



Dear Market Participants,

The Past few months have seen your Exchange initiating various measures to build a strong foundation for business growth. The Exchange has revamped several operational processes aimed to provide further operational ease to members. Liquidity in the currency segment has substantially improved due to increased participation from members. Our research team is producing cutting-edge analytics on market dynamics. Operational and fixed costs have been rationalised for members to enhance their business returns.

Your Exchange has entered into a foreign collaboration agreement with GMEX Group of London. The collaboration also provides for GMEX investing in equity capital of the Exchange and its subsidiary MCCIL.

With a state of readiness, the Exchange is now launching Member Activation Drive from June. Special schemes have been drawn to provide end-to-end infrastructure connectivity, operational support and attractive business schemes for all members.

In the following pages, details of the scheme are outlined. Readers shall also benefit from interesting policy analysis tools and their impact on market dynamics along with key Exchange updates.

Best Wishes

Udai Kumar | MD & CEO

Market Watch

Securities	One Month Price Change(%)
Equity	
SX 40	3.24
MSCI Emerging Markets	2.71
MSCI India	1.58
Currency*	
USD	0.61
Pound	3.15
Euro	-0.41
Yen	-0.45
Bonds	
5 yr Gol	0.61
10 yr Gol	-0.08
US 10 yr	+1.66

*This data pertains to currency pairs USDINR, GBPUSD, EURUSD, and USDJPY
Source: Bloomberg Period: May 1-31, 2017

DID YOU KNOW?

MSE provides the most efficient platform for large equity trades

1500+ plus stocks accounting for 90% of market volume are available for trading on the Exchange

MSE's ECM segment enables best execution with no slippage in normal market segment

Possibility of best price discovery as limitations of 1% range applicable for block window is mitigated as trading could happen on MSE's normal market segment

Passive orders are free and active orders have transaction charge of ₹ 2.0 per lac of traded volume

MEMBER ACTIVATION DRIVE

The member activation drive is launched from June 2017 to facilitate easy access to all members to experience the enhanced Exchange platform. All infrastructural and operational assistance are being provided along with business incentive schemes for a delightful experience of trading on MSE.

Easy Activation

- Trading exposure against membership deposit over and above BMC
- BMC in the form of non-cash securities is accepted
- No membership deposit for debt segment

Lowest Transaction Charges

- Passive orders free for Currency Options, Interest Rate Futures, Equity Cash and Derivatives
- Second least transaction charges on Currency segment till ₹ 10,000 cr of monthly volumes
- Least transaction charges on turnover above ₹ 10,000 cr
- Least transaction charges in Debt, IRF, Equity

Trading Infrastructure Free

- Connectivity to the Exchange via POP/VSAT/Leased lines is provided at no cost
- Last mile connectivity costs incurred by members if any, reimbursed by the Exchange
- Interest-free deposit towards leased lines will not be collected by the Exchange
- Quarter rack colocation space provided at no cost
- Annual subscription charges not collected from members
- Advanced transaction charges not collected from members

Business Incentive Schemes

- Reimbursement of clearing charges paid by TMs to CMs up to ₹ 10/cr of clearing volume
- Cost reimbursement for customised algo software up to ₹ 30lakh
- Business Loyalty Reward Program (MY MSE) – up to 20% rebate on transaction charges
- Free installation for third party trading applications – NOW, uTrade and ODIN
- Annual licence fees for CTCL IDs waived off
- Broker indemnity insurance cost reimbursed to MSE members.
- Algo Test Lab facility with order feed provided at no cost
- Free MSE TWS for Debt segment



EXCHANGE UPDATES



MSTQ – An effective tool to minimise fat finger errors

The Exchange provides a facility to specify maximum single transaction quantity/value (MSTQ/MSTV) for members. The MSTQ/MSTV is an effective tool to mitigate risk due to fat finger errors during order entry and reduces probability of violation of margin limits. While the MSTQ/MSTV for clearing members is specified by the Exchange, the clearing members are empowered to set appropriate limits for affiliated trading members. If needed, the clearing members may take assistance of the customer service team of the Exchange in this regard.

MSE – GMEX Collaboration

The Exchange has entered into a collaboration agreement with London-Based GMEX Group. GMEX provides multi-asset Exchange trading, post trade technology and business solutions. The collaboration is for product development in existing segments, launching new product categories, increasing focus on technological innovations and market infrastructure development for new products and project finance. GMEX has the option of investing up to 5% of the equity capital of the Exchange and its subsidiary MCCIL.

MSE launches Network Operations Center (NOC) services for members

- End-to-end visibility of member connectivity performance till the MSE data centre
- Proactive network monitoring to prevent service impact and network failure
- Proactive email alerts to member on identification of incidents
- Members shall be proactively aware of any connectivity problem and shall be able to identify and resolve the issues faster
- Expert insight to cut mean time for repair and allow cooperative problem-solving between the Exchange and member

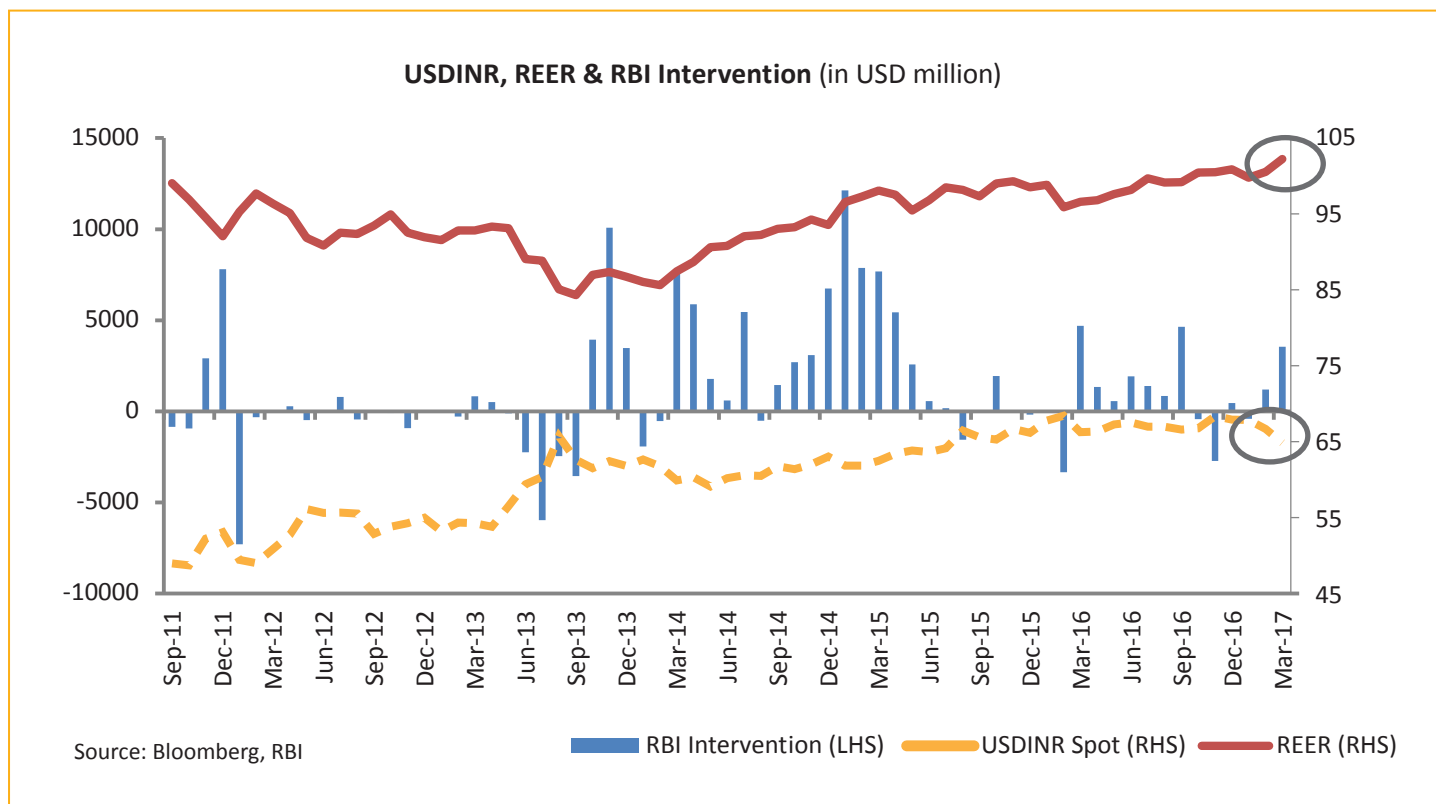
Operationalisation of SEBI Intermediary Portal

The SEBI has operationalised an online portal for exchanges and Clearing Corporations for submission of applications for registration of Members with the SEBI. This portal will facilitate seamless online submission of documentation with regulator which will reduce the turnaround time for completion of the registration process. This online interface also provides a facility to electronically report the information regarding collection of SEBI turnover fees and annual fees by the exchanges and Clearing Corporations. The Exchange and Clearing Corporation have adopted this online portal to expedite the aforesaid activities.

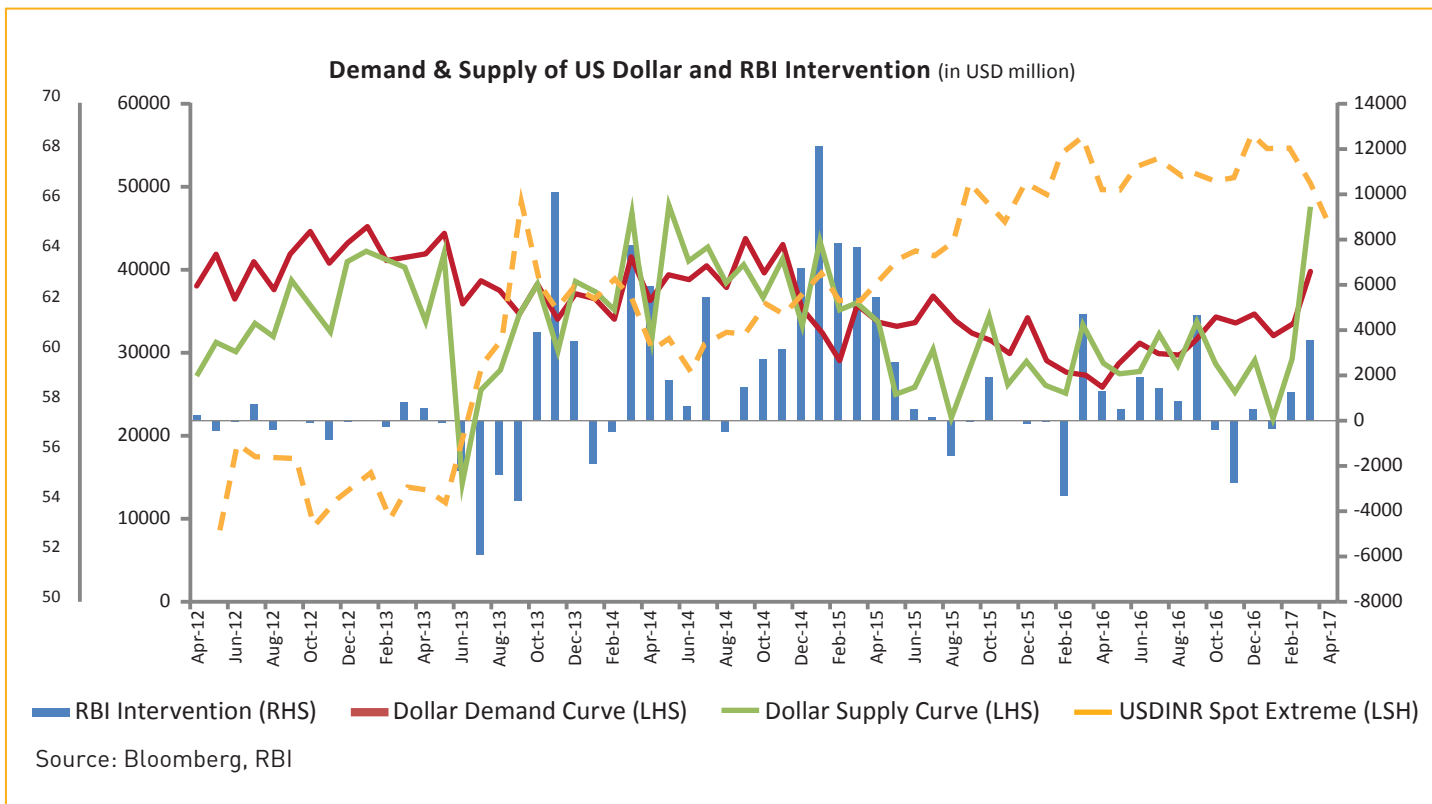
MSE – Brand Capital Collaboration

MSE has entered into collaboration with Brand Capital Limited, a group company of Bennett and Coleman. The collaboration provides usage of all media platforms of Bennett and Coleman Group at attractive rates to MSE for its brand-building exercise and also enables Brand Capital to own up to 2% equity capital of MSE.

POLICY IMPACT ON USDINR



- Real Effective Exchange Rate (REER) is the trade weighted currency holdings of the RBI adjusted for inflation. The weights are derived from India’s trade balances across the world. Values above 100 imply overvaluation of INR, below 100 suggest undervaluation
- In 2013, INR was less than optimally valued with REER at 85 and USDINR at 63. RBI adopted aggressive buying of USDINR since March 2014 to maintain USDINR level between 65 – 68 since 2015
- Since June 2015, RBI has slowed down its intervention as INR was reasonably valued (REER below 100) and USDINR was maintained between 65 – 68
- Presently, INR has just moved into the overvalued zone with REER at 103.76 as on April 30, 2017 and at the same time USDINR has breached 65 and is hovering around 64, below RBI’s target range of the last two years
- There is therefore a possibility that RBI shall intervene and start buying US dollars again to cool off INR and maintain the parity range of 65 - 67



- The Bar Graph indicates the monthly RBI intervention in the FX market
 - A positive bar indicates net buying of US dollar by RBI in a particular month, whereas a negative bar shows net selling of US dollar
- Dollar Demand Curve is the sum of monthly imports and outward remittances
- Dollar Supply Curve is the sum of FDI, FPI, exports and inward remittances
- Chart indicates that demand for US dollars in India has reduced and remained steady, possibly due to low oil prices
- Dollar supply, however, has been fluctuating. Whenever dollar supply has reduced, INR has weakened and strengthened when dollar supply has exceeded demand
- RBI had intervened aggressively during 2013-15 to maintain USDINR parity and address domestic liquidity. Please note that whenever USD supply curve exceeds the USD demand curve, RBI actively absorbs that supply by purchasing the dollar
- Recently, USDINR has reversed to levels of 64, which could prompt RBI’s intervention through dollar buying, provided dollar supply data supports the policy action

IMPORTANT CIRCULAR

Members Indemnity Insurance

SEBI requires all trading members to have adequate insurance cover. Members are required to submit proof of member indemnity insurance policy within 30 days from the date of expiry of their existing insurance cover to the Exchange vide Circular No. MSEI/MEM/5131/2017 dated May 12, 2017

Submission of Net worth Certificate as on March 31, 2017

Exchange vide Circular No. MSEI/INSP/5085/2017 dated April 21, 2017 advised its members to submit their net worth as on March 31, 2017 in the prescribed format. The timeline for submission of the net worth details has been extended to June 30, 2017 as per Exchange vide Circular No. MSE/MEM/5190/2017 dated May 31, 2017

Listing of NCRPS/NCDs

SEBI has issued a Circular with respect to listing of Non-Convertible Redeemable Preference Shares (NCRPS) / Non-Convertible Debentures (NCDs) through a Scheme of Arrangement vide Circular No. CIR/IMD/DF/50/2017 dated May 26, 2017

MSE EVENTS



(L to R: Mr. Abhijit Chakraborty, COO, MSE, Mr. Udai Kumar, MD & CEO, MSE, Mr. Hirander Misra, Chairman & CEO, GMEX at the joint press conference announcing the collaboration)



Mr. Ajai Kumar (Former Chairman and MD of Corporation Bank) being welcomed to the board by Chairperson Prof. Mrs. Ashima Goyal



Mr. Ketan S. Vikamsey (Senior Partner, Khimji & Kunwarji) being welcomed by Chairperson Prof. Mrs. Ashima Goyal

INDIAN ECONOMIC INDICATORS

Economic Indicators		
	Current	Previous
Forex Reserves	\$381.8 Billion	\$378.8 Billion
IIP (YOY)	3.10%	2.70%
CPI (YOY)	2.18%	2.99%
WPI (YOY)	2.17%	3.85%
Quarterly GDP Growth (YOY)	6.10%	7.00%
Bank Credit Growth (QOQ)	5.40%	7.02%

Source: RBI Website

Policy Rates*	
Bank Rate	6.50%
Repo Rate	6.25%
Reverse Repo Rate	6.00%
CRR	4.00%
SLR	20.50%
Call Money Rate	6.04%

Source: RBI Website

*As on June 14, 2017

Economic Calendar for the Period June 10, 2017 to July 10, 2017

Monday	Tuesday	Wednesday	Thursday	Friday
12	13	14	15	16
IND: CPI IND: Industrial Production	UK: CPI	IND: WPI UK: Unemployment CHG US: CPI US: FOMC Meeting	UK: BOE Meeting	JAP: BOJ Meeting EZ: CPI US: Housing Starts US: Building Permits
19	20	21	22	23
JAP: Trade Balance		IND: RBI Meet Minutes JAP: BOJ Meet Minutes US: Existing Home Sales	EZ: Consumer Confidence	FRE: GDO EZ: MFG PMI US: New Home Sales
26	27	28	29	30
US: Durable Goods Order IND: Eid Holiday		US: Pending Home Sales	US: GDP	UK: GDP JAP: Industrial Production
3	4	5	6	7
JAP: MFG MPI CHY: MFG PMI IND: MFG PMI UK: MFG PMI US: MFG PMI	US: Independence day UK: Construction PMI	JAP: Services MPI CHY: Services PMI IND: Services PMI UK: Services PMI US: Services PMI US FOMC Meet Minutes	US Trade Balance	US: NON Farm Payrolls UK: Industrial Production UK: MFG Production

Source: Bloomberg

REGIONAL OFFICES

Ahmedabad:

Nikita Sachde

507, Sun Square, Near Hotel Nest, Off C. G. Road,
Ahmedabad 380 009
Mobile: 96387 11166

Chennai:

Khaja Mohideen

1-A, Akshaya Plaza, 55-56, Harris Road, Pudupet,
Chennai 600002
Mobile: 94449 61706

Hyderabad:

Satyam Boini

Unit No. 412 - B, 4th Floor, Down Town - The Mall,
Beside Lotus Hospital, Lakdi-ka-pul,
Hyderabad 500 004
Mobile: 96180 36520

Indore:

Subodh Kumar Singh

G-26/B, City Centre, 570, M. G. Road,
Opp. High Court,
Indore 452 001
Mobile: 90099 91035

Jaipur:

Rahul Aggarwal

Room No.13, House No. C/102, Jagan Path,
Opp. BJP Office, C Scheme,
Jaipur 302 001
Mobile: 95499 93444

Kolkata:

Manish Kumar

Room No. 602, Terrace Floor, Premise No. 24,
Manglam Bldg., Hemant Basu Sarani,
Kolkata 700 001
Mobile: 98304 43364

Kanpur:

Pratul Tiwari

Cabin No. 407, Krishna Towers, Civil Lines,
Uttar Pradesh, Kanpur - 208 001
Mobile: 99181 61620

New Delhi:

Joji Sebastin

4 D, 4th Floor, Gopala Tower, 25 Rajendra Place
New Delhi 110 008
Mobile: 85870 53337



Vibgyor Towers, 4th Floor, Plot No. C-62, Opp. Trident Hotel, Bandra-Kurla Complex, Bandra (E), Mumbai 400 098. Tel: +91-22-6112 9000
For any query, contact your relationship manager or the customer service team at: customerservice@msei.int

Connect with us at www.msei.in   

Disclaimer: MSE Exchange Newsletter is not intended as professional counsel or investment advice and is not to be used as such. While the Exchange has made efforts to check the accuracy and reliability of the information contained herein, errors or omissions shall not be made the basis for any claims, demands or cause of action. MSE shall not be liable for any damage or loss of any kind howsoever caused as a result of the information contained in this newsletter.