

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1159
ANSWERED ON:30.11.2012
MEMBERS OF SEBI RECOGNISED STOCK MARKETS
Joshi Shri Pralhad Venkatesh

Will the Minister of FINANCE be pleased to state:

(a) whether Reserve Bank of India (RBI) has issued any circulars thereby allowing the scheduled commercial banks (SCBs) to become members of stock markets recognised by the Securities and Exchange Board of India(SEBI); and

(b) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) and (b): Yes Sir. The Reserve Bank of India (RBI) has issued circular dated November 5, 2012, permitting Scheduled Commercial Banks (SCBs) to become members of the stock exchanges recognized by Securities and Exchange Board of India (SEBI) for the purpose of undertaking proprietary transactions in the corporate bond market. The SCBs have to satisfy the membership-criteria of the stock exchanges and also comply with the regulatory norms laid down by SEBI and the respective stock exchanges while becoming members of approved stock exchanges. In the past, RBI, vide circular dated August 06, 2008, had permitted `Authorized Dealer (AD) Category -1 bank1 to become trading and clearing members of the currency futures market of the recognized stock exchanges, on their own account and on behalf of their clients, subject to fulfilling certain minimum prudential requirements. Further, SCBs can seek membership of the Futures & Options segment of the stock exchanges for the purpose of undertaking proprietary transactions for hedging and trading in interest rate risk.