

Perceptions of stakeholders towards the Recommendations of the Bimal Jalan Committee

Prepared by : IMRB International
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Background

- The Bimal Jalan Committee was constituted by the SEBI in January 2010 to examine issues arising from the ownership and governance of Market Infrastructure Institutions (Stock Exchanges, Depositories and Clearing Corporations)
- In this regard, the client has approached IMRB International to conduct an independent research to bring out the perception of stakeholders towards the recommendations of the Bimal Jalan Committee.
- The following document delineates the findings of the study

Research Design

Methodology

Telephonic interviews using a structured questionnaire

Target Group

CEOs, CFOs, COOs, Legal heads, Chief economists, Head of compliance, CAs, CSs etc. of the following institutions:

- Banks, Brokers, Academic institutions, Corporates, Exchanges, Investor associations, etc

Sample

Category	Sample
Brokers	39
Exchanges	13
Economists/Researchers	12
Corporate Investors	10
Merchant bankers	10
Banks	9
CS	3
Listed Corporates	1
Investor Associations	1
Individual Investors	1
Retail Investors	1
ICAI	1
Total Sample	101

Highlights

Listing of Stock Exchanges

Is the listing of stock exchanges necessary for better corporate governance and beneficial for its existing and prospective investors?

	Total	Brokers	Exchanges	Economists/ Researchers	Corporate investors	Merchant bankers	Banks	CS	Listed corporates	Investor associations	Individual investors
Base : All Respondents	101	39	13	12	10	10	9	3	1	1	1
Yes	82	79	92	92	100	70	78	67	100	-	100
No	17	21	8	8	-	20	22	33	-	100	-
Don't Know/Can't Say	1	-	-	-	-	10	-	-	-	-	-

Majority of respondents are of the opinion that the listing of stock exchanges will be necessary for better corporate governance; **significantly higher proportion of** corporate investors, exchanges and economists/researchers feel this way

Listing of Stock Exchanges

Should a stock exchange be listed with all its activities and operations continuing to be under the strong supervision of SEBI, just like banks are listed and supervised by RBI?

	Total	Brokers	Exchanges	Economists/ Researchers	Corporate investors	Merchant bankers	Banks	CS	Listed corporates	Investor associations	Individual investors
Base : All Respondents	101	39	13	12	10	10	9	3	1	1	1
Yes	80	85	92	67	70	80	78	100	100	-	100
No	19	13	8	33	30	20	22	-	-	100	-
Don't Know/Can't Say	1	3	-	-	-	-	-	-	-	-	-

80% of the respondents polled feel that stock exchanges should be listed with all their activities and operations under the supervision of SEBI

Listing of Stock Exchanges

Will the listing of stock exchanges bring out the best performance from them?

	Total	Brokers	Exchanges	Economists/ Researchers	Corporate investors	Merchant bankers	Banks	CS	Listed corporates	Investor associations	Individual investors
Base : All Respondents	101	39	13	12	10	10	9	3	1	1	1
Yes	68	64	85	75	80	70	67	33	100	-	100
No	22	26	15	8	20	20	33	-	-	100	-
Don't Know/Can't Say	10	10	-	17	-	10	-	67	-	-	-

Majority of the respondents are of the opinion that listing of stock exchanges would bring out the best performance from them

Anchor Investor

Can a **corporate entity** without trading interest be an Anchor Investor to meet the large capital need of an exchange?

	Total	Brokers	Exchanges	Economists/ Researchers	Corporate investors	Merchant bankers	Banks	CS	Listed corporates	Investor associations	Individual investors
Base : All Respondents	101	39	13	12	10	10	9	3	1	1	1
Yes	65	64	77	67	90	40	67	33	100	-	100
No	31	31	15	25	10	60	33	67	-	100	-
Don't Know/Can't Say	4	5	8	8	-	-	-	-	-	-	-

2/3rd of the respondents polled agree that a corporate entity without trading interest can be an anchor investor

MII Entry Norms

RBI, IRDA and FMC allow Banks, Insurance Companies and Commodity Exchanges respectively to commence business after meeting capital adequacy and thereafter require them to meet shareholding norms within a period ranging 5-10 years. **Should Stock Exchanges have a similar policy?**

	Total	Brokers	Exchanges	Economists/ Researchers	Corporate investors	Merchant bankers	Banks	CS	Listed corporates	Investor associations	Individual investors
Base : All Respondents	101	39	13	12	10	10	9	3	1	1	1
Yes	71	69	69	67	60	80	89	100	100	-	100
No	16	10	15	17	40	10	11	-	-	100	-
Don't Know/Can't Say	13	21	15	17	-	10	-	-	-	-	-

3/4th of the respondents polled agree that there should be a similar policy for stock exchanges, as there is for Banks.

Regulatory

Should Indian stock exchanges hive off their regulatory function to an independent body created in consultation with SEBI and then list to eliminate any potential conflict?

	Total	Brokers	Exchanges	Economists/ Researchers	Corporate investors	Merchant bankers	Banks	CS	Listed corporates	Investor associations	Individual investors
Base : All Respondents	101	39	13	12	10	10	9	3	1	1	1
Yes	58	41	54	75	100	60	56	67	100	100	100
No	37	49	38	25	-	40	44	33	-	-	-
Don't Know/Can't Say	5	10	8	-	-	-	-	-	-	-	-

Nearly 60% of the respondents believe that hiving off the regulatory function would be a good idea; the corporate investors interviewed are unanimously in favor of this idea

Clearing Corporations

Are you aware of any **clearing corporation default** anywhere across the world?

	Total	Brokers	Exchanges	Economists/ Researchers	Corporate investors	Merchant bankers	Banks	CS	Listed corporates	Investor associations	Individual investors
Base : All Respondents	101	39	13	12	10	10	9	3	1	1	1
Yes	7	10	-	17	10	-	-	-	-	-	-
No	93	90	100	83	90	100	100	100	100	100	100
Don't Know/Can't Say	-	-	-	-	-	-	-	-	-	-	-

Can all the **current risk management measures** taken by clearing corporations take care of all types of **defaults or crisis**?

	Total	Brokers	Exchanges	Economists/ Researchers	Corporate investors	Merchant bankers	Banks	CS	Listed corporates	Investor associations	Individual investors
Base : All Respondents	101	39	13	12	10	10	9	3	1	1	1
Yes	52	67	77	17	40	30	67	33	-	-	100
No	29	18	15	50	60	40	22	-	-	100	-
Don't Know/Can't Say	19	15	8	33	-	30	11	67	100	-	-

An over-whelming majority of respondents are not aware of any clearing corporation defaults.

More than half the respondents feel that the current risk management measures taken by clearing corporations guarantee protection against defaults or crisis.

Clearing Corporations

What should be the **ideal capital requirement** for a clearing corporation?

	Total	Brokers	Exchanges	Economists/ Researchers	Corporate investors	Merchant bankers	Banks	CS	Listed corporates	Investor associations	Individual investors
Base : All Respondents	101	39	13	12	10	10	9	3	1	1	1
As per International IOSCO guidelines	72	69	85	75	100	80	56	-	-	100	100
Flat Rs. 300 crores - as per the committee	22	23	15	25	-	-	33	100	100	-	-
Don't Know/Can't Say	6	8	-	-	-	20	11	-	-	-	-

A significant majority of respondents are **against a fixed amount of Rs. 300 crores** as the ideal capital requirement for a clearing corporation; the corporate investors interviewed are unanimously in favor of using the IOSCO guidelines

General

Cap on profits v/s profits determined by market based competition without any restrictions?

	Total	Brokers	Exchanges	Economists/ Researchers	Corporate investors	Merchant bankers	Banks	CS	Listed corporates	Investor associations	Individual investors
Base : All Respondents	101	39	13	12	10	10	9	3	1	1	1
There should be a cap on profits	17	15	23	17	-	10	33	33	-	100	-
It should be left to market based competition	80	82	77	75	100	80	67	67	100	-	100
Don't Know/Can't Say	3	3	-	8	-	10	-	-	-	-	-

A large majority of the respondents feel that profits should be determined by market based competition; corporate investors are unanimously against the committee's recommendation on having a cap on profits.

Thank You...
