DEPUTY GENERAL MANAGER
MARKET REGULATION DEPARTMENT
DIVISION OF SRO ADMINISTRATION
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SEBI/MRD/DSA/CIR-05/2010
February 10, 2010

1. The Managing Directors/ Executive Directors
   of all Stock Exchanges
2. Managing Director and CEO, NSDL
3. Managing Director and CEO, CDSL

Dear Madam / Sir,

Sub: Committee for review of ownership and governance of market infrastructure institutions.

The role of market infrastructure institutions has been continuously evolving to meet the challenges of the emerging securities market. These institutions are increasingly called upon to undertake regulation and supervision of the markets, while simultaneously pursuing commercial objectives. The emerging market microstructure and the evolving role of market infrastructure institutions call for a review of their ownership and governance structure to ensure that they remain relevant and effective.

In this regard, SEBI Board in its meeting held on December 22, 2009 approved the proposal to constitute a committee to look into the issues and concerns in the matter. Accordingly, a committee has been constituted under the Chairmanship of Dr Bimal Jalan (Former Governor, Reserve Bank of India).

The other members of the committee are:

1. Dr. K P Krishnan, Jt Secretary, Ministry of Finance
2. Mr. Kishore Chaukar, Managing Director, Tata Industries
3. Mr. Uday Kotak, Managing Director, Kotak Mahindra Bank
4. Prof. G. Sethu, National Institute of Securities Market
5. Dr. K. M. Abraham, Whole Time Member, SEBI
6. Shri J.N. Gupta, Executive Director, SEBI (Member Secretary).

The terms of reference of the committee will be to review and make recommendations on the following issues:

a. Ownership Structure of Stock Exchanges and Clearing Corporations,
b. Board Composition of Stock Exchanges and Clearing Corporations,
c. Listing and Governance of Stock Exchanges and Clearing Corporations,
d. Balance between Regulatory and Business Functions of Stock Exchanges and Clearing Corporations, in the context of their 'for profit' status
e. Relationship between Stock Exchanges and Clearing Corporations,
f. Relationship between Stock Exchanges and Technology Providers, and
g. Competition Policy for Stock Exchanges and Clearing Corporations.

The committee may also make recommendations on other relevant issues *inter-alia* as it finds necessary.

The recommendations of the committee shall later be placed in the public domain for comments.

This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

This circular is available on SEBI website at www.sebi.gov.in.

Yours faithfully,

D. RAJESH KUMAR