



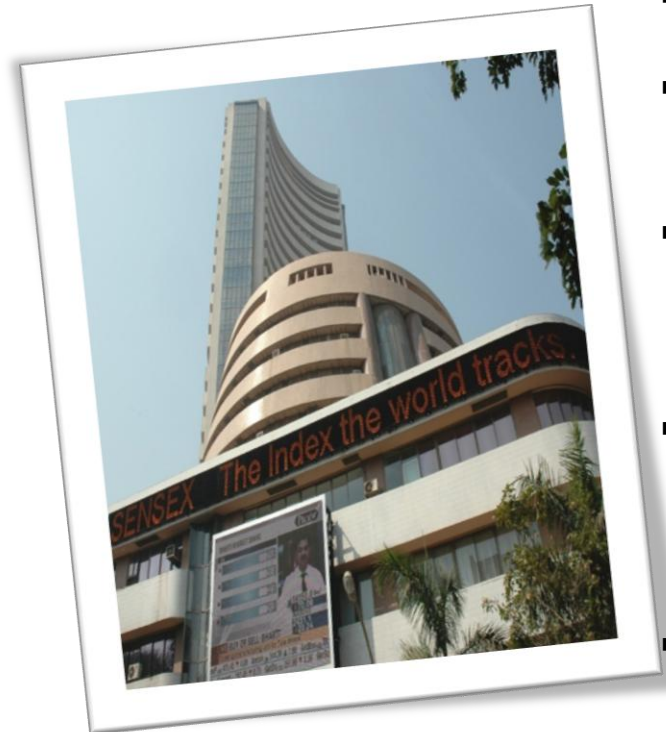
Pitchbook – Trading Business



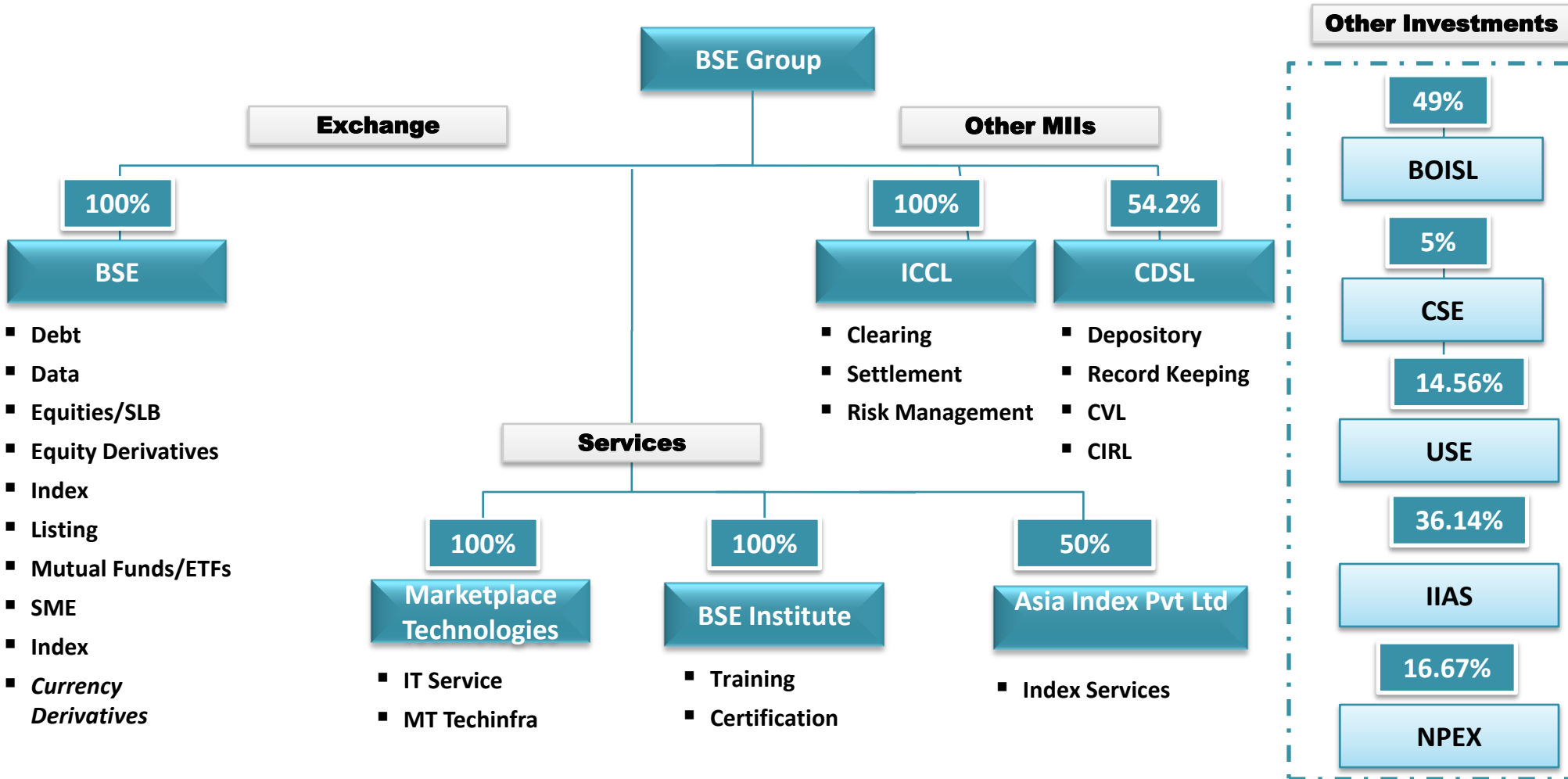
Corporate Presentation: Outline

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- Largest number of listed companies in the world – **5249**
- 4th most liquid exchange globally for Index Options
- 8th largest exchange in the world in terms of number of trades in Equity Shares
- Largest exchange in India and 7th largest exchange in Asia in terms of market capitalization of companies listed on BSE - Over USD 1.03 Trillion
- Full bouquet of financial products including Equity, Equity Derivatives, Currency Derivatives, Debt Products, Security Lending & Borrowing Platform, IPO, SME Platform, Mutual Funds, ETFs and Offer for Sale
- Partnership with S&P Dow Jones Indices on Index Products
- Exchange Technology from Deutsche Boerse Group (Eurex Platform) – under progress
- Cross listing of benchmark index S&P BSE SENSEX in BRICS countries



BSE Group – A Complete Securities Eco-system



Continuous Evolution – Hallmark of a great institution



First Wave (1995)

Migration from open out-cry to online screen-based order driven trading system

Second Wave (2007)

Corporatization & Demutualization from an Association of Persons (AOP)

Third Wave (2010)

Transformation to Integrated transaction processing company in the Financial Infrastructure Space

Professional Board



Mr. S. Ramadorai

- Chairman
- Public Interest Director
- Advisor to Prime Minister (eq. to Cabinet Minister)
- Non-Executive Chairman, TCS;



Mr. Ashishkumar Chauhan

- Managing Director & CEO
- Former Reliance Group, CIO



Mr. Sudhakar Rao

- Public Interest Director
- Retd. IAS



Mr. Andreas Preuss

- Shareholder Director
- Deputy CEO Deutsche Borse AG



Dr. Sanjiv Misra

- Public Interest Director
- Retd. IAS



Mr. Thomas Bendixen

- Shareholder Director
- Alternate Director to Mr. Andreuss Preuss



Mr. S. H. Kapadia






- Public Interest Director
- Retd. Chief Justice of India



Mr. Keki Mistry

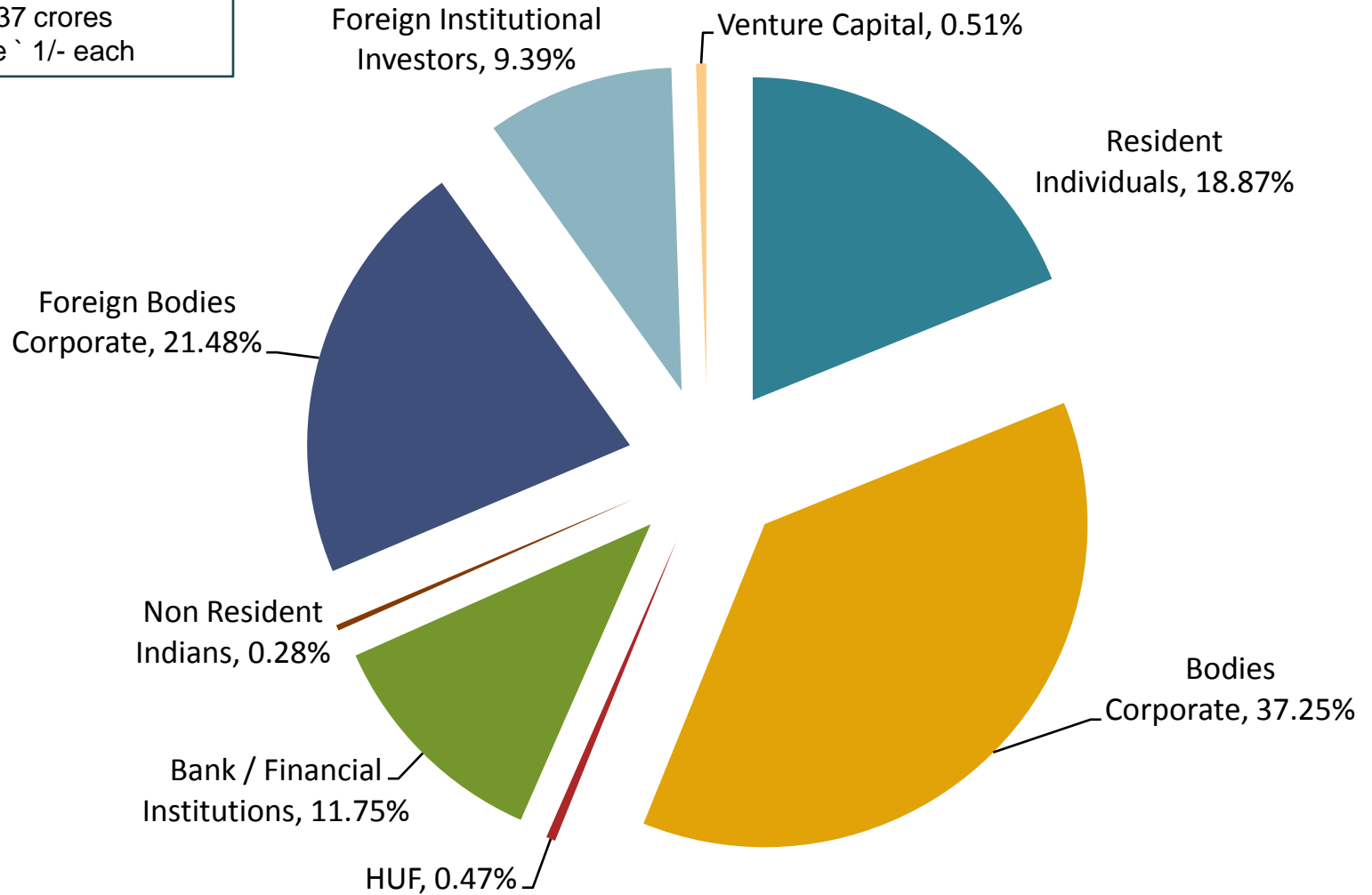
- Shareholder Director
- Vice-Chairman, HDFC

Experienced Management Team

Name / Title	Description
 <p>Ashishkumar Chauhan <i>Managing Director & Chief Executive Officer</i></p>	<ul style="list-style-type: none"> Ashish joined BSE in Sep-09 as the Deputy Chief Executive Officer and has been serving as the CEO since May-12. He is present on the board of group companies including Central Depository Services Limited (CDSL), Clearing Corporation Limited (ICCL), etc. Prior to joining BSE, Ashish was serving as the President and Group Chief Information Officer (CIO) of Reliance Industries Limited and CEO of Indiawin Sports (owner of Mumbai Indians). He was also one of the key personnel involved in the setting up of National Stock Exchange of India (NSE) and was responsible for setting up its listing department He has completed his Bachelor's in Engineering from Indian Institute of Technology, Bombay and Post Graduate studies in business from Indian Institute of Management Calcutta
 <p>V Balasubramaniam <i>Chief Business Officer</i></p>	<ul style="list-style-type: none"> Balasubramaniam Venkataramani currently serves as the Chief Business Officer heading the business operations, listings and information products divisions. He is also a part of BSE's Executive Management Committee He has close to two decades of experience in the capital markets industry and has previously worked with United Stock Exchange of India, Basis Point and was the co-founder of Marketplace Technologies. He was also part of the team involved in setting up the National Stock Exchange He has completed Master of Commerce from the University of Mumbai and is a Rank holder from the Institute of Costs and Works Accountants
 <p>Nehal Vora <i>Chief Regulatory Officer</i></p>	<ul style="list-style-type: none"> Nehal currently heads all the regulatory functions of the exchange which include membership compliance, surveillance, inspection, investigation, regulatory communication, investor services, listing compliance and regulatory legal He has more than 15 years of experience in the area of legal and compliance. He has previously worked at the Securities and Exchange Board of India (SEBI) for 10 years post which he was a Director, Law & Compliance at DSP Merrill Lynch Ltd heading Broking and Investment banking Compliance He has a commerce degree from Mumbai University and a Master of Management Studies from Narsee Monjee Institute of Management Studies, University of Mumbai
 <p>Nayan Mehta <i>Chief Financial Officer</i></p>	<ul style="list-style-type: none"> Nayan currently serves as the CFO at BSE. He has previously worked at Credit Analysis & Research Ltd. (CARE Ratings) as Joint General Manager (Accounts), CFO at Multi Commodity Exchange of India Limited and at the National Stock Exchange He has completed his Chartered Accountancy certification from Institute of Chartered Accountants of India and has a Bachelors in Commerce degree from University of Mumbai
 <p>Kersi Tavadia <i>Chief Information Officer</i></p>	<ul style="list-style-type: none"> Kersi currently serves as the CIO and is responsible for application systems & IT infrastructure development and management. During his current role he has successfully implemented various initiatives including setting up a multi-exchange online trading system He has over 27 years of experience in the area of Applications / IT development and management and has previously worked with HSBC InvestDirect, Motilal Oswal, IL&FS and most recently as CEO of Marketplace Technologies He is a physics graduate from University of Mumbai and has completed his diploma in Computer Science from Data Matrix. He has also completed Masters in Financial Management from Narsee Monjee Institute of Management Studies (NMIMS)

Shareholding Pattern as on March 31, 2013

Paid up Capital ` 10.37 crores
Face Value per share ` 1/- each



2

BSE – Products & Services Highlights

5

Index Options – Global Liquidity comparison

- For the Calendar Year 2012, BSE is the **5th most Liquid exchange for Index Options. For July 2013, we are 4th most liquid Exchange.**
 - World Federation of Exchanges

Index Options		
Rank	Exchange	* No of Contracts Traded Jan12 -Dec 2012
1	Korea Exchange	1575 394 249
2	National Stock Exchange of India	819 528 329
3	EUREX	382 644 407
4	Chicago Board Options Exchange	304 351 269
5	BSE India	234 568 615
6	TAIFEX	108 773 711
7	CME Group	59 141 790
8	Tel Aviv SE	57 423 608
9	Osaka SE	48 763 723
10	NYSE.Liffe Europe	38 584 584

For July 2013 – BSE is the 4th most liquid Exchange for Index options - globally

Equity Trades – Global Exchanges

- YTD 2013, BSE is the **8th largest exchange in terms of number of equity trades**

-World Federation of Exchanges

Equity Trades		
Rank	Exchange	No. of Equity trades '000 (Jan 13– July 13)
1	National Stock Exchange India	839 982.5
2	NYSE Euronext (US)	711 248.8
3	Shenzhen SE	707 393.6
4	NASDAQ OMX	665 581.9
5	Korea Exchange	644 500.1
6	Shanghai SE	634 112.0
7	Japan Exchange Group - Tokyo	362 642.7
8	BSE India	182 041.9
9	TMX Group	140 096.5
10	London SE Group	127 644.0

Market Capitalization Comparison

- For July 2013, BSE is the **7th largest Exchange in Asia by Market Capitalization**
 - World Federation of Exchanges

Market Capitalization		
Rank	Exchange	Market Capitalization July 2013 (USD millions)
1	Japan Exchange Group - Tokyo	4 218 382.1
2	Hong Kong Exchanges	2 773 475.2
3	Shanghai SE	2 302 077.1
4	Australian SE	1 275 643.0
5	Shenzhen SE	1 263 519.2
6	Korea Exchange	1 105 271.2
7	BSE India	1 030 031.4
8	National Stock Exchange India	1 003 006.2
9	Singapore Exchange	759 343.6
10	Taiwan SE Corp.	757 936.8

BSE is the 15th Largest Exchange globally, in terms of Market Capitalization

Secondary Market

- Equity
- Equity Derivatives
- Securities Lending and Borrowing
- ETFs
- Debt
- Mutual Funds
- SME

Primary Market

- IPOs / FPOs and Rights Issues
- Institutional Placement Programme (IPP)
- Reverse Book Building (RBBS)
- Offer For Sale (OFS)
- Mutual Funds and Bonds
- Securitized Debt Instruments
- Structured Products

Global Indices : Trade Rupee denominated futures on

- Hang Seng
- FTSE/JSE Top 40
- MICEX
- Ibovespa

ETFs

- Over 30 Exchange Traded Funds
- ETFs accepted as collateral towards trading

Debt Market Products

- Government Securities
- Corporate Debt
- Structured Products
- Securitized Debt Instruments

Innovation – Our Key Differentiator

Easy Market Access

- New Trading Architecture – Eurex Platform
- Direct Market Access (DMA)
- Co-location + HFT
- Smart Order Routing (SOR)
- Low latency Feeds
- Point of Presence (PoP)
- New Membership Drive
- Internet-based exchange hosted trading platform
- Trading via mobile phone

Product Innovation

- Strategic Partnership with S&P for Indices
- S&P BSE 100 Index
- IPO system accessible via APIs
- Liquidity Enhancement Incentives for equity derivatives
- Maker-Taker pricing
- Stock Lending & Borrowing
- Call Auction in pre-open session
- Realized Volatility Index
- IDRs, Rupee-denominated global indices, ETFs
- Listed Mutual Funds – with historical NAV and Exchange SIP
- Insurance Dematerialization & Academic Repository
- Third-party warrants (In-progress)
- Currency Derivatives (In-progress)

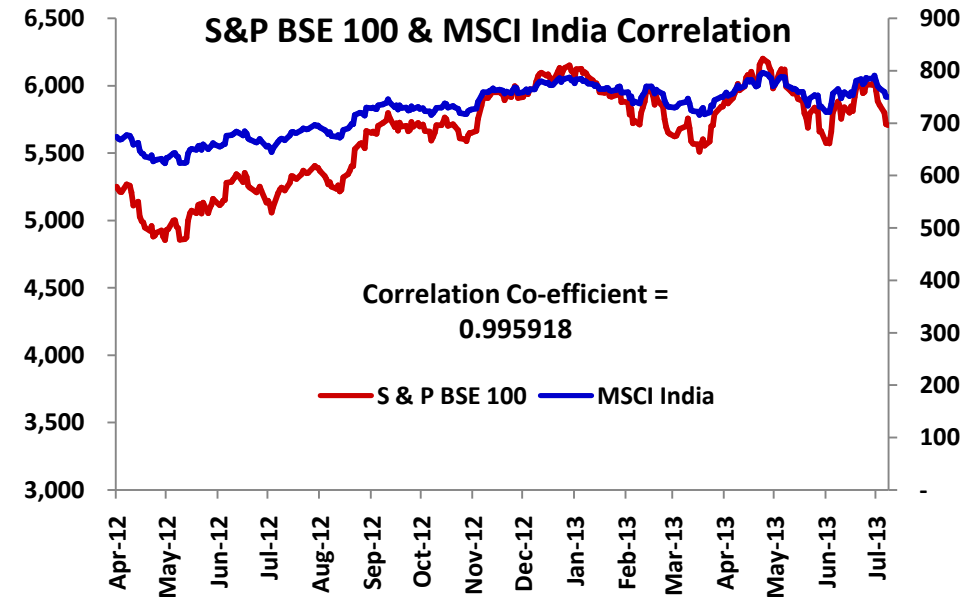
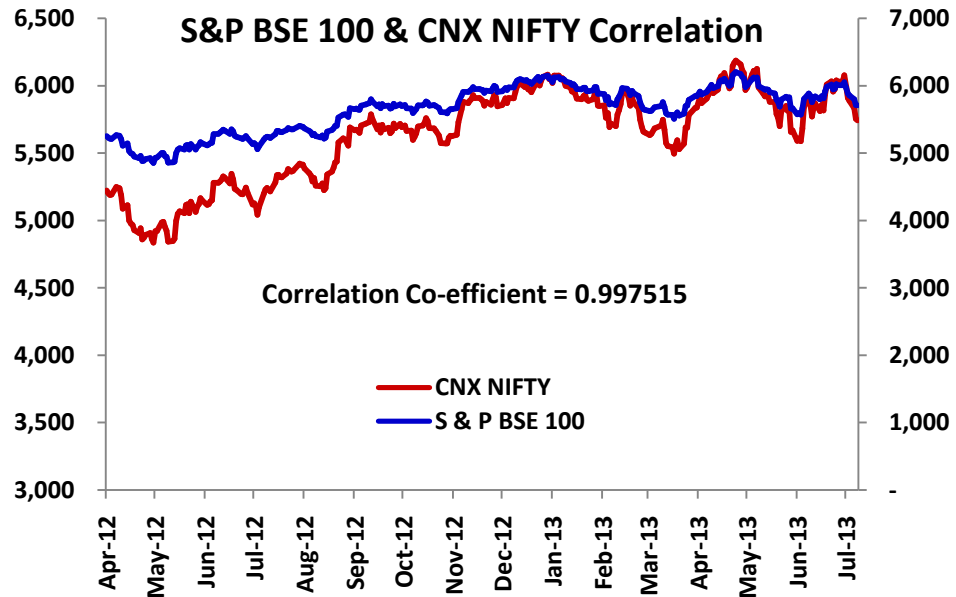
Enhanced Reach

- Revamped website –member & investor friendly features
- First Securities Market Infrastructure member of SWIFT in India
- New indices – **S&P BSE CARBONEX SME IPO Index & GREENEX**
- BRICS Alliance – Inter-exchange alliance to develop world’s largest emerging markets
- High-quality research and world class analytical tools on MFs
- SME Exchange – Platform for the emerging business community

- **Access Range** : Over **5249 listed companies** - Largest in the world
- **Best Execution** – out of these 5249 listed equities, over 1500 are dual listed with on the other Indian Exchange – **Use SOR to realize a lower impact cost for your clients! Savings of 6-8bps have been achieved by clients using SOR!!!**
- **Differentiated Ice-berg orders** : We're the only exchange in India providing true ice-berg order execution. The undisclosed part of your order gets same time priority as your disclosed quantity
- **Dedicated Block Trade window** in the morning
- **Call-Auction for Illiquid Scrips** : All illiquid stocks are traded by way of hourly call-auctions
- **Pre-open Session**: The opening for the SENSEX basket of stocks. BSE exclusively listed stocks and initial offerings is conducted via a Call Auction.
- **Stock Lending and Borrowing** – With early pay-in and recall facilities
- **Maker-Taker Pricing** : BSE is the only Indian Exchange providing a maker-taker pricing for cash equities :
 - As a liquidity provider (passive orders), you pay 0.225 bps
 - As a liquidity taker (active orders), you pay 0.325 bps
 - This is approx. 25% lower than transaction costs at the other Exchange

Introduction to S&P BSE 100

- S&P BSE 100 is BSE's new Broad based index; 100 of the Indian Industry's benchmark names
- Correlation with NIFTY – **0.9975**
- Correlation with MSCI India index – **0.9959**
- Correlation with S&P SENSEX – **0.995**
- **Futures and Options of S&P BSE-100** have been launched and are actively traded



Offer For Sale Platform

- An Offer For Sale is a new mechanism for increasing the public share holding as mandated under listing agreement
- BSE launched the Offer For Sale (OFS) module on iBBS (Internet based book building System) platform on 24th February, 2012
- As on July 31, 2013, 96 companies have completed their OFS issues on BSE platform of which BSE was appointed the Designated Stock Exchange in 82 (~85%) OFS issues. Over 400 members have participated in OFS via BSE platform
- The process has helped Government raise over Rs.37,845.27 Crs through divestment of holdings
- 503OFS issues have been conducted exclusively only on BSE Platform

Offer for Sale (OFS) Segment - Highlights

Table 1: Designated Stock Exchange (DSE) Stats- till date

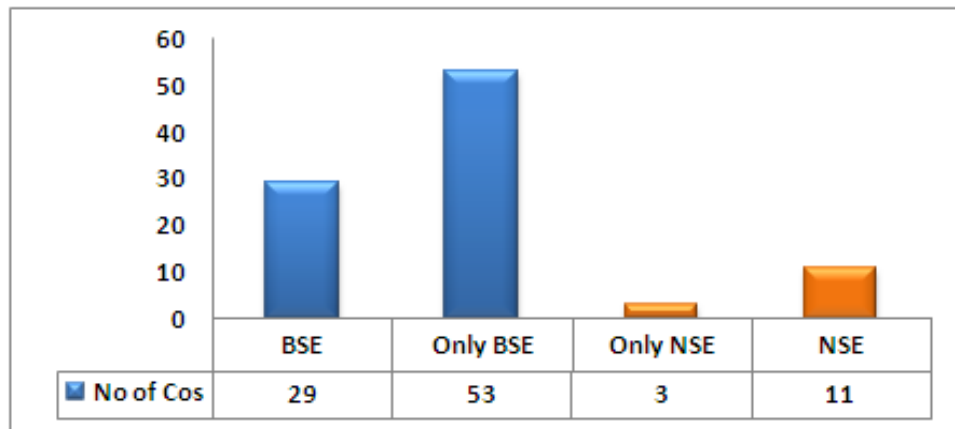


Table 2: OFS Average Bid Share (%) – till date

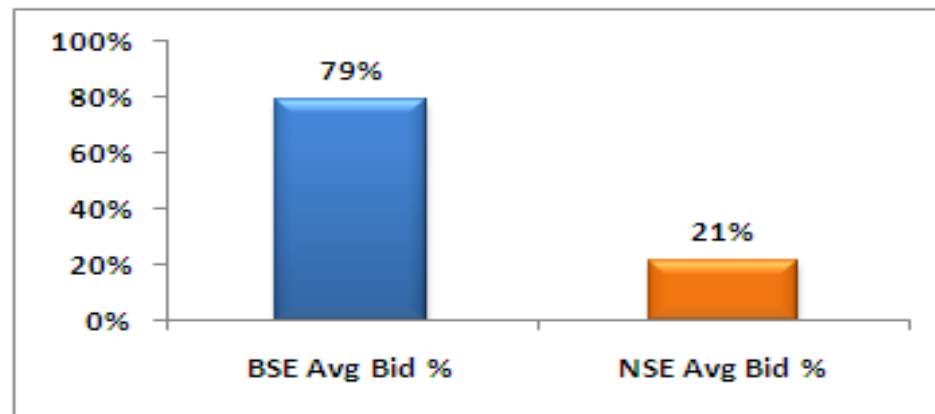
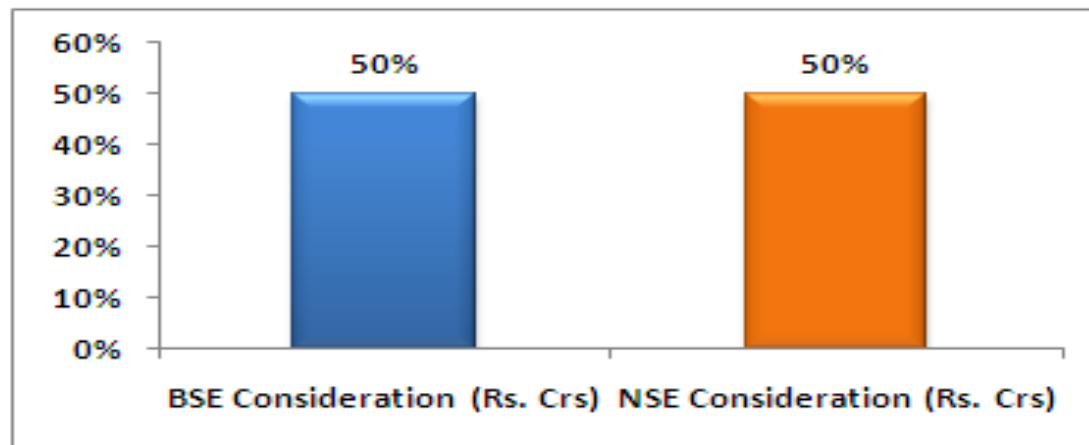


Table 3: OFS Amt Raised (%) in FY12-13 till 31 July 13



IPO & Debt Segment Highlights

Table 5: IPO Segment DSE Stats

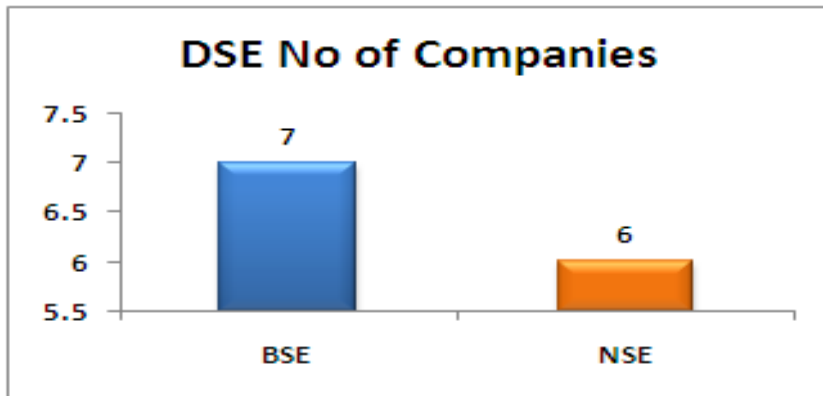


Table 7: Debt Segment DSE Stats

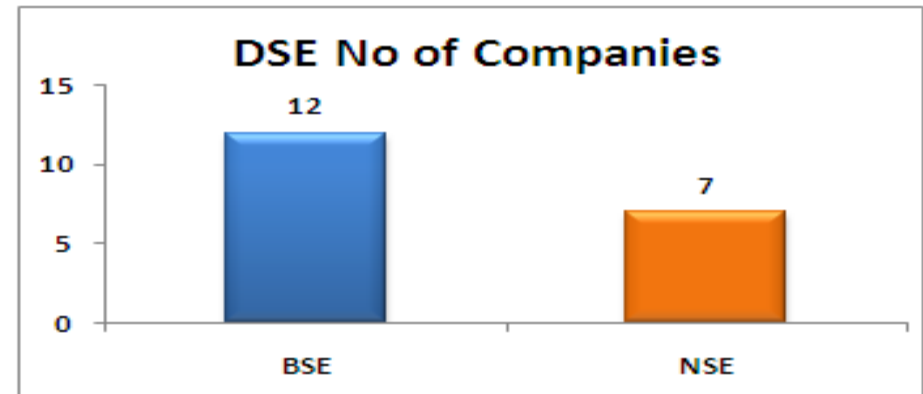


Table 6: IPO Segment Bidding Stats

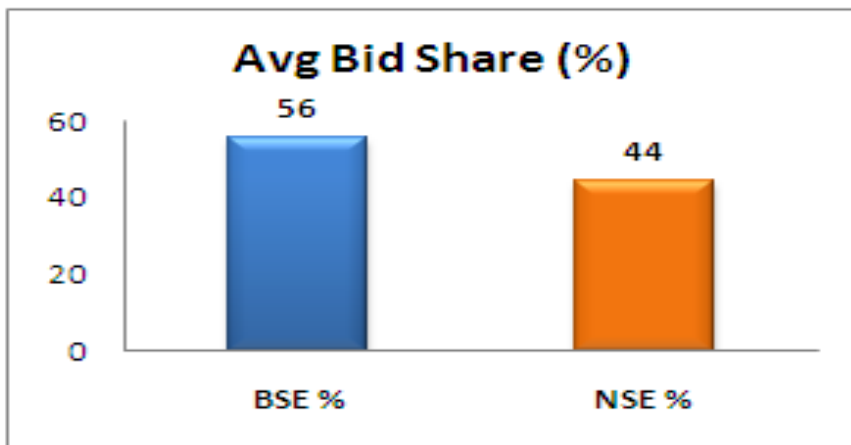
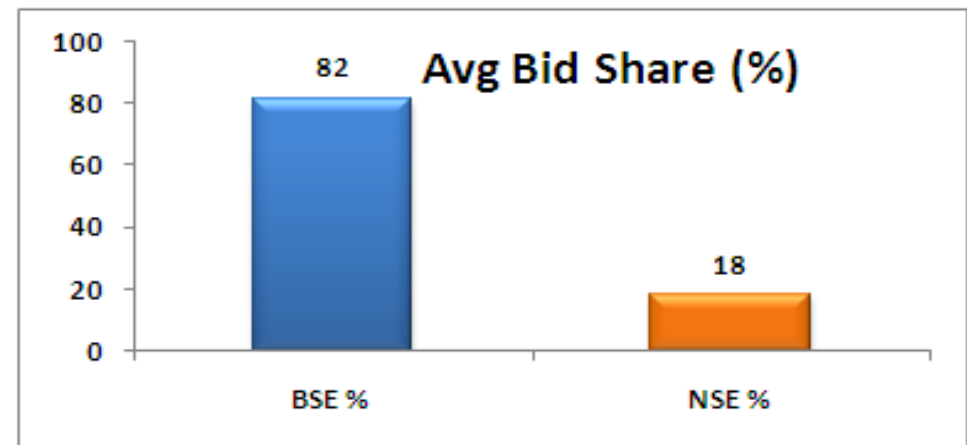


Table 8: Debt Segment Bidding Stats



BSE StAR MF – India’s leading exchange traded mutual fund platform

A web-based transaction processing system

- BSE StAR MF is a web browser based fully automated online MF collection and settlement system. Popular amongst brokers with more than **68% market share** (July 2013)

System Flexibility

- Feature-rich and highly flexible electronic order platform – easy and simple to use
- In-built risk management :Creation of multiple branches and multiple dealers (IDs)
- Simple UCC process : Every client has to be registered in system before entering orders - thus full transparency regarding source of funds, investor, etc.
- File upload facility for virtually all functions making it highly user friendly
- Detailed MIS reports available to brokers, issue of client confirmations built-in
- Innovative new products like LO Schemes (Historic NAV) and Exchange SIP (XSIP)

Order Routing hours

- Existing NAV norms (cut-off at 3pm) to apply , apart from the liquid schemes offered for historical NAV (cut-off at 1.00 pm). *Timings are extended for subscription only in case of NFOs at request of AMC.*
- We also accept L-1 scheme types (other than liquid schemes) where transactions of minimum Rs 2 lakhs and above would be accepted, wherein broker will fulfill obligations on T day itself for availing same day NAV. Cut off time 1.00 PM

Benefits of Using StAR MF Platform

- Investor gets to view all his /her investments in one single location (that too electronically) – can use same demat account as that for equity shares
- Latest NAVs displayed in system for all available scheme options
- Investor gets full service from broker – no need to go to one broker for equity shares and another for Mutual Funds – broker is one stop shop. Also investor need not go to his distributor – just call !
- No cumbersome manual filling of MF application forms
- Single cheque/fund transfer to broker for all transactions – multiple issuance of cheques done away with
- Investor can also pledge MF units held by him as collateral (margin) with his broker as brokers are allowed to do so with exchange in turn
- Separate Know Your Client not needed if transacting in demat mode
- System accessible via APIs
- Pay-in timings tweaked to synergies with timing for liquid fund investment – brokers can make invest surplus funds in liquid fund units giving maximum utilization of funds which would otherwise lie idle. These same liquid fund units can be deposited as collateral for trading segments, as cash equivalent.
- Investment in Direct Plans is now available thru BSE StAR MF platform

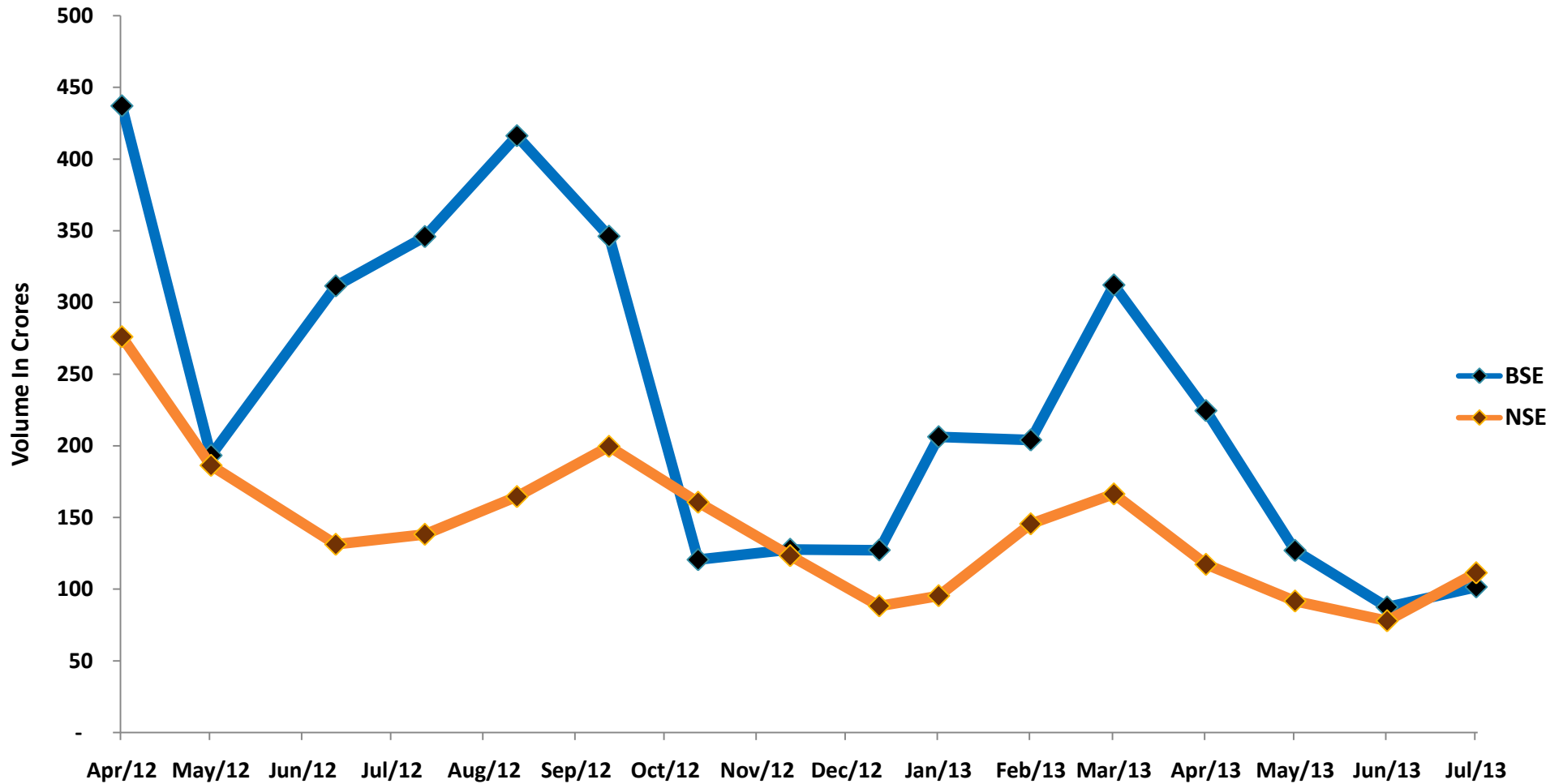
Recent Business Statistics – Secondary Market

Retail trading in Corporate Bonds (F group)	FY2009-2010	FY2010-2011	FY2011-2012	FY 2012-13
Turnover (Rs. Crores)	706.06	3,103.13	3,644.48	3,148.22
Number of members/participants	988	1,314	1,356	1,359

Wholesale Segment Reporting of Corporate Bonds (ICDM)	FY2009-2010	FY2010-2011	FY2011-2012	FY 2012-13
Turnover (Rs. Crores)	53,323.50	34,189.23	49,841.72	51,622.40
Number of members/participants	450	691	821	917

Settlement of Corporate Bonds and CP / CD (E-Settle)	FY2009-2010	FY2010-2011	FY2011-2012	FY 2012-13
Settlement of Corporate Bonds (Rs. Crores)	5,482.47	17,491.70	10,086.11	42,976.58
Settlement of CPs / CDs. (Rs. Crores)	-	-	-	1,36,835.57
Number of members/participants	988	1314	1356	917

Retail Debt Volumes BSE v/s NSE



BSE MKT SHARE OVER 60%

Equity Derivatives: Highlights

- Underlying Assets: Index Derivatives on major sectoral indices, **including India's Bellwether – S&P BSE SENSEX**
 - Index : S&P BSE SENSEX, S&P BSE TECK, S&P BSE BANKEX , S&P BSE OGX(Oil and Gas)
 - **The S&P BSE 100 : Our new broadbased index**
- Maturities available:
 - Index & Stock Futures: Near, Mid, Far Month
 - Index Options: Weekly, Monthly & Long Dated – ***Only Exchange in India offering weekly expiring Options***
 - 5 Weekly, 3 Monthly and 12 Long Dated (4 quarterly and 8 semiannual)
 - Stock Options: Weekly and Monthly
 - 5 Weekly / 3 Monthly
- **Ongoing Liquidity Enhancement Programme to create lasting liquidity in BSE derivatives. Market-Makers incentivized to maintain tight spreads and deep quotes**
- **Lower transaction costs** for all participants:
 - As Liquidity provider, you pay **Zero**
 - As Liquidity taker, you pay 0.05 bps of Futures contract value and 0.05 bps of Options notional value
 - For Options, this is almost 200 times lower transaction fees compared to the other exchange

New Trading Architecture - EUREX

We have partnered with the Eurex Group through a long-term technology alliance under which **BSE will join the Eurex technology roadmap and deploy Deutsche Börse Group's trading architecture**

- The BSE aim to replace its derivatives market platform in the course of 2013 and plans to subsequently replace also its cash market platform.
- The new partnership in the technology sphere will allow BSE to quickly achieve the highest global standards for speed, reliability and order-handling capacity. It will bring to BSE state-of-the art levels of capacity and latency, already in place at the International Securities Exchange (ISE) since summer 2011 and in roll-out at Eurex Exchange.
- By aligning BSE, Eurex Exchange and ISE markets on a common trading infrastructure, IT costs for shared customers will be significantly reduced. This will also reduce technology development and installation efforts for Eurex and ISE members who wish to connect to BSE and vice versa as well as strengthen the case for cross-listing.
- **This will ensure that BSE matching Engine is one of the fastest platforms globally in terms of throughput, latency and turnaround time**
- **This will also bring to the Indian markets, best in class order types and risk management features already in place at the Eurex platform**

Equity Derivatives – Specifications

Products	Tick Size (INR)	Settlement Mechanism	Lot size	Contract Value as on 1 st Jan 2013		Expiry
				INR	USD	
S&P BSE SENSEX Futures	0.25	Cash	15	2,81,442	5,629	Last Thursday
S&P BSE-100 Futures	0.05	Cash	50	2,85,359	5,707	Last Thursday
S&P BSE SENSEX Options	0.05	Cash	15	2,81,442*	5,629*	Last Thursday - European
S&P BSE BSE-100 Options	0.05	Cash	50	2,85,359*	5,707*	Last Thursday – European
Stock Futures	0.05	Cash	Based on underlying	NA	NA	Last Thursday
Stock Options	0.05	Cash	Based on underlying	NA	NA	Last Thursday - European

* Notional Value for ATM strike (USD rate of 50)

bps saving on trading Options at BSE

Options	Trade at BSE	Trade at Competing Exchange A	Trade at Competing Exchange B
	bps	bps	bps
Sell Options			
Securities Transaction Tax	-1.70	-1.70	-1.70
SEBI Fees	-0.01	-0.01	-0.01
Exchange Fee	-0.05 *	-5.00	-2.50
Buy Options to Square off			
Securities Transaction Tax	0.00	0.00	0.00
SEBI Fees	-0.01	-0.01	-0.01
Exchange Fee	0 *	-5.00	-2.50
Net outflow	-1.77	-11.72	-6.72

Save 10 bps!

* Assuming one active and one passive trade

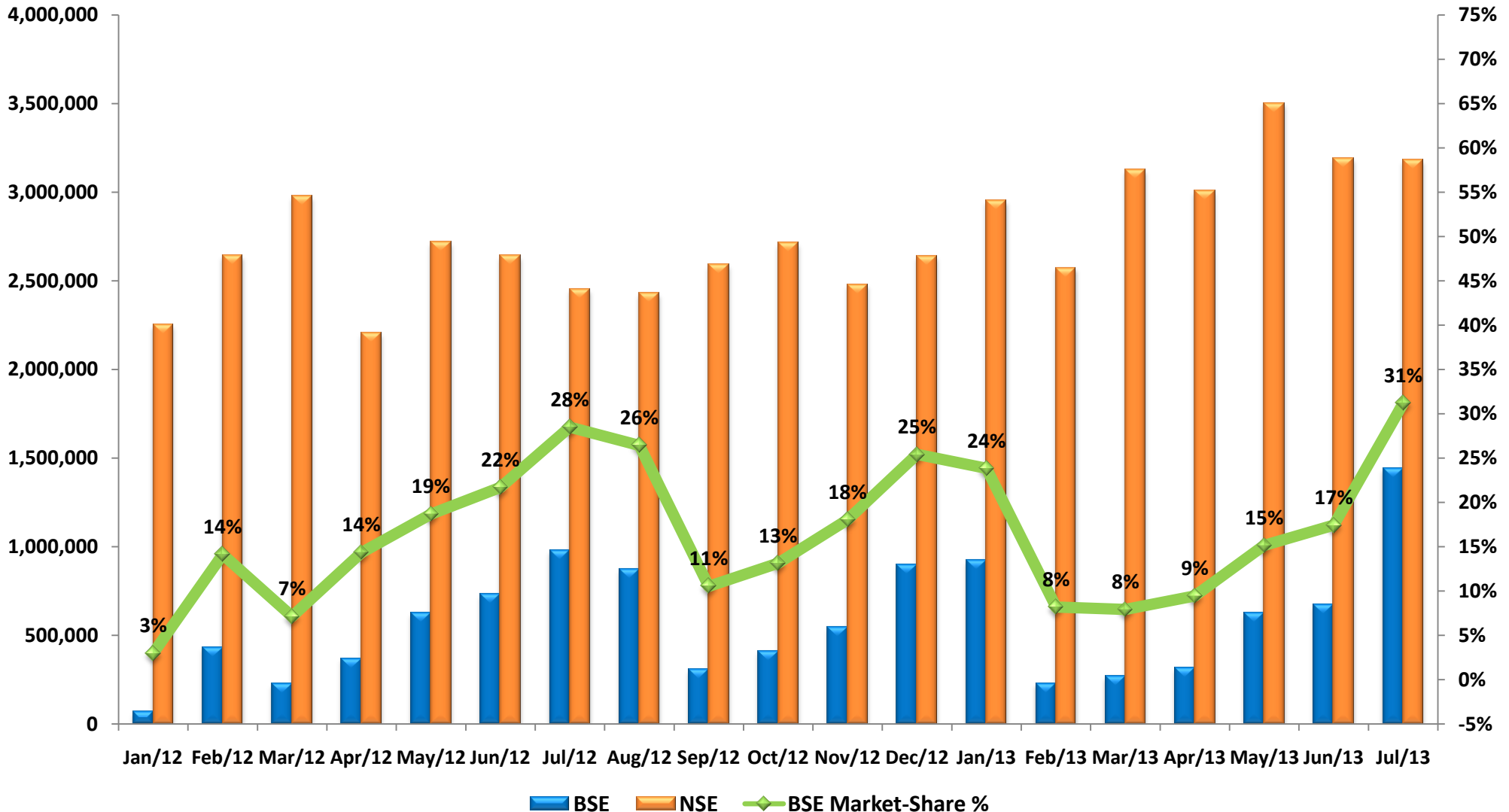
bps saving on trading Futures at BSE

Futures	Trade at BSE	Trade at Competing Exchange A	Trade at Competing Exchange B
	bps	bps	bps
Sell Futures			
STT	-1.0	-1.0	-1.0
SEBI Fees	-0.01	-0.01	-0.01
Exchange Fee	-0 .05 *	-0.19	-0.12
Buy Futures to Square off			
STT	0	0	0
SEBI Fees	-0.01	-0.01	-0.01
Exchange Fee	0 *	-0.19	-0.12
Net outflow	-1.07	-1.4	-1.26

**Save 20% of
your cost!**

* Assuming one active and one passive trade

Market-share comparison (Equity Derivatives)



Snapshot of Derivatives segment performance- 2013

Registered for LEIPS - broker-members (till date)

- 506

Members who have traded (till date)

- 450

Average Daily Turnover for YTD 2013

- Futures : USD 40 million
- Options : USD 4 billion

Average num of contracts traded daily YTD 2013

- Futures 7,606
- Options 700,000

Average num of contracts Open Daily YTD 2013

- Futures : 29,000
- Options : 51,000

Introduction to LEIPS – BSE Derivatives incentive programme

- BSE LEIPS was initiated in September 2011, in order to create lasting liquidity in BSE's equity derivatives segment
- Current focus of the on-going phase is to bring liquidity in index products such as **S&P BSE SENSEX and S&P BSE 100**
- The programme invites participants to empanel either as a **Market-Maker (MM)** or a **General Market Participant (GMP)**
 - MMs have obligations to quote and maintain spreads, whereas GMPs have no obligations
 - **MMs avail a higher incentive, on achieving obligations. GMPs receive trading incentives**
- For all participants, the transaction charge has been made zero for passive orders and 0.05bps for active orders
- Incentives are paid on a daily basis. **Annual budget of USD 20 million + for incentives**
- **Co-location racks, servers and algorithmic software provided free of cost** (refer last slide details)
- Additional Incentive provided for Retail Client Trades

Subsidized Market Access – Software and Hardware

The following are offered free of cost against volume commitments in derivatives segment :

Co-location

- For all Market Makers and GMPs, The BSE Co-location Data Centre (managed by NTT-Netmagic) **is offering free racks and servers**
- Trade across exchanges and access to direct feed from Indian cash equities market, over 300 trading venues worldwide, global over-the-counter and news content

Automated Market Making Software

- Automated Trading software (GATS)© for quoting and market making in Futures and Options including auto hedging capabilities across exchanges and segments

Trading Terminals

- ODIN CTCL ids and ODIN Diet ids for BSE F&O trading by your dealers and clients

Thank You

Bloomberg Ticker	Category	Type
SENSEX Index CT	S&P BSE SENSEX Index Futures	Futures contract
BSE 100 Index CT	S&P BSE 100 Index Futures	Futures contract
SENSEX Index OMON	S&P BSE SENSEX Index Options	Options contract
BSE 100 Index OMON	S&P BSE 100 Index Options	Options contract

Thompson Reuters Symbols	Category	Type
O#BIF	SENSEX Equity Index	Futures contract
O#BHI	BSE 100 Index Futures	Futures contract
O#BIF*.BO	SENSEX Equity Index	Options contract
O#BHI*.BO	BSE 100 Index Options	Options contract

www.bseindia.com



Email : bse.fig@bseindia.com

m.bseindia.com



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