

## **BHUBANESWAR STOCK EXCHANGE LIMITED**

### **HISTORY**

Initial step was taken by the Department of Industry, Govt. of Orissa and Industrial Promotion & Investment Corporation of Orissa Ltd. (IPICOL) in the early eighties to set up a Stock Exchange in the State of Orissa. Subsequently, Bhubaneswar Stock Exchange was incorporated on 17<sup>th</sup> April, 1989 as a Public Company, limited by guarantee with an object to facilitate, assist, regulate and control the business of dealing in stocks, shares and like securities in the State of Orissa. Ministry of Finance, Govt. of India granted recognition to the Stock Exchange on 5<sup>th</sup> June, 1989 under the provisions of the Securities Contracts (Regulation) Act, 1956 for an initial period of five years. Thereafter, the recognition of the Stock Exchange is being renewed from time to time by Securities and Exchange Board of India (SEBI).

On being recognized during 1989, Bhubaneswar Stock Exchange admitted 161 member-brokers in the first phase and commenced its trading operation on 2<sup>nd</sup> January, 1991. To impart greater liquidity in both shares and debentures and to increase the volume of business, the Exchange has expanded its membership strength during the year 1995 by admitting 75 more member-brokers.

However, the status of the Stock Exchange was converted from a Company limited by guarantee, to a Company limited by shares during the year 2005 pursuant to "The Bhubaneswar Stock Exchange (Corporatisation and Demutualisation) Scheme, 2005" approved by SEBI.

### **MANAGEMENT**

The affairs of the Stock Exchange are managed by the Board of Directors. The Board of Directors of the Stock Exchange comprises of 8 (Eight) Directors of which 2 are Trading Member Directors, 2 are Public Interest Directors, 3 are Shareholder Directors and a Chief Executive Director. However, the Board of Directors of the Stock Exchange is under supersession by SEBI w.e.f. 3<sup>rd</sup> January, 2003. Shri J.P. Verma, IPS (Retd.) was appointed by SEBI as Administrator of the Stock Exchange to discharge the powers and duties of the Board of Directors. He continued to act as the Administrator of the Stock Exchange upto 30<sup>th</sup> September, 2006. Thereafter, SEBI, while extending the period of supersession of Board of Directors of the Exchange, has designated Shri Vivekananda Pattanayak, IAS (Retd.) as the Administrator of Bhubaneswar Stock Exchange to discharge the powers and duties of its Board of Directors with effect from 1<sup>st</sup> October, 2006. Accordingly, Shri Pattanayak, IAS (Retd.) has taken over as the Administrator of Bhubaneswar Stock Exchange w.e.f. 3<sup>rd</sup> October, 2006 to discharge the powers and duties of the Board of Directors of the Stock Exchange.

The Stock Exchange, while recording the valuable service rendered by Shri J.P. Verma, IPS (Retd.) during his tenure as the Administrator, welcomes Shri Vivekananda Pattanayak, IAS (Retd.) as its Administrator.

The Board of Directors/Administrator of the Stock Exchange is, at present, assisted by 11 qualified officials.

### **AUTOMATION**

The entire trading and settlement operation was computerised since inception. However, the Exchange switched over to “Screen Based Trading” with effect from 20<sup>th</sup> May, 1997 through which the member-brokers conducted trading on line thereby bringing to an end to the old tradition of open “out-cry system” of trading.

### **OPERATIONAL INFRASTRUCTURE**

Upon automation of the trading activities, Trading Hall of the Stock Exchange has been modernised with the latest capital market infrastructures.

### **SETTLEMENT SYSTEM**

The Settlement system of the Exchange is carried out on “Daily Rolling Basis” (T+1) as per the SEBI Guidelines issued from time to time. Pay-in/pay-out, in terms of Settlement Calendar, are effected well in time through the Centralized Banking System of the Stock Exchange. Canara Bank has established a Branch to facilitate the pay-in/pay-out operation as well as the banking transactions of the Stock Exchange and its trading members.

### **CLEARING HOUSE**

Bhubaneswar Stock Exchange has its own Clearing House. The transactions entered among the trading members of the Exchange are settled by delivery and payment obligations through the Clearing House of the Stock Exchange in accordance with the prescribed settlement program under a Centralized Delivery and Payment System.

### **INTER-CONNECTIVITY**

Bhubaneswar Stock Exchange has played an instrumental role, among others, in mooted the idea of establishing of an Inter-connected Market System (ICMS). This effort was resulted in establishing “Inter-connected Stock Exchange of India of Ltd.” to provide a nationwide equity market through the trading members of participating Stock Exchanges. It has also facilitated the trading members of participating Stock Exchanges including Bhubaneswar Stock Exchange, to trade on the National Stock Exchange segment.

## **LISTED STOCKS**

Despite introduction of SEBI Delisting Guidelines,2003, Bhubaneswar Stock Exchange continued to have listing of securities of several companies having aggregate paid-up capital of around Rs.2,200 crores.

## **PRIMARY MARKET**

Bhubaneswar Stock Exchange has been playing an active role for the growth of primary market activities with the support of its trading members. The Stock Exchange ensures promotional steps for participation of investing public at a large scale, in the public offers of several companies.

## **CUSTOMERS' PROTECTION FUND**

Investors' protection is the cornerstone of a vibrant market. Bhubaneswar Stock Exchange has established a Statutory Fund namely, "Bhubaneswar Stock Exchange Customers' Protection Fund" with an object to protect the customers from the risk of defaulting trading members. At present, as per the Rules of the said Fund, a customer is entitled to be indemnified to a maximum of Rs.25,000/- towards his claim against a defaulter trading member of the Stock Exchange.

## **INVESTORS' SERVICE CELL**

Bhubaneswar Stock Exchange has an "Investors' Service Cell" which also ensures protection of the investors. It promptly attends the complaints of various nature lodged by the investors against companies as well as the trading members of the Stock Exchange and plays an important role in a friendly approach to redress the investors' grievances. The Investors' Service Cell undertakes due care to build up confidence of the common investors on the capital market.

## **LIBRARY**

Bhubaneswar Stock Exchange has a good library. It has a list of several books and guidelines relating to capital market. It also subscribes Periodicals and Financial News Dailies for readers. In addition to this, prime magazines for new issues, annual reports of several listed companies are available with it. The library of the Stock Exchange is, thus playing a promotional role for enrichment of knowledge of the staff, trading members, investors and research scholars at large. The Stock Exchange with the support of its library, also helps the management students to prepare their project reports.

## **EMPLOYMENT**

Bhubaneswar Stock Exchange has also been instrumental in generating various nature of employment, both directly and indirectly, in the State of Orissa. As a result, apart from direct employment for its own purpose, it has created opportunity for generation of a number of indirect appointments in various capacities such as sub-brokers, authorised assistants, authorised representatives and other staff in the stock-broking firms.

## **FUTURE UNDERTAKINGS**

Bhubaneswar Stock Exchange has undertaken a number of measures to activate business in securities and to spread the message of goodwill among the investing public. Such measures are –

- to provide Depository Service so that the trading in securities and supporting depository operation connected to it shall be carried out under an umbrella.
- to upgrade the infrastructural facilities to facilitate expansion of trading activities.
- to host Training Program for trading member as well as employees of the Stock Exchange.
- to introduce, provide and conduct a Course for imparting education on Indian Stock Market to the aspirants.
- to construct a modern hi-tech building of the Stock Exchange.