

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2376
ANSWERED ON:23.08.2013
STOCK EXCHANGES
Meghe Shri Datta Raghobaji

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government /Securities and Exchange Board of India (SEBI) has received reports of cyber attacks on the stock exchanges of the country and if so, the details thereof for the last three years and the current year till date;
- (b) the quantum of losses suffered as a result thereof; and
- (c) the steps taken by the Government/ SEBI to ensure security of stock exchanges?

Answer

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

- (a): No such reports of cyber-attacks on the stock exchanges have been received by Government /Securities and Exchange Board of India (SEBI) in the last three years.
- (b): Does not arise, in view of reply to part (a) above.
- (c): The market regulator, SEBI, has taken various steps over the years to ensure security and integrity of the trading systems of the stock exchanges. Some of the important measures are mentioned hereunder:
 - (i) A framework for annual system audit of Stock Exchanges were provided
 - (ii) Prescribed guidelines for Business Continuity Plan (BCP) and Disaster Recovery (DR) for depositories, stock exchanges having nationwide terminals and stock exchanges having trading on their own platforms
 - (iii) Specified operational and system requirements for the stock brokers to start Internet Based Services
 - (iv) Additional requirements for Internet Based Trading (IBT) and Securities Trading using Wireless Technology (STWT) were mandated which included capturing of the IP (Internet Protocol) address (from where the orders are originating), secure end-to-end encryption for all data transmission between the client and the broker through a Secure Standardized Protocol, procedure of mutual authentication between the client and the broker server, adequate safety features to ensure it is not susceptible to internal / external attacks etc
 - (v) Specified requirements with regard to Direct Market Access (DMA) and algorithmic trading / High Frequency Trading
 - (vi) Stock exchanges were advised to set up a standing Committee to investigate the problems of computerised trading systems, such as hanging / slowdown / breakdown etc.