

Unofficial Translation



Securities Board of Nepal

Annual Report Fiscal Year 2017/18

2018 November



Securities Board of Nepal

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Securities Board of Nepal

Board Member

(As of 2018 November 15)



Dr Rewat Bahadur Karki
Chairman



Mr Harisharan Pudasaini
Member
Joint Secretary, Government
of Nepal, Ministry of Finance



Mr Phadindra Gautam
Member
Joint Secretary, Govern-
ment of Nepal, Ministry
of Law, Justice, And
Parliamentary Affairs



Mr Nara Bahadur Thapa
Member
Executive Director,
Nepal Rastra Bank



Mr Krishna Prasad Acharya
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
Member
Expert Member

Securities Board of Nepal

Board Member

(As of 2018 July 15)



Dr Rewat Bahadur Karki
Chairman



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



Mr Phadindra Gautam
Member
Joint Secretary, Govern-
ment of Nepal, Ministry
of Law, Justice, And
Parliamentary Affairs



Mr Nara Bahadur Thapa
Member
Executive Director,
Nepal Rastra Bank



Mr Jagannath Upadhyay (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
Member
Expert Member

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

Securities Board of Nepal

Chairman's Statement

Securities Board of Nepal (SEBON) has presented its Annual Report for the FY 2017-18 pursuant to the Section 26 of the Securities Related Act, 2006. The Annual Report contains a review of economic scenario of the world and Nepal, status of the securities markets, performance of the securities businesspersons and listed companies along with the assessment of SEBON's initiatives and activities carried out for the development and reform of securities market and its financial status.

The economic situation of Nepal has remained satisfactory in the FY2017/18. Economic growth of six percent is witnessed in the review year. Improvement in the supply system, availability of energy, expansion in trade and an increment in construction activities specially attributed to the improvement in economic growth. In total, although the Nepalese economy is moving towards a positive direction; achieving high, sustainable and inclusive economic growth; eradicating poverty, inequality, unemployment and dependency and achieving sustainable development goals to upgrade Nepal to a medium income earning country by 2030 AD seems challenging.

Even though, the Nepalese securities markets saw some slowdown in the FY2017/18, the markets reform and development activities conducted by the Board increased the participation of public leading the securities markets moved forward smoothly in overall. In the recent years, the Board has been speeding up reform and development of securities markets to contribute in the economy on one hand and protecting investors' interest and creating investment friendly environment on the other. Accordingly, the Board has formulated different policies and programmes and has started publishing the Policies and Programmes Related to Securities Markets from the FY 2017/18. Similarly, it has made efforts in the current fiscal year in giving a new direction to the market development by initiating to publish the policies and programmes related to securities markets for next fiscal year, i.e., FY 2018/19 within current fiscal year, i.e., 2017/18.

In order to maintain good governance in the listed companies, the Board has issued "Directives Related to Corporate Governance of Listed Companies, 2018" effective from August 2018 and has given directions to Nepal Stock Exchange to make necessary provisions to make available the facility of margin trading through stockbrokers in order to bring dynamism in the secondary market. Similarly, for securities listing and transaction, it has replaced the 25 years' old "Securities Transaction Regulations" by "Securities Listing and Transaction Regulations, 2018". Similarly, on this basis, it has approved "Securities Listing Byelaws, 2018" and "Securities Transaction Operation Byelaws, 2018" prepared by NEPSE and has made the securities listing and transaction procedure more orderly along with technology and market friendly.

With the issuance of Commodities Exchange Market Related Act, 2017 by Nepal Government, the responsibility of its regulation has fallen under the Board. Under this Act, the Board has issued Commodities Exchange Market Related Regulations, 2017 and has implemented it from November 25, 2017. Although there is both challenge and opportunity after receiving additional responsibility related to commodities exchange markets, the Board has accepted it as an opportunity to bring the commodities market under the regulation and develop it.

With an objective to facilitate in mobilising the funds from public via securities markets, the Board has focused on increasing the capital market literacy of public. Focusing on this objective, Board has successfully organised capital markets expo for the first time and has started giving the public regular information about all the activities related to capital markets by publishing booklets related to capital market literacy, Silver Jubilee Year Souvenir, Special publication of Capital Market Articles 2018, Special publication of the laws related to securities and commodities exchange markets and also by continuing other regular publications.

As Board has recently become the associate member of International Organisation of Securities Commissions (IOSCO), there exists challenge to develop the technology, infrastructure, skilled human resources, legal structure, and regulatory capacity to match the international standards. As announced by IOSCO, the Board empowered the investors by celebrating World Investors Week from October 2-8, 2017 through organising different informative and awareness programmes with overwhelming participation of markets stakeholders. The Board is determined to build a technology and investors friendly, fair, transparent and effective securities markets with the support of Nepal Government and other stakeholders.

Lastly, I would like to thank Nepal Government, Ministry of Finance, Ministry of Law, Justice and Parliamentary Affairs, Nepal Rastra Bank, Insurance Board, Institute of Chartered Accountants of Nepal, Federation of Nepalese Chamber of Commerce and Industries, Office of the Company Registrar, Nepal Stock Exchange Ltd., CDS and Clearing Ltd., and all others markets participants for their contribution from their respective fields in the reform and development of securities markets.

Similarly, I would like to express my gratitude to IOSCO for recognising Nepalese securities markets and enabling it in making it of international standards and also other international institutions including South Asian Securities Regulators Forum (SASRF), Associations of National Numbering Agencies (ANNA), Asia Forum for Investor Education (AFIE), Organisation for Economic Co-operation and Development (OECD), Asia-Pacific Economic Co-operation (APEC), United States Securities and Exchange Commission (USSEC), Australian Securities and Investment Commission (ASIC), Securities and Exchange Board of India (SEBI), Financial Services Agency (FSA), Japan, Otoritas-JasaKeuangan (OJK), Indonesia for their support and co-operation. Expressing my gratitude to the constructive contribution by the members of Governing Board for markets reform and development, I would also like to express my special thanks to the Executive Directors, Deputy Executive Directors and all other staff members of the Board committed for markets reform and development.

November 15, 2018

Dr Rewat Bahadur Karki

Chairman

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Part I

A Brief Report on Economic Situation

1.1 World Economic Outlook

The world economy is gradually showing signs of recovery and dynamism in recent years. The World Economic Outlook published by The International Monetary Fund (IMF) in April 2018 has forecasted the world's economic growth, which was 3.8 percent in the year 2017 to be 3.9 in the year 2018. Especially, the effect of the expansionary fiscal policy adopted by United States of America at the national and international level and expanded financial situation and positive market effects caused a forecast of marginal increment in world economic growth rate. During this period, economic contraction in European countries and economic expansion in rest of the countries are predicted. The descriptive analysis of the world's economic situation of the review year on the basis of economic growth and price level is as follows:

Economic Growth

As mentioned above, the world's economic growth in 2018 will be a marginal increment. The economic growth of developed economies and other economies seems to be different. The IMF predicted that the developed economies which grew by 2.3 percent will grow by 2.5 percent in 2018. The group of developed economies mainly consists of developed countries like the United States of America, Canada, Japan, France, United Kingdom, Germany, Italy, etc. Among them, the economic production of America which grew by 2.3 percent in 2017 is expected to witness a growth of 2.9 percent in 2018. The IMF has predicted that, Euro zone, which witnessed an increase in production by 2.3 percent in 2017, will witness an increment by 2.4 percent in 2018. Similarly, the growth of Japanese economy was 1.7 percent in 2017 and is expected to rise only by 1.2 percent in 2018 mainly because of the reduction in personal consumption and investment.

The developing and emerging nations, the highest occupant in the worlds' economic production, are expected to witness economic growth rate of 4.8 percent in 2018. This growth rate was 4.4 percent in the year 2017. The Indian economy, which had registered the highest economic growth within South Asia of 6.7 percent in the year 2017 due to the factors like rise in personal consumption, rise in productivity achieved through continuous efforts on structural reforms, promotion of individual investment, provision of tax on national goods and services and other policy reforms; has been projected to grow by 7.4 percent in 2018. The Chinese economy which grew by 6.9 percent in 2017 is projected to grow by 6.6 percent in 2018 because of the declining industrial production, uncertain trade relations, etc.

In comparison to 2017, the economic growth in SAARC countries viz, Bhutan, India, Maldives, Sri Lanka and Pakistan is expected to rise in the year 2018 whereas the economic growth rate of Bangladesh is projected to decline by marginal rate in 2018 by the IMF. The world's economic growth rate has been presented in Table 1.1

Table 1.1
World Economic Growth Rate (Annual change in percentage)

SN	Particulars	Year			
		2015	2016	2017	2018 *
1	World Output	3.4	3.2	3.8	3.9
2	Developed Economy	2.2	1.7	2.3	2.5
3	Emerging and Developing Economies	4.3	4.3	4.4	4.9
4	Emerging and Developing Asian Economies	6.8	6.4	6.5	6.5
5	Middle East and South African Economies	2.7	5.0	2.2	3.2
6	Emerging and Developing European Economies	4.7	3.1	5.8	4.3
7	European Union Economies	2.3	2.0	2.7	2.5
8	USA	2.9	1.5	2.3	2.9
9	Low Income Developing Economies	4.5	3.5	4.7	5.0
10	Japan	1.1	1.0	1.7	1.2
11	China	6.9	6.7	6.9	6.6
12	South Asian Countries				
	Bangladesh	6.8	7.2	7.1	7.0
	Bhutan	6.1	6.2	6	7.1
	India	7.9	7.1	6.7	7.4
	Maldives	2.8	3.9	4.8	5.0
	Nepal	2.7	0.4	7.5	5.0
	Sri Lanka	4.8	4.4	3.1	4.0
	Pakistan	4.0	4.5	5.3	5.6
	Afghanistan	0.8	2.4	2.5	2.5

*Source: World Economic Outlook, October 2017, IMF and Economic Survey 2016-17, Government of Nepal *Projected*

Price Situation

There are different situation of the price among developed countries and emerging nations. IMF has projected a rise in price in developed and emerging nations due to rise in the cost of energy and other commodities. The price growth rate of 1.7 percent in developed countries in 2017 is expected to rise by 2.0 percent in 2018. The price growth rate of emerging and developing nations was 4.0 percent in 2017, which is projected to be 4.6 percent in 2018. The price growth rate of developing and emerging nations of Asia was 2.4 percent in 2017, which is projected to rise by 3.3 percent in 2018. The price growth rate of the Chinese economy was 1.8 percent in 2017 and is projected to be 2.8 percent in 2018. The price growth rate in India is expected to be 5.2 percent in 2018. It was only 4.7 percent in the year 2017.

1.2 Nepalese Economic Outlook

The economic situation of the country has remained satisfactory in the year 2017/18. Due to higher economic growth rate this year, the position of real sector has strengthened. A progress on economic growth was seen especially due to factors like: reform in supply system, availability of energy, sectoral expansion of trade, and construction activities taking their pace. In the review

period, the average inflation rate has decreased, the situation of monetary sector and public finance has remained normal whereas the situation of external sector seems challenging.

Real Sector and Price

According to the National Accounts Statistics published by the Central Bureau of Statistics, the Nepalese economy is estimated a growth of 5.9 percent in the fiscal year 2017/18. Such growth rate was 7.4 percent in the previous fiscal year. The unfavourable climate situations and the flood in the Terai region limited the overall agricultural growth to 2.8 percent in the review year, which was 5.2 percent in the previous fiscal year. A progress in trade and service sub sector of non-agricultural sector has shown the above effects in economic growth rate. As a result, the growth rate in the non-agricultural sector is expected to be 7.1 percent in the review year. Such growth rate was higher, i.e., 8.5 percent in the previous fiscal year. In the review year, the contribution of the agricultural and non-agricultural sector in the GDP is 27.6 percent and 72.4 percent respectively. Due to increasing share of non-agricultural sector in GDP, the contribution of agricultural sector in GDP is decreasing in the recent decade.

In the review year, industrial related production is projected to increase by 8.0 percent, which was 9.7 percent in the last fiscal year. Similarly, the growth of hotel and restaurant sector is projected to be 9.8 percent in the review year, which was 7.3 percent in last fiscal year. The rise in number of foreign tourists and growth in internal tourism, availability of energy, reduction in the activities like strike helped to achieve growth in industry and hotel and restaurant sector. Similarly, the financial intermediary sector, which grew by 9.1 percent in the last fiscal year, is expected to grow by only 6.4 percent in the review year.

Due to higher growth rate in GDP compared to population growth rate in the review period, it has been projected that per capita income has reached to 1004 USD with a 12.4 percent increment compared to last fiscal year. The per capita income in the last fiscal year was 866 USD. The consumption ratio on GDP has declined and the saving and investment ratio on GDP has increased in the FY 2017/18. Although a rise in gross domestic saving along with investment is seen from the FY 2016/17, due to a marginal increment in saving compared to investment, the saving investment gap has further become negative. Since the growth of remittance income is marginal in the recent years, the gap between gross national saving and investment is increasing.

In the review year, some progress on price position is witnessed. The consumer inflation rate on annual average basis is 4.2 percent in the FY 2017/18, which was a bit higher, i.e., 4.5 percent in the last fiscal year. A progress in supply mechanism and the reduction in price level in the neighboring country India has caused a reduction in inflation in Nepal.

Monetary and Fiscal Sector

Due to significant progress in the indicators of financial depth like broad money supply, loan disbursed to private sector, and gross deposit to GDP ratio; the monetisation of economy and public's access to finance has increased. In the review year, the ratio of broad money supply to GDP is 102.9 percent, the ratio of loan to private sector is 81.2 percent and the gross deposit ratio is 91.2 percent.

In the review period, the narrow money supply and broad money supply is projected to be 17.6 percent and 19.4 percent respectively. The growth was 13.1 percent and 15.5 percent last year. The expansion in foreign assets caused an increase in money supply in the review period. Similarly, the growth rate of loans supplied by the banks and financial institutions is 22.3 percent whereas the growth rate of deposits is only 19.2 percent. In comparison to the deposit growth, the expansion of loan is significantly high, which has put pressure on investable funds of the banks and financial institutions.

In the fiscal year 2017/18, a contraction has been observed in the securities markets. There is a small downturn in capital mobilisation via primary market of securities compared to previous year. Reasons like an increased supply of the volume of equity shares, rapid fluctuation in banks' liquidity and interest rates, high current account deficit and other related reasons have weakened the investors' confidence and the secondary market could not become positive. In the review year, the capital mobilisation through primary market is Rs. 53.3 billion which was Rs. 59.39 billion in the previous fiscal year. The securities amounting to Rs.205 billion were transacted in the last fiscal year, whereas, in the review period, the securities amounting to only Rs. 121 billion are transacted. NEPSE index, which was at 1658.58 points last year witnessed a downturn of 23.4 percentage and was at 1212.36 points in the end of FY 2017/18.

Government Finance Sector

The government finance sector remained normal in the review period. In the review period, the revenue is projected to have risen by 18.9 percent and government expenditure is projected to have risen by 25 percent. The growth was 26.2 percent and 39.3 percent respectively in the previous fiscal year. In the fiscal year 2017/18, the growth rate of current expenditure and capital expenditure of the government has remained 34.9 percent and 14.3 percent respectively. There used to be higher revenue mobilisation than the current expenditure in the past. However, in the current fiscal year, the current expenditure has been higher than the revenue mobilisation, so the revenue saving to GDP ratio of the federal government is projected to be 0.3 percent negative. The budgetary deficit which increased by 172.6 percent in the last fiscal year on the basis of government expenditure including the provision for financial management is projected to increase by 64.8 percent only in the review period.

External Sector

Smooth provision of supplies, rise in oil price in the international market, comparative increase in government expenditure and other related reasons have increased the foreign trade by 24.5 percent, in the fiscal year 2017/18. In the review period, while the gross export has increased by 11.1 percent only, the import has increased by 25.5 percent. In comparison to the export, the import is significantly high in the review period, which has caused the trade deficit to increase by 26.6 percent and has reached 38.6 percent of GDP. The remittance, which is increasing in decreasing rate in the past few years, witnessed a growth rate of 8.6 percent in the review year. Such growth rate was 4.6 percent in the last fiscal year. Especially, the increasing imports, increasing trade deficit and the contraction in remittance income has led the Balance of Payment (BoP) to stay at a surplus of Rs. 960 million only, and the current account is at deficit of Rs. 245 billion. As a result, the foreign currency reserves too have depleted. The reserve, which had the capacity to import goods and services of 11.4 months last year, now has the capacity to import goods and services of 9.4 months only. The overall economic situation has been presented in Table 1.2 below.

S.N.	Particulars	Unit	Fiscal Year		
			2015/16	2016/17	2017/18
	Real Sector and Price				
1	a) Real Economic Growth	Percentage	0.2	7.4	5.9
	Agricultural	Percentage	0.2	5.2	2.8
	Non-Agricultural		0.4	8.5	7.1
	Industry	Percentage	-6.4	12.4	8.8
	Service	Percentage	2.4	7.4	6.6
	b) Per Capita Gross National Income	US Dollar	748.0	866	1004
	c) Gross Consumption / GDP Ratio	Percentage	95.9	88.1	85.0
	d) Gross Domestic Saving / GDP Ratio	Percentage	4.1	11.9	15.0
	e) Gross National Saving / GDP Ratio	Percentage	40.1	45.4	43.9
	f) Gross Fixed Capital Investment / GDP Ratio	Percentage	28.7	31.8	34.1
	g) Average Annual Inflation	Percentage	9.90	4.5	4.2

2	Monetary and Financial Sector				
	a) Narrow Money (M1)	Percentage	18.5	13.1	17.6
	b) Broad Money (M2)	Percentage	19.5	15.5	19.4
	c) Lending Growth in Private Sector	Percentage	23.2	18.0	22.3
	d) Gross Saving Growth	Percentage	19.4	14.0	19.2
	e) Capital Market: Npse Index	Points	1718.15	1582.67	1212.36
3	Government Finance Sector				
	a) Revenue Growth	Percentage	15.1	26.2	18.9
	b) Government Expenditure Growth	Percentage	32	39.3	25.0
	c) Budget Deficit (Based on Cash Flow)	Rs. Billion	49.83	188.7	268.8
	d) Gross Outstanding Loan	Rs. Billion	627.80	624.50	894.5
4	External Sector (Foreign Trade and Payment)				
	a) Export Growth	Percentage	-17.80	4.2	11.1
	Export / GDP Ratio	Percentage	3.10	2.8	2.7
	b) Import Growth	Percentage	-0.10	28.0	25.5
	Import / GDP Ratio	Percentage	34.40	38.1	41.3
	c) Export / Import Ratio	Percentage	9.10	7.4	6.5
	d) Increase in Trade Deficit	Percentage	2.0	30.4	26.7
	Trade Deficit / GDP Ratio	Percentage	-31.3	-35.3	-38.6
	e) Terms of Trade (Average Change)	Percentage	140.4	-10.1	-245.2
	f) Current Account Balance	Rs. Billion	140.4	10.1	10.1
g) Balance of Payment	Rs. Billion	189.0	82.1	0.9	
	h) Foreign Currency Reserve (Capacity to import Goods and Service)	Months	14.1	11.4	9.4

Source: Economic Survey 2074/75, Ministry of Finance and Nepal Rastra Bank.

Although the Nepalese economic condition is seen moving towards a positive direction; achieving high, sustainable and inclusive economic growth; eradicating poverty, inequality, unemployment and dependency and achieving sustainable development goal to upgrade the country to medium income one by 2030 seems challenging. Similarly, since the management of federal system and infrastructural development too requires a significant amount of resources, mobilising the revenue and public finance, increasing the access of the securities markets and other financial services to the local level and making other activities effective and well managed too seems challenging.

Part II

An outlook of Securities Markets

2.1 World Securities Markets

In 2017, the world securities markets has remained promising. According to the report published by the World Federation of Exchanges (WFE) in January 2018, there is a significant growth in major indices of the international securities markets. Although a significant increase in market capitalisation and in number of primary issues was seen in the year 2017, the secondary market was normal. Similarly, the securities transaction amount was sluggish in the secondary securities markets.

A growth in international market capitalisation is seen in the international securities markets in July 2018. A growth of 9.1 percent is seen as compared to July 2017, making the market capitalisation in July 2018 reach to USD 85.9 trillion. The US securities markets, which has the highest share in the world market in terms of market capitalisation (approximately 45 percent), witnessed the highest growth of 14.9 percent in market capitalisation. Similarly, in the same period, the transaction amount in the international securities markets witnessed a rise by 24.6 percent making the total transaction amount stay at USD 51 trillion. The US securities markets, which has almost 50 percent share in the total transaction amount witnessed a 28.3 percent increment in transaction amount in the end of July 2018.

Similarly, in 2018 July, there was a nominal growth of 1.3 percent in the number of listed companies. In the review period, the securities markets of Europe, Mid Asian and African region experienced the highest growth (2.1 percent). The Asia Pacific sector has the highest number (approximately 53 percent) of listed companies. By July 2018, USD 95.45 billion has been mobilised through primary issue. It is a growth by 4.1 percent in comparison to July 2017. In the review period, the capital mobilisation through securities markets in the Asia Pacific region has declined by 10.8 percent. Although a rise in the primary market activities in countries like India, Australia and Indonesia was seen, a slight decline in such activities in countries like China, Korea, Japan, Philippines, Thailand and Malaysia was seen due to which that region witnessed a downturn.

In comparison to July 2017, a significant growth in the major indices of world stock exchange is seen in July 2018. The NYSE Composite Index of New York Stock Exchange witnessed a growth of 7.3 percentage and reached 12769.50 points in the end of July 2018. It was 11897.31 points on July 2017. Similarly, FTSE 100, calculated on the basis of share price of top 100 companies having highest capital listed in London Stock Exchange experienced a 3.7 percentage growth making the index reach 7651.33 points. The index was 7378.39 in the end of July 2017. Similarly, Nikkei 25, calculated on the basis of 225 companies having highest ratings listed in Tokyo Stock Exchange witnessed a growth of 12.32 percentage. That Price Weighted Index was at 20,118.86 points on July 2017, and reached 22,597.35 points in the end of July 2018. The Shanghai Composite Index of Shanghai Stock Exchange China, calculated by considering the share price of listed companies in both A and B categories has declined by 12 percentage and has reached to 2,831.18 points on July 2018. The index was on 3,222.42 points on July 2017. The S&P BSE Sensex index, based on top 500 companies of Bombay Stock Exchange India, grew by 16.52 percentage and reached to 36,541.63 points on July 2018. The index was at 31,360.63 points on July 2017. Thus, the indices of major stock exchanges of the world are presented in Table 2.1.

S.N.	Index	Base Points	2017 July	2018 July	Percentage Change
1	NYSE Composite Index	5000	11897.31	12769.50	7.33
2	FTSE100	1000	7378.39	7651.33	3.70
3	Nikkei 225	225 Divisor	20118.86	22597.35	12.32
4	Shanghai Composite Index	100	3222.42	2831.18	-12.14
5	S&P BSE 500 Index	1000	31360.63	36541.63	16.52

Source: Bloomberg

The expansionary fiscal policy adopted by most of the countries, low inflation rate, strong profit position of listed companies are the major reasons behind the overall positivity in the securities markets in 2017. The securities markets in SAARC area in 2017 have been presented in Table 2.2.

Index	Unit	India**	Nepal	Bhutan	Pakistan	Sri Lanka	Bangladesh	Maldives
Primary Issue	US Dollar (In million)	16242.3	477.78	*	95.4	*	*	*
Listed Companies	Number	7550	196	21	560	298	*	10
Stock Exchange	Number	5.00	1	1.00	1.00	1.00	2.00	1.00
Annual Transaction Amount	US Dollar (In million)	1,192,002	1286.43	1.716	*	*	25961	*
Market Capitalisation	US Dollar (In million)	4051182	12864.3	349.3	78001	17920	50604	*
Transaction / Market Capitalisation	Percent	29.42	10	0.49	*	*	51.3	*
Market Capitalisation / GDP	Percent	168.7	42.8	13.9	25.6	*	20.3	*
Exchange Rate	One US Dollar	69.8	111.6	73.23	122.1	*	83.6	*

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

2.2 Nepalese Securities Market

The Nepalese Securities markets is being modernised due to significant structural changes in the recent years. The full-fledged dematerialised transaction of securities, the introduction of ASBA and C-ASBA system in the primary market making the applicants from 77 districts access the service through more than 2500 BFIs as service providers, branch expansion of merchant bankers and securities brokers to outside Kathmandu valley has made Nepalese securities market techno-friendly, investment friendly and countrywide in recent days.

Although significant activities for the changes and development of the market in fiscal year 2017/18 were conducted, the limited availability of investment alternatives, the instability in financial market leading to rapid fluctuation in interest rates, a large number of right issues by banks and financial institutions, issuance of stock dividend and further public offerings, and initial public offerings by the institutions increased the supply of securities in the primary market and caused contraction in the secondary market in the review year. An outlook of the securities markets has been presented in Table 2.3.

Table 2.3
Outlook of Securities Markets

Particulars	Fiscal Year			Change Percentage	
	2015/16	2016/17	2017/18	2016/17	2017/18
Number of Public Issue	55.00	101.00	87	83.64	-13.19
Amount of Public Issue (Rs. in billion)	18.99	59.39	53.3	212.74	-10.3
Capital Mobilisation through Securities Markets (Including Bonus Share)	40.05	94.19	86.4	135.18	-8.3
Number of Listed Companies	230.00	208.00	196	-9.57	-5.8
Paid up capital of listed companies	204.02	289.60	352.1	41.95	21.6
Annual Turnover (Rs. in billion)	164.65	205.02	121.4	24.52	-40.8
Number of Transaction Days	233	230	233	-1.29	1.3
Market Capitalisation (Rs. in billion)	1890.13	1856.82	1435.1	-1.76	-22.7
Float Market Capitalisation (Rs. in billion)	632.66	641.69	483.9	1.43	-24.6
Nepse Index	1718.15	1582.67	1212.36	-7.89	-23.4
Nepse Float Index	125.41	116.14	87.15	-7.39	-25

Source: Securities Board of Nepal and Nepal Stock Exchange

The increased attraction of public towards the securities markets in recent days, expansion of the capital base and business scope of the securities brokers, policy to use investment instruments like equity derivatives by the Board, the implementation of reform and development programmes of OTC market, plan to introduce full-fledged online trading software by NEPSE, the provision to introduce new securities brokers as subsidiary of banks and financial institutions in the monetary policy, the establishment of alternative investment fund, the increasing efforts to introduce Non-Resident Nepalese in Nepalese securities markets are expanding the horizon of secondary market in Nepal.

The availability of environment to make country wide public issue through the adoption of C-ASBA and ASBA system in the primary market, the availability of provision to issue minimum 10 percentage shares of issued capital and also the provision to issue securities at premium by the real sector industries in the Securities Registration and Issue Regulations, 2016, the increased liquidity in the primary market, the reduced time between securities issuance and securities trading, the compulsory provision to issue securities by the companies having capital more than one billion and provision of tax exemption in fiscal policy if the companies having capital more than NRs. 500 million enter into the capital markets seems positive for Nepalese capital markets. The detailed description of primary and secondary market of the fiscal year 2017/18 has been presented below.

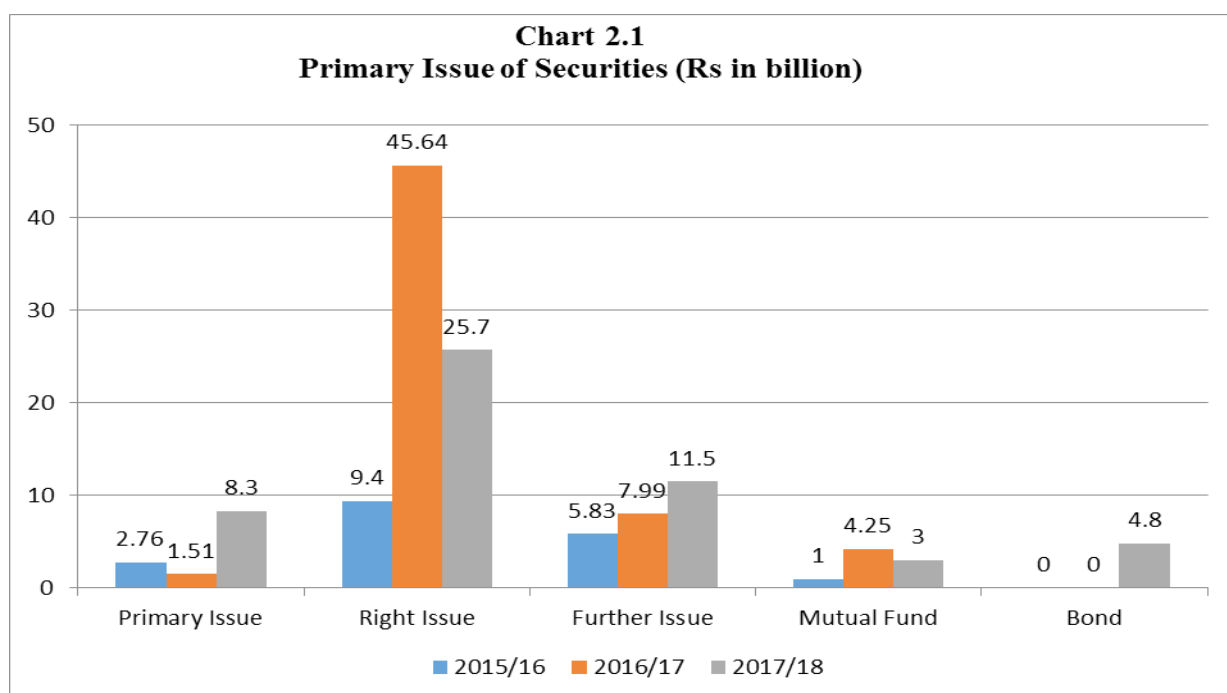
2.2.1 Primary Market

In the past three fiscal years, companies have mobilised fund in the primary market through public offerings, right issue, further issue and debenture issue. Similarly, the mutual funds have also issued various schemes. In the fiscal year 2017/18, Rs. 8 billion 30 million has been mobilised

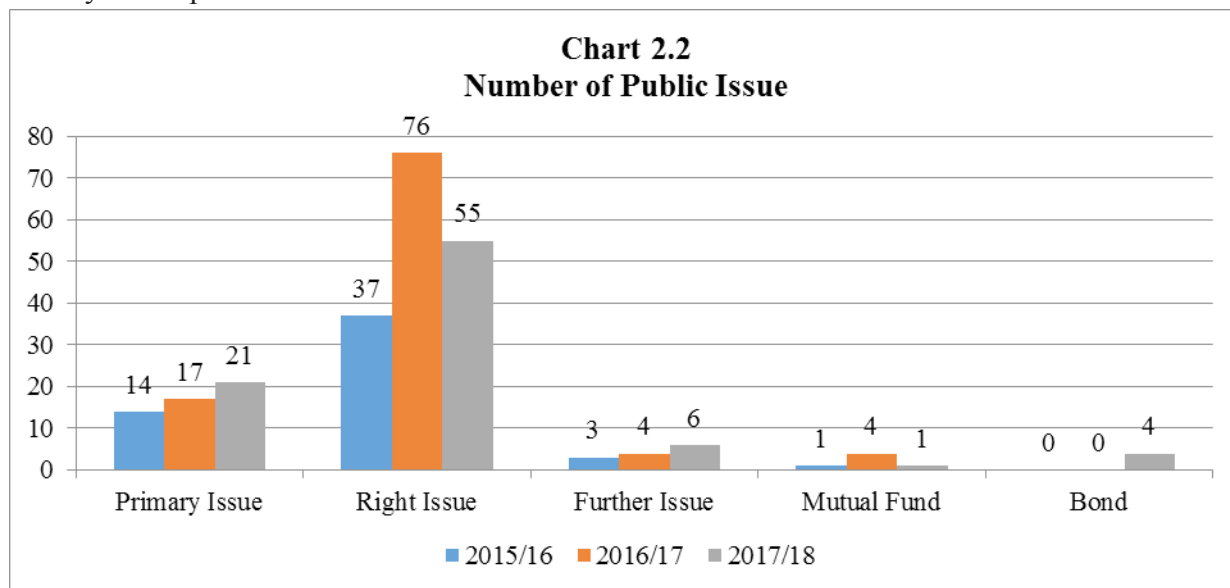
through initial public offerings, Rs. 25 billion 70 million has been mobilised through right issues, Rs. 11 billion 50 million through further public offerings, Rs. 4 billion 80 million through mutual fund schemes. Thus, a total of Rs. 53 billion 300 million has been mobilised, which in comparison to last year's Rs. 59 billion 390 million is about 10 percentage less. Although in primary issues, especially in case of hydropower companies, a rise in public offerings and further public issue was seen, a decrease in right issues reduced the total amount mobilised in the primary market in the review year. In recent days, the participation of hydropower companies is increasing in the primary securities market and one cement company from the real sector has made public issue of shares at premium prices.

In the fiscal year 2017/18, one commercial bank has issued debentures of worth Rupees 3 billion. Out of which, 80 percent was privately placed and remaining 20 percent was publicly offered. Before this, in the fiscal year 2014/15 five listed companies had issued debentures of worth Rs. 2 billion and 900 million. After the issuance of preferred stock of Rs. 400 million by a listed company in the FY 2006/07, the issuance of preferred stock is almost zero. The primary market details of last three years are presented in Table 2.4 and Chart 2.1 below.

Particulars	Fiscal Year						Percentage Change			
	2015/16		2016/17		2017/18		In terms of Number		In terms of Amount	
	Unit	Amount	Unit	Amount	Unit	Amount	2016/17	2017/18	2016/17	2017/18
Primary Issue	14	2.76	17	1.51	21	8.3	21.43	23.53	-45.29	449.67
Right Issue	37	9.4	76	45.64	55	25.7	105.41	-27.63	385.53	-43.69
Further Issue	3	5.83	4	7.99	6	11.5	33.33	50.00	37.05	43.93
Mutual Fund	1	1	4	4.25	1	3	300	-75.00	325	-29.41
Bond	-	-	-	-	4	4.8	-	-	-	-
Bonus Share	118	21.06	164	34.8	112	33.87	38.98	-31.71	65.24	-2.67
Total (Excluding Bonus Share)	55	18.99	101	59.39	87	53.3	83.64	-13.86	212.74	-10.25



The number of companies which mobilised fund from the primary market in the last three fiscal years is presented in Chart 2.2 below.



Sector-wise fund mobilisation through the primary market:

While analysing the sector-wise fund mobilisation through primary market in the fiscal year 2017/18, six microfinance companies, 14 hydropower companies, four mutual funds and one cement company have issued securities through public offerings. The number of hydropower companies mobilising fund by issuing securities through primary market is increasing for last three years and a cement company has also issued securities at premium price in the review period. Similarly, in comparison to past two years, a significant rise in the mobilisation of fund through further public offerings is seen in the review year. In this fiscal year, three commercial banks, one insurance company and one hydropower company have offered further issue. In comparison to the previous year, although there has been a reduction in the number of right issues, still the major companies issuing right shares are commercial banks, development banks and finance companies.

Similarly, in case of stock dividends too, major dominance was of banks, development banks, finance companies and insurance companies. Although in the past few years no debentures were issued, with the approval from the Board, a commercial bank issued debenture with an interest rate of nine percentage and maturity of five years in this year. The sector-wise fund mobilisation of past three years in the primary market through different processes is presented in Table 2.5 below.

Particulars	Fiscal Year (Amount Rs. In billion)						Percentage Change			
	2015/16		2016/17		2017/18		2016/17		2017/18	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Primary Issue										
Bank	-	-	-	-	-	-	-	-	-	-
Development Bank	5	0.19	4	0.11	6	0.16	-20	-42.11	50.00	45.45
Finance Company	-	-	-	-	-	-	-	-	-	-
Hydropower	9	2.57	13	1.4	14	6.11	44.44	-45.53	7.69	336.43
Mutual Fund	1	1	4	4.25	4	4.8	300	325	0.00	12.94

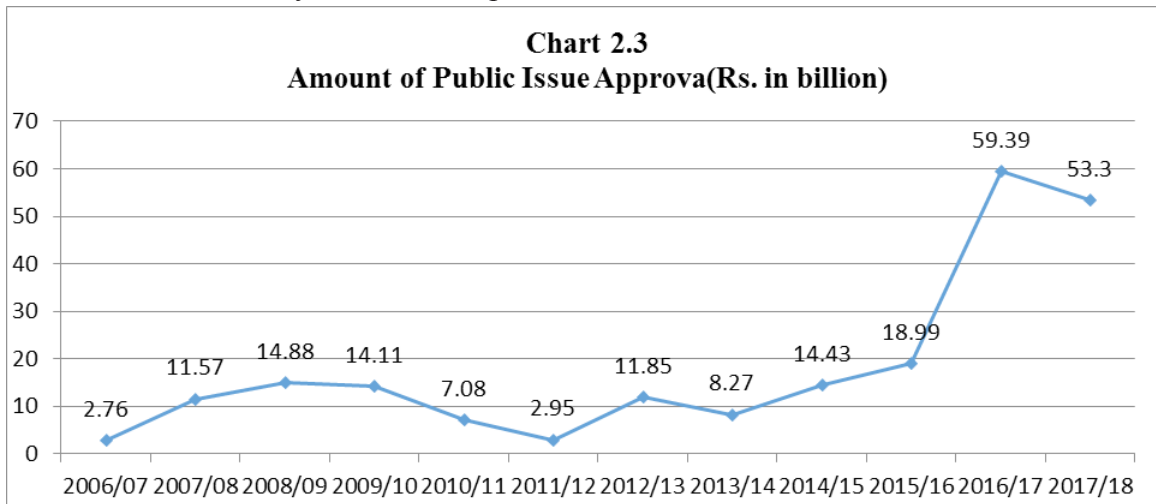
Real Sector Company	-	-	-	-	1	2.02	-	-	-	-
Further Issue										
Bank	1	5.45	2	3.37	3	8.85	100	-38.17	50	162.6
Development Bank	-	-	-	-	1	0.1	-	-	-	-
Finance Company	1	0.05	1	0.22	-	-	0	340	-	-
Hydro Power	-	-	-	-	1	-	0	340	-	-
Insurance	1	0.33	1	4.41	1	0.52	0	1236.36	0	-88.2
Right Issue										
Bank	8	7.04	20	30.92	6	11.62	150	339.2	-70	-62.4
Development Bank	22	1.41	39	9.71	17	5.76	77.27	588.65	-56.4	-40.7
Finance Companies	4	0.58	10	2.05	12	2.75	150	253.45	20	34.1
Micro Finance	-	-	-	-	9	0.82	-	-	-	-
Hydropower	1	0.12	1	1.05	-	-	0	775	-	-
Insurance Companies	2	0.25	6	1.9	11	4.75	200	660	83.3	150
Bond										
Bank	-	-	-	-	1	3	-	-	-	-
Total	55	18.99	101	59.39	86	53.3	83.64	212.74	-14.85	-10.25
Bonus Share										
Bank	22	14.27	26	22.76	17	23.33	18.18	59.5	-34.6	2.5
Development Bank	70	3.33	82	6.87	23	3.02	17.14	106.31	-72	-56
Finance Companies	19	1.03	28	1.59	10	0.7	47.37	54.37	-64.3	-70.4
Micro Finance	-	-	-	-	29	1.46	-	-	-	-
Insurance	16	1.85	20	2.8	20	3.44	25	51.35	0	22.9
Hydropower	1	0.41	5	0.59	6	0.78	400	43.9	20	32.2
Hotel	3	0.27	2	0.18	2	0.23	-33.33	-33.33	0	27.8
Trading	1	0.006	1	0.01	-	-	0	66.67	-	-
Others	-	-	-	-	4	0.34	-	-	-	-
Total (Including Bonus Share)	242	59.15	366	153.6	197	86.37	51.24	159.6	-46.17	-43.76

Securities Registration and Prospectus Approval:

According to the provision of the Securities Related Act 2006 Section 27 sub-section 1, an institution has to register the securities in the Board before the issuance of securities. As per this provision, 87 companies have registered the securities equivalent to Rs. 65,803,410,830 in the Board which included primary issue, right issue, debenture issue and mutual fund. Out of which, securities worth Rs. 53,321,135,829 was permitted by the Board to issue. Last year, out of registered securities of worth Rs. 62,633,070,167; 101 companies had received approval to issue securities of worth Rs. 59,390,000,000. In the review year, the number of companies to register securities has declined approximately by 13.9 percentage and the amount approved for the public issue has declined by 10.3 percentage. Among the public issue, right issue occupies a share of 48 percentage whereas the further public offering occupies a share of 22 percentage. Similarly, the bond issue occupies approximate five

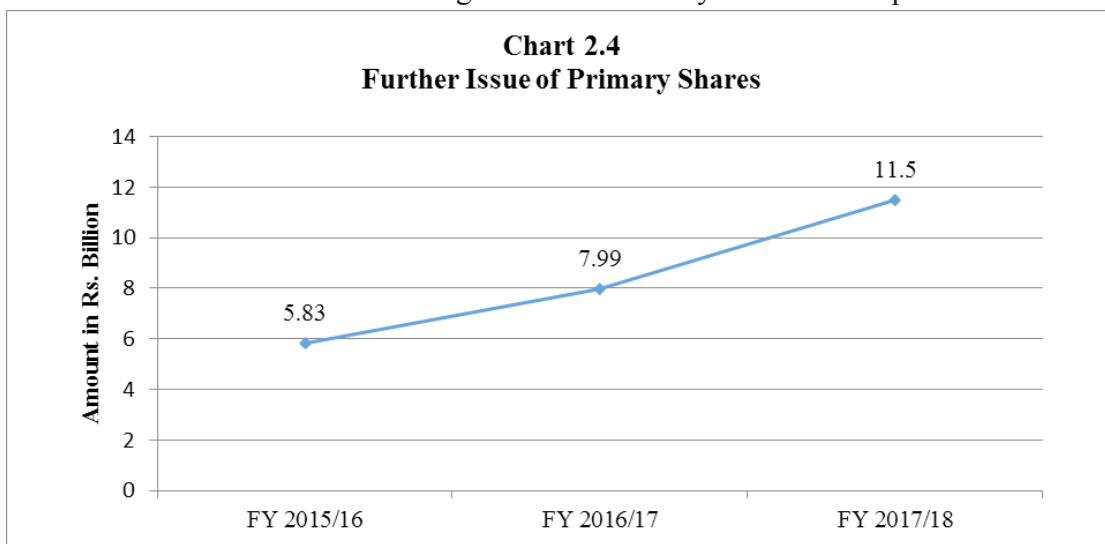
percentage share of the total issue of securities.

Ordinary share issue approval: In the review year, Board has approved the issuance of ordinary shares of 21 companies, which included, 14 hydropower companies, six microfinance companies and one production related company. The total amount of issuance was Rs. 6,302, 099,000. Last year, 14 companies had received such approvals of amount Rupees 1 billion 508 million 419 thousand and five hundred. From this, we see that there is a growth by 29.4 percentage in the number of companies which issued ordinary shares in the primary market and the capital mobilisation by primary issue of ordinary shares has increased by five folds. The data of registration and approval of ordinary share in the primary market in FY 2017/18 has been presented in appendix 1. Furthermore, the ordinary shares issuance in the last 10 years has been presented in Chart 2.3.



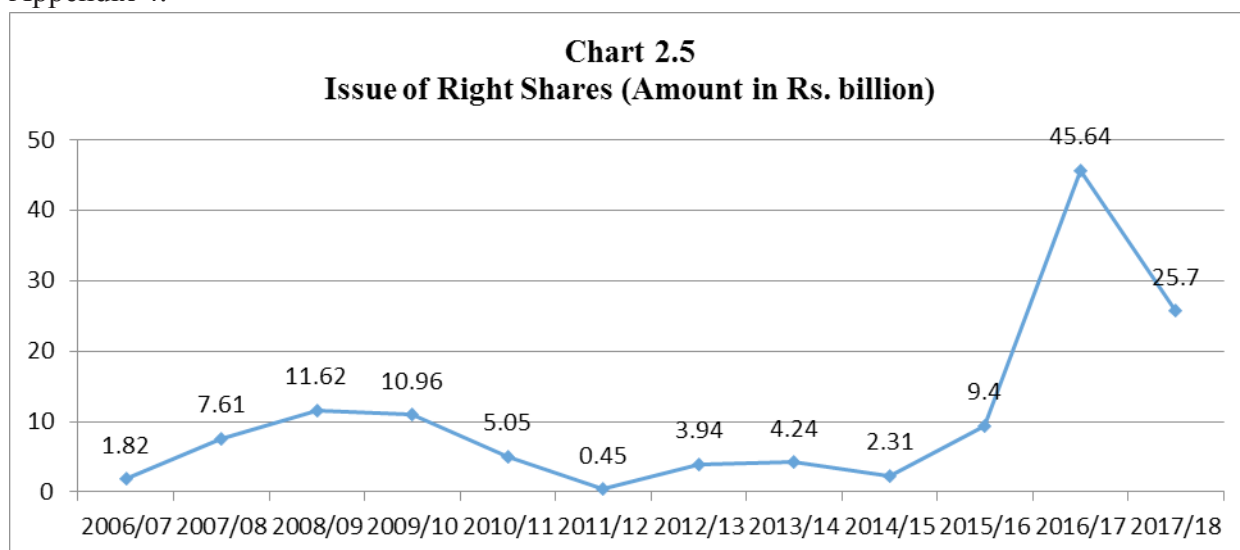
Further offerings of ordinary shares:

If the companies that have initially offered the securities to the public and have already been listed in the secondary market want to raise the capital, they can opt for further public offerings. In comparison to the past year, there is a rise in further offerings in the review year. This year the companies have issued further offerings of Rupees 11 billion 514 million 848 thousand and 154, which in comparison to last year is a growth by approximately 44 percent. In the past fiscal year, four companies had issued further offerings of worth Rupees eight billion. The further public offerings, which started from FY 2009/10 has higher dominance of commercial banks. In the FY 2009/2010, NMB Bank first issued further offerings of Rupees 715 million. The details of the issuance of further offerings in the review year have been presented in appendix 2. Furthermore, the fund mobilisation from the issuance of further offerings in the last three years has been presented in Chart 2.4.



Registration and Issuance of Right Shares:

Right issue, which is generally made by a listed company in a course to expand its business or to reach the capital requirement as mandated by the regulatory body declined in the review year. This year, Board has registered the right shares of 55 companies of worth Rs. 25, 704, 188, 675; among which, six are commercial banks, 17 are development banks, 12 are finance companies, nine are microfinance companies, and 11 are insurance companies. Last year, Board had registered right shares of 76 listed companies of worth Rs. 45,642,414, 201. Among which, 17 were commercial banks, 37 were development banks, 10 were finance companies, one hydropower company, and 6 insurance companies. Thus, there is a decline by 27.6 percent in the number of right issues and 43.7 percent decline in the fund mobilisation through right issues in the review year. The right offerings of FY 2017/18 is of the highest amount in the past 25 years. Before that, there was a huge right offering of Rs. 11, 610,000,000 in FY 2008/09. The right offering of last 10 years has been presented in Chart 2.5. Furthermore, the registration and issuance of right offerings in 2017/18 has been presented in Appendix 4.



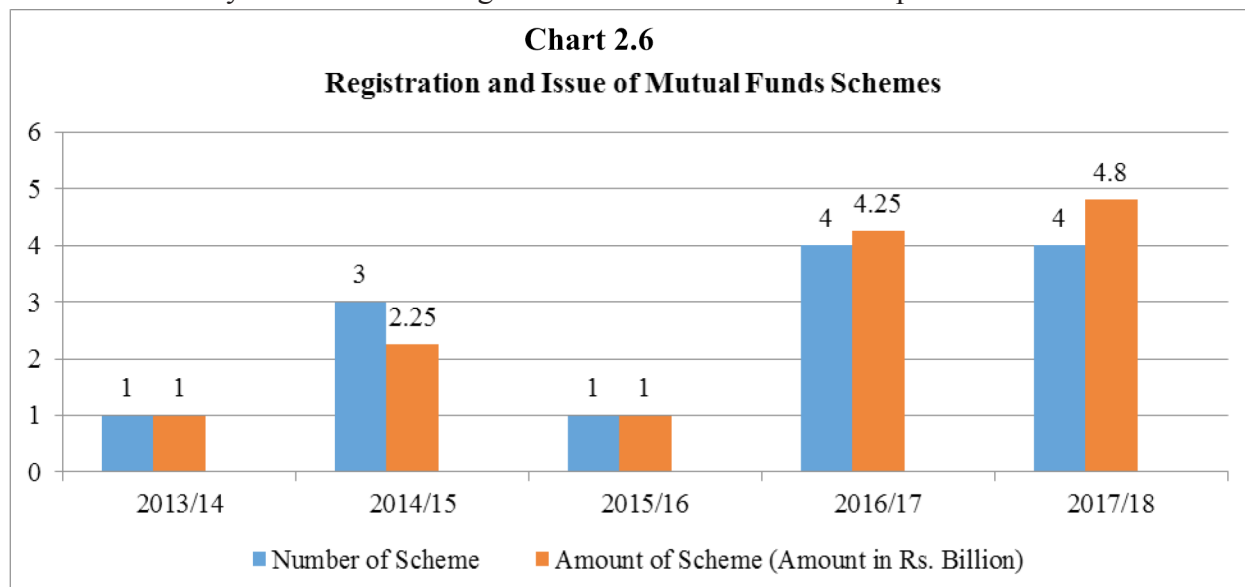
Bonus Share Registration:

The issuance of bonus shares, mostly done by a company in the course of expanding its business, raise capital or as a return to its shareholders has increased in the review year. In the review year, bonus shares of worth Rs. 33, 086,939,999 has been registered by 112 listed companies, which is a decline by five percentage. In the review year, various companies registered bonus shares in the Board, viz; 17 commercial banks of worth Rs. 23,330,000,000; 23 development banks of worth Rs. 3,020,000,000, 10 finance companies of Rs.460,000,000, 20 insurance companies of Rs. 3,440,000,000, six hydropower companies of Rs. 70,000,000, two hotels of Rs. 220,000,000, 29 microfinance companies of Rs. 1,450,000,000, one manufacturing and processing company of Rs. 20,000,000 and two companies in other sector of Rs. 330,000,000. Last year, 164 listed companies had registered bonus shares of Rs.34,795,992,768 in the Board. Among them, 26 were commercial banks with Rs. 22,760,000,000, 82 were development banks with Rs.6,870,000,000, 28 finance companies with Rs.1,590,000,000, 20 insurance companies with Rs. 2,800,000,000, five hydropower companies with Rs.59,000,000, two hotels with Rs.180,000,000 and one trading company with Rs.10,000,000. The list of bonus share registered in FY 2017/18 has been presented in Appendix 4.

Mutual Fund Schemes Registration and Issuance:

In the review year, four companies have registered mutual fund of worth Rs. 4 billion 800 million,

which is a rise by 12.9 percent in comparison to the last year. Last year, four companies had registered mutual funds of worth Rs. 4 billion and 250 million. After this, the number of operating fund has reached 13. In the present context, there is only closed-end fund operating in Nepal. The registration and issuance approval of mutual fund in FY 2017/18 has been presented in Appendix 5. Also, the trend of last five year mutual fund registration and issuance has been presented in Chart 2.6.



2.2.2 Secondary Market

Although the situation of secondary market in FY 2017/18 was mixed, the indicators of secondary market have shown laxity. Due to the merger and acquisition between banks and financial institutions, some decline in the number of listed companies is seen. However, a significant decline in the transaction amount is seen in the review year. Although there was a significant growth in the transaction amount last year, it couldn't continue this year. In FY 2016/17, there was a transaction of Rs. 205 billion, however, in the review year it declined by 40.8 percent limiting the transaction figure to Rs. 121 billion. As a result, the average daily transaction remained at Rs. 521 million. In FY 2016/17, the average daily transaction was at Rs. 891 million. The total market capitalisation also suffered a decline of 22.7 percent making it to remain at Rs. 1 trillion 435 billion. Similarly, the float market capitalisation also incurred a decline of 23.4 percent limiting it to Rs. 483 billion only. Similarly, the Nepse index has also declined by 23.4 percent in the review year remaining at 1212.36 points. The float index, which was at 116.14 points at the beginning of the year has declined by 25 percent staying at 87.15 points.

In the review year, the factors like increase in supply of securities due to right issue and further public offerings by the listed companies; liquidity problem and interest rate instability in the banking sector; unclear provisions regarding tax; and investors' strategy to wait and see are attributed to have high influences in the securities markets. The details of the secondary market of the past three years have been presented in Table 2.6.

2.2.2.1 Secondary Market Indices

To analyse the condition and trend of the secondary market of securities, various indicators are used. The secondary market in the review year has been analysed as follows on the basis of major indicators like securities transaction, market capitalisation, Nepse index and the number of listed companies:

Table 2.6
Trend of Secondary Market

Particulars	Fiscal Year			Percentage Change	
	2015/16	2016/17	2017/18	2016/17	2017/18
Number of Listed Companies	229	208	196	-9.17	-5.8
Annual Transaction of Securities (Rs. in billion)	164.65	205.02	121.4	24.52	-40.8
Average Daily Transaction (Rs. in billion)	70.66	89.14	52.1	26.15	-41.6
Total Number of Securities Transacted (In million)	303.6	392.9	293.82	29.41	-25.2
Number of Transaction (In thousand)	839	1357	1311	61.74	-3.4
Number of Listed Securities (In million)	2105.4	2965.9	3598.7	40.87	21.3
Market Capitalisation of Listed Securities (Rs. in billion)	1890.13	1856.82	1435.14	-1.76	-22.7
Float Market Capitalisation of Listed Securities (Rs. in billion)	632.66	641.69	483.9	1.43	-24.6
Transaction Percentage on Market Capitalisation	8.71	11.04	8.5	26.75	-23.0
Market Capitalisation to GDP Percentage	84.1	71.44	47.7	-15.05	-33.2
Float Market Capitalisation to GDP Percentage	28.15	24.69	16.1	-12.29	-34.8
Nepse Index (Point)	1718.15	1582.67	1212.36	-7.89	-23.4
Float Nepse Index (Point)	125.41	116.14	87.15	-7.39	-25.0

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

Securities Transaction:

In the FY 2016/17, there was a transaction of Rs.205 billion. However, in the review year, decline of 40.8 percentage is seen limiting the transaction figure to Rs. 121 billion only. Similarly, in the review year, transaction has taken place on 233 days and the average daily transaction has stayed at Rs. 521 million. This is 41.6 percentage less than the transaction of last year. In FY 2016/17, the average daily transaction was Rs. 891 million.

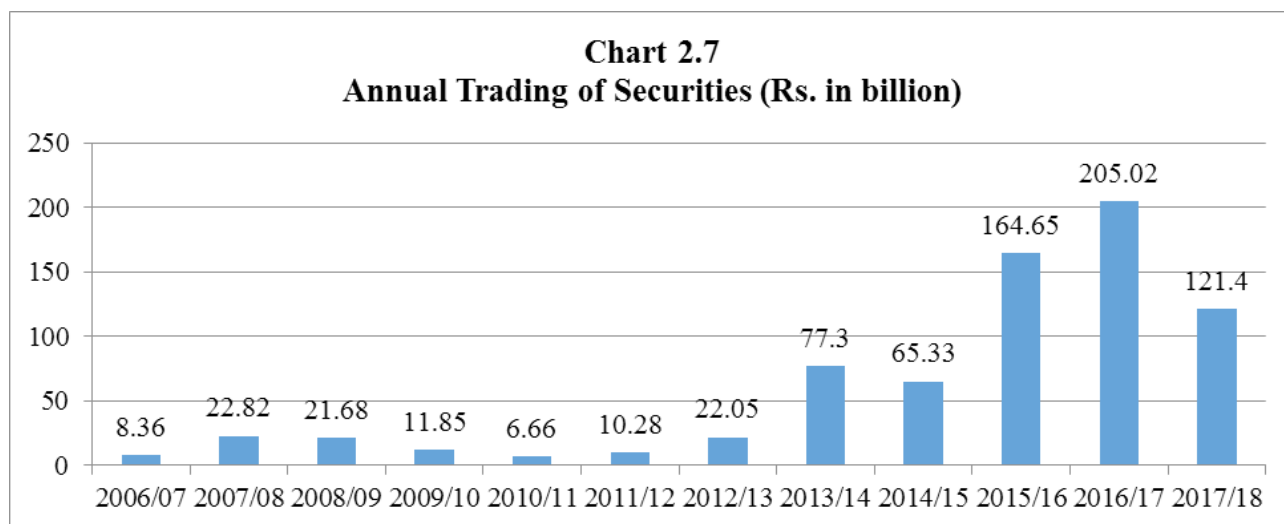
Among the sectoral transactions, the highest growth in transaction is seen in the trading sector (approximately 24 times more) whereas; the lowest growth is seen in the hydropower sector (approximately 9 percent). Similarly, the highest decline in transaction is noticed in the finance companies sector and the lowest decline in transaction is seen in the hotel sector. Last year, the highest decline was seen in the trading sector. In the review year, a decline in the transaction of ordinary share of banks and insurance sector, mutual fund units and preference share is witnessed whereas a marginal rise in the transaction of promoters shares is witnessed. The details of securities transaction in the secondary market of the last three years has been presented in Table 2.7.

Table 2.7
Trend of Secondary Market Transaction (Amount in Rs. Million)

Particulars	Fiscal Year			Change Percentage	
	2015/16	2016/17	2017/18	2016/17	2017/18
Bank	70,771.90	95,220.30	41,800.28	34.50	(56.10)
Development Bank	24,943.60	28,125.30	14,123.87*	12.80	-
Finance Companies	4,579.00	5,595.10	2,220.95	22.20	(60.31)

Microfinance Companies	-	-	10,114.34	-	-
Insurance	38,985.10	50,817.00	27,504.85	30.30	(45.87)
Hydropower	10,185.70	7,697.80	8,395.03	(24.40)	9.06
Manufacturing and Processing	232.10	396.30	558.40	70.80	40.90
Trading	14.10	4.90	119.92	(65.40)	2,347.35
Hotel	1,116.40	1,592.50	1,408.32	42.70	(11.57)
Other	914.30	2,717.80	3,318.05	197.30	22.09
Mutual Fund	1,113.70	1,886.90	942.62	69.40	(50.04)
Preference Share	78.20	52.20	27.65	(33.30)	(47.03)
Promotor Share	11,023.70	10,680.90	10,735.22	(3.10)	0.51
Total	163,957.80	204,787.00	121,299.00	24.90	(40.77)
<i>*includes Development Banks only.</i>				<i>Source: Nepal Stock Exchange Ltd.</i>	

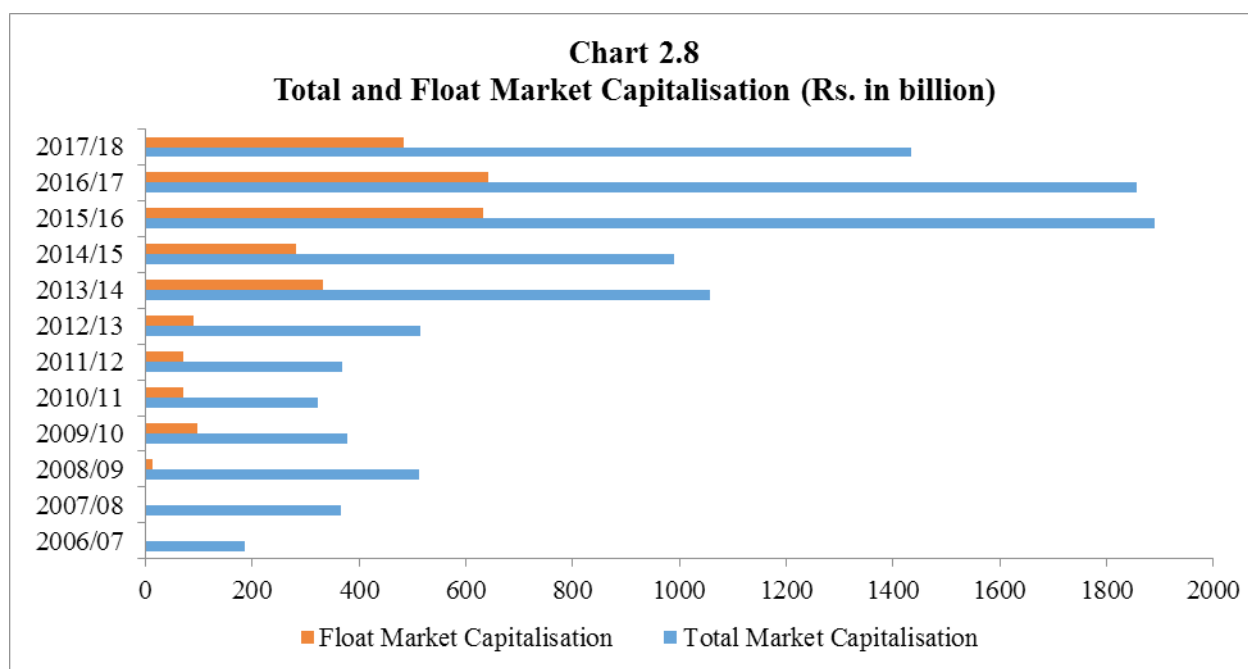
The trend of securities transaction in the secondary market in the last 10 years has been presented in Chart 2.7



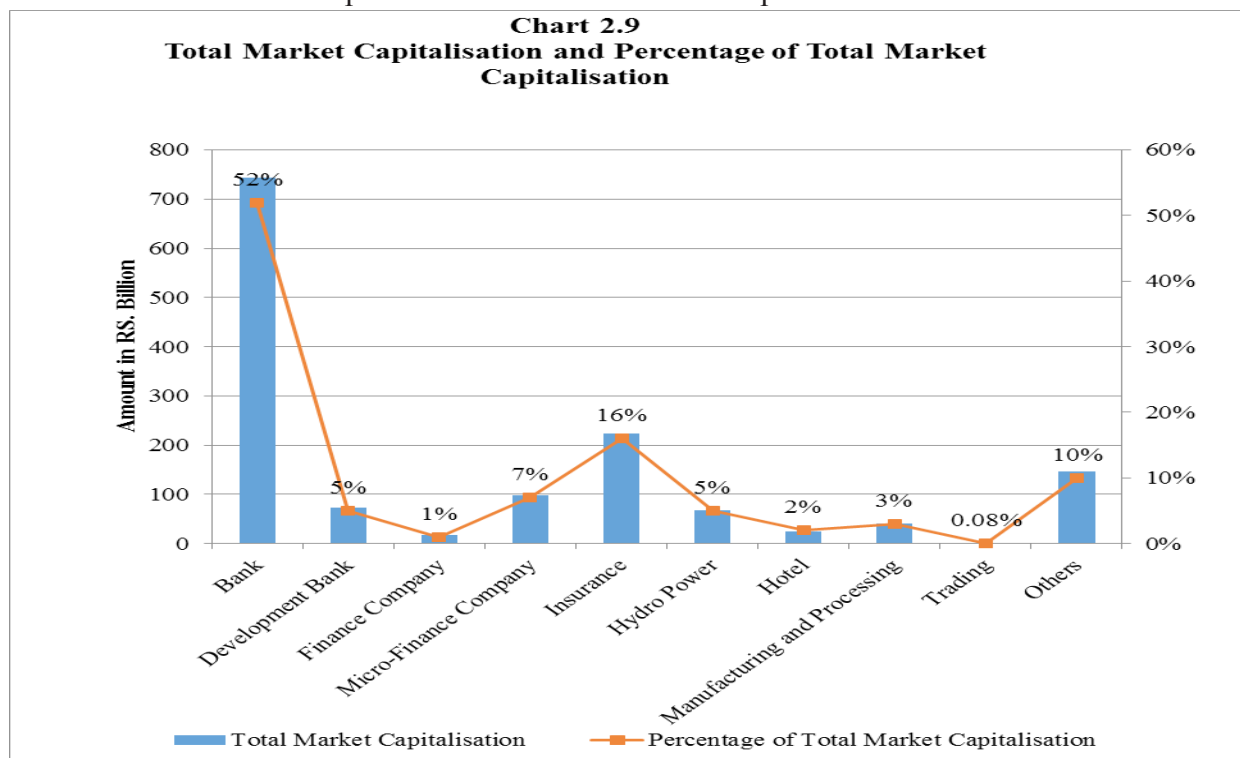
Market Capitalisation:

At the end of last fiscal year, the market capitalisation was Rs.1 trillion 856 billion. This declined by 22.7 percentage by the end of this fiscal year and reached to Rs. 1 trillion and 435 billion. The market capitalisation of the companies which fall under 'A' class category of Nepal Stock Exchange has declined by 21.7 percent from last year and has reached to Rs. 1 trillion and 241 billion. Similarly, the float market capitalisation, which is calculated on the basis of tradable securities has declined by 24.6 percent from last year, shrinking the value from Rs. 641 billion to Rs. 483 billion.

The ratio of total market capitalisation to transaction amount has declined by 23.4 percent in comparison to last year causing the ratio stay at 8.5 percent from 11 percent last year. Similarly, on the basis of float market capitalisation, this ratio has declined by 21.5 percent reaching to 25.1 percent. This ratio was 31.9 percent last year. The market capitalisation and float market capitalisation of the last 10 years has been presented in Chart 2.8.



Out of total market capitalisation, the highest share is occupied by commercial banks (approximately 53 percent) and the lowest share is occupied by trading sector (less than 1 percent). The sector-wise market capitalisation in 2017/18 has been presented in Chart 2.9.

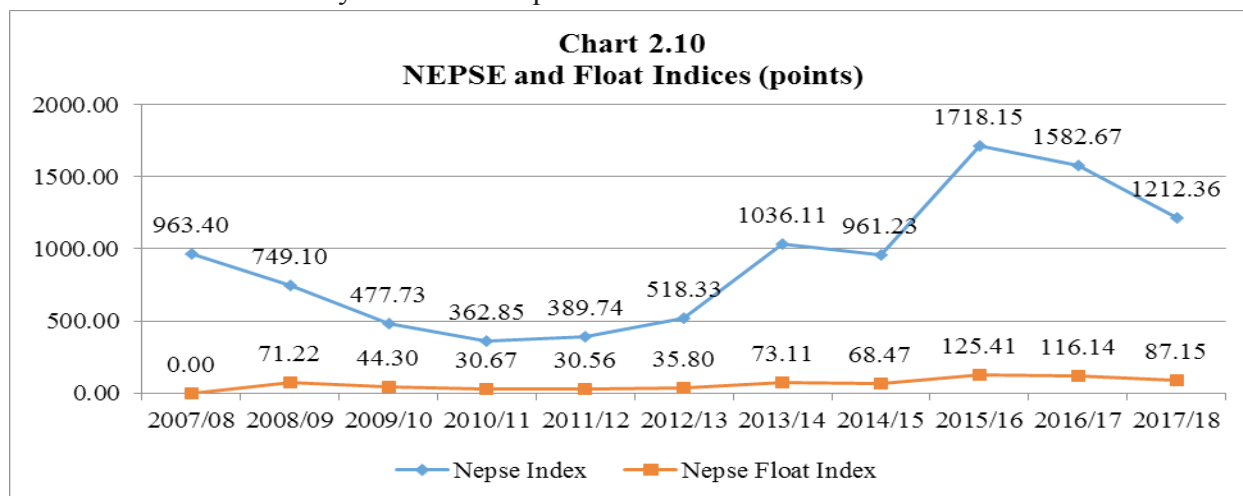


Nepse Index:

Nepse Index, which was at 1582.67 points at the end of FY 2016/17, declined by 23.4 percent and has reached to 1212.36 points at the end of the FY 2017/18. During the fiscal year, the index triggered the highest point of 1667.94 on 7 August 2017 whereas the index triggered the lowest point of 1168.55 on 26 March 2018.

Float Index:

Similarly, in the review year, the float index declined by 25 percentage and reached to 87.15 points. The index was at 116.14 points at the end of last fiscal year. The movement of the Nepse index and float index for the last 10 years has been presented in Chart 2.10



Listed Companies:

In the review year, the number of listed companies has declined by 5.8 percent to be 196. Last year, the number of listed companies was 208. Even though 11 new companies (Six microfinance and five hydropower) were listed in Nepse, the significant number of merger and acquisitions reduced the total number of listed companies.

The listed companies in Nepse has been divided into 10 sectors. In the review year, out of 196 listed companies, 27 were commercial banks, 34 - development banks, 37 - microfinance companies, 27 - finance companies, 22 - insurance companies, 19 - hydropower companies, four hotels, 18 - production and processing related companies, four trading companies, and four other companies. The sectoral details of listed companies have been 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	13.78
2	Development Bank	34	17.35
3	Finance Companies	27	13.78
4	Micro Finance Companies	37	18.88
5	Insurance Companies	22	11.22
6	Manufacturing and Processing	18	9.18
7	Hotel	4	2.04
8	Trading	4	2.04
9	Hydropower	19	9.69
9	Other	4	2.04
Total		196	100

Source: Nepal Stock Exchange Ltd.

Similarly, in FY 2017/18, 110 companies were categorised in class 'A', among which 27 were commercial banks, 21 development banks, 11 finance companies, 16 insurance companies, five hydropower companies, two hotels, 26 microfinance and two companies from other sectors.

Listing of Securities:

In FY 2017/18, initial public offering equivalent to 294 million 4 thousand units of securities, further offerings equivalent to 6 million 699 thousand units of securities, right offering equivalent to 381 million 700 thousand unit securities, stock dividend equivalent to 338 million 593 thousand units, government bond equivalent to 401 million 400 thousand units, debenture equivalent to 3 million units and mutual fund equivalent to 570 million 520 thousand units have been listed in the secondary market.

The paid-up price of the listed securities:

Last year, the paid-up price of the listed securities was Rs. 289 billion and 590 million which increased by approximately 21.58 percentage by the end of the review year and reached to Rs. 352 billion 90 million.

2.2.2.2 Securities Market Development and Reform Activities

Many structural reforms have been done in the Nepalese securities markets in the recent years. The regulatory body of the securities markets of Nepal, Securities Board of Nepal is committed to solve the problems faced by investors, to strengthen the regulation and supervision activities and concentrate on the development of the markets. Board, which is continuously focussing on its capacity development for effective regulation and supervision of Nepalese securities markets, which is being techno-friendly in recent days, has been formulating and amending various regulations and directives as per the need of present context. The clear inclusion of programmes and plans in Government's periodic plans, fiscal policy, monetary policy, and development strategy for the development and expansion of securities markets is also playing an important role in making securities markets more fair, transparent and effective. The major activities conducted in recent days for the development and reform of the markets are as follows:

- Automation of only the securities transactions in 2007 has been followed up by full-fledged dematerialisation of the secondary market transactions in 2016 January.
- Membership of IOSCO and ANNA has increased the international relation of securities markets.
- The facility to view the depth of the market has been made available to investors.
- The successful implementation of ASBA and C-ASBA system in the primary market.
- Implementation of the provision of directly depositing the cash dividend in the shareholders' bank account and bonus and right shares in dematerialised account.
- Implementation of the supervision manual for the effective supervision and regulation of securities businesses.
- Financial penalty for the securities brokers and depository members who were acting against the rules and regulations.
- Investor education and awareness programmes conducted in various places in the country.
- Directives have been issued to make the issue process of securities more managed and to prevent the possible money laundering activities in the securities markets.

Thus, the securities markets has entered into the modern era through above-mentioned reform activities. The securities market reform activities conducted in the initiation of Board in the review year are mentioned below.

Development and Reforms in Primary Market

In the review year, structural changes in the primary market have occurred. The need to queue for hours by the investors to make the application in primary issue has been replaced by the online application system. Furthermore, a significant decrease in time for the allotment and listing of securities has increased the liquidity in the market and has decreased the issuance cost of the securities.

1. Implementation of Securities Issue and Allotment Directives 2017 for structural reform in capital market:

As per Securities Registration and Issue Regulations, 2017, Board has issued the Securities Issue and Allotment Directives from 26 May 2017. The Directives has made clear provisions in implementing the Securities Registration and Issue Regulations, 2017 and has also included the facilities for the entry of real sector companies in the markets; procedure for the premium setting in the securities to be issued; provision to significantly decrease the approximate six months time in issue, allotment and listing of securities; and provision of compulsory allotment of securities to all the applicants in order to increase the access of as many investors as possible to the capital market after the compulsory implementation of ASBA system.

2. Reform on the Merchant Banking related provisions:

The responsibility of the merchant banking businesses has increased with the development of the markets. To make the merchant banking businesses more responsible and to strengthen their financial position, the Merchant Banking regulations, 2008, has been revised and implemented on 18 July 2017. In this, a provision of capital hike by more than three times has been done. It has also done addition in the advisory role allowing them to play the advisory role in issues like structural changes, valuation, professional planning, loan syndication, working capital financing, venture capital, private equity, hedge fund, and assets management. Similarly, other provisions like provision of threshold in the amount of underwriting and investment management, management of share handover or selling process of Merchant Bankers, and provision restricting the person having ownership or any beneficial position to take ownership or beneficial position in other securities businesses are also mentioned.

Similarly, according to the instruction of the Board, other provisions like; compulsory provision of mentioning bank account number while opening dematerialised account, provision of considering the fractional right share a full one, provision of writing a single application while applying for the right shares irrespective of their materialised or dematerialised status, taking clearing charges only as per NRB's directions while accepting cheques in public offerings, provision of keeping a charter mentioning the services and other functions of merchant bankers, and allocating certain percentage of profit for employee training and development expenses are also mentioned.

Similarly, to make the securities issue process more managed and transparent and keeping in mind the conflict of interests that might occur, a provision of not allowing the merchant banker to issue and underwrite the shares of its main company or of the company of which it is a basic shareholder has been made.

3. New provisions on the right issue of securities:

Circular has been made by the Board regarding the implementation of ASBA system in right issue as well. On 29 October 2017, regarding the stocks which remain unsubscribed in the right issue and

are sold through auction, Board has given instructions to the Merchant Bankers and ASBA members to make provisions to allow the investors outside Kathmandu valley to apply in order to provide them equal opportunity.

4. Approval of Centralised Application Supported by Blocked Amount (C-ASBA) for the Issuance of New Securities:

To make the primary issue activities simplified and systematic, the Centralised Electronic Service Work Procedure Guidelines, 2017 presented by CDSC has been approved by the Board on 5 November 2017. According to the guidelines, the issue manager and licensed bank and financial institution should conduct necessary verification regarding the application. Similarly, guidelines aim to maintain similarity in the services provided by the various institutions in the issuance process. The guidelines have also made necessary provisions to make the primary market automated.

5. Effective implementation of C-ASBA service:

Considering the grievances received by the Board on ineffective service of some banks and financial institutions like, receiving applications and cheques without confirming the balance in customer's account; the Board has issued a circular to all the ASBA members to effectively implement the C-ASBA service. ASBA members are requested to accept the application for share purchase only after confirming the applicant's identification in the C-ASBA system, accept the application and block the amount only after confirming the availability of balance in respective applicant's account, effectively promote the information about C-ASBA service to the customers and provide training to the concerned employees for effective implementation of the service.

6. Investor's detail form (KYC) updated:

To make the activities of secondary market systematic and transparent and to reduce the various kinds of risks associated with it, the existing Know Your Customer (KYC) form has been modified and made more detailed on 22 January 2018. In the new KYC form, the information like, the customer's family member's details, employment details, map to reach customer's residency, details mentioning if there is association with any investment company or not, declaration that the money used to purchase securities is not earned going against the laws of anti money laundering, registration details in case of institutional investors, and three generation details of the first and second contact person in case of institutional investors are included.

7. Additional provisions of public issue for the institutions whose financial position is not satisfactory:

On 3 January 2018, Board made a provision to disclose more information in the prospectus by the institutions whose financial condition is not satisfactory. To protect the welfare of the investors investing in the securities, to make the investors informed about the public issuance, and to make the process more managed and transparent above provision was done. According to this provision, as per a company's latest audited financial report, if the net worth per share is less than book value per share and if the company having unsatisfactory financial reports receive the lowest credit ratings, especially in case of hydropower companies, they have to disclose additional details as mentioned in the box below while doing the public issue of securities.

The additional details that should be disclosed in the prospectus while making a public issue of the securities by the corporate bodies whose financial position is not satisfactory.

- 1) *The listed details should be presented inside the box of the prospectus of the public offering.*
 - *The details of net assets and earning per share of the past three years as per the audited financial statement, if the company is operating since three or more years and of all the years if is being operated since less than three years.*
 - *In case of hydroelectricity project, the cost per megawatt, remaining tenure for electricity generation, and payback period.*
 - *Grade from Credit Rating.*
- 2) *Certification from respective Issuer's Auditor clearly certifying the projected financial statement.*
- 3) *A tabulated comparative details of projected financials published in the prospectus and actual financials should be published annually in annual report. Also, if there is a deviation in the projected and actual details, the reason behind such deviation should be mentioned and published every year in the annual report until the projected period.*
- 4) *The prospectus published for the public issue has to be kept in the website of the issuing company atleast until the period of the financial projection year; in the website of issue manager until the securities are allotted, and the link of the prospectus of the issuer should be kept in the website of ASBA member until the issue period.*
- 5) *Provision of investor's declaration while applying for public issue electronically or manually should be done declaring that the application is made by the investor in his own discretion after carefully reading the prospectus published by the issuing company and completely understanding the risks associated with it.*
- 6) *If the Credit Rating Company provides low credit rating to the securities being issued and if the net worth per share of the company is less than the book value per share, then the issuing company has to publish that information in large distinct letters in the prospectus and other notices.*

8. Securities Issue and Allotment Guidelines, 2017 amended and made relevant:

To make the securities market more inclusive and to make sure that more investors get the securities, Board has made a provision of proportionate allotment of ten shares to each applicant, if possible by amending the Securities Issue and Allotment Guidelines, 2017, on 19 June 2018. Those guidelines were issued on 26 May 2017. This amendment aims to make the issue process more progressive, competitive, simple and less costly. As per this, following amendments have been made in Securities Issue and Allotment Guidelines:

- The maximum limit to apply for public offering should be as mentioned in the prospectus.
- If the shares are issued in premium or if all the shares are not sold within the time allotted in the prospectus for the public, then the companies or organisations established as per prevailing laws can purchase those shares.

9. Revoking the license of Merchant Banker:

According to the provision in Securities Related Act 2006, Section 61, the license of Bid Invest Limited, Krishna Galli, Lalitpur was revoked by the Board for not renewing its license. The institution was established as an Investment Manager under Securities Businesses (Merchant Banker).

The reforms and development in the secondary market

Following reforms and development activities have been conducted in the review period to strengthen the secondary market of securities:

1. Policy-provisions related to margin transactions:

As mentioned in policies and programs of FY 2017/18, in order to make the domestic market of international level and also to expand the service area of brokerage firms, Board has made policy provisions and has provided necessary instructions to NEPSE and stock brokers issuing Margin Transaction Service Related Circular, 2017 to make the service of margin trading available to Nepalese investors. Similarly, as per Board's instruction, Nepse had prepared and submitted the guidelines about margin trading provision. On 18 May 2018, Nepse is further

instructed by the Board to implement those guidelines by making necessary amendments.

2. Provision to submit compliance report to the Board:

As per provision made on 31 October 2017, the securities businesses like Nepal Stock Exchange Ltd., CDS and Clearing Ltd., Stockbrokers, Merchant Bankers are required to submit a compliance report to Board on a semi-annual basis in order to strengthen the compliance position.

3. Merchant bankers and securities brokers made aware:

Addressing the complains received by the Board about helping in unrealistic movement of share prices in the secondary market, Board, on 13 November 2017, warned employees and the persons associated with merchant bankers and securities brokers not to conduct activities like giving interviews, writing articles and making expressions on print, online and other media forecasting the share price fluctuation.

4. Securities brokers punished on the basis of Assets (Money) Laundering Prevention Act and Securities Act:

According to the investigation report on fictitious shares transaction of listed hydropower company, the financial penalty of Rs. one million each has been imposed to Agrawal Securities Pvt. Ltd. and Shreehari Securities Pvt. Ltd. Similarly, for not maintaining the full record of customers, the CEO of both the broker businesses have been fined Rs fifty thousand each as per Assets (Money) laundering prevention act 2008.

Similarly, as per Securities Board Regulation 2006, Sibrabi Securities Pvt. Ltd. was also fined Rupees fifty thousand for not keeping proper record of customer details. And, the CEO of the same organization was warned on not being attentive in the issue. Further, as per Securities Act 2008, Pragyan Securities was imposed a financial penalty of Rs. 75,000 for not complying the professional ethics.

5. Instructions to execute buy-sell order through internet:

Considering the investor's welfare and to make the securities transaction process in secondary market more accessible, simple, transparent, prompt, and investor friendly and also to systematise and strengthen the data record in broker office, instructions have been given to execute buy-sell order in broker back office software through internet on 14 April 2018. In the continuous modification and reform process, various discussions were held with securities brokers, the back office support provider companies, and various investors' associations. Board was also informed that the suggestions received from those discussions on reforming broker back office software were implemented. Further, Board has also instructed the broker companies to provide the facility of executing the buy-sell order through internet to interested investors from the starting day of the Nepalese new year 2075 (Mid April 2018). As per this, some broker companies have started providing this kind of service to the investors.

6. Financial penalty to the Depository Participant - Securities Broker for keeping wrong details of beneficiary and customer:

Securities brokers have to keep a complete record of the client before doing securities transaction for an individual or an institutional investor. Similarly, depository participants have to open the beneficiary account only after doing an agreement with the beneficiary and have to complete all the documentation and investor identification process as prescribed by the Board.

However, as per the complain received by the Board about the securities broker/depository participant Linch Stock Market Ltd on not fulfilling these requirements, an investigation was done and was found that Linch Stock Market Ltd. had not made proper verification of the documents before opening the account and hence wrong details were observed on the client details record. So, for not complying the provision of Securities Related Act, 2006 Section 101 sub-section (4) the broker company was penalised Rs. 50,000 on 17 April 2018.

7. Implementation of Supervision Manual 2017 for securities businesses (Merchant Bankers and Stock Brokers):

To make the supervision of securities market more effective, more organised, and of the international standard, Board has implemented Securities Manual, 2017 for merchant bankers and stock brokers. The manual mainly includes offsite and onsite supervision process; subject matters related to supervision; power, duty, authority, responsibility, and accountability of the supervisor; and also the supervisor's code of conduct.

8. Listed company made alert:

According to the Securities Registration and Issue Regulations, 2016, rule 26 sub-rule (5), the listed companies have to submit the price-sensitive information to the Board within three days the decision was made. However, Nepal Telecom (Nepal Doorsanchar Company Ltd.) did not submit the dividend information of FY 2016/17 timely not complying the regulations. So, for the first time it was alerted on 2 January 2018, asking to comply the Securities Related Act and Securities Registration and Issue Regulation by providing the price sensitive information on time. Additionally, Nepse is also responsible to follow and enforce the rules regarding the book-closure date and price sensitive information. So, in Nepal Doorsanchar Company Ltd.'s case, further information was asked with Nepse regarding the issue. Similarly, Nepal Investment Bank Ltd. was alerted on the carelessness done during the declaration of cash dividend rate and stock dividend rate.

9. Issue and Implementation of Corporate Governance Guidelines of Listed Companies, 2018:

To regulate and manage the activities of listed companies by making responsible all the shareholders and concerned stakeholders towards the organisation and hence making securities market more systematic, transparent and accountable, the Board issued Corporate Governance Guidelines of Listed Companies 2018, on 8 February 2018 to be implemented from 17 July 2018. The six-month time frame was provided as a preparation period for the implementation of guidelines, and an interaction/discussion program was conducted with the Chief Executive Officer, Chief Financial Officer, and other concerned stakeholders of the listed companies on 10th July 2018, regarding the implementation of the guidelines and to understand the practical issues in it's implementation. The Guidelines is amended and implemented incorporating the creative suggestions received in the program.

10. Implementation of Securities Listing and Transaction Regulation, 2018:

To make the securities listing and transaction process more systematic, technology and market-friendly, and timely, "Securities Listing and Transaction Regulations, 2018" has been implemented according to the provision of Securities Related Act, 2006. The new regulation is

implemented from 17 July 2018 replacing the 25 years old Securities Transaction Regulations, 2050. To make the securities listing and transaction process as par the various changes in Nepalese securities market, the regulation has been implemented.

11. Approval of Securities Listing By-laws 2018 and Securities Transaction Operation By-laws, 2018:

According to the provision of Securities Listing and Transaction Regulations, 2018, the Securities Listing By-laws 2018 and Securities Transaction By-laws, 2018 submitted by Nepse for approval has been approved by the Board on 11 July 2018.

Other Reforms and Development Activities:

In the review period, other reforms and development activities conducted by the Board are as follows:

1. Code of Conduct for Board members implemented:

By calrifying on subjects like code of conduct, ethics, honesty, privacy, fiscal discipline, no misuse of authority, relationship with the communication media etc; Board has formulated and implemented the “Code of Conducts for Board Members of Securities Board of Nepal, 2017”. This has included the provisions like conducting tasks as assigned, not publishing news regarding the activities of Board, not investing on shares etc. Previously, Board had already implemented its employees' code of conduct.

2. World Investors Week Organised:

As the Board received associate membership of IOSCO, IOSCO offered to celebrate the World Investors Week as Pilot program on October 2017. Accepting the offer, Board for the first time organised different programmes to celebrate investors week. Board empowered the investors by making them informed by publishing various information related materials on five different national daily newspapers and on an online news portal. It also conducted two interaction programs of investors with the Board Chairman and experts member of securities market in the communication media.

3. MoU signed between Securities Board of Nepal and Nepal Rastra Bank for information sharing:

Board has signed a Memorandum of Understanding (MoU) with Nepal Rastra Bank on 6 November 2017 regarding the banking information sharing and mutual support. Board has already become the associate member of IOSCO. And as per the IOSCO principle and international practice, to become an ordinary member of IOSCO, there is a provision that Board should have access to banking information to research and investigate the offences and other activities committed in the securities market. This MoU will facilitate legal enforcements and will make the investigation related to offences in the securities market easier and factual ultimately making the securities market healthier, transparent and reliable. Similarly, it will also be helpful for the Board to obtain the ordinary membership of IOSCO.

4. Implementation of Commodities Exchange Market Related Regulation 2017:

The Commodities Exchange Market Related Act, 2017 was implemented by the Government of Nepal on 27 August 2017. As per the provision in this Act, Board was required to formulate the regulation within three months for its implementation. As per this, Board formulated and

implemented the regulation with the approval from the Government of Nepal on 25 November 2017. In this regulation, different provisions like obtaining a license from the Board to run commodities exchange, the provision of capital structure of such firm, the provision of infrastructure, qualification of the shareholders, tradable commodities, the establishment of investor protection fund and settlement guarantee fund along with the suspension and cancellation of license of commodity exchanges and financial and imprisonment penalties have been defined.

5. License for the operation of a new credit rating agency:

To make the credit rating business competitive in the securities market and to increase the professionalism in the sector, Board provided license to a new credit rating agency Care Nepal Ltd. on 16 November 2017. It has a capital of Rs.500 million with 51 percent ownership of Care Rating Ltd., India. Now, there are two licensed credit rating agencies in Nepal.

6. Alerted about the illegal public offering of securities and investors made aware for not to invest on those:

According to the provision of the Securities Related Act, Section 27, there is a clear provision that an organised institution has to register the securities before issuing them to the public. However, it was found that some hydropower companies published notice regarding the investment on securities without registering. This being an illegal activity according to the rules and regulations of securities market, a notice was published on 2 April 2018, alerting the organizations to issue securities only after registering them in the Board and only after publishing the prospectus.

Also, the investors too were made aware to not invest on those securities telling their funds could be in risk if such investment is done. Similarly, the organizations were further made alert not to make such illegal issues in the future.

7. Implementation of Money Laundering and Terrorist Financing Prevention Guidelines, 2017 :

With an objective to make the market participants of securities market more responsible, to demotivate the assets laundering and to prevent the terrorism financing, Board cancelled the existing Assets Laundering and Terrorist Financing Prevention Guidelines and issued new Money Laundering Prevention and Terrorist Financing Prevention Guidelines, 2017 on 12 April 2018 to be implemented from 14 April 2018.

8. Announcement of Policies and Programs related to Securities market and Commodities market of FY 2018/19:

The annual policies and programs being formulated and implemented for the development and expansion of capital market is now printed and publicly announced and a new trend has been started from this fiscal year on the occasion of Silver Jubilee.

Further reforms are also done. Policies and programs of securities and commodities market of FY 2018/19 has been published before the start of the fiscal year of 2018/19 i.e. within mid July 2018. From this year, the policies and programmes have been published in two parts, the first part includes the review of progress report of review year 2017/18 and the second part includes the policies and programmes for the fiscal year 2018/19. Additionally, the developmental programmes of Board have been categorised in seven sub-headings also

including the basis of formulation of policies and programmes, objectives, targets.

Mainly, the policies and programs of the Federal Government, the budget speech of the Federal Government, the Financial Sector Development Strategy of Nepal Government, the 14th periodic plan of Nepal Government, the Commodities Exchange Market Related Act and Regulations under it, the implementation position of current fiscal year's policies and programs, the suggestions received from the discussions and interactions with stakeholders about next year's policies and programs and other concerned topics, the current provincial structure of the country, and the international practices and principles on regulating the market are the major basis for the preparation of policies and programs. And, the majority of the targeted programmes in the policies and programmes of FY 2017/18 has been achieved.

The presented policies and programmes of FY 2018/19 also has taken the objective to develop and expand the securities and commodities market by making it healthy, transparent, competitive, and effective and increasing the access of general public. Under the developmental policies and programs sub heading, different topics like developing and strengthening the legal structure, increasing the organisational and regulation capacity of Board, reform and development of the market infrastructure, improvement on market supervision system, professionalisation and level enhancement of market participants, study/research and training with priorities on public awareness are covered and regular programs are also further categorised into four sub-headings.

9. Financial help and distribution of physical goods by Board:

Considering the huge human and physical loss by flood due to heavy rain in the Eastern Terai during August/September 2017, Board donated Rs Three million to the “*Prime Minister Natural Calamities Relief Fund*” on 3rd September 2018. The cheque was handed to the then Prime Minister Mr. Sher Bahadur Deuwa by Board’s Chairman in the presence of Board members and high-level employees in a program organised in the Prime Minister residence Baluwatar, Kathmandu for the relief and rescue of the victims.

Earlier, after the devastating damage on life and assets caused by the huge earthquake of 25 April 2015, the Board had made a donation of Rupees Five and half million. Similarly, in FY 2017/18, the Board has also donated various physical goods and provided other help of worth Rupees Seven hundred thousand to various social organisations.

10. First Capital Market Related Expo 2018 Conducted:

With the objective to develop and promote the capital market, first capital market expo, 2018 has been conducted on 9 and 10 May 2018 on the occasion of silver jubilee anniversary of the Board. The expo was conducted for the first time in the history of Nepalese Capital Market. In the expo, various information about the primary and secondary market of securities, detailed information about securities business services and other services were delivered. Similarly, free distribution of reading materials related to securities and securities market, programs on securities market infrastructure and market operation provisions, discussions about market reforms & development and future priorities, conduction of interaction programs for increasing investor awareness were executed. In the expo, there were 119 stalls of different organizations like, Insurance Board, Nepal Stock Exchange Ltd., CDS and Clearing Ltd., Credit Rating Agencies, Merchant Bankers, Securities Brokers, Depository Participants, ASBA member Banks and Financial Institution, Listed Companies, Software companies related to securities

market, economy related electronic mass media including the Board too. There was a presence of encouraging number of visitors during the expo.

During the program, by including most of the issues of securities market, four technical sessions in topics like securities market and market infrastructure, merchant banking service and credit rating service, efforts for capital market reform and future priorities, and securities brokerage services were conducted. In those different sessions, Board's chairman, ex-chairman, ex-Board member, ex-chairman of Nepal Stock Exchange, CEO of CDS and Clearing Ltd., Chairman of Merchant Bankers' Association, Bankers, CEO of Credit Rating Agency, Researchers, University Professors, Chairman of Investors' Association played an important role in making the investors more informed by chairing the sessions, presenting the papers and by commenting on the papers.

11. Completion of Board Silver Jubilee Program and 26th Anniversary programme:

The Board which was established on 7 June 1993, completed its Silver Jubilee Anniversary on 7 June 2018 and celebrated 26th anniversary programme on this occasion. In the occasion of Silver Jubilee Year, various important publications of the Board were released. The Capital Market Journalism Award, which was started being awarded from the Silver Jubilee Year was awarded to the Abhiyan Daily of New Business Age Pvt. Ltd. Furthermore, the Board also awarded three best university level dissertations done in the area of capital market and commodities futures.

Board's Acting Director Krishna Prasad Ghimire, Acting Deputy Director Anuj Kumar Rimal and Senior Driver Nahakul Bhattarai were awarded by "Long Term Service Medal" and certificates for their 20 years of service in the Board. Similarly, in the coordination of Securities Board of Nepal Employee Union and in the assistance of Nepal Red cross Society Central Blood Circulation Service, Balkumari, Lalitpur, blood donation programme was conducted in the premises of Board's office on 6 June 2018. In the blood donation program, 87 participants (employees and executives) from the Board, Nepse, CDS and Clearing Ltd., Merchant Bankers, Stockbrokers, Depository Participants donated the blood.

12. About Boards' Information Technology (IT) Policy:

The Securities Board of Nepal- Information Technology Policy, 2017 has been prepared for the first time to make the activities and regulation of securities and commodities exchange market effective and reliable through the standard use of information technology. It has been submitted to the Board governors in July 2017 and is soon being issued after necessary studies and amendments.

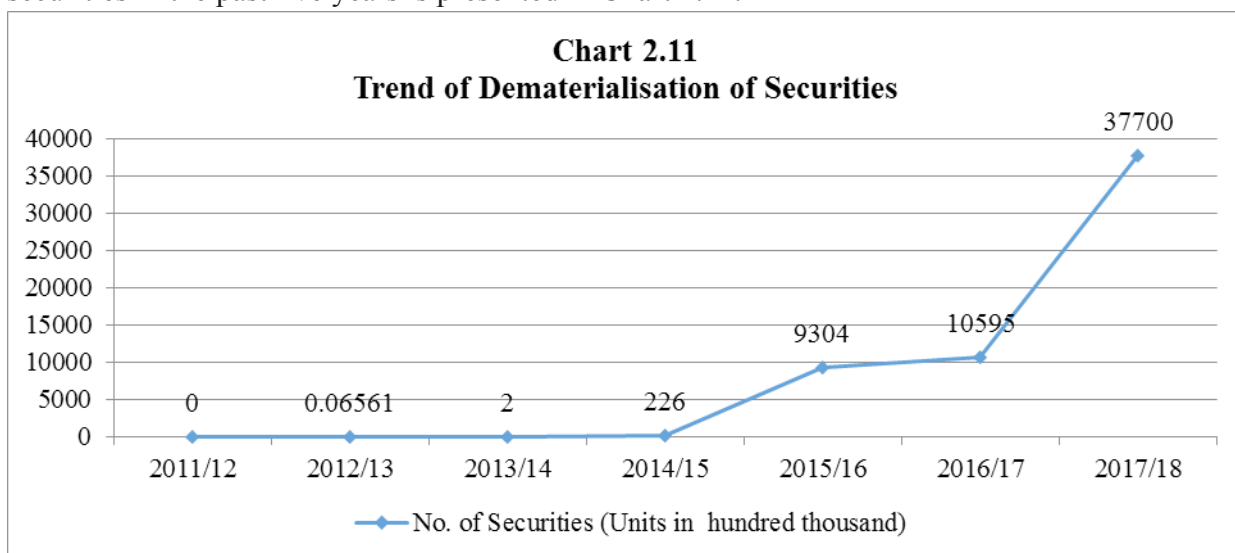
2.2.2.3 OTC Market Trading:

With the approval of the Board, as per the Regulation 23 of Stock Exchange Operation Regulations-2007, 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. It made the same effective from June 4, 2008. Although after its implementation, the shares of very few companies including the shares of Nepal Bank Limited were traded in the OTC, it stayed 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 not listed public limited companies in 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 mentioning the available

provisions of ownership transfer of shares of de-listed companies and of those companies not listed because of not being able to fulfil the listing criteria. Since then, the market started taking its speed. Further, the market became more active when the Board slashed down the OTC trading fee by 90 percentage. In the review year, trading of total 13 million units of shares of 54 corporate bodies of worth Rs. 1300 million took place. In the last fiscal year, 2,190,183 units of shares of 25 corporate bodies of worth Rs.236.2 million were traded.

2.2.2.4 Central Securities Depository Services:

Central Depository Services and Clearing Limited (CDSC), established on 2011, according to Central Securities Depository Services Regulations, 2010, has registered eight more companies as depository participants in FY 2017/18 thus making a total of 68 depository participants and is providing depository services covering 73 districts. In the review year, addition of 421,523 beneficial owner's Dematerialised (D-mat) accounts makes total D-mat account number to be 1,292,375. There were a total of 875,049 D-mat accounts at the end of the previous fiscal year. Similarly, in the review year, 1,208,582,234 shares were de-materialised thus making total dematerialised shares 3,770,013,187 which is an increase by two-folds in comparison to the last year. The trend of the dematerialisation of securities in the past five years is presented in Chart 2.11.



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

Table 2.9 Dematerialised Securities							
S.N.	Particulars	Fiscal Year					
		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
1	Number of Depository Participant (DP)	8	10	44	56	60	68
2	Number of Registered Companies	12	16	113	205	228	192
3	Number of Beneficiary D-mat Account	256	534	40,934	392,359	870,702	1,292,375
4	Number of Dematerialised securities	6,561	180,467	22,633,382	930,399,655	1,059,463,299	3,770,013,187

Source: CDS and Clearing Ltd.

In order to ease securities settlement and clearing, CDSC has been providing two work stations inside Kathmandu Valley to each clearing members and one more work station for outside Kathmandu Valley, thus making a total of three workstations available to each participants. Previously, only one commercial bank was involved in clearing and with the Board's direction, CDSC has permitted 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 the account to the beneficial owner through online mechanism. And, the number of users of this service has reached 63,376 at the end of the review year.

2.2.2.5 Credit Rating Service

To make the credit rating business more competitive and professional, the Board has issued an operational license to Care Nepal Ltd. on 16 November 2017. Care Nepal has equity capital of Rs. 50 million out of which 51 percent ownership is of Care Rating Ltd. India. This year, the Care Rating Ltd. has very nominal rating activities.

ICRA Nepal Ltd established in 2012 as per Credit Rating Regulation, 2011 has been providing credit rating services mainly to IPOs and rights share issues of more than Rs. 30 million, bonds issue, preference shares issue and further public offerings. A provision has also been made for banks and financial institutions to take the ratings provided by the credit rating agencies as a base of loan evaluation while providing new loans or while renewing the loans of worth Rs. 500 million or more.

ICRA Nepal had started providing rating/grading services from FY 2013/14 and a total of 220 ratings/gradings has been provided by it till FY 2017/18. In the FY 2017/18, a total of 55 ratings/gradings were made in comparison to 51 gradings/ratings provided in the last fiscal year. It is about eight percent increment. In addition to that, ICRA Nepal Ltd. monitored 16 ratings that were rated/graded in the review year. The rating/grading services provided by ICRA Nepal over the past five years is presented in Table 2.10.

S.N.	Particulars	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	Total
1	Bond Rating	3	3	6	1	-	2	15
2	Rating of Issuing Company	1	3	1	2	2	1	10
3	Rating of Quality of Fund Manager	-	3	1	2	2	1	9
4	Further Issue	-	-	-	3	9	2	14
5	Primary Issue(IPOs)	3	6	7	14	13	17	60
6	Right Issue	2	7	19	27	25	32	112
Total		9	22	34	49	51	55	220

Source: ICRA Nepal Ltd.

2.3 Policies and Programmes related to Securities Markets

For the development and expansion of the securities market, following different programs have been announced by Nepal Government through various policies and programs in different fiscal years.

(a) In the Budget of FY 2072/73, following programs were announced.

- For the institutional development of capital market, the Citizen Investment Trust will be made active to play an effective role in the secondary market.
- Financial Sector Development Strategy will be implemented in FY 2015-16.

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

- The Commodities Exchange Related Bill which is under consideration in the Parliament shall be presented in the Parliament for its legislative process.
- To encourage the companies from the production sector to get listed in the stock exchange, a provision of 15 percentage rebate on income tax is given for the industries established as public company .

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

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

(c) The Budget Speech for the fiscal year 2017/18 included the following programmes related to securities markets in point number 182.

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

(d) The Budget Speech for the fiscal year 2018/19 includes following programs for the expansion and development of the capital market.

- To enhance the regulatory capacity of the regulatory bodies in the financial sector, there will be timely amendment in the Securities Act.
- A provision will be made to transform all the companies having equity capital of more than Rs. One billion into public limited company and will be listed in the stock exchange. New organisations such as; private equity, venture capital, and hedge fund will be introduced in the capital market. Nepal's credit rating will be conducted to facilitate foreign investment and loan.
- If private company having equity capital of Rs. 500 million or more are changed into public company, a promotional 10 percent rebate will be provided on income tax for consecutive three years.

Implementation Status:

In order to implement the budgetary programmes of the fiscal year 2015-16 , to involve The Citizen Investment Trust as an institutional investor, the Board along with the representation from the Ministry of Finance, Government of Nepal formed a technical committee. The committee submitted a report with recommendations. Similarly, the Board drafted a work plan and its phase-wise implementation of the capital market-related policies 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. After the implementation of commodity exchange market-related act 2017 by Nepal Government on FY 2017/18, the commodity exchange market-related regulation 2017 has also been implemented by the Board. Similarly, for the introduction of private equity and venture fund in capital market, the draft of alternative investment fund is in the final stage. Similarly, necessary co-ordination is being done with Company Registrar Office to know the real sector corporate bodies established with Rs.one billion or more capital.

2.4 Commodities Exchange Market

The commodities exchange markets were operating in Nepal since last 10 years under no regulation. Nepal Government issued Commodities Exchange Market-related Act, 2017 on 27 August 2017 for the development and operation of this market, for the protection of the interests of investors, for commodities transaction, for clearance and settlement, and for the regulation of warehouse operation-related businesses. In order to implement this Act, with effective since the 91st day of the certification of this Act or from 25 November 2017, Commodities Exchange Market-related Regulation has been issued by the Board with the prior approval of Nepal Government. After this, the responsibility to develop and expand the commodities exchange market goes to the Board.

A notice was published on 26 November 2017 by the Board informing the interested corporate bodies who want to operate the commodities exchange to start the operation only after receiving approval from the Board. Similarly, the commodity exchange markets currently operating were also restricted to execute new contracts. Followed by this, five applications were received from corporate bodies asking pre-approval. Board further published a 21 days' notice on 1 May 2018, mentioning that it has stopped taking applications for pre-approval for commodities exchange considering the size of our economy, development of industrial business, possibilities of tradable commodities, protection of investor interests etc. In the review year, for the pre-approval of commodities exchange market, five applications were received by the Board, which has been presented in Table 2.11. The Board is reviewing the received applications.

S.N.	Name of Proposed Institution	Proposed Paid up Capital (Amount in NRs.)
1	Nepal Commodities Exchange Ltd.	54,600,000.00
2	Nepal Merchantile Exchange Ltd.	500,000,000.00
3	Commodities Future Exchange Ltd.	600,000,000.00
4	Multi Derivative Exchange Nepal Ltd.	682,500,000.00
5	Raijal Commodity and Derivative Exchange Ltd.	550,000,000.00



Part III

Administrative and Financial Status of Securities Board of Nepal

3.1 Establishment of the Board

After the adoption of economic liberalisation policy in 1990 by Nepal Government, private sector started entering into the capital market. Government established Securities Board of Nepal as an autonomous regulatory body on 7 June 1993 by amending Securities Exchange Act, 1983 in 1992 realising that a conflict of interest might arise for Securities Exchange Centre while performing both the tasks of regulation and management.

With an objective to develop capital market for economic development of the country; to protect the interests of securities investors; to develop the capital markets by managing the securities issue; to manage buying, selling, distribution and exchange of securities; and to regulate and manage the stock exchange and the securities businesses; the Securities Exchange Act, 1983 was issued replacing Securities-Related Act, 2006. Since then, Securities Board of Nepal is regulating the overall securities markets under the new Act. Furthermore, Board has also got the responsibility to regulate the commodities derivatives market after the issuance of Commodities Exchange Market Related Act, 2017 on 27 August 2017.

3.2 Functions, Duties and Rights of the Board

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

- Register the securities of corporate bodies established with the authority to make public issue of securities.
- Approve the prospectus prepared for the public issue of securities.
- Provide a license to the corporate body intending to operate a 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 the regulatory provisions.
- Conduct study, research and issue required directives and carry awareness building programs.
- Advice the Government regarding the formulations of policies and programmes relating to the securities markets.
- Conduct other activities required for the development of securities markets.

(b) According to the Commodities Exchange Market Related Act, 2017 the major functions, duties, and power of Board are:

- Provide necessary suggestions to Nepal government for the development of commodities exchange market and for the development of transactions related to commodities.
- Approve long term and short term plans and policies related to commodities exchange market development.

- Conduct a feasibility study for the operation of commodities exchange market.
 - Register commodities and commodities contract that are eligible to be traded in the commodities exchange market.
 - Provide instructions to related commodities exchange market for the listing of commodities or delisting of commodities or to stop certain transaction.
 - Order commodities exchange market to stop the transaction if any problem occurs in the electronic trading system of the commodities exchange market.
 - Regulate and systematize the buy, sell, transfer of commodities or commodities contract that has been registered in the Board.
 - Regulate and supervise the activities of the licensed institutions and parties involved in the transaction and also approve the bylaws of the licensed institutions.
 - Instruct the licensed institutions to protect the interests of investors on the basis of bylaws.
 - Coordinate with other regulatory bodies for the regulation and supervision of the commodities and commodities contract, and perform other activities as mentioned.
- (c) As a regulatory body, according to the Assets (Money) Laundering Prevention Act (including the second amendment)-2008, Board has following major functions, duties and responsibilities;
- Follow or implement the instructions as mentioned in Assets (Money) Laundering Prevention Act, Regulation or Guidelines.
 - Check whether the Assets (Money) laundering prevention act or its regulation or issued guidelines or given instructions or order has been followed strictly by the reporting institution and conduct onsite and offsite supervision and inspection.
 - Decide the terms and conditions according to the act, which should be followed by the reporting organisation while doing any business or profession, or while approving or providing permission for such business or profession.
 - While doing an investigation as per Assets (Money) laundering prevention Act or rules and guidelines created under this act, Board has the power to order the reporting organisation to implement those guidelines, ask for any type of information or document and for facilitation regarding the investigation.

3.3 Governing Board

There is a provision of having seven Board members in SEBON with representation from the government and private sector. Out of seven Board members, Executive Chairman is appointed by the Government of Nepal and other six members include; Joint Secretary from Ministry of Finance; Joint Secretary from Ministry of Law, Justice and Parliamentary Affairs; Representative (Executive Director) from Nepal Rastra Bank; Representative (Vice Chairman) from Federation of Nepalese Chambers of Commerce and Industries; Representative (Vice Chairman) from Institute of Chartered Accountants of Nepal and a capital market expert nominated by the Government. In the review year, the Governing Board meeting was held 33 times whereas it was held 43 times last year. The details of the members in the Governing Board including the changes in the FY 2016-17 is presented in Table 3.1.

Table 3.1				
Members of the Governing Board				
S.N.	Name	Organisation	From	To
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
	Mr Uttam Kumar Khatri- Member	Joint Secretary, Ministry of Finance	2018/02/05	2018/07/26

3	Mr Toya Nath Adhikari - Member	Joint Secretary, Ministry of Law, Justice and Parliamentary Affairs	2017/02/16	2018/05/20
	Mr Fanindra Gautam	Joint Secretary, Ministry of Law, Justice and Parliamentary Affairs	2018/05/21	Till Date
4	Mr Nar Bahadur Thapa – Member	Executive Director (Representative) Nepal Rastra Bank	2016/05/23	Till Date
5	Mr Jaga Nath Upadhyay	Vice President (Representative) ICAN	2017/07/16	2018/07/16
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

Furthermore, from 27 July 2018 Joint Secretary Uttar Kumar Khatri is representing Ministry of Finance as Board member and from 18th July 2018, Jagannath Uphadhya (Niraula), Vice President of ICAN is representing ICAN as Board member.

3.4 Organisation Structure and Human Resource Management

Amidst expanding scope of the 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 organizational structure and implemented a new structure to improve its institutional capacity. As per that organisational structure and by following the basic principle of Public Service Commission as per the constitutional provision, the Board has made a permanent appointment of 13 officer and assistant level employees. At present, there are 55 employees working in the Board. The details of the employees working in the Board during this review year has been presented in table 3.2

S.N.	Position	Numbers
1	Executive Director	2
2	Director	4
3	Acting Director	1
4	Deputy Director	7
5	Acting Deputy Director	3
6	Officer	18
7	Acting Officer	2
8	Senior Assistant	7
9	Assistant	4
10	Driver	2
11	Helpers	5
Total		55

The new organisational structure has been presented in Annex - 6.

3.5 Committees

For effective execution of Board's functions, and for needed assistance, different committees of permanent nature are functioning in the Board. The various works and functions performed by these committees in FY 2017/18 have been presented below:

3.5.1 Legal and Enforcement Committee

To draft different regulations, guidelines and other legal provisions, to review and investigate critical legal matters faced by the Board, to advise the Board and to effectively enforce the provisions under Securities-Related Act, 2006 and laws, there is a Legal and Enforcement Committee functioning in co-ordination of Board Member representing Law, Justice and Parliamentary Affairs. That committee has Chief of Regulation and Management Department and Chief of Legal and Enforcement Division and an external expert as members. The committee has performed the following activities during FY 2017/18.

- Reviewed and finalized the final draft of the Securities Board of Nepal Code of Conduct to Board-member 2017.
- Reviewed and finalized the Securities Businessperson (Securities brokers and merchant bankers) supervision manual, 2017
- Reviewed and finalized the draft of Listed Companies Corporate Governance Guidelines 2017.
- Reviewed and finalized the draft of Assets Laundering Prevention and Terrorist Financing Prevention Guidelines, 2018.
- Finalized the draft of Listing and Transaction Regulations, 2018 after necessary review and reform.
- Reviewed and finalized the draft of the Securities Board of Nepal Employee Service Regulation prepared by the management for third amendment.
- Finalized the Securities Listing Bye-law and Securities Transaction Bye-law, which was received by the Board from Nepal Stock Exchange for approval.
- Reviewed the proposed amendment on Securities Central Depository Service Bye-law.

3.5.2 Financial Administration and Information Analysis Committee

The Financial Administration and Information Analysis Committee is in place to finalise the annual programmes and budget of SEBON, to conduct a periodic and updated review of annual budget and expenditure, to study and finalise the audit report received from the auditors and to carry out information analysis and financial administration functions of the Board. The committee is co-ordinated by the Board Member representing Institute of Chartered Accountants of Nepal and has Head of Regulation and Management Department and Head of Financial Management Section as members. In the co-ordination of that committee, following functions were executed in the fiscal year 2017/18:

- Review of Board's Policy & Program and budget for FY 2017/18.
- Review of Board's audit report for FY 2016/17 received from the auditor and preparing the answers.
- Recommended to deposit SEBON's investable funds in different banks.

3.5.3 Audit Committee

To assist Board members to review the matters related to financial report, to help Board members

to review the status of law enforcement, to strengthen the financial transparency and corporate governance, to appoint internal auditor, to determine the remuneration and facilities, and to determine and appraise the audit process of the independent auditor, an Audit Committee is formed. This committee is co-ordinated by the Board Member representing Institute of Chartered Accountants of Nepal and has Board member representing Nepal Rastra Bank and the Head of Regulation and Management Department as other members.

In the review period, this committee nominated Shankar Associates Charter Accountants for the purpose of internal audit and provided necessary instructions to management after reviewing the audit report received from the auditor.

3.6 Board's Financial Position

In the fiscal year 2016/17, the size of the Board's balance-sheet was Rs. 722.086 million. This increased by 34 percent in the review year and reached to Rs. 968.8 million. Regarding the income of the Board in the FY 2016/17, income increased by 153.61 percent surging to Rs. 447 million and 298 thousand from its previous year's income of Rs. 176 million and 370 thousand, due to special reasons like collection of amount in this fiscal year which had remained due last year, significant growth in right and bonus shares issue by listed companies and a rise in securities transaction. Hence, last fiscal year is treated as a special year. In comparison to the special fiscal year 2016/17, there is some decline in income in this review year and it reached to Rs. 405 million and 78 thousand. However, this income seems higher in comparison to other FY. The major reason for decline in income in comparison to last year is the decline in issue of right offering and bonus shares by listed companies and the decline in the secondary market transaction of securities. However, a rise in bank interest rates has increased the interest earning from the fixed deposit investments on various banks and financial institutions. Furthermore, at the end of last fiscal year, the number of employees has increased which increased the employee related expenditure in the review year and other administrative costs, resulting in the rise in total expenditure by 15.94 percent which is Rs. 108 million and 887 thousand. Last year, this type of expenditure was Rs. 93 million and 914 thousand only.

The majority of Board's income from securities registration and issue approval, approval of mutual fund scheme, credit rating, licensing fee of CDSC and NEPSE, renewal of the license of merchant bankers and stockbrokers, securities trading fees, application fees, prospectus processing fees and approval fee was a total of Rs. 325 million 957 thousand (80.46 percent of total income) whereas interest income gave Rs. 76.309 million (18.84 percent of total income) and income from miscellaneous sources was Rs. 2.811 million (0.69 percent of total income). In the review year, employee-related expenditure was Rs. 51 million and 494 thousand and other administrative expenses reached to Rs. 52 million and 80 thousand and the depreciation charges were Rs 5.313 million, resulting in the total expenditure of amount Rs. 108 million and 887 thousand.

In the previous year, surplus remained Rs. 353 million and 383 thousand which decreased by 16.18 percent to Rs. 296 million and 190 thousand in the review year. The unaudited balance sheet, income and expenditure statement and cash flow statement of the fiscal year 2017/18 is presented in Annexures 7, 8, and 9 respectively.

3.7 International Relations

After the recent development, expansion, and reform activities in the Nepalese capital market, 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 in July 2016. 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. At present, there are 126 ordinary members, 23 associate members, and 65 affiliated members in IOSCO.

In the review year, SEBON has performed tasks like preparing responses 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, completing the required documents and information and application to be submitted to IOSCO for signing the MMoU.

Similarly, with a view to internationalise the Nepalese securities market and enhance its standards, the CDSC under the coordination of Board has obtained membership of Association of National Numbering Agencies (ANNA) last year. The company obtained membership as the 92nd member from the General Assembly of ANNA held in Armenia on June 2 and 3, 2016. At present, ANNA has 93 members including Nepal and 27 other partners.

Board has been performing the role of founding member of Asia Forum for Investor Education (AFIE), established on 2010. Similarly, as the member of South Asian Securities Regulators Forum-SASRF, an association of regulatory bodies of SAARC region, Board has been regularly maintaining relations, exchanging required knowledge and information and doing co-ordination and support.

Similarly, Board has been participating in capital markets related programmes organised by IOSCO, World Bank, Asian Development Bank, Asia-Pacific Economic Cooperation (APEC), Toronto Centre and regulators of securities markets of different countries around the globe.



Part IV

Activities of the Board

In the recent years, along with the structural reform and development, Board is reforming its regular activities too and this continued in the review year as well. The Board has conducted several regular programmes including 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 providing license/certificate and renewing certificate and registration of securities of corporate bodies, approving the issue of prospectus, conducting off-site supervision of exchange, listed companies, mutual funds, depository services, credit rating agency and securities businesspersons, conducting real-time surveillance of the securities of listed companies trading in Nepal stock exchange on the basis of traded amount, traded securities, etc, conducting on-site and off-site supervision of stock exchange, reforming and updating the securities-related laws, handling grievances received, enforcing the cases of violation of legal provisions, and conducting interaction and awareness programmes in different parts of the country in order to increase the understanding towards securities market. A brief outline of major activities accomplished in the fiscal year 2017/18 is given below:

4.1 Issue and Renewal of License

In response to the applications received from different market participants providing securities-related services for renewal, Board renewed the license of following institutions in the fiscal year 2017/18 also drawing attention of these institutions to carry reform.

4.1.1 Renewal of License of NEPSE

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

4.1.2 Renewal of License of CDSC

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

4.1.3 Issue and Renewal of License of Merchant Bankers

In the review year, the Board provided the license to four Merchant Bankers to work as Portfolio Managers. The institutions to receive such license are; Akash Capital, Arks Capital Advisors Ltd., Wealth Management and Merchant Banking Ltd., KCL Astute Capital Ltd. Similarly, in the review year, the Board renewed the license of 22 Merchant Bankers. Board has cancelled the license of Bid Invest Ltd. in the review year and the total number of merchant bankers in Nepal reached to 25. Details of licensed merchant banker is given in Annex- 10.

4.1.4 Renewal of License of Stockbrokers

The number of securities broker was 50 in year 2016/17, which remain as it is in the review year as well. The Board received the 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- 11.

4.1.5 Depository Participants Registration and Certificate Renewal

In the review year, Board has issued the license to six new depository participants (DP). Institutions to receive license are, Mahalaxmi Development Bank, Kailash Development Bank, Guheshwori Merchant Banking and Finance, United Finance, Gurkhas Finance, and ICFC Finance. 65 depository participants had applied to the Board for renewal of their registration in accordance with the provision of Regulation 22 of Securities Depository Services Regulations, 2010 and their registrations were renewed. In the review year, due to the merger of one DP with another, the total number of DP reached to 70. The list of institutions to receive a license as DP has been presented in Annex-12.

4.1.6 Renewal of License of Credit Rating Company

In the review year, Board has issued a license of Credit Rating Company to Care Nepal Ltd., a credit rating company which has 51 percent stake holding of Care Rating India in 16th November 2017. Also, under the provision of Credit Rating Regulations, 2011 the license of first credit rating agency ICRA Nepal Ltd. has also been renewed. With one more credit rating company in the credit rating industry, the industry is expected to be more competitive.

4.1.7 Renewal of License of Fund Manager and Depository

In FY 2016/17, there were nine companies working as fund manager and depository, which hasn't changed in the review year as well. The licenses of nine fund managers and depositories have been renewed in the review year. The details of the fund managers and depositories is presented in Table 4.1 below.

Table 4.1	
Fund Managers and Depositories	
S.N.	Fund Managers and Depositories
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.

4.1.8 Renewal of License of ASBA member

In the review year, 24 banks and financial institutions have received license as ASBA members to work in the primary market. Also, the Board has renewed the license of 41 ASBA members Banks and Financial Institutions. The number of Banks and Financial Institutions working as ASBA members has reached 65. Through more than 2500 branches in all 77 districts of Nepal, these ASBA members are providing services to the investors in the primary market. The list of institutions who received license of ASBA member has been presented in Annex-12.

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:

- Corporate Governance Guidelines of Listed Company 2018 has been approved by the Board on 5th February and is effective from 17th July 2018.
- Commodities Exchange Market Regulation, 2017 made as per Commodities Exchange Market Act 2017 has been approved by the Ministry of Finance and is effective from 24th November 2017.
- Securities Listing and Transaction Regulation 2018 has been approved by the Board on 11th July 2018 with the provision of being effective from 17th July 2018.
- Margin Transaction Facility Related Guidelines 2017 with the provision of doing margin transaction through securities brokers was issued on 6th November 2017. As per the instructions given to Nepse to draft the procedure, a draft was submitted by Nepse to the Board. And, on 18th May 2018, further instructions were given to Nepse to implement the procedure with some amendments on the drafted one.
- Alternative Investment Fund Regulation 2018, which is related to Private Equity, Venture Capital and Hedge Fund has been drafted by the Board and will be taken to the final stage after the interaction with concerned stakeholders and experts in the related field.

In the review year, following activities have been done regarding the bylaws received by the Board for the approval and amendment.

- The existing Assets Laundering and Investment in Terrorist Financing Prevention Guidelines 2012 has been replaced by the Board on 12th April 2018 with New Assets Laundering and Investment in Terrorist Financing Prevention Guidelines 2018 and is implemented from 14th April 2018.
- Board has approved the Securities Transaction By-laws 2018 and Securities Listing By-laws 2018 submitted by Nepal Stock Exchange for approval.

4.2.2 Enforcement of Laws

In the fiscal year 2017/18, the Board giving special emphasis in the enforcement of laws carried out the following activities:

Grievance Handling:

43 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.

(b) Filing of Cases, actions, and financial penalties.

- Three writ are under judicial process in the Supreme Court.
- Regarding the fake share certificate transaction of three hydropower companies, Board imposed financial penalty of Rs One million to Agrawal Securities and Shree Hari Securities according to the provision of Assets (Money) Laundering Prevention Act, 2008 and according to the provision of Securities Act, 2006 additional penalty of Rs. 50 thousand was imposed. Also, for not keeping the detail information of clients, Board imposed Rs. 50 thousand each as financial penalty to the CEOs of above mentioned securities brokers according to the provision of Securities Act 2006.
- Similarly, for not keeping the information details of the client, Board imposed financial penalty of Rs. 50 thousand to Sibrabi Securities according to the provision of Securities Act 2006.

And, according to the provision of the Securities Board Regulation 2007, the CEO of the same organisation has been warned for being careless in keeping detailed information of the clients.

- According to the provision of Securities Related Act, 2006, Board imposed financial penalty of Rs. 75 thousand to Pragyan Securities on 29 December 2017 for non-compliance of professional ethics.
- The Linch Stock Market P. Ltd. was fined Rs. 50 thousand for keeping wrong information of the client in beneficiary account and know your customer (KYC) information.

4.2.3 Opinions and Suggestions

The Office of the Company Registrar provided opinions and suggestions to six companies regarding the amendment in the memorandum and articles of association of merchant bankers and securities brokers.

4.3 Supervision and Monitoring

In the context of expanding size and trading volume of securities markets and the Board already receiving the associate membership of IOSCO, the Board has been supervising and monitoring all aspects of securities markets in order to make the market more effective and managed.

4.3.1 Supervision of Stock Exchange

In order to protect the interests of investors through the development of fair, transparent and effective securities markets and to do effective monitoring of the directives issued by the Board, the Board has made stock exchange supervision more effective in the fiscal year 2017/18. The Board has already implemented the supervision manual by getting it approved by the Governing Board. The details of supervision activities carried out in the review year is given below:

- The Board inspected 38 stockbrokers (76 percent) covering different areas including broker's infrastructure, service conditions, clearing and customer identification. Among them, the onsite supervision of branches of 15 securities brokers has also been conducted. Based on the inspection report, it was recommended to initiate legal actions against eight brokers, clarification was sought from three brokers and one broker company was alerted. While making re-inspection on the status of improvement in the shortcomings pointed out by earlier inspection, 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 12 (50 percent) merchant bankers was carried out in the review year.
- Onsite supervision of 24 (37 percent) Depository Participant (DPs) has been conducted in the FY 2017/18 within Kathmandu valley and outside Kathmandu valley regarding the depository service they have provided. Required direction has been given for resolving the problems and for further streamlining the depository services.

4.3.2 Primary Market Monitoring

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

- Whether the information regarding number of applications and amount collected was reported within prescribed time or not.
- Whether the information received from the collection centres and the latest information sent to the Board by the merchant bankers differ 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 Nepal Rastra Bank for given period after the given date of the closure of sale.
- Whether or not the securities allotment model was submitted to the Board before three working days of the date of allotment.
- Whether or not the allotment of securities and refund were made within the stipulated time.
- Whether or not the details regarding deposit of collected money at the issue bank 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 the process of securities issue, an easy access was provided to the investors to the prospectus approved by the board, terms and details of rights issue, information document, and offer documents by uploading them in the website of issue manager and Issuer Company until the closure of sale of the securities.

In the above subjects, on-site and off-site monitoring of merchant bankers and ASBA members was done during the issue of securities of 101 companies done by obtaining public issue permission from the Board. In the review year, 22 ASBA members were warned on their carelessness in the application processing of investors during public issue and six merchant bankers were informed for necessary arrangements during public issue. The details of securities issue in the fiscal year 2016-17 is presented in the Table 4.2.

S.N.	Particulars	Approved Numbers	No. of Issues	No. of Shares Issued (No. in Million)	Total Capital Issued (Amount in Rs. Billion)	Total Demanded (Amount in Rs. Billion)	Subscription (Times)
1	Ordinary Share	11	10	298.75	29.9	220.7	7.4
2	Mutual Fund	4	4	4800	48	35.1	0.9
3	Local Shares	10	6	40.714	4.1	7.6	1.9
4	Futher Offerings	6	6	357.99	116.4	134.1	1.2
5	Right Share	55	55	2541.04	254.1		
	Total	86	81	8038.494	452.5		

4.3.3 Monitoring of Transaction of Secondary Market

In order to ensure regular and managed 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. During the surveillance, if suspicious tradings are tracked, brokers are asked to furnish details and documents for clarification, if required. 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, on the basis of analysis of share trading of listed companies, details has been

asked with Grameen Bikas Bank, Himalayan Distillery and Nepal Investment Bank. Also, oral and written details was sought from Primo Securities Pvt. Ltd., Kalika Securities Pvt. Ltd., Sani Securities Pvt. Ltd, and Linch Stock Market Ltd. and studied.

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 Information Disclosure made by the Market Participants

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

- **Monitoring Information 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 end of fiscal year and quarterly report within 30 days of the end of each quarter. There were late submission of the annual report and financial report of fiscal year 2016/17 by NEPSE. The NEPSE submitted the provisional financial report on 15 August 2018 to the Board. Also, the first quarterly report was submitted three months late while the second quarter and third quarter report was submitted on time. However, NEPSE could not submit the fourth quarter report on time.

- **Monitoring Information Disclosures made by CDSC:**

According to Central Securities Depository Services Regulations, 2010, the central depository company should have the provision of getting its internal audit of its internal operation done and the report shall have to be submitted to the Board within three months of the end of the fiscal year. Similarly, 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 has received the quarterly reports of the fiscal year 2017/18. Furthermore, Board has also received the report regarding the inspection made by the CDSC to the Depository Participants.

- **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. 20 merchant bankers made timely submission of the report of the fiscal year 2016/17 and two merchant bankers made delayed submission to the Board. In the fiscal year 2017/18, a total of 22 merchant bankers have made timely submission of first half-yearly report as required and 21 merchant bankers have submitted second half-yearly report to the Board.

- **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 has submitted the quarterly reports of FY 2017/18 within the stipulated time as specified to the Board. Furthermore, the Care Rating Nepal Ltd. which was licensed in the current FY has also submitted all quarterly reports timely.

- **Monitoring of Mutual Funds Disclosures:**

According to Rule 42(3) of Mutual Funds Regulations, 2010 every fund manager should 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.

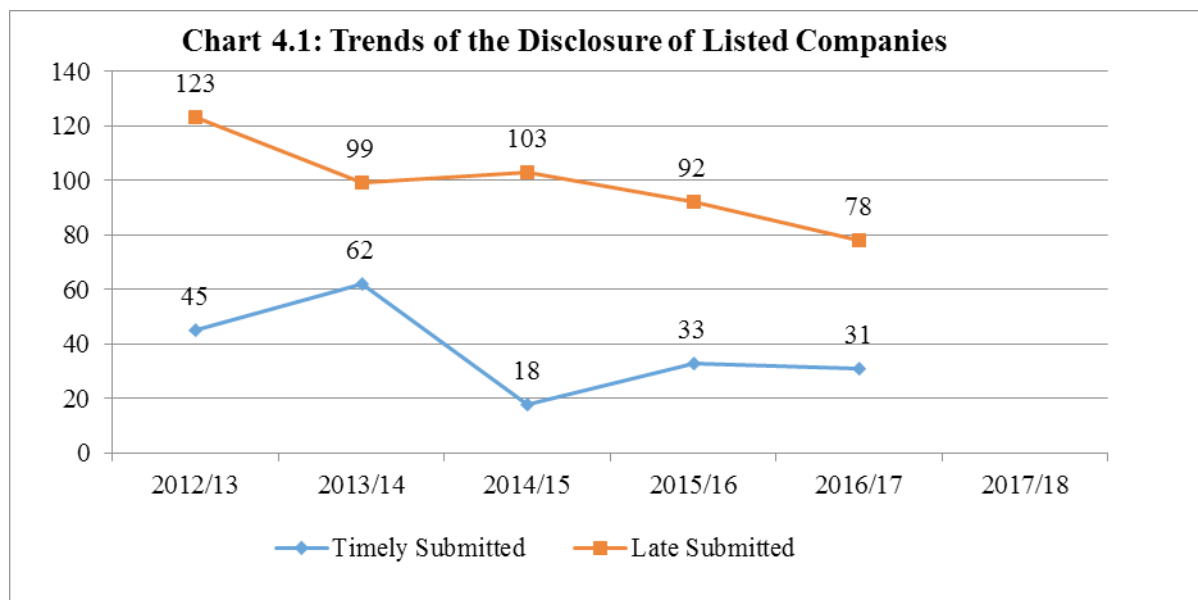
- According to Rule 42(6) of Mutual Funds Regulations, 2010 every fund supervisor should submit the half-yearly report of the supervision to the Board within the 45 days of the end of the period and all fund supervisors have timely submitted the half-yearly report of FY 2016/17.
- Similarly, according to 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 a 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. Furthermore, the Board has asked for the details of investment made in the bank's fixed deposit and all the fund managers have submitted all such details.

- **Monitoring of Disclosure of Stockbrokers:**

Securities Businesspersons (Stockbrokers, Dealers and Market Makers) (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 2017/18 out of which 43 were submitted within stipulated time period and one was submitted with delay whereas six have applied for the extension of deadline. Last year, 46 stockbrokers had submitted the annual report details to the Board within the stipulated time and remaining four businesspersons had applied for the extension of the deadline 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 2017/18, the timely submission of quarterly report was reported by 49 securities brokers on first and third quarter, 50 securities brokers on second quarter, and 48 securities brokers in fourth quarter.

- **Monitoring the Disclosure of Listed Corporate Bodies:** According to Rule 22 (1) of Securities Registration and Issue Regulations, 2016 each corporate bodies who have registered their securities at the Board have to submit annual report to the Board within five months from the end of each fiscal year. In the review year, out of 196 listed companies, 31 companies have submitted annual report of the year 2017/18 within stipulated time frame and 78 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



The information disclosure of quarterly financial report by the listed companies in past five years has been presented in Table 4.3

Particulars	Disclosure of Listed Companies				
	2013/14	2014/15	2015/16	2016/17	2017/18
First Quarter	168	177	64	157	140
Second Quarter	181	175	161	146	118
Third Quarter	182	175	156	140	159
Fourth Quarter	163	162	135	134	140

Based on the above trend, it is seen that information disclosure can be reformed by alerting the listed companies to submit the reports in 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 81 listed companies held the meeting in the fiscal year 2016/17 and reported the same to the Board.

4.4 Investors Awareness and Training Programme

In the review year, 31 capital market related awareness building and investor instruction programmes were held in cooperation with local industry and commerce associations, education institutions and social organisations. In these programmes, about 4000 local investors, industry and businessperson, teachers and students of 22 districts including various remote districts were informed about various aspects of capital markets. In the fiscal year 2017/18, such programmes were carried out in Banke, Dang, Sindhuli, Ramechhap, Kavre, Hetunda, Chitwan, Makawanpur, Bara, Parsa, Kailali, Kanchanpur, Chainpur, Dadeldhura, Bajura, Sankhuwasabha, Bhojpur, Manang, Khotang.

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

Date	Topic of the Programme	Participant
July 2017	Discussion on the legal Provisions of Commodities Market	Government representatives and Commodities Markets Businessperson
8/18/2017	Discussion on the Role of Compliance officer of Securities Brokers	Officers of Securities Brokers Businesspersons
11/7/2017	Interaction Program On the Regulations of Derivative Market	Stakeholders of the Securities Markets
12/19/2017	Interaction Between NRN and Board representatives	NRN representatives
1/12/2018	Interaction Program on Securities Markets related Act and its legal provisions in the presence of judges of Supreme Court	Judges of District court, Appellate Courts, lawyers
7/13/2018	Interaction on Expansions and Reforms in the Capital Market and economic journalism	Representatives of SEJON and economic journalist

4.6 Training and Seminar

In the fiscal year 2017-18, the Board, in order to enhance the capacity of its manpower, has facilitated Board Members, high level management and other staffs with exposure in the international seminars and training programmes. These programmes include Thomas A. Biolsi International Institute for Compliance and Examination Study visit of Australian Securities and Investments Commission, Australian Commodities Exchange, Australian Stock Exchange and Central Securities Depository Company; the 11th Regional Leadership Program for Securities Regulator, which was jointly organised by The Toronto Centre and the Monetary Authority of Singapore; IOSCO Asia Pacific Hub inaugural Workshop on Leveraging Behavioural Economics for investor education and protection organised by IOSCO; Typology workshop 2017 organised by Asia Pacific Group on Money Laundering; IOSCO AMERC Seminar Training Program in “Investment Fund Regulation and Supervision”; GLOPAC program of the Government of Japan (JFSA), Global Financial Partnership Centre (GLOPAC) and Financial Service Agency; Capacity Building for Self-Assessment Workshop organised by IOSCO; Basic course on Stock Market, Study Visit of Multi Commodity Exchange of India Limited (MCX), Mumbai, India; OECD-ADB 18th Tokyo RoundTable on Capital Market and Financial Reform in Asia organised by OECD and ADB institute; US SEC’s 28th Annual International Institute for Securities Market Growth and Development organised by US SEC; Technology Operation and Risk Management, OECD International Network on Financial Education, Effective Financial Education for Sustainable and Inclusive Growth organised by Philippine Deposit Insurance Corporation with

the cooperation of Bangko Sentral ng Pilipinas; APEC Financial Regulators Training Initiative: Regional Seminar on Risk-Based Supervision organised by Asian Development Bank/State Securities Commission of Vietnam; and IOSCO Growth and Emerging Markets (GEM) Committee Dialogue on sustainable Financing. Further, authorities and staffs of the Board have also been involved in the programmes held at the international level related to the subject areas including legal enforcement, financial literacy, supervision, compliance and monitoring.

During this review year, to increase the efficiency of the employees regarding the regulation of the commodities derivative market, Board has conducted a two-day workshop and interaction in Commodities Derivative Market in the technical assistance of MCX-India.

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 with high priority. In the review year, such activities has been increased further.

- **Securities Data Management System:**

The Central Securities Data Bank established by incorporating the data of the annual report of listed companies has been updated and made publically available. 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 which includes securities market performance, activities, efforts for market development of the fiscal year 2016/17 after necessary improvement. Board has also published the annual report of FY 2015/16 in English and the English version of annual report of FY 2016/17 is at last stage.

- **Securities Board of Nepal: An Introduction:**

The third edition of “Securities Board of Nepal: An Introduction” was published with an intention to inform about objectives 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. Before this, its first edition was published in December 2016 (1000 copies) and second edition in January 2017 (2000 copies).

- **Securities Board of Nepal News Publication:**

The Board is publishing Securities Board of Nepal News as newsletter from December 2016 to disseminate Board's activities to the general public. In the fiscal year 2017/18, the news was published bimonthly in various issues and was distributed to the stakeholders and general public.

- **Quarterly Securities Market Indicator:**

Board started to publish the quarterly securities market indicator from the FY 2016/17 with the objective to provide information about the condition of securities market, activities of SEBON regarding the expansion and development of securities market which is being

continued and published up to the sixth volume in the review year and distributed to the concerned stakeholders.

- **Frequently asked questions about Securities market and commodities market:**

In the review year, to provide the information about securities market and commodities market in the questionnaire format, the frequently asked questions about securities market and commodities market has been revised broadly and published so that the public interest and literacy on capital market could be enhanced.

- **Interaction and Publication of Securities and Commodities Market related Policy and Programme of FY 2018/19:**

An interaction programme was conducted with the concerned stakeholders on 11 June 2018 regarding the policy on securities and commodities market to be adopted in FY 2018/19, to make the Board responsible and transparent in the development and expansion activities. Prior to the discussion, the suggestions and comments received on the discussion were included and the Policy and Programme for FY 2018/19 has been published before the start of FY, i.e., within the FY 2016/18 for the first time.

- **Silver Jubilee Publication of the Board:**

The Board, on completion of its 25 years on June 7, 2017, out with the following new publications:

- Securities Board of Nepal, Silver Jubilee Year Souvenir
- Capital market related literacy
- “Securities Board of Nepal, Capital Market Article Special Issue” 2018, which include various articles, related to the capital market.
- Securities and Commodities market related special law collection 2018

- **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.

- **Website:**

With an objective of continually informing the related parties on diverse areas of securities markets, the Board made its website more extensive by including various materials and information like Securities Market related Act, Regulations and Guidelines, introduction to the Board, annual reports, format for lodging investor grievances, information to the stakeholders and investors, information and awareness building materials. Board has also included compliance status of laws and regulations by stock exchanges, securities businesspersons and listed companies in its website in the review year.

- **Provision of Telephone Hotline:**

In order to ensure easy communication of the securities investor's problems, grievances, advice and suggestions, hot-line telephone was installed and made free-of-cost in fiscal year 2013-14 and in the review year the same was made more effective. Board's hotline number is 1660-01-44433.

4.8 Study and Research

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

- A brief study on Nepse Index, Interest Rate and Supply of Securities, 2017
- Present context of securities market, recent reform and development and reform priorities, 2017
- Brief study on commodities exchange market licensing, 2017
- Preliminary study report on the necessity and feasibility on book building method in primary market, 2017

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

- Necessary information has been provided regarding the securities market and commodities market, for the purpose of economic survey FY 2017/18.
- Regarding the programs mentioned on Financial Sector Development Strategy (FSDS), its implementation position and work schedule draft has been notified to FSDS implementation committee and submitted to Central Bank of Nepal (Nepal Rastra Bank) and Financial Sector Management Division, Ministry of Finance.
- Detail suggestions regarding the revenue and tax policy related to securities market have been submitted to the Revenue Management Division.
- The subject matter proposed to be included in the Nepal Government's policy and programme for the FY 2018/19 was prepared and submitted has been included in the fiscal policy of FY 2018/19 of the Nepal Government.
- Suggestions have been provided to Nepal Rastra Bank regarding the securities market for the monetary policy of FY 2018/19.



Chapter V

Problems and Challenges Regarding the Development and Reform Activities on Securities and Commodities Exchange Markets

Board is increasing the transparency and soundness of commodities and exchange market by continuously solving the problems and challenges seen in the securities and commodities exchange market. In this process, in the review year, Board conducted major activities by making structural reforms and also brought the commodities exchange market within the premises of regulation. The inherent challenge is to upgrade the market by making it healthier, transparent, reliable, more competitive and investor-friendly. In this very process of market development and reform, the major problems and challenges with respect to market policy, technology, organisation, legal framework, etc. are as follows.

1. The institutional reform of the stock exchange owned fully by the government operating under the Securities Market Operation Regulations, 2007 through privatisation to make it more competitive and professional is challenging. Similarly, the reform of Nepse's subsidiary company CDS and Clearing Ltd. through restructuring the ownership is another challenge. Additionally, according to the essence of Securities Market Operation Regulation 2007, facilitating to establish a new stock exchange by the private sector is challenging.
2. Through a clear vision of policy stability and long term development, the sustainable and stable development of the market is challenging.
3. With the increased responsibility in the regulation and supervision of the Board and to make the supervision effective, there exists challenge to increase the operational autonomy to increase regulation and supervision capacity of the Board.
4. In the background of absence of direct regulatory body to regulate the hydropower companies, maintaining the corporate governance of these companies is challenging. And, there also exists a challenge to minimise risks due to ownership uncertainty in the hydropower sector since there is absence of provision about the effect to shareholders during transfer of project ownership after the completion of its operational tenure which is 35 years.
5. Since there is a poor presence of real sector companies in the securities market, Board amended 'Securities registration and issue regulation 2016' in FY 2016/17 and 'Securities issue and allotment guidelines 2017' making available the provision of issuing only 10 percentage securities in the public offerings; amended the provision to issue securities at fixed price by making available the provision of free pricing with some cap and the government has also made the provision of providing 15 percent tax rebate if the real sector companies get listed in the capital market in a way to attract real sector companies in the capital market. There exists a challenge to effectively implement these provisions along with other promotional and mandatory provisions and attract real sector companies in the capital market.
6. By mid-July 2018, the primary market of Nepal has reached all 77 districts and 677 local bodies (among 753 local bodies). In this context, there is a challenge to decentralise the sensitive secondary market to the economically active and financially capable districts, nationwide.
7. It is essential to bring non-resident Nepalese and foreign institutional investors to the Nepalese capital market and bring foreign technology and investment in the stock market and securities brokerage services to make them competitive and professional. So, it is challenging to make structural reforms in secondary market and make it competitive by bringing foreign technology and investment.

8. The institutional investors, who play an important role by bringing the stability in the secondary market are not adequately participating in the present situation. So, bringing institutional investors such as; the Citizens Investment Trust, which has the major responsibility of public deposit, through its subsidiary company and foreign investment through an institutional investor is challenging.
9. Till now the equity share is the dominant tradable securities in the secondary market because of the investors' perception of chances of quick return and higher liquidity. the challenge is to effectively develop the secondary market for instruments such as; open-ended mutual fund, government and corporate bond market, equity derivative.
10. In the context of recent development of concept of unified capital market in SAARC region, there are challenges to enhance the capacity, to encourage optimum and standard use of information technology, and to strengthen legal provisions for regulatory body, listed companies, securities brokerage firm, and all other market participants to do cross border listing and trading of Nepalese securities.
11. To strengthen the CDS and Mutual fund, there is a challenge in developing Trust act and other related new acts to make structural reforms in these organisations in a legal way.
12. Since the securities market is a information sensitive market, any information announced by listed companies have to be made transparent and systematic and also the corporate governance of these organisations have to be enhanced. Similarly, there exists a challenge in developing a clean, healthy and reliable market by preventing the insider trading through clear legal provisions.
13. There exists challenge in making the activities of securities market participants of higher standard, with professionalism, and competitive. Furthermore, there are challenges in attracting qualified and competent human resources in this field, prepare, and implement career development planning and succession planning for the existing human resources of the capital market to retain these human resources.
14. In the context that the regulation responsibility of the commodities derivative market has fallen on Board, an effective regulation, management and operation, construction of warehouses for the development of market infrastructure, improving the awareness about this market in the public, and connecting the local commodities with this market to enhance and upgrade the country's agricultural sector and develop this market as an important mechanism is challenging.
15. There is a challenge to establish Securities and Commodities Exchange Institute, which can facilitate quantitative and qualitative financial education and training program effectively to the individual investors and market participants in an extensive way; so that the sustainable, reliable, and competitive development of securities market can be emphasised.
16. Board has already become an associate member of IOSCO, however, becoming a full member by developing the legal framework and other infrastructures as per IOSCO standard and upgrade Nepalese market to an international level is a significant challenge.
17. In the context that Nepalese capital market is being modernized, the introduction of private equity, venture capital, hedge fund, and other alternative investment fund is essential. So, framing legal provisions in this area to facilitate for the introduction of such funds and the alternative instruments in the capital market is challenging.
18. Expanding the capital market according to newly developed structure of federal, provincial and local by developing and expanding its services, legal provisions, and regulatory infrastructures through available limited resources and existing low financial literacy is difficult and challenging.

Annex-1 Share Registration and Prospectus Approval						
S.N.	Company	Amount of Securities Registered	Amount of Public Issue	Issue Manager	Date of Approval	Remarks
Hydro-power						
1	Radhi Bidyut Company Ltd.	61,500,000.00	76,455,000.00	Nabil Investment Banking Ltd.	2017/10/24	General Public
2	Panchakanya Mai Hydropower Ltd.	990,000,000.00	110,000,000.00	Sunrise Capital Ltd. & Nabil Investment Banking Ltd.	2017/11/21	Local People
3	Sanjen Jalavidhyut Co. Ltd.	2,737,500,000.00	876,000,000.00	Citizen Investment Trust	2017/12/12	1) Employees of Promoter Shareholding Company 2) Employees having membership of Employee Provident Fund 3) Employees of Lending Institution
4	Rasuwagadhi Hydropower Co. Ltd.	5,131,575,000.00	1,642,104,000.00	Siddhartha Capital Ltd., NIBL Capital Market Ltd., Global IME Capital Ltd. And Sunrise Capital Ltd.	2018/01/04	1) Employees of Promoter Shareholding Company 2) Employees having membership of Employee Provident Fund 3) Employees of Lending Institution
5	Kalika Power Company Ltd.	480,000,000.00	60,000,000.00	Kathmandu Capital Market Ltd. & Global IME Capital Ltd.	2018/01/05	Local People
6	Joshi Hydropower Development Company Ltd.	226,554,000.00	37,140,000.00	Siddhartha Capital Ltd.	2018/04/11	Local People
7	Shuvam Power Ltd.	160,000,000.00	20,000,000.00	CBIL Capital Ltd.	2018/04/11	Local People
8	Rairang Hydropower Development Company Ltd.	84,000,000.00	84,000,000.00	NIBL Ace Capital Ltd.	2018/04/22	General Public

9	Upper Tamakoshi Hydropower Ltd.	1,588,500,000.00	2,647,500,000.00	Citizen Investment Trust & Sunrise Capital Ltd.	2018/06/06	Local People and General Public
10	Mountain Hydro Nepal Ltd.	1,125,000,000.00	125,000,000.00	Siddhartha Capital Ltd.	2018/06/15	Local People
11	Ghalemdi Hydro Ltd.	440,000,000.00	55,000,000.00	Vibor Capital Ltd.	2018/06/20	Local People
12	Panchakanya Mai Hydropower Ltd.	110,000,000.00	110,000,000.00	Sunrise Capital Ltd.	2018/06/22	General Public
13	Union Hydropower Ltd.	458,745,000.00	75,000,000.00	Laxmi Capital Market Ltd.	2018/06/28	For Local People
14	Ankhukhola Jalbidhut Co.Ltd.	800,000,000.00	200,000,000.00	Civil Capital Market Ltd.	2018/07/11	Local People and General Public
Total		14,393,374,000.00	6,118,199,000.00			
Manufacturing Company						
1	Shivam Cements Ltd.	5,896,000,000.00	2,024,000,000.00	Siddhartha Capital Ltd.	2018/06/21	Local People and General Public
Microfinance Company						
1	Support Microfinance Bittiya Sanstha Ltd.	60,000,000.00	18,000,000.00	NMB Capital Ltd.	2017/08/04	General Public
2	Unnati Microfinance Bittiya Sanstha Ltd.	55,000,000.00	16,500,000.00	Siddhartha Capital Ltd.	2017/12/15	General Public
3	Samudayik Laghubitta Bittiya Sanstha Ltd.	100,000,000.00	30,000,000.00	Nepal SBI Merchant Banking Ltd.	2017/12/26	General Public
4	Aarambha Microfinance Bittiya Sanstha Ltd.	60,000,000.00	29,400,000.00	NIC Asia Capital Ltd.	2018/01/04	General Public
5	Nepal Seva Laghubitta Bittiya Sanstha Ltd.	60,000,000.00	18,000,000.00	NMB Capital Ltd.	2018/04/03	General Public
6	NADEP Laghubitta Bittiya Sanstha Ltd.	160,000,000.00	48,000,000.00	Nabil Investment Banking Ltd.	2017/05/17	General Public
Total		495,000,000.00	159,900,000.00			
Net Total		20,784,374,000.00	8,302,099,000.00			

Annex -2 Further Public Offering Fiscal Year 2017/18							
S.N.	Name of Company	Sector	Rate	Amount of Share Registered	Public Issue Amount	Issue Manager	Date of Approval
1	Nepal Grameen Bikas Bank Ltd.	Development Bank	100	97,500,000	97,500,000	Prabhu Capital Ltd.	2017/08/07
2	Premier Insurance Co. (Nepal) Ltd.	Insurance	799	526,992,435	526,992,435	NMB Capital Ltd.	2017/12/04
3	Butwal Power Company Ltd.	Hydropower	501	2,044,581,000	2,044,581,000	NMB Capital Ltd.	2017/12/04
4	NMB Bank Ltd.	Commercial Bank	333	3,801,249,279	3,801,249,279	Citizen Investment Trust	2018/06/01
5	Nepal Bank Ltd.	Commercial Bank	280	4,951,760,240	4,951,760,240	Siddhartha Capital Ltd.	2018/06/15
6	Citizen Bank International Ltd.	Commercial Bank	200	92,765,200	92,765,200	Global IME Capital Ltd.	2018/07/16
Total				11,514,848,154	11,514,848,154		

Annex-3 Right Share Registration and Issuance Fiscal Year 2017/18						
S.N.	Name of Company	Ratio	No. of share	Amount of Issue	Issue Manager	Date of Approval
Commercial Banks						
1	Mega Bank Ltd.	10:6.5	29,785,034.63	2,978,503,463.00	Nabil Investment Banking Ltd.	2017/08/10
2	Civil Bank Ltd.	10:4	20,740,886.75	2,074,088,675.00	Laxmi Capital Market Ltd.	2017/10/18
3	Siddhartha Bank Ltd.	10:1	6,826,117.19	682,611,719.00	Laxmi Capital Market Ltd.	2017/12/19
4	Prabhu Bank Ltd.	10:4	23,525,608.00	2,352,560,800.00	Sunrise Capital Ltd.	2017/12/21
5	Kumari Bank Ltd.	10:2	11,938,991.65	1,193,899,165.00	NIBL ACE Capital Ltd.	2018/04/02
6	NCC Bank Ltd.	2:1	23,395,291.00	23,395,291.00	Sunrise Capital Ltd.	2018/07/06
Total			116,211,929.22	9,305,059,113.00		
Development Banks						
1	Muktinath Bikas Bank Ltd.	10:4	6,170,865.04	617,086,504.00	NIBL Capital Market Ltd.	2017/07/17
2	RSDC Laghubitta Bittiya Sansstha Ltd.	1:2	2,300,000.00	230,000,000.00	NIBL Capital Market Ltd.	2017/07/20
3	Kisan Microfinance Bittiya Sansstha Ltd.	100:24.22	78,000.00	7,800,000.00	Civil Capital Market Ltd.	2017/08/04
4	Summit Micro Finance Development Bank Ltd.	1:1	725,000.00	72,500,000.00	Sanima Capital	2017/08/07
5	Excel Development Bank Ltd.	2:1	1,922,812.50	192,281,250.00	Ace Capital Ltd.	2017/08/07
6	Om Development Bank Ltd.	10:3	4,931,835.00	493,183,500.00	NIBL Capital Market Ltd.	2017/08/17
7	Nepal Community Development Bank Ltd.	1:1.2	2,643,538.80	264,353,880.00	NIBL Capital Market Ltd.	2017/09/10
8	Bhargav Bikash Bank Ltd.	10:8	2,112,000.00	211,200,000.00	NMB Capital Ltd.	2017/09/10
9	Mount Makalu Development Bank Ltd.	2:1	345,800.00	34,580,000.00	NIBL Capital Market Ltd.	2017/10/09

10	Shangrila Development Bank Ltd.	10:8	10,867,798.50	1,086,779,850.00	Prabhu Capital Ltd.	2017/11/09
11	Green Development Bank Ltd.	1:4	4,000,000.00	400,000,000.00	Laxmi Capital Market Ltd.	2017/11/19
12	Gandaki Bikas Bank Ltd.	4:1	4,609,815.50	460,981,550.00	Prabhu Capital Ltd.	2017/11/20
13	Karnali Development Bank Ltd.	1:2.25	3,397,500.00	339,750,000.00	Prabhu Capital Ltd.	2017/12/17
14	Lumbini Bikas Bank Ltd.	10:1	2,008,878.27	200,887,827.00	Prabhu Capital Ltd.	2018/01/07
15	Kamana Sewa Bikas Bank Ltd.	10:1.5	3,094,154.77	309,415,477.00	NMB Capital Ltd.	2018/02/08
16	Deva Bikas Bank Ltd.	10:4	6,533,108.59	653,310,859.00	NIBL Capital Market Ltd.	2018/02/09
17	Sahara Bikash Bank Ltd.	1:2.5	1,824,870.00	182,487,000.00	NIBL ACE Capital Ltd.	2018/03/22
Total			57,565,976.97	5,756,597,697.00		
Finance Company						
1	Jebil's Finance Ltd.	1:1	2,889,562.50	288,956,250.00	Sunrise Capital Ltd.	2017/07/19
2	General Finance Ltd.	1:1.25	1,652,850.00	165,285,000.00	Global IME Capital Ltd.	2017/07/21
3	Guheswori Merchant Banking and Finance Ltd.	10:4	1,973,928.77	197,392,877.00	NIBL Capital Market Ltd.	2017/09/10
4	Reliance Finance Ltd.	10:4.5	2,306,571.60	230,657,160.00	Sunrise Capital Ltd.	2017/10/12
5	Central Finance Ltd.	2:1	2,603,314.08	260,331,407.50	NIBL Capital Market Ltd.	2017/11/09
6	Shree Investment and Finance Co. Ltd.	10:8.3	2,867,225.62	286,722,562.00	Siddhartha Capital Ltd.	2017/12/04
7	Pokhara Finance Ltd.	1:0.15	983,682.74	98,368,274.00	NIBL Capital Market Ltd.	2017/12/19
8	Manjushree Finance Ltd.	100:5	362,190.00	36,219,000.00	Ace Capital Ltd.	2018/01/23
9	Jebil's Finance Ltd.	10:4	2,311,650.00	231,165,000.00	Sunrise Capital Ltd.	2018/05/02
10	Synergy Finance Ltd.	1:0.25	1,186,022.47	118,602,247.00	Prabhu Capital Ltd.	2018/05/11
11	Progressive Finance Ltd.	1:2.81	5,901,000.00	590,100,000.00	Sunrise Capital Ltd.	2018/06/20
12	City Express Finance Company Ltd.	1:1.67	2,500,000.00	250,000,000.00	Kathmandu Capital Market Ltd.	2018/07/11
Total			27,537,997.78	2,753,799,777.50		

Insurance Company						
1	Prudential Insurance Co. Ltd.	1:0.30	1,283,040.00	128,304,000.00	NIC Asia Capital Ltd.	2017/11/09
2	Asian Life Insurance Co. Ltd.	2:1	4,027,966.20	402,796,620.00	NIBL Capital Market Ltd.	2018/01/07
3	Neco Insurance Ltd.	2:1	3,920,928.11	392,092,811.00	NMB Capital Ltd.	2018/01/09
4	Prime Life Insurance Ltd.	1:1.60	9,763,200.00	976,320,000.00	Siddhartha Capital Ltd.	2018/02/11
5	Nepal Insurance Company Ltd.	1:1	3,019,886.10	301,988,610.00	NIBL ACE Capital Ltd.	2018/03/13
6	Surya Life Insurance Co. Ltd.	10:4	2,887,500.00	288,750,000.00	NIC Asia Capital Ltd.	2018/03/15
7	Gurans Life Insurance Company Ltd.	2:1	2,970,000.00	297,000,000.00	Laxmi Capital Market Ltd.	2018/04/02
8	Siddhartha Insurance Ltd.	10:3.5	2,244,973.50	224,497,350.00	NMB Capital Ltd.	2018/05/03
9	Prabhu Insurance Ltd.	1:0.46	3,166,677.63	316,667,763.00	Prabhu Capital Ltd.	2018/05/10
10	National Life Insurance Company Ltd.	10:6	9,936,477.50	993,647,750.00	NIBL ACE Capital Ltd.	2018/05/18
11	IME General Insurance Ltd.	10:8	4,320,000.00	432,000,000.00	Global IME Capital Ltd.	2018/06/19
Total			47,540,649.04	4,754,064,904.00		
Micro -Finance Company						
1	First Microfinance Laghu Bitta Bittiya Sanstha Ltd.	2:1	2,281,313.00	228,131,300.00	Global IME Capital Ltd.	2018/01/07
2	Suryodaya Laghubitta Bittiya Sanstha Ltd.	1:0.70	280,000.00	28,000,000.00	Global IME Capital Ltd.	2018/01/25
3	Womi Microfinance Bittiya Sanstha Ltd.	10:3	233,280.00	23,328,000.00	Siddhartha Capital Ltd.	2018/05/03
4	RSDC Laghubitta Bittiya Sanstha Ltd.	5:3	2,159,700.00	215,970,000.00	NIBL ACE Capital Ltd.	2018/06/09
5	Mirmire Microfinance Development Bank Ltd.	1:1	450,000.00	45,000,000.00	NIBL ACE Capital Ltd.	2018/05/15
6	Nagbeli Laghubitta Bittiya Sanstha Ltd.	1:1	766,463.15	76,646,315.00	NMB Capital Ltd.	2018/05/23

7	Swarojgar Laghubitta Bittiya Sanstha Ltd.	1:1	1,224,977.60	122,497,760.00	NMB Capital Ltd.	2018/06/01
8	Samata Microfinance Bittiya Sanstha Ltd.	2:1	189,600.00	18,960,000.00	NIBL ACE Capital Ltd.	2018/06/01
9	Naya Nepal Laghubitta Bittiya Sanstha Ltd.	1:2.5	600,000.00	60,000,000.00	NMB Capital Ltd.	2018/07/11
Total			8,185,333.75	818,533,375.00		
Net Total			257,041,886.76	25,704,188,675.50		

Annex-4 Bonus Share Registration Fiscal Year 2017/18					
S.N.	Name of Company	Fiscal Year	Bonus Rate %	Amount of Issue	Date of Registration
Commercial Banks					
1	Laxmi Bank Ltd.	2016/17	18%	1,156,365,200	2017/11/21
2	NIC Asia Bank Ltd.	2017/18	20%	1,338,519,500	2017/12/12
3	Sanima Bank Ltd.	2017/18	16%	1,103,621,500	2018/01/05
4	Nabil Bank Ltd.	2017/18	30%	1,857,714,000	2018/01/07
5	Laxmi Bank Ltd.	2017/18	10%	747,241,200	2018/01/22
6	Global IME Bank Ltd.	2017/18	10%	808,034,200	2018/01/22
7	Prime Commercial Bank Ltd.	2017/18	27%	1,707,866,689	2018/03/15
8	Janata Bank Nepal Ltd.	2017/18	14%	1,007,091,935	2018/03/19
9	Machhapuchhre Bank Ltd.	2017/18	9%	665,149,000	2018/03/21
10	Standard Chartered Bank Nepal Ltd.	2017/18	100%	4,005,715,333	2018/03/21
11	Citizen Bank International Ltd.	2017/18	16%	1,111,546,700	2018/03/28
12	Nepal Bangladesh Bank Ltd.	2017/18	12%	869,084,900	2018/03/29
13	Sunrise Bank Ltd.	2017/18	15%	1,063,376,850	2018/04/03
14	Agriculture Development Bank Ltd.	2017/18	20%	1,417,536,000	2018/04/10
15	Nepal SBI Bank Ltd.	2017/18	15%	1,075,107,001	2018/04/13
16	Everest Bank Ltd.	2017/18	33%	1,991,627,748	2018/04/17
17	Nepal Investment Bank Ltd.	2017/18	15%	1,405,220,135	18/04/2018
Total				23,330,817,891	
Development Bank					
1	Shangrila Development Bank Ltd.	2016/17	16%	172,520,000	16/07/2017
2	Bhargav Bikash Bank Ltd.	2016/17	20%	24,000,000	17/07/2017
3	Mission Development Bank Ltd.	2016/17	11%	42,883,500	30/11/2017
4	Western Development Bank Ltd.	2016/17	10%	31,392,000	18/12/2017
5	Kabeli Bikas Bank Ltd.	2015/16	20%	14,035,200	21/12/2017
6	Tourism Development Bank Ltd.	2016/17	-	171,077,500	30/01/2018
7	Kailash Bikas Bank Ltd.	2017/18	10%	229,148,800	15/02/2018

8	Excel Development Bank Ltd.	2017/18	30%	115,830,225	28/02/2018
9	Garima Bikas Bank Ltd.	2017/18	15%	330,636,521	19/03/2018
10	Muktinath Bikas Bank Ltd.	2017/18	20%	431,960,553	19/03/2018
11	Sahayogi Vikas Bank Ltd.	2017/18	20%	84,944,700	28/03/2018
12	Jyoti Bikash Bank Ltd.	2017/18	-	230,287,300	28/03/2018
13	Tinau Development Bank Ltd.	2017/18	10%	46,084,992	03/04/2018
14	Mission Development Bank Ltd.	2017/18	20%	86,546,700	10/04/2018
15	Kanchan Development Bank Ltd.	2017/18	12%	55,550,000	19/04/2018
16	Saptakoshi Development Bank Ltd.	2017/18	-	23,210,000	24/04/2018
17	Kankai Bikas Bank Ltd.	2017/18	6%	29,000,000	24/04/2018
18	Shine Resunga Development Bank Ltd.	2017/18	25%	275,723,100	03/05/2018
19	Miteri Development Bank Ltd.	2017/18	31%	119,706,944	09/05/2018
20	Purnima Bikas Bank Ltd.	2017/18	19%	84,550,000	18/05/2018
21	Karnali Development Bank Ltd.	2016/17	8%	12,080,000	01/06/2018
22	Om Development Bank Ltd.	2017/18	18%	378,107,300	22/06/2018
23	Hamro Bikash Bank Ltd.	2017/18	7%	33,488,800	25/06/2018
Total				3,022,764,135	
Finance Company					
1	Seti Finance Ltd.	2013/14	9%	5,710,800	24/07/2017
2	Multipurpose Finance Company Ltd.	2013/14	12%	3,450,000	21/12/2017
3	Multipurpose Finance Company Ltd.	2014/15	15%	4,830,000	21/12/2017
4	ICFC Finance Ltd.	2017/18	10%	80,388,500	28/01/2018
5	Guheshwori Merchant Banking & Finance Ltd.	2017/18	-	109,124,931	28/02/2018
6	Nepal Finance Company Ltd.	2010/11	22%	24,421,900	13/03/2018
7	Janaki Finance Ltd. (Bittiya Sanstha)	2017/18	18%	61,534,600	28/03/2018
8	Goodwill Finance Ltd.	2017/18	10%	74,000,000	16/04/2018
9	Srijana Finance Ltd.	2017/18	33%	98,280,000	17/04/2018
10	Multipurpose Finance Company Ltd.	2016/17	12%	4,443,600	10/05/2018
Total				466,184,331	

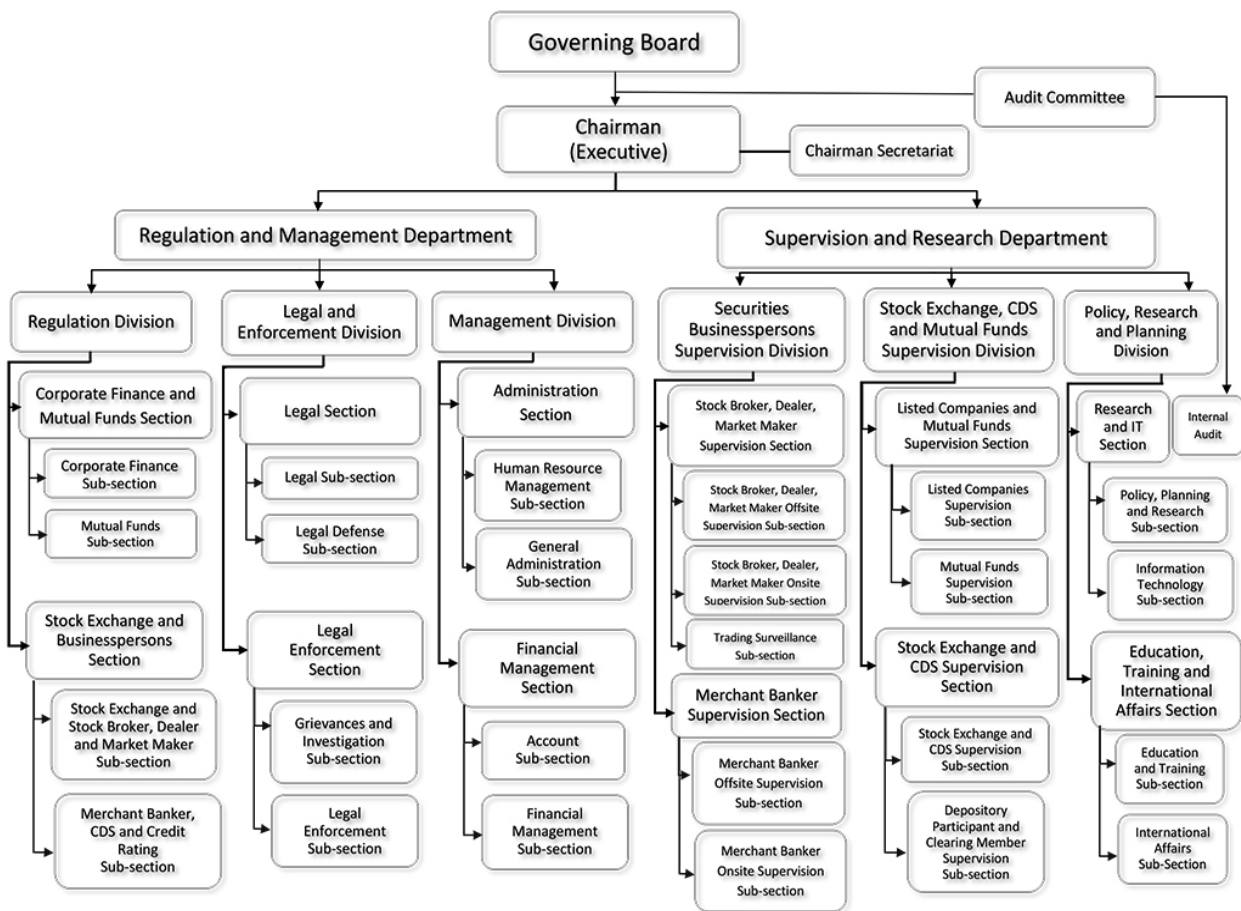
1	Soaltee Hotel Ltd.	2017/18	15%	86,882,440	19/01/2018
2	Oriental Hotels Ltd.	2017/18	18%	142,510,635	02/02/2018
	Total			229,393,075	
Insurance					
1	Arun Valley Hydropower Ltd.	2017/18	10%	84,819,300	19/11/2017
2	Ngadi Group Power Ltd.	2017/18	10%	48,686,800	21/12/2017
3	Barun Hydropower Ltd.	2017/18	5%	12,150,000	22/01/2018
4	Chilime Hydropower Co. Ltd.	2017/18	15%	517,188,672	28/12/2018
5	Ridi Hydropower Development Company Ltd.	2017/18	6%	28,459,800	15/03/2018
6	Api Power Company Ltd.	2017/18	8%	84,000,000	29/03/2018
	Total			775,304,572	
Insurance					
1	Life Insurance Corporation (Nepal) Ltd.	2016/17	25%	265,224,375	01/09/2017
2	Gurans Life Insurance Co. Ltd.	2016/17	8%	44,000,000	10/09/2017
3	National Life Insurance Co. Ltd.	2016/17	25%	331,215,900	15/10/2017
4	Nepal Insurance Company Ltd.	2016/17	5%	14,380,410	09/11/2017
5	Prime Life Insurance Company Ltd.	2016/17	25%	122,040,000	09/11/2017
6	Rastriya Beema Sansthan Company Ltd.	2005/06	114%	142,199,559	26/11/2017
7	Neco Insurance Ltd.	2017/18	10%	71,289,599	04/12/2017
8	Prabhu Insurance Ltd.	2017/18	19%	110,884,559	10/12/2017
9	Surya Life Insurance Co. Ltd.	2016/17	10%	65,625,000	03/01/2018
10	Siddhartha Insurance Ltd.	2017/18	20%	106,903,500	22/01/2018
11	Prudential Insurance Co. Ltd.	2017/18	20%	85,536,000	28/02/2018
12	Everest Insurance company Ltd.	2016/17	20%	20,249,925	12/03/2018
13	Lumbini General Insurance Co. Ltd.	2017/18	13%	100,000,000	04/04/2018
14	Shikhar Insurance Company Ltd.	2017/18	29%	239,642,300	17/04/2018
15	Premier Insurance Co. (Nepal) Ltd.	2017/18	14%	69,539,700	09/05/2018
16	Prime Life Insurance Company Ltd.	2017/18	13%	198,315,000	24/05/2018

17	Nepal Life Insurance company Ltd.	2017/18	42%	1,300,500,023	24/05/2018
18	Everest Insurance Company Ltd.	2017/18	10%	12,150,000	27/05/2018
19	NLG Insurance Company Ltd.	2017/18	25%	128,081,200	27/05/2018
20	Nepal Insurance Company Ltd.	2017/18	5%	13,661,485	15/07/2018
Total				3,441,438,535	
Manufacturing and Processing Company					
1	Nepal Lube Oil Limited (Includes shares listed before Securities Act, 2063)	-	-	26,943,900	01/06/2018
Micro Finance					
1	Janautthan Samudayik Laghubitta Bikash Bank Ltd.	2016/17	20%	4,000,000	24/07/2017
2	Kalika Micro Credit Development Bank Ltd.	2016/17	65%	32,500,000	07/08/2017
3	First Microfinance Ltd.	2017/18	15%	59,512,500	21/11/2017
4	Mero Microfinance Bittiya Sanstha Ltd.	2017/18	30%	66,000,000	24/12/2017
5	Chhimek Laghubitta Bittiya Sanstha Ltd.	2017/18	20%	165,929,300	28/01/2018
6	Swadeshi Laghubitta Bittiya Sanstha Ltd.	2017/18	15%	15,000,000	02/02/2018
7	Global IME Laghubitta Bittiya Sanstha Ltd.	2017/18	20%	11,300,000	11/02/2018
8	Laxmi Laghubitta Bittiya Sanstha Ltd.	2017/18	10%	22,000,000	25/02/2018
9	Swarojgar Laghubitta Bikas Bank Ltd.	2017/18	17%	17,499,680	28/02/2018
10	RSDC Laghubitta Bittiya Sanstha Ltd.	2017/18	13%	14,950,000	13/03/2018
11	Womi Microfinance Bittiya Sanstha Ltd.	2017/18	20%	12,960,000	15/03/2018
12	NMB Microfinance Bittiya Sanstha Ltd.	2017/18	25%	28,175,000	19/03/2018
13	Nagbeli Lagubitta Bikas Bank Ltd.	2017/18	46%	24,004,615	22/03/2018
14	Swabalamban Laghubitta Bikas Bank Ltd.	2017/18	20%	84,147,700	28/03/2018
15	Kisan Microfinance Bittiya Sanstha Ltd.	2017/18	20%	8,050,050	03/04/2018
16	Vijaya Laghubitta Bittiya Sanstha Ltd.	2017/18	10%	16,100,000	04/04/2018
17	Civil Laghubitta Bittiya Sanstha Ltd.	2017/18	5%	4,725,000	04/04/2018
18	Naya Nepal Laghubitta Bittiya Sanstha Ltd.	2017/18	20%	4,000,000	10/04/2018
19	Mahuli Samudayik Laghubitta Bittiya Sanstha Ltd.	2017/18	50%	20,000,000	13/04/2018

20	Deprosc Laghubitta Bittiya Sanstha Ltd.	2017/18	16%	96,979,366	03/05/2018
21	Samata Microfinance Bittiya Sanstha Ltd.	2017/18	20%	6,320,000	03/05/2018
22	National Microfinance Bittiya Sanstha Ltd.	2017/18	20%	20,356,000	04/05/2018
23	Sana Kisan bikas Laghubitta Bittiya Sanstha Ltd.	2017/18	25%	125,765,586	24/05/2018
24	Nerude Laghubitta Bittiya Sanstha Ltd.	2017/18	13%	39,780,000	11/06/2018
25	Nirdhan Utthan Laghubitta Bittiya Sanstha Ltd.	2017/18	67%	400,165,000	20/06/2018
26	Mithila Laghubitta Bittiya Sanstha Ltd.	2017/18	15%	8,605,818	26/06/2018
27	RMDC Laghubitta Bittiya Sanstha Ltd.	2017/18	5%	34,606,000	26/06/2018
28	Forward Community Microfinance Bittiya Sanstha Ltd.	2017/18	50%	100,165,700	04/07/2018
29	Mirmire Laghubitta Bittiya Sanstha Ltd.	2017/18	31%	13,860,000	15/07/2018
Total				1,457,457,315	
Other					
1	Salt Trading Corporation Ltd.	2016/17	20%	16,414,400	26/09/2017
2	Citizen Investment Trust	2015/16	22%	132,764,873	12/12/2017
3	Salt Trading Corporation Ltd.	2017/18	25%	24,598,700	17/04/2018
4	Citizen Investment Trust	2016/17	22%	162,858,272	20/05/2018
Total				336,636,245	
Net Total				33,086,939,999	

Annex-5					
Registration of Mutual Fund					
Fiscal Year 2017/18					
S.N.	Name of Scheme	No. of Unit	Amount of Issue	Fund Manager	Date of Approval
1	Siddhartha Equity Fund	150,000,000	1,500,000,000	Siddhartha Capital Ltd.	30/08/2017
2	Sanima Equity Fund	130,000,000	1,300,000,000	Sanima Capital Ltd.	13/11/2017
3	NIC Asia Growth Fund	100,000,000	1,000,000,000	NIC Asia Capital Ltd.	26/12/2017
4	Citizen Mutual Fund-1	100,000,000	1,000,000,000	CBIL Capital Ltd.	01/01/2018
	Total	480,000,000	4,800,000,000		

Annex 6 Organisation structure



Annex-7
Securities Board of Nepal
Jawalakhel, Lalitpur, Nepal
Balance Sheet
As on 15th July 2018

Particulars	15th July 2018	15th July 2017 (Rs.)
Fund and Reserves		
Fund and Reserves	968803563.8	722086587.9
Total	968803563.8	722086587.9
Assets		
Fixed Assets		
At Cost	53250608.04	43499966.15
Less: Depreciation	-32774831.95	-27460856.96
Net Fixed Assets	20475776.09	16039109.19
Investment	566714907.1	667161312.7
Current Assets		
Bank Balance	406810967.6	55208950.84
Deposit, Advances & Prepayments	29484452.53	14774386.82
Income Receivables	43196419.14	45614827.15
Total Current Assets	479491839.2	115598164.8
Less: Current Liabilities	-10305682.81	-12612230.89
Less: Provision	-87573275.75	-64099767.96
Net Current	381612880.7	38886165.96
Total	968803563.8	722086587.9

Annex-8		
Securities Board of Nepal		
Jawalakhel, Lalitpur		
Income Statement (Unaudited)		
15th July 2017-15th July 2018		
Particulars	FY 2017/18 (Rs.)	FY 2016/17 (Rs.)
Income		
Income from securities market	325957227.9	410,353,947.84
Interest Income	76309709.19	36,755,820.02
Other Income	2811276.12	188,260.50
Total Income	405078213.2	447,298,028.36
Expenditure		
Staff Expenses	51493957.69	49,441,726.33
Administrative Expenses	52079658.33	40,386,769.10
Depreciation	5313975	4,086,345.44
TDS Written Off		-
Prime Minister's Disaster Relief Fund Expenses		-
Total Expenditure	108887591	93,914,840.87
Surplus(Income over Expenditure)	296190622.2	353,383,187.49
Surplus tranfered to income statement	296190622.2	353,383,187.49
Allocation		
Renewal Fund		88,345,796.87
Staff Protection Fund		14,135,327.50
General Reserve		215,563,746.85
Staff Welfare Fund		35,338,318.75
Total Allocation		353,383,189.97

Annex-9		
Securities Board of Nepal		
Jawalakhel Lalitpur		
Cash Flow Statement		
Particulars	FY 2017/18 (Rs.)	FY 2016/17 (Rs.)
Cash Flow from Operating Activities		
Net Surplus before Appropriation	296,190,622.22	353,383,187.49
Add: Depreciation	5,313,975.00	4,086,345.44
Add: Gratuity Expenses	3,863,352.71	6,124,805.82
Add: Medical Expenses	3,138,441.21	6,730,315.92
Add: Provision for staff leave encashment	2,336,386.37	1,094,133.92
Add: Provision for staff protection expenses	-35,338,318.75	-11,815,662.25
Less: Income from sale of fixed assets	-	-
Less: Income booked under SDMS grant	-	-
Less: Interest Income	-76,309,709.19	-36,755,820.02
Operating Cash Flow before working capital changes	199,194,749.57	322,847,306.32
Increase/Decrease in Current Assets	-15,669,418.54	-14,124,029.83
Increase/Decrease in Current Liabilities	-2,306,548.08	-65,102,986.20
Payment to Staff Welfare Fund	-	-
Cash Flow from Operating Activities	181,218,782.95	243,620,291.29
Cash Flow from Investment Activities		
Interest Income	76,309,709.19	36,755,820.02
Add: Accrued Interest of Last Year	12,547,723.19	4,219,112.11
Less: Accrued Interest of Current Year	-9,169,962.35	-12,547,723.19
Net Cash Flow from Interest Income	79,687,470.03	28,427,208.94
Less: Purchase of Fixed Assets	-9,750,641.90	-10,645,867.62
Add: Sale of Fixed Assets	-	-
Less: Decrease/Increase in Investment	100,446,405.65	-220,053,930.25
Net Cash Flow from Investment Activities	170,383,233.78	-202,272,588.93
Net Increase/Decrease in Cash & Cash Equivalent	351,602,016.73	41,347,702.36
Cash and Equivalent at beginning	55,208,950.84	13,861,248.47
Cash and Cash Equivalent at the end of period	406,810,967.57	55,208,950.84

Annex-10			
List of Merchant Bankers			
SN	Company	Area	Address
1	Sunrise Capital Ltd.	Issue Manger, Underwriter, Share registrar, Portfolio Management	Kamalpokhari, Kathmandu Contact No. 4428550,4428660, Fax : 4428688
2	NMB Capital Limited	Issue Manger, Underwriter, Share registrar, Portfolio Management	Naksal, Kathmandu, Contact no: 4253096
3	Citizen Investment Trust	Issue Manger, Underwriter, Share registrar	New Baneshwor, Contact No: 4785321/4785319, Fax: 4785320
4	Global IME Capital Limited	Issue Manger, Underwriter, Share registrar, Portfolio Management	Jamal, Kathmandu, Contact No: 422640, Fax: 4222534
5	Vibor Capital Limited	Issue Manger, Underwriter, Share registrar, Portfolio Management	KrishnaGalli, Lalitpur, Contact No: 5554793/5554794
6	Civil Capital Market Limited	Issue Manger, Underwriter, Share registrar, Portfolio Management	Kamaladi, Kathmandu, Contact : 4168654/416664, Fax: 4168734
7	Prabhu Capital Limited	Issue Manger, Underwriter, Share registrar, Portfolio Management	Kamaladi, Kathmandu, Contact: 4221946/4221952, Fax: 4222802
8	NABIL Investment Banking Limited	Issue Manger, Underwriter, Share registrar, Portfolio Management	Naxal, Kathmandu, Contact: 4411604,4411733, Fax: 4410554
9	Laxmi Capital Market Limited	Issue Manger, Underwriter, Share registrar, Portfolio Management	Pulchowk, Lalitpur, Contact: 5551363,5551463, Fax: 5537743
10	NIBL Capital market Limited	Issue Manger, Underwriter, Share registrar, Portfolio Management	Lazimpat, Kathmandu, Contact: 4005080 Fax: 4005084
11	Kriti Capital and Investment Limited	Portfolio Management	Ravibhawan, Kathmandu, Contact: 4276786,4281776
12	Samridhi Capital Ltd.	Portfolio Management	Ravibhawan, Kathmandu, Contact: 4781501,6201789
13	National Merchant Banker Limited	Portfolio Management	Kalikasthan, Kathmandu, Contact: 4430746
14	Siddhartha Capital Limited	Issue Manger, Underwriter, Share registrar, Portfolio Management	Naxal, Kathmandu, Contact: 4257767,4257768, Fax: 4257764
15	Provident Merchant Banker Limited	Share registrar, Portfolio Management	Pepsicola, Kathmandu, Contact: 4993450,5147097, Fax: 4993450

16	CBIL Capital Ltd	Issue Manger, Underwriter, Share registrar, Portfolio Management	Batuleghar, Dillibazar, Kathmandu, Contact No. 4418667, 4417723, Fax No. 4428958
17	Sanima Capital Ltd	Issue Manger, Underwriter, Share registrar, Portfolio Management	Naxal, Kathmandu, Contact No. 4428956, 57,44, Fax No. 4428958
18	Kathmandu Capital Ltd	Issue Manger, Underwriter, Share registrar, Portfolio Management	Kathmandu Plaza, Kamaladi, Kathmandu, Contact No. 4168634, 4168639, Fax No. 4168703
19	Nepal SBI Merchant Banking Ltd	Issue Manger, Underwriter, Share registrar, Portfolio Management	Hattisar, Kathmandu, Contact No. 4435671, Fax No. 4435612
20	NIC Asia Capital Ltd	Issue Manger, Underwriter, Share registrar, Portfolio Management	Babarmahal, Kathmandu, Contact No. 4221994, Fax No. 4222458
21	RBB Merchant Banking Ltd	Issue Manger, Underwriter, Share registrar, Portfolio Management	Teku, Kathmandu, Contact No. 4253595
22	Aakash Capital Ltd.	Portfolio Management	Putalisadak, Kathmandu Contact No.:4430196
23	Arkash Capital Advisors Ltd.	Portfolio Management	Thapathali, Kathmandu Contact No.:4101676
24	Wealth Management and Merchant Banking Ltd.	Portfolio Management	Maitidevi, Kathmandu Contact No.:4418664
25	K.C.L Astosh Capital Ltd.	Portfolio Management	Hattisar, Kathmandu, Contact No. 4429149

Annex-11
List of Stockbrokers

S.N.	Stockbroker Name	B.N.	Address	Phone	Fax
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	DipshikhaDhitopatraKarobar 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	Tripureshwor, KTM	4256589	4256590
45	Sewa Securities Pvt.Ltd.	54	Tripureshwor, 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-12			
List of Depository Participants			
SN	Name	Licensing Date	Address
Merchant Banker			
1	Civil Capital Market Ltd	27 th March 2012	Kamaladi, Kathmandu
2	Laxmi Capital Market Ltd	6 th June 2012	PulChowk, Kathmandu
3	Nabil Investment Banking Ltd	6 th June 2012	Chabahil, Kathmandu
4	NMB Capital Ltd	6 th June 2012	Babarmahal, Kathmandu
5	NIBL Capital Ltd	17 th Sep 2012	Lazimpat, Kathmandu
6	Sunrise Capital Ltd.	15 th Feb 2013	Kamalpokhari, Kathmandu
7	Prabhu Capital Ltd.		Kamaladi, Kathmandu
8	Global IME Capital Ltd	22 th April 2013	Jamal, Kathmandu
9	Vibor Capital Ltd	30 th Sep 2014	KrishnaGalli, Kathmandu
10	Kriti Capital Investment Ltd	17 th Dec 2014	Ravibhawan, Kathmandu
11	Siddhartha Capital Ltd.		Babarmahal, Kathmandu
12	Provident Merchant Banking Ltd.		Ganeshwor, Kathmandu
13	National Merchant Banker Ltrtd		Pepsicola, Kathmandu
14	RBB Merchant Banking Ltd.		Teku, Kathmandu
Commercial Bank			
15	Everest Bank Ltd	13 th Oct 2012	Lazimpat, Kathmandu
16	Bank of Kathmandu	25 th Feb 2013	Kamalpokhari, Kathmandu
17	Janata Bank Ltd	26 th Sep 2014	New Baneshwor, Kathmandu
18	Citizen Bank International Ltd	29 th Sep 2014	Kamaladi, Kathmandu
19	NIC Asia Bank Ltd	30 th Sep 2014	Thapathali, Kathmandu
20	Prabhu Bank Ltd	1 st Dec 2014	Babarmahal, Kathmandu
21	Nepal Bangladesh Bank Ltd	3 rd Dec 2014	Kamaladi, Kathmandu
22	Century Commercial Bank Ltd	23 rd Aug 2015	Putalisadak, Kathmandu
23	Kumari Bank Ltd	24 th Sep 2015	Durbarmarg, Kathmandu
24	Nepal Credit and Commerce Bank Ltd	8 th Nov 2015	Bagbazar, Kathmandu
25	Nepal Bank Ltd	8 th Nov 2015	Dharmpath, Kathmandu
26	Prime Commercial Bank Ltd.		
27	Machhapuchre Bank Ltd	29 th Jan 2016	Lazimpat, Kathmandu
28	Nepal SBI Bank Ltd	20 th March 2016	Hattisar, Kathmandu
29	Sanima Bank Ltd	25 th May 2016	Naxal, Kathmandu
30	Agricultural Development Bank Ltd.		RamSaha Path, Kathmandu
Securities Broker			
31	TrishulSecurities and Investment Ltd	17 th Sep 2012	Putalisadak, Kathmandu
32	Secured securities Ltd	26 th Sep 2014	Putalisadak, Kathmandu
33	Trishakti Securities Pvt Ltd	26 th Sep 2014	Putalisadak, Kathmandu
34	Deepshikhadhitpotrakarobarco.pvt.ltd	26 th Sep 2014	Anamnagar, Kathmandu
35	Nepal Stock House Pvt Ltd	29 th Sep 2014	Anamnagar, Kathmandu

36	Dakchinkali Investment and Securities Pvt Ltd	30 th Sep 2014	Kamaladi, Kathmandu
37	South Asian Bulls Pvt Ltd	30 th Sep 2014	Kuleshwor, Kathandu
38	Aarytara Investment and Securities Pvt Ltd	30 th Sep 2014	Anamnagar, Kathamandu
39	Online Securities Pvt Ltd	30 th Sep 2014	Putalisadak, Kathamandu
40	Sewa Securities Pvt Ltd	27 th Oct 2014	Tripeshwor, Kathamandu
41	Shree Krishna Securities Pvt Ltd	27 th Oct 2014	Dillibazar, Kathmandu
42	Agrawal Securities Pvt Ltd	28 th Oct 2014	Putalisadak, Kathmandu
43	Imperial Securities Co. Pvt Ltd	16 th Nov 2014	Anamnagar, Kathamandu
44	Primo Securities Pvt Ltd	18 th Nov 2014	Putalisadak, Kathmandu
45	Lynch Stock Market Ltd	18 th Nov 2014	New Baneshwor, Kathmandu
46	Asian Securities Pvt Ltd	18 th Nov 2014	Putalisadak, Kathmandu
47	Market Securities and Exchange Pvt Ltd	18 th Nov 2014	Khichapokhari, Kathmandu
48	Sumeru Securities Pvt Ltd	1 st Dec 2014	Hattisar, Kathmandu
49	Crystal Kanchanjungha Securities Pvt Ltd	1 st Dec 2014	New Plaza, Kathmandu
50	Kohinoor Investment and Securities Pvt Ltd	2 nd Dec 2014	Kamalpokhari, Kathmandu
51	Bhrikuti Stock Broking Company Pvt Ltd	2 nd Dec 2014	Jamal, Kathmandu
52	Creative Securities Pvt Ltd	4 th Dec 2014	Putalisadak, Kathmandu
53	Sipla Securities Pvt Ltd	4 th Dec 2014	Khichapokhari, Kathmandu
54	Vision Securities Pvt Ltd	4 th Dec 2014	Putalisadak, Kathmandu
55	Aashutosh Securities Pvt Ltd	11 th Dec 2014	Khichapokhari, Kathamandu
56	Sunny Securities Co Ltd	17 th Dec 2014	Jamal, Kathmandu
57	ABC Securities Pvt Ltd	22 th Dec 2014	New Road, Kathmandu
58	Shree hari Securities Pvt Ltd	27 th Jan 2015	Kamaladi, Kathmandu
59	Oxford Securities Pvt Ltd	6 th Feb 2015	Kalimati, Kathamandu
60	Dynamic Money Managers Pvt Ltd	9 th Feb 2015	Kamalpokhari, Kathmandu
61	Dibya Securities and Stock House Pvt Ltd	2 nd June 2015	Putalisadak, Kathmandu
62	Premier Securities Co Ltd	11 th Aug 2015	Putalisadak, Kathmandu
63	Nasa Securities Pvt Ltd	3 rd Dec 2015	Naxal, Kathmandu
64	Nepal DP House Ltd. (Established combinely by 10 Securities brokers)		Putalisadak, Kathmandu
Development Banks			
65	Mahalaxmi Development Bank Ltd.		Ramsaha Path, Kathmandu
66	Kailash Bikash Bank Ltd.		Putalisadak, Kathmandu
Finance Company			
65	Guheswori Merchant Banking and Finance Ltd	19 th Sep 2015	Pulchwok, Kathmandu
66	United Finance Ltd	5 th Nov 2015	Ramshahpath, Kathmandu
67	Ghorkhaz Finance Ltd	29 th Jan 2016	ManBhawan, Kathamandu
68	ICFC Finance Ltd.		

Annex-13			
List of ASBA Member			
S.N	Name of banks and financial institutions	No. of District and branch	License approved date
1	Century Commercial Bank Ltd.	22 district and 67 branch	23rd Nov 2016
2	Sunrise Bank Ltd.	28 district and 67 branch	23rd Nov 2016
3	Kailash Bikas Bank Ltd.	15 district and 37 branch	23rd Nov 2016
4	Citizens Bank International Ltd.	30 district and 58 branch	23rd Nov 2016
5	Laxmi Bank Ltd.	37 district and 59 branch	23rd Nov 2016
6	Sanima Bank Ltd.	26 district and 43 branch	23rd Nov 2016
7	Siddhartha Bank Ltd.	27 district and 63 branch	23rd Nov 2016
8	NIC Asia Bank Ltd.	32 district and 80 branch	23rd Nov 2016
9	Nepal Bangladesh Bank Ltd.	23 district and 40 branch	23rd Nov 2016
10	Deva Bikas Bank Ltd.	11 district and 36 branch	4th Jan 2017
11	Om Development Bank Ltd	12 district and 29 branch	4th Jan 2017
12	Nepal Investment Bank Ltd	28 district and 46 branch	4th Jan 2017
13	NMB Bank Ltd	29 district and 71 branch	5th Jan 2017
14	Mega Bank Ltd	26 district and 40 branch	5th Jan 2017
15	Mahalaxmi Bikas Bank Ltd	18 district and 25 branch	9th Jan 2017
16	Global IME Bank Ltd	35 district and 91 branch	9th Jan 2017
17	Bank of Kathmandu Lumbini Ltd	28 district and 74 branch	9th Jan 2017
18	Prime Commercial Bank Ltd	17 district and 71 branch	9th Jan 2017
19	Nepal Credit and Commerce Bank Ltd	33 district and 96 branch	9th Jan 2017
20	Jyoti Bikas Bank Ltd	15 district and 29 branch	10th Jan 2017
21	Civil Bank Ltd	25 district and 51 branch	11th Jan 2017
22	Nabil Bank Ltd	24 district and 50 branch	11th Jan 2017
23	Machhauchhre Bank Ltd	30 district and 57 branch	16th Jan 2017
24	Prabhu Bank Ltd	20 district and 101 branch	18th Jan 2017
25	Lumbini Bikas Bank Ltd	21 district and 44 branch	19th Jan 2017
26	Agriculture Development Bank Ltd	55 district and 156 branch	19th Jan 2017
27	Muktinath Bikas Bank Ltd	13 district and 47 branch	20th Jan 2017
28	Nepal SBI Bank Ltd.	32 district and 62 branch	27th Jan 2017
29	Standard Chartered Bank Nepal Ltd.	9 district and 13 branch	27th Jan 2017
30	Fewa Bikas Bank Ltd.	14 district and 29 branch	27th Jan 2017
31	Shangrila Development Bank Ltd.	16 district and 31 branch	27th Jan 2017
32	Everest Bank Ltd.	32 district and 60 branch	1st Feb 2017
33	Himalayan Bank Ltd.	22 district and 42 branch	28th Feb 2017
34	ICFC Finance Ltd.	5 district and 11 branch	28th Feb 2017
35	Guheswori Merchant Banking and Finance Ltd	6 district and 8 branch	28th Feb 2017
36	Goodwill Finance Ltd.	9 district and 11 branch	28th Feb 2017
37	Central Finance Ltd.	5 district and 5 branch	28th Feb 2017
38	Reliance Finance Ltd.	4 district and 5 branch	3rd March 2017
39	Manjushree Finance Ltd.	5 district and 6 branch	10th March 2017
40	Garima Bikas Bank Ltd.	15 district and 43 branch	10th March 2017
41	United Finance Ltd.	9 district and 15 branch	27th July 2017

42	Janata Bank Nepal Ltd.	27 district and 64 branch	27th July 2017
43	Gurkhas Finance Ltd.	6 district and 10 branch	27th July 2017
44	Pokhara Finance Ltd.	3 district and 10 branch	27th July 2017
45	Rastriya Banijya Bank Ltd.	69 district and 168 branch	30th July 2017
46	Tinau Bikas Bank Ltd.	3 district and 12 branch	3rd August 2017
47	Purnima Bikas Bank Ltd.	3 district and 8 branch	3rd August 2017
48	Nepal Bank Ltd.	50 district and 123 branch	3rd August 2017
49	Kumari Bank Ltd.	21 district and 36 branch	3rd August 2017
50	Kamana Bikas Bank Ltd.	6 district and 21 branch	6th August 2017
51	Sindhu Bikas Bank Ltd.	3 district and 11 branch	6th August 2017
52	Shine Resunga Development Bank Ltd.	9 district and 27 branch	6th August 2017
53	Excel Development Bank Ltd.	3 district and 16 branch	6th August 2017
54	Jebils Finance Ltd.	1 district and 1 branch	12th Sep 2017
55	Nepal Community Development Bank Ltd.	3 district and 10 branch	17th Sep 2017
56	Saptakoshi Development Bank Ltd.	3 district and 13 branch	26th Nov 2017
57	Srijana Finance Ltd.	3 district and 20 branch	5th Dec 2017
58	Kankai Bikas Bank Ltd.	3 district and 12 branch	12th Dec 2017
59	Kanchan Development Bank Ltd.	3 district and 13 branch	23rd Jan 2018
60	Hamro Bikas Bank Ltd.	1 district and 8 branch	8th Feb 2018
61	Mission Development Bank Ltd.	3 district and 9 branch	28th Feb 2018
62	Shree Investment and Finance Ltd.	4 district and 7 branch	23rd April 2018
63	Bhargav Bikas Bank Ltd.	3 district and 14 branch	4th May 2018
64	Tourism Development Bank Ltd.	21 district and 29 branch	8th August 2018
65	Sagarmatha Finance Ltd.	11 District and 14 branch	1st March 2019

Annex-14 Mutual Fund				
S.N.	Name Of Mutual Fund	Fund Manager	Address	Contact No:
1	Siddhartha Mutual Fund	Siddhartha Bank LTd.	Naxal, Kathmandu	01-4442919
2	NABIL Mutual Fund	NABIL Bank Ltd.	Naxal, Kathmandu	01-14221718
3	NMB Mutual Fund	NMB Bank Ltd.	Naxal, Kathmandu	01-4246160
4	Global IME Mutual Fund	Global IME Bank Ltd.	Jamal, Kathmandu	01-4228229
5	NIBL Mutual Fund	Nepal Investment Bank Ltd.	Lazimpat, Kathmandu	01-4228229
6	Laxmi Futual Fund	Laxmi Bank Ltd.	New Baneshwor, Kathmandu	01-4444684
7	Sanima Mutual Fund	Sanima Bank Ltd.	Naxal, Kathmandu	01-4428977
8	Citizens Mutual Fund	Citizen International Bank Ltd.	Dillibazar, Kathmandu	01-4427842
9	NIC Asia Mutual Fund	NIC Asia Bank Ltd.	Babarmall, Kathmandu	01-5111177
10	CIVIL Mutual Fund	CIVIL Bank LTd.	Kamaladi, Kathmandu	01-4169040
11	Sunrise Mutual Fund	Sunrise Bank Ltd.	Gauridhara, Kathmandu	01-40045460



BOARD FAMILY



First Line(from left):

Sarita Maharjan, Sanu Khadka, Saraswati GC, Eliza Phuyal, Deepika Maskey, Deepa Dahal, Bimala Pathak, Rajina Rai, Lalita Poda

Second Line(from left):

Krishna Raj Pokhrel, Binaya Dev Acharya, Niraj Giri, Dr Rewat Bahadur Karki, Paristha Nath Poudyal, Dr Nabaraj Adhikari, Mukti Nath Shrestha

Third Line(from left):

Dipesh Chaulagain, Hari Prasad Bhusal, Rajaram Duwal, Manju Upadhaya, Laxmi Paudel, Krishna Prasad Ghimire, Ritambhara Basnet, Anuj Kumar Rimal, Dipesh Tamrakar, Nabaraj Pandit, Raju Bahadur GC, Tej Prasad Devkota, Arjun Prasad Dhakal, Nahakul Bhattarai, SashiArayal Bhattarai, Shyamu Mandal, NabarajPaudel, Rupesh K.C.

Fourth Line(from left):

Dipesh Banepali,YamnathAryal, SanjeebPode, AjayaDhungana, Ganesh Shrestha, Rewat Shrestha, Rajan Kumar Khatiwada, NarayanPaudel, Tolakanta Neupane, Binod Poudel, Narayan Prasad Sharma, Suraj Pradhananga, GaurabBista, Niranjaya Ghimire, BasantaRasali, Lokesh Prasad Singh, Shankar Prasad Rimal, Rajendra Chaulagain, Amir Thapa, Rajesh Lage, Sangam Rai, Bipin Sapkota



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