

J.B. Nagar CPE Study Circle of WIRC

Changing Trend in Practice related to Capital Markets



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Change is **INEVITABLE**, Progress is **OPTIONAL**



Tony Robbins

Statistics – members ICAI Trend

As on	Associate	Fellow	Total	Increase
1-4-1950	1120	569	1689	-
1-4-1961	4059	1590	5649	3960
1-4-1981	16796	8642	25438	19789
1-4-2001	51603	44789	96392	70954
1-4-2005	68052	55494	123546	27154
1-4-2010	94991	66525	161516	37970
1-4-2015	160708	79266	239974	78458

Source - ICAI

Statistics – members WIRC (1-4-2014)

		Total Numbers	Western Region	% to Western Region Total
Fellows	Fulltime	61105	17676	80.25
	Part-Time	2975	888	04.03
	Not In practice	12167	3462	15.72
	Sub-Total	<u>76247</u>	<u>22026</u>	<u>100.00</u>
Associate	Fulltime	41335	14438	25.48
	Part-Time	5356	2095	03.70
	Not In practice	106208	40121	70.82
	Sub-Total	<u>152899</u>	<u>56654</u>	<u>100.00</u>
	Grand Total	<u>229146</u>	<u>78680</u>	

Source - ICAI

Statistics – members WIRC (1-4-2015)

		Total Numbers	Western Region	% to Western Region Total
Fellows	Fulltime	63702	18401	80.57
	Part-Time	2906	855	3.74
	Not In practice	12658	3582	15.69
	Sub-Total	<u>79266</u>	<u>22838</u>	<u>100.00</u>
Associate	Fulltime	43498	15163	25.18
	Part-Time	5434	2113	3.51
	Not In practice	111776	42953	71.31
	Sub-Total	<u>160708</u>	<u>60229</u>	<u>100.00</u>
	Grand Total	<u>239974</u>	<u>83067</u>	

Source - ICAI

Important Indicators - Capital Market

Particulars	As on 31.03.2011	As on 31 st December, 2014
Brokers – Cash Segment	9,235	7,306
Sub Brokers	83,952	44,540
Brokers – Equity Derivatives	2,301	3,008
Brokers – Currency Derivatives	1,894	2,406
Mutual fund (AUM) (Rs. in Crores)	5,92,250	10,51,343
No. of listed companies – BSE	5,067	5,541
No. of beneficial owner a/cs (DP)	1,99,62,101 (As on 31.03.2012)	2,30,28,426

Source - SEBI

Resource Mobilisation - PMS

Particulars	As on 31.12.2010	As on 31 st December, 2014
Discretionary PMS (No. of clients)	67,417	38,849
Discretionary PMS (AUM)	2,67,433	6,62,464
Non -Discretionary PMS (No. of clients)	3,685	3,207
Discretionary PMS (AUM) (Rs.in Crores)	6,902	45,035
Advisory PMS (No. of Clients)	8,078	4,165
Advisory PMS (AUM) (Rs. in Crores)	88,611	1,60,885
No. of Registered PMS	267	193

Source - SEBI

Turnover and Market Capitalisation

Particulars	2010-11	Apr-Dec 2014
Cash Segment Turnover (Rs. in Crores) – BSE	11,05,027	6,23,162
Cash Segment Turnover (Rs. in Crores) – NSE	35,77,410	31,55,162
Market Capitalisation – BSE (Rs. in Crores) (As on data)	68,39,084	98,36,377
Market Capitalisation – NSE (Rs. in Crores) (As on data)	67,02,616	96,00,459

Source - SEBI

Important SEBI Regulations

Year	Regulation
2015	<u>SEBI(Procedure for Search and Seizure) Repeal Regulations, 2015</u>
2015	<u>SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015</u>
2015	<u>SEBI (Issue and Listing of Debt Securities by Municipalities) Regulations, 2015</u>
2015	<u>SEBI (Prohibition of Insider Trading) Regulations, 2015</u>
2014	<u>SEBI (Infrastructure Investment Trusts) Regulations, 2014</u>
2014	<u>SEBI (Real Estate Investment Trusts) Regulations, 2014</u>
2014	<u>SEBI(Research Analysts) Regulations, 2014</u>
2014	<u>SEBI (Foreign Portfolio Investors) Regulations, 2014</u>

Important SEBI Regulations

Year	Regulation
2013	SEBI (Issue and Listing of Non-convertible Redeemable Preference shares) Regulations, 2013
2013	SEBI (Investment Advisers) Regulations 2013
2012	SEBI (Alternative Investment Funds) Regulations, 2012
2011	SEBI {KYC (Know Your Client) Registration Agency} Regulations, 2011

Merger of FMC with SEBI

- Many Avenues



Changing Trends.....

- Checklist based audit / review
- Regulators becoming friendly
- Availability of information and guidance
- Introduction of more regulations for capital market intermediaries
- Increase in compliances and regulations
- Computerisation / Use of technology
- Increase in white collar frauds

Challenges – Capital Market

- **Regular updation of regulations / issuance of circulars**
- **Increase in Compliances – Internal Audit Reports / certification / Sample size – Knowledge of business**
- **Reduction in Fee scale – not proportion to increase in scope and volume**
- **Non availability of capable team / resources**
- **Changing attitude of clients towards audit**
- **Industry specific risk – if sector has grown, you grow, if no you don't**

Challenges – Practice in general

1. **Economical Challenges**
2. **Regulatory Challenges**
3. **Organizational Challenges**
 - i. **HR Challenges**
 - ii. **Technological Challenges**
4. **Personal Challenges**



**The secret of Change is to focus
all of your energy
not on
fighting the old,
but
on building the new**

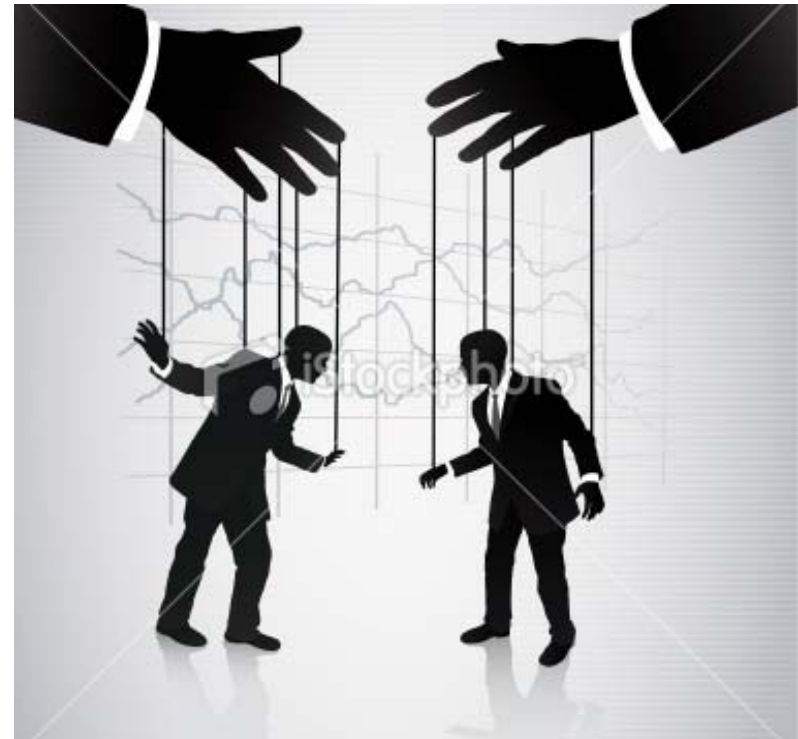
Socrates

Revisit/Re-engineer strategies

- **New clients /Prospective Clients Vs. Existing Clients**
- **Billing Patterns/ Timely Billings**
- **Faith and Understanding amongst partners and staff and their remuneration**
- **Learning soft skills**
- **Updation of knowledge /Training**
- **Traditional to technology upgradation**

a bit change in Approach

Control the Processes.....Not People



Way forward



Where do I fit myself?

Executive Strategy

Identify the challenges



Provide Vaccines



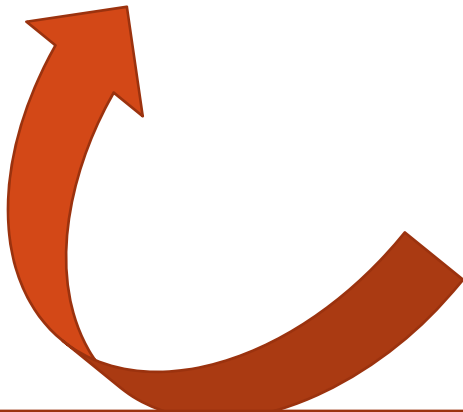
Get Immunized



Build Revenue,
Brand and
Experiences



Perform the
Work



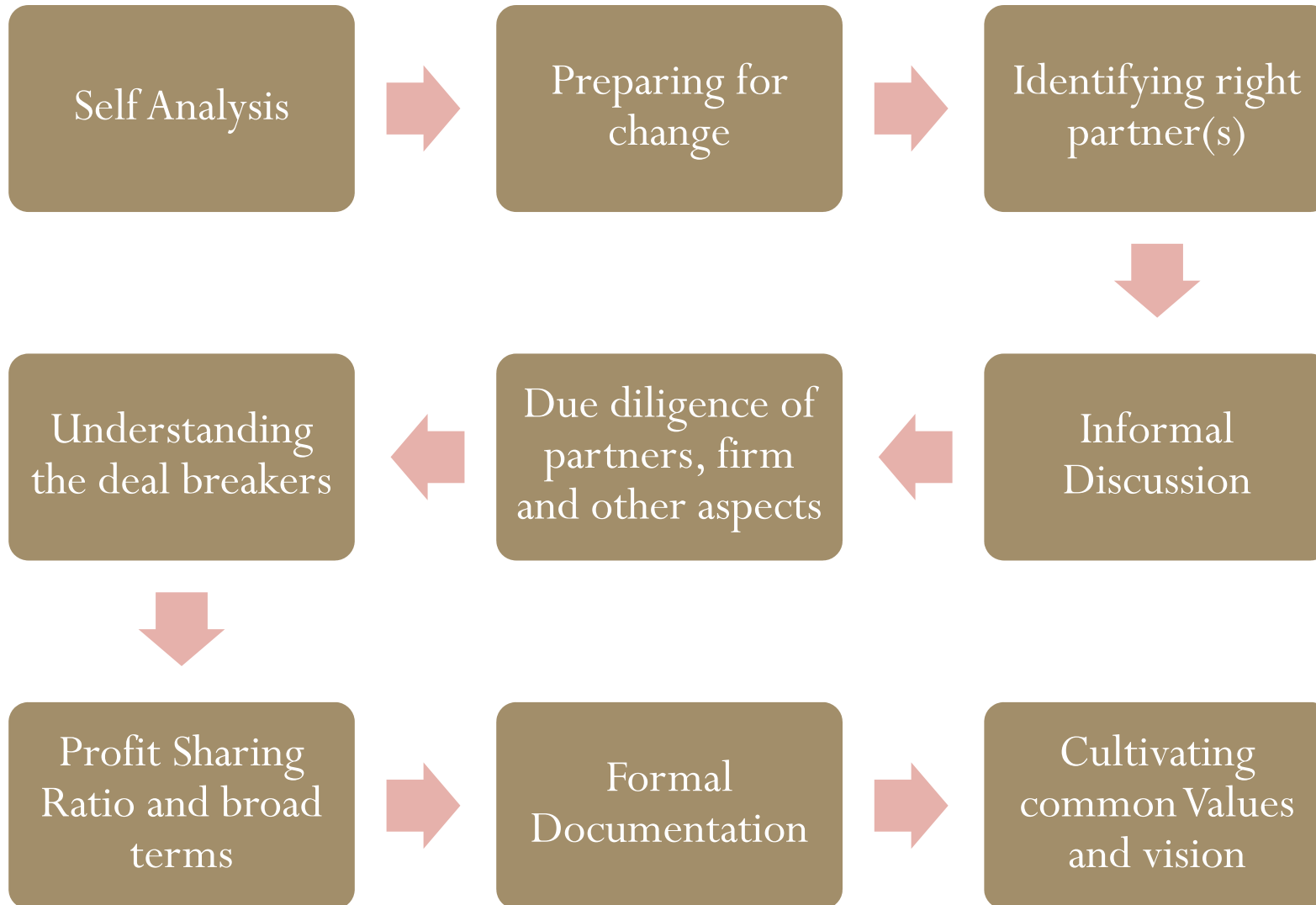
Goals can be same but strategies differs

MERGER possibilities

■ Need for merger

- Growth of client's business and expectations
- New Services/New Areas
- Increasing regulatory requirements
- Retention of key personnel
- Investment in technology and infrastructure
- “Nothing New” in life...
- Knowledge/Skill updation challenges
- Personal Limitations

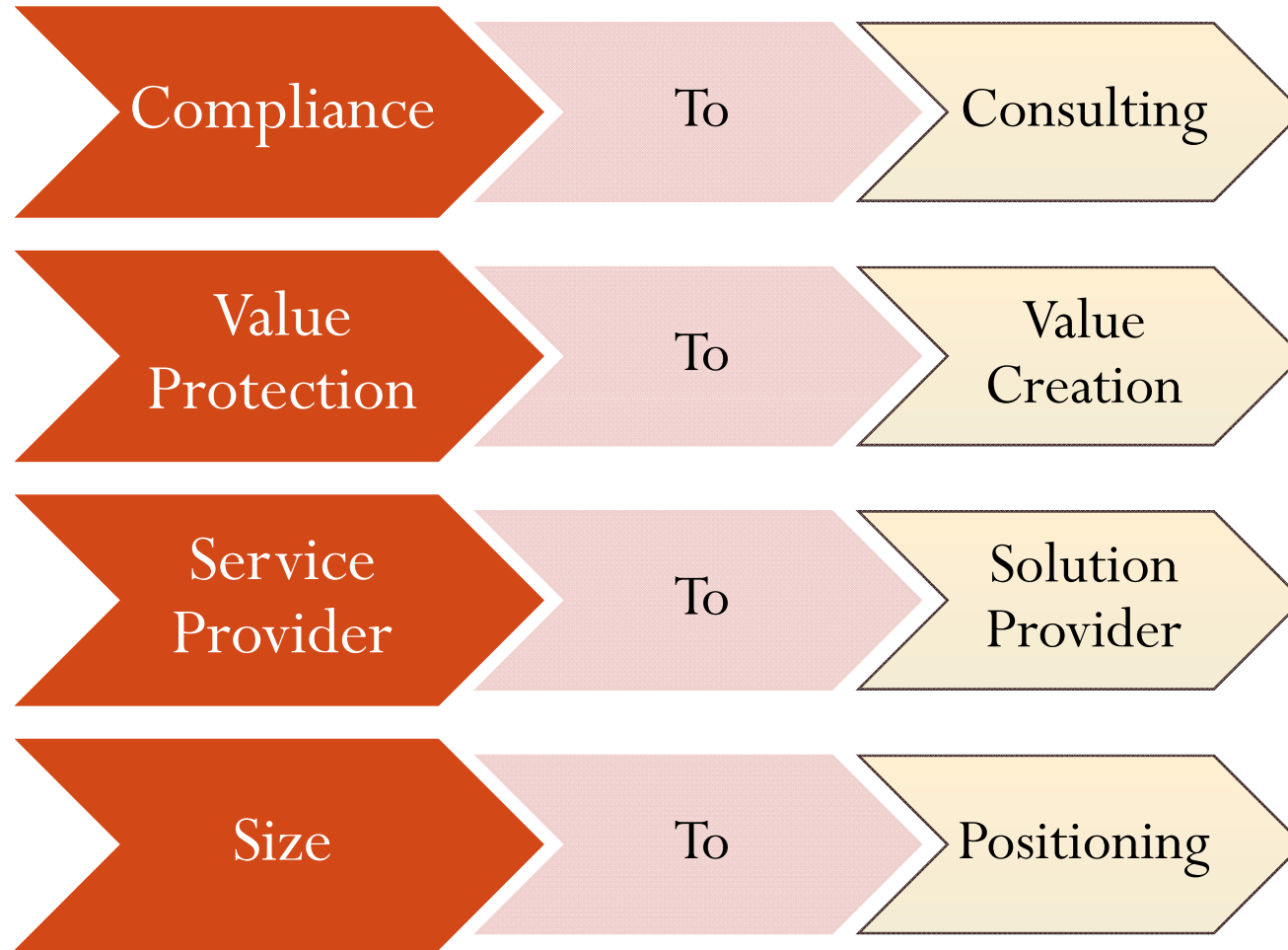
Steps for merger

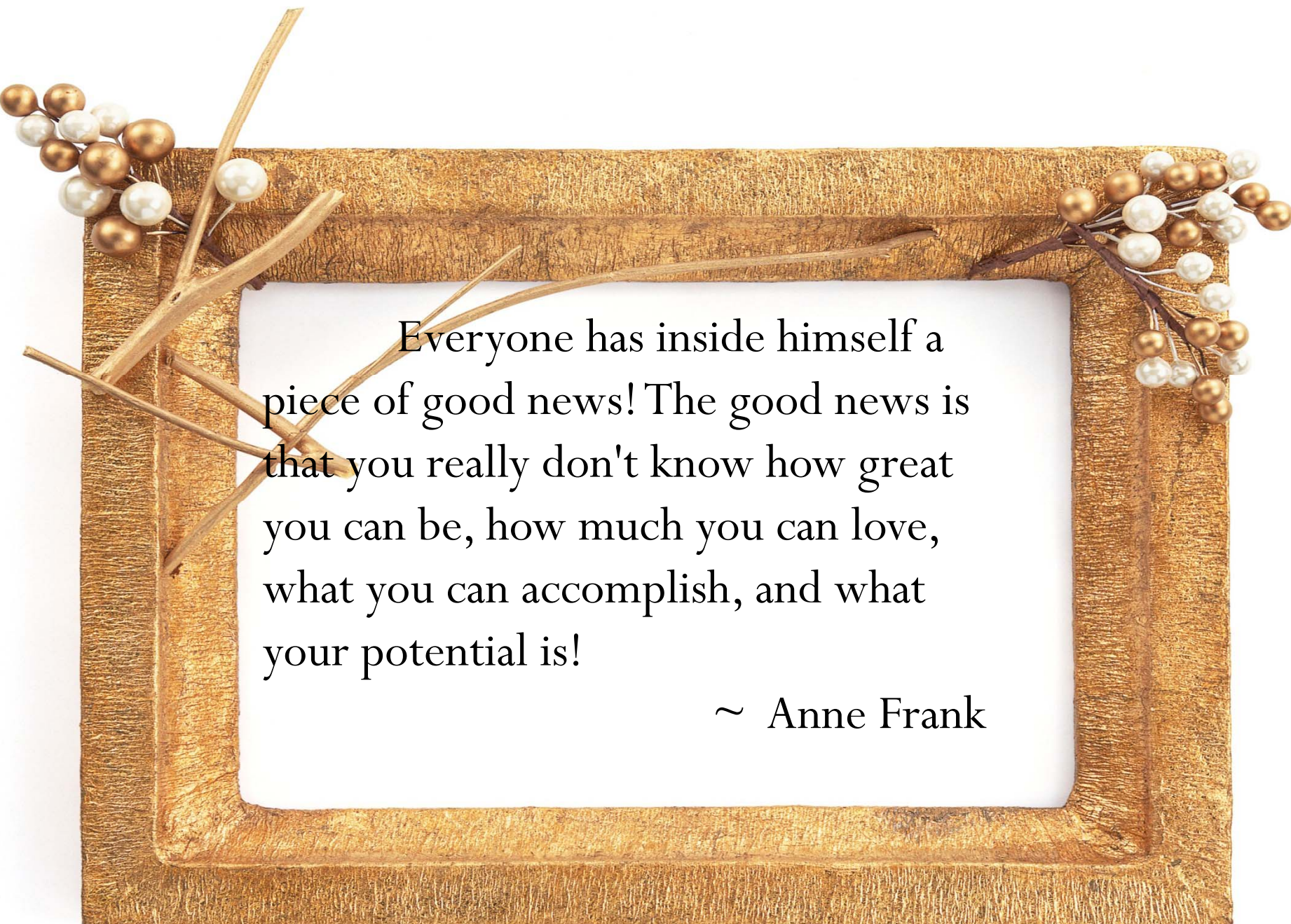


Future of Practice – Capital Market

- Internal Audit to Control definition and control settings
- Activity based consultancy in addition to sector based consultancy
- Execution and result oriented practice
- Auditing / Computing knowledge to legal Domain
- Competing with Law Houses
- Specialised services to super specialised services

Future of the profession





Everyone has inside himself a piece of good news! The good news is that you really don't know how great you can be, how much you can love, what you can accomplish, and what your potential is!

~ Anne Frank

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