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To: "Harpreet Singh Pruthi" <secy@cercind.gov.in>, "Ashutosh Sharma" <ashutosh.sharma@nic.in>

Sent: Thursday, September 28, 2023 1:52:44 PM

Subject: Stakeholder's comments on Market Coupling

Dear Sir/Madam,

(1)

Price discovery happens when/ where maximum number of market participants trade with freedom and is underpinned by high liquidity and volumes.

Therefore, in power trading, IEX can be said to be the exchange where price discovery happens in a fair manner because of high volumes and because most participants are free to trade there.

If there are multiple exchange, market forces will determine the best price through constant trading and arbitrage.

(2)

Similarly, price discovery in stocks happens in the National Stock Exchange (high volumes, liquidity and maximum number of participants). Would it make sense to have market. As there are multiple exchanges, market forces determine the best price through constant trading and arbitrage.

Does it make sense to have a market coupling mechanism for NSE, BSE, CSE, MSE, etc. by regulation? No.

(3)

How will market coupling work in power exchanges? Would you regulate that IEX price be accepted by all other exchanges because that's the most high volume/ liquid exchange (other exchanges being illiquid/ low volume will be prone to manipulation). If that is so, what is the benefit of market coupling? Isn't it better to let the system run as it is and maybe allow arbitrage between various exchanges?

(4)

IEX is almost a near monopoly with national importance. So, it is best to regulate it so that it remains a fair market place for everyone. Thats all. Allow other players to come in through normal competitive route but not through any protection or market coupling.

(5)

There's a famous saying: "if it ain't broke, don't fix it". So, it's best to let a good system continue to work and there is no point in unsettling it.

best regard

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Former Senior Executive of MNCs
and a patriotic Indian

Reply

Forward