



(REVIEW ARTICLE)



## Analysis of the clearing mechanism of capital markets of USA, the regulations in the derivative segment, major hiccups in the last 10 years and a comparison of sectoral performance and expected performance in the near future

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### Abstract

A crucial component of any financial market is the clearing system. It is the method used to match and settle deals, assuring the protection of all parties engaged in a transaction. The Securities and Exchange Commission (SEC) in the United States regulates the clearing system for the stock market, while the Commodity Futures Trading Commission (CFTC) regulates the clearing system for the commodity market. In response to changes in the market and hazards, the laws governing the derivatives sector have changed throughout time. Derivative markets have been subject to much more regulation since the 2008 financial crisis. This occurred as a result of the perception that derivatives had a significant role in the crisis. In the past ten years, there has been some fluctuation in the stock market's and commodities market's sectoral performance in the United States. The S&P 500 index has increased in value by more than double, signaling generally positive stock market performance. The commodity market, on the other hand, has been more erratic, with some commodities, like gold and oil, seeing huge price changes. In the short future, it is difficult to predict how the stock market and commodities markets will perform. While some analysts predict that the stock market will continue to do well, others think a correction is almost due. The commodities market is predicted to be unstable as well, with prices influenced by a variety of variables such as supply and demand, economic expansion, and geopolitical developments. This research paper will examine the clearing system for the US stock and commodities markets, the rules governing the derivatives market, significant setbacks during the past ten years, and a comparison of recent sector performance and anticipated performance. The ramifications of these discoveries for the future of the financial markets will also be covered in the discussion.

**Keywords:** Capital Markets; Cleaning Mechanism; Derivative Markets; USA

### 1. Introduction

In order to safeguard all parties engaged in a transaction, transactions are matched and completed through the clearing mechanism of the stock market and commodities market.

When a trader issues an order to purchase or sell an asset or commodity, the clearing procedure gets started. The clearinghouse then receives the order and matches it with the purchase and sell orders. The clearinghouse becomes the counterparty to both trades after the orders are matched. This implies that the clearinghouse has a duty to both deliver the securities or commodities to the purchasers and to pay the sellers. Each clearing member's margin account is also kept up to date by the clearinghouse. The clearing members' ability to fulfil their obligations is ensured by the margin account (Bhardwa-2023). The money in the margin account can be used by the clearinghouse to offset losses in the event that a clearing member fails (Bedarkar, 2020). The stock market and commodity markets cannot run well without the

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clearing procedure. It aids in risk mitigation and investment protection(Bedarkar 2018). The steps that make up the clearing process for the US stock market and commodity market are as follows:

- An order to purchase or sell a securities or commodity is placed by a trader.
- The clearinghouse receives the order.
- The purchase and sell orders are matched by the clearinghouse.
- Both deals now have the clearinghouse as their counterparty.
- Each clearing member has a margin account with the clearinghouse.
- The deals are settled by the clearinghouse.

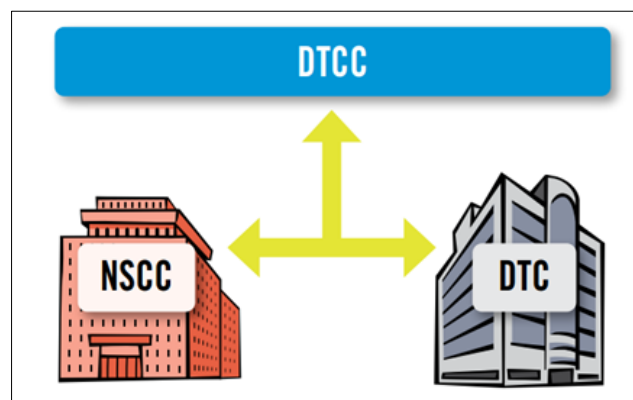
The cleansing procedure usually takes a day to complete. However, the clearing procedure may take longer for other trade types, such as futures and options(Brahmankar,2022). The Securities and Exchange Commission (SEC) for the stock market and the Commodity Futures Trading Commission (CFTC) for the commodity market are in charge of regulating the clearing system in the USA. These organizations are in charge of making sure the clearance procedure is just and effective(Chinmulgund,2023).

The derivative markets are governed by a multitude of laws and regulations established by the CFTC and the SEC, including reporting, margin, and capital requirements(2021). These rules are intended to safeguard investors and forbid the use of derivatives in market manipulation or fraud. Several additional organizations, in addition to the CFTC and the SEC, are involved in overseeing the derivatives market(Gupta,2021). These businesses consist of:

- Broker-dealer operations are governed by the Financial Industry Regulatory Authority (FINRA), a self-regulatory body.
- NFA, or the National Futures Association The NFA, a self-regulatory organization, controls the actions of introducing brokers and futures commission merchants.
- The International Swaps and Derivatives Association (ISDA) is a trade organization that creates and disseminates derivatives market material.

## 2. Comprehensive analysis of clearing mechanisms

It is already established that the Securities and Exchange Commission (SEC) in the United States regulates the clearing system for the stock market, while the Commodity Futures Trading Commission (CFTC) regulates the clearing system for the commodity market(Gupta,2021).. But, the body that actually provides clearing, settlement, risk management, central counterparty services and a guarantee of completion is the DTCC (Depository Trust & Clearing Corporation). In 1973, the Depository Trust Company (DTC) was created. DTC holds securities on behalf of its participants. This means that participants do not have to physically hold securities, which can reduce risk and cost(Gupta,2021).The DTC also provides book-entry transfers, which are electronic records of securities transactions. In 1976, the National Securities Clearing Corporation (NSCC) was created. A central counterparty (CCP) that ensures the success of securities trading is the NSCC. This means that the NSCC will take over to complete the obligation if one party to a transaction defaults. Additionally, the NSCC offers risk management services including collateralization and margin requirements. In 1999, DTC and NSCC were combined to form Depository Trust & Clearing Corporation (DTCC). Today, NSCC and DTC are fully owned subsidiaries of DTCC(Gupta,2021)..



**Figure 1** Ownership Structure of DTC & NSCC

The DTCC subsidiaries NSCC, DTC, and FICC were recognized as Systemically Important Financial Market Utilities (SIFMUs) under Title VIII of the Dodd-Frank Act by the US Financial Security Oversight Council in July 2012. The justification behind this was that if any one of these subsidiaries failed or had some sort of disruption, there would be a greater chance that serious liquidity issues would spread to other financial institutions or markets, endangering the stability of the whole global financial system. Due to this categorization, the corporation is subject to stricter US regulatory supervision and is required to adhere to set risk management criteria. Counterparty risks are greatly reduced by the trade guarantee that NSCC provides. As a central counterparty (CCP), NSCC is available. Trades are received by NSCC in almost real time, and following verification, they are guaranteed. As the CCP, NSCC takes on the roles of both the buyer and the seller for each and every transaction(Ibrahim 2023). At that time, NSCC ensures deal completion no matter what transpires with either of the trading parties. Recently, DTCC suggested that settlement be sped even further, to T+1, and is now working on Project Ion, an alternative system that digitizes securities and can settle on T+0. Less risk exists in the system the earlier trades are NSCC-guaranteed and DTC-settled(Gupta,2021).

**Table 1** Features of NSCC and DTC

Feature	NSCC	DTC
Role	Central counterparty	Securities depository
Guarantees	Completion of securities trades	Safekeeping of securities
Provides	Risk management services	Book-entry transfers

Clearing Mechanism: Key components of clearing and settling securities transactions include

- Matching and
- Netting. Continuous Net Settlement (CNS),

A completely automated accounting system used by NSCC, is essential in assisting in the overall reduction of the amount of trade obligations requiring financial settlement. Currently, 98% of all trading obligations that take place on a typical day on US equities markets don't involve the exchange of money.

- **Matching:** The first and most important stage in making sure that assets and the funds needed to buy them will be exchanged within the appropriate period is matching, or comparing, the specifics of a transaction(Khatwani 2021). This is how it goes: Your broker at Firm A will place an order to purchase 100 shares of XYZ stock if you instruct them to do so. An order to sell XYZ is filled in the trading system of another company, let's say Company B, in response to a client's request(Khatwani 2019). A reciprocal order to sell 100 shares of XYZ stock will appear on its records. However, you should be aware that different trading platforms conduct order fulfilment in slightly different ways, and that businesses can execute trades using securities in their own inventories. However, the broker in charge of the transaction must make sure the investor receives the best deal possible. The purchase order is automatically electronically matched to the sell order at the market or exchange as the last stage in the deal. The order is finalized, or locked in, and sent from the trading venue to NSCC if the details match. NSCC subsequently sends an electronic notification to the trading businesses to confirm receipt of the transactional information. The businesses are obligated legally to finalize the transaction by this message Khatwani,2023).
- **Netting:** NSCC delivers a summary of all of its securities transactions to be settled on T+2 to each participating broker/dealer twice on the evening of the trading date (T) and once in the late morning of the following day. The report also displays the firm's position as either a net seller (when the firm's customers have sold more shares of a certain asset than they have bought) or a net buyer (when the firm's clients have acquired more shares of a security than they have sold). Netting, or automatically balancing the firm's buy orders on a particular security against its matching sell orders for that security, yields these positions of net seller and net buyer(Khatwani,2023). The matching settlement dates of each security are used to calculate the net buys and sells. Netting seeks to reduce the quantity and cost of transactions that must be made between companies to settle their deals. Let's say, for instance, that Firm A had 100 clients who were buying and selling shares of the stock XYZ. By balancing shares purchased against shares sold, the great majority of these deals may cancel each other out through netting(Mishra,2023).

Although it is theoretically possible for a company's trades in a certain security to net out exactly, this is not very frequent. Therefore, NSCC may notify Firm A at various points on T and T+1 that it is a net seller of 500 shares of XYZ and must deliver those shares to fulfil its commitment(Mishra 2021).

When a securities transaction is completed on the settlement date (T+2), everything comes together. It is the day that ownership and money are transferred. Settlement is not a natural process. However, NSCC and DTC have set up a procedure to guarantee it. Financial institutions are informed in advance of the NSCC's final cash and securities commitments (Mishra 2017). Additionally, it provides DTC with an electronic summary of transaction information, including any brokerage accounts that require updating to reflect ownership changes. DTC can check what is available in the brokerage company's account at DTC in order to transfer ownership when securities are due from the firm as the net seller. A firm is nevertheless required to make delivery even if securities that are due on the settlement date are not provided.

The settlement price of the undelivered security is adjusted to reflect the current market price, which may be greater or lower, and is then transferred to the party that is due the difference through a procedure called marking to market. If required, NSCC gathers further collateral to pay the price rise. This is done in order to reduce the elevated chance of non-delivery (Nair, 2019). The company may, for instance, buy the securities, borrow them, or refund securities that were lent to it. These securities are used by the company to first pay down existing commitments. All securities that fail to deliver (FTD) must be closed by the morning of the day after the settlement day in accordance with current SEC regulations (Rule 204). In order to further minimize risk and the amount of margin that Members are needed to post with the clearinghouse, DTCC started evaluating reducing the settlement period to T+1 in conjunction with industry organizations in 2020. Following consultation, a comprehensive roadmap outlining the required operational and legal changes - which calls for switching to T+1 - was created (Mishra, 2023).

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### 3. Regulations in the derivatives segment

In addition to the CFTC and the SEC, there are a number of other organizations that play a role in regulating the derivatives market. These organizations include:

**FINRA (Financial Industry Regulatory Authority):** The United States' securities business is governed by the Financial Industry Regulatory Authority (FINRA), a nonprofit organization. Congress established FINRA in 1975 to safeguard investors and maintain the integrity and effectiveness of the securities markets. Broker-dealers and investment advisers pay fees to FINRA, which is supported by the securities industry. The Securities and Exchange Commission (SEC) is in charge of FINRA because it is a self-regulatory organization (SRO). Here are a few of the specific tasks carried out by FINRA:

- **Writing and enforcing regulations:** FINRA writes and upholds laws that regulate how broker-dealers, investment advisers, and securities exchanges operate. These rules seek to protect investors while preserving the effectiveness and fairness of the stock market.
- **Inspections:** FINRA inspects broker-dealers and investment advisers to make sure that the rules are being followed. These tests are designed to identify any potential problems and, if necessary, take corrective action. Companies and people that violate the rules may face FINRA penalty. Penalties for this might include fines, reprimands, or the loss of a licence.
- **Investor education and information:** To help investors make informed investment decisions, FINRA provides investor education and information.
- **Resolving Disputes:** FINRA settles disagreements between investors and securities companies. This might entail arbitrating or resolving disagreements.

**NFA (National Futures Association):** In the US, the futures market is governed by the National Futures Association (NFA), a self-regulatory organization (SRO). Congress established the NFA in 1982 to safeguard investors and maintain the efficiency and fairness of the futures markets. The NFA accomplishes its mission through a variety of activities, including:

- Writing and enforcing rules governing the activities of futures commission merchants (FCMs), introducing brokers (IBs), and commodity trading advisors (CTAs).
- Conducting examinations of FCMs, IBs, and CTAs to ensure compliance with the rules.
- Disciplining firms and individuals who violate the rules.
- Providing investor education and information.
- Resolving disputes between investors and futures firms.

**ISDA (The International Swaps and Derivatives Association):** A trade organization that creates and disseminates derivatives market documentation is the International Swaps and Derivatives Association (ISDA). To encourage standardization and clarity in the derivatives markets, the ISDA was established in 1985 (Nair, 2019). The technical

duties of the ISDA are crucial to the efficient and effective operation of the derivatives markets. The uniform paperwork provided by the ISDA lowers legal risk and makes trading easier. Market players may make wise judgements with the support of the ISDA's market data and analysis. Promoting best practices by the ISDA helps to lower risk and safeguard investors. The research of the ISDA aids in educating both the public and its members. The dispute resolution services offered by the ISDA assist market players in resolving disputes. The documentation standards developed by ISDA that used in the derivatives market are:

- **ISDA Master Agreement:** The ISDA Master Agreement is a standard contract that is used for the majority of over-the-counter (OTC) derivatives transactions. The ISDA Master Agreement includes provisions for credit support, termination, and other matters.
- **ISDA Definitions:** The ISDA Definitions are a set of standard terms and definitions that are used in the derivatives markets. The ISDA Definitions help to reduce ambiguity and to facilitate trading.
- **ISDA Fallbacks:** The ISDA Fallbacks are a set of provisions that are used to fill in gaps in the ISDA Master Agreement. The ISDA Fallbacks help to ensure that transactions can continue even if there are unforeseen events.
- **ISDA Credit Support Annexes:** The ISDA Credit Support Annexes are a set of documents that are used to provide credit support for derivatives transactions. The ISDA Credit Support Annexes help to reduce counterparty risk.

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#### 4. Major hiccups in the us capital markets in the last 10 years

The US capital market is intricate and dynamic. There will thus inevitably be snags every now and again. These interruptions have been brought on by a number of things, including market volatility, human mistake, and technical hiccups. Regulators' aim is to guarantee that the markets remain fair and effective while minimizing the effects of these blips(Nair,2021). The US capital market is a tough market that has already survived several hurricanes. The setbacks of the previous ten years, however, have brought attention to the necessity of ongoing reform and vigilance. To overcome these obstacles and make sure that the US capital market continues to be the most active and effective in the world, regulators and market players are working together. Let us take a look at some of the major hiccups that the US capital markets have faced in the last 10 years:

- **The 2010 flash crash:** On May 6, 2010, the Dow Jones Industrial Average (DJIA) fell approximately 1,000 points in a matter of minutes, which was a significant occurrence known as the 2010 flash collapse. Combinations of variables, including algorithmic trading and a lack of market liquidity, led to the flash crash. Around 2:42 p.m. EDT, a sizable sell order for E-mini S&P 500 futures contracts was placed, signaling the start of the flash collapse. In reaction to the stock price decrease, algorithmic trading programs sold more shares as a result of this sell order. The lack of liquidity in the markets, which meant that there weren't enough buyers to fill the sell orders, increased the selling pressure. At 2:45 p.m. EDT, when the DJIA fell more than 1,000 points, the flash crash peaked. The New York Stock Exchange (NYSE) stopped trading for two minutes due to the decline's severity. At 2:47 p.m. EDT, trading began, and the markets swiftly rebounded. The DJIA lost 347.80 points, or 2.92%, on the day.
- **The 2015 Knight Capital Group trading outage:** A significant incident called the 2015 Knight Capital Group trading outage took place on August 1 of that year when a software flaw led to the corporation exchanging billions of dollars' worth of equities incorrectly. The failure significantly disrupted the markets and resulted in billions of dollars in fines for Knight Capital Group. The high-speed trading company Knight Capital Group had a software error on the morning of August 1, 2015, which led to incorrect orders being sent out by its trading systems. These orders, worth over \$4 billion, were placed for 150 different stocks. The values of these equities fluctuated drastically as a result of the incorrect orders. Prices for certain stocks fell by as much as 90%. Several of these equities' trading on the New York Stock Exchange (NYSE) had to be halted. Even though Knight Capital Group was able to reverse the majority of the incorrect purchases, it was still left with a \$440 million cost. 600 people had to be let go, and the business had to be sold to Getco for \$1.4 billion(Sunil-2018).
- **The 2017 Chicago Mercantile Exchange (CME) outage:** A significant incident happened on February 5, 2017, when a power failure forced the Chicago Mercantile Exchange (CME) to suspend trading for a number of hours. The market disruption brought on by the outage resulted in the CME having to pay millions of dollars in fines. The Aurora, Illinois, data center of CME experienced a power interruption early on February 5, 2017. Trading was suspended for a period of time as a result of the trading systems of the exchange becoming unavailable. The interruption had an impact on futures, options, and swap trading, among other products. According to the CME, the exchange lost \$500 million in income as a result of the downtime(Sunil,2021). The Commodity Futures Trading Commission (CFTC) penalized the CME \$20 million for the outage. According to the CFTC, the CME did not effectively safeguard its systems against power interruptions. A significant

occurrence like the CME outage brought to light the dangers of depending heavily on technology in the financial markets. It also sparked a number of reforms, such as the adoption of fresh guidelines for regulating the robustness of trading systems.

- **The Enron Scandal:** In the 1990s and the early 2000s, Enron was a significant player in the derivatives market. The corporation employed futures to reduce its risk exposure, but it also manipulated results and disguised debt using them. Derivatives were used by Enron in a convoluted and opaque way. The corporation disguised its debt and inflated its profitability by using special purpose organizations (SPEs). Investors found it challenging to understand the entire scope of Enron's financial risk since the SPEs were not consolidated on the company's balance sheet. Derivatives were ultimately responsible for Enron's demise. Due to the company's complicated financial structure, it was challenging for investors to evaluate the risks involved. The value of the company's shares fell after its debt issues were revealed, and Enron declared bankruptcy in December 2001. The derivatives market underwent several adjustments as a result of the Enron incident. More power was granted to the Commodity Futures Trading Commission (CFTC) for market regulation, and new guidelines were implemented to increase market transparency. The Enron incident brought the dangers of employing derivatives to light. Although derivatives may be a potent tool for managing risk, they can also be employed for speculation and debt hedging and investors must understand the risks associated with the derivatives market.
- **AIG's CDS case:** Due to its usage of credit default swaps (CDS), American International Group (AIG), a significant insurance provider, came dangerously close to going out of business in 2008. A sort of derivative known as CDS enables an investor to protect themselves against a debt obligation's default. Loans given to customers with bad credit records are known as subprime mortgages, and AIG sold CDS on these loans for billions of dollars. Many of these mortgages fell behind on payments when the housing market crashed in 2007, leaving AIG to pick up the tab for enormous sums of money. AIG almost went bankrupt as a result of its CDS losses, which were extremely substantial. The \$182 billion in loans provided by the US government to save AIG from bankruptcy was the largest bailout of a private business in the history of the US. The hazards of employing derivatives were emphasized by AIG's usage of CDS. Although derivatives may be a potent tool for managing risk, they can also be employed for speculation and debt hedging. Before utilizing derivatives, investors must thoroughly comprehend the risks involved.

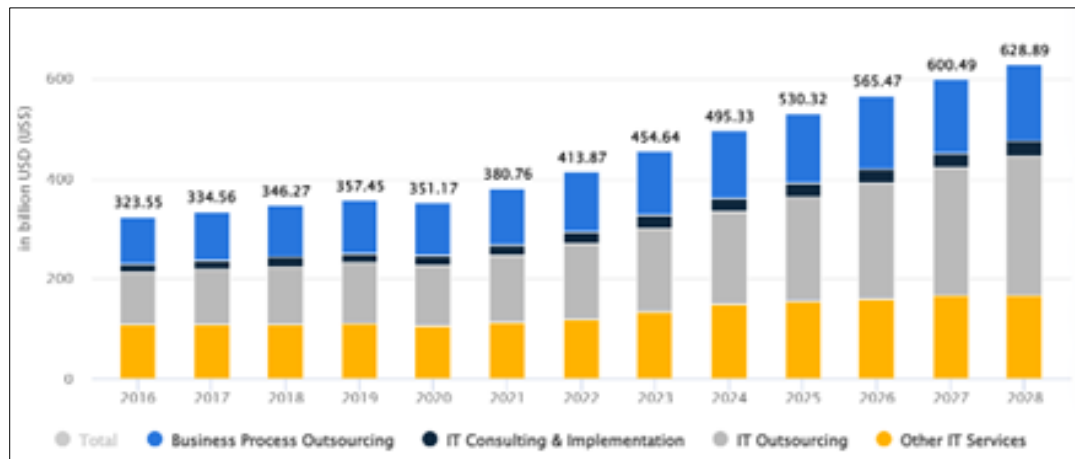
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## 5. Sectoral performance: History and the future

For the scope of this research report, five sectors of the US economy has been considered to discuss about the sectoral performance over the last few years as well the estimated performance in the near future. The following sectors have been analyzed:

- **Technology Sector:** In the past ten years, the US capital markets have seen some of the finest performance from the technology industry. The growth of cloud computing, artificial intelligence, and other disruptive technologies has propelled the sector.

In recent years, the technology sector has done significantly better than the overall market. Over the last five years, the S&P 500 Information Technology index has gained 350% whereas the S&P 500 has only returned 185%. In the foreseeable future, it is anticipated that the technology industry will continue to do strongly. The industry is anticipated to gain from the continuous development of artificial intelligence, cloud computing, and other disruptive technologies. But there are certain dangers in the IT industry. The industry is growing more and more consolidated, which is one problem. Over half of the S&P 500 Information Technology index's market value comes from the top 10 technology businesses. The industry can be more susceptible to shocks as a result of this concentration. The fact that the IT industry is being subjected to more regulation is another concern. Governments from all around the world are paying more attention to the technology industry, especially in areas like data privacy and antitrust. The performance of the industry can be affected by this rule. some of the factors that are likely to drive the performance of the technology sector in the near future are: the rise of artificial intelligence, the increasing demand for data, the development of new technologies related to industry 4.0.



**Figure 2** Revenue data by sub-sectors of the technology sector

- **Healthcare Sector:** US healthcare costs greater than those in most other nations. The Commonwealth Fund estimates that the US spent close to 16.8% of its GDP on healthcare in 2019. Switzerland spent 11.3% more than Germany, which came in second place with spending of 11.7%. Here are some of the key elements that are anticipated to influence the healthcare sector's performance in the near future(Babar-2023):
  - Ageing US population: As a result of the country's ageing population, demand for healthcare services is rising. According to US Census Bureau predictions, there will be 88.5 million individuals aged 65 and older in the world by the year 2050, up from 46.2 million in 2019. The demand for healthcare services such as prescription medications, medical gadgets, and long-term care is anticipated to rise as the population ages.
  - Rise of new healthcare technologies: The development of new technologies has the potential to completely transform the healthcare industry. Examples include gene editing and artificial intelligence. New remedies for illnesses like cancer and Alzheimer's disease might be developed using these technologies. They could also improve the effectiveness and affordability of healthcare.
  - Increasing focus on preventive care: Preventive care is receiving more attention, and it is anticipated that this would increase demand for healthcare services. Vaccinations, tests, and dietary adjustments are examples of preventive care. It can aid in disease prevention and better health outcomes.
- **Financial Sector:** Here is a look at how the financial industry has performed over the past ten years on the US capital markets:
  - 2010–2019: From 2010–2019, the financial sector underperformed the overall market. Over the course of the decade, the S&P 500 index increased by 250% while the banking sector index only increased by 70%.
  - 2020: As a result of investors looking for safe havens during the COVID-19 epidemic, the financial industry profited strongly in 2020. In 2020, the financial sector index increased by 15% while the S&P 500 index only increased by 16%.
  - 2021: As the economy recovered from the epidemic, the financial sector continued to prosper strongly in 2021. In 2021, the S&P 500 index increased by 28% while the banking sector index increased by 20%.

The factors that are going to be the drivers of growth of the financial sector are:

- Economic recovery: The US economy is predicted to keep growing in the foreseeable future, which would increase demand for financial services.
- Low interest rates: It will be simpler for firms to borrow money and invest in the future since interest rates are predicted to stay low.
- Technological advancement: It is anticipated that technological advancement will continue to fuel growth in the financial industry. New goods and services like robo-advisors and digital banking will result from this.
- Regulatory adjustments: In the near future, it is anticipated that the financial sector's regulatory environment will stabilise. Banks will find it simpler to take risks and expand their operations as a result.

- **Consumer Discretionary Sector:** Companies that create and market non-essential products and services make up the consumer discretionary industry. Businesses in the retail, entertainment, and travel sectors are included in this. In recent years, the consumer discretionary sector's performance on the US financial markets has been inconsistent. In the early 2010s, the sector outperformed the overall market, but it has lagged behind in subsequent years. The consumer discretionary sector has recently performed poorly for a number of reasons. The growth of online purchasing is one factor. The ease with which people may now purchase products and services online has harmed traditional brick-and-mortar retailers. The fall in travel is another factor contributing to the consumer discretionary sector's poor performance. The COVID-19 epidemic and the growing expense of flight are only two of the reasons why tourism has decreased. The consumer discretionary sector is anticipated to perform well in the foreseeable future despite its recent underperformance. The industry is anticipated to gain from the robust US economy, growing consumer disposable income, rebounding travel demand, and the growth of e-commerce, which will offer up new opportunities for the consumer discretionary market.
- **Industrials Sector:** The Industrials industry has seen considerable difficulties in recent years for a variety of reasons, including
  - The development of technology: Traditional sectors like the industrial and car industries are being disrupted by this development. Companies in these sectors are being forced to change or run the danger of falling behind.
  - Regulation: The industrial sector is governed by a number of laws, including those pertaining to safety and the environment. The cost of doing business and the profitability of enterprises in the industry may both rise as a result of these restrictions.
  - Uncertainty in geopolitics: Uncertainty in geopolitics, like the conflict in Ukraine, may stymie supply chains and reduce demand for goods and services. The Industrials sector's performance may suffer as a result.

Despite these challenges, global economic growth, expected stable commodity prices, investment in infrastructure by governments around the world and the growing demand for sustainable products and services are primarily going to drive growth in the industrials sector.

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## 6. Conclusion

Following an examination of the numerous US capital markers, the following is an illustrative summarization: Clearinghouses, exchanges, and banks are only a few of the many participants in the intricate clearing system used by the US financial markets. The rules governing the derivatives market are intended to safeguard investors and reduce systemic risk. The significant setbacks over the past ten years have brought attention to the necessity of ongoing reform and monitoring. The US capital markets' sectoral performance over the past ten years has been uneven, with some sectors doing well and others not so much. However, the anticipated performance in the near future will be influenced by a variety of variables, such as the direction of the world economy and the rate of technological advancement.

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## Compliance with ethical standards

### *Disclosure of conflict of interest*

No conflict of interest to be disclosed.

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