

*An Unofficial Translation*



# **Securities Board of Nepal**

## **Annual Report Fiscal Year 2016/17**

**2017 November**



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**2017 November**

# Securities Board of Nepal

**Board Member**  
(As of 2017 November 15)



**Dr Rewat Bahadur Karki**  
Chairman



**Mr Uttar Kumar Khatri**  
Member  
Joint Secretary, Government  
of Nepal, Ministry of Finance



**Mr Toya Nath Adhikari**  
Member  
Joint Secretary, Government  
of Nepal, Ministry of Law,  
Justice, And Parliamentary  
Affairs



**Mr Nara Bahadur Thapa**  
Member  
Executive Director, Nepal  
Rastra Bank



**Mr Jagan Nath  
Upadhya(Niraula)**  
Member  
Vice Chairman, Institute of  
Chartered Accountants of  
Nepal



**Mr Shekhar Golchha**  
Member  
Vice President, Federation of  
Nepalese Chamber of  
Commerce and Industries



**Mr Nil Bahadur Sharu  
Magar**  
Expert Member

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# Securities Board of Nepal

## Top Management



**Dr Rewat Bahadur Karki**

Chairman



**Mr Paristha Nath Poudyal**  
Executive Director



**Mr Niraj Giri**  
Executive Director



**Mr Muktinath Shrestha**  
Director



**Mr Binaya Dev Acharya**  
Director



**Dr Nabaraj Adhikari**  
Director



**Mr Krishna Raj Pokhrel**  
Director

## Chairman's Statement

Securities Board of Nepal (SEBON) has presented its Annual Report for the Fiscal Year 2016-17 pursuant to the Section 26 of the Securities Related Act, 2006. The Annual Report contains review of economic scenario of the world and Nepal, status of securities market, performance of the securities businesspersons and listed companies along with assessment on SEBON's initiatives and activities towards the development and reform of securities market and its financial status.

FY 2016-17 witnessed substantial growth in the economy attributable to special factors. Due to contraction of the economy hit by devastating earthquake and blockade in the border in the FY 2015-16, economic growth in the review year moved up sharply from zero growth in the last year. The growth was contributed by very favourable monsoon to boost agriculture production, end of load shedding, and removal of border blockade. However, modernisation of agriculture, investment in the infrastructure, protection of the environment, development of the productive sectors and tourism industry, promotion of small and medium sector industries along with pushing more reform and enhancing the credibility of capital market and other financial markets have been challenges for the speedy and sustainable growth of the economy.

Despite some volatility in the Nepalese securities market, the market reform and development initiatives undertaken by the Board has resulted in the increased public participation and securities market sailed ahead smoothly during FY 2016-17. In the recent years, Board has been making effort to give new direction by bringing new policy and programme with an objective to develop securities market capable of supporting economic growth and on the other hand by building investment friendly environment though investor protection measures.

In the Budget Speech of FY 2016-17, the Government of Nepal announced to allow 15 percent rebate in the income tax to encourage the listing of real sector companies, and subsequently the Board in order to further encourage the real sector companies has implemented the legal provision with the approval of Ministry of Finance that allow Initial Public Offerings of 10 percent minimum and primary issue at premium. Accordingly Securities Registration and Issue Regulations, 2017 and Securities Issue and Allotment Guidelines, 2018 were issued thus moving from fixed pricing regime to free pricing regime with some cap. In order to mobilise domestic resources for infrastructure development thereby containing the foreign exchange rate fluctuation risk, provision has been made enabling international financial institutions to issue local currency Bonds thus adding a new dimension in the market.

In order to facilitate initial offerings (IPOs) process by making it technology friendly and broadening the market to give countrywide reach, the Board has introduced application supported by blocked amount (ASBA) system and with this the primary markets has been expanded and its access reached to 77 districts through 2500 branches of Banks and Financial Institutions. Similarly, the Board has implemented a provision to allot minimum 10 units making Primary Issue market within increased reach of general public. The Board has implemented code of conduct to maintain the internal governance by restricting the staffs to buy and sell the shares. The Board has also decided to introduce the Code of Conduct for the Board Members to be applicable from mid - July 2017.

In the absence of regulatory mechanism for commodity derivative exchange, the Parliament has enacted Commodity Derivative Exchange Act with a provision of promoting and operating derivative markets, investor protection, commodity trading, clearing and settlement and warehouse operation provisions and vested Board with the responsibility to regulate the commodity derivative markets. This new responsibility adds opportunities and

challenges to the Board and the Board has taken it as an opportunity to regulate and develop the market.

SEBON has completed 24 years and entered 25th year on 8 June 2017 and has been celebrating Silver Jubilee by managing and conducting various programmes/events. The Board moves forward to celebrate it not merely a celebration but also with a determination to enhance the size and scope of the market, promote the interest of investors, develop securities markets as a reliable sector contributing to economic growth. After becoming the Associate Member of International Organisation of Securities Commissions (IOSCO) in last year, the Board bears the responsibility to transform the Nepalese capital markets to international standards and has a challenge to have technology, infrastructure, competent human resources, legal structure and regulatory capacity accordingly. The Board is firmly committed to move forward to make the securities markets of international standards, technology and investor friendly with fair, transparent and effective market with the support of Government of Nepal and other stakeholders.

Lastly, I would like to express thanks to Ministry of Finance, Ministry of Law, Justice and Parliamentary Affairs, Office of Registrar of Companies, Nepal Rastra Bank, Insurance Board, Institute of Chartered Accountants of Nepal, Federation of Nepalese Chambers of Commerce and Industries, Nepal Stock Exchange Ltd., CDS and Clearing Ltd and all other market participants for contributing to the development of securities markets from their respective field. Similarly I would like to express gratitude to IOSCO for recognising Nepalese securities markets and enabling it to make it of international standards and other international institutions including South Asian Securities Regulators' Forum (SASRF), Associations of National Numbering Agencies (ANNA), Asia Forum for Investor Education (AFIE), Organisation of Economic Cooperation and Development (OECD), Asia-Pacific Economic Cooperation (APEC), United States Securities Exchange Commission (US SEC), Australian Securities and Investment Commission (ASIC), Securities and Exchange Board of India (SEBI), Securities Exchange Surveillance Commission, Japan, Otoritas Jasa Keuangan (OJK), Indonesia for their support and cooperation.

While expressing gratitude for the creative contribution of the Members of Governing Board of SEBON and in order to move forward for reform and development initiatives in the recent years, I would like to express special thanks to the Executive Directors, Directors and all other staff members committed to development and reform of the market.

November 15, 2017

**Dr Rewat Bahadur Karki**  
Chairman

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## Part I

### Review of Economic Status

#### 1.1 World Economic Outlook

With the revival in economic activities of developed countries, world economy seems to be in upbeat condition. According to World Economic Outlook published by International Monetary Fund (IMF) in October 2017, the world economic growth is estimated to have increased by 3.2 percent in 2016 to 3.6 percent on 2017. With the improvement in economic activities including investment, production and trade in the developing countries and higher share of emerging and developing economies in the world economy, the world economy is projected to have marginal growth. The IMF analyses world economic scenario by bifurcating into developed economy and emerging or developing economy.

#### Economic Growth

The developed economies with a growth of 1.7 percent in 2016 is projected to grow by 2.2 percent in 2017. Of the group of developed countries comprising United States of America, Canada, Japan, France, United Kingdom, Germany, Italy, American economy that grew by 1.8 percent in 2016 has been projected to grow by 2.2 percent in 2017 and the Euro Area economy that grew by 1.5 percent in 2016 is projected to grow by 2.1 percent in 2017. Similarly Japanese economy that grew by 1.0 percent in 2016, is projected to grow by 1.5 percent in 2017 owing to increase in net export.

Emerging and developing economy that cover notable share in the world economic output with 4.3 percent growth rate in 2016 is projected to grow by 4.6 percent in 2017. Indian economy maintaining vibrant growth among the South Asian Countries with economic reform programme, supply ease and policy reform attributed to 7.1 percent growth in 2016 has been projected to grow by 6.7 percent in 2017. Similarly IMF has projected Chinese economy to grow by 6.8 percent in 2017. Chinese economy grew by 6.7 percent in 2016. Economies of South Asia excluding Bangladesh, Bhutan and India, are also projected to grow in 2017 as compared to 2016. According to IMF, the SAARC economy that grew by 6.8 percent in 2016 will record only 6.6 percent growth due to some deceleration in the growth of Indian economy, largest in the region. Similarly, ASEAN economies with growth rate of 4.8 percent in 2016 has been projected to grow marginally to be at 5.1 percent in 2017.

SN	Particulars	Year			
		2014	2015	2016	2017 *
1	World Output	3.5	3.4	3.2	3.6
2	Developed Economy	2.0	2.2	1.7	2.2

3	Emerging and Developing Economies	4.7	4.3	4.3	4.6
4	Emerging and Developing Asian Economies	6.8	6.8	6.4	6.5
5	Middle East and South African Economies	2.7	2.7	5.0	2.6
6	Emerging and Developing European Economies	3.9	4.7	3.1	4.5
7	European Union Economies	1.7	2.3	2.0	2.3
8	USA	2.4	2.9	1.5	2.2
9	Japan	0.0	1.1	1.0	1.5
10	China	7.3	6.9	6.7	6.8
11	South Asian Countries				
	Bangladesh	6.3	6.8	7.2	7.1
	Bhutan	4.0	6.1	6.2	5.9
	India	7.2	7.9	7.1	6.7
	Maldives	6.0	2.8	3.9	4.6
	Nepal	6.0	2.7	0.4	7.5
	Sri Lanka	4.9	4.8	4.4	4.7
	Pakistan	4.1	4.0	4.5	5.3
	Afghanistan	1.3	0.8	2.4	2.5
<i>Source: World Economic Outlook, October 2017, IMF and Economic Survey 2016-17, Government of Nepal *Projected</i>					

## Price Situation

World economy seems to be under continued inflationary pressure due to raise in prices in the commodity market including energy. In advanced economies, inflation is forecast to increase from 0.8 percent in 2016 to 1.7 percent in 2017 according to IMF. Inflation in emerging market and developing economies is projected to decrease slightly from 4.3 percent in 2016 to 4.2 percent in 2017. Similarly, inflation in emerging and developing Asia is projected to slightly decrease from 2.8 percent in 2016 to 2.6 percent in 2017 owing to stable price in China and decrease in prices of food items in India.

## Global Trade

The world trade is projected to increase by four percent in 2017 with the resurgence in the developed economies. In 2016 the world trade of commodity and service increased by 2.4 percent. In 2017 both the import and export component is projected to grow, however, IMF projects import growth shall remain higher in the Emerging and Developing economies in 2017.

Specially, due to resurgence in the economic activities in the advance economies and positive growth in the emerging and developing economies contributing more in global output, IMF projected the global economy to expand marginally.

## **1.2 Nepalese Economic Outlook**

Nepalese economy rebounded in the Fiscal Year 2016-17. As compared to zero growth last year impacted by April/ May 2015 earthquake and trade disruptions in the border, this review year witnessed economic resilience due to higher agricultural production with favourable monsoon, end of load shedding, less disruption due to mass protest and strikes. Similarly, monetary and financial sector and government finances remained positive whereas external sector remained mixed.

### **Real Sector and Inflation**

According to the National Accounting Statistics published by Central Bureau of Statistics, Nepal's Gross Domestic Product (at base price) has been estimated to grow by 6.94 percent in 2016-17 which is a record since 1993-94. The growth rate was virtually zero (0.01) in the previous fiscal year. While averaging the growth rate of 2016-17 over the two years annual growth remains at 3.5 percent. Central Bureau of Statistics estimates growth of agricultural and non-agricultural sector 5.29 percent and 7.74 percent respectively in the review year. In the last year agricultural sector had negative growth of minus 0.01 percent and non-agricultural sector had a growth 0.03 percent. The estimate of growth in agricultural sector and non-agricultural sector remained 6.90 percent and 10.97 percent respectively. In the Industrial sector industrial production is estimated to have 9.7 percent growth which was 8 percent in the last year.

Similarly, growth in Hotel and Restaurant under the service sector that was negative by 9.68 percent in the fiscal year 2015-16, has higher growth of 7.09 percent in the review year. Impressive growth was due to ease in supply of fuel and raw materials, smooth supply of electricity being favourable situation for industrial sector owing to less strikes and protests, greater inflow of tourists, and improvement in domestic flow. The financial inter-mediation sector that had 8.55 percent growth in 2015-16 increased by 6.72 percent in the review year as per the preliminary estimate. The agriculture sector is estimated to contribute 29.37 percent and non-agriculture sector contribute 70.63 percent of the gross domestic product. As of the later years the contribution of agriculture sector on GDP is declining and that of non-agriculture sector is increasing, resulting the gradual structural changes. The service sector component of non-agriculture sector has maintained higher expansion.

In the review period, the GDP growth rate superseded population growth rate resulting in the increase in per capita income. This year the Gross Domestic Savings to GDP ratio has increased whereas consumption to GDP ratio noted slight decrease. The share of gross capital formation in the GDP is estimated to have increased in 2016-17 as compared to the previous fiscal year.

Because of the base of high price rise in the last year, increase in agricultural production and ease in overall supply position resulted in a lower inflation of 5.1 percent In the FY 2016-17. The rate of inflation was 9.7 percent in the last year.

### **Monetary and Financial Sector**

The monetary indicators remained within desirable limit while financial indicators remained positive. Growth of the broad money and narrow money supply were 14 percent and 16 percent respectively in the review year which were 18.5 percent and 19.5 percent respectively in the last year. Similarly, rate of increase of credit flows to the private sector and deposit with the financial sector have shrunk to some extent to 20 percent and 16.6 percent respectively in the FY 2016-17. In the last year the respective growth rates were 23.2 and 19.8.

Despite the expansion in economic activities, the issue of shares through right issue, further public offerings and bonus share issue by bank and financial institutions to meet the capital requirement as directed by the Nepal Rastra Bank increased the supply of shares, low demand of share, liquidity problem and interest rate rise in the financial markets caused a fall in the NEPSE Index. The Index declined by 7.89 percent from 1718.15 points at the end of FY 2015-16 to 1582.67 at the end of 2016-17. Primary Market has been attractive and active with the introduction of ASBA system in a way to restructuring it by SEBON. There were mobilisation of capital Rs.59.39 billion in the review year, more than two times of Rs.18.99 billion in the last year.

### **Government Finance**

Government finance situation was positive in the review year as compared to the last year. In the review year revenue is estimated to have increased by 20.2 percent and current expenditure and capital expenditure growth are estimated to be 51.3 percent and 112.6 percent respectively. Last year the these expenditure growths were 9.4 percent and 38.7 percent respectively. Last year the expenditure was affected by the border disruption and the removal of the such disturbance helped for unusual growth in the review year. In the FY 2016-17 budget deficit based on cash flows increased to Rs.125.61 billion which was Rs. 49.83 billion in last FY. In the last FY the budget deficit was 1.7 percent of GDP which increased to 4.8 percent in this review year. The three tier government structure under federal system may require more resources for the management of the structure, which coupled with the resource need for reconstruction and new development, may push up more for budget deficit.

### **External Sector**

The external sector noted mixed performance in the FY 2016-17. Export of goods increased by 12.8 percent in the review year that was declined by 24.9 percent in the last year. Similarly, compared to 13.9 percent decline in import in the last year, it surged by 44.2 percent in the review year. However, rate of export growth was quite lower compared to the growth in

import. Similarly, the rate of increase of remittance inflows has somewhat decelerated in the review year. In 2016-17 rate of increase in remittance inflows was 5.1 percent which was 7.7 percent in the previous year. As such sharp increase in import, slowdown in remittance inflows, and the decrease in balance of payment resulted to Rs.82.15 billion savings and Rs.10.13 billion current account deficit. This has resulted in shrinkage of foreign exchange reserve which is sufficient to cover the import of goods and services for 11.4 months only which was enough to cover for 14 months in the last year. Summary status of Nepal's macro economy has been presented in Table 1.2.

<b>Table 1.2</b>					
<b>Overall Macro Economic Condition of Nepal</b>					
S.N.	Particulars	Unit	Fiscal Year		
			2014.15	2015.16	2016.17
1	<b>Real Sector and Price</b>				
	a) Real Economic Growth	Percentage	2.97	0.01	6.94
	Agricultural	Percentage	1.12	-.01	5.32
	Non-Agricultural				
	Industry	Percentage	1.42	-6.45	10.97
	Service	Percentage	4.63	2.06	6.90
	b) Per Capita Gross National Income	US Dollar	778	757	862
	c) Gross Consumption / GDP Ratio	Percentage	90.80	96.20	89.70
	d) Gross Domestic Saving / GDP Ratio	Percentage	9.20	3.80	10.30
	e) Gross National Saving / GDP Ratio	Percentage	44.10	40.00	43.80
	f) Gross Fixed Capital Investment / GDP Ratio	Percentage	5.20	7.10	7.30
g) Average Annual Inflation	Percentage	7.20	9.90	5.90	
2	<b>Monetary and Financial Sector</b>				
	a) Narrow Money (M1)	Percentage	19.70	18.50	14.0
	b) Broad Money (M2)	Percentage	19.90	19.50	16.0
	c) Lending Growth in Private Sector	Percentage	19.40	23.20	20.0
	d) Gross Saving Growth	Percentage	20.0	19.80	16.60
e) Capital Market: NEPSE Index	Points	961.23	1718.15	1562.67	
3	<b>Government Finance Sector</b>				
	a) Revenue Growth	Percentage	13.80	18.70	20.20
	b) Government Expenditure Growth	Percentage	22.20	13.10	55.70
	c) Budget Deficit (Based on Cash Flow)	Rs. Billion	45.88	49.83	125.61
d) Gross Outstanding Loan	Rs. Billion	544.90	627.80	624.50	
4	<b>External Sector (Foreign Trade and Payment)</b>				
	a) Export Growth	Percentage	-7.30	-17.80	12.0

Export / GDP Ratio	Percentage	4.00	3.10	3.0
b) Import Growth	Percentage	8.40	-0.10	25.70
Import / GDP Ratio	Percentage	36.40	34.40	37.40
c) Export / Import Ratio	Percentage	11	9.10	8.10
d) Increase in Trade Deficit	Percentage	10.8	2.0	27.0
Trade Deficit / GDP Ratio	Percentage	-32.4	-31.3	-34.4
e) Terms of Trade (Average Change)	Percentage	12.8	22.2	9.1
f) Current Account Balance	Rs. Billion	108.3	140.4	10.1
g) Balance of Payment	Rs. Billion	145.0	189.0	82.6
h) Foreign Currency Reserve (Capacity to import Goods and Service)	Months	11.19	14.09	11.88

*Source: Economic Survey 2016/17, Ministry of Finance and Nepal Rastra Bank.*

In the review year Nepal's economic growth remained significant under special circumstances, however, there is a challenge to achieve a high, sustainable, broad based and inclusive growth in the economy. Attaining the status of developing country in 2022 by reducing poverty, inequality, unemployment and foreign dependency and achieving sustainable development objective thereby reaching to a level of middle income country by 2030 has been a major challenge. Also creating infrastructure as required to meet the need of federal governance structure and enabling effective distribution and mobilisation of resources in achieving overall economic stability with development has been another major challenge.



## Part II

### Securities Markets Status

#### 2.1 Global Securities Markets

World securities markets situation remained mixed up till the mid-2017. Encouraging growth in the American securities markets which claims the highest share in the global market capitalisation, has contributed to substantial increase in the world market capitalisation whereas trading volume and trading amount both have decreased owing to decrease in the Asia Pacific region which cover the higher number of transaction globally.

NYSE composite index of US increased by 6 percent from 11,056.89 points in December 2016 to 11,761.70 points in June 2017. Similarly, FTSE100 based on 100 listed companies of London Stock Exchange, increased by two percent from 7142.83 points in December 2016 to be at 7312.72 points in December 2017. During the same period, Nikkei 225, a price weighted Index based on the 225 listed companies with higher rating increased by about five percent which was 19,114.37 points in December 2016 and reached to 20,033.43 points in June 2017.

Shanghai composite index based on share prices of A and B category companies listed in Shanghai Stock Exchange, China, increased by three percent to be at 3192.42 points in July 2017 which was 3,103.64 points in December 2016. S&P BSE 500 index based on share price of top 500 listed companies in the Bombay Stock Exchange, increased by two percent to reach at 13,207.42 points in June 2017 from 10,781.37 points in December 2016. Thus indexes of some major securities markets were seen increases. The indices of some major securities market are presented in Table 2.1.

<b>Table 2.1</b>					
<b>Major Equity Market Indices of Globe</b>					
S.N.	Index	Base Points	2016 December	2017 June	Percentage Change
1	NYSE Composite Index	5000	11056.89	11761.70	6.37
2	FTSE100	1000	7142.83	7312.72	2.83
3	Nikkei 225	225 Divisor	19114.37	20033.43	4.8
4	Shanghai Composite Index	100	3103 .63	3192.42	2.86
5	S&P BSE 500 Index	1000	10781.37	13207.78	2.25

*Source: Bloomberg*

As per the data published by World Federation of Exchanges, WFE at the end June 2017, the total capitalisation of world stock exchanges increased by 7.8 percent to be 78.29 trillion dollars which was 72.64 trillion dollars on December 2016. As per the WFE data, American



region securities markets had highest market capitalisation in the global securities markets at the end of June 2017. In the review year the market capitalisation of the American region increased by 5.7 percent whereas Asia Pacific region and Europe, Middle East Asia and African, EMEA region increased by 8.8 percent, 10.3 percent respectively.

Asia Pacific Region with the highest share in terms of number of transaction and amount, however, decreased by 9.5 percent and 3.5 percent respectively in the review year, this eventually decreased the world's number of transaction and transaction amount by 1.5 and 4.7 percent respectively. In the review year EMEA region witnessed growth of number of transaction and amount by 13.1 percent and 9.3 percent respectively.

In the review year, number of listed companies in the world securities markets increased by 0.3 percent. The number of listed companies in American and EMEA Region decreased by 0.1 percent and 2.1 percent respectively and Asia Pacific Region which share higher number of listed companies witnessed 1.4 percent increase.

Thus, world securities market based on different indices seen mixed in the review year. The status of securities markets of the SAARC region is presented in Table 2.2.

<b>Table 2.2</b>								
<b>Securities Market Status of SAARC Region in 2016</b>								
<b>Index</b>	<b>Unit</b>	<b>India**</b>	<b>Nepal</b>	<b>Bhutan</b>	<b>Pakistan</b>	<b>Sri Lanka</b>	<b>Bangladesh</b>	<b>Maldives</b>
Primary Issue	US Dollar (In million)	9,142.29	548.38	-	78.89	548.29	118.18	*
Listed Companies	Number	7,653	208	21	559	298	294	10
Stock Exchange	Number	5.00	1	1.00	1.00	1.00	2.00	1.00
Annual Transaction Amount	US Dollar (In million)	891,762	1892.93	4.92	*	1,214	15,132	*
Average Daily Transaction	US Dollar (In million)	4,794.42	8.23	*	124.21	5.06	62.79	*
Transaction days	Day	186	230	*	*	240	241	*
Market Capitalisation	US Dollar (In million)	3,554,713	17143.66	340	73,638	17971	43,470	*
Transaction / Market Capitalisation	Percent	25.09	11.04	1.44	*	6.44	34.81	*
Market Capitalisation / GDP	Percent	158.96	71.44	16.10	26.00	24.50	19.70	*
Exchange Rate	One US Dollar	67.89	108.31	66.77	103.05	145.71	76.94	*

*Source: Annual Report of concerning regulatory bodies and stock exchanges*  
\* Not Available \*\* Data only from BSE and NSE is included

## 2.2 Nepalese Securities Markets

In the Fiscal Year 2016-17 the reform and development undertaken by SEBON has triggered to increase public participation and an encouraging movement in the overall securities markets. In this period increased supply of securities affecting balance in the demand and supply of

securities and some contraction in liquidity beginning from the first quarter of the review year, securities markets witnessed some volatility. Similarly, 12 companies were listed in the review year whereas the overall number of listed companies had a normal decrease due to merger and acquisition of bank and financial institutions that claim major share in the total listed companies.

There were increase in the number and value of equity share of corporate bodies mobilising capital from the primary market. In the review year the issue of right share and mutual funds had made a threefold increase. Similarly, indicators other than the trading value and number, float market capitalisation in secondary market were witnessed normal decrease in the review year.

With the introduction of ASBA system and other structural reform made by the Board in the primary market which being technology friendly in facilitating both issuer and investor, investors along with issuing companies getting attracted to this market. With the stock trading in the full d-mat form since Mid-January 2015, stock trading increased, however, due to capital increase of bank and financial institutions that occupy a large chunk of listed shares, NEPSE index and market capitalisation decreased to some extent. The brief review of securities markets is presented in Table- 2.3

<b>Table 2.3 Outlook of Securities Markets</b>					
<b>Particulars</b>	<b>Fiscal Year</b>			<b>Change Percentage</b>	
	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2015/16</b>	<b>2016/17</b>
Number of Public Issue	48.00	55.00	101.00	14.58	83.64
Amount of Public Issue (Rs. in billion)	14.44	18.99	59.39	31.51	212.74
Capital Mobilisation through Securities Market (Including Bonus Share)	29.65	40.05	94.19	35.08	135.18
Number of Listed Companies	232.00	230.00	208.00	-0.86	-9.57
Paid up capital of listed companies	157.58	204.02	289.60	29.47	41.95
Annual Turnover (Rs. in billion)	65.43	164.65	205.02	151.64	24.52
Number of Transaction Days	216	233	230	7.87	-1.29
Market Capitalisation (Rs. in billion)	989.40	1890.13	1856.82	91.04	-1.76
Float Market Capitalisation (Rs. in billion)	318.72	632.66	641.69	98.50	1.43
Nepse Index	961.23	1718.15	1582.67	78.74	-7.89
Nepse Float Index	68.47	125.41	116.14	83.16	-7.39

*Source: Securities Board of Nepal and Nepal Stock Exchange*

In the past two years number of listed stocks were increased significantly (82 percent) thus increasing the supply of securities. However, the demand for securities did not increase amidst tight money market situations and likely pressure in interest rate, there is likely to be a bearish secondary markets in the fiscal year 2017-18. Similarly, increasing attraction of public in

the securities markets, increased scope of secondary market with the initiation of full-fledged dematerialised trading of securities, initiative to facilitate entry of non-resident Nepali are expected to increase trading value and quantity to some extent. In the primary market country wide reach of public issue under ASBA system made, real sector companies enabled to issue shares publicly to a minimum 10 percent through the amendment in the Securities Registration and Issue Regulations, 2017 and with provision of permitting to issue shares at premium by real sector companies are expected to boost the primary market.

Commodities derivative markets has also been brought under the regulatory jurisdiction of Board, Board enhanced the scope of merchant bankers by permitting corporate advisory services in their businesses and is drafting new alternative investment vehicle Regulations to increase the scope of fund mobilisers and to provide additional investment avenue to the investors. These initiative would attract more investors adding to a new dynamism in the securities markets. As a requirement for obtaining membership of IOSCO securities regulator need to have access to the bank account of the investor for investigation in securities related crimes and accordingly Board entered into a memorandum of understanding (MoU) with Nepal Rastra Bank, thereby helping to improve investigation and build fair and transparent securities markets. Similarly, the increase in capital of broker firms and with it minimising the systemic risk and initiative to introduce margin trading facilities through brokers and secondary trading going fully online will further encourage investors thereby boosting confidence of investors in secondary market. The details of primary and secondary markets are described below:

### **2.2.1 Primary Market**

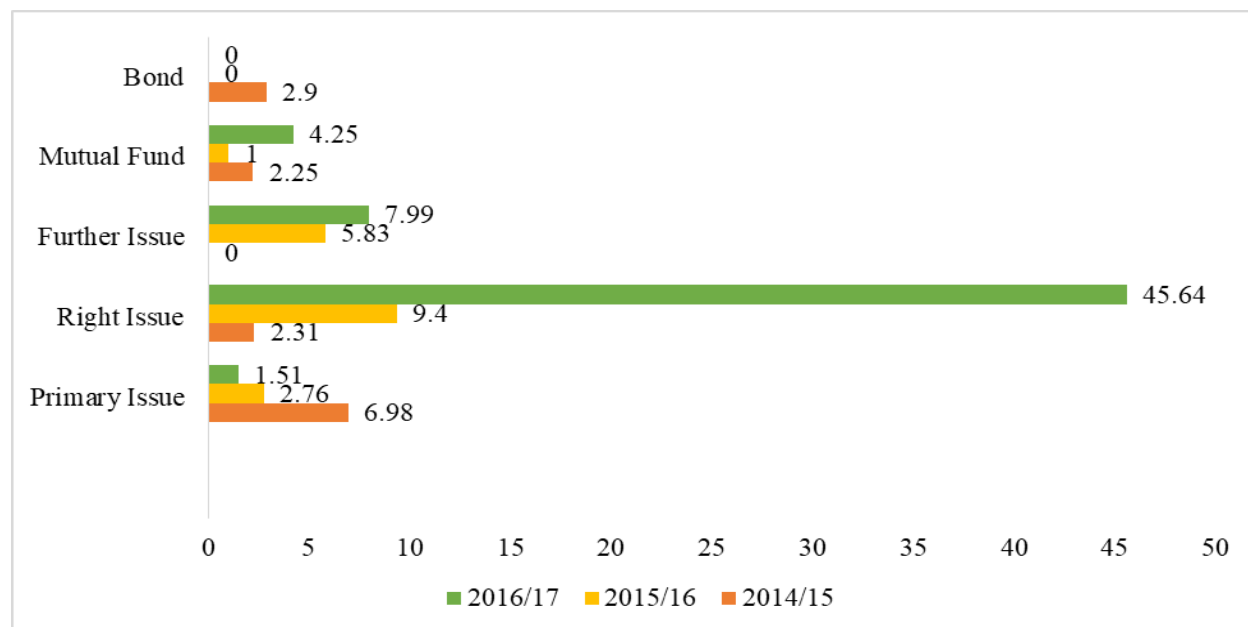
In the past three fiscal years corporate bodies mobilised capital through initial public offerings, rights issue and further public offerings and also mutual funds issued various schemes in the primary market. In the fiscal year 2016-17, primary issue of equity shares Rs.1.51 billion, rights issue Rs.45.64 billion, further public offerings Rs.7.99 billion and mutual fund schemes worth of Rs.4.25 billion making a total of Rs.59.39 billion mobilised, an increase of more than double from Rs.18.99 billion in the last year. Rights share issue had been more than four times from last year as bank and financial institutions increased capital through the issue of rights shares to increase the capital showing substantial increase in capital issue. Hydropower sector companies claim higher share in the corporate equity issues. So there is emerging trend that hydropower generation companies have increasingly mobilised needed capital through the primary market. Similarly, banks and financial institutions issuing rights shares to meet the capital requirement stipulated under the directive of Nepal Rastra Bank remarkably increased the issue of rights shares.

Listed companies had not issued any bonds since they issued Rs.2.9 billion bond in FY 2014-15. Similarly, preference share issue was also absent since Rs.400 million was issued in FY 2006-07. Primary market data for the last three years is presented in Table- 2.4 and Chart 2.1.

Table 2.4 Trend of Primary Market (Rs. in billion)										
Particulars	Fiscal Year						Percentage Change			
	2014/15		2015/16		2016/17		In terms of Number		In terms of Amount	
	Unit	Amount	Unit	Amount	Unit	Amount	2015/16	2016/17	2015/16	2016/17
Primary Issue	18	6.98	14	2.76	17	1.51	-22.22	21.43	-60.46	-45.29
Right Issue	22	2.31	37	9.40	76	45.64	68.18	105.41	306.93	385.53
Further Issue	-	-	3	5.83	4	7.99	-	33.33	-	37.05
Mutual Fund	3	2.25	1	1.00	4	4.25	-66.67	300.00	-55.56	325.00
Bond	5	2.90	-	-	-	-	-	-	-	-
Bonus Share	113	15.21	118	21.06	164	34.80	4.42	38.98	38.46	65.24
<b>Total (Excluding Bonus Share)</b>	<b>48</b>	<b>14.44</b>	<b>55</b>	<b>18.99</b>	<b>101</b>	<b>59.39</b>	<b>14.58</b>	<b>83.64</b>	<b>31.51</b>	<b>212.74</b>

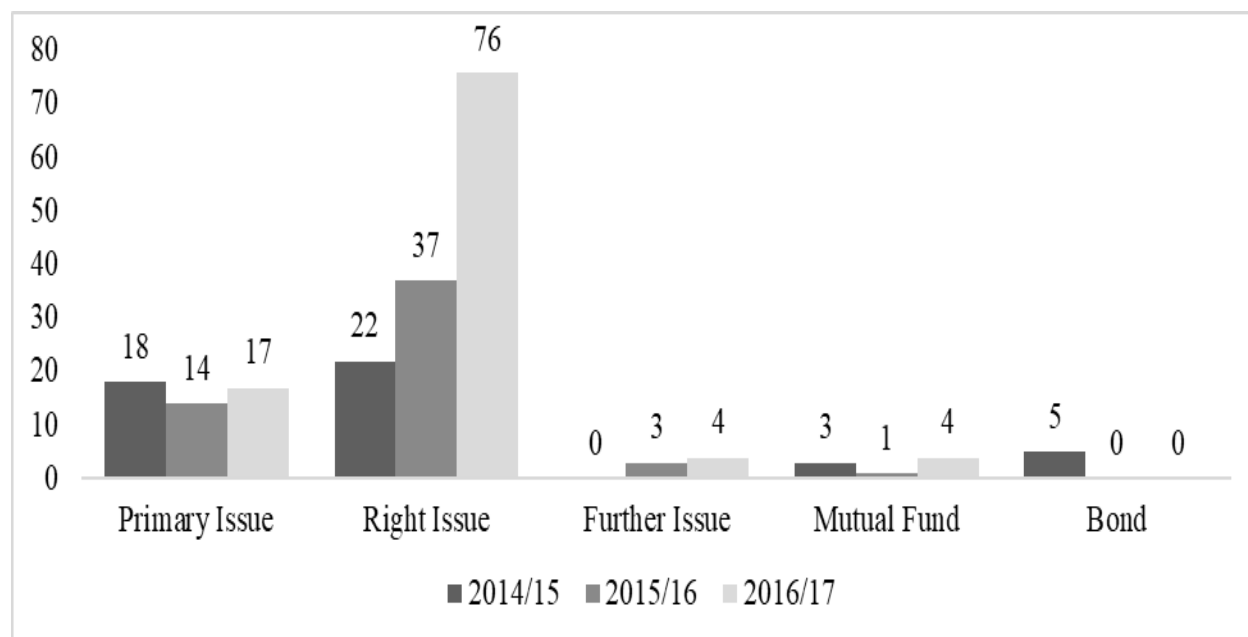
Chart 2.1 Primary Issue of the Securities

Base of the amount (Rs. in billion)



Number of corporate bodies mobilising capital from primary market in the past three fiscal years is presented in Chart 2.2.

**Chart 2.2 Number of Public Issue**



**Sector wise Capital Mobilisation through Primary Market:** Capital mobilisation through primary market while analysed by sector shows 17 public issue and four mutual funds in 2016-17. In the past three years, issuers from hydropower sector were in increasing trends while mutual funds were also increased the issue of new schemes in the securities markets. Similarly, mobilisation of capital through the issue of further public offerings is on increase in past two years. In the review year two banks, one finance company and one insurance company made further public offerings of share. Board, with the increase of further public offerings has issued criteria in premium pricing in further public offerings. The rights issue increased by four fold in the review year as compared to previous year, the rights issue is dominant from commercial banks, development banks and finance companies sectors.

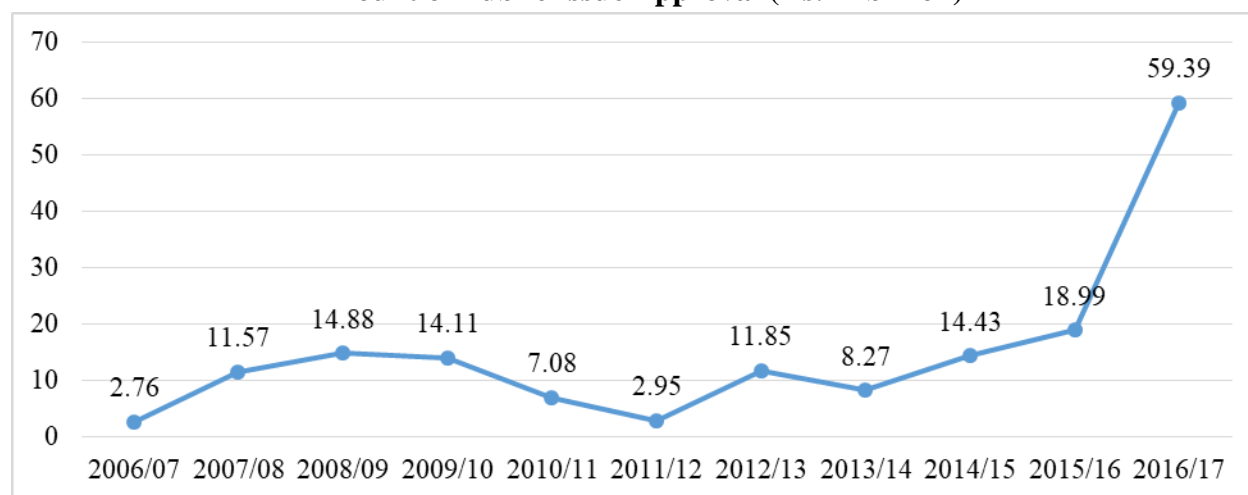
Bank and financial institutions choose rights issue method to meet capital increment as required to comply to the capital increase requirements made by the Nepal Rastra Bank. Similarly, Insurance Board has made capital increase requirements leading to increase the rights issue by insurance companies from the last year. In case of bonus share issue also there is dominance of commercial banks, development banks, finance companies and insurance companies, and the bonus share issue increased by about 67 percent by them in the review year over the last year to meet the capital increase requirements. In the last two year there were preponderance of rights issue while debenture issue was totally absent. The Table 2.5 presents capital mobilisation in the primary market by sector in the past three years.

<b>Table 2.5</b>										
<b>Sector-wise Capital Mobilisation in Primary Market</b>										
<b>Particulars</b>	<b>Fiscal Year (Amount Rs. in billion)</b>						<b>Percentage Change</b>			
	<b>2014/15</b>		<b>2015/16</b>		<b>2016/17</b>		<b>2015/16</b>		<b>2016/17</b>	
	<b>Number</b>	<b>Amount</b>	<b>Number</b>	<b>Amount</b>	<b>Number</b>	<b>Amount</b>	<b>Number</b>	<b>Amount</b>	<b>Number</b>	<b>Amount</b>
<b>Primary Issue</b>										
Bank	2	2.54	-	-	-	-	-	-	-	-
Development Bank	12	0.32	5	0.19	4	0.11	-58.33	-40.63	-20.00	-42.11
Finance Company	1	0.07	-	-	-	-	-	-	-	-
Hydropower	3	4.05	9	2.57	13	1.4	200.00	-36.54	44.44	-45.53
Mutual Fund	3	2.25	1	1	4	4.25	-66.67	-55.56	300.00	325.00
<b>Further Issue</b>										
Bank	-	-	1	5.45	2	3.37	-	-	100.00	-38.17
Finance	-	-	1	0.05	1	0.22	-	-	0.00	340.00
Insurance	-	-	1	0.33	1	4.41	-	-	0.00	1236.36
<b>Right Issue</b>										
Bank	2	0.92	8	7.04	20	30.92	300.00	665.22	150.00	339.20
Development Bank	15	0.84	22	1.41	39	9.71	46.67	67.86	77.27	588.65
Finance Companies	1	0.09	4	0.58	10	2.05	300.00	544.44	150.00	253.45
Hydropower	-	-	1	0.12	1	1.05	-	-	0.00	775.00
Insurance Companies	4	0.46	2	0.25	6	1.9	-50.00	-45.65	200.00	660.00
<b>Bond</b>										
Bank	5	2.9	-	-	-	-	-	-	-	-
<b>Total</b>	<b>48</b>	<b>14.44</b>	<b>55</b>	<b>18.99</b>	<b>101</b>	<b>59.39</b>	<b>14.58</b>	<b>31.51</b>	<b>83.64</b>	212.74
<b>Bonus Share</b>										
Bank	25	10.33	22	14.27	26	22.76	-12.00	38.14	18.18	59.50
Development Bank	49	2.35	70	3.33	82	6.87	42.86	41.70	17.14	106.31
Finance Companies	23	0.92	19	1.03	28	1.59	-17.39	11.96	47.37	54.37
Insurance	12	1.21	16	1.85	20	2.80	33.33	52.89	25.00	51.35
Hydropower	3	0.55	1	0.41	5	0.59	-66.67	-25.45	400.00	43.90
Hotel	1	0.12	3	0.27	2	0.18	200.00	125.00	-33.33	-33.33
Trading	-	-	1	0.006	1	0.01	-	-	0.00	66.67
<b>Total (Including Bonus Share)</b>	<b>161</b>	<b>29.92</b>	<b>187</b>	<b>40.16</b>	<b>265</b>	<b>94.19</b>	<b>16.15</b>	<b>34.21</b>	<b>41.71</b>	134.56

**Securities Registration and Prospectus Approval:** According to the Sub-section 1, Section 27 of Securities Related Act, 2006 corporate bodies have to register their proposed securities with the Board before the issuance. Accordingly, in the review year 101 corporate bodies got the securities registered comprising of fresh equity shares, rights share and mutual fund units amounting to Rs.59.39 billion in aggregate. Last year 52 corporate bodies issued securities of worth Rs.18.99 billion. In the review year the growth in number of corporate bodies and the amount of securities registered increased by 77 percent and 70 percent respectively. Out of registered securities, rights issue was 73 percent and initial public issue was 20 percent.

**Primary Issue Approval:** In the review year the Board has approved for the issuance of initial public offerings of shares of 13 issuers- four development banks and nine hydropower companies, amounting to Rs.1.51 billion. Among the issuers four hydropower companies issued to the project affected local and general public. In the previous year 11 companies had obtained ordinary share issue approval amounting to Rs.2.76 billion. Thus the number of issuer increased by 18 percent and amount of issue decreased by 45 percent in the review year. The details of ordinary share approval in the year 2016-17 is depicted in Chart 2.3.

**Chart 2.3**  
**Amount of Public Issue Approval (Rs. in billion)**

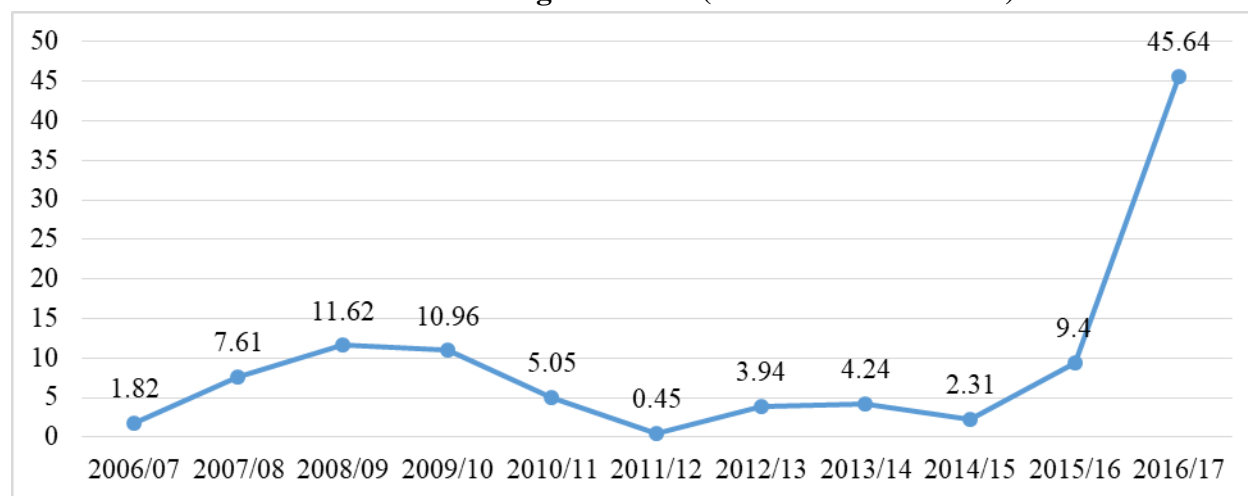


**Rights Share Registration and Issue:** There was notable increase in the issue of rights shares for the expansion of their business in general and for meeting the paid up capital mainly as required by the regulators in the review year. The Board registered rights issue of 71 listed companies with an amount of Rs.45.64 billion from 17 commercial banks, 37 development banks, 10 finance companies, one hydropower company and six insurance companies in the review year. Thus the total number of rights share issue was 76 in the review year. In the last year a total of 37 companies had got the registration of their rights shares worth Rs. 9.40 billion.

In the review year there was 46 percent increase in the number of rights share issue and the amount mobilised through rights issue increased by more than four times as compared to the

last year. The amount of issue Rs.45.64 billion in the 2016-17 is a record issue of the past 25 years. Before this the highest amount of rights issue was only Rs. 11.61 billion in the fiscal year 2008-09. The rights share issue of the past decade is depicted in the Chart 2.4. Similarly the details of the registration and issue of rights shares in the year 2016-17 is presented in Annex-2.

**Chart 2.4 Issue of Rights Shares (Amount in Rs. billion)**

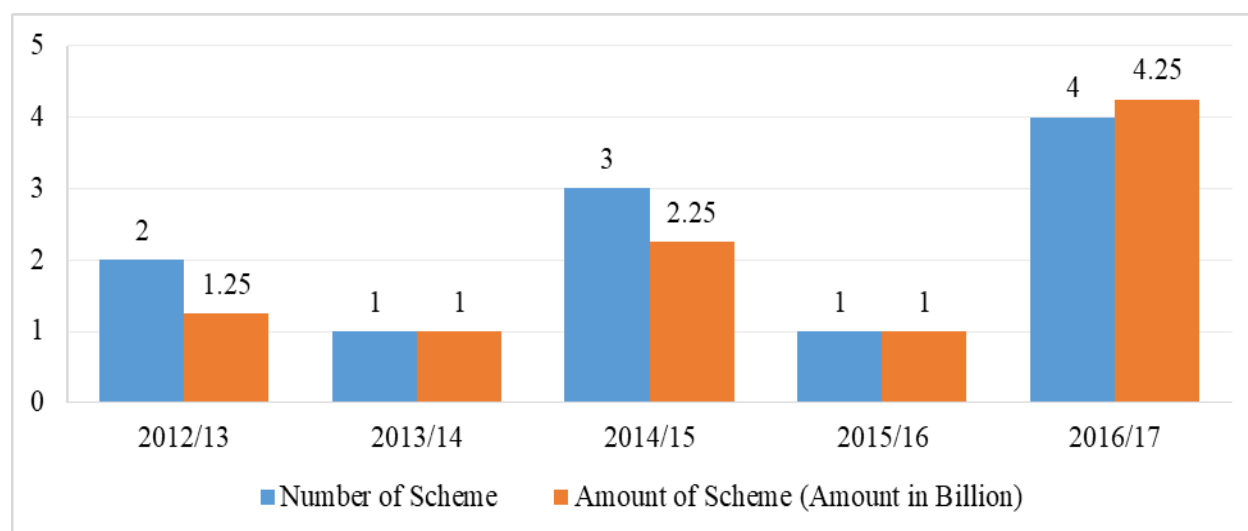


**Registration of Promoters Shares:** In the review year 21 corporate bodies got registered their promoters shares amounting to Rs.3.24 billion.

**Registration of Bonus Shares:** In the review year bonus share issue was increased to expand the business, increase the paid up capital and distribute the return to the shareholders. This year 164 listed companies got their bonus shares worth of Rs.34.79 billion registered which is an increase of 65 percent over the last year. In the review year bonus shares amounting to Rs. 22.76 billion of 26 commercial banks, Rs. 6.87 billion of 82 development banks, Rs. 1.59 billion of 28 finance companies, Rs.2.80 billion of 20 insurance companies, Rs.0.59 billion of five hydropower companies, Rs.0.18 billion of two hotels and Rs.0.01 billion of one trading company were registered at the Board. In the previous year 118 corporate bodies had got their bonus shares of Rs.21.06 billion registered at the Board. The details of bonus share registration in the FY 2016-17 is given in the Annex-3.

**Registration and Issue of Mutual Fund Schemes:** In the review year four corporate bodies got Rs.4.25 billion mutual funds schemes registered at the Board which was an increase of more than three times compared to that of the last year. Last year one corporate body had registered and issued mutual funds schemes of Rs.one billion only. Along with this, the number of mutual funds schemes in operation reached to 11 as of end of review year. The details of mutual funds schemes registered and issue approval in the fiscal year 2016-17 are presented in Annex-4. Further, the trends of mutual funds schemes issued in the last five years are depicted in Chart 2.5.



**Chart 2.5 Registration and Issue of Mutual Funds Schemes**

### 2.2.2 Secondary Market

In the FY 2016-17 the status of secondary market was mixed. Some important indicators reflected a positive trend whereas some other reflected negative trend. In the review year the number of listed companies registered a decrease due to merger and acquisition of banks and financial institutions but the trading amount registered notable increase in the review year. Last year indicators including NEPSE index, NEPSE float index and market capitalisation surged notably, however, the positive trend could not continue in the review year. Trading value of Rs. 163.95 billion in 2015-16 increased by 25.05 percent to be Rs.205 billion in the review year. Average daily turnover reached to Rs.900 million in 2016-17, an increased by 26.15 percent from Rs.710 million in the previous year. Market capitalisation registered a small decrease of 1.76 percent from the previous year to be Rs.18.57 billion. On the other hand float market capitalisation registered a marginal increase of 1.43 percent to be Rs. 642 billion. However, the NEPSE index decreased by 7.89 percent to close at 1582.67 points at the end of the review year. Similarly, float index decreased by 7.39 percent from 125.41 points in 2015-16 to be 116.14 points at the end of review year.

In the review year rights and further public offerings of listed companies increased the supply of equity shares and increased in interest rate in the banking sector had modest impact in the secondary market. Secondary market data of the past three years is presented in Table-2.6.

<b>Table 2.6</b>					
<b>Trend of Secondary Market</b>					
<b>Particulars</b>	<b>Fiscal Year</b>			<b>Percentage Change</b>	
	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2015/16</b>	<b>2016/17</b>
Number of Listed Companies	232	229	208	-1.29	-9.17
Annual Transaction of Securities (Rs. in billion)	65.43	164.65	205.02	151.64	24.52
Average Daily Transaction (Rs. in billion)	30.29	70.66	89.14	133.28	26.15
Total Number of Securities Transacted (In million)	160.0	303.6	392.9	89.75	29.41
Number of Transaction (In thousand)	484	839	1357	73.35	61.74
Number of Listed Securities (In million)	1631.5	2105.4	2965.9	29.05	40.87
Market Capitalisation of Listed Securities (Rs.in billion)	989.40	1890.13	1856.82	91.04	-1.76
Float Market Capitalisation of Listed Securities (Rs. in billion)	281.78	632.66	641.69	98.50	1.43
Transaction Percentage on Market Capitalisation	6.61	8.71	11.04	31.72	26.75
Market Capitalisation to GDP Percentage	46.45	84.10	71.44	81.05	-15.05
Float Market Capitalisation to GDP Percentage	14.96	28.15	24.69	88.14	-12.29
NEPSE Index (Point)	961.23	1718.15	1582.67	78.74	-7.89
Float NEPSE Index (Point)	68.47	125.41	116.14	83.16	-7.39

*Source: Nepal Stock Exchange Ltd and Economic Survey, 2073/74, Nepal Government.*

**Securities Turnover:** In the fiscal year 2015-16 securities of Rs.164.65 billion are traded which increased by 25 percent to Rs.205 billion in the review year. Similarly, average daily turnover stood to be Rs.891.4 million based in the 230 trading days of the review year which was an increase by 26 percent over the last year. The average daily trading amount was Rs.706.6 million in the last year. Sector wise trading shows highest growth (about 197 percent) in the other sector and lowest growth (about 13 percent) in development bank sector. Similarly, the maximum turnover decrease seen to be in the trading sector. In the review year trading in the hydropower sector, promoter share and preference share declined whereas trading of mutual funds registered nearly 70 percent increase. Details of securities traded in the securities markets in the past three years is presented in the Table 2.7

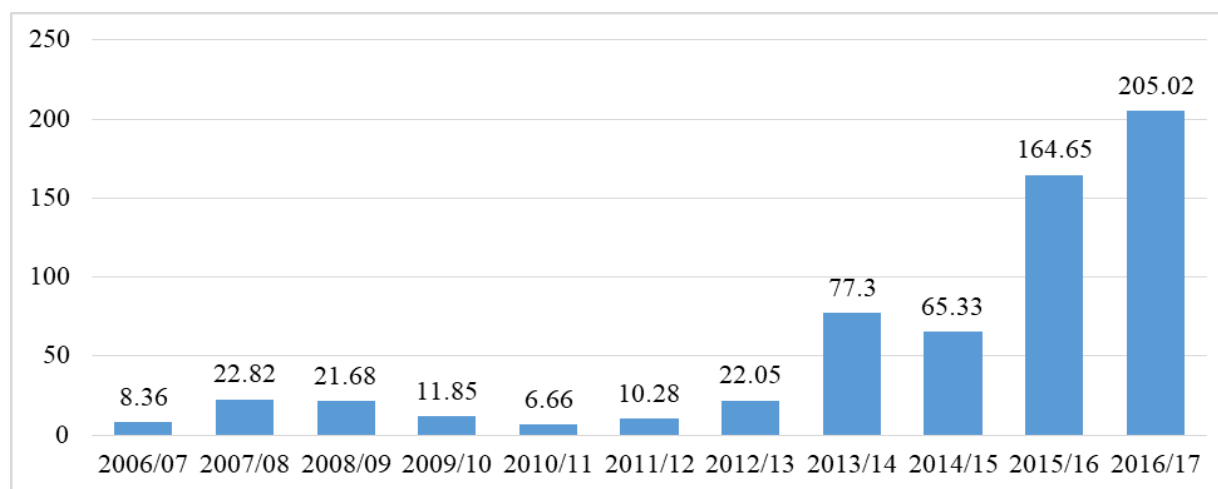
<b>Table 2.7</b>					
<b>Trend of Secondary Market Transaction</b>					
<b>Particulars</b>	<b>Fiscal Year</b>			<b>Change Percentage</b>	
	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2015/16</b>	<b>2016/17</b>
Bank	29,865.1	70,771.9	95,220.3	137.0	34.5
Development Bank	8,516.7	24,943.6	28,125.3	192.9	12.8

Finance Companies	1,601.7	4,579.0	5,595.1	185.9	22.2
Insurance	8,948.7	38,985.1	50,817.0	335.7	30.3
Hydropower	6,687.3	10,185.7	7,697.8	52.3	-24.4
Manufacturing and Processing	185.4	232.1	396.3	25.2	70.8
Trading	16.5	14.1	4.9	-14.1	-65.4
Hotel	1,063.2	1,116.4	1,592.5	5.0	42.7
Other	481.5	914.3	2,717.8	89.9	197.3
Mutual Fund	384.7	1,113.7	1,886.9	189.5	69.4
Preference Share	29.3	78.2	52.2	166.9	-33.3
Promotor Share	7,551.7	11,023.7	10,680.9	46.0	-3.1

*Source: Nepal Stock Exchange Ltd.*

In the review year supply of listed securities increased by 40 percent whereas number of traded shares increased by 30 percent to be 3,92,59,8200 units of which 244,213 thousands were equities, 36 thousands were preference shares, 125488 thousand units were of mutual fund schemes with Rs.10 face value of each units and 22859 thousand units of promoter shares. In the previous year 30,35,75,210 units of securities were traded in the secondary market. The trend of trading in secondary market is depicted in Chart- 2.6.

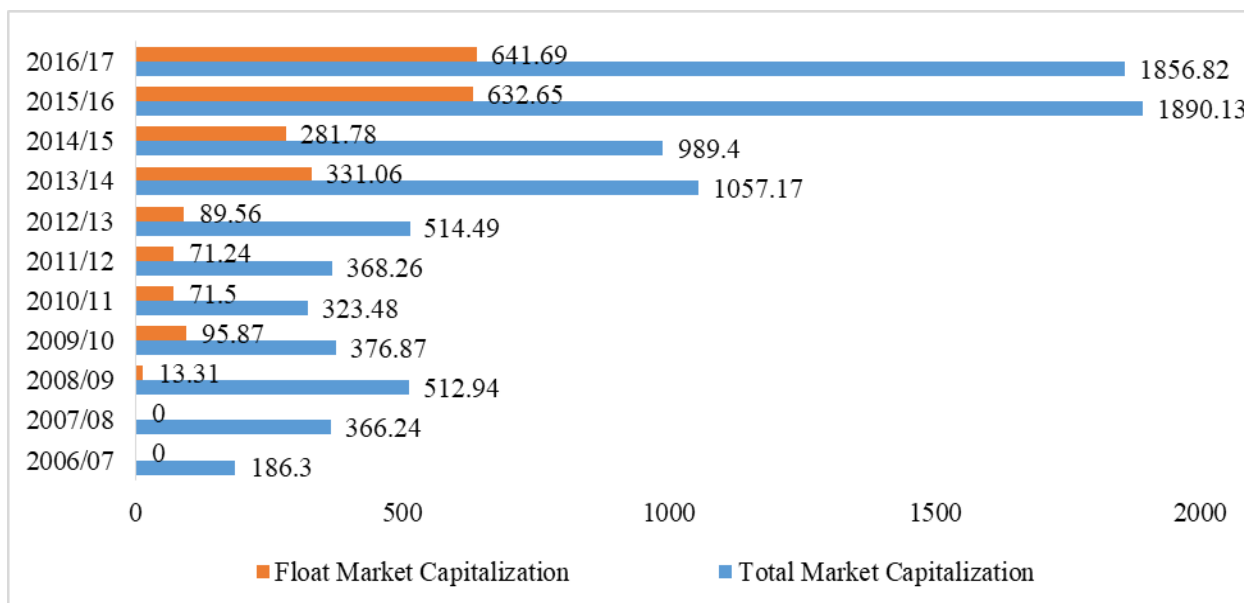
**Chart 2.6 Annual Trading of Securities (Rs. in billion)**



**Market Capitalisation:** Market capitalisation decreased by 1.76 percent from Rs.1890 billion as of the end of the last fiscal year to be Rs.1857 billion as of the end of the review year. Similarly, the market capitalisation of listed companies classified under group 'A' was of Rs.1586 billion which was a decrease of six percent from the last year. However, float market capitalisation based on the equity securities issued to the public, reached to be Rs. 642 billion, an increase by 1.43 percent from Rs. 633 billion at the end last fiscal year.

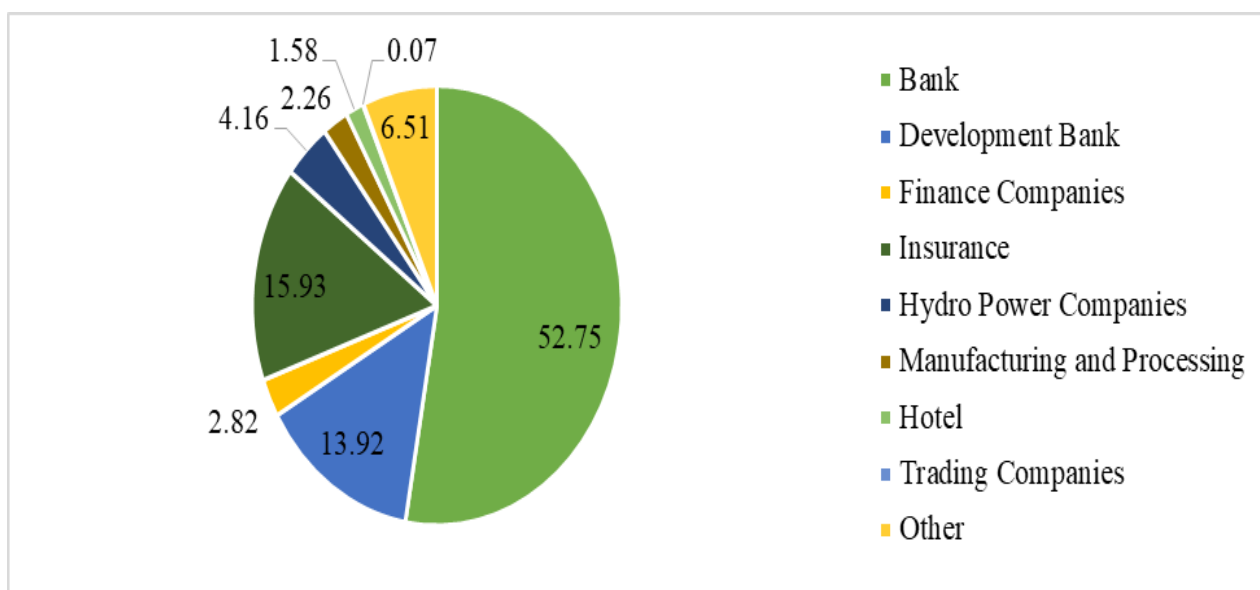
The ratio of total trading value to market capitalisation have increased by 27 percent from 8.71 percent of the last year to 11.04 percent in this FY. Similarly, such ratio based on the floated market capitalisation increased by 23 percent over the last year to be 26 percent in the current fiscal year. Such ratio was 26 percent in the last year. The growth trend of total market capitalisation and float market capitalisation over the past decade is depicted in Chart-2.7.

**Chart 2.7 Total and Float Market Capitalisation (Rs. in billion)**



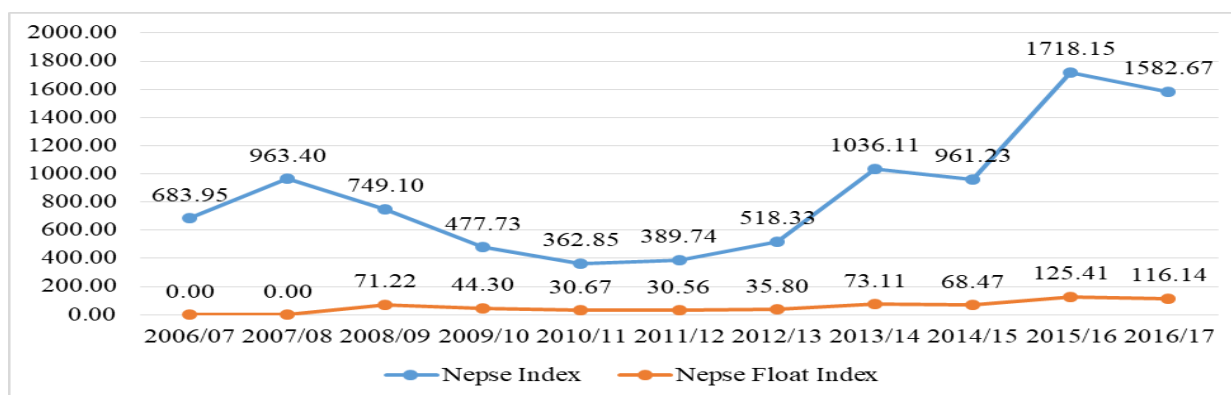
Commercial banks occupied the highest share (nearly 53 percent) in the overall market capitalisation whereas trading sector occupied lowest share (less than one percent). Market capitalisation of fiscal year 2016-17 end classified by sector is depicted in Chart 2.8.

**Chart 2.8 Market Capitalisation by Sector**



**NEPSE Index:** NEPSE index decreased by 7.89 percent from 1,718.15 points at the end of fiscal year 2015-16 to be 1582.67 points at the end of fiscal year 2016-17. In the fiscal year 2016-17 NEPSE index was at its highest of 1881.45 points on July 27, 2016 and lowest of 1252.50 points on February 12, 2017. Similarly, the Float index decreased by about eight percent to be at 116.14 points at the end of review year as compared to the end of last year. Trends of NEPSE index and float index in the last decade is depicted in Chart- 2.9.

**Chart 2.9 NEPSE and Float Indices (points)**



**Listed Corporate Bodies:** Number of listed companies decreased by nine percent to be 208 in the review year. In the last year the number was 229. In the review year 12 new companies (six development banks and six hydropower) were listed, however, due to merger and acquisition of 33 companies resulted in the decline of the number of listed companies. NEPSE has classified listed companies into nine sectors. As at the end of review year the total 208 listed companies comprises 27 commercial banks, 80 development banks, 36 finance companies, 22 insurance companies, 14 hydropower companies, four hotels, 18 manufacturing and processing companies, four trading and three other sector companies. The sectoral classification of the listed companies is presented in Table 2.8.

Table-2.8 Classification of Listed Companies by Sector			
S.N.	Sector	Number of Listed Company	Composition Percentage
1	Commercial Bank	27	12.98
2	Development Bank	80	38.46
3	Finance Companies	36	17.31
4	Insurance Companies	22	10.58
5	Manufacturing and Processing	18	8.65

6	Hotel	4	1.92
7	Trading	4	1.92
8	Hydropower	14	6.73
9	Other	3	1.44
<b>Total</b>		<b>208</b>	<b>100</b>
<i>Source: Nepal Stock Exchange Ltd.</i>			

Similarly, in fiscal year 2016-17 a total of 111 companies classified in Group 'A' with 26 commercial banks, 46 development banks, 15 finance, 19 insurance, three hydropower, one hotel and one from other sector. Since fiscal year 1996-97 NEPSE has been classifying companies in Group 'A' to the companies fulfilling the conditions stipulated under the Securities Listing Bye-laws, 1996 Clause 14 sub-clause (2) such as having Rs.20 million paid-up capital, minimum numbers of shareholders 1000, net profit resulting in last three years, book value of share not less than paid-up capital and having submitted details of performance and having presented income-expenditure statements within six months of the end of the fiscal year.

**Listings of Securities:** In the fiscal year 2016-17 bonus share amounting Rs. 35.17 billion from 173 listed companies were registered for trading in the secondary market whereas rights shares amounting to Rs.30.14 billion from 73 listed companies were registered. In the review year Rs. 5.14 billion shares of 12 corporate bodies and Rs. 572.2 million worth of further public offerings issue were registered at the Board. Further, Rs.3 billion of mutual funds units and Rs.62 billion of government bonds were listed in the secondary market of securities. In the review year Rs. 943.1 million of promoters shares listed in the secondary market.

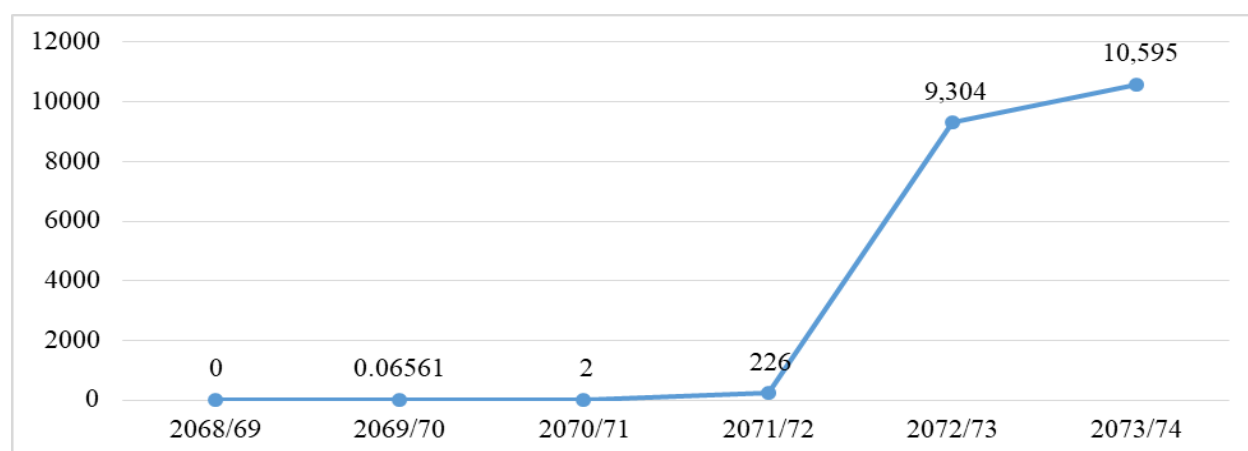
**Paid-up Value of Listed Securities:** In the review year paid-up capital of listed securities increased by about 42 percent to reach Rs.289.59 billion from Rs. 204.02 billion of the last year.

**OTC Market Trading:** Nepal Stock Exchange Ltd had formulated OTC Market Operation Bye-laws, 2008 exercising its right conferred by Section 117 of the Securities Related Act, 2006 and with the approval of the Board in compliance to the Regulation 23 of Stock Exchange Operation Regulations, 2007 and made the same effective from June 4, 2008. Subsequently the shares of very few companies including the share of Nepal Bank Limited were traded but was inactive for quite some time thereafter. On December 21, 2015 the Board informed the Office of the Company Registrar about the arrangement made for trading the securities of unlisted public

limited companies on the OTC market and also directed Nepal Stock Exchange to activate the OTC market. Subsequently, the Office of the Company Registrar issued notice on February 1, 2016 that the transfer of share of the de-listed companies or those companies not listed due to not fulfilling the listing criteria can be carried out at OTC market and thereafter, the market picked up. Further, the market become active as the Board slashed down the OTC trading fee up to 90 percent. In the review year, trading of total 21,90,183 units of shares of 25 corporate bodies amounting to Rs.236.2 million took place. There had been trading of 1,29,19,331 units of shares in the last year.

**Central Securities Depository Services:** Central Depository Services and Clearing Limited (CDSC), established according to Central Securities Depository Services Regulations, 2010 on 2011, has registered four more companies as depository participants in FY 2016-17 thus making a total of 60 depository participants and have been providing depository services covering 73 districts. Though 65 depository participants have obtained operation certificate from the Board only 60 depository participants were registered with the CDSC. In the review year addition of 4,78,343 beneficial owner's demat accounts makes total demat account number to be 8,70,702 which was an increase of 36 percent over the last year. Similarly, in the review year 90,77,66,273 share were de-materialised thus making total dematerialised share to be 105,94,63,299 which is an increase of 16 percent over the last year. Trend of dematerialisation of securities in the past five years is presented in the Chart 2.10.

**Chart 2.10 Trend of Dematerialisation of Securities (units of securities in hundred thousands)**



Dematerialisation of securities in the past five years is presented in Table 2.9.

Table 2.9 Dematerialised Securities							
S.N.	Particulars	Fiscal Year					
		2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
1	Number of Depository Participant (DP)	2	8	10	44	56	60
2	Number of Registered Companies	-	12	16	113	205	228
3	Number of Beneficiary D-mat Account	-	256	534	40,934	392,359	870,702
4	Number of Dematerialised securities	-	6,561	180,467	22,633,382	930,399,655	1,059,463,299

*Source: CDS and Clearing Ltd.*

In order to ease securities settlement and clearing, CDSC has provided two work stations to each clearing members and one more work station for outside Kathmandu Valley thus making total three work stations to each participants. Previously only one commercial bank was involved in clearing and with the Board's direction CDSC has permitted to three new commercial banks to provide clearing bank services. Further, starting from July 2, 2017, securities traded at NEPSE has been cleared and settled based on net settlement system through multiple clearing banks. Similarly, CDSC has developed an application called 'Mero Share' (My Share) to provide the details of account to the beneficial owner, via, online and the user of this services reached to 63,376 in the end of review year.

**Credit Rating Services:** ICRA Nepal Ltd established in 2012 has been providing credit rating services mainly to IPOs and rights share issue, bonds, preference shares and further public offerings of more than Rs.30 million. In the FY 2016-17, a total of 51 rating / grading were made which was an increase of about four percent over the last year. In the last year a total of 51 ratings/grading were made. In addition to that ICRA Nepal Ltd. monitored 12 ratings that were rated/graded in the review year. ICRA that began providing rating services since 2012-13 165 rating/ grading services till FY2016-17. The Rating/ grading services provided by ICRA Nepal over the past five years is presented in Table 2.10.

Table 2.10 Rating Services							
S.N.	Particulars	2012/13	2013/14	2014/15	2015/16	2016/17	Total
1	Bond Rating	3	3	6	1	-	13
2	Rating of Issuing Company	1	3	1	2	2	9
3	Rating of Quality of Fund Manager	-	3	1	2	2	8



4	Further Issue	-	-	-	3	9	12
5	Primary Issue(IPOs)	3	6	7	14	13	43
6	Right Issue	2	7	19	27	25	80
Total		<b>9</b>	<b>22</b>	<b>34</b>	<b>49</b>	<b>51</b>	<b>165</b>
<i>Source: ICRA Nepal Ltd.</i>							

In order to make the rating business competitive and professional the Board in the FY 2016-17 issued letter of intent to a credit rating company Care Nepal Ltd. to operate rating business.

### 2.3 Policy and Programmes related to Securities Markets

In the recent years policies and programmes of Nepal Government, Securities Market seems to be on priority. In the Government's Budget of fiscal year 2015-16 the following programmes related to securities market were announced:

- In order to develop institutional growth of capital market the Citizen Investment Trust will be made active to play effective role in the secondary market.
- Financial Sector Development Strategy will be implemented in FY 2015-16.

In the Budget Speech for FY 2016-17, the following programmes were included:

- The Commodities Exchange Related Bill which is in the process of the Parliament shall be presented in the Parliament for its legislative process
- In order to encourage the listing companies from production sector in stock exchange the industrial enterprises incorporated as a public limited companies will be allowed for 15 percent rebate on income tax.

Further, the Policies and Programmes of the Government of Nepal for the Fiscal Year 2016-17 as addressed by the President the following programme related to securities markets were included:

- Capital markets will be developed as modern and credible markets by developing it as important mechanisms for economic development and attracting domestic and international savings and investment.

The Budget Speech for the fiscal year 2017-18 included the following programme related to securities markets in the point number 182:

“Policies and institutional arrangement shall be made for the development and stability of the capital markets. The production sector will be encouraged to enter the capital markets. Securities trading will be made transparent and fully automated. Membership of International Organisation of Securities Commissions shall be obtained.”

**Implementation Status:** In order to implement the budgetary programmes of fiscal year 2015-16 in getting involved citizen investment trust as institutional investor, the Board along with the representation of the Ministry of Finance, Government of Nepal formed a technical committee and the committee submitted the report with the recommendations. Similarly, the Board drafted a work plan and its phase wise implementation of the capital market related policy of Government documented in Financial Sector Development Strategy (2016-17 to 2020-21) as approved by Government on January 6, 2017 as announced in the same budget speech. Further, as announced in the budget speech 2016-17, Commodity Market Related Bill in consideration of legislative-parliament is in the process of being enacted after discussion.



## **Part III**

### **Administrative and Financial Status of Securities Board of Nepal**

#### **3.1 Establishment of the Board**

The first corporate entities raising capital from the public issue of shares in Nepal were Biratnagar Jute Mills and Nepal Bank Ltd in the year 1937. The institutional growth of securities market started when Government established Securities Marketing Centre in 1976 which operated trading of government bonds. Securities Exchange Act was enacted to provide legal framework to make the Centre's role effective. Subsequently Securities Marketing Centre was renamed as Securities Exchange Centre in 1983.

Subsequent to the adoption of economic liberalisation policy in 1990, capital market was opened to the private sector. In order to avoid conflict of interest in operating the markets and involving in regulation, an amendment was made in the Securities Exchange Act, 1983 in 1992 and subsequently Government established Securities Board of Nepal as an autonomous regulatory body on 7 June 1993.

In order to protect the interest of securities investors by developing the capital markets through managing the securities issue, buying, selling, distribution and exchange thereby regulating and managing the stock exchange and the securities businesspersons, the Securities Exchange Act, 1983 was replaced by Securities Related Act, 2006. Since then Securities Board of Nepal (SEBON- Board) is regulating the overall securities markets under the new Act.

#### **3.2 Functions, Duties and Rights of the Board**

According to Securities Related Act, 2006, the Board has the following functions, duties and powers:

- Register the securities of the corporate bodies which are enabled to make public issue of securities.
- Approve the prospectus prepared for the public issue of securities.
- Provide license to the corporate body intending to operate stock exchange.
- Regulate the operation and functioning of stock exchange and securities businesspersons.
- Issue license to operate securities business to the company or institution willing to operate securities business.
- Approve the operation of mutual funds.
- Make required regulations, bye-laws and guidelines relating to securities.

- Supervise stock exchange, securities businessperson, securities trading and overall securities markets.
- Enforce legal provisions against those entities not complying to the regulatory provisions.
- Conduct study, research and uses required directives and carry awareness building program.
- Advise the Government regarding the formulations of policies and programme relating to the securities markets.
- Conduct other activities incidental to the development of securities markets.

### 3.3 Governing Board

SEBON has a Governign Board comprising of seven members represented by Government and private sector. Government of Nepal appoints Executive Chairman and nominates Joint Secretary, Ministry of Finance, Joint Secretary Ministry of Law, Justice and Parliamentary Affairs, and Executive Director, representative of Nepal Rastra Bank, Vice Chairman, representative of Federation of Nepalese Chambers of Commerce and Industries and Vice President, Institute of Chartered Accountants of Nepal and a capital market expert nominated by the Government. In the review year Governig Board meeting was held 43 times owing to the increase in work pressure. The Board meeting were 33 times in the previous year. The details of member of Governing Board in the FY 2016-17 is presented in Table 3.1.

<b>Table 3.1</b>				
<b>Members of the Governing Board</b>				
<b>S.N</b>	<b>Name</b>	<b>Organization</b>	<b>From</b>	<b>To</b>
1	Dr Rewat Bahadur Karki	Chairman, Securities Board of Nepal	2015/10/17	Till Date
2	Mr Aananda Raj Dhakal - Member	Joint Secretary, Ministry of Finance	2016/02/17	2017/10/07*
3	Mr Dilliraj Ghimire - Member	Joint Secretary, Ministry of Law, Justice and Parliamentary Affairs	2016/03/25	2017/02/15
	Mr Toya Nath Adhikari - Member	Joint Secretary, Ministry of Law, Justice and Parliamentary Affairs	2017/02/16	Till Date
4	Mr Nar Bahadur Thapa – Member	Executive Director (Representative) Nepal Rastra Bank	2016/05/23	Till Date
5	Mr Mahesh Khanal - Member	Vice President (Representative) ICAN	2015/07/31	2016/07/25

	Mr Prakash Jang Thapa	Vice President (Representative) ICAN	2016/07/26	2017/07/22**
6	Mr Dinesh Shrestha	Vice President (Representative) FNCCI	2014/06/05	2017/05/17
	Mr Shekar Golchha	Vice President (Representative) FNCCI	2017/06/03	Till Date
7	Mr Nil Bahadur Saru Magar	Expert Member	2016/03/18	Till Date
* From 2017/10/08 Uttar Kumar Khatri Joint Secretary is representing Ministry of Finance as Board member.				
** From 2017/07/22 Jagannath Uphadhy (Niraula), Vice President of ICAN is representing ICAN as Board member.				

### 3.4 Organisation Structure and Human Resource Management

Amidst expanding scope of securities market, SEBON has been fulfilling its responsibility to regulate and supervise more than 400 companies including the stock exchange, listed companies, central securities depository, depository participants, collective investment funds, credit rating company, stockbrokers and merchant bankers and share registrars. In order to be effective in carrying out its functions SEBON has responded with the review of its organisation structure and implemented new structure to improve its institutional capacity. To fill in positions under the new structure, SEBON has made advertisement inviting application for nine third class officers under different services and five assistant level staff and the recruitment process led by Public Service Commission under the provisions of new constitution and accordingly the written examination process has already been completed in the review year. In the previous fiscal year, the Board had fulfilled 27 new staffs positions including one director, seven deputy directors, 11 third class officers and eight assistant level staffs. There has been a total staff strength of 52 currently working at SEBON. Two executive directors in the departments, four directors in the divisions, eight deputy directors in sections and 10 assistant level staffs are working in the organisation. The new organisation structure of the Board is presented in Annex – 5.

### 3.5 Committees

There are different standing and ad-hoc committees for the effective execution of Board's functions and in assisting the Board. The details of performance of these committees in 2016-17 is dealt as below:

### **3.5.1 Legal and Enforcement Committee**

To undertake functions in drafting different regulations, guidelines and other legal provisions and to review and investigate critical legal matters faced by the Board and advice the Board and for the effective enforcement of the provisions under Securities Related Act, 2006 and laws, there is a Legal and Enforcement Committee with Board Member representative of Law, Justice and Parliamentary Affairs as Coordinator. The committee has department chief, regulation and management department chief as member and chief of legal and enforcement division as member secretary and an external expert member. In the fiscal year 2016-17, the committee has performed the following activities:

- Review and finalisation of the NEPSE Employees Service Terms Bye-laws, 2016
- Review and finalisation of the Securities Purchase (Public Issue) Related Guidelines, 2016
- Review of NEPSE Securities Listing Bye-laws
- Review of Securities Clearing and Settlement (Second Amendment) Bye-laws, 2016 and Securities Depository Services (Second Amendment) Bye-laws, 2016
- Review and finalisation of Securities Board of Nepal Purchase Related Regulations, 2016
- Finalisation of the Securities Board of Nepal Employees Codes of Conduct, 2016
- Review and Finalisation of Securities Businesspersons (Merchant Banker) (Amendment) Regulations, 2007
- Finalisation of Securities Issue and Allotment Guidelines, 2017
- Review of Securities Businesspersons (Securities Broker and Merchant Banker) Supervision Manual

### **3.5.2 Financial Administration and Information Analysis Committee**

The Financial Administration and Information Analysis Committee is in place to finalise the annual programme and budget of SEBON, to conduct periodic and updated review of annual budget and expenditure and study and finalise audit report received from the auditor and to carry out information analysis and financial administration functions of the Board. The committee has Board Member representative of Institute of Chartered Accountants of Nepal as coordinator and Head of Regulation and Management Department and Head, Financial Management Section as

Members. In the fiscal year 2016-17, the committee has coordinated the execution of following functions:

- Review the Board's policy, programmes and budget for the fiscal year 2017-18.
- Review the report received from the auditor and draft the response
- Recommend the amount of investible fund of SEBON to be deposited in different banks.

### **3.5.3 Audit Committee**

In assisting SEBON on matters related to financial report review, review of status of enforcement, strengthening the financial transparency and internal governance, in the appointment of internal auditor, fixing the remuneration and facilities, assigning the process of audit of the independent auditor and assessing thereof, an Audit Committee is formed. Board Member representing Institute of Chartered Accountants of Nepal is coordinator and member representing Nepal Rastra Bank and head of regulation and management department are the members.

### **3.6 Board's Financial Status**

In the fiscal year 2016-17, financial status of the Board was significantly increased as compared to that of the fiscal year 2015-16. Income of the Board increased by 153.61 percent from Rs.176.230 million in the last fiscal year to Rs. 447.298 million in the fiscal year under review. The increase in the income is mainly due to increase in registration and issue related fee due to surge in the issue of rights shares, increase in trading in the stock exchange thus giving more share in the trading fee to the Board and increase in interest income giving more from the amount deposited in bank and financial institutions as fixed deposits. Similarly, the number of staffs at the end of last year doubled and hence the staff expenses went up by 110 percent in review year which pushed up expenditure by 61.33 percent to reach Rs. 93.915 million. In the last fiscal year Board's expenditure was Rs.58.213 million.

Going to the income side the Board has earned an income of Rs. 410.354 million (91.74 percent of total income) mainly from securities registration and issue approval, approval of mutual fund scheme, credit rating, licensing fee of CDSC and NEPSE, renewal of license of merchant bankers and stockbrokers, securities trading fees, application fees, prospectus processing fees and approval fee whereas interest income gave Rs. 36.756 million (8.22 percent of total income) and income from miscellaneous sources received to 0.188 million (0.04 percent

of total income). In the review year, expenditure under staff and other administrative expenses reached to Rs. 89.828 million and depreciation charges was 0.4086 million.

In the previous year surplus remained Rs.118.157 million which increased by 199.08 percent to Rs.353.38 million in the review year. Increase in securities registration and issue income contributed to the increase in surplus in the review year. With this increase in surplus the Board's funds and surplus reached to Rs.722.09 million at the end of the review year and an increase of 87.3 percent from Rs. 385.519 million at the end of the previous year. The unaudited balance sheet, income and expenditure statement and cash flow statement of the fiscal year 2016-17 are presented in Annexures 6, 7, and 8 respectively.

### **3.7 International Relations**

In the review year, Board initiated application process along with High Level Survey Response to obtain membership of International Organisation of Securities Commissions (IOSCO) which led the Board to obtain Associate Membership of IOSCO. Thus the regulatory body of Nepal has been recognised in the international forum and now the Nepalese securities market is to be developed at par with international standards.

In the review year SEBON has accomplished task of preparing the response to the Questionnaire in course of obtaining Ordinary Membership of IOSCO required to sign in Multilateral Memorandum of Understanding (MMoU), making correspondence regarding the required matters related to the signing, completion of required documents and information and application have been submitted to IOSCO for signing the MMoU. As of the date IOSCO has 126 Ordinary Members, 23 Associate Members and 65 Affiliate Members.

Similarly, with a view to internationalise the Nepalese securities markets and enhance its standards, the CDSC having coordinated by the Board had obtained membership of Association of National Numbering Agencies (ANNA) last year. The company obtained membership as 92<sup>nd</sup> member from the General Assembly of ANNA held in Yerevan, capital of Armenia on June 2 and 3, 2016. As of the date, ANNA has 93 members including Nepal and 27 other partners.

SEBON has been playing its role as a founder member of Asia Forum for Investor Education (AFIE). The Board has been sharing knowledge and information thereby assisting and coordinating with other regulators as a member of South Asian Securities Regulators Forum-SASRF. Similarly, the Board is participating in capital markets related programmes being organised by IOSCO, World Bank, Asian Development Bank, Asia-Pacific Economic Cooperation (APEC), Toronto Centre and Regulators of securities markets of different countries of the globe. ■■■■



## **Part IV**

### **Activities of the Board**

In the review year, Board undertook various functions in order to bring structural reform and develop the securities markets and on the other side move forward with reform in the regular activities. The Board has conducted several regular programmes including the reviewing the application for licensing or renewing the license of stock exchange, security businessperson, mutual funds, depository, depository participants, credit rating and other securities business and provide license / certificate and renew certificate and registration of securities of corporate bodies, approve the issue of prospectus, disclosure for the rights and offer document, conduct offsite supervision of exchange, listed companies, mutual funds, depository services, credit rating agency and securities businesspersons, conduct real time surveillance of the securities trading on Nepal stock exchange related to listed companies, traded amount, traded securities, etc, conduct onsite and offsite supervision of stock exchange, reform and updating the securities related laws, handle grievances received, enforce the cases of violation of legal provisions, conduct instruction and interaction programmes in different part of the country in order to upgrade the level of awareness of securities investors. Brief outline of activities accomplished in the fiscal year 2016-17 is given below:

#### **4.1 Issue and Renewal of License**

In response to the application of different market participants providing securities related services, Board drew attention of these institutions to carry reform and the following institutions have been renewed license in the fiscal year 2016-17.

##### **4.1.1 Renewal of License of NEPSE**

The Board had received application for renewal of license from NEPS as provided in the Securities Related Act, 2006 and Stock Exchange Operation Regulations, 2007 and the Board has renewed the license of the NEPSE.

##### **4.1.2 Renewal of License of CDSC**

Under the Regulation 8 of Central Depository of Securities Regulations, 2010, the Board renewed the license of CDSC for the application received for renewal of license from CDSC.

##### **4.1.3 Issue and Renewal License of Merchant Bankers**

In the review year, the Board renewed license of 17 Merchant Bankers. Further the Board has provided license to seven corporate bodies out of which five are subsidiaries of commercial

banks. With this addition the total number of merchant bankers in Nepal reached to 24. Details of licensed merchant bankers is given in Annex- 9.

#### **4.1.4 Renewal of License of Stockbrokers**

The Board received application from 50 stockbrokers to renew their license as provisioned by Securities Related Act, 2006 and Regulation 8 of Securities Businesspersons (Stockbroker, Securities Dealer and Market Maker) Regulations, 2007 and the Board renewed the licenses of all the stockbrokers. The list of stockbrokers is given in the Annex- 10.

#### **4.1.5 Depository Participants Registration and Certificate Renewal**

In the review year 65 depository participants (DPs) had applied to the Board for renewal of their registration in accordance with provision of Regulation 22 of Securities Depository Services Regulations, 2010 and for the DPs certificates were renewed. As per provision made last year for allowing to establish DPs under the joint ownership of minimum 10 Stockbrokers and accordingly Nepal DP and Clearing House Ltd. established as a DP under the joint ownership of stockbrokers.

#### **4.1.6 Renewal of License of Credit Rating Company**

In the review year license of ICRA Nepal Ltd, a credit rating company established under the provision of Credit Rating Regulations, 2011 was renewed. Similarly, SEBON has provided Letter of Intent to establish credit rating company to Credit Analysis and Research Limited, Mumbai, India on December 7, 2016.

#### **4.1.7 Renewal of License of Fund Manager and Depository**

In the review year, the licenses of six companies were renewed and three new companies were granted the licenses of fund manager and depository. With the new addition, nine fund managers and depository are in operation. The detail of fund manager and depository presented in Table 4.1 below :

<b>Table 4.1 Fund Manager and Depository</b>	
<b>S.N.</b>	<b>Fund Manager and Depository</b>
1	Nabil Investment Banking Ltd.
2	Siddhartha Capital Ltd.
3	NMB Capital Ltd.

4	NIBL Capital Ltd.
5	Laxmi Capital Ltd.
6	Global IME Capital Ltd.
7	CBIL Capital Ltd.
8	Sanima Capital Ltd.
9	NIC Asia Capital Ltd.

## 4.2 Legal Provisions, Law Enforcement and Suggestions

In the review year the Board further strengthened the legal provisions and enforcement so as to develop and expand the securities markets.

### 4.2.1 Legal Provisions

In the review year the Board carried out the following activities in relation to the Act, Regulations and Guidelines:

- ♦ The first amendment was made in the Securities Businessperson (Stockbroker, Dealer and Market Maker) Regulations, 2007
- ♦ First amendment was made in the Securities Businessperson (Merchant Banker) Regulations, 2007
- ♦ First Amendment was made in the Credit Rating Regulations, 2011
- ♦ Securities Registration and Issue Regulations, 2016 was formulated, get approved from Nepal Government and implemented and subsequently first amendment was made on it.
- ♦ Securities Purchase (Public Issue) related Guidelines, 2016 was made effective as well as was made first and second amendments on it.
- ♦ Securities Issue and Allotment Guidelines, 2017 was made and implemented as well.
- ♦ The corporate governance related guidelines have been presented to the Board for approval.
- ♦ A Bill related to the commodities exchange markets, 2016 has been passed by the Legislative Parliament.
- ♦ Securities Board of Nepal Purchase Regulations, 2017 was drafted and submitted to Ministry of Finance, Government of Nepal.
- ♦ The compilation of securities related laws was updated and is in the process of publication.

In the review year, the following activities were carried out with regard to the approval and amendments of the Bye-laws:

- ♦ The second amendment in the Central Securities Depository Services Bye-laws, 2011 submitted by the CDSC received for Board's approval has been approved.
- ♦ The Board approved the second amendment in the Securities Clearing and Settlement Bye-Laws, 2012.

#### **4.2.2 Enforcement of Laws**

In the fiscal year 2016/17 the Board gave the special emphasis in the enforcement of laws and carried out the following activities:

##### **Grievance Handling:**

The 173 grievances received by the Board from investors (in written, by phone or via email) were reviewed as necessary and were resolved by issuing necessary directions.

##### **Filing of Cases:**

- ♦ In the nine writ petition filed against the Board at the Supreme Court, one has been withdrawn, two writ was kept for pending and three were dismissed and three are under judicial process under cause list and normal date.
- ♦ Seven cases were filed against the Board at the Patan High Court and written response was filed. After hearing, four cases were dismissed.
- ♦ Kathmandu District Court gave the verdict on one case.

##### **Complaint filed against Securities related Offenses**

- Based on the report of investigation officer of the Board an opinion was sought from the Office of Government Advocate, Babarmahal, to punish under the securities related offense and after receipt of go ahead to file the case, complaint was filed at the Kathmandu District Court against Govinda Ghimire regarding trading of shares of Chilime Hydro Power Company making fraudulent annex of the share of the company on July 7, 2017.
- ♦ After investigation on committing fraudulent transaction of shares, according to the decision of the Board to fine and made correspondence to the Agrawal Securities Pvt.

Ltd, Siprabi Securities Pvt. Ltd, Kumar Shrestha, and Sri Hari Securities to submit clarification regarding the payment of the fine

#### **4.2.3 Opinion and Suggestions**

The Board has provided its opinion to the Office of the Company Registrar as the letter sought the Board's comment and suggestions regarding the amendment in the memorandum and article of association of 14 merchant bankers.

### **4.3 Supervision and Monitoring**

In the context of expansion in the size and trading volume of securities markets and the Board already obtained the Associate Membership of IOSCO, SEBON, in order to make the market more effective and orderly, has been supervising and monitoring all aspects of securities markets.

#### **4.3.1 Supervision of Stock Exchange**

In order to protect the interest of investors through the development of fair, transparent and effective securities markets and to carry effective monitoring of the directives issued by the Board, the Board has further made stock exchange supervision more effective in the fiscal year 2016-17. The Board prepared supervision manual and presented to the Governing Board. The details of supervision activities carried out in the review year is given below:

- The Board inspected the 26 stockbrokers (52 percent) in different areas including broker's infrastructure, service conditions, clearing and customer identification. Based on the inspection report recommended to initiate legal process against nine brokers and out of which clarification is sought from seven brokers. While making re-inspection on the status of improvement in the short comings pointed out by earlier inspection, the satisfactory improvement was observed.
- In the process of supervising the public issue, rights issue, share allotment and the functioning of merchant bankers, onsite inspection of 14 (60 percent) merchant bankers was carried out in the review year. In course of on-site and off-site inspection, four merchant bankers were barred from entering into new agreement for seven working days and 15 merchant bankers were issued warning for the weakness revealed in the inspection.

- In the fiscal year 2015-16 onsite monitoring of 34 DPs (53 percent) in Kathmandu Valley, Pokhara, Jhapa, Rupandehi, Biratnagar was carried out regarding the depository service they have provided. Required direction has been given for resolving the problems and or further streamlining the depository services.
- In the fiscal year 2015-16 required directions was issued to the nine mutual funds regarding the problems observed while conducting on site supervision.

#### **4.3.2 Primary Market Monitoring**

In the review year, off-site monitoring of public issue activities as under the provisions of Securities related Regulations and Guidelines was carried out on the different aspects as given below:

- Whether the information regarding number of application and amount collected was reported within prescribed time or not.
- Whether the information received from the collection centers and the latest information sent to the Board by the merchant bankers differs or not
- Whether or not the information regarding draft was submitted to the Board within 15 days of the date of closure of the sale.
- Whether or not the amount collected was deposited at the Nepal Rastra Bank for given period after a given date of the closure of sale.
- Whether or not the securities allotment model was submitted to the Board three working days before the date of allotment.
- Whether or not the allotment of securities and refund were made done within the stipulated time.
- Whether or not the details regarding collection money deposited at the Banker to the Issue was submitted to the Board.
- Whether or not the application for listing were made within the given time.
- Whether or not the issue manager refunded the publicly issued securities in the applicants bank account as mentioned in the application form.
- Whether or not an applicant who submitted application attaching more than one application of those outside family members submitted application money through respective accounts.

- Whether or not in process of securities issue prospectus approved by the board, terms and details of rights issue, information document, offer documents were put in the website of issue manager and issuer company until the closure of sale of the securities in such a way that investors can have easy access.

Based on the above mentioned areas on-site and off-site monitoring was done on the merchant bankers and ASBA members while managing securities issues of 101 companies who have obtained public issue permission from the Board. In the review year, five merchant bankers were barred from conducting new business, one merchant banker was issued warning and six merchant bankers were made alert. The details of securities issue in the fiscal year 2016-17 is presented in the Table 4.2.

Table 4.2 Primary Issue								
S.N.	Particulars	Approved Number	Number of Share Issue (Million)	Total Issue Capital (Rs. Million)	Total Amount Demanded (Rs. Million)			Oversubscription Time
					ASBA method	Traditional Method	Total	
1.	Ordinary Share	10	11.0	1,100.1	17,418.0	16,008.3	33,426.3	30
2.	Mutual Fund	4	310.0	3100.0	840.6	13,749.7	14,590.3	5
3.	Local	7	4.09	408.4	-	2,615.6	2,615.6	6
4.	FPO	4	6.09	7,859.2	5,313.3	74,702.5	80,015.8	10
5.	Right Issue	76	454.89	45,488.4	-	-	-	-
<b>Total</b>		<b>101</b>	<b>786.07</b>	<b>57956.0</b>	<b>23571.9</b>	<b>107,076.0</b>	<b>130,647.9</b>	<b>2</b>

### 4.3.3 Monitoring of Secondary Market

In order to ensure regulated and orderly secondary market trading of shares, the Board has developed real time surveillance system having established direct electronic communication with the NEPSE. The Board has been doing regular monitoring and surveillance of trading and suspicious trading are tracked after review of trading details and if required brokers are asked to furnish details and documents to be clarified. Through the system the Board monitors person or institution trading the securities, traded corporate body, traded price and share quantity each and every day.

In the review period, analysis of share trading of 20 listed companies was done and based on the same, oral or written details was sought from Agrawal Securities Pvt. Ltd, Pragyam Securities Pvt. Ltd., Primo Securities Pvt. Ltd., Midas Stock Broking Company Pvt. Ltd., Asian Securities Pvt. Ltd., Srikrishna Securities Pvt. Ltd., Premier Securities Pvt. Ltd. Dakshinkali Investment and Securities Pvt. Ltd., Vision Securities Pvt. Ltd., Secured Securities Pvt. Ltd., Dipshikha Dhitopatra Karobar Co. Ltd., Creative Securities Pvt. Ltd., Sani Securities Pvt. Ltd., South Asian Bulls Pvt. Ltd., Dynamic Money Managers Securities Pvt. Ltd., Imperial Securities Pvt. Ltd., Neev Securities Pvt. Ltd. and Nasa Securities Ltd and was further analysed thereby suspending the trading through Asian Securities Pvt. Ltd. and Pragyam Securities Pvt. Ltd.

In connection with the monitoring of secondary market of securities, comprehensive report of daily trading, comprehensive weekly trading report, manual trading related report, weekly broker wise total trading value, maintenance of document of promoters share trading is monitored and regular supervision report document is prepared.

#### **4.3.4 Monitoring the Disclosure made by the Market Participants**

In the review year, SEBON monitored the following disclosure made by the market participants:

- **Monitoring of Disclosure made by NEPSE :** According to the Stock Exchange Operation Regulations, 2007 the stock exchange has to submit financial reports and annual report within three months from the expiry of fiscal year and quarterly report within 30 days of the expiry of each quarter. There were late submission of the annual report and financial report of fiscal year 2015-16 by NEPSE. The NEPSE did not submit the annual and quarterly reports of fiscal year 2016-17 to SEBON in the review year.
- **Monitoring Information Disclosures made by CDSC:** According to Central Securities Depository Services Regulations, 2010 the central depository company has to get the internal audit of its operation done and the report shall have to be submitted to the Board within three months of end of the fiscal year, audit has to be completed within three months of the end of fiscal year, the financial details should be presented to the Board within a month of the completion of audit, details along with agenda and resolution of the annual general meeting should be submitted within 30 days of holding of annual general meeting, quarterly progress report within 30 days of end of the quarterly period, if any action is initiated against a depository participant, name, details of the action and reason



for taking such action within seven days of taking such action and if the depository participant is inspected such inspection report should be submitted within 30 days of completion of such inspection. In the review year the Board received internal audit report and annual report of the fiscal year 2015-16 from CDSC. Also quarterly statements of fiscal year 2016-17 from CDSC were received in the review year.

- **Monitoring Disclosure of Merchant Bankers:** According to Securities Businessperson (Merchant Banker) Regulations, 2007 the merchant bankers have to submit annual report along with profit and loss account of one's own operation including securities trading, balance sheet, fund flow statement to the board within three months of the end of fiscal year of which 13 merchant bankers made timely submission of the report of the fiscal year 2015-16 and four merchant bankers made delayed submission to the Board. In the fiscal year 2016-17 a total of 13 merchant bankers have made timely submission of first half yearly report as required and 16 merchant bankers have submitted second half yearly report to the Board. Similarly, 17 merchant bankers made timely submission of annual report of fiscal year 2015-16, one merchant banker was late for such submission and the remaining six merchant bankers did not submit the statements.
- **Monitoring of Disclosure made by Credit Rating Company:** According to Credit Rating Regulations, 2011 a credit rating agency has to submit report along with credit rating related activities within 30 days of the end of quarterly period and accordingly ICRA Nepal, in the fiscal year 2016-17 submitted quarterly reports within the stipulated time as specified to the Board.
- **Monitoring of Mutual Funds Disclosures:** According to Rule 42(3) of Mutual Funds Regulations, 2010 every fund manager shall submit the quarterly report of the scheme it operates within 30 days of the end of the quarterly period to the fund supervisor and the Board, however, the fund managers were submitting the monthly report of the last month of the quarter as the quarterly report and now the Board had given a direction to submit the quarterly details separately.

Similarly, according to the Rule 42 (6) of Mutual Funds Regulations, 2010 the fund supervisor has to submit half-yearly supervisory activities related report to the Board within 45 days of the end of each half yearly period and accordingly first half-

yearly reports for the year 2016-17 were received from all the Fund Supervisors within the stipulated time in the review year.

Similarly, according to the Rule 43 (1) of Mutual Funds Regulations, 2010 scheme manager has to inform the details of activities related to the scheme to the fund supervisor and the Board and the same has to be published in national level newspaper at least once within 15 days of the end of the month. Accordingly, all the fund managers have published the same report which has been received by the Board on time. Further, the Board has asked for the details of investment made in bank's fixed deposit and all the fund managers have submitted all such details.

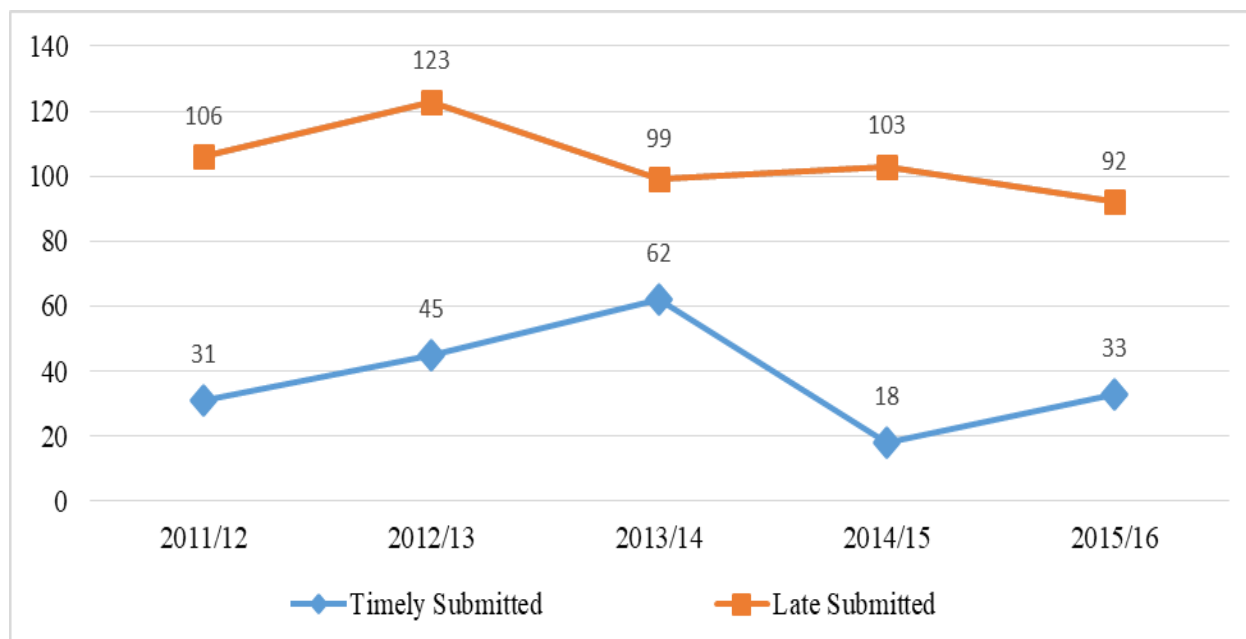
- **Monitoring of Disclosure of Stockbrokers:** Securities Businesspersons (Stockbrokers, Dealer and Market Maker) (First Amendment) Regulations, 2007 provides stockbrokers to submit annual report along with details including securities traded, profit and loss account, balance sheet, fund flow statement to the Board within three months from the end of the fiscal year and accordingly in the review period, the 50 licensed stockbrokers have submitted annual report details for the fiscal year 2015-16 out of which 44 submitted within stipulated time period and six submitted with delay. Similarly, 46 stockbrokers have submitted the annual report details for the fiscal year 2016-17 to the Board within stipulated time and remaining four businesspersons applied the Board to give time extension for reporting.

According to the Securities Businesspersons (Stockbroker, Securities Dealer and Market Maker) (First Amendment) Regulations the Stockbrokers are required to submit quarterly report to the Board within 30 days from the end of the quarterly period. Accordingly, in the fiscal year 2016-17, all the 50 securities brokers have submitted first, second, third and fourth quarterly report to the Board within the stipulated time period.

- **Monitoring the Disclosure of Listed Corporate Bodies:** According to Rule 22 (1) of Securities Registration and Issue Regulations, 2008 each corporate bodies being registered at the Board have to file annual report to the Board within five months from the end of each fiscal year. In the review year, out of 229 listed companies, 33 companies have submitted annual report of the year 2015-16 within stipulated time frame and 92

listed companies have submitted after the deadline. The trends in the submission of annual report to the Board by the listed companies is depicted in the Chart 4.1

**Chart 4.1: Trends in the Disclosure of Listed Companies**



The status of quarterly financial disclosure of listed companies is presented in Table 4.3

<b>Table - 4.3 Disclosure of Listed Companies</b>					
<b>Particulars</b>	<b>Fiscal Year</b>				
	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>
First Quarter	142	168	177	64	157
Second Quarter	166	181	175	161	146
Third Quarter	166	182	175	156	140
Fourth Quarter	155	163	162	135	134

Board has been compiling details of listed corporate bodies submitting the annual reports or financial reports or other reports to the Board in compliance to the Act and Regulations and also those not complying. Also, the Board issued warning to those companies not filing the reports on time.

- **Annual General Meeting of Listed Company:** There is provision that listed corporate bodies have to held annual general meeting within six months from the end of the fiscal year. In the review year 174 listed companies held for the fiscal year 2015-16 and reported the same to the Board.

#### 4.4 Investors Awareness and Training Programme

In the review year 21 capital market related awareness building and investor instruction programme were held in cooperation with local industry and commerce associations, education institutions, social organisations to impart on different aspects of capital markets to about 2500 local investors, industry and businessperson, teachers and students. In the review year, such programme was carried out in Surkhet, Kalikot, Jajarkot, Tanahun, Dang, Salyan, Rukum, Doti, Bajura, Dadeldhura and Nuwakot

#### 4.5 Discussion and Interaction Programme

In the review year, for the development of sustainable and credible capital markets, discussion and interaction programmes were conducted in partnership with related stakeholders Ministry of Finance, NEPSE, CDSC, ICRA Nepal Ltd, Citizen Investment Trust, Securities Businesspersons, Investors Associations, Investors, Medias in different themes. The discussion and interaction programmes conducted in the review year are presented in Table 4.4

<b>Table 4.4 Interaction Programme</b>		
<b>Date</b>	<b>Topic of the Programme</b>	<b>Participant</b>
2016/12/08	Discussion on Implementation of ASBA System	NEPSE, CDSC, Nepal Bankers Association, Development Bankers Association, Broker Association, Merchant Bankers Association, Investor Association
2016/12/29	Discussion and interaction to bring real sector companies in capital markets.	Federation of Nepalese Chambers of Commerce and Industry, Confederation of Nepalese Industries, Real Sector Companies, Merchant Bankers Association of Nepal
2017/07/12	Discussion and Interaction on securities market related policy and programme to be adopted in FY 2017/18	Stakeholders of securities markets

#### **4.6 Training and Seminar**

In the fiscal year 2016-17, the Board, in order to upgrade the capacity of its manpower, has facilitated Board Members, high level management and other staffs with exposure in the international seminar and training programmes including the ones organised by ADB & FSS-APEC Financial Regulators Training, ANNA Workshop & EGM, APEC-FRTI Programme, APEC-FRTI Programme by ADB & SCM, APEC-FRTI Seminar on Crisis Management, APG Annual Meeting, BSEC's Programme, FSI & IOSCO's Seminar, IOSCO-GEM Committee Corporate Governance, IOSCO-Global Certificate Programme, JSDA's 12th ASF Tokyo Round Table, Indonesian Capital Market Study Visit, SEC Thailand Seminar, SECSL & USSEC Seminar, Study & Observation Visit on AML, Study of ASIC, ACE, SCDC of Australia, Study Visit of Securities Commission of Malaysia, USSEC-2017 Thomas A. Biolsi Training, Workshop on IOSCO, Ukraine, 12th Annual World Exchange Congress, 20th APG Annual Meeting, OECD-ADBI 17th Round Table on Capital Market and Financial Reform in Asia. Further, authorities and staffs of the Board have also been involved in the programmes held at the international level regarding the subject area including legal enforcement, financial literacy, supervision, compliance and monitoring.

In the review year, the Board organised an orientation programme on money laundering and terrorist activities for its staffs. In the fiscal year 2016-17 in the context of doubling of the manpower to enhance institutional capacity, to familiarise with the structure of an emerging securities markets, regulation and supervision process and organisation structure, the Board requested the Securities and Exchange Board of India (SEBI). As per request, an expert team from SEBI led by General Manager B. N. Sahu provided a three day intensive training to 35 Board staff regarding the regulation and supervision of securities markets.

#### **4.7 Publication and Dissemination of Information**

Board has been publishing and disseminating information regarding the steps taken by it in the development and expansion of securities markets, status of securities markets and awareness building and informative materials targeted at the public from the initial days. In the review year, such activities were increased further.

- **Securities Data Management System:** The Central Securities Data Bank established with incorporating the data of the annual report of listed companies from the last 19 years and national and international capital market and economy related data, was continued with update and public dissemination of the information. It has been possible for the public investors willing to invest in securities markets to access and retrieve the facts and figures relating to the financial performance of listed companies. Data and information has also been provided through the system to the scholars and researchers in conducting research and studies on capital markets in the review year.
- **Annual Report:** According to the provision of Section 26 of Securities Related Act, 2006 the Board has published annual report (Nepali and English version) of the fiscal year 2015-16 having included securities market performance, activities, efforts for market development.
- **Securities Board of Nepal: An Introduction:** “Securities Board of Nepal: An Introduction” was published with an intention to inform about objective of Board's establishment, functions, duties and rights, scope and strategies, member of the Board of Directors and organisation structure along with information on securities markets and about the steps taken by the Board to develop and expand the market. In its first edition 1000 copies were published in December 2016 and 2000 copies on second edition in January 2017.
- **Securities Board of Nepal News Publication:** In order to disseminate Board's activities to the general public, the publication of the SEBON newsletter was closed after publication of ninth edition due to different reason, was redesigned and resumed the publication as SEBON's Samachar. In the fiscal year 2016-17 the newsletter was published with first six month status of securities markets, Board's steps for the development and expansion of the market along with other activities of Board. The newsletter so published will further be published as a bimonthly newsletter in the days to come.
- **Silver Jubilee Publication of the Board:** The Board, on the occasion of completion of its 25 years on June 7, 2017, out with the following new publications:
  - ♦ “25 years of Securities Board of Nepal” incorporating 25 year's glorious history of the Board.

- ♦ “Securities Board of Nepal- A special publication with articles on capital market” with different write up regarding the securities markets.
  - ♦ “Quarterly Securities Market Indicators, Vol- I & II” with data pertaining to the securities markets.
  - ♦ "Securities Board of Nepal: An Introduction" in order to provide information on Nepalese securities markets and SEBON to the international communities.
- **Awareness Building Materials:** The Board has published and distributed leaflets and pamphlets in order to inform and make the public aware on the matters that has to be paid attention while making investment decisions. Further, the Board gave continuity to publish and broadcast the awareness materials through Board's websites, different national papers, television and other communication media. Similarly, the Board has published and distributed collection of Frequently Asked Questions in order to address the common queries of general public regarding securities markets. Further, the Board has published a compilation of words frequently used in securities markets.
  - **Collection of Laws:** The collection of laws related to securities including Securities Related Act, Regulations and Guidelines published by the Board was distributed to the stakeholders in the review year.
  - **Website:** With an objective of continually informing the related parties on diverse areas of securities markets, the Board developed website which contains securities market related Act, Regulations and Guidelines, Introduction to the Board, Annual Report, format for lodging investor grievances and information to the stakeholder and investor, information and awareness building materials and the website was made more extensive. Board has included compliance status of stock exchange, securities businessperson and listed companies in relation to the laws and regulations in the website in the review year.
  - **Provision of Telephone Hot-line:** In order to ensure easy communication of the securities investor's problems, grievances, advice and suggestions, hot-line telephone was installed and made free in fiscal year 2013-14 and in the review year the same was made more effective. Board's hot-line number is 1660-01-44433.

#### 4.8 Study and Research

Given the need for policy making and guidelines issuance based on appropriate study and research for the development of securities markets, the following studies and research works were completed in the review year:

- Expansion of Scope of Merchant Banking Functions and the Need of Number of Merchant Bankers
- Dissemination of Information of Listed Companies and Practices
- Current Status of Mutual Funds and Prospects
- Secondary Market Trading and Price Volatility
- Status of Investment Companies in the Secondary Markets
- Need of a new Stock Exchange
- Status of Credit Rating Agency
- Review of Securities Allotment System
- Investment Activities of Schemes run under the Nabil Mutual Fund

According to provision of Section 5 (a) of Securities Related Act, 2006, in the review year, Board has submitted the following Board's views and suggestions as required by the Government regarding the present status and for the development and expansion of the securities markets:

- Detail document was prepared and sent in response to the details asked by Financial Sector Management Division, Ministry of Finance to include the capital market contents in the 14<sup>th</sup> Plan.
- Further clarification was provided on the subject matter related to capital markets included in the 14<sup>th</sup> Three Year Plan in a programme organised by Monitoring Division, Ministry of Finance, in the discussion on 14<sup>th</sup> Three Year Plan.
- After the formation of new Government the 100 days of SEBON's performance regarding the reform and development of the securities markets was prepared and submitted.
- Report on “Status of Capital Markets in the First Six Month of fiscal year 2016-17” was prepared and submitted to Ministry of Finance, Government of Nepal.
- A report was prepared on “Recent reform and development in Securities market and future programme” and submitted to the Ministry of Finance, Government of Nepal.



- Necessary information was prepared and submitted regarding "Securities Market and Commodity Derivative Market for the Economic Survey 2016-17".
- Status of implementation of programmes as underlined in the Financial Sector Development Strategy was informed to the Executive Committee of Financial Sector Development Strategy and submitted a copy to the Nepal Rastra Bank.
- Detailed suggestions on taxation policy regarding the securities markets was submitted to the Revenue Management Division, Ministry of Finance.
- The subject matter proposed to be included in the Nepal Government's policy and programme for the fiscal year 2017-18 was prepared and submitted and accordingly the policy and programme related to securities market was approved by the SEBON's Governing Board and bring into implementation.

Nepal Rastra Bank was informed the practices of licensing bank and financial institutions to work as stockbroker in response to the query on the international practice regarding the same made and the study for the purpose was conducted on practices in SAARC and ASEAN regions regarding the same and based on the study report suggestions were provided to Nepal Rastra Bank. Further, views and suggestion related to securities markets were provided to the Nepal Rastra Bank for the Monetary Policy of fiscal year 2017-18.



## Part V

### Securities Markets Reform and Development Initiatives and Challenges

#### 5.1 Reform and Development Initiatives

Nepalese Securities Markets has undergone some structural reform in the recent years. SEBON-regulator of securities markets has drafted and amended Regulations and Guidelines related to securities issues, purchase, sales, allotment and exchange in order to protect the interest of investors. In the context of the accelerated modernisation of global securities markets with the use of technology, Nepalese securities markets, at present, is becoming more and more technology friendly. Such measures include full-fledged dematerialised securities trading, introduction of ASBA system in the primary market and mandatory demat in the primary issue, direct deposit of rights shares, bonus shares and dividends in the respective beneficiary and bank accounts.

With the further strengthening of regulatory capacity and effectiveness of SEBON and also integrating programmes and policies of market development to the Government's periodic plan, policies and programmes and clearly incorporating the programmes and plans to develop and expand the securities markets in the financial policies and development and strategies. There has been possibility of developing fairer, transparent and effective securities markets in the future. The following activities were carried out for the development and expansion of securities markets with the initiatives of the Board in the review year.

- 1. Implementation of Securities Registration and Issue Regulations, 2016 with special features and Securities Issue and Allotment Guidelines, 2017:** Securities Registration and Issue Regulations, 2017 implemented with the certain tax rebate provisions of encouraging real sector companies to make public issue (may go for public issue with 10 percent, shifting from fixed pricing regime to Free Pricing with some cap (infrastructure should be ready to go for free pricing), provision enabling international financial institutions like IFC, ADB to issue local currency denominated bonds. Similarly, beginning from fiscal year 2016-17 to the real sector companies listed at the stock exchange were provided 15 percent tax rebate.
- 2. ASBA System in Public Issue:** In order to make the process of the public issue of securities simple, transparent and timely thereby reducing the cost involved in public issue by reducing the time period from issue to listing, the Application Supported by Blocked Amount (ASBA) has been implemented successfully since January 2016. This structural reform enabled mobilisation of

capital scattered throughout the country from public issue giving primary market access to 77 districts via 2500 branches of 55 banks and financial institutions. Use of this system was made compulsory from July 16, 2017. This system along with the new provision in the Securities Registration and Issue Regulations, 2016 has created a base to slash down the time period for the securities issue to listing from six months to two months.

- 3. Use of D-mat Account Mandatory in Primary Issue:** In the review year, starting from July 16, 2016 within Kathmandu Valley and from January 14, 2017 to rest of the country, the primary issue applicants were mandated to mention their respective D-mat account and the provision was made to get deposited to the allotted shares in the respective applicant's account.
- 4. Stockbroker's Capital Increase and Infrastructure Requirements:** Stockbrokers were required to increase paid up capital from Rs.2.0 million to Rs.20 million and that for opening branch office were required to meet standards prescribed and obtain approval from the Board with expert manpower, required infrastructure were prescribed as added requirements by amending the Securities Businesspersons (Stockbroker, Dealer and Market Maker) Regulations, 2007 amended with the approval of the Government of Nepal.
- 5. Expansion of Functions of Merchant Bankers, Increase in Capital and Provision Related to Corporate Governance:** In the review year, the Board amended Securities Businessperson (Merchant Banker) Regulations, 2007 with the approval of Government of Nepal in order to expand the scope of merchant banking business permitting for corporate advisory services by increasing the requirement of minimum capital from three to five fold for fair and competitive services.
- 6. Pricing Model for Further Public Offerings:** In order to bring uniformity in the pricing for Further Public Offerings (FPOs) and make it more systematic, fair and transparent price fixation procedure and some criteria was developed and made effective. The new pricing procedure an criteria consider capitalised income, average market price of the 180 days before seven days of the application date at the Board and price based on discounted future cash flow and the average price has to be calculated thereof and such price shall be whichever lower of the average price of the price of four times of per share net worth of the company as per the latest audited financial reports.

**7. New standards of Rights and Further Public Offering for the Companies not having Direct**

**Regulator:** In the review year, **Board** has set new standards for the issue of rights and further public offerings of the companies that do not have direct regulatory body to oversee them and make the standards effective. Accordingly the financial plan and strategies should be approved by the annual general meeting, should have transparent bases for the issuance of rights shares, should have obtained credit rating as under the rules, should have issued capital fully subscribed, should have obtained license, permission or approval legally required for the construction of the project, letter of intent should were obtained regarding the financial management and financial closure of the project, the Board should be informed of the financial management and financial closure of the project at least five working days before the publication of issue notice and obtaining the approval of the Board and going then for notice publication for the issue open and application submission.

**8. Policy Provision Regarding the Establishment of New Stock Exchange:** In the review year, order to modernise the stock exchange and provide nationwide access and also to accommodate the growth in economy and expansion of markets, a policy decision was made to establish new stock exchange under the provision of the Stock Exchange Operation Regulations, 2007.

**9. Code of Conducts for the Board Members and Board Staff Made Effective:** In order to protect the interest of investors through developing fair securities markets with emphasis on improving internal governance with the provisions including the restriction to the members of the Board and staff to buy and sell shares in the manner that general investors do. The code of conducts were made effective to the Staff from March 2017 and to the Board Members from July 2017.

**10. Drafted and Implemented Supervision Manual:** In order to protect the interest of investors through building a fair, transparent and effective securities markets, and for effective monitoring of compliance status of the guidelines issued by SEBON, it made Supervision Manual effective from July 2017. In fiscal year 2016-2017, the supervision was made more effective and onsite monitoring was carried out covering 26 brokers (52 percent), 14 merchant bankers (60 percent), including outside Kathmandu Valley 34 (53 percent) and carried out onsite monitoring of all the 11 Mutual Funds Schemes.

**11. Entry of Non-resident Nepali and Foreign Institutional Investors in the Securities**

**Markets:** The Board has formed a committee which is conducting study regarding the entry of non-resident Nepali to the secondary market.

**12. Stockbroker's Commissions Slashed Down by More than 40 percent:**

The commissions charged by stockbrokers which was remained same in the past eight years and was high in the South Asia and making the broker's commission competitive the Securities Businesspersons (Stockbroker, Dealer and Market maker) Regulations, 2007 was amended in July 2017 and the stockbroker's commission was cut down up to 40 percent. The decrease of stockbroker's commission seemed to have favourable impact to the secondary market investors.

**13. Developing OTC Market and Reduction in the Fee:**

The Board has apprised the Office of the Registrar of Companies regarding the arrangement for trading in the OTC market of the public companies not listed at NEPSE and having directed the NEPSE to manage the OTC market, the trading of shares in the OTC market become active since fiscal year 2015-16. Also the trading fee in executing transactions through OTC markets was cut down by more than 90 percent.

**14. Approval to a new Rating Agency:**

In the context of having only one rating agency, to upgrade the rating quality by increasing competition of the rating business, increase professionalism, making rating fee competitive to benefit to the capital markets, the Board provided letter of intent to a new Rating Agency.

**15. Provision of Three Additional Clearing Banks:**

As the trading in the secondary market is taking place completely in D-mat form and as a result trading amount and quantity has surged for one clearing bank not bearing the load for which the Board issued continued directives to CDSC and subsequently three more clearing banks were added to make total of four clearing banks in the review year.

**16. Directed NEPSE to Bring in Tested Trading System Compatible to International**

**Standards:** In the context of use of ultramodern system in the world capital markets, the Board issued directive to NEPSE to initiate to import new trading system compatible to international trading standards. Similarly, the Board has directed NEPSE make the provisions for auction market and bye-laws and listing bye-laws under the Securities Related Act, 2006 at the earliest.

**17. Improvement in the Securities Clearing and Settlement:** In the review year, in order to manage the securities clearing and settlement and enhance investor's confidence in the system, Board issued directive to CDSC to draft required procedure and submit to the Board for the operation of Securities Trading Settlement Guarantee Fund, addition of clearing bank, execute pay-in in the T+2 with securities in the buyers account and payment in the sellers account, and the securities be deposited in the account and the payment be deposited in the sellers account in T+ 3, and within fourth day by late the securities and payment be arranged and Board issued circular and strongly asked to get complied to the CDSC which were duly complied with by CDSC except the establishment of Settlement and Guarantee Fund.

**18. Beginning of Odd Lot Trading:** Board directed for the transaction of securities 10 unit (odd lot), without changing the price limit of stock and this provision started in March 2017. The Board also issued direction to NEPSE and CDSC to conduct system audit.

## 5.2 Problems and Challenges

Even after two decades of organised development of capital markets it is still a volatile market. In the recent years, there were some structural reform in the development capital markets. There has been a major challenge to upgrade the market for making it fair, transparent, reliable and competitive and investor friendly. For the stable and sustainable development of the capital markets, there are following problems and challenges particularly related to policy, market, technology, structure and laws:

1. Making it competitive and professional operation of secondary market in Nepal through privatisation under the Stock Exchange Operation Regulations, 2007, NEPSE under the Government ownership there is a challenge to have structural reform. Similarly, another challenge lies in restructuring the ownership and reform the CDSC established as a subsidiary of NEPSE. Also, it is a challenge to make the stock exchange more professional and competitive by facilitating establishment of new stock exchange in the private sector in accordance with the spirit of Stock Exchange Operation Regulations, 2007.
2. Liberal economic policy is a precondition for the development of securities markets. The policy changes taking place time and again and unclear policy is impairing the dynamic growth of the markets. So it is a challenge to bring policy stability for the sustainable and stable development of the markets.

3. Strengthening regulatory and supervision capacity of SEBON and achieving operational independence is a challenge.
4. In the context of having started the full-fledged dematerlised trading of securities, the Board has developed and implemented Application Supported by Blocked Amount (ASBA) thus giving access to the primary market from all 75 districts of the country in order to facilitate the mobilisation long-term capital through the capital markets. It has been a challenge to make secondary market competitive and make it accessible to all parts of the country.
5. In the context of hydroelectric sector companies having no direct regulator, the transfer of share post project licensing phase from the prospect of good governance and unclear position about the impact of share transfer on the shareholders after the expiry of license period. This has increased the risk to the investors and also has been challenging for the credibility of overall securities markets.
6. There is dearth of real sector companies entering the capital markets of Nepal and hence to attract such companies, the Board in fiscal year 2016-17, issued Securities Registration and Issue Regulations, 2016 and Securities Issue and Allotment Guidelines, 2016 enabling public issue only with 10 percent (of the issued capital) and the existing fixed pricing public issue was replaced by free pricing with some cap. The Government made provision of 15 percent tax rebate to such companies for being listed. There is challenge to make aware to the real sector companies to such provisions and pave the way for their entry into the capital markets.
7. In the context of the need of facilitating non-resident Nepali and foreign institutional investors entry to securities markets, need for entry of foreign technology and investment in stock exchange and brokering business to enhance the competitiveness and professionalism, it is a challenge to allow the entry of foreign technology and capital thereby promote the structural and competitive capacity of secondary market.
8. In the absence of adequate participation of institutional investors that can play important role in the stability of the securities markets is still a challenge to bring in and get involved the institutions like Citizen Investment Trust as an active institutional investor in the markets.
9. Till date share remains dominant instrument in the securities markets giving quick return and high liquidity and now it is challenge to develop the mutual fund, bond (government and corporate) and equity derivatives markets and make them attractive instrument for investment.

10. In the context of emerging concept of integration of capital market within SAARC region, it has been a challenge to strengthen the capacity of all market participants including regulatory bodies, listed companies, brokering business thereby enabling Nepal's securities markets participation in the cross border listing and trading.
11. In order to strengthen depository system and mutual funds it is a challenge to legislate Trust Act and other related laws as required to reform in the legal structure.
12. Securities markets is an information sensitive market and it has been a challenge to build fair, healthy and credible securities markets by making company information more transparent and well managed and also to improve good governance practices of those companies thereby minimising the inside trading in the markets.
13. Updating the very old listing provisions and standardisation of calculation of market capitalisation, developing equity derivative markets, making the activities of market participants including brokering business more standard, professional and competitive and making credit rating services more competitive are the challenges.
14. In the context that an Act for regulating the commodities market has been enacted and the responsibility to regulate the market has been entrusted to SEBON and is facing a challenge to effectively regulate the markets, drafting required regulation to facilitate the management and operation, warehouse construction and developing market infrastructure, making general public aware regarding the markets and integrating the commodities derivatives markets with the local commodities thereby contributing to the up-gradation of agriculture sector of the country and establish this market as an important mechanism therefor.
15. Imparting effective financial literacy and training to the general investors and securities businesspersons in widespread manner to contribute to the development of sustainable and competitive markets by establishing and developing securities market institute is a challenge.
16. In view of Board being Associate member of IOSCO it is challenge to fulfill required standards and obtain ordinary membership of IOSCO.





**Annex-1**  
**Share Registration and Prospectus Approval**

SN	Company Name	Amount of Securities Registered	Amount of Public Issue	Issue Price	Approval Date	Issue Manager	Remarks
<b>Bank</b>							
1	Nepal SBI Bank Ltd	65,802,602	65,802,602	971	2073/08/24	NMB Capital Ltd	FPO
2	Standard Chartered Bank Ltd	3,300,000,600	3,300,000,600	1,290	2073/11/02	NMB Capital Ltd	FPO
<b>Total</b>			<b>3,365,803,202</b>				
<b>Development Bank</b>							
1	Samata Micro Finance Bittiya Sanshta Ltd	31,600,000	9,480,000	100	2073/08/27	NIBL Capital Ltd	
2	Forward Community Micro Finance Bittiya Sanstha Ltd.	200,000,000	60,000,000	100	2073/09/19	NIBL Capital Ltd	
3	Mahuli Samudayik Laghub Bittiya Sanstha Ltd.	40,000,000	12,000,000	100	2073/12/04	NCM Merchant Banking Ltd	
4	Swadeshi Laghubitta Bittiya Sanstha Ltd.	100,000,000	30,000,000	100	2073/12/07	NMB Capital Ltd	
<b>Total</b>			<b>111,480,000</b>				
<b>Hydro-power</b>							
1	United Modi Hydropower Ltd	1,150,000,000	115,000,000	100	2073/05/01	NIBL Capital Ltd	Local
	United Modi Hydropower Ltd		172,500,000	100	2073/10/19	NIBL Capital Ltd	Public
2	Arun Kabeli Power Ltd.	300,000,000	300,000,000	100	2073/06/16	Siddhartha Capital Ltd	Public
3	Nepal Hdyro Developer Ltd.	221,000,000	26,000,000	100	2073/07/02	NMB Capital Ltd	Local
	Nepal Hdyro Developer Ltd.	39,000,000	39,000,000	100	2074/03/23	NMB Capital Ltd	Public
4	Synergi Power Development Ltd.	210,000,000	210,000,000	100	2073/08/23	Sanima Capital Ltd	Public
5	Himalayan Power Partner Ltd.	852,333,600	106,541,700	100	2073/08/24	Global IME Capital Ltd	Local
	Himalayan Power Partner Ltd.	213,083,400	213,083,400	100	2074/02/16	Global IME Capital Ltd	Public
6	Chyangdi Hydropower Ltd.	216,000,000	27,000,000	100	2073/08/24	Global IME Capital Ltd	Local
	Chyangdi Hydropower Ltd.	54,000,000	54,000,000	100	2074/01/11	Global IME Capital Ltd	Public
7	Radhi Bidyut Company Ltd	348,500,000	41,000,000	100	2073/12/03	Nabil Investment Banking Ltd	Local
8	Mailung Khola Jal bidyut Company Ltd.	294,514,400	36,814,400	100	2074/01/24	Siddhartha Capital Ltd	Local
9	Rairang hydropower Development Ltd.	476,000,000	56,000,000	100	2074/01/24	ACE Capital Ltd	Local
<b>Total</b>			<b>1,396,939,500</b>				

<b>Insurance</b>							
1	Nepal Life Insurance Company Ltd	4,412,411,325	<b>4,412,411,325</b>	1425	2073/09/14	Siddhartha Capital Ltd	FPO
<b>Finance Company</b>							
1	Pokhara Finance Ltd.	216410040	<b>216410040</b>	220	2074/03/15	NIBL Capital Ltd	FPO
<b>Grand Total</b>			<b>9,503,044,067</b>				

<b>Annex-2</b>					
<b>Right Share Registration and Issuance</b>					
<b>1</b>	<b>Company</b>	<b>Ratio</b>	<b>Issued Amount in Rs</b>	<b>Approval Date</b>	<b>Issue Manager</b>
<b>Bank</b>					
1	Prime Commercial Bank Ltd	3:1	1,235,087,400	2073/04/02	Civil Capital Market Ltd
2	Century Commercial Bank Ltd	10:3	852,240,000	2073/04/03	Civil Capital Market Ltd
3	Siddhartha Bank Ltd	4:1	755,519,300	2073/06/02	Laxmi Capital Market Ltd
4	Agriculture Development Bank Ltd	2:1	1,968,800,000	2073/06/02	Ace Capital Ltd
5	Himalayan Bank Ltd	7:1	642,735,000	2073/06/12	Laxmi Capital Market Ltd
6	Janata Bank Nepal Ltd	2:1	1,030,000,000	2073/06/19	NCM Merchant Banking Ltd
7	Machhapuchhre Bank Ltd	2:1	1,932,270,000	2073/06/21	Civil Capital Market Ltd
8	Kumari Bank Ltd	2:01	1,349,583,266	2073/11/01	Siddhartha Capital Ltd
9	Citizen International Bank Ltd	10:2.5	1,384,337,900	2073/11/12	Sanima Capital Ltd
10	Nepal Bangladesh Bank Ltd	10:8	3,209,406,880	2073/11/17	Global IME Capital Ltd
11	NIC Asia Bank Ltd	100:15	872,947,500	2073/11/24	Civil Capital Market Ltd
12	Sanima Bank Ltd	10:3	1,591,761,700	2073/11/30	CBIL Capital Ltd
13	Laxmi Bank Ltd	1:1	3,159,030,400	2073/12/01	Siddhartha Capital Ltd
14	Nepal Bank Ltd	100:23.74	1,543,184,000	2073/12/15	Civil Capital Market Ltd
15	Nepal SBI Bank Ltd	10:4	1,991,942,360	2074/01/11	NMB Capital Ltd
16	Sunrise Bank Ltd	10:3	1,635,963,600	2074/01/15	Prabhu Capital Ltd
17	Everest Bank Ltd	3:1	1,508,808,700	2074/01/20	NIBL Capital Ltd
18	Siddhartha Bank Ltd	10:3	1,575,257,813	2074/02/07	Laxmi Capital Market Ltd
19	Machhapuchhre Bank Ltd	10:1.2	791,844,000	2074/02/07	NMB Capital Ltd
20	Century Commercial Bank Ltd	10:4	1,885,425,700	2074/03/26	Civil Capital Market Ltd
<b>Total</b>			<b>30,916,145,519</b>		
<b>Development Bank</b>					
1	Mount Makalu Development Bank Ltd	1:1.5	39,000,000	2073/04/05	NIBL Capital Ltd

2	Sahara Bikash Bank Ltd	1:1.5	35,400,000	2073/04/32	Global IME Capital Ltd
3	Laxmi Laghubitta Bittiya Sanstha Ltd	1:1	110,000,000	2073/05/13	NMB Capital Ltd
4	Araniko Development Bank Ltd	10:3.6	92,819,034	2073/05/15	Siddhartha Capital Ltd
5	Muktinath Bikash Bank Ltd	2:1	419,216,375	2073/05/15	NIBL Capital Ltd
6	Miteri Development Bank Ltd	2:2	105,636,960	2073/05/15	Prabhu Capital Ltd
7	Triveni Bikash Bank Ltd	2:1	410,007,642	2073/05/23	Ace Capital Ltd
8	Sewa Bikash Bank Ltd	1:1.2	510,666,200	2073/06/06	NMB Capital Ltd
9	Western Development Bank Ltd	1:1	156,960,000	2073/06/07	Laxmi Capital Market Ltd
10	Nagbeli Laghubitta Bikash Bank Ltd	2:1	12,500,000	2073/06/11	NMB Capital Ltd
11	NMB Microfinance Ltd	1:1.2	55,200,000	2073/06/11	Global IME Capital Ltd
12	Kasthmandap Development Bank Ltd	4:1	169,974,170	2073/06/21	NCM Merchant Banking Ltd
13	Saptakoshi Development Bank Ltd	1:1	100,000,000	2073/07/29	NMB Capital Ltd
14	Kanchan Development Bank Ltd	2:1	99,000,000	2073/08/03	Global IME Capital Ltd
15	Dev Bikash Bank Ltd	2:1	440,544,039	2073/08/11	NIBL Capital Ltd
16	Kailash Bikash Bank Ltd	5:1	316,067,200	2073/09/07	Global IME Capital Ltd
17	Bhargav Bikash Bank Ltd	1:1	257,923,845	2073/9/27	NMB Capital Ltd
18	Diprox Laghubitta Bikash Bank Ltd	1:1	257,923,845	2073/10/09	NIBL Capital Ltd
19	Nerude Laghubitta Bikash Bank Ltd	2:1	90,000,000	2073/10/19	NCM Merchant Banking Ltd
20	Mission Development Bank Ltd	1:1	194,925,000	2073/11/08	Vibor Capital Ltd
21	Tourism Development Bank Ltd	1:1	919,771,200	2073/11/15	NIBL Capital Ltd
22	First Microfinance Ltd	2:1	132,250,000	2073/12/17	Global IME Capital Ltd
23	Hamro Bikash Bank Ltd	1:2	305,833,900	2073/12/17	NIBL Capital Ltd
24	Siddhartha Development Bank Ltd	10:6	851,500,600	2073/12/17	Nabil Investment Banking Ltd
25	Garima Bikash Bank Ltd	10:7	907,629,666	2073/12/21	Ace Capital Ltd
26	Tinau Development Bank Ltd	10:3.5	119,479,609	2073/12/28	Siddhartha Capital Ltd
27	Sahayogi Bikash Bank Ltd	10:3.5	110,113,500	2074/01/05	NCM Merchant Banking Ltd
28	Jyoti Bikash Bank Ltd	1:1	1,104,317,100	2074/01/05	Siddhartha Capital Ltd
29	Mirmire Microfinance Development Bank Ltd	1:0.5	15,000,000	2074/01/06	Prabhu Capital Ltd
30	Purnima Bikash Bank Ltd	4:1	88,096,282	2074/02/04	Siddhartha Capital Ltd
31	Swarojgar Laghubitta Bittiya Sanstha Ltd	2:1	34,999,360	2074/02/04	NMB Capital Ltd
32	Kanchan Development Bank Ltd	10:3	103,950,000	2074/02/07	Global IME Capital Ltd
33	Alpine Development Bank Ltd	3:2.08	180,324,700	2074/02/07	NMB Capital Ltd
34	Kankai Development Bank Ltd	1:2.14	321,000,000	2074/02/14	Siddhartha Capital Ltd
35	Kamana Bikash Bank Ltd	10:3	241,313,760	2074/02/18	NIBL Capital Ltd
36	Saptakoshi Development Bank Ltd	1:1.3	274,300,000	2074/02/31	NMB Capital Ltd

37	Reliable Microfinance Bittiya Sanstha Ltd	2:1	28,250,000	2074/03/01	Civil Capital Market Ltd
38	Kabeli Bikash Bank Ltd	2:1	35,088,000	2074/03/18	Global IME Capital Ltd
39	Sindhu Bikash Bank Ltd.	10:8	209,754,000	2074/03/26	Civil Capital Market Ltd
<b>Total</b>			<b>9,856,735,987</b>		
<b>Finance Company</b>					
1	Guheshwori Merchant Banking and Finance Ltd	2:1	146,869,700	2073/04/31	NIBL Capital Ltd
2	Seti Finance Ltd	1:1.5	95,178,600	2073/06/02	NIBL Capital Ltd
3	Manjushree Finance Ltd	1:1.75	438,637,500	2073/07/22	Ace Capital Ltd
4	Namaste Bittiya Sanstha Ltd	1:1	37,500,000	2073/07/24	NMB Capital Ltd
5	Sagarmatha Finance Ltd	10:8	295,438,900	2073/07/27	NIBL Capital Ltd
6	Gorkhas Finance Ltd	2:1	289,331,300	2073/12/22	NIBL Capital Ltd
7	Lalitpur Finance Ltd	1:1	187,945,400	2074/01/11	Global IME Capital Ltd
8	Goodwill Finance Ltd	10:6	272,250,000	2074/01/21	NIBL Capital Ltd
9	United Finance Ltd	5:1	134,541,095	2074/02/21	Nabil Investment Banking Ltd
10	Arun Finance Ltd	1:1	150,000,000	2074/03/27	Global IME Capital Ltd
<b>Total</b>			<b>2,047,692,495</b>		
<b>Insurance</b>					
1	Neco Insurance Ltd	1:1	324,043,645	2073/09/06	NMB Capital Ltd
2	Prabhu Insurance Ltd	2:1	192,507,900	2073/11/12	Prabhu Capital Ltd
3	NB Insurance Company Ltd	1:1	270,000,000	2074/01/14	Global IME Capital Ltd
4	Himalayan General Insurance Co.Ltd.	1:1.6667	642,000,000	2074/02/30	NMB Capital Ltd
5	Lumbini General Insurance Ltd	1:1	390,000,000	2074/03/01	CBIL Capital Ltd
<b>Total</b>			<b>1,818,551,545</b>		
<b>Hydro Power</b>					
1	Sanima Mai Hydropower Ltd.	1:1	<b>1,055,000,000</b>	2074/03/15	Sunrise Capital Ltd
<b>Grand Total</b>			<b>45,642,414,201</b>		

**Annex-3  
Bonus Share Registration**

<b>SN</b>	<b>Company</b>	<b>Bonus Rate (%)</b>	<b>Amount Rs.</b>	<b>Registration Date</b>
1	Agriculture Development Bank Ltd.	15	513,600,000	2073/04/06
2	Machhapuchchhre Bank Ltd.	16	533,040,000	2073/04/11
3	Citizen Investment Trust	35	157,500,000	2073/04/12
4	Gurans Life Insurance Ltd.	10	50,000,000	2073/04/17
5	Kakre Bihar Bikas Bank Ltd.	15	5,692,500	2073/04/20
6	Salt Trading Corporation Ltd.	15	10,710,000	2073/04/20
7	Sagarmatha Finance Ltd.	15.85	50,525,600	2073/04/24
8	Himalayan General Insurance Co. Ltd.	20	53,500,000	2073/04/27
9	Namaste Bittiya Sanstha Ltd.	20	6,250,000	2073/04/27
10	ICFC Finance Ltd.	10.5	44,831,756	2073/05/06
11	Prudential Insurance Co. Ltd.	10	32,400,000	2073/05/06
12	Kalinchowk Development Bank Ltd.	6	6,000,000	2073/05/07
13	Mission Development Bank Ltd.	13	22,425,000	2073/05/07
14	Karnali Development Bank Ltd.	25	20,000,000	2073/05/13
15	Nepal Life Insurance Co. Ltd.	25	433,500,000	2073/05/15
16	Professional Diyalo Bikas Bank Ltd.	9.25	20,350,000	2073/05/15
17	Lumbini Finance and Leasing Co. Ltd.	21.618	73,524,400	2073/05/15
18	Nepal Community Development Bank Ltd.	9.5	9,500,000	2073/05/29
19	Reliance Lotus Finance Co. Ltd.	20	74,285,720	2073/05/29
20	Standard Chartered Bank Ltd.	25	564,264,800	2073/06/04
21	Raptibheri Bikas Bank Ltd.	15	18,752,010	2073/06/04
22	Reliable Development Bank Ltd.	10	71,689,265	2073/06/05
23	Shangrila Development Bank Ltd.	20.85	153,455,965	2073/06/10
24	Supreme Development Bank Ltd.	15	121,743,265	2073/06/11
25	Hamro Bikas Bank Ltd.	15	15,956,550	2073/06/17
26	Bhargav Bikas Bank Ltd.	20	20,000,000	2073/06/28
27	Mahakali Bikas Bank Ltd.	17	21,624,000	2073/07/02
28	Bagmati Development Bank Ltd.	14	8,050,000	2073/07/11
29	Bhaktapur Finance Ltd.	5.5	11,000,000	2073/07/12
30	Matribhumi Bikas Bank Ltd.	15	7,260,000	2073/07/22
31	Api Power Company Ltd.	5	50,000,000	2073/07/22
32	Prabhu Insurance Ltd.	17	55,942,500	2073/07/30
33	First Microfinance Development Bank Ltd.	15	34,500,000	2073/07/30
34	Oriental Hotels Ltd.	20	131,954,292	2073/08/05
35	Unique Finance Ltd.	16	38,177,600	2073/09/03
36	Goodwill Finance Ltd.	25	90,750,000	2073/09/03
37	ICFC Finance Ltd.	17	116,498,511	2073/09/03

38	Nepal Bangladesh Bank Ltd.	32	972,547,600	2073/09/03
39	Alpine Development Bank Ltd.	23	27,140,000	2073/09/03
40	Citizen Bank International Ltd.	24.49	750,675,762	2073/09/03
41	Kabeli Bikash Bank Ltd.	20	11,696,000	2073/09/03
42	Arun Valley Hydropower Ltd.	10	77,609,000	2073/09/08
43	Nepal Investment Bank Ltd.	20	1,491,402,700	2073/09/08
44	NIC Asia Bank Ltd.	26	1,200,880,158	2073/09/08
45	Nabil Bank Ltd.	30	1,428,937,400	2073/09/11
46	Country Development Bank Ltd.	7.25	24,128,000	2073/09/11
47	Nirdhan Utthan Bank Ltd.	20	99,981,800	2073/09/18
48	Sagarmatha Insurance Co. Ltd.	23.75	84,679,100	2073/09/18
49	Everest Finance Ltd.	14.5	19,940,300	2073/09/19
50	Sanima Bank Ltd.	15	688,564,800	2073/09/24
51	United Finance Ltd.	20	92,709,900	2073/09/25
52	Siddhartha Development Bank Ltd.	24	274,677,600	2073/09/29
53	Tinau Development Bank Ltd.	25	68,274,100	2073/10/02
54	Sunrise Bank Ltd.	33.33	1,325,348,800	2073/10/03
55	Karnali Development Bank Ltd.	11	11,000,000	2073/10/11
56	Sindhu Bikash Bank Ltd.	16.8	20,317,500	2073/10/11
57	Ridi Hydropower Development Company Ltd.	6	27,095,300	2073/10/11
58	Sahayogi Vikas Bank Ltd.	22	56,732,900	2073/10/11
59	Pokhara Finance Ltd.	13.5	66,301,092	2073/10/17
60	Swarojgar Laghubitta Bikas Bank Ltd.	30.4	16,318,720	2073/10/17
61	Pacific Development Bank Ltd.	22.1	24,071,600	2073/10/19
62	Hama Merchant and Finance Ltd.	12	26,520,000	2073/10/19
63	NMB Microfinance	25	11,500,000	2073/10/19
64	Standard Chartered Bank Ltd.	33.33	937,475,300	2073/10/19
65	Gandaki Bikas Bank Ltd.	19.57	105,396,200	2073/10/19
66	Himalayan General Insurance Co. Ltd.	20	64,200,000	2073/10/19
67	Kankai Bikas Bank Ltd.	20	25,000,000	2073/10/20
68	Miteri Development Bank Ltd.	30	63,382,176	2073/10/20
69	National Life Company Ltd.	30	305,737,770	2073/10/24
70	Ace Development Bank Ltd.	20.25	203,174,100	2073/10/24
71	Siddhartha Insurance Ltd.	30	103,455,000	2073/10/25
72	Mirmire Microfinance Development Bank Ltd.	60	10,000,000	2073/10/25
73	Soaltee Hotel Ltd.	10	52,655,240	2073/10/26
74	Sahara Bikash Bank Ltd.	35	8,260,000	2073/11/01
75	Lumbini General Insurance Co. Ltd.	18.18	60,000,000	2073/11/01
76	Shikhar Insurance Ltd.	60	307,771,000	2073/11/01
77	Machhapuchchhre Bank Ltd.	20.75	801,890,000	2073/11/01
78	Muktinath Bikas Bank Ltd.	34	285,067,135	2073/11/08

79	United Insurance Co. (Nepal) Ltd.	20	50,400,000	2073/11/08
80	Chhimek Laghubitta Bikas Bank Ltd.	40	238,323,100	2073/11/08
81	Shree Investment and Finance Co. Ltd.	10.5	23,100,000	2073/11/08
82	Premier Insurance Co(Nepal) Ltd.	20	74,750,700	2073/11/11
83	Srijana Finance Ltd.	50	100,800,000	2073/11/11
84	Country Development Bank Ltd.	8.45	30,160,416	2073/11/15
85	Triveni Bikas Bank Ltd.	19	155,802,904	2073/11/15
86	Chilime Hydropower Co. Ltd.	10	313,447,680	2073/11/17
87	Araniko Development Bank Ltd.	17	43,831,211	2073/11/17
88	Hamro Bikas Bank Ltd.	25	30,583,388	2073/11/17
89	Janaki Finance Ltd. (Bittiya Sanstha)	10	31,078,100	2073/11/23
90	Fewa Bikas Bank Ltd.	20.6	204,970,000	2073/11/23
91	Kanchan Development Bank Ltd.	25	49,500,000	2073/11/23
92	Paschimanchal Finance Ltd.	15	45,526,000	2073/11/30
93	Sagarmatha Insurance Co. Ltd.	22	97,069,000	2073/11/30
94	Bhaktapur Finance Ltd.	3.5	7,385,000	2073/11/30
95	Namaste Bittiya Sanstha Ltd.	24	9,000,000	2073/11/30
96	Jyoti Bikas Bank Ltd.	11.7	117,290,760	2073/12/03
97	NLG Insurance Company Ltd.	25	102,465,000	2073/12/03
98	Manjushree Finance Ltd.	14	35,091,000	2073/12/03
99	Garima Bikas Bank Ltd.	20	216,102,400	2073/12/07
100	Deva Bikas Bank Ltd.	14	123,352,331	2073/12/07
101	Mahila Sahayatra Microfinance Bittiya Sanstha Ltd.	10	11,000,000	2073/12/07
102	Biratlaxmi Bikas Bank Ltd.	18.5	78,691,206	2073/12/09
103	Vijaya Laghubitta Bittiya Sanstha Ltd.	15	21,000,000	2073/12/09
104	Butwal Power Co. Ltd.	7	118,456,300	2073/12/09
105	Cosmos Development Bank Ltd.	11.8	11,873,800	2073/12/09
106	Womi Microfinance Bittiya Sanstha Ltd.	20	10,800,000	2073/12/15
107	Mero Microfinance Bittiya Sanstha Ltd.	10	20,000,000	2073/12/15
108	Saptakoshi Development Bank Ltd.	11	11,000,000	2073/12/15
109	NMB Bank Ltd.	19	1,031,711,868	2073/12/15
110	Manaslu Bikas Bank Ltd.	18	33,035,400	2073/12/15
111	Nepal SBI Bank Ltd.	28	1,088,927,200	2073/12/15
112	Alpine Development Bank Ltd.	14.5	32,935,300	2073/12/16
113	Kailash Bikas Bank Ltd.	25	395,084,000	2073/12/16
114	Siddhartha Bank Ltd.	39	1,473,262,702	2073/12/16
115	Swabalamban Laghubitta Bikas Bank Ltd.	34	106,695,000	2073/12/16
116	Janata Bank Ltd.	12	247,200,000	2073/12/16
117	Summit Micro Finance Development Bank Ltd.	45	22,500,000	2073/12/16
118	Sahara Bikash Bank Ltd.	18	5,734,800	2073/12/21
119	Guheshwori Merchant Banking & Finance Ltd.	12	52,873,092	2073/12/21

120	Sana Kisan Bikas Bank Ltd.	25	100,612,469	2073/12/21
121	Purnima Bikas Bank Ltd.	16.467	49,822,054	2073/12/21
122	Nepal SBI Bank Ltd.	Fraction	1,810,600	2073/12/24
123	Om Development Bank Ltd.	29.2	307,432,100	2073/12/28
124	Central Finance Ltd.	22.5	55,520,415	2073/12/28
125	Neco Insurance Ltd.	20	64,808,726	2073/12/28
126	Shine Resunga Development Bank Ltd.	27	234,473,200	2073/12/28
127	Lumbini Finance and Leasing Co. Ltd.	35	144,375,000	2073/12/28
128	Sewa Bikas Bank Ltd.	19	80,855,488	2074/01/05
129	Kakre Bihar Bikas Bank Ltd.	19	11,569,575	2074/01/05
130	Kisan Micro Finance Bittiya Sanstha Ltd.	61	12,200,000	2074/01/05
131	Jebil's Finance Ltd.	12.5	32,106,250	2074/01/11
132	United Finance Ltd.	Fraction Share	315,204	2074/01/11
133	Everest Bank Ltd.	70	1,863,822,841	2074/01/11
134	Mega Bank Nepal Ltd.	13.25	531,594,074	2074/01/19
135	Kamana Bikas Bank Ltd.	21.58	142,774,330	2074/01/19
136	Prime Commercial Bank Ltd.	17.25	852,210,321	2074/01/19
137	Biratlaxmi Bikas Bank Ltd.	20	6,450,120	2074/01/25
138	Kasthamandap Development Bank Ltd.	23.37	158,891,854	2074/01/25
139	Rural Microfinance Development Centre Ltd.	10	62,920,000	2074/01/25
140	Kumari Bank Ltd.	21	568,039,129	2074/01/28
141	Himalayan Bank Ltd.	30	1,349,743,500	2074/01/28
142	Asian Life Insurance Co. Ltd.	20	134,265,540	2074/01/28
143	Civil Laghubitta Bittiya Sanstha Ltd.	5	5,000,000	2074/02/03
144	Mahakali Bikas Bank Ltd.	9.25	13,766,220	2074/02/03
145	Bank of Kathmandu	23	1,052,685,000	2074/02/09
146	Mount Makalu Development Bank Ltd.	16	4,160,000	2074/02/09
147	Reliance Finance Ltd.	15	66,857,148	2074/02/14
148	Innovative Development Bank Ltd.	21.75	63,183,750	2074/02/17
149	Agriculture Development Bank Ltd.	20	1,181,280,000	2074/02/21
150	Deprosc Laghubitta Bikas Bank Ltd.	35	90,273,346	2074/02/21
151	Sagarmatha Finance Ltd.	32.94	121,646,900	2074/02/21
152	Century Commercial Bank Ltd.	10	368,900,020	2074/02/26
153	Global IME Bank Ltd.	15.76	986,282,900	2074/02/26
154	Excel Development Bank Ltd.	25	76,912,500	2074/02/30
155	Nerude Laghubitta Bikash Bank Ltd.	20	36,000,000	2074/03/04
156	Prudential Insurance Co. Ltd.	20	71,280,000	2074/03/04
157	RSDC Laghubitta Bittiya Sanstha Ltd.	15	15,000,000	2074/03/04
158	Nepal Life Insurance Co. Ltd.	25	619,285,725	2074/03/04
159	Mahalaxmi Bikash Bank Ltd.	7.9	91,341,600	2074/03/13

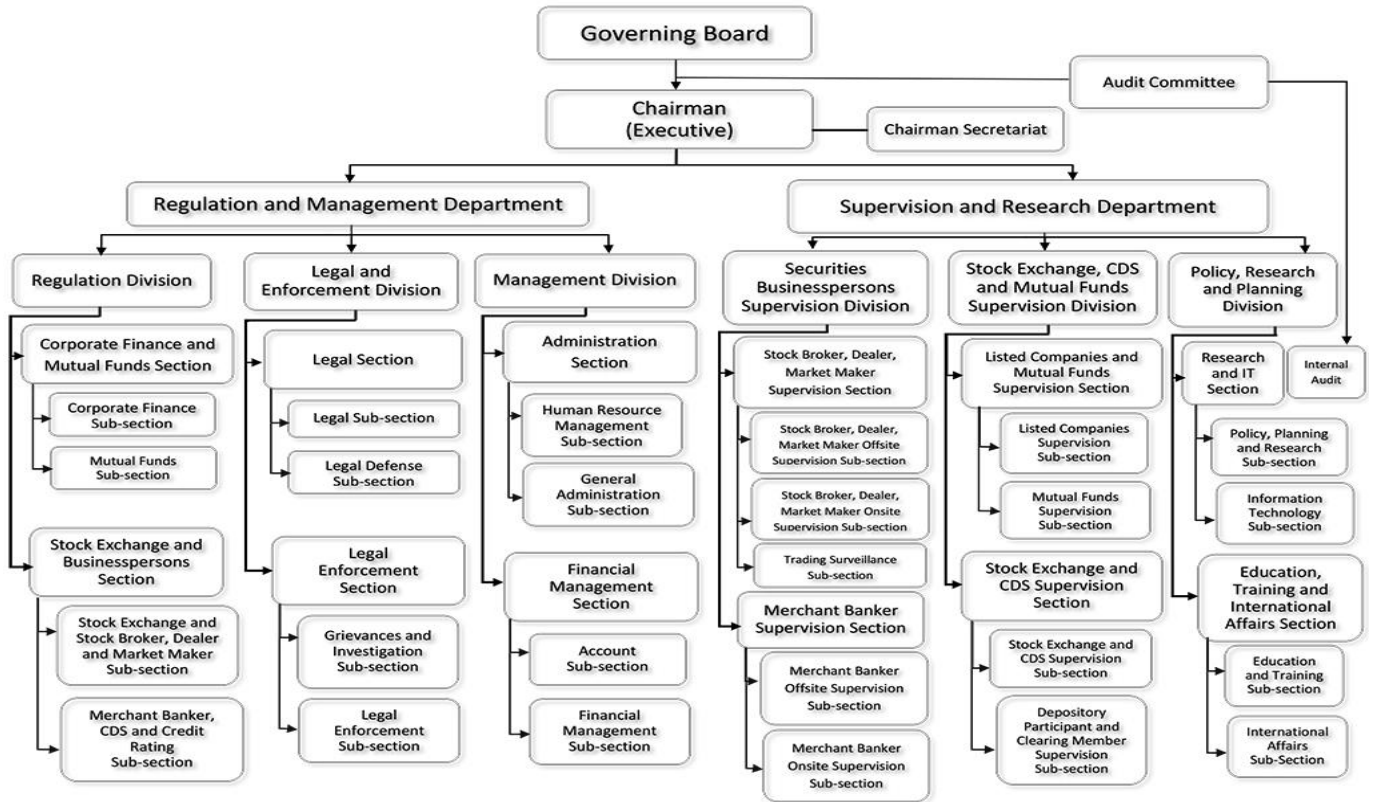


160	Nagbeli Laghubitta Bikas Bank Ltd.	60	15,000,000	2074/03/13
161	Surya Life Insurance LTd.	5	31,250,000	2074/03/18
162	Reliable Development Bank Ltd.	28.14	221,888,900	2074/03/20
163	Nepal Community Development Bank Ltd.	5.15	10,794,900	2074/03/20
164	Civil Bank Ltd.	2.88	132,013,625	2074/03/26
<b>Total</b>			<b>34,795,992,768</b>	

**Annex-4**  
**Mutual Fund Scheme Registration**

<b>S.N.</b>	<b>Name of Scheme</b>	<b>No. of Unit</b>	<b>Amount of Issue</b>	<b>Fund Manager</b>	<b>Date of Approval</b>
1	Nabil Equity Fund	125,000,000	1,250,000,000	Nabil Investment Banking Ltd.	2073/05/14
2	NMB HYBRID Fund L-1	100,000,000	1,000,000,000	NMB Capital Ltd.	2073/05/14
3	NIBL Pragati Fund	75,000,000	750,000,000	NIBL Capital Markets Ltd.	2073/07/24
4	Laxmi Equity Fund	125,000,000	1,250,000,000	Laxmi Capital Market Ltd.	2074/01/03
	<b>Total</b>	<b>425,000,000</b>	<b>4,250,000,000</b>		

**Annex-5**  
**Organisational Structure of SEBON**



**Annex-6**  
**Securities Board of Nepal**  
**Jawalakhel Lalitpur**  
**Balance Sheet (Unaudited)**

**As on 15th July 2017**

<b>Particulars</b>	<b>15th July 2017 (Rs.)</b>	<b>15th July 2016(Rs.)</b>
<b>Fund and Reserves</b>		
<b>Fund and Reserves</b>	722,086,587.87	385,519,062.37
<b>Total</b>	<b>722,086,587.87</b>	<b>385,519,062.37</b>
<b>Assets</b>		
<b>Fixed Assets</b>		
At Cost	43,499,966.15	32,854,098.53
Less: Depreciation	-27,460,856.96	-23,374,511.51
<b>Net Fixed Assets</b>	<b>16,039,109.19</b>	<b>9,479,587.01</b>
<b>Investment</b>	<b>667,161,312.72</b>	<b>447,107,382.47</b>
<b>Current Assets</b>		
Bank Balance	55,208,950.84	13,861,248.47
Deposit, Advances & Prepayments	14,774,386.82	10,051,290.50
Income Receivables	45,614,827.15	27,885,283.31
<b>Total Current Assets</b>	<b>115,598,164.81</b>	<b>51,797,822.28</b>
Less: Current Liabilities	-12,612,230.89	-77,715,217.09
Less: Provision	-64,099,767.96	-45,150,512.30
<b>Net Current</b>	<b>38,886,165.96</b>	<b>-71,067,907.11</b>
<b>Total</b>	<b>722,086,587.87</b>	<b>385,519,062.37</b>

<b>Annex-7</b>		
<b>Securities Board of Nepal</b>		
<b>Jawalakhel, Lalitpur</b>		
<b>Income Statement (Unaudited)</b>		
<b>15th July 2016-15th July 2017</b>		
<b>Particulars</b>	<b>FY 2016/17 (Rs.)</b>	<b>FY 2015/16 (Rs.)</b>
<b>Income</b>		
Income from securities market	410,353,947.84	157,379,565.98
Interest Income	36,755,820.02	18,770,153.61
Other Income	188,260.50	220,295.08
<b>Total Income</b>	<b>447,298,028.36</b>	<b>176,370,014.67</b>
<b>Expenditure</b>		
Staff Expenses	49,441,726.33	23,508,323.49
Administrative Expenses	40,386,769.10	33,207,784.63
Depreciation	4,086,345.44	1,497,286.57
TDS Written Off	-	-
Prime Minister's Disaster Relief Fund Expenses	-	-
<b>Total Expenditure</b>	<b>93,914,840.87</b>	<b>58,213,394.69</b>
<b>Surplus(Income over Expenditure)</b>	<b>353,383,187.49</b>	<b>118,156,619.98</b>
<b>Surplus tranfered to income statement</b>	<b>353,383,187.49</b>	<b>118,156,619.98</b>
<b>Allocation</b>		
Renewal Fund	88,345,796.87	29,539,154.99
Staff Protection Fund	14,135,327.50	5,000,000.00
General Reserve	215,563,746.85	71,801,802.98
Staff Welfare Fund	35,338,318.75	11,815,662.00
<b>Total Allocation</b>	<b>353,383,189.97</b>	<b>118,156,619.98</b>

<b>Annex-8</b>		
<b>Securities Board of Nepal Jawalakhel Lalitpur</b>		
<b>Cash Flow Statement</b>		
<b>Particulars</b>	<b>FY 2016/17 (Rs.)</b>	<b>FY 2015/16 (Rs.)</b>
<b>Cash Flow from Operating Activities</b>		
Net Surplus before Appropriation	353,383,187.49	118,156,622.46
Add: Depreciation	4,086,345.44	1,497,286.57
Add: Gratuity Expenses	6,124,805.82	2,499,569.07
Add: Medical Expenses	6,730,315.92	896,274.10
Add: Provision for staff leave encashment	1,094,133.92	
Add: Provision for staff protection expenses	-11,815,662.25	-5,189,753.35
Less: Income from sale of fixed assets	-	-
Less: Income booked under SDMS grant	-	-
Less: Interest Income	-36,755,820.02	-18,770,153.61
<b>Operating Cash Flow before working capital changes</b>	<b>322,847,306.32</b>	<b>99,089,845.24</b>
Increase/Decrease in Current Assets	-14,124,029.83	-15,770,449.00
Increase/Decrease in Current Liabilities	-65,102,986.20	16,685,347.32
Payment to Staff Welfare Fund	-	-
<b>Cash Flow from Operating Activities</b>	<b>243,620,291.29</b>	<b>100,004,743.56</b>
<b>Cash Flow from Investment Activities</b>		
Interest Income	36,755,820.02	18,770,153.61
Add: Accrued Interest of Last Year	4,219,112.11	2,602,824.75
Less: Accrued Interest of Current Year	-12,547,723.19	-4,219,112.11
<b>Net Cash Flow from Interest Income</b>	<b>28,427,208.94</b>	<b>17,153,866.25</b>
Less: Purchase of Fixed Assets	-10,645,867.62	-7,209,017.18
Add: Sale of Fixed Assets	-	-
Less: Decrease/Increase in Investment	-220,053,930.25	-138,979,556.54
<b>Net Cash Flow from Investment Activities</b>	<b>-202,272,588.93</b>	<b>-129,034,707.47</b>
<b>Net Increase/Decrease in Cash &amp; Cash Equivalent</b>	<b>41,347,702.36</b>	<b>-29,029,963.91</b>
Cash and Equivalent at beginning	13,861,248.47	42,891,212.38
<b>Cash and Cash Equivalent at the end of period</b>	<b>55,208,950.84</b>	<b>13,861,248.47</b>

**Annex-9**  
**List of Merchant Bankers**

SN	Company	Area	Date of License	Address
1	NCM Merchant Banking Ltd	Issue Manger, Underwriter, Share registrar, Portfolio Management	12 <sup>th</sup> Oct 2010	Kamalpokhari, Contact No. 4428550,4428660, Fax : 4428688
2	Ace Capital Limited	Issue Manger, Underwriter, Share registrar, Portfolio Management	23 <sup>rd</sup> Aug 2010	Lal Darbar, Kathmandu, Contact no. 4426161, Fax no. 4426133
3	NMB Capital Limited	Issue Manger, Underwriter, Share registrar, Portfolio Management	23 <sup>rd</sup> Aug 2010	Naksal, Kathmandu, Contact no: 4253096
4	Citizen Investment Trust	Issue Manger, Underwriter, Share registrar	5 <sup>th</sup> Feb 2009, 29 <sup>th</sup> Jan 2012	New Baneshwor, Contact No: 4785321/4785319, Fax: 4785320
5	Global IME Capital Limited	Issue Manger, Underwriter, Share registrar, Portfolio Management	7 <sup>th</sup> Sep 2008	Jamal, Kathmandu, Contact No: 422640, Fax: 4222534
6	Vibor Capital Limited	Issue Manger, Underwriter, Share registrar, Portfolio Management	27 <sup>th</sup> July 2010	KrishnaGalli, Lalitpur, Contact No: 5554793/5554794
7	Civil Capital Market Limited	Issue Manger, Underwriter, Share registrar, Portfolio Management	6 <sup>th</sup> April 2009, 6 <sup>th</sup> Jan 2011	Kamaladi, Kathmandu, Contact : 4168654/416664, Fax: 4168734
8	Beed Invest Limited	Portfolio Management	4 <sup>th</sup> June 2009	KrishnaGalli, Lalitpur, Contact: 5548400, Fax: 5548405
9	Prabhu Capital Limited	Issue Manger, Underwriter, Share registrar, Portfolio Management	20 <sup>th</sup> July 2009,	Kamaladi, Kathmandu, Contact: 4221946/4221952, Fax: 4222802
10	NABIL Investment Banking Limited	Issue Manger, Underwriter, Share registrar, Portfolio Management	27 <sup>th</sup> April 2010	Naxal, Kathmandu, Contact: 4411604,4411733, Fax: 4410554
11	Laxmi Capital Market Limited	Issue Manger, Underwriter, Share registrar, Portfolio Management	28 <sup>th</sup> Dec 2010	Pulchowk, Lalitpur, Contact: 5551363,5551463, Fax: 5537743
12	NIBL Capital market Limited	Issue Manger, Underwriter, Share registrar, Portfolio Management	18 <sup>th</sup> June 2012	Lazimpat, Kathmandu, Contact: 4005080 Fax: 4005084
13	Kriti Capital and Investment Limited	Portfolio Management	27 <sup>th</sup> July 2013	Ravibhawan, Kathmandu, Contact: 4276786,4281776
14	Equity and Assets Investment Limited	Portfolio Management	15 <sup>th</sup> Dec 2014	New Baneshwor, Kathmandu, Contact : 4781501,6201789
15	National Merchant Banker Limited	Portfolio Management	4 <sup>th</sup> Feb 2015	Kalikasthan, Kathmandu, Contact: 4430746

16	Siddhartha Capital Limited	Issue Underwriter, Share Portfolio Management Manger, registrar,	11 <sup>th</sup> June 2015	Naxal, Kathmandu, Contact: 4257767,4257768, Fax: 4257764
17	Provident Merchant Banker Limited	Share registrar, Portfolio Management	20 <sup>th</sup> June 2016	Pepsicola, Kathmandu, Contact: 4993450,5147097, Fax: 4993450
18	CBIL Capital Ltd	Issue Underwriter, Share Portfolio Management Manger, registrar,	30th June 2016	Batuleghar, Dillibazar, Kathmandu, Contact No. 4418667, 4417723, Fax No. 4428958
19	Sanima Capital Ltd	Issue Underwriter, Share Portfolio Management Manger, registrar,	30th June 2016	Naxal, Kathmandu, Contact No. 4428956, 57,44, Fax No. 4428958
20	Kathmandu Capital Ltd	Issue Underwriter, Share Portfolio Management Manger, registrar,	16th Nov 2016	Kathmandu Plaza, Kamaladi, Kathmandu, Contact No. 4168634, 4168639, Fax No. 4168703
21	Nepal SBI Merchant Banking Ltd	Issue Underwriter, Share Portfolio Management Manger, registrar,	9th Dec 2016	Hattisar, Kathmandu, Contact No. 4435671, Fax No. 4435612
22	Reliable Capital Ltd	Share registrar, Portfolio Management	5th Jan 2017	Sundhara, Kathmandu, Contact No. 4254081
23	NIC Asia Capital Ltd	Issue Underwriter, Share Portfolio Management Manger, registrar,	19th Feb 2017	Babarmahal, Kathmandu, Contact No. 4221994, Fax No. 4222458
24	RBB Merchant Banking Ltd	Issue Underwriter, Share Portfolio Management Manger, registrar,	10th June 2016	Teku, Kathmandu, Contact No. 4253595



**Annex-10****List of Stockbrokers**

<b>S.N.</b>	<b>Stockbroker Name</b>	<b>B.N.</b>	<b>Address</b>	<b>Phone</b>	<b>Fax</b>
1	Kumari Securities Service Pvt. Ltd.	1	DilliBazaar, KTM	4418036	4423689
2	Arun Securities pvt ltd	3	PutaliSadak, KTM	4239567	4239565
3	Opal Securities Pvt. Ltd.	4	Baluwatar, KTM	4423509	4423509
4	Market Securities Exchange Co. Pvt. Ltd.	5	Newroad, KTM	4248973	4249558
5	Agrawal Securities Pvt. Ltd.	6	DilliBazaar, KTM	4424406	4424657
6	J F Securities Pvt. Ltd.	7	PutaliSadak, KTM	4256099	4433673
7	Aasutosh Brokerage & Securities Pvt. Ltd.	8	Newroad, KTM	4227510	4240162
8	Pragyan Securities Pvt. Ltd.	10	Kamaladi, KTM	4413392	4415958
9	Malla&Malla Stock Broking Co. Pvt. Ltd.	11	DilliBazaar, KTM	4432088	4425750
10	Thrive Brokerage House Pvt. Ltd.	13	Naxal, KTM	4419051	4416018
11	Nepal Stock House Pvt. Ltd.	14	Anamnagar, KTM	4265888	4255732
12	Primo Securities Pvt. Ltd.	16	PutaliSadak, KTM	4168175	4168214
13	ABC Securities Pvt. Ltd.	17	Newroad, KTM	4230787	4226507
14	Sagarmatha Securities Pvt. Ltd.	18	PutaliSadak, KTM	4439315	4439315
15	Nepal Investment & Securities Trading Pvt. Ltd.	19	Baneshwor, KTM	4495450	4490727
16	Sipla Securities Pvt. Ltd.	20	Newroad, KTM	4255782	4255078
17	Midas Stock Broking Co. Pvt. Ltd.	21	Kamaladi, KTM	4240089	4240115
18	Siprabi Securities Pvt. Ltd.	22	Kupondol, Lalitpur	5530701	5011206
19	Sweta Securities Pvt. Ltd.	25	PutaliSadak, KTM	4444791	4416936
20	Asian Securities Pvt. Ltd.	26	PutaliSadak, KTM	4424351	4431395
21	Shree Krishna Securities Ltd.	28	Dillibazar, KTM	4441225	4431592
22	Trishul Securities & Investment Ltd.	29	PutaliSadak, KTM	4440709	4438197
23	Premier Securities Co. Ltd.	32	PutaliSadak, KTM	4231339	4266422
24	Daksinkali Investment & Securities Pvt.Ltd.	33	Kamaladi, KTM	4168640	4168742
25	Vision Securities Pvt.Ltd.	34	Anamnagar, KTM	4770408	4438124
26	Kohinoor Investment & Securities Pvt.Ltd.	35	Kamalpokhari, KTM	4442858	4442857
27	Secured Securities Pvt.Ltd.	36	PutaliSadak, KTM	4262861	4224523
28	Swornalaxmi Securities Pvt.Ltd.	37	Kamalpokhari, KTM	4417178	4417177
29	DipshikhaDhitopatraKaroobar Co. Ltd.	38	Anamnagar, KTM	4102532	4254490
30	Sumeru Securities Pvt.Ltd.	39	Hattisar, KTM	4444740	4424209
31	Creative Securities Pvt.Ltd.	40	PutaliSadak, KTM	4168205	4168203

32	Linch Stock Market Ltd.	41	New Baneshwor, KTM	4469367	4469068
33	Sani Securities Pvt.Ltd.	42	Jamal, KTM	4166005	4166006
34	South Asian Bulls Pvt.Ltd.	43	Kuleshwor, KTM	4284785	4284785
35	Dynamic Money Managers Securities Pvt.Ltd.	44	Kamalpokhari, KTM	4413421	4414522
36	Imperial Securities Co. Pvt. Ltd.	45	Anamnagar, KTM	4231004	4232344
37	Kalika Securities Co. Pvt.	46	PutaliSadak, KTM	4011074	4011144
38	Neev Securities Pvt.Ltd.	47	Kamaladi, KTM	4168601	4168573
39	Trisakti Securities Pvt.Ltd.	48	PutaliSadak, KTM	4232132	4232133
40	Online Securities Pvt.Ltd.	49	PutaliSadak, KTM	4168298	4246392
41	Crystal Kanchanjangha Securities Pvt.Ltd.	50	New Plaza, KTM	4011176	4011072
42	Oxford Securities Pvt.Ltd.	51	Kalimati, KTM	4273850	4278113
43	Sundhara Securities Pvt.Ltd.	52	Sundhara, KTM	4212215	4263583
44	Investment Management Nepal Pvt. Ltd.	53	Tripureshwar, KTM	4256589	4256590
45	Sewa Securities Pvt.Ltd.	54	Tripureshwar, KTM	4256642	4256644
46	Bhrikuti Stock Broking Co. Pvt. Ltd.	55	Newroad, KTM	4223466	4224648
47	Sri Hari Securities Pvt.Ltd.	56	Kamaladi, KTM	4437562	4437465
48	Aryatara Investment & Securities Pvt. Ltd.	57	Anamnagar, KTM	4233596	4233597
49	Naasa Securities Co Ltd	58	Naxal, KTM	4440384	4440385
50	Deevya Securities & Stock House Pvt. Ltd.	59	PutaliSadak, KTM	4421488	4422313

**Annex-11**  
**List of Depository Participants**

SN	Name	Licensing Date	Address
<b>Merchant Banker</b>			
1	Civil Capital Market Ltd	27 <sup>th</sup> March 2012	Kamaladi, Kathmandu
2	Ace Capital Ltd	27 <sup>th</sup> March 2012	LalDurbar, Kathmandu
3	Laxmi Capital Market Ltd	6 <sup>th</sup> June 2012	PulChowk, Kathmandu
4	Nabil Investment Banking ltd	6 <sup>th</sup> June 2012	Chabahil, Kathmandu
5	NMB Capital Ltd	6 <sup>th</sup> June 2012	Babarmahal, Kathmandu
6	NIBL Capital Ltd	17 <sup>th</sup> Sep 2012	Lazimpat, Kathmandu
7	NCM Merchant Banking Ltd	15 <sup>th</sup> Feb 2013	Kamalpokhari, Kathmandu
8	Global IME Capital Ltd	22 <sup>th</sup> April 2013	Jamal, Kathmandu
9	Gromore Merchant Banker Ltd	14 <sup>th</sup> May 2013	Durbarmarg, Kathmandu
10	Vibor Capital Ltd	30 <sup>th</sup> Sep 2014	KrishnaGalli, Kathmandu
11	Kriti Capital Investment Ltd	17 <sup>th</sup> Dec 2014	Ravibhawan, Kathmandu
<b>Commercial Bank</b>			
12	Everest Bank Ltd	13 <sup>th</sup> Oct 2012	Lazimpat, Kathmandu
13	Bank of Kathmandu	25 <sup>th</sup> Feb 2013	Kamalpokhari, Kathmandu
14	Janata Bank Ltd	26 <sup>th</sup> Sep 2014	New Baneshwor, Kathmandu
15	Citizen Bank International Ltd	29 <sup>th</sup> Sep 2014	Kamaladi, Kathmandu
16	NIC Asia Bank Ltd	30 <sup>th</sup> Sep 2014	Thapathali, Kathmandu
17	Prabhu Bank Ltd	1 <sup>st</sup> Dec 2014	Babarmahal, Kathmandu
18	Nepal Bangladesh Bank Ltd	3 <sup>rd</sup> Dec 2014	Kamaladi, Kathmandu
19	Century Commercial Bank Ltd	23 <sup>rd</sup> Aug 2015	Putalisadak, Kathmandu
20	Kumari Bank Ltd	24 <sup>th</sup> Sep 2015	Durbarmarg, Kathmandu
21	Nepal Credit and Commerce Bank Ltd	8 <sup>th</sup> Nov 2015	Bagbazar, Kathmandu
22	Nepal Bank Ltd	8 <sup>th</sup> Nov 2015	Dharmpath, Kathmandu
23	Kailash Bikash Bank Ltd		Putalisadak, Kathmandu
24	Machhapuchre Bank Ltd	29 <sup>th</sup> Jan 2016	Lazimpat, Kathmandu
25	Nepal SBI Bank Ltd	20 <sup>th</sup> March 2016	Hattisar, Kathmandu
26	Sanima Bank Ltd	25 <sup>th</sup> May 2016	Naxal, Kathmandu
<b>Securities Broker</b>			
27	TrishulSecurities and Investment Ltd	17 <sup>th</sup> Sep 2012	Putalisadak, Kathmandu
28	Secured securities Ltd	26 <sup>th</sup> Sep 2014	Putalisadak, Kathmandu

29	Trishakti Securities Pvt Ltd	26 <sup>th</sup> Sep 2014	Putalisadak, Kathmandu
30	Deepshikhadhitpotrakarobarco.pvt.ltd	26 <sup>th</sup> Sep 2014	Anamnagar, Kathmandu
31	Nepal Stock House Pvt Ltd	29 <sup>th</sup> Sep 2014	Anamnagar, Kathmandu
32	Dakchinkali Investment and Securities Pvt Ltd	30 <sup>th</sup> Sep 2014	Kamaladi, Kathmandu
33	South Asian Bulls Pvt Ltd	30 <sup>th</sup> Sep 2014	Kuleshwor, Kathandu
34	Aarytara Investment and Securities Pvt Ltd	30 <sup>th</sup> Sep 2014	Anamnagar, Kathmandu
35	Online Securities Pvt Ltd	30 <sup>th</sup> Sep 2014	Putalisadak, Kathmandu
36	Sewa Securities Pvt Ltd	27 <sup>th</sup> Oct 2014	Tripeshwor, Kathmandu
37	Shree Krishna Securities Pvt Ltd	27 <sup>th</sup> Oct 2014	Dillibazar, Kathmandu
38	Agrawal Securities Pvt Ltd	28 <sup>th</sup> Oct 2014	Putalisadak, Kathmandu
39	Imperial Securities Co. Pvt Ltd	16 <sup>th</sup> Nov 2014	Anamnagar, Kathmandu
40	Primo Securities Pvt Ltd	18 <sup>th</sup> Nov 2014	Putalisadak, Kathmandu
41	Lynch Stock Market Ltd	18 <sup>th</sup> Nov 2014	New Baneshwor, Kathmandu
42	Asian Securities Pvt Ltd	18 <sup>th</sup> Nov 2014	Putalisadak, Kathmandu
43	Market Securities and Exchange Pvt Ltd	18 <sup>th</sup> Nov 2014	Khichapokhari, Kathmandu
44	Sumeru Securities Pvt Ltd	1 <sup>st</sup> Dec 2014	Hattisar, Kathmandu
45	Crystal Kanchanjungha Securities Pvt Ltd	1 <sup>st</sup> Dec 2014	New Plaza, Kathmandu
46	Kohinoor Investment and Securities Pvt Ltd	2 <sup>nd</sup> Dec 2014	Kamalpokhari, Kathmandu
47	Bhrikuti Stock Broking Company Pvt Ltd	2 <sup>nd</sup> Dec 2014	Jamal, Kathmandu
48	Creative Securities Pvt Ltd	4 <sup>th</sup> Dec 2014	Putalisadak, Kathmandu
49	Sipla Securities Pvt Ltd	4 <sup>th</sup> Dec 2014	Khichapokhari, Kathmandu
50	Vision Securities Pvt Ltd	4 <sup>th</sup> Dec 2014	Putalisadak, Kathmandu
51	Aashutosh Securities Pvt Ltd	11 <sup>th</sup> Dec 2014	Khichapokhari, Kathmandu
52	Sunny Securities Co Ltd	17 <sup>th</sup> Dec 2014	Jamal, Kathmandu
53	ABC Securities Pvt Ltd	22 <sup>th</sup> Dec 2014	New Road, Kathmandu
54	Shree hari Securities Pvt Ltd	27 <sup>th</sup> Jan 2015	Kamaladi, Kathmandu
55	Oxford Securities Pvt Ltd	6 <sup>th</sup> Feb 2015	Kalimati, Kathmandu
56	Dynamic Money Managers Pvt Ltd	9 <sup>th</sup> Feb 2015	Kamalpokhari, Kathmandu
57	Dibya Securities and Stock House Pvt Ltd	2 <sup>nd</sup> June 2015	Putalisadak, Kathmandu
58	Premier Securities Co Ltd	11 <sup>th</sup> Aug 2015	Putalisadak, Kathmandu
59	Midas Stock Broking Co. Pvt. Ltd	8 <sup>th</sup> Oct 2015	Kamaladi, Kathmandu

60	Nasa Securities Pvt Ltd	3 <sup>rd</sup> Dec 2015	Naxal, Kathmandu
61	Neev Securities Pvt Ltd	9 <sup>th</sup> Dec 2015	Kamaladi, Kathmandu
62	DP and Clearing House Ltd	19 <sup>th</sup> May 2016	Putalisadak, Kathmandu

**Finance Company**

63	Guheswori Merchant Banking and Finance Ltd	19 <sup>th</sup> Sep 2015	Pulchwok, Kathmandu
64	Mahalaxmi Finance Ltd	5 <sup>th</sup> Nov 2015	Ramshahpath, Kathmandu
65	Sagarmatha Finance Ltd	29 <sup>th</sup> Jan 2016	ManBhawan, Kathmandu

**Fund Manager**

66	Sidharthaa Capital Ltd	2 <sup>nd</sup> May 2013	Naxal, Kathmandu
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