

1. **regulatory** (adjective) – organizational, governmental.
2. **laxity** (noun) – lack of care, lethargy, remissness; the quality of being neglectful.
3. **preferential** (adjective) – special, favoured, advantageous.
4. **compliant** with (adjective) – in accordance with.
5. **provision** (noun) – term, clause, requirement/condition.
6. **norm** (noun) – standard, criterion, measure.
7. **tick-by-tick server protocol** (noun) – this protocol is used to relay data to members. The peculiar part about this protocol is how it delivers the information. Normal data protocols send data to all users connected on the network at the same time. But TBT transmits in the sequence of orders received. In other words, the user who gets the access to the system first would receive data earlier than the rest.
8. **protocol** (noun) – custom, procedure, rules of conduct.
9. **decisively** (adverb) – conclusively, finally, once and for all.
10. **fairness** (noun) – impartiality, equitability, justness, even-handedness.
11. **a level playing field** (phrase) – a situation in which everyone has the equal chance of succeeding.
12. **fraudulent** (adjective) – untrustworthy, dishonest, deceitful/untruthful.
13. **unequivocal** (adjective) – unambiguous, unmistakable; straightforward, categorical.
14. **due diligence** (noun) – reasonable, careful assessment/investigation done in advance.
15. **switch** (verb) – change, shift, convert.
16. **relay** (verb) – transmit, broadcast, impart.
17. **whistle-blower** (noun) – one who reveals others' illegal activities in public or to the government/authority.
18. **erring** (adjective) – do wrong, misbehave, misconduct oneself.
19. **bar** (verb) – block, barricade, obstruct.
20. **pendency** (noun) – dependency, something pending; something remaining undecided.
21. **tap** (verb) – draw on, exploit, use.
22. **moratorium** (noun) – an authorization to a loan borrower (debtor) allowing temporary postponement of loan repayment; a temporary suspension of something.
23. **bound to** (adjective) – certain/sure, very likely, guaranteed.
24. **magnitude** (noun) – value, measure/quantity; size/largeness.
25. **equitable** (adjective) – fair, reasonable, sensible.
26. **breach** (noun) – violation, neglect, infringement.
27. **brief** (noun) – instructions, directions, information.
28. **exemplary** (adjective) – perfect, ideal/model, flawless.
29. **soundness** (noun) – robustness, reliability, strong/solid condition.

Deserved(उचित) penalty: SEBI's 'capital' punishment to NSE

SEBI's order on the National Stock Exchange is a welcome *regulatory*(नियंत्रक) action

A four-year-long investigation into a possible scam in an Indian securities exchange has finally come to an end. The Securities and Exchange Board of India (**SEBI**) **last week ordered the National Stock Exchange of India** (NSE) to pay a fine of about ₹ 1,000 crore within 45 days for its *supervisory* (निरीक्षात्मक) *laxity* (ढील) that led to some of its broker-clients gaining *preferential* (सुविधा-प्राप्त) access to certain market data. Two former NSE chiefs have been ordered to *pay back* a part of their past

salaries as punishment for their failure to ensure that the exchange was fully *compliant* (आज्ञाकारी)with all provisions of the norms governing securities exchanges. In its order, SEBI noted that the NSE's use of the *tick-by-tick server protocol* had allowed certain high-frequency trading firms using the exchange's secondary server to receive important market data before other market participants, who were thus put at a disadvantage. While it has not yet been proven decisively that the firms with preferential access to data from the exchange managed to profit from such data, the episode raised serious questions about market fairness. After all, millions of retail investors believe that stock exchanges provide *a level playing field* (a situation in which everyone has the equal chance of succeeding.) to all the players. SEBI *ruled*(निर्णय देनेवाला) that it did not find sufficient evidence to conclude that the NSE committed a fraudulent act, but was unequivocal(स्पष्ट) in ruling(निर्णय) that the Exchange had failed to *exercise*(प्रयोग में लाना) the necessary due diligence(लगन) to ensure that it served as a fair marketplace. The fact that the NSE had opted to switch to a new data transmission system, which *relays*(प्रसारण करना) data to all market participants at the same time, prior to a *whistle-blower's*(one who reveals others' illegal activities in public or to the government/authority.) complaint in 2015 may have worked in the NSE's favour.

Despite the sizeable fine that it imposes on the NSE, the SEBI *verdict* (फैसला)must surely come as a relief to the *erring* (making errors)stock exchange for at least two reasons. First, the fact that it has not been found to have intentionally favoured certain market players over others should help it retain investor confidence. Also, the exchange, which had been barred from proceeding with its initial public offering during the *pendency*(अनिर्णय) of the SEBI *probe*(तहकीकात), will now finally be able to *tap*(use) the capital markets to fund its growth, after a six-month *moratorium*(प्रतिबंध). While there is bound to be debate about the *magnitude* (मात्रा)of the fine, overall the financial penalty is a welcome regulatory action. Millions of investors choose to do their trading on market platforms like the NSE every year in the belief that the marketplace offers an *equitable* (निष्पक्ष)environment to carry out their trades. As the markets regulator, SEBI must deal with *breaches* (उल्लंघन)of their supervisory brief by exchanges in an *exemplary*(आदर्श) manner to ensure that small investors retain confidence in the fairness and soundness of key institutions that *enable*(योग्य बनाना) a market economy.