

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3384

ANSWERED ON:12.12.2014

INFLUENCE OF MNCS ON STOCK EXCHANGES

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Will the Minister of FINANCE be pleased to state:

- (a) whether the influence of the Foreign Multinational Companies (MNCs) is increasing on the stock exchanges of India which is dangerous to the future of these stock exchanges and if so, the details thereof and the reaction of the Government thereto;
- (b) the provisions made by the Government to check the adverse impact of such presence of MNCs;
- (c) whether the provisions are not being implemented properly and if so, the details thereof; and
- (d) the corrective steps taken by the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA)

(a)& (b): Regulation 17 of Stock Exchanges and Clearing Corporation Regulations, 2012 (SECC Regulations) deals with shareholding in stock exchanges. Regulation 17 (3) of SECC Regulations provides that no person resident outside India, directly or indirectly, either individually or together with persons acting in concert, shall acquire or hold more than five per cent. of the paid up equity share capital in a recognised stock exchange and Regulation 17(4) of SECC Regulations provides that the combined holding of all persons resident outside India in the paid up equity share capital of a recognised stock exchange shall not exceed, at any time, forty-nine per cent. of its total paid up equity share capital.

The cap of 5 per cent on the holding of any foreign investor in the shareholding of any stock exchange ensures that the ownership is not concentrated in the hands of any one foreign individual/entity. This, therefore, prevents concentrated ownership by foreign entities in the stock exchanges.

(c)& (d): Regulation 21(1) and (2) of SECC Regulations 2012 requires every recognised stock exchange to disclose the shareholding pattern on a quarterly basis within fifteen days from the end of each quarter and also requires stock exchanges to ensure and monitor compliance as per regulation 17 of SECC Regulation 2012.

These requirements extend to ownership in stock exchanges by foreign entities as well. Reports in this regard are being regularly received and monitored by Securities and Exchange Board of India (SEBI). SEBI has not detected any breach of these norms in respect of foreign entities.