Headline: NSE Derivatives Access To US Clients Enabled	
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Economic Times

CFTC APPROVAL TO NSE permits local brokers to accept US customer funds directly without having to register with the US body

US Investors can Directly Bet on Indian Derivatives

Our Bureau

Mumbai: US investors will now be able to trade in Indian derivatives market directly.

The National Stock Exchange (NSE) has received nod from US derivatives regulator, Commodity Futures Trading Commission (CFTC), to sell its product to US investors, the exchange said in a statement on Friday.

"This is an important development and signifies the confidence that CFTC has in the regulatory and risk management environment in India and in NSE. This will enable NSE's trading members (domestic and foreign brokerages) to trade broad based indices directly for US clients. We expect this will increase trading volumes in India," Vikram Limaye, MD of NSE, told ET.

The approval issued to NSE permits its brokers to accept US customer funds directly for trading in futures and options contracts on NSE without them having to register with the CFTC as a futures commission merchant.

Arbind Maheswari, head of sales trading, India Equities, Bank of America Merrill Lynch, said: "In the present scenario, some US investors were restricted from participating in Indian derivatives market directly. They would instead go to SGX (Singapore Exchange) or invest into India through other off-shore entities."

"Today's positive development will bring US investors back into the Indian derivatives market. A lot of US based investors, who have been unable to access the Indian markets so far, would now start looking at setting up onshore FPI (foreign portfolio investor) entities to invest directly in India," Maheshwari said.

CFTC said the relief is based on its finding that the local laws and regulations in India applicable to NSE members provide a comparable level of customer protection, including licensing standards, minimum financial requirements and robust compliance programmes.

"This will allow US hedge funds to directly trade in the F&O (futures and options) segment on NSE without having to register with the CFTC as a futures commission merchant. It is expected that certain US hedge funds will now want to directly trade in Indian futures and options which will help increase trade volumes in the domestic market and reverse the potential shifting of volumes to Singapore," said Rajesh H Gandhi, partner, Deloitte Haskins & Sells LLP.

"The approval comes at an opportune time because US hedge funds were struggling to get the right avenue to invest in Indian F&O after the Sebi ban on naked derivatives through P Notes last year and the recent withdrawal of data feed licence given by Indian exchanges to SGX. A lot of trading in Nifty futures used to happen on SGX, which came under cloud due to the licence withdrawal which will be effective August. US hedge funds now have the much needed clarity on F&O trading which is important specially for their shorting strategy though one must add that the 30% capital gains tax in India on derivative gains acts as a dampener to some extent," Gandhi said.

> We expect this will increase trading volumes in India, says NSE MD Vikram Limaye

Through its Part 30 Exemption program, the CFTC provides US customers with increased access to foreign futures markets. The CFTC began the Part 30 Exemption program nearly three decades ago and has expanded relief to 12 jurisdictions. Currently, over 120 foreign brokers across the globe are authorised to deal directly with US futures customers, resulting in more efficient and less costly transactions.

NSE must promptly notify the CFTC of any material changes to its local laws and regulations. In support of NSE's petition for relief, the Securities and Exchange Board of India has committed to providing information to CFTC related to NSE transactions upon request, CFTC said in a statement posted on its website

Business Standard

NSE receives approval from US regulator CFTC

Will enable domestic stock exchange to sell its products to US-based investors

Market participants say the CFTC approval could be a huge advantage for Indian markets, as it would attract more hedge funds

PAVAN BURUGULA
Mumbai, 18 May

The National Stock Exchange (NSE) has received approval from the US derivatives regulator, Commodity Futures Trading Commission (CFTC), to sell its products to US-based investors.

The US equity and commodity derivatives are regulated by CFTC and institutional investors based in the US are allowed to invest only in those derivatives that are CFTC-approved.

With the approval, US-based institutional investors will be able to trade in NSE-listed derivatives without any restrictions.

"This is a very positive development for the Indian derivatives market. Investors who have been opting for indrect participation will now be able to directly invest in Indian derivatives. It will also improve the liqudity in Indian derivatives further," said Ravi Varanasi, chief of business development, at NSE.

Until last year, these funds used to take the participatory note (p-note) route to trade in Indian futures, as this did not amount to direct exposure. But, the Indian markets regulator Securities and Exchange Board of India's (Sebi's) decision to ban p-note participants from taking unhedged positions in the futures market left these funds without any route to trade in Indian single-stock futures.

"In the absence of approval, US funds were finding it difficult to access the Indian single-stock futures market. That difficulty further got aggravated with Sebi's restriction on issue of p-notes with derivatives as the underlying. Some of these investors may now consider registering as FPIs (foreign portfolio investors) to invest in stock derivatives," said Suresh Swamy, partner-financial services, PwC.

Also, investors who wanted an exposure to index futures used offshore destinations such as the Singapore Exchange (SGX) to take exposure. Even this avenue is now closed as Indian stock exchanges have terminated their data-sharing arrangements with foreign bourses.

Indian market participants have been concerned about the export of Indian derivatives markets to offshore destinations. Until the recent snapping of ties with bourses, the SGX Nifty accounted for more than half of the index derivatives volume.

Market participants say CFTC approval could be a huge advantage for Indian markets, as it would attract more hedge funds. In the past two decades, hedge funds have emerged as a crucial set of investors in developed markets. As of January 2017, the US hedge fund industry managed assets worth $3.1 trillion, about one-and-a-half times the total market capitalisation in India.

Mint

US investors can now find future in Nifty

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MUMBAI

Easing foreign investments

- NSE recognized by US Commodity Futures Trading Commission (CFTC)
- Exchange gets exemption from certain registration requirements for CFTC
- Move will let US investors freely invest in Indian single stocks futures and options
- Nifty 50 and Sensex are the only Indian products recognized by CFTC
- The Indian bouquet of products has both futures and options, which currently come under two different US regulatory bodies

The National Stock Exchange of India (NSE) said on Friday it has become the first Indian stock exchange to be recognized by the US Commodity Futures Trading Commission (CFTC).

NSE got a part 30 exemption, which will enable members of the exchange to trade in derivatives for US clients. The exemption would allow US customers increased access to Indian futures markets.

"The order issued to NSE permits its members to accept US customer funds directly for the purpose of trading in futures and options contracts on NSE without the members having to register with the CFTC as a futures commission merchant," NSE said in a press statement.

Currently, US-based foreign investors can freely invest only in India's broad-based indices Nifty 50 and Sensex, as these were the only ones recognised by the CFTC.

"The CFTC currently recognizes only two Indian products -- Nifty 50 and Sensex. This rendered direct participation or trading in single stock futures by US funds not possible. So many foreign portfolio investors over the years used to either trade through offshore exchanges or had created structures via jurisdiction such as Mauritius or Singapore," said Suresh Swamy, partner, PwC India.

US-based funds are those that have more than 51% US residents as investors. Indian exchanges had been working on a solution.

The exemption from CFTC will now enable Indian intermediaries to sell Indian products, including options and futures, to US investors.

The Indian bouquet of products has both futures and options, which currently come under two different US regulatory bodies—CFTC and the Securities and Exchange Commission, respectively.

The exemption was essential for Indian exchanges, particularly NSE, which had been trying to consolidate liquidity.

The exemption from CFTC will now let Indian intermediaries sell Indian products to US investors

The Indian exchanges had, on 9 February, decided to bar overseas exchanges from trading in Indian derivatives in an attempt to check migration of trades away from Indian exchanges.

Two months later, on 11 April, the Singapore Exchange Ltd (SGX) announced a new product that works just like the Nifty, bypassing the Indian exchanges. SGX's new products based on India's Nifty are approved by CFTC and thus could have scored above India offerings.

The Hindu

NSE gets U.S. regulator's exemption for derivatives

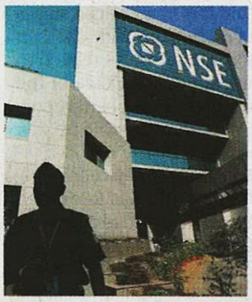
Members without CFTC registration can accept U.S. funds

SPECIAL CORRESPONDENT
MUMBAI

The National Stock Exchange (NSE) has become the first Indian exchange to get an exemption from the Commodity Futures Trading Commission (CFTC) that will allow members of the Indian bourse to trade in derivatives for U.S. clients.

"The order issued to NSE permits its members to accept U.S. customer funds directly for the purpose of trading in futures and options contracts on NSE without the members having to register with the CFTC as a futures commission merchants," the NSE said in a statement.

"The [CFTC] issued a Part 30 exemptive order dated May 17, 2018 to the National Stock Exchange of India



(NSE) as part of its program of regulatory deference to foreign regulatory frameworks. Part 30 exemptive program of CFTC provides U.S. customers with increased access to foreign futures markets," the release added.

CFTC is an independent agency of the U.S. government that regulates the futures and options markets and monitors various organisations related to derivatives clearing, futures commission merchants and swap data repositories among others.

SEC recognition for BSE

Incidentally, the development comes just days after the BSE becoming the first Indian exchange to be recognised as a Designated Offshore Securities Market (DOSM) by the U.S. Securities and Exchange Commission (SEC).

The DOSM status allows the sale of securities to U.S. investors through the trading venue of BSE without registration of such securities with the U.S. SEC and thus eases the trades by U.S. investors in India.

Financial Express

US CFTC allows NSE brokers to trade in US customers' derivatives

PRESS TRUST OF INDIA
New Delhi, May 18

LEADING BOURSE NSE on Friday said US regulator Commodity Futures Trading Commission (CFTC) has allowed the exchange's brokers to trade in derivatives for US clients.

CFTC on Thursday issued a Part 30 exemptive order to National Stock Exchange (NSE) as part of its programme of regulatory deference to foreign regulatory frameworks, the bourse said in a statement. Part 30 exemptive programme provides US customers with increased access to foreign futures markets.

The move will allow NSE brokers to accept US customer funds directly for trading in futures and options contracts on the exchange without the members having to register with CFTC as a futures commission merchant.

The relief is based on the finding by CFTC that the local laws and regulations in India applicable to NSE members provide a comparable level of customer protection, including licensing standards, minimum financial requirements, and robust compliance programmes, the exchange noted.

CFTC chairman J Christopher Giancarlo said:"I believe the global nature of derivatives markets calls for an international perspective."

CFTC began the Part 30 exemptive programme nearly three decades ago and has expanded relief to 12 jurisdictions in South America, Europe, Asia and Australia.

Currently, over 120 foreign brokers across the globe are authorised to deal directly with US futures customers, resulting in more efficient and less costly transactions.