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FORUM VIEWS

BBF hosts 2nd CAPITAL MARKETS CONFLUENCE 2026

Reimagining India's Financial Future: Policy, Innovation & Global Alignment

Commemorating World Investor Week 2026 under the aegis of SEBI



CHIEF GUEST: Mr. Tuhin Kanta Pandey, Chairman, Securities and Exchange Board of India (SEBI)

Guest of Honor: Mr. Sandip Pradhan, Whole-Time Member, Securities and Exchange Board of India (SEBI)

Welcome address: Mr. Anup Gupta

Panel Discussion: Mr. Anuj Singhal • Mr. Ramesh S. Damani • Mr. Ridham Desai • Mr. Sankaran Naren • Mr. Prashant Jain

Spotlight Speeches: Mr. Sundararaman Ramamurthy • Mr. Nehal Vora • Mr. Vijay Chandok
Ms. Praveena Rai • Mr. Vikas Goel • Ms. Latika S. Kundu • Ms. Vaisshali Babu • Mr. Rishi Nathany

Closing Reflections: Mr. Roopkishor Bhootra • Mr. Uttam Bagri

Masters of Ceremonies: Mr. Alok Churiwala • Ms. Saloni Parikh

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FORUM VIEWS





Valerie GUILLAUMIN

Nicholas PFAFF

2026 market guidance from the principles

Valentina LADISLAO

Four key considerations in Italian cross-border M&A transactions





Scott LOUGHLIN

The hidden risk of cyber incidents: When local decisions create global exposure

Sabine KARUNANITHY

The neuroscience of self-awareness: Why the best market decisions start in the body



Raeda LATIF

Beyond the ticker: The exchange as a brand and a new capital market imperative





Devang MEHTA

New sectors reshaping India's market capitalisation



M. PARTHASARATHY

The governance premium: Why the best-run companies outlast the best-performing ones

Richa VALECHA

Beyond the balance sheet: Why communication is the currency of trust



Feroza ENGINEER

The leadership flex: Leading with clarity in an AI-driven world



06 BBF EVENTS

- BBF 2nd Capital Market Confluence & Annual Get-together 2026
- BBF presence at Asia Securities Forum (ASF) AGM 2026

17 GLOBAL PERSPECTIVES

- 2026 market guidance from the principles
- Funding acquisitions through share issuance: Minority shareholder protection in contribution-in-kind transactions under Italian law
- The hidden risk of cyber incidents: When local decisions create global exposure
- The neuroscience of self-awareness: Why the best market decisions start in the body
- Beyond the ticker: The exchange as a brand and a new capital market imperative why the world's capital markets cannot afford to be merely infrastructure

31 INSIGHTS

- Basic Services Demat Account (BSDA): 100 rupaye ka maamla
- The skyline keeps changing: The evolution of new sectors in India's market capitalisation
- The governance premium: Why the best-run companies outlast the best-performing ones
- Beyond the balance sheet: Why communication is the currency of trust
- The leadership flex: Leading with clarity in an AI-driven world
- Green hydrogen as a clean energy carrier: An overview
- Mera Net Worth Kya Hai? Ek Stock Broker ki kahani

48 REGULATORY COMPLIANCE

- Compliance Calendar

FROM THE BBF SECRETARIAT



Dr. Vispi Rusi Bhathena
PhD (h.c.)
Chief Executive Officer

Dear Readers,

Markets move fast. Ideas move faster. And sometimes, the most interesting stories are hiding in plain sight.

Welcome to the November 2026 edition of Forum Views, where we begin by celebrating the people and moments that bring our capital market community together. We take you first through glimpses of the 2nd BBF Capital Markets Confluence 2026, capturing the energy, conversations and connections that made the gathering a success, followed by photographs from the BBF Annual Get-Together 2026, an evening of camaraderie, celebration and shared memories.

From these moments, we turn to the ideas shaping markets across India and the world. Our contributors explore 2026 Market Guidance from the Principles, while examining how a seemingly local cyber incident can create global exposure. We travel into the world of corporate transactions and minority shareholder protection in Italy, before taking a fascinating turn towards neuroscience and the role of self-awareness in better market decisions.

We begin with the Basic Services Demat Account (BSDA) and the significance of the ₹100 threshold for investors. We then turn to Mera Net Worth Kya Hai? Ek Stock Broker ki kahani. The journey then continues beyond the ticker, exploring how exchanges are becoming brands and why this matters for capital markets. We look at India's changing market-capitalisation skyline, the governance practices that create lasting value, and why communication has become a currency of trust. Finally, we step into the AI era to explore the leadership flexibility needed to navigate a world changing at extraordinary speed.

Different subjects, different perspectives, one common thread: the capital markets are evolving, and so must we.

So turn the pages, enjoy the photographs, explore the ideas and join us in looking beyond the ticker. **Happy reading.**

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Securities and Exchange Board of India

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BOMBAY STOCK EXCHANGE BROKERS' FORUM (BBF)

successfully hosted

2nd CAPITAL MARKET CONFLUENCE 2026

Reimagining India's Financial Future: Policy, Innovation & Global Alignment

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This flagship event also marked BBF's contribution, under the aegis of SEBI, to

WORLD INVESTOR WEEK (WIW) 2026

an initiative spearheaded by IOSCO, reinforcing investor awareness and market excellence.

followed by

BBF Annual Get-together

Saturday, 10th October
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BBF 2nd CAPITAL MARKET CONFLUENCE & BBF ANNUAL GET-TOGETHER 2026

Session 1: Inaugural



Mr. Alok Churiwala initiating the event

Masters of Ceremonies:



Ms. Saloni Parikh conducting the proceedings



Ceremonial lighting of the lamp



Mr. Anup Gupta presenting the welcome address



Mr. Sandip Pradhan, Whole-Time Member, Securities and Exchange Board of India (SEBI), delivering his Keynote Address via video message

Session 2:
Enabling Capital, Empowering Investors: Policy, Participation, India's Market Potential, and Investor Resilience



Mr. Anuj Singhal, Moderator, initiating the discussion



Mr. Ramesh S. Damani sharing his insights



Mr. Ridham Desai sharing his insights



Mr. Sankaran Naren sharing his insights



Mr. Prashant Jain sharing his insights



BBF 2nd CAPITAL MARKET CONFLUENCE & BBF ANNUAL GET-TOGETHER 2026



Mr. Lalit Mundra presenting
a memento to Mr. Anuj Singhal



Mr. Uttam Bagri presenting
a memento to Mr. Ramesh S. Damani



Mr. Rajiv Choksey presenting
a memento to Mr. Ridham Desai



Mr. Roopkishor Bhootra presenting
a memento to Mr. Sankaran Naren



Mr. Anurag Bansal presenting
a memento to Mr. Prashant Jain



Mr. Tuhin Kanta Pandey delivering his address

Address by Hon'ble Chief Guest
Mr. Tuhin Kanta Pandey
Chairman
Securities and Exchange
Board of India (SEBI)



Mr. Anup Gupta welcoming
Mr. Tuhin Kanta Pandey

Mr. Anup Gupta presenting a memento to Mr. Tuhin Kanta Pandey

Session 3: Spotlight Speeches
Architects of Market Confidence: How India's Market Infrastructure Institutions will Anchor Stability, Scale, Global Leadership, and Safeguard Investors from Digital Deception and Scam Alerts



Mr. Sundararaman Ramamurthy addressing the gathering via video message



Mr. Nehal Vora addressing the gathering



Mr. Vijay Chandok addressing the gathering



Ms. Praveena Rai addressing the gathering



Mr. Vikas Goel addressing the gathering



Ms. Latika S. Kundu addressing the gathering



Ms. Vaisshali Babu addressing the gathering



Mr. Rishi Nathany addressing the gathering



Special Invitee Mr. Anand Rathi addressing

BBF 2nd CAPITAL MARKET CONFLUENCE & BBF ANNUAL GET-TOGETHER 2026



Mr. Anup Gupta presenting a memento to Mr. Nehal Vora



Mr. Anup Gupta presenting a memento to Mr. Vijay Chandok



Mr. Anup Gupta presenting a memento to Ms. Praveena Rai



Mr. Anup Gupta presenting a memento to Mr. Vikas Goel



Mr. Anup Gupta presenting a memento to Ms. Latika S. Kundu



Mr. Anup Gupta presenting a memento to Ms. Vaisshali Babu



Mr. Anup Gupta presenting a memento to Mr. Rishi Nathany





Mr. Anup Gupta felicitating the Support Partner, ICICI Bank, represented by Mr. Avinash Kansal, Business Head, and team



Mr. Anup Gupta felicitating Mr. Amogh Vaity and Mr. Abhishek Bhusari of Trident Hotel, Nariman Point, Mumbai

Closing Reflections



Mr. Roopkishor Bhootra presenting the closing reflections



Mr. Uttam Bagri presenting the closing reflections

BBF 2nd CAPITAL MARKET CONFLUENCE & BBF ANNUAL GET-TOGETHER 2026





Mr. Vijay Kedia delighting the gathering with his signature stock-market-themed songs



BBF PRESENCE AT THE ASF AGM 2026

Hanoi, Vietnam

31st Asia Securities Forum (ASF) Annual General Meeting (AGM)

Asia Capital Markets at a New Crossroads: Integration, Transformation and Growth







BBF PRESENCE AT THE ASF AGM 2026

Hanoi, Vietnam











2026 MARKET GUIDANCE FROM THE PRINCIPLES



Valérie Guillaumin
Director,
Sustainable Finance

International Capital Market Association (ICMA)
Greater Paris Metropolitan Region



Nicholas Pfaff
Deputy Chief Executive and
Head of Sustainable Finance

Executive Summary

In 2026, the Green Bond Principles (GBP), the Social Bond Principles (SBP), the Sustainability Bond Guidelines (SBG) and the Sustainability-Linked Bond Principles (SLBP) - collectively known as "the Principles" continue to play a central role in supporting transparency, consistency and credibility across the sustainable bond market.

This year's guidance focuses on three priorities: clarifying the role of Climate Transition Bonds, strengthening impact reporting expectations and helping market participants navigate the relationship between voluntary frameworks and emerging official standards. This work builds on more than a decade of guidance since the Green Bond Principles (GBP) were first published.

Introduction

Since the Green Bond Principles (GBP) were first published in 2014, the Executive Committee has issued annual best-practice guidance for sustainable finance market participants, including Principles, Practical Guidance and Frequently Asked Questions (FAQs).

The Principles comprise a set of voluntary frameworks whose stated mission and vision are to promote the role that global bond markets can play in financing progress towards environmental and social sustainability.

This objective has remained consistent from the outset: to promote greater transparency in the bond market, whether proceeds are allocated to pre-identified sustainable projects or linked to ambitious sustainability objectives to which the issuer is committed. The Principles provide general recommendations that support transparency, disclosure and market integrity. They also raise awareness among financial market participants of the importance of environmental and social impact, with the ultimate aim of attracting more capital to sustainable development. Finally, they seek to strengthen the transparency needed to track investments in environmental projects and assess their impact.

"In 2026, the Green Bond Principles (GBP), the Social Bond Principles (SBP), the Sustainability Bond Guidelines (SBG) and the Sustainability-Linked Bond Principles (SLBP) - collectively known as "the Principles" continue to play a central role in supporting transparency, consistency and credibility across the sustainable bond market."

Over time, the Principles' publications have expanded considerably to cover most market transactions, from issuance and securitisation to repurchase agreements, securities lending, including Islamic finance (such as sukuk) and commercial paper. The Principles have also issued recommendations for other market participants, including external reviewers and database providers.

Today, sustainable debt market participants have access to an extensive library of resources, all available free of charge on ICMA's website.

As the sustainable finance market has matured, the Principles now focus on consolidating and updating existing publications while remaining responsive to market initiatives. All guidance issued under the Principles is voluntary. However, with 96% of 2025 issuers referencing them, the Principles have become internationally recognised standards and serve as the basis for new legislation that is largely inspired by them.

> **Investor interest is increasingly embedded in mainstream fixed income strategies and is driven by long-term risk management, transparency, stewardship obligations, regulatory alignment and portfolio resilience.**

Market guidance on standards, demand and investor confidence

Comparison of the Green Bond Principles and the European Green Bond Standard

This year, a taskforce was established to compare the GBP with international official standards, excluding taxonomies. The first project was the European Green Bond Standard (EuGBS), with other regulations in the coming months. The taskforce published its initial findings in June 2026.

The comparison confirms that the Green Bond Principles (GBP) and the EuGBS are closely connected, mutually reinforcing frameworks. They share the objective of strengthening transparency, comparability and investor confidence in green bond markets, but differ in design: the GBP remain voluntary, principles-based and globally applicable, while the EuGBS is a legally binding, EU Taxonomy-aligned standard with prescribed templates and review requirements. The report highlights the distinct value of each framework: the GBP add flexibility, broader sustainability strategy and governance disclosure, proceeds management guidance and impact-reporting detail; the EuGBS adds regulatory discipline through mandatory factsheets, allocation and impact report templates, supervised external reviewers and defined review timelines. The Taskforce recommends dual alignment: EuGBS-aligned issuers should also demonstrate alignment with the GBP, particularly because many investors and green bond mandates expressly reference GBP alignment.

Exploring structural demand for sustainable bonds: perspectives from investor practice

Following 2025 forecasts of a slowdown in sustainable bond issuance, the Principles sought to reaffirm the benefits of these instruments, particularly from an investor perspective.

This paper finds that demand for Green, Social, Sustainability and Sustainability-Linked (GSS+) bonds, together with emerging labelled formats such as climate transition and other thematic bonds, has become structural rather than niche. Investor interest is increasingly embedded in mainstream fixed income strategies and is driven by long-term risk management, transparency, stewardship obligations, regulatory alignment and portfolio resilience. Overall, the paper concludes that GSS+ bonds have evolved from a primarily supply-led sustainable finance product into a core strategic instrument, linking investor expectations with issuer funding strategies. Their continued relevance depends on credible frameworks, robust reporting and clear alignment with long-term sustainability and transition objectives.

Together, these papers were complemented by supplementary technical guidance published by the Executive Committee of the Principles, with the support of ICMA and the members of the working groups, in June 2026.

Climate Transition Bonds

Released in November 2025, the Climate Transition Bond Guidelines (CTBG) introduced Climate Transition Bonds (CTBs) as a standalone label for use-of-proceeds bonds, particularly to finance the transition of hard-to-abate and fossil fuel sectors. The release of these Guidelines marked a significant breakthrough after years of market discussion on the relevance of such a label.

Historically, the Principles provided organisation-level guidance outlined in the Climate Transition Finance Handbook (CTFH), while also identifying the role of both use-of-proceeds bonds and sustainability-linked bonds (SLBs) as instruments to finance the implementation of an organisation's transition or sustainability plan at project level or through issuer-level targets, respectively.

The cornerstone of a CTB is the use of bond proceeds for eligible Climate Transition (CT) Projects. CT Projects are defined as including assets, investments and activities, early phase-out and decommissioning, and other expenditures such as research and development related to high-emission activities that lead to substantial and quantifiable greenhouse gas (GHG) emissions avoidance, reduction, or removal. CT Projects are designed to complement and go beyond the scope of green projects in pursuit of the goals of the Paris Agreement.

CT Projects integrate five key safeguards that issuers need to consider, as well as additional safeguards for projects substantially relating to fossil fuel infrastructure or activities.

Following the release of the CTBG, and in response to initial market comments and requests for clarification, the Principles published FAQs related to the CTBG in June 2026. The FAQs provide further clarity on CTBs, including how to distinguish transition projects from green projects, what "best efforts" alignment means, and how different issuer types — including hard-to-abate sectors, financial institutions and sovereigns — can apply the Guidelines.

> **Overall, the 2026 guidance illustrates how the Principles continue to consolidate market practice while responding to evolving climate transition, impact reporting and regulatory developments.**

Impact Reporting for Green Projects

The Harmonised Framework for Impact Reporting for Green Bonds describes the core principles and recommendations for reporting and provides issuers with a reference as they develop their own reporting. The Handbook also offers impact reporting metrics and sector-specific guidance for the GBP project categories. Impact reports should illustrate the expected environmental impact made possible by projects to which green bond proceeds have been allocated. Issuers should disclose the methodology used to estimate impacts.

The 2026 update elevates "annual absolute gross GHG emissions" to a core indicator for projects within the energy efficiency and renewable energy categories. While issuers are encouraged to report on all core metrics in the relevant project category that relate to their projects, "generated (gross) absolute emissions" are deemed a core indicator solely for non-financial corporate bond issuers from carbon-intensive sectors, where feasible and when such emissions are deemed material with due regard to the size and nature of the project(s).

Reporting on "generated (gross) absolute emissions" is particularly relevant and decision-useful for investors, as it can demonstrate that project-level induced emissions are materially lower than those of the issuer overall, thereby showing that such projects support a significant reduction in the issuer's total firm-wide emissions over time.

This may help reduce barriers to including such corporate bonds in carbon-constrained or carbon-optimised portfolios, thereby broadening the eligible investor base and helping to unlock additional demand.

Impact Reporting for Social Projects

The Harmonised Framework for Impact Reporting for Social Bonds includes core and other impact reporting metrics and sector-specific guidance for the Social Bond project categories, starting with Affordable Housing in 2024, followed by Access to Essential Services in 2025 and Affordable Basic Infrastructure, including Digital Infrastructure, in 2026.

Additional updated guidance was also released in June 2026:

- Guidance Handbook, updated to reflect the Climate Transition Bond Guidelines and provide additional illustrative examples of target populations.
- Guidelines for External Reviews, updated to cover reviews related to Sustainability-Linked Loan Financing Bonds, Climate Transition Bonds and green enabling projects, and restructured to clarify the distinction between pre-issuance, post-issuance and entity-level assessments.

Overall, the 2026 guidance illustrates how the Principles continue to consolidate market practice while responding to evolving climate transition, impact reporting and regulatory developments.

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Valérie Guillaumin joined the International Capital Market Association (ICMA) in 2014. Her role as Director in the Sustainable Finance team is largely dedicated to the secretariat to the Executive Committee of the Principles and the related working groups.

She is also secretary to the SVT Market Committee.

In parallel, Valerie is coordinating the activities and events of the ICMA Women's Network in Paris.

Previously: 22 years dedicated to market infrastructures activities: Head of Rules & Regulations at Euronext Paris and then, General Counsel and Head of membership at LCH SA.

She has a Masters in French business law.

Nicholas Pfaff is the Deputy Chief Executive and Head of Sustainable Financeof ICMA. He is the Secretary of the Green, Social, Sustainability and Sustainability-linked Bond Principles. He is a former member of the European Commission's Technical Expert Group (TEG) on Sustainable Finance and Platform on Sustainable Finance (PSF), as well as a past contributor to the G20 and G7 working groups and dialogues on sustainable finance. He also oversees ICMA's Paris office. Nicholas is a senior banker with extensive international experience in investment banking and capital markets, as well as in development banking. He has worked previously at Goldman Sachs, BNP Paribas and the European Bank for Reconstruction and Development (EBRD).

FUNDING ACQUISITIONS THROUGH SHARE ISSUANCE: MINORITY SHAREHOLDER PROTECTION IN CONTRIBUTION-IN-KIND TRANSACTIONS UNDER ITALIAN LAW



Valentina Ladislao
Senior Associate

WH Partners
Italy

Capital markets are increasingly internationalised. Investors routinely hold securities traded on markets across multiple jurisdictions, while cross-border transactions in which a listed company issues its own shares as consideration for an acquisition have become an established feature of M&A practice, as the safeguards available to investors may differ across jurisdictions and a single transaction may trigger the application of overlapping regulatory regimes.

This article explores those tensions through a recent corporate transaction that brought an unusually rich set of such issues to the surface. The deal involved the transfer of a majority stake in an Italian limited liability company (S.r.l.) to an acquirer structured as a joint-stock company incorporated under Italian law but listed on a French multilateral trading facility, with consideration paid mostly in newly issued shares. Although the parties and commercial terms must remain confidential, the legal structure merits general discussion. The analysis is organised around four recurring problems: the added regulatory complexity of a foreign listing, the exclusion of pre-emptive subscription rights in a reserved capital increase, minority shareholder protection and valuation adequacy, and the way Italian takeover law treats contribution-in-kind transactions.

An Italian Company, a foreign listing: navigating two regulatory frameworks

The first distinctive feature of the transaction lies in the status of the acquiring company. The acquirer was incorporated under Italian law, subject to the Italian Civil Code's provisions (ICC) governing capital increases, contributions in kind and corporate governance, and ultimately subject to the jurisdiction of the Italian courts. Its shares, however, were admitted to trading on the Euronext Growth segment operated in France. The result is a dual regulatory framework in which the rules governing the issuer's corporate structure and those applicable to the trading venue intersect.

> **Paying for an acquisition with listed shares is now standard M&A practice, yet crossing borders means the safeguards available to investors may differ from one regime to the next.**

The corporate law mechanics of the transaction - including the capital increase, the contribution in kind, the board resolutions and the notarial deeds - remained governed by Italian law. At the same time, because the newly issued shares were to be admitted to trading on a foreign venue, the transaction was also subject to that venue's market rules, admission requirements and disclosure regime. These requirements do not necessarily mirror Italian practice, even where the respective regulatory frameworks derive from harmonised EU legislation.

Matters that might otherwise have been regarded as routine - such as the timing of disclosures, the lifting of trading restrictions and the orderly disposal of a substantial block of shares - had to be assessed in light of the foreign

venue's rules. The transaction could not be approached as a standard Italian corporate transaction with a foreign listing merely superimposed on it; it required coordinated involvement of Italian corporate counsel and advisers familiar with the foreign trading venue from the outset.

> **For the acquirer's minority shareholders, protection comes from the numbers: an independent valuation robust enough to prove the shares issued matched the value received.**

Exclusion of pre-emptive subscription rights in a capital increase

The second distinctive feature concerned the mechanism through which the share consideration was to be delivered. Since the seller was to receive newly issued shares as the principal component of consideration, the purchaser had to implement a capital increase reserved exclusively to the seller, with the pre-emptive subscription rights of the existing shareholders excluded pursuant to Article 2441 ICC.

Excluding pre-emption rights dilutes existing shareholders and could circumvent the rules protecting them against underpriced share issues. Such exclusion cannot rest solely on the Board's preference for a particular transaction structure; it must be grounded in the circumstances contemplated by law and, in the case of a capital increase against a contribution in kind, is accompanied by specific statutory safeguards.

In practice, the transaction could not proceed on a simple Board resolution. It required that the capital increase and exclusion of pre-emption be resolved by the Shareholders' Meeting in extraordinary session, or by the Board under a specific prior delegation, as Italian law requires for capital increases against contributions in kind; and that the terms be shown fair to existing shareholders notwithstanding the dilution.

Minority shareholder protection and the adequacy of the contribution value

The third, and perhaps most conceptually significant, feature of the transaction concerned the interplay between minority shareholder protection at the target level and the valuation methodology used to price the contribution.

Two distinct groups of minority shareholders were implicated: the minority shareholders of the target company, who remained outside the sale while their company was placed under new control, and the existing minority shareholders of the acquirer, whose interests were diluted as a result of the reserved capital increase.

At target level, completion was conditional upon the valid waiver of any pre-emptive rights available to the target's other shareholders under its by-laws and, where applicable, the termination of any existing shareholders' agreement. Although common in transactions involving Italian limited liability companies, these matters are often insufficiently addressed. Pre-emptive rights in the by-laws may confer significant rights on the other shareholders, and a transfer in breach may be open to challenge. The position becomes more complex where the consideration consists of listed shares rather than cash, as the remaining shareholders are asked to consent to a change of control without receiving the consideration paid to the seller and while being indirectly exposed to the liquidity and market risks of the listed shares.

At acquirer level, the protection operated primarily through valuation rather than pre-emption rights. Under Articles 2343 and 2343-ter ICC, contributions in kind are subject to statutory safeguards ensuring that the value attributed to the contributed assets is not lower than the value of the shares issued in return. The company's capital should not be overstated, and existing shareholders should not suffer undue dilution from an overvaluation. In this transaction, the expert valuation, complemented by a fairness opinion on the exchange ratio, was central to the protection of the acquirer's minority shareholders: it provided the basis for concluding that the shares issued were proportionate to the value contributed and that the capital increase did not result in an unjustified transfer of value. In any subsequent challenge, the robustness of the valuation methodology and the contemporaneous documentary record would be critical.

The Mandatory Takeover Bid and Its Exemption for Contributions in Kind

A further, and less widely appreciated, aspect of minority shareholder protection concerns the mandatory takeover bid regime and its inapplicability to certain contribution-in-kind transactions. Article 106 of the Italian Consolidated Law on Finance (TUF) provides that the acquisition of a controlling interest in an Italian listed company above the statutory threshold triggers an obligation to launch a mandatory takeover bid for the remaining shares, thereby giving minority shareholders an opportunity to exit following a change of control. The provision also allows for

specific exemptions, including those applicable to certain contribution-in-kind transactions.

Article 106(5) TUF empowers the Italian Financial Authority (Consob) to identify categories of transactions where crossing the threshold does not trigger the bid obligation. Alongside long-standing exemptions for rescue operations, mergers and demergers, recent reform has expressly added contributions in kind to this list. The rationale is that where shares are issued for a contribution in kind rather than acquired through a cash purchase, the transaction is closer to a reorganisation than to the change-of-control acquisition the mandatory bid regime targets, and is already subject to its own safeguards - the expert valuation, the capital-increase approval requirements and listed-issuer disclosure obligations - serving an analogous protective function.

In practice, a controlling shareholder receiving newly issued shares of a listed acquirer as consideration for a contribution in kind may, where the applicable statutory and regulatory conditions are satisfied, cross the mandatory-bid threshold without triggering an obligation to bid for the remaining shares, precisely because the stake was acquired through contribution rather than purchase. For the acquirer's minority shareholders, protection comes not from the takeover bid regime but from the fairness of the valuation and governance safeguards described above; confirming those safeguards were properly applied is essential due diligence whenever this exemption is invoked.

A broader perspective on cross-border Italian transactions

The transaction illustrates a broader lesson: where an Italian company lists its equity abroad and uses it as acquisition currency for an Italian target, transaction counsel must manage at least four layers of protection simultaneously: the foreign venue's market rules, the statutory safeguards against unfair dilution on the issuer side, the pre-emption and governance rights of minority shareholders on the target side, and the interaction between the contribution-in-kind mechanism and the mandatory bid regime. None of these issues is individually novel; the complexity lies in reconciling all four within a single set of conditions precedent and closing mechanics, while ensuring the valuation record withstands scrutiny and that the mandatory-bid exemption has been properly verified rather than assumed.

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> **The transaction illustrates a broader lesson: one deal, four layers of protection to get right: foreign market rules, anti-dilution safeguards, target-side minority rights, and the takeover-bid exemption — all at once, all under scrutiny and none of them leave room for error.**

THE HIDDEN RISK OF CYBER INCIDENTS: WHEN LOCAL DECISIONS CREATE GLOBAL EXPOSURE



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When a significant cyber incident occurs, organizations naturally focus on the attack itself.

How did the attackers gain access? What systems were affected? What information was compromised? How quickly can operations be restored?

These questions are important, but they can obscure a more fundamental reality. Increasingly, the most significant financial risks facing an organization do not arise from the cyber incident itself. They arise from the decisions made during the response.

A delayed regulatory notification. An inconsistent public statement. A poorly structured forensic investigation. A disclosure crafted to satisfy one regulatory obligation without considering consequences elsewhere. These decisions can create legal, regulatory, litigation, and reputational exposure that persists long after the technical issues have been resolved.

This shift has fundamentally changed the nature of cyber incident response. What was once viewed primarily as a technical exercise has evolved into a legal risk management challenge. For multinational organizations, successful incident response now requires more than identifying and containing a threat. It requires coordinating legal, regulatory, operational, and communications decisions across multiple jurisdictions, often under significant time pressure and with incomplete information.

For companies with substantial legal, compliance, privacy, cybersecurity, and executive functions in India, this reality carries particular significance. The teams directing incident response increasingly influence not only local compliance outcomes, but the organization's broader global risk posture.

The Most Important Questions Are Often Legal

Cyber incidents have become significantly more complex over the past decade.

> **A ransomware event may end in days or weeks. Regulatory investigations, litigation, enforcement actions, shareholder claims, and contractual disputes can continue for years. In many cases, those outcomes are shaped not by how attackers entered the environment, but by how the organization responded after discovering the incident.**

Regulators around the world have imposed new reporting requirements. Litigation following significant breaches has become increasingly common. Boards of directors and senior executives face growing expectations regarding cybersecurity oversight and preparedness. At the same time, customers, business partners, and investors expect greater transparency when incidents occur.

As a result, organizations are no longer judged solely on how effectively they contain a threat or restore operations. Increasingly, they are judged on the quality of the response that follows.

The most important questions after a cyber incident are therefore often not technical:

- What reporting obligations have been triggered?
- Which regulators must be notified and when?
- How can the organization investigate the incident while preserving legal protections?
- What should be communicated to regulators, customers, investors, and business partners before all the facts are known?

The answers to these questions frequently shape the organization's long-term exposure more than the initial intrusion itself.

A ransomware event may end in days or weeks. Regulatory investigations, litigation, enforcement actions, shareholder claims, and contractual disputes can continue for years. In many cases, those outcomes are shaped not by how attackers entered the environment, but by how the organization responded after discovering the incident.

This distinction has become increasingly important because many of the decisions that shape regulatory and litigation risk must be made at the earliest stages of an incident, often before all of the relevant facts are known.

Why Legal Must Lead

Technical teams remain indispensable.

Cybersecurity professionals investigate the attack, determine the scope of compromise, preserve evidence, contain malicious activity, and restore business operations. Without their expertise, effective incident response is impossible.

However, cybersecurity professionals and lawyers answer fundamentally different questions.

Cybersecurity professionals determine what happened.

Legal teams determine how the organization manages the consequences.

This distinction has become increasingly important because many of the decisions that shape regulatory and litigation risk must be made at the earliest stages of an incident, often before all of the relevant facts are known.

Consider the role of forensic investigations.

Following a significant cyber incident, the resulting forensic report often becomes one of the most important documents generated during the response. Regulators may request it. Plaintiffs may seek it in litigation. Shareholders, counterparties, and other stakeholders may attempt to gain access to its findings.

The challenge for multinational organizations is that privilege rules differ substantially across jurisdictions. Some jurisdictions recognize attorney-client privilege and attorney work-product protections more broadly than others, while some approach these concepts very differently. Yet this does not diminish the importance of preserving privilege wherever possible.

A cyber incident affecting operations in India may ultimately result in litigation, regulatory investigations, shareholder actions, or contractual disputes in jurisdictions where privilege protections play a critical role in managing legal exposure. Decisions regarding who retains forensic investigators, how investigative findings are documented, and how reports are distributed should therefore be made with an understanding of the organization's broader global risk profile rather than the requirements of a single jurisdiction.

What may be appropriate for one jurisdiction may require additional consideration when viewed through the lens of cross-border litigation and regulatory risk.

Legal teams also play a unique coordinating role because they are often the only function capable of evaluating how decisions made for one purpose may affect risk in another area. Managing these interconnected risks requires legal leadership from the outset.

The Danger of Local Decisions in a Global Incident

One important consideration for organizations during incident response is optimizing decisions for a single jurisdiction without considering broader global consequences.

A reporting strategy designed to satisfy one regulator may create disclosure challenges elsewhere. A public statement intended to reassure customers may later become evidence in litigation. A forensic investigation structured around local expectations may complicate privilege arguments in another jurisdiction. Even well-intentioned communications can create inconsistencies that become difficult to reconcile as additional facts emerge.

Viewed in isolation, each decision may appear reasonable.

Viewed collectively, those same decisions can increase regulatory exposure, complicate litigation strategy, and weaken the organization's overall legal position.

This challenge is particularly acute because modern regulatory and litigation environments are increasingly interconnected. Information disclosed in one jurisdiction often becomes accessible to regulators, litigants, or counterparties in another. A position advanced to satisfy one regulator may need to be defended elsewhere. A communication released for one audience may later be scrutinized by another.

A cyber incident may occur in a single jurisdiction, but the legal consequences rarely remain there.

For multinational organizations, incident response cannot be managed as a series of independent local compliance

exercises. The objective is not simply compliance with individual legal requirements. It is the coordinated management of legal, regulatory, and litigation risk across the enterprise.

Why This Matters in India

For multinational organizations operating in India, these challenges are no longer theoretical.

India is home to sophisticated legal, compliance, privacy, cybersecurity, and executive functions that play a central role in managing cyber incidents across global businesses. As a result, many of the decisions that shape an organization's regulatory exposure, litigation risk, and communications strategy are being made by teams located in India, even when the incident affects customers, systems, or operations elsewhere.

The focus increasingly extends beyond satisfying local requirements to considering their broader global implications. The question is whether response decisions are being made with an understanding of their broader global implications. In today's environment, the quality of legal analysis, regulatory coordination, and strategic decision-making can materially influence an organization's worldwide risk profile.

Why Financial Institutions Face Unique Exposure

The issues are particularly acute within financial services.

Banks, brokerages, asset managers, exchanges, clearing corporations, payment providers, and fintech companies operate within highly interconnected ecosystems. A cyber incident affecting one organization can quickly affect customers, counterparties, vendors, and other market participants.

At the same time, financial institutions often operate under overlapping legal and regulatory obligations across multiple jurisdictions. This creates additional complexity when incidents occur. Reporting obligations, customer communications, operational resilience considerations, contractual commitments, and regulatory expectations frequently must be addressed simultaneously and under significant time pressure.

As a result, a fragmented response can create legal and regulatory exposure that exceeds the impact of the original technical incident. Effective coordination is therefore not simply a matter of operational efficiency. It is a core component of risk management.

For financial institutions in particular, the response itself has become a source of risk.

Looking Ahead

The cyber incident response landscape continues to evolve as reporting obligations expand, regulatory scrutiny increases, and litigation risk becomes a central consideration of virtually every significant incident.

Organizations that respond most effectively recognize that managing cyber risk requires more than technical expertise. It requires coordinated legal, regulatory, operational, and communications decision-making from the earliest stages of an incident.

Achieving that coordination requires preparation before a crisis occurs. Incident response plans should be developed with a global perspective, tested through realistic exercises, and supported by teams that understand both local legal requirements and the broader international risk landscape.

Increasingly, successful incident response depends on bringing together cybersecurity professionals, in-house legal teams, executive leadership, local counsel, and experienced global breach counsel. Their collective role is not simply to satisfy reporting obligations or navigate individual regulatory frameworks. It is to ensure that decisions made in one jurisdiction do not inadvertently increase exposure in another.

The incident may be local, but the legal exposure is often global. Organizations that recognize this reality and prepare for it in advance will be best positioned to manage the financial, regulatory, and litigation risks that increasingly define modern cyber incident response.

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Scott counsels organizations on the legal, regulatory, and operational challenges arising from the collection, use, and protection of data. He is known for combining deep technical understanding with practical business judgment, helping clients navigate emerging technologies, evolving regulations, cyber incidents, and complex risk management issues.

A trusted adviser to many of the world's leading companies, Scott works across industries and jurisdictions on matters ranging from privacy compliance and cybersecurity preparedness to incident response and data-driven innovation. His practice reflects the increasingly global and interconnected nature of today's data landscape, and he is widely respected for identifying strategic opportunities and risks that others may overlook.

THE NEUROSCIENCE OF SELF-AWARENESS: WHY THE BEST MARKET DECISIONS START IN THE BODY



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A trader watches a position move against her. A wealth advisor fields a panicked call from a client during a sell-off. A compliance head has ninety seconds to decide whether a trade looks wrong before it settles.

None of these are, in the moment, intellectual problems. They are physiological ones, and the research increasingly shows that the professionals who handle them best are not the ones with the highest IQs or the most experience, but the ones with the sharpest self-awareness.

This is not a soft claim. It is backed by some of the most rigorous work done on the biology of financial risk-taking, and it has direct implications for how broking firms, asset managers and regulators think about performance, risk and leadership.

What stress actually does to the deciding brain

When markets move sharply, the body's stress-response system activates before conscious thought catches up. Cortisol and adrenaline surge, and two brain regions respond in opposite directions. The amygdala, the brain's threat detector, becomes more reactive, priming the nervous system for fight-or-flight. The prefrontal cortex, which governs planning, impulse control and weighing long-term consequences, is comparatively suppressed. Research on acute stress has shown it alters the functional connections between brain regions responsible for self-control in goal-directed choice, and chronic stress exposure is associated with measurable thinning of prefrontal grey matter. In practical terms: the part of the brain built for careful judgement goes quiet exactly when the stakes are highest, while the part built for instinctive reaction takes over.

The most compelling evidence of this in a financial context comes from John Coates, a former Goldman Sachs and Deutsche Bank derivatives trader turned Cambridge neuroscientist. In a study that sampled hormone levels from traders on a London trading floor across real working days, Coates found that a trader's morning testosterone level predicted that day's profitability: acutely elevated steroid hormones sharpened risk appetite and performance. But when cortisol stayed elevated over days, as it does during a losing streak or a volatile market, the effect reversed: traders' risk premium, the extra return they demanded to take on risk, fell by as much as 44%. Chronically stressed traders did not become more careful; they became irrationally risk-averse, sometimes at exactly the moment calm judgement was most needed. Coates has argued this dynamic, playing out simultaneously across thousands of traders, can amplify a market's downward swing rather than simply reflect it.

This matters well beyond the trading floor. The same biology governs a broker deciding whether to flag a suspicious order, a fund manager deciding whether to hold a losing conviction position, or a CEO deciding how to communicate with the board during a drawdown. Markets are, among other things, a continuous stress test of human decision-making, and the physiology does not distinguish between a threat to survival and a threat to a P&L.

Self-awareness as the intervening variable

The encouraging finding, from both neuroscience and coaching practice, is that this stress response is not destiny. What separates professionals who make sound decisions under pressure from those who don't is not the absence of a stress response (everyone has one) but the ability to notice it while it is happening.

Daniel Goleman's emotional intelligence framework places self-awareness as the foundation on which every other competency is built, including self-regulation. In practice, self-awareness means recognising the early physical signals of a stress response (a tightening chest, a racing decision tempo, an urge to act immediately) before that response fully commandeers judgement. This creates what coaches call the gap: the small window between stimulus and response in which a professional can choose deliberation over reaction. Trained self-awareness widens that gap. Untrained, it barely exists.

This is precisely the territory that executive and leadership coaching, my own field, credentialed through the International Coaching Federation's Professional Certified Coach standard, is built to develop. It is not about suppressing emotion or performing calm. It is a trainable skill: structured reflection, real-time noticing of physiological and emotional states, and deliberate practice in pausing before high-stakes decisions.

None of this is exotic. It is closer to the discipline an athlete builds around reading their own body than to a personality trait some people simply have and others don't.

Broking firms and financial institutions already spend heavily managing this problem indirectly, through risk limits, compliance checks, four-eyes controls and cooling-off periods after large losses. These are necessary. But they are largely designed to catch bad decisions after the underlying physiological state has already produced them. Building self-awareness capability into leadership and trading desks addresses the earlier point in the chain: the moment before the decision is made.

Why this belongs on a capital markets agenda, not just an HR one

Broking firms and financial institutions already spend heavily managing this problem indirectly, through risk limits, compliance checks, four-eyes controls and cooling-off periods after large losses. These are necessary. But they are largely designed to catch bad decisions after the underlying physiological state has already produced them. Building self-awareness capability into leadership and trading desks addresses the earlier point in the chain: the moment before the decision is made.

There is also a retention and succession dimension that boards and CFOs underweight. Manager quality is consistently the single largest driver of voluntary attrition among high performers, and losing a senior leader typically costs 100 to 200% of their annual salary once recruitment, onboarding and lost institutional knowledge are counted. Firms that build coaching and self-awareness capability into how they develop senior talent are not running a wellness programme; they are protecting a leadership pipeline and reducing the far larger, harder-to-see cost of losing the people markets depend on to hold their nerve.

Three practices firms in this industry can adopt without waiting for a formal program

First, name the physiology in training. Traders, brokers and risk managers benefit from explicitly learning what cortisol and adrenaline do to judgement, rather than experiencing it as an unexplained loss of control.

Second, build in a deliberate pause at the specific decision points where stress is highest (a large loss, a compliance flag, a client escalation) rather than relying on individual willpower in the moment.

Third, treat self-awareness as a coachable, measurable leadership competency in senior recruitment and development, alongside technical and market skills, rather than as an intangible.

Markets will always generate pressure; that is their function. The professionals, firms and regulators who build genuine self-awareness into how they operate will not eliminate the stress response (no one can) but they will consistently make better decisions on the other side of it. In an industry that prizes speed and conviction, the ability to pause for half a second longer than instinct demands may be the most underrated edge there is.

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Through her practice, CM4C, she coaches senior leaders on the self-awareness, emotional intelligence and decision-making skills that underpin sound leadership under pressure. She writes and speaks on the intersection of neuroscience, coaching and organisational performance

BEYOND THE TICKER: THE EXCHANGE AS A BRAND AND A NEW CAPITAL MARKET IMPERATIVE WHY THE WORLD'S CAPITAL MARKETS CANNOT AFFORD TO BE MERELY INFRASTRUCTURE



Raeda Latif
Brand Leader: Capital Markets, Technology, ESG & Financial Inclusion

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A stock exchange sells nothing you can hold. It manufactures no product, ships no inventory and, to the ordinary citizen, produces only a number on a news ticker. What it actually offers is a promise: that a transaction executed on its platform will be fair, that a price discovered there is transparent, and that capital committed through it can participate within a trusted market environment. That promise is not infrastructure alone. It is a brand — and it is one of the most consequential brand assets any financial system possesses.

A stock exchange does not merely operate a marketplace. It operates a promise — of trust, transparency, opportunity and confidence.

For years, exchanges across emerging markets treated brand as decorative — the logo, the annual report cover, the ceremonial bell — while the real work was assumed to be technology, market development and liquidity. That assumption is evolving. As global capital becomes more selective, brand has increasingly become an important component of market infrastructure. India, with its expanding investor participation, provides a particularly relevant environment in which to consider this opportunity.

Why an exchange must be a strong brand

Trust is the product. In consumer categories, a strong brand helps build recognition and preference. In capital markets, trust helps support participation. Investors, issuers and institutions make decisions in environments where confidence, transparency and reliability matter. Brand equity therefore has the potential to contribute meaningfully to market depth and engagement.

Brand reduces the cost of persuasion. Every listing an exchange wins, every retail account opened and every institutional allocation received represents a decision made under uncertainty. A strong and clearly defined brand can help stakeholders understand the value of participating and create greater familiarity with the institution.

It is an important asset in challenging moments. Markets naturally experience periods of change and volatility. An exchange with accumulated trust and a consistent reputation is better positioned to communicate clearly, maintain stakeholder confidence and explain its response when circumstances require it. Strong communication and reputation are built long before such moments arise.

It is a defensible long-term asset. An exchange is also a country's visible financial storefront, through which investors can form an impression of the market's professionalism, accessibility and institutional maturity. Technology evolves. Products develop. Fee structures change. Institutional credibility, however, is built over time through consistent performance, transparency and engagement.

In other words, **brand is what the market believes about the market.**

The audience map: an exchange's uniquely broad brand challenge

Most brands address one or two buyer types. An exchange addresses multiple stakeholder groups simultaneously, each with materially different needs. Understanding these audiences is the beginning of any serious exchange brand strategy.

Issuers — large corporates. Established companies weighing up a listing are considering prestige, valuation, liquidity and access to future capital. They are also attentive to disclosure requirements and peer behaviour. The brand promise they need is credibility by association: listing here signals that we are serious. Peer experience and successful issuer stories can therefore play an important role.

Issuers — SMEs and growth companies. A different buyer entirely. They may be concerned about the cost, complexity and processes associated with going public. For this segment the brand can promise navigability and support, not simply prestige. In my experience within an emerging-market exchange, I worked on initiatives supporting SME market access and an IPO incubation concept because the barrier was often not appetite but comprehension — companies needed a clearer understanding of the pathway.

> **Investors, issuers and institutions make decisions in environments where confidence, transparency and reliability matter. Brand equity therefore has the potential to contribute meaningfully to market depth and engagement.**

Foreign institutional investors. They consider governance, settlement integrity, market accessibility, regulatory predictability and liquidity. Their brand requirement is international legibility — alignment with recognised standards, transparent information and credible institutional relationships. Engagement with organisations such as the IFC, the World Bank, the ADB and the World Federation of Exchanges can also contribute to the broader institutional ecosystem and international visibility of a market.

Domestic institutions, pension and retirement funds. Long-horizon, fiduciary-bound and conservative by mandate, these stakeholders value stability, depth, governance and consistency. The brand approach is therefore one of dependable communication and clear disclosure — the same institutional story, communicated consistently over time.

Retail investors. Experienced traders are pragmatic — they value execution quality, cost and reliability. First-time investors represent a significant opportunity and often benefit from clear, accessible information. Research I conducted within an emerging-market exchange found that a substantial proportion of non-participants cited a lack of understanding about how to begin. That finding reframes the brand opportunity from persuasion to comprehension. This segment benefits from education and accessibility — as do women investors and underserved communities, who can be reached through deliberate programming that makes participation more understandable and approachable.

Intermediaries — brokers and distributors. Often an important but under-recognised audience, intermediaries are a key channel through which market participation develops. An exchange that supports its members and their client relationships can strengthen the broader market ecosystem.

Regulators, government and media. These stakeholders play important roles within the wider market ecosystem. Clear, accurate and constructive communication helps exchanges maintain strong institutional relationships and contribute positively to market development.

One master brand. Multiple value propositions. That is where sophisticated brand architecture becomes critical. The exchange must have one coherent institutional promise, while its messaging, content, channels and engagement model can be tailored to the needs of different audiences.

Building the brand: the verticals that matter

A defined brand platform. Positioning, promise, personality and narrative, documented and governed. A strong brand platform helps ensure that communications remain consistent regardless of changes in leadership, products or priorities.

Brand architecture. Exchanges accumulate products — indices, boards, segments, data services and subsidiaries — faster than they accumulate meaning. Without a clear master-brand and endorsement structure, the portfolio can become a collection of names that do not clearly explain their relationship. Nomenclature discipline therefore contributes to clarity, recognition and long-term brand value.

Investor education as brand infrastructure. This is one of the highest-value brand investments an exchange can make. In my experience within an emerging-market exchange, a national financial literacy programme — spanning school and university courses, workshops, a virtual trading simulator, journalist training and a digital education portal — supported significant growth in investor participation over time. Education creates capability; capability can create participation; participation strengthens the ecosystem.

Institutional communications and crisis readiness. A named, media-trained spokesperson. Pre-agreed communication principles. A disclosure architecture tailored to different audiences. When we restructured a trading fee affecting more than 400,000 investors, we developed an institutional communication, a plain-language retail version, a worked example and a video explainer. The objective was simple: clarity, consistency and accessibility.

Convening and digital experience. Exchanges that convene — roundtables, summits and issuer forums — can position themselves as market builders rather than transaction processors. When these activities run throughout the year, convening can also become a relationship-building and business-development engine. For most investors, meanwhile, the exchange simply is its website and its data. A mobile-first rebuild at an emerging-market exchange moved task completion from 42 to 61 percent and mobile traffic from 28 to 62 percent. Friction is a brand statement whether you intend it or not.

ESG and measurement. Participation in international sustainability initiatives, gender-equality programming and listed-company ESG capacity building can contribute to an exchange's broader institutional profile. Brand equity should

itself be tracked as a business metric. Perception indices, share of voice, adoption, attribution and stakeholder experience can be reported alongside operational measures. Brand budgets become more meaningful when organisations can demonstrate how brand activity contributes to measurable outcomes.

Exchanges should own thought leadership. A powerful exchange should not merely report what happened in the market. It should help explain what is happening, why it matters and where the market is heading.

The exchange needs a sophisticated stakeholder-engagement model — issuers, investors, intermediaries, policymakers, academia and global institutions cannot be addressed through one generic communications strategy.

Finally, brand must be measured. Awareness is only the starting point. Exchanges should measure trust, consideration, issuer satisfaction, investor experience, digital engagement, stakeholder perception, media sentiment and ultimately whether the market is being chosen.

The competitive landscape: India, and a lesson from Texas

India presents a particularly interesting brand environment. India's capital markets have experienced substantial growth and increasing participation.

SEBI's Investor Survey 2025 reported that BSE's equity-market capitalisation increased from around ₹101 lakh crore in FY2014–15 to nearly ₹470 lakh crore by October 2025, while mutual fund assets expanded from ₹12 lakh crore in 2015 to ₹79 lakh crore in September 2025.

Retail participation has also expanded significantly. SEBI's published research documents the substantial growth of individual participation and the broader evolution of India's investor base. This creates a substantial opportunity for exchanges to strengthen investor education, accessibility and engagement.

India's exchange market is among the most instructive in the world. The BSE, founded in 1875, carries a heritage that few financial institutions can replicate. The NSE, launched more than a century later, developed a strong position through technology, transparency and market depth. Together, their evolution demonstrates how different sources of brand strength — heritage, technology, accessibility and market development — can coexist within a dynamic financial ecosystem.

The international landscape offers another useful perspective. The Texas Stock Exchange represents an example of a newer exchange seeking to establish a distinctive institutional identity in an established market environment. Its development illustrates an important principle of challenger brand strategy: a new institution can build relevance by defining a clear proposition and creating a distinctive identity rather than attempting to replicate an incumbent's history.

The BSE's opportunity is equally distinctive. Its long history provides a substantial heritage asset. Properly activated, that heritage can become more than nostalgia: it can support a contemporary promise built around experience, continuity, accessibility and participation. Combined with its role in SME listings, investor education and regional market development, heritage can become a platform for engaging the next generation of participants.

The discipline this requires

None of this works as a campaign. Exchange brands are built through governance, consistency and years — the same story told the same way, through changing market conditions and evolving stakeholder expectations. The exchanges that will matter in the next decade are not necessarily those with the fastest matching engines. They will be the ones a first-time investor in a tier-three city, a pension trustee in Mumbai and an allocator in Singapore all independently recognise as credible, accessible and trustworthy. That is a brand outcome, and it should be managed as one.

A stock exchange is not simply a place where capital is traded. It is a place where confidence is built and participation is enabled. Because ultimately, the strongest exchange brand is not the one people merely recognise. **It is the one they trust — and choose.**

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She is particularly interested in how financial institutions and stock exchanges can build distinctive, trusted brands that transcend products and transactions to create enduring institutional relevance. She holds an MBA and MA and is a Fellow of the Chartered Institute of Marketing (FCIM).

INSIGHTS



BASIC SERVICES DEMAT ACCOUNT (BSDA): 100 RUPAYE KA MAAMLA

Article date: 30 September 2026

UTTAM BAGRI

Managing Director

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BSDA is a very interesting concept and something which is a pet peeve of many a Depository Participant (DP). It has now been around for fourteen years and has gone through multiple changes, circulars, interpretations, system changes and operational processes. The market in which BSDA was introduced in 2012 and the market in which BSDA exists today im 2026 are almost unrecognisable from each other. But one figure keeps coming back. ₹100. The thresholds have changed, the calculations have changed and the procedures have changed. Somehow, ₹100 continues to find a place in the charging structure. So perhaps it is time to discuss BSDA.

1. 2012: A Simple Idea

In August 2012, SEBI introduced the concept of the Basic Services Demat Account. Its stated objectives were wider financial inclusion, encouraging the holding of securities in demat accounts and reducing the cost of maintaining demat accounts for retail individual investors. All very noble objectives. Basically, it was a form of price control. It prescribed how much a DP could charge a small investor as Annual Maintenance Charges, or AMC, based on certain criteria.

The investor was specifically defined for this purpose. First, the investor had to be an individual (Non- individuals excluded). Broadly, the individual could have only one demat account where he or she was the sole or first holder, could have only one BSDA across depositories and the value of securities in the account could not exceed ₹2 lakh. For such an investor, up to ₹50,000 of holdings the DP could not charge any AMC. If the holdings were between ₹50,001 and ₹2 lakh, the AMC could not exceed ₹100. Thus started the ₹100 story.

Interestingly, when an investor opted for BSDA, there were also some differences in the services which the DP was required to provide. The original circular prescribed the frequency of transaction statements and holding statements, charges for physical statements and even the number of Delivery Instruction Slips to be issued at account opening. I remember that as a DP, and in discussions with fellow DPs, we were pretty aghast at the idea of creating some kind of two class system in our accounts. Hey, you are a Basic Services Demat Account customer. Therefore, I am going to give you basic service. Frankly, my recollection is that many DPs worth their salt continued giving substantially the same service to their customers irrespective of whether the account was BSDA or not. In our experience, the cost of differentiating the service could be more than the cost of giving the service itself.

There was another interesting part. Making BSDA available was compulsory for every DP. It was not an option for a DP whether or not to offer the facility. Small DP, big DP, broker DP, bank DP or a DP with a completely different business model, everybody had to offer it. The eligible investor had a choice. The DP did not.

2. 2015: Nobody Seems to Be Taking It

By 2015, SEBI had realised something interesting. A large number of demat accounts were eligible for BSDA, but relatively few had actually converted. Perhaps the DPs were not marketing it very enthusiastically (surprise). Perhaps the clients were not particularly interested. There could, of course, have been other reasons. The circular did not establish which explanation was correct. But the regulatory response was to change the default. Existing eligible demat accounts were to be converted into BSDA unless the Beneficial Owner specifically opted to continue with a regular demat account. In simple language, opt in became opt out. If you did nothing, your eligible account was to become BSDA and the applicable price controls came with it.

Intermediaries being intermediaries, they responded in their own way. I remember many DPs having two tariff structures. One was a BSDA type tariff structure and the second was a regular tariff structure. In the BSDA tariff, AMC was naturally restricted, but transaction charges could be higher. I am not saying all DPs did it. This is my recollection of how some DPs responded. The customer was given the tariff choice and the customer did what customers do. They chose.

Much later, the 2024 circular specifically provided that, other than AMC, BSDA should be treated at par with non BSDA for charging other services and that DPs should not levy higher charges to BSDA. This itself raises an interesting practical question. Suppose a DP has different regular tariff plans for

different commercial arrangements. Which regular tariff becomes the comparison? The provision does not say that every regular customer must have an identical tariff. But BSDA now brings an additional obligation to ensure parity in other charges. What started as control over one charge had acquired rules about the other charges too.

The market in which BSDA was introduced in 2012 and the market in which BSDA exists today im 2026 are almost unrecognisable from each other. But one figure keeps coming back. ₹100. The thresholds have changed, the calculations have changed and the procedures have changed. Somehow, ₹100 continues to find a place in the charging structure. So perhaps it is time to discuss BSDA.

3. 2019: Debt Also Needs Some Love

Anyway, SEBI continued to update the BSDA framework from time to time. In 2019 came another idea. To further boost participation in the debt market, a separate charging bucket was created for debt securities. If you had debt securities, there was no AMC up to ₹1 lakh and maximum AMC of ₹100 above ₹1 lakh and up to ₹2 lakh. For securities other than debt, the ₹50,000 nil AMC threshold remained, with maximum AMC of ₹100 between ₹50,001 and ₹2 lakh. This became effective from 1 June 2019. The stated objective was to encourage participation in the debt market. I do not know how many investors decided to invest in debt because of the revised AMC treatment (LOL). Anyway, this was not the end.

4. 2024: The Limit Becomes ₹10 Lakh

In June 2024 came another round of revision. The framework which had started with a ₹2 lakh ceiling, and subsequently acquired separate ₹2 lakh buckets for debt and other securities, was replaced by a combined ₹10 lakh ceiling. The debt and non debt distinction disappeared for this calculation. Up to ₹4 lakh, AMC was nil. Above ₹4 lakh and up to ₹10 lakh, maximum AMC was ₹100. Beyond ₹10 lakh, the account was no longer BSDA. These changes took effect from 1 September 2024.

I remember discussions around that time where inflation and increase in market capitalisation were spoken about as reasons why the old limits needed revision. Fair enough. We did make one small point. If the portfolio thresholds needed another look, perhaps the old ₹100 slab amount could also be revisited. For some unknown reason, inflation seemed relevant to the investor's portfolio but less relevant to the DP's charge. The ₹100 figure survived another round. Apparently, inflation knew where to stop.

5. Then Came More Improvements

There were further changes in December 2025, effective from 31 March 2026. Delisted securities and Zero Coupon Zero Principal bonds were excluded from the calculation of the BSDA threshold. Suspended securities had already been excluded under the 2024 framework. The December circular also specified the last closing price for valuing illiquid securities and required eligibility to be reassessed every quarter.

This is how the operational framework develops. A rule comes in. Then a particular situation requires different treatment. Then the systems have to recognise that situation and apply the appropriate valuation. Individually, the change may look small. Collectively, the back office has rather more to implement.

6. Opt In, Opt Out, Email and Now Verifiable

As discussed previously, during this period, even the manner in which the customer chose whether or not to have BSDA changed. Initially, eligible investors were given the option to open or convert to BSDA. Then existing eligible accounts were to be converted unless the investor chose to remain with a regular account. By 2024, an eligible investor wanting a regular demat account had to provide consent through the email ID registered with the DP. The December 2025 circular moved to active consent through authenticated and verifiable channels specified by the depositories, effective from 31 March 2026. The DPs kept scrambling to update their system, the less enlightened learnt about it during inspections.

7. 2 Crore Became Nearly 24 Crore

Now look at what happened to the market itself. At the end of August 2012, the two depositories together had approximately 2 crore demat accounts. By 31 August 2026, their combined reported account count was approximately 23 crore. That is nearly twelve times as many accounts.

Think about what else is available to the customer today. Digital account opening. Published tariffs which can be compared online. Artificial Intelligence to figure out the best deal. Charging models which include zero equity delivery brokerage for retail customers. There are hundreds of DPs, rather than one place where the customer must necessarily maintain an account. None of this tells us how much of the account growth BSDA itself contributed. But it does mean that the market in which the framework now operates is very different from the market in which it was introduced. Continuing BSDA in that market is not as simple as leaving ₹100 on a tariff sheet.

8. What Actually Happens Every Quarter at the DP backoffice

Every quarter, eligibility has to be reassessed. Now remember that one of the conditions depends upon the other demat accounts held by that investor as sole or first holder. A DP knows the accounts maintained with itself. It does not independently know every account the investor has with every other DP. Depository level checks across the two systems therefore support the exercise. The depositories look across the demat ecosystem and the relevant eligibility information flows to their DPs.

Then starts the operational work. The exclusions have to be applied. The investor's choice of a regular account, where applicable, has to be supported by valid consent. The account classification and the systems have to reflect the correct position. Where an account is converted, the customer has to be informed and the necessary records maintained.

Somebody who was eligible is no longer eligible. Somebody who was not eligible becomes eligible. Market values change. Accounts change. The classifications have to follow. So we do the flagging and unflagging all over again.

9. And After Doing It, Prove That You Did It

Of course, doing the exercise is not sufficient. Internal audit examines whether it was done properly and inspection can examine it again. The systems therefore cannot merely identify the right customer. The records also need to support why the customer was classified in a particular manner, what communication was sent, what consent was available and what tariff was applied.

That is what we are doing. The cost of a requirement is not merely the cost of performing it. There is a system cost, operations cost, communication cost, reconciliation cost, audit cost and the time spent explaining the process during inspection. The market will build systems and write procedures. It will adapt. But the fact that the industry can implement a requirement does not, by itself, tell us what implementation costs or whether that cost is proportionate to the benefit.

10. Hey, Incentive Bhi Toh Milta Hai

At this point somebody will say, "Hey, incentives are given to DPs." Yes, they are. But kya fayda, and for which accounts? The 2015 framework provided an incentive of ₹100 for a new BSDA opened outside the specified top 15 cities, provided the account received at least one credit during that financial year. That takes a vast majority of the accounts out. Also, it is not ₹100 every year, while the costs are. There is also a separate annual holdings incentive of ₹2 per folio per ISIN, applicable across BSDAs. So it would be incorrect to say that the entire incentive scheme is a one time payment or that accounts in those cities receive nothing under either component. But the same is capped at 20% of incremental issuer revenue. Merely saying "incentive is given" does not answer how much the DP actually receives after going through the exercise.

I do not have the aggregate calculation. How much do investors collectively save because of BSDA? What does it cost to administer? How much of the benefit reaches investors for whom AMC is a meaningful barrier to maintaining an account? What do DPs actually receive through the incentive scheme? Those are the numbers required to answer the question. The existence of a ₹100 ceiling tells us the prescribed price. It does not tell us the cost benefit of the machinery surrounding it.

11. Is Price Control Still Required?

There is also a more fundamental question. What role does this kind of price control play in the present market? There are hundreds of DPs and published tariffs which customers can compare. Different customers may nevertheless value different things. One wants the lowest possible charge. Another wants assistance. Another wants an account linked to a particular banking or broking relationship. The practical question is how much choice the small investor actually exercises.

12. So the request

Before the next amendment, there is a question worth answering. Not whether another security should be excluded. Not whether another consent channel can be added. Not whether ₹10 lakh should become ₹15 lakh while ₹100 once again survives the discussion. The question is what the entire arrangement now achieves, and at what cost.

Calculate the investor's actual saving. Include the opening and holdings incentives actually paid. Account for the work done by depositories and DPs, including the work required to claim those incentives. Examine the customers who benefit and whether the benefit affects their ability to maintain an account.

Fourteen years. Multiple circulars. Separate debt and non debt buckets, followed by a combined threshold. Opt in, then opt out. Email consent, then wider verifiable channels. Valuation rules, exclusions, quarterly reassessment, flagging, unflagging, internal audit and inspection. Now add opening incentives, holdings incentives, issuer revenue calculations and the documentation needed to claim payment. And somewhere in the middle of all this activity, ₹100 continues to occupy an important position.

Sau rupaye ka maamla hai. At least let us find out what the whole maamla costs.

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INSIGHTS



THE SKYLINE KEEPS CHANGING

THE EVOLUTION OF NEW SECTORS IN INDIA'S MARKET CAPITALISATION

DEVANG MEHTA

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Every few years, I go back and look at the list of India's most valuable companies, the way one looks at an old school photograph. Some of the faces you expected are still there in the front row. But somewhere in the back, people you barely registered at the time have quietly moved up. Market capitalisation is the economy's scoreboard, and like every scoreboard, it tells you honestly where the game has been — but it is always a few overs behind where the game is going.

I have spent more than two and a half decades watching this scoreboard rearrange itself. I came to the markets as a student in my junior college around the Harshad Mehta years, learned my early lessons in the dot-com bubble, and have since lived through subprime, Covid and rather more "once in a lifetime" events than one lifetime should reasonably contain. If all that churn taught me anything, it is this: the trigger is never the same twice, but the direction of travel is remarkably consistent. India keeps building new things, and the market-cap table keeps, slowly and then suddenly, making room for them.

The index is telling you less than you think

Let me start with the good news, because it deserves to be said plainly. Corporate India's earnings power is now structural, not a trick of easy liquidity. Profits for the broader universe of large and mid-sized companies touched a record share of GDP this past fiscal year — the highest ever recorded — roughly doubling in four years and compounding at close to 29% annually since FY20. That is about three times the pace of the underlying economy. This is the engine room of long-term wealth creation, and right now it is running hot.

But look under the bonnet of the headline index, and a very different story emerges. The leadership has quietly changed hands. Midcap earnings grew at their fastest pace in nine quarters last year, more than double the large-cap end, and the smaller end of the market now commands its highest share of the national profit pool in fifteen years. Why has the large-cap index lagged? Because foreign investors remain structurally underweight India, and where they are invested, it is disproportionately in the same familiar handful of names — large IT, banks, oil and gas, consumer staples. Every bout of selling lands hardest on those very stocks, and foreign holdings have fallen to their lowest level in nearly a decade. The index, in other words, is a portrait of the India that was. The India that is being built sits largely outside it.

And it is being built at a pace I have not seen in my career.

Where the new market cap is being created

For years I have argued that India, to me, is not primarily an artificial-intelligence trade. It is a real-intelligence trade — built on demand, on building infra or capital expenditure, and on financialisation. The most interesting part of that story today is the second one: the physical build-out of the country, and an entirely new generation of industries coming up alongside it.

Consider what is happening in just the last few years. India's electronics production has doubled in five years, and smartphones have become the country's single largest export category — almost every phone sold here is now assembled here. The government's ambition is to quadruple electronics manufacturing to half a trillion dollars by the end of the decade, and it has put real money behind it: a semiconductor programme worth around two lakh crore rupees, with a fresh incentive plan on top, a chip fab under construction, and packaging and testing units beginning production. Value addition, today a modest 18-20%, is targeted to nearly double.

The list keeps growing. India is already the world's second-largest solar PV manufacturer, with policy deliberately ring-fencing the domestic market so that close to 90% of the value chain is made here by 2030. Data-centre capacity has expanded five-fold in five years and is expected to grow another five-fold, pulling in tens of billions of dollars of investment across power, cooling and construction. The space sector, opened to private participation only in 2020, is targeting a five-fold expansion of the space economy by 2030. And in aerospace, the world's two largest aircraft makers are already sourcing well over a billion dollars a year from Indian suppliers, with the global fleet set to nearly double over the next two decades.

None of these were meaningful lines on the market-cap table a decade ago. Several didn't exist as investable themes at all.

This is exactly how the scoreboard gets rewritten — not through a single dramatic day, but through a quiet accumulation of order books, capacities and cash flows until the weight can no longer be ignored.

My own preference has always been to play these shifts through the ancillaries and enablers rather than the headline acts. The picks and shovels. The power-automation and high-voltage grid equipment that the energy transition cannot happen without; the cryogenic and air-solution infrastructure behind industrial gases and manufacturing; the component and electronics-manufacturing ecosystem being stitched together underneath the assembly lines. Without the quiet solutions these segments provide, the dream of a far larger Indian economy simply does not get built.

A new sector is not the same as new wealth

Now for two honest caveats, before any of us get carried away.

First, a new sector and a new fortune are not the same thing — and I have the scars to prove it. We are lucky to be investing in a time when India is throwing up so many new industries and listings; it is not the traditional IT, pharma, Oil & Gas and FMCG where most wealth was made two and three decades ago. But precisely because the appetite is good, a great deal of paper is finding its way to market, and a fair amount of it is private equity and promoters looking to exit at generous valuations. You cannot buy a business simply because it sits inside an exciting theme. You must be choosy, and you have to be picky.

Second, a sector only earns permanent space on the market-cap table when someone inside it builds a genuine franchise. Hyper-competition, discounting and cash-burn are the opening act of almost every new-age industry; the company that matters is the one that survives the consolidation and emerges with pricing power, operating leverage and cash that compounds. The honest test is not how fast the revenue grows, but how hard the business would be to replicate. Does a fixed-cost platform throw off rising margins as it scales? Are there network effects, a data advantage, a cost of replication so high that a blank cheque couldn't rebuild it in three years? Many of today's fashionable names will not pass that test. A few will, and those few will quietly become very large.

And let us not paint all of this with the same brush. Many of these new-economy stocks trade at rich multiples that leave very little room for disappointment. This remains, emphatically, a stock-picker's market. The dispersion of outcomes within these themes is enormous — far wider than the comforting sector averages suggest.

How I try to think about it

So how does one actually invest through a rewriting of the market-cap map without getting attracted by every shiny new thing?

I keep coming back to three simple pillars. The size of the opportunity — is the runway long enough? The dominance of the franchise — does this business have, or can it build, a commanding share of its niche? And stress-adjusted returns — can I hold it through the inevitable storms and still sleep at night? A business that clears all three, bought at a fair price, is worth far more than ten shallow bets on a theme.

The rest is temperament. I remain, as I have been for a long time now, agnostic to both market cap and sector — the best opportunities find their way into a portfolio on merit, not because an index tells me how much of each to own. These themes, in my view, are best evaluated over a longer-term horizon. Focus on avoiding the costly mistakes rather than chasing every clever one. And trust the quiet arithmetic of compounding to do what the daily noise never will.

The skyline of India's market will look materially different ten years from now. New towers are already going up — in chips and satellites, in grids and data centres, in the thousand unglamorous components that make all of it work. The index will catch up to the economy, as it always eventually does. Our job, as investors, is to be standing in the right place, patiently, when it does.

As I often remind myself in the middle of the noise: you don't lose when the market panics. You lose when you panic.

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His professional journey includes leadership roles at prominent financial institutions such as Centrum Wealth, BNP Paribas Wealth Management, Anand Rathi Financial Services and Angel Broking. Across these organisations, he has contributed to building strong equity advisory platforms and managing customised portfolios for discerning clients. A JBIMS alumnus, Devang is also recognised for his communication skills and strong connect with the investing community. He has addressed more than 250 investor gatherings and industry events across India, reflecting his commitment to investor education and financial awareness.

He is a familiar voice in business media, having appeared on CNBC World, CNBC TV18, ET Now and Bloomberg TV. His views and articles have featured in leading publications including The Economic Times, Mint and The Wall Street Journal. He is also a sought-after speaker at leading industry forums and a guest faculty member at institutions including IIMs, IITs and the BSE Institute of Capital Markets. At Spark Capital, he continues to leverage his market expertise to develop personalised equity strategies focused on long-term wealth creation.

INSIGHTS



THE GOVERNANCE PREMIUM

WHY THE BEST-RUN COMPANIES OUTLAST THE BEST-PERFORMING ONES

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Many years ago, when I was a young accounts executive counting cold storage inventory in Visakhapatnam, an old auditor shared a piece of advice that I did not fully appreciate at the time.

"Numbers can lie for a while. Character cannot."

At the time, it sounded like one of those observations experienced professionals make almost in passing. It took years of working in corporate finance and governance to understand what he truly meant. Financial performance may fluctuate from quarter to quarter, but the character of an organisation, reflected in its governance, reveals itself consistently over time.

The market naturally gravitates towards visible success. Rising revenues, expanding margins, ambitious growth plans and confident management presentations all capture attention. Investors and brokers are trained, quite rightly, to analyse financial metrics. Revenue growth, earnings, return ratios and valuations remain essential measures of business performance.

Yet alongside these numbers lies a quieter indicator that often receives far less attention. That indicator is governance.

Governance is not merely a compliance exercise or an annual checklist completed to satisfy regulations. It is the system of accountability, oversight and ethical decision-making that shapes every important decision a company makes. It is reflected in the willingness of a board to ask difficult questions before regulators, investors or the market are compelled to ask them. It is the discipline of challenging assumptions, testing decisions and safeguarding the long-term interests of shareholders.

Corporate history has repeatedly demonstrated that strong financial performance alone cannot compensate for weak governance. Even admired companies can falter when governance weakens. In many instances, warning signs were visible long before a crisis became public. Operating cash flows failed to keep pace with reported profits. Receivables expanded faster than revenues. Related-party transactions became increasingly complex. Independent oversight appeared weaker than it should have been.

Viewed individually, these indicators may seem insignificant. Viewed together, they often reveal a pattern.

Failures in governance rarely occur overnight. More often, governance erodes gradually, becoming visible only to those willing to look beyond the income statement. Strong boards share certain characteristics. Independent directors are genuinely independent in both judgment and conduct. Audit committees challenge assumptions rather than simply endorse them. Related-party transactions receive careful scrutiny. Capital allocation decisions are debated rigorously. Promoter share pledges, accounting estimates and cash flow trends are examined with healthy scepticism rather than unquestioning acceptance.

None of these indicators requires privileged access to the boardroom.

Most are available in the public domain, including annual reports, stock exchange disclosures, corporate governance reports and financial statement footnotes that many readers overlook. Developing the habit of reading these documents through a governance lens often reveals insights that financial ratios alone cannot.

For brokers, advisors and investors, this perspective offers a meaningful advantage. Financial analysis explains past performance. Governance analysis often provides early signals about future resilience. While financial statements describe where a business has been, governance often indicates where it may be heading.

There is an enduring concept in Indian philosophy that continues to resonate with me, the Saptarishis, the seven

sages who guided rulers not through authority but through wisdom, independence of thought and moral courage. Each embodied qualities such as foresight, discipline, restraint and the willingness to speak uncomfortable truths when necessary.

Effective boards require much the same qualities.

It is not an abstract ethical principle separate from business performance. It is a tangible business advantage. Organisations that embrace transparency, accountability and constructive oversight are better equipped to identify risks early, correct mistakes promptly and create sustainable long-term value.

Independent directors create the greatest value not when they agree with management, but when they ask the question others hesitate to raise. Healthy disagreement, exercised with professionalism, objectivity and respect, strengthens decision-making. It is not a sign of conflict. It is a sign of governance functioning as it should.

Centuries ago, Chanakya observed that a ruler surrounded only by those who sought to please him would eventually fail to recognise approaching danger. The same principle applies equally to modern corporations. Boards that merely endorse management decisions provide comfort. Boards that respectfully challenge management build resilient organisations.

This is the governance premium.

It is not an abstract ethical principle separate from business performance. It is a tangible business advantage. Organisations that embrace transparency, accountability and constructive oversight are better equipped to identify risks early, correct mistakes promptly and create sustainable long-term value.

For market participants focused only on daily price movements, governance may appear intangible. For those willing to study the business beneath the share price, however, governance becomes measurable.

Observe whether operating cash flows consistently support reported earnings. Examine whether independent directors demonstrate genuine independence of thought. Assess how minority shareholders are treated when difficult decisions arise. Consider whether disclosures are transparent, timely and meaningful rather than merely compliant.

These are not complicated exercises.

They simply require patience, curiosity and the discipline to look beyond the obvious.
I often think of that old auditor in Visakhapatnam and the lesson he shared so many years ago.

"Numbers can lie for a while. Character cannot."

The longer I have worked with businesses, the more convinced I have become that those words capture an enduring truth. Financial results may be managed for a period. Market sentiment may rise and fall. Narratives may change. Character does not.

Over time, the character of a company's board, its governance culture and its commitment to accountability become visible, not only in its reputation but also in its resilience, its ability to navigate adversity and, ultimately, in the sustainable value it creates for shareholders.

Markets almost always recognise that difference, eventually. The real governance premium belongs to those who recognise it first.

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A three-time published author, his books include Finance for Non-Finance Managers, Independent Directorship in India: The Complete Practical Guide, and Avoid GST Mistakes: A Practical Guide for Business Owners and SMEs.

He writes regularly on finance, corporate governance and leadership, often drawing insights from Indian philosophical traditions, including Chanakya's Arthashastra and his own Saptarishis leadership model. Based in Mumbai, with deep roots in Visakhapatnam, he is fluent in English, Telugu, Hindi and Tamil.

INSIGHTS



BEYOND THE BALANCE SHEET: WHY COMMUNICATION IS THE CURRENCY OF TRUST

RICHA VALECHA

RV IELTS

Every trading day, enormous amounts of capital flow through India's financial markets. Investors analyse earnings reports, brokers monitor market movements, wealth managers build portfolios, and regulators work tirelessly to uphold transparency and stability. At first glance, finance appears to be a world governed by numbers, data, and analytical precision.

Yet behind every successful financial relationship lies something that cannot be measured on a balance sheet.

Confidence

An investor entrusts years of hard-earned savings to a financial advisor. A company persuades shareholders to believe in its vision. A startup convinces investors to support an idea that exists only on paper. A broker guides clients through uncertain markets with calmness and clarity.

These decisions are rarely influenced by numbers alone. They are shaped by how effectively those numbers are communicated.

People invest because they see opportunity.

They remain invested because they believe in the people guiding them.

Markets may run on mathematics, but relationships are built through communication.

In an era where artificial intelligence analyses financial data within seconds and technology continues to reshape the investment landscape, one distinctly human capability has become more valuable than ever before—the ability to communicate with clarity, credibility, and empathy.

More Than a Soft Skill

Communication is often described as a "soft skill." In reality, it is one of the strongest business assets any professional can possess.

The financial industry has never lacked technical expertise. Professionals dedicate years to mastering investment strategies, regulatory frameworks, risk management, taxation, compliance, and financial planning. These competencies are indispensable, but technical knowledge alone does not create lasting professional success.

The professionals who leave a lasting impression are rarely remembered only for what they knew. They are remembered for how effectively they explained it.

Over the years, while working with students, entrepreneurs, and professionals preparing for global careers, I have observed something that transcends industries. Individuals with exceptional technical knowledge sometimes struggle to communicate their ideas with confidence, while others with comparatively modest expertise create remarkable opportunities simply because they express themselves with clarity and conviction. That experience has reinforced my belief that communication is not an accessory to professional success—it is one of its strongest foundations.

The most respected business and investment leaders possess an extraordinary ability to simplify complexity. They communicate with purpose rather than jargon, helping people understand not only what is happening but also why it matters.

That ability transforms information into understanding—and understanding into confidence.

Communication is where professional expertise becomes human understanding.

Confidence Is Built One Conversation at a Time

Finance is, above all, a business of confidence.

Every interaction contributes to it. A thoughtfully written email.

A meeting where complex financial concepts are explained in simple language.

A timely phone call during periods of market volatility.
An honest conversation about both risks and opportunities.

These moments may appear ordinary, but together they define professional credibility.

Clients do not expect financial professionals to predict every market movement. Markets are inherently uncertain. What clients do expect is transparency, honesty, and guidance that enables them to make informed decisions.

During periods of market volatility, investors rarely call their advisors seeking complicated technical explanations. More often, they ask simple questions: Should I stay invested? Should I wait? What would you do if this were your family's investment? Those conversations remind us that while markets are driven by numbers, investor confidence is sustained by thoughtful communication.

Simplicity Reflects True Expertise

Albert Einstein famously observed, "If you can't explain it simply, you don't understand it well enough."

This principle is especially relevant in finance.

Financial professionals routinely work with concepts such as asset allocation, inflation, diversification, liquidity, derivatives, and risk-adjusted returns. While these terms are familiar within the industry, they can easily overwhelm clients who simply want to understand how their financial goals will be affected.

True expertise is not demonstrated by using complex terminology.

It is demonstrated by making complex ideas accessible.

When clients understand the reasoning behind an investment decision, they become more confident participants in the process. Clear communication reduces anxiety, encourages informed decision-making, and strengthens long-term relationships.

Clarity is not about simplifying the truth. It is about making the truth understandable.

The Global Language of Business

India's financial markets are becoming increasingly interconnected with the global economy. International investors, multinational corporations, fintech innovators, and cross-border partnerships have made communication across cultures an everyday reality.

English has naturally become the common language of global business.

However, effective communication is not measured by accent or sophisticated vocabulary. It is measured by clarity of thought.

Professionals who express ideas confidently, write with precision, and communicate respectfully are better positioned to represent their organisations on the global stage. Whether participating in international conferences, presenting investment opportunities, or collaborating with overseas partners, clear communication creates credibility.

As India's financial ecosystem continues to expand its global presence, professionals who communicate with confidence and integrity will contribute significantly to strengthening investor confidence and India's reputation as a trusted financial destination.

Ethical Communication Builds Lasting Confidence

In financial services, communication carries a unique responsibility.

Clients make important life decisions based on the information they receive. Retirement planning, wealth creation, education funding, and business investments often depend on the advice of trusted professionals.

Ethical communication extends beyond providing accurate information. It requires ensuring that clients genuinely understand both opportunities and risks before making financial decisions.

Transparency is not simply a regulatory requirement; it is one of the strongest foundations of professional credibility.

Professionals who communicate honestly—even when the message is difficult—build confidence that no marketing campaign can create.

Integrity, communicated consistently, becomes the foundation of every enduring professional relationship.

Listening: The Most Underrated Leadership Skill

Communication is frequently associated with speaking.

In reality, it begins with listening.

The most successful financial professionals do not begin client meetings by recommending products or discussing market performance. They begin by understanding aspirations, concerns, priorities, and long-term objectives.

Every investor has a unique financial journey.

Understanding that journey requires curiosity, patience, and genuine attention.

People naturally place greater confidence in those who make them feel heard.

Perhaps that is why the most respected leaders are often exceptional listeners before they become exceptional speakers.

Communicating in a Digital-First World

Technology has transformed how professionals interact with clients and colleagues.

Emails have replaced many formal letters. Virtual meetings have become routine. Professional networking platforms, webinars, podcasts, and digital content have expanded opportunities for thought leadership.

Every digital interaction contributes to personal and organisational reputation.

A concise email demonstrates professionalism.
A well-delivered presentation reflects preparation.
A thoughtful professional post reflects credibility.
Technology has undoubtedly changed the medium.

It has not changed the importance of authenticity.

Whether communication occurs in person or through a screen, people continue to value honesty, empathy, and clarity.

Communication in the Age of Artificial Intelligence

Artificial intelligence will continue to transform financial services by accelerating research, improving efficiency, and supporting better decision-making. These advancements should be welcomed.

Yet technology cannot reassure an anxious investor during uncertain times. It cannot replace empathy, integrity, sound judgment, or the confidence that comes from a meaningful human conversation.

Technology will continue to make financial professionals more efficient.

Communication will continue to make them indispensable.

An Investment That Appreciates Throughout a Career

Financial professionals understand the extraordinary power of compounding.

Small investments made consistently over time produce remarkable long-term outcomes.

Communication works in much the same way.

Every thoughtful conversation.
Every carefully written email.
Every client meeting conducted with empathy.
Every effort to explain rather than impress.

These seemingly small actions gradually build credibility, strengthen relationships, and create opportunities that extend far beyond a single transaction.

Like every worthwhile investment, the returns may not appear overnight.

But over an entire career, they are immeasurable.

The Real Measure of Success

India stands at an exciting moment in the evolution of its capital markets. Retail participation continues to grow, digital infrastructure is expanding financial inclusion, innovation is accelerating, and the country's financial ecosystem is attracting increasing global attention.

Technical excellence will always remain essential. But technical excellence alone will not define the leaders of tomorrow.

The professionals who will shape the future of Indian finance will be those who combine expertise with empathy, analytical thinking with ethical conduct, and market knowledge with meaningful communication.

Behind every investment lies a human aspiration.
Behind every portfolio is a family's future.
Behind every financial decision is a relationship built on confidence.

As India's financial ecosystem continues to evolve, one thing will remain unchanged.

Investors will continue to seek expertise. But they will stay because they believe in the people behind that expertise.

Markets reward knowledge.

People reward clarity.

Balance sheets reveal performance.
Communication reveals character.

Beyond the balance sheet, communication is not merely a professional skill.

It is the bridge between expertise and confidence.

And perhaps that is the most valuable asset any financial professional can possess.

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Richa Valecha is an English language and Business Communication professional dedicated to helping individuals build the confidence and communication skills needed to thrive in global academic and professional environments. Her work spans IELTS, PTE, CELPIP, and Business Communication, with a strong focus on enabling learners to express themselves with clarity, confidence, and purpose.

She focuses on developing practical communication skills that go beyond language proficiency, empowering learners to think critically, present ideas effectively, and build meaningful professional relationships. She believes that communication is a strategic life skill that shapes leadership, career growth, and personal success.

Passionate about lifelong learning and continuous self-development, Richa advocates for communication that is authentic, ethical, and impactful. Through her work, she continues to inspire individuals to become confident communicators in an increasingly interconnected world.

INSIGHTS



THE LEADERSHIP FLEX: LEADING WITH CLARITY IN AN AI-DRIVEN WORLD

FEROZA ENGINEER

Founder CEO

Feroza & Co | Performance Coach

"Who do you think is the leader of tomorrow?"

It is tempting to answer this question with a list of qualities. But leadership is rarely that simple. The leaders of tomorrow will need to navigate a world of constant change, where the ability to balance seemingly opposing qualities becomes increasingly important.

Care, but fairness. Confidence, but curiosity. Technical depth, but the humility to say, "I genuinely don't know." Speed, but the wisdom to pause. Empathy, but accountability. Conviction, but enough flexibility to change your mind when the data, the customer, the technology, or simply life tells you something different.

Perhaps, then, the future of leadership is not a preset at all. Perhaps it is a flex.

This is not performative flexibility, where everything changes depending on who is sitting in the room. It is the ability to know your priorities deeply enough to adapt everything around them. Can you change a problem-solving approach when it is not working? Can you move away from a platform or strategy because your customer needs something different? Can you hold enormous empathy for one employee while still ensuring fairness for everyone you lead? Can you care deeply without rescuing, and be decisive without becoming rigid?

That is leadership range.

The World Economic Forum's Future of Jobs Report 2025 places analytical thinking among the most important core skills for employers, alongside resilience, flexibility and agility, and leadership and social influence. AI and big data are among the fastest-growing skills, while curiosity and lifelong learning continue to increase in importance.

This combination is significant because competence alone is becoming less differentiating. Technology is increasingly amplifying our ability to analyse, write, build, forecast and solve. But technology cannot decide what kind of leader we become while using that competence.

The World Economic Forum's Future of Jobs Report 2025 places analytical thinking among the most important core skills for employers, alongside resilience, flexibility and agility, and leadership and social influence. AI and big data are among the fastest-growing skills, while curiosity and lifelong learning continue to increase in importance.

Neuroscience offers a useful perspective through the concept of cognitive flexibility: the ability to adjust goal-directed behaviour when an old or automatic response is no longer helping us. Our executive control systems help us recognise that circumstances have changed and choose differently.

Isn't that also a fundamental leadership muscle?

It does not mean changing simply for the sake of change. Nor does it mean abandoning experience whenever something new arrives. Experience remains valuable, but experience should provide perspective, not become a reason to repeat the same approach indefinitely.

Young leaders may have extraordinary technical competence but need to develop patience and people leadership. Experienced leaders may discover that some of their greatest growth comes from becoming beginners again. Caring leaders may learn that empathy without fairness can unintentionally create inequity, while brilliant strategists may discover that being right is sometimes less useful than being adaptable.

This is why defining the "leader of tomorrow" as one perfect prototype may be the wrong approach.

Leadership is not a box or a ladder. It is range.

It is the range to zoom into numbers and zoom out into purpose. The range to understand technology while still deeply understanding people. The range to remain wonderfully curious while carrying the maturity of experience. The range to hold firmly to a priority while remaining flexible about how to achieve it.

The AI era will not ask leaders to choose between technical competence and human skills. It will demand both.

The leader of tomorrow, therefore, may not be defined by a fixed set of characteristics. Instead, leadership will increasingly be defined by the ability to move intelligently between different qualities, approaches and perspectives while remaining grounded in what truly matters.

Clear about what matters. Flexible about how we get there.

That may be the leadership flex worth building.

Feroza Engineer is a psychologist, Honours graduate and university rank holder from Mumbai, with a Master's in Counselling Psychology. With 20+ years across 586+ organizations, she is a leadership development and performance psychology expert. In 2020, she founded Feroza & Co., leading a team that focuses on integrating psychology with leadership, capability and sustained organizational impact.

Feroza & Co. was founded in 2020, born out of a sabbatical that became a pandemic, and a moment of uncertainty that quietly whispered: build something of your own. Behind the company is Feroza Engineer, a psychologist in a family of engineers, who chose people over machines and never looked back.

With an honours in Master's in Psychology, grounding years at Dale Carnegie Training, and over two decades spent inside boardrooms, learning rooms, and coaching conversations across 580+ organisations globally, Feroza brought everything she knew into one place.

Feroza & Co. exists to help leaders, teams, and organisations build trust, lead with courage, and have the conversations that matter, the hard ones, the real ones, the ones that sit under the carpet with noise-cancelling headphones.

We work at the intersection of psychology, neuroscience, leadership development, inclusion, and performance coaching, through workshops, group and individual coaching, and leadership consulting. Because the most important engineering in any organisation was never of machines or systems. It was always about people. You may reach her at https://www.ferozaandco.org/

The leader of tomorrow, therefore, may not be defined by a fixed set of characteristics. Instead, leadership will increasingly be defined by the ability to move intelligently between different qualities, approaches and perspectives while remaining grounded in what truly matters.

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INSIGHTS



GREEN HYDROGEN AS A CLEAN ENERGY CARRIER: AN OVERVIEW

PROFESSOR PIYA MAHTANEY

ECONOMIST/ AUTHOR

One of the fundamentals of sustainable development is energy, and a better understanding of its various dimensions is important for appreciating the factors that can support the transition taking place in the global economy. **Mr. Ajay Shankar, who has extensive experience in the area of energy security, shares his insights on an important aspect of the evolving energy landscape, namely the role of green hydrogen as a clean energy carrier and industrial feedstock.**

1. Hydrogen is among the emerging sources of clean energy being considered by developing nations. What do you think are the reasons underlying its relatively limited utilisation?

Before the Industrial Age, biomass was widely used as a source of energy for cooking and heating. Animals were used for ploughing and for the transportation of people and goods. The Industrial Revolution saw the increasing use of coal, followed by the development of petroleum and natural gas as major energy sources.

As economies seek to reduce carbon emissions, there is increasing interest in renewable energy and other low carbon technologies. This includes greater use of renewable electricity, electric mobility and the electrification of cooking and industrial processes wherever technically feasible.

In sectors where direct electrification may be more challenging, particularly certain hard to abate industries, green hydrogen has the potential to provide an alternative to conventional fossil fuel based energy and feedstocks.

Green hydrogen is produced using renewable electricity, typically through the electrolysis of water. It can be used as an energy carrier as well as an industrial feedstock, including in applications such as fertilisers, refining and steel production.

The production and use of green hydrogen are still developing internationally. Other pathways, including hydrogen production using biomass and electricity from nuclear sources, are also being explored as part of the broader development of low carbon hydrogen technologies.

2. Green hydrogen, do you envision it gathering momentum in India over the next decade?

Green hydrogen currently involves higher production costs than conventional fossil fuel based alternatives in many applications. Its wider adoption will therefore depend on technological development, economies of scale, infrastructure, market demand and appropriate policy frameworks.

The development of the hydrogen economy is at an early stage globally. India has established the National Green Hydrogen Mission, with the objective of developing a comprehensive green hydrogen ecosystem and positioning India as a global hub for the production, use and export of green hydrogen and its derivatives.

India has several factors that can support the development of this sector, including its renewable energy resources, industrial capabilities and potential for developing domestic supply chains.

The availability of renewable electricity is particularly important because it is a key input for the production of green hydrogen. India's substantial availability of biomass and biowaste also provides opportunities for exploring additional hydrogen production pathways.

As technology develops and production capacity increases, the economic viability and applications of green hydrogen could expand across a range of sectors.

3. Do you think that it is feasible and cost effective to use green hydrogen in small scale projects?

Many Indian companies are positioning themselves to participate in the emerging green hydrogen economy. During the early stages of market development, policy frameworks and market mechanisms can play an important role in facilitating investment and creating greater visibility around future demand.

One possible approach is to provide greater certainty through long term procurement arrangements for green products such

as green ammonia and green steel. Such arrangements could help reduce demand uncertainty and support investment in production facilities and associated infrastructure.

As production capacity increases and technology improves, greater competition and economies of scale could contribute to efficiency improvements and reductions in production costs.

India's experience with competitive procurement in the renewable energy sector provides an example of how transparent and competitive market mechanisms can contribute to the development of new industries.

Competitive procurement has also been used in the development of India's green ammonia market. SECI's published results record green ammonia awards involving multiple producers, including ACME Cleantech Solutions.

A phased development of green production facilities in hard to abate sectors could provide valuable experience in technology, infrastructure, supply chains and commercial models.

The development of these capabilities may also support Indian industry as international markets introduce requirements relating to the carbon intensity of imported products. The European Union's Carbon Border Adjustment Mechanism, whose definitive regime began on 1 January 2026, covers sectors including iron and steel, fertilisers, electricity, aluminium, cement and hydrogen.

4. Are there any instances of industries or projects in India that you think should be mentioned for their utilisation of green hydrogen?

The development of long term procurement arrangements for green products such as green ammonia and green steel could contribute to creating demand for green hydrogen.

Greater visibility of future demand could, in turn, support investment in electrolysers, renewable energy capacity and energy storage systems required for the production of green hydrogen.

Investment in storage and transportation infrastructure could also develop alongside the growth of downstream applications, contributing to the development of an integrated hydrogen ecosystem.

Several major Indian companies are participating in the development of the green hydrogen sector. SECI's published National Green Hydrogen Mission results include companies such as Reliance Green Hydrogen and Green Chemicals Limited, ACME Cleantech Solutions, L&T Energy Green Tech and others among successful bidders under different green hydrogen production schemes.

ACME has also participated in India's green ammonia procurement programme. SECI's published auction results record ACME Cleantech Solutions as an awardee for the supply of green ammonia.

As the market develops, continued investment across production, renewable energy generation, storage, transportation and downstream applications could contribute to the gradual development of India's green hydrogen ecosystem.

Conclusion

The development of green hydrogen represents an emerging dimension of the global transition towards cleaner energy and lower carbon industrial production. Its future growth will depend on technological progress, production costs, infrastructure, market demand and the continued development of appropriate policy and market frameworks.

India's renewable energy resources, industrial capabilities and established National Green Hydrogen Mission provide a foundation for the development of this sector. The Mission seeks to build a green hydrogen ecosystem and support the production, use and export of green hydrogen and its derivatives.

Continued collaboration among industry, policymakers, researchers and other stakeholders can contribute to the development of a competitive and sustainable green hydrogen ecosystem in India.

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Piya Mahtaney is a seasoned economist and author with a career that spans journalism, teaching, and thought leadership. After earning her second Master's in Development Economics from Leicester University, she began her journalistic career at The Times of India, progressing to Assistant Editor at Metropolis on Saturday, and Senior Feature Writer at Economic Times. With a keen focus on socio-economic issues, her work led her to write several books on globalisation and economic development.

Her notable publications include Structural Transformation: Understanding the New Drivers of Investment, Innovation, and Institutions (2021), Globalization and Sustainable Economic Development (2013), India China and Globalisation (2007), and Economic Con Game: Development Fact or Fiction (2002).

In addition to her authorship, Piya serves as a visiting lecturer at St Xavier's Institute of Communications and St Xavier's College, Department of Economics. She is also a council member of the Forum of Free Enterprise and writes a monthly column for Forum Views, the BSE Brokers' Forum magazine.

She has a passion for classical Western Ballet, training in the discipline since childhood. Recently, she delivered a TEDx talk on Economic Transformation (1/02/2025). Her interdisciplinary approach to economics and education continues to influence the broader discourse on global development.

INSIGHTS

MERA NET WORTH KYA HAI? EK STOCK BROKER KI KAHANI

Article date: 30 September 2026

UTTAM BAGRI

Managing Director

BCB Brokerage Pvt. Ltd.

A. Net worth: simple question, complicated answer

One of the most common prudential requirements imposed on financial market intermediaries is that they should have adequate net worth. Of course, intermediaries deal with investors, undertake financial obligations and, depending upon the nature of their activity, may handle client assets, collateral, securities or funds. It is therefore reasonable for the regulatory framework to require them to possess sufficient financial capacity to conduct their business and absorb losses. Net worth, in that sense, acts as a useful prudential proxy for financial strength. Simple enough.

B. One regulator, many net worths

SEBI's Recognised Intermediaries list contains more than 20 types of intermediaries including Alternative Investment Funds, Stock Brokers, Custodians, Debenture Trustees, Depository Participants, Investment Advisers, Infrastructure Investment Trusts, Merchant Bankers, Portfolio Managers, Registrar and Share Transfer Agents, Research Analysts, ESG Rating Providers, Real Estate Investment Trusts, Vault Managers, etc. Each of these intermediaries has different regulations associated with it, and each regulation provides different net worth requirements. Some regulations prescribe minimum net worth, some don't. Some regulations provide the manner of calculation of net worth, some don't.

Where the regulations prescribe the manner of calculation, the methodologies appear to fall into four broad buckets.

1. Merchant Bankers Regulations refer to the definition of net worth under section 2(57) of the Companies Act, 2013. For an LLP, the formulation refers to partners' fixed contribution plus reserves and surplus. REITs and InvITs also adopt the Companies Act concept for a company or body corporate, as do Vault Managers. Portfolio Managers' net worth broadly starts with paid up equity capital plus free reserves and deducts accumulated losses and deferred expenditure not written off. Debenture Trustees follow a substantially similar concept. Custodians use paid up capital plus free reserves. RTAs use paid up capital plus free reserves plus securities premium.
2. Mutual Funds have yet another formulation for the net worth of an AMC or MF Lite AMC. It starts with paid up capital plus free reserves, followed by specified deductions including miscellaneous expenditure not written off, deferred revenue expenditure, intangible assets, accumulated losses and certain loans and advances to the sponsor and related entities.
3. There is no regulatory minimum net worth designated for Alternative Investment Funds. For Investment Advisers and Research Analysts, the earlier conventional net worth requirements have been replaced by a deposit based framework.
4. The story of Depository Participants and Stock Brokers is different. More on that below.

All the above tells us that net worth seems not to be an end in itself. It is one regulatory tool for achieving a prudential objective. Where SEBI considers another mechanism more appropriate, the mechanism can change.

C. Depository Participants: SEBI says how much, depositories say how

Depository Participants present a useful halfway house. The Regulations prescribe minimum net worth amounts, but the detailed computation is operationalised through the depositories. Depository computation starts broadly with paid up capital plus free reserves and then makes specified deductions for accumulated losses, older receivables, exposures to group companies, intangible assets, excess loans against pledged assets and specified contingent liabilities.

This is already more conservative than ordinary accounting net worth. But there is an interesting clue in the treatment of borrowing. Under the CDSL formulation, what is deducted in the relevant context is the excess of secured loans over the value of pledged or hypothecated securities or assets. Keep that thought in mind as we move ahead.

D. Stock Brokers, where it gets interesting

Stock brokers are unique creatures in many ways. Net worth is no exception. In fact, we are unique in two respects. First, there is not one, but two net worth requirements — Base Net Worth and Variable Net Worth. Second, while the Regulations prescribe both the minimum amounts and the manner of calculation of Base Net Worth, they prescribe neither the amounts nor the manner of calculation of Variable Net Worth.

Let's begin with Base Net Worth. This is where our story really begins.

The SEBI (Stock Brokers) Regulations, 2026 broadly start the calculation of Base Net Worth with paid up capital, specified fully and mandatorily convertible instruments, free reserves and other securities approved by SEBI. So far, so good. Then comes the deduction list. Fixed assets, pledged securities, value of the membership card, non allowable securities, bad deliveries, debts and advances other than trade debtors of less than three months, prepaid expenses, losses, intangible assets, and 30% of the value of marketable securities.

Depository Participants present a useful halfway house. The Regulations prescribe minimum net worth amounts, but the detailed computation is operationalised through the depositories. Depository computation starts broadly with paid up capital plus free reserves and then makes specified deductions for accumulated losses, older receivables, exposures to group companies, intangible assets, excess loans against pledged assets and specified contingent liabilities.

By the time one reaches the end of the calculation, one begins to wonder whether we are calculating net worth, liquid net worth, or available capital. Also crossing our minds are the concepts of bad deliveries and membership cards, relics of the past that are still mentioned in the 2026 Regulations.

E. How did we get here?

Some historical context. Stock brokers are among the oldest intermediaries regulated by SEBI, going back to 1992. The markets then were fundamentally different from today's market. We had ring based trading, physical securities being delivered, different clearing and collateral systems and vastly different technology. The regulatory authorities had to struggle with fitting the concept of net worth into this framework. The task of prescribing the detailed computation of net worth was therefore left to the stock exchanges.

As far back as the late 1990s, exchanges were prescribing detailed item wise computation of members' net worth. In fact, members of the cash segment were given alternative methods to compute their net worth, referred to as Method 1 and Method 2. Method 1 followed the book value approach, while Method 2 applied specified margins to investments and recognised eligible land and buildings at market value after a 50% margin, subject to prescribed conditions.

In 2001 came exchange traded derivatives and the famous L.C. Gupta Committee formula for calculation of net worth. The stock exchanges operationalised this formula, which eventually found its way into the Stock Brokers Regulations in 2013, when the Regulations themselves began prescribing the constituents of net worth. The formula was subsequently updated in 2022.

Then, in 2026, SEBI repealed the old 1992 Stock Brokers Regulations and introduced an entirely new set of Stock Brokers Regulations. Yet the net worth formula, as it stood in the 2022 framework, was carried forward substantially unchanged.

New regulation, but old friends. Membership card was still there. Bad deliveries were still there. And, most importantly for this discussion, fixed assets were still there.

F. Fixed assets: mera office mera dushman?

This is the part I have always found most difficult to wrap my head around. Assume a stock broker has regulatory net worth of ₹10 crore, substantially represented by cash and other allowable assets. The broker decides to buy an office for ₹5 crore. Nothing economically dramatic has happened. Before the transaction, the broker had ₹10 crore of assets. After the transaction, ₹5 crore of cash has simply become a ₹5 crore office. The broker has not distributed ₹5 crore to shareholders, nor has it suffered a ₹5 crore trading loss. One asset has merely changed form. Yet for Base Net Worth purposes, the fixed asset is deducted. ₹10 crore net worth becomes ₹5 crore for the purposes of the stock exchange. Apparently, buying an office can make a stock broker poorer in the eyes of the exchange. A rented premises seems like a better idea.

Now make the example slightly more interesting. Suppose a broker has ₹10 crore of its own capital. It borrows another ₹5 crore and purchases an office for ₹15 crore. Common sense would suggest that with assets of ₹15 crore and liability of ₹5 crore, the net worth would not change and would remain at ₹10 crore. But applying the regulatory logic, the ₹15 crore fixed asset is deducted. The ₹5 crore borrowing has not magically disappeared. The result is that the broker's Base Net Worth is now negative ₹5 crore. Yesterday the broker had ₹10 crore of economic net worth. Today he has negative regulatory net worth. Hmmmm.

G. Liquidity matters. But so does economic value.

There is, of course, a perfectly legitimate regulatory argument for treating fixed assets conservatively. An office building cannot be converted into cash at 11 a.m. because a Clearing Corporation wants additional margin at 10.59 a.m. Regulatory capital should therefore give greater recognition to liquid assets than to illiquid assets. Though I have no disagreement with that proposition, the question is different. Does illiquid

mean worthless? The broker can have enough resources against which he can raise funds. There may even be an overdraft limit against the same property.

We must also recognise that the entire collateral and margining framework has undergone a dramatic transformation over the years. The systems of 2026 bear little resemblance to those of the late 1990s or even 2001. Today, we have sophisticated real time risk management systems, client level collateral allocation, upstreaming of client funds and securities, and risk based collateral haircuts prescribed by Clearing Corporations. The manner in which margins are collected, allocated, monitored and utilised has fundamentally changed. Surely, the framework for determining a stock broker's regulatory net worth must also be viewed in the context of this transformed market infrastructure.

H. And fixed assets are not the only mystery

The broader formula deserves the same examination. Take marketable securities. The Regulations speak of deducting 30% of their value. But Clearing Corporations already operate sophisticated, risk based haircut systems for securities. If a Government security, liquid mutual fund and volatile equity do not present identical collateral risk to a Clearing Corporation, why should regulatory net worth begin from the assumption that one mechanical haircut is appropriate? Or consider trade receivables. A trade debtor of less than three months may qualify even if it is not adequately secured, while other recoverable amounts, even if fully secured, may be entirely deducted. Again, the real prudential question should perhaps be recoverability and availability, rather than simply the accounting label attached to the asset.

Unlisted investments, AIF units, refundable deposits, securities, receivables, physical assets. The same question runs through all of them. How much economic value is genuinely available to absorb losses? That seems a more useful question than whether an asset happens to fall inside a category written into a formula many years ago.

I. And we have the Variable Net Worth

The Stock Brokers Regulations also have a concept of Variable Net Worth, on which a discussion paper was issued and discussions are in progress. The broker is expected to maintain net worth which is the maximum of the Variable Net Worth and Base Net Worth. Interestingly, Variable Net Worth is more modern and the Regulations have not prescribed the formula. In all probability, like in the DP architecture, it will be the stock exchanges which will provide the Variable Net Worth formula.

J. Net worth versus liquid net worth

Interestingly, some SEBI regulations already distinguish between net worth and liquid net worth. The Merchant Bankers Regulations, for instance, separately require liquid net worth of 25%. The SM REIT and ESG Rating Provider frameworks also recognise this distinction. Clearly, net worth and liquid net worth need not be the same thing. Why, then, should the stock broker's Base Net Worth formula effectively attempt to combine the two?

K. Some Uttam vichaars

Nobody is suggesting that every intermediary should have an identical net worth formula. They shouldn't. A stock broker interacts directly with clearing and settlement infrastructure and can create financial exposures very different from those of, say, a Research Analyst. Different risk deserves different capital treatment. But different treatment should still have a contemporary economic rationale. That is the issue.

The Base Net Worth formula prescribed under the Stock Brokers Regulations, 2026 is essentially based on the L.C. Gupta Committee formula of 2001, with some modifications along the way. More than two decades later, the underlying approach remains largely unchanged. Surely, it is time for a reconsideration.

The Indian securities market has changed almost beyond recognition since 2001, and will continue to evolve. Regulatory capital requirements must evolve with it. Much like the framework for Depository Participants, the detailed computation of Base Net Worth could be left to the Stock Exchanges, which can issue updated guidelines from time to time, in consultation with stakeholders. Hardcoding the computation formula into the Regulations probably does more harm than good, particularly when the underlying market infrastructure and risk management systems are constantly evolving.

The Stock Brokers Regulations changed in 2026. Perhaps it is now time for the stock broker's net worth to enter 2026 as well. Because until then, when a stock broker asks, “Mera net worth kya hai, dost?” the most accurate answer may still be, “Pehle batao, office kharida hai kya?”

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COMPLIANCE REQUIREMENT FOR THE MONTH OF NOVEMBER – 2026



Compiled by CA Kamlesh P. Mehta
(B.Com, FCA, DISA)

STOCK BROKERS (ALL EXCHANGES)		
Sr. No.	**Particulars**	**Due Date**
1	Implementation of SEBI Circular - HO/38/24/(15)2026-MIRSD-PODMMC/I/22872/2026 Display of "investor awareness message(s)" by stock brokers on their trading apps and websites, under Project Jagrook	01.11.2026
2	Submission of UCC wise quarterly settlement (Quarter ended September,2026) details to exchanges (T+ 10 trading days from the date of settlement)	03.11.2026
3	Settlement of Running Accounts (applicable to clients who have opted for monthly settlement, as well as to clients whose accounts have been inactive for over 30 days)	06.11.2026 & 07.11.2026
4	Disclosure of complaints received and their redressal status, as on 31.10.2026, in accordance with Investor Charter compliance requirements on the Websites	07.11.2026
5	Upload the details of all complaints received during the month of October, 2026, to Exchange	07.11.2026
6	Submission of audit plan for system audit to exchanges-(subject to circular to be issued by exchanges)	07.11.2026
7	Margin Trading Facility- Submission of Networth certificate for the half year ended 30.09.2026	15.11.2026
8	Submission of UCC wise monthly settlement details to exchanges for the month of October, 2026 (T+ 10 trading days from the date of settlement)	23.11.2026
9	Submission of quaterly networth certificate for the period ended 30.09.2026 for QSB brokers (Common reporting to NSE only if having multiple membership)	29.11.2026
10	Submission of half yearly networth certificate as at 30.09.2026 (Non-MTF)	30.11.2026
11	Submission of half yearly Internal audit report for the period ended 30.09.2026	30.11.2026
12	Submission of half yearly ALGO system audit report as at 30.09.2026	30.11.2026
13	Submission of half yearly Internal audit report for the period ended 30.09.2026 for Clearing Corporations	30.11.2026
14	Submission of Risk Based Supervision for the period ended 30.09.2026	30.11.2026
15	Networth Certificate Submission by clearing member to CC for the period ended 30.09.2026	30.11.2026
16	Submission to ATR / Re-validation report through same CERT-IN auditor providing closure status after approval from respective IT committee (If applicable)- VAPT ATR	30.11.2026
17	No. of STR filed with FIU-IND for the month of October, 2026. (Including NIL STR) (BSE)	Before 30.11.2026
18	Requirement of sending a complete 'Statement of Accounts' for funds, securities, and commodities in respect of each of its clients (within the next four trading days of the subsequent week)	Weekly basis
19	Uploading of clients mapped with Authorised Persons (AP) before the next 2 trading days of the subsequent week	Weekly basis
20	Uploading of day-wise Holding Statement in the specified standard format to the exchange (within the next day)	Daily basis
21	Uploading of Client-wise Collateral Segregation details to Clearing Corporation/Clearing member in the prescribed format on T+1 basis	Daily basis

DEPOSITORY PARTICIPANTS (NSDL & CDSL)		
Sr. No.	**Particulars**	**Due Date**
1	Disclosure of complaints received and their redressal status, as on 31.10.2026, in accordance with Investor Charter compliance requirements on the Websites	07.11.2026
2	Investor Grievances Report (Record of all the BO grievances received at DP, Main / Branch) to CDSL & NSDL for the month of October 2026	10.11.2026
3	Online facility for mandatory submissions to CDSL - Details of 2 days' notice given to BO prior to stopping the process of instructions in case of default in payment	10.11.2026
4	Indictment order disclosures (Information w.r.t. the indictment or any other orders passed against the DP by any competent authority, if any) to CDSL for the month of October ,2026	10.11.2026
5	Submission of the report of Modification in URL reported to CDSL within 3 days of such changes	10.11.2026
6	Reporting of STR findings with FIU-India by DP to CDSL for the month of October, 2026	10.11.2026
7	Tariff Structure of the DP (Information w.r.t increase in charges/fees providing 30 days' notice to the BOs, if any) to CDSL for the month of October, 2026	10.11.2026
8	Submission of CDSL consolidated concurrent & Internal Audit Report for the half Year Ended 30.09.2026	15.11.2026
9	Submission of NSDL Internal Audit Report for the half Year Ended 30.09.2026	15.11.2026
10	Submission of report for Non-profit organization transactions report by 15th of next month to FIU-Ind	20.11.2026
11	Compliance Report w.r.t Same Mobile Number/Email ID captured for multiple accounts to NSDL	25.11.2026
12	OTP-Based authentication for physical BO modification requests	27.11.2026
13	Submission to ATR / Re-validation report through same CERT-IN auditor providing closure status after approval from respective IT committee (If applicable)- VAPT ATR	30.11.2026

PORTFOLIO MANAGERS		
Sr. No.	**Particulars**	**Due Date**
1	Disclosure of complaints received and their redressal status, as on 31.10.2026, in accordance with Investor Charter compliance requirements on the Websites	07.11.2026
2	Uploading of Activity Report- through SEBI portal for the month of October, 2026	11.11.2026

INVESTMENT ADVISORS		
Sr. No.	**Particulars**	**Due Date**
1	Disclosure of complaints received and their redressal status, as on 31.10.2026, in accordance with Investor Charter compliance requirements on the Websites and Mobile Applications (if any)	07.11.2026

RESEARCH ANALYSTS		
Sr. No.	**Particulars**	**Due Date**
1	Disclosure of complaints received and their redressal status, as on 31.10.2026, in accordance with Investor Charter compliance requirements on the Websites and Mobile Applications (if any)	07.11.2026

***Disclaimer:** The Compliance Calendar is indicative. Kindly refer to the respective Market Infrastructure Institution's latest circulars for real-time updates.

Compiled by: CA Kamlesh P. Mehta (B. Com, FCA, DISA) (Kamlesh P. Mehta Associates/ Mehta Sanghvi & Associates)

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and esteemed guests