**Virtual Stock Market**

A Stock market is a place where Stock brokers and traders can buy and sell share of stock, bonds and other securities. Large Companies will list their stocks on an exchange. This allows the stock to be more liquid thus attracting more investors. A company may have its stock listed on multiple exchanges.

To Open our own stock exchange, we need to file an application with the central government for being a “Recognized Stock Exchange” according to the guidelines provided by Security Contracts (Regulation) act, 1956.

Application for Recognizing a stock Exchange:

* To get a Stock exchange Recognized, an application in a prescribed manner has to made to the central government. This application must be with subject head of recognition of stock exchange. This should be attached with all the bye-laws and copy of all other rules that speak about the constitution of the exchange in general but must be limited to the following points:

1. Duties and power of the people in possession of some office in stock exchange.
2. The constitution of the body that will govern the stock exchange
3. The Power of the management and the procedure which is to be followed while getting business transacted
4. Procedure of admitting various call of people
5. The manner in which a partnership will be registered.

This application is to be done in SBI or treasury or RBI with a fee of Rs Five Hundred.

Grant of Recognition:

* After the application is filed the central government may conduct an inquiry in connection with the application and upon the receipt for further information it might find the requirement of the following information:
  + The bye-laws are fulfilling the objective of safeguarding the investors and ensuring fair dealing
  + The stock exchange is ready to work according to any other constraint put by the government which can only be done by consulting with the governing body of Stock Exchange. Furthermore, after considering the areas of stock exchange will serve, the nature and the type of securities that will be dealt by the exchange.
  + That recognizing the stock exchange the interest of the public as well as the trade is fulfilled. It may even recognize a stock exchange after fulfilling all the conditions attached to it.

For recognizing a stock exchange, it may lead to inclusion of various condition, some of them are as follow:

* Qualification for getting a membership or stock exchange.
* The mode in which the contract between the member and exchange will get entered and enforces
* The central government can represent itself in any stock exchange by stating individuals that must not exceed three and will be selected by the central government.
* The audit is to be done by a chartered accountant.

Power Provided to recognized Stock Exchange:

1. Establishment of a trading floor.
2. The Power of stock Exchange to draft the bye-laws for the purpose of regulation and management.
3. Power to make Direct enquiries and call for returns.

References:

<https://www.legalbites.in/recognition-of-stock-exchanges/>

Security contracts (Regulation) act 1956.