

**LOK SABHA**

**UNSTARRED QUESTION NO. 3214**

**TO BE ANSWERED ON FRIDAY, 5<sup>th</sup> JANUARY, 2018/ PAUSHA 15, 1939 (Saka)**

**HIGH FREQUENCY TRADING**

**QUESTION**

**3214. DR. KIRIT SOMAIYA:**

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has received a report from Technical Committee on High Frequency Trading;
- (b) if so, the details thereof; and
- (c) the action plan of the Government to monitor frequency trading?

**ANSWER**

**MINISTER OF STATE IN THE MINISTRY OF FINANCE  
(SHRI PON RADHAKRISHNAN)**

**(a) and (b):** The Government has not appointed any Committee on High Frequency Trading. However, the securities market regulator, the Securities and Exchange Board of India (SEBI), has a standing Technical Advisory Committee (TAC) which, inter alia, advises SEBI on framing appropriate policies arising out of technological advancements and recommends measures for changes and improvements in the areas related to Information Technology in the securities market.

**(c):** High frequency trading in India is regulated by SEBI. SEBI has informed that vide its Circulars dated 30<sup>th</sup> March, 2012 and 21<sup>st</sup> May, 2013, it has issued broad guidelines relating to risk controls for Algorithmic Trading. Further, vide Circulars dated 13<sup>th</sup> May, 2015 and 1<sup>st</sup> December, 2016, guidelines covering market quality, market integrity and fairness in 'Co-location/ proximity hosting facility offered by stock exchanges' have also been issued by SEBI.

SEBI has stated that with a view to further strengthening the regulatory framework for Algorithmic Trading and Co-location, it issued a discussion paper dated 5<sup>th</sup> August, 2016, seeking comments of market participants on various mechanisms relating to Algorithmic Trading and Co-location. Further, SEBI has informed that it has engaged the Indian Institute of Technology (IIT) Bombay to undertake a study for the evaluation of various mechanisms stated in the abovementioned SEBI discussion paper. IIT Bombay has made a presentation before the TAC on the interim findings/ observations of the aforesaid study while the final report from IIT Bombay is awaited.

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