which will continue to grow in line with the demographic dividend. Hence, we will continue to build on our information advantage as seen in our technology, processes and products. Over the next 3 to 5 years, we will introduce and infuse more and more market value generating innovations with an eye on the differentiation into the market and sustain them through our superior process and technological skill sets. We expect that the market will duly continue to reward our efforts just as it has done in the past.

