

LOK SABHA
UNSTARRED QUESTION NO. 2457
TO BE ANSWERED ON FRIDAY, MARCH 09, 2018/PHALGUNA 18, 1939 (SAKA)

FRAUDS PERTAINING TO STOCK MARKET

QUESTION

2457. SHRI NARANBHAI KACHHADIYA, SHRI S.R. VIJAYAKUMAR, SHRI T. RADHAKRISHNAN, SHRI BIDYUT BARAN MAHATO, SHRI A. ANWHAR RAAJHAA, SHRI GAJANAN KIRTIKAR, SHRI ASHOK SHANKARRAO CHAVAN, KUNWAR HARIBANSH SINGH & SHRI SUDHEER GUPTA:

Will the Minister of FINANCE be pleased to state:

(a) the number of frauds pertaining to stock market, illegal collective investment schemes and insider trading detected by the Securities Exchange Board of India (SEBI) during each of the last three years and the current year;

(b) whether the SEBI has decided to introduce new shareholding rules and ease directorship conditions for stock exchanges, depositories and clearing corporation, if so, the details thereof along with the aims and objective thereto;

(c) whether the Government has set up a five member panel to consider these proposals;

(d) if so, the details thereof and the time by which the panel is likely to submit its report to the Government; and

(e) the steps taken/being taken by the SEBI to enhance investor protection and creating effective securities market?

ANSWER

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

(a): The number of investigation cases taken up by the securities market regulator, Securities and Exchange Board of India (SEBI), for alleged violation of securities laws during the last three years and current year is given below:

Particulars	Investigations taken up			
	2014-15	2015-16	2016-17	2017-18#
Market manipulation and price rigging	41	84	185	36
"Issue" related manipulation	3	9	8	2
Insider Trading	10	12	34	9
Takeovers	3	2	3	1
Collective Investment Schemes (CIS)	65	46	11	14
Miscellaneous	13	26	15	54
Total	135	179	256	116

data upto Dec, 2017; For CIS, data is upto 28 Feb 2018

(b), (c) and (d): A Committee has been constituted by SEBI under the Chairmanship of Shri R. Gandhi, (Former Deputy Governor, Reserve Bank of India) to review the Regulations for Market Infrastructure Institutions (MIIs) - stock exchanges, depositories and clearing corporation. The other members of the Committee are:

1. Shri. G. Anantharaman, Former Whole Time Member, SEBI
2. Shri. Leo Puri, Managing Director, UTI AMC Ltd
3. Prof. Gopal Naik, Professor, IIM Bangalore.
4. Shri Sujit Prasad, Executive Director, SEBI

The terms of reference of the committee include overall assessment/adequacy of existing MIIs' framework and identifying areas for review in the extant Regulations and relevant Circulars dealing with ownership /shareholding norms and governance norms; identifying and recommending on areas for continuous improvement of systems, procedures and practices; addressing suggestions / comments of public received as part of the consultation process; and, assessing the possibility of extending the extant framework of MIIs to new market intermediaries which could be classified as MIIs. The committee is expected to submit its interim report by March 31, 2018.

(e): The systems and practices are in place to promote a safe, transparent and efficient market and to protect market integrity. The systems instituted include advanced risk management mechanisms comprising continuous monitoring and surveillance, various limits on positions, margin requirements, circuit filters, etc. Further, SEBI maintains constant vigil in the market, and in case of any abnormality, takes appropriate action against the concerned entities. SEBI has also been conducting regular meetings with officials of the stock exchanges and depositories and they have been advised to step up their own surveillance measures and to initiate expeditious demonstrative action wherever warranted so as to protect investors' interest and ensure orderly functioning of the stock market. Further, SEBI has been continuously undertaking various awareness activities to reach out to investors to promote education / awareness among investors. The investors are also cautioned against Ponzi schemes in the awareness programs. Further, the grievances lodged by investors are taken up by SEBI with the respective entities and monitored on a regular basis.
