**Inaugural Address by**
**Shri Tuhin Kanta Pandey, Chairman, SEBI**
**"Driving Growth through Innovation, Technology and Transparency"**
**FICCI - 22nd Annual Capital Markets Conference 2025**
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Shri Anant Goenka, Senior Vice President, FICCI, Shri Sunil Sanghai, Chairman, FICCI Capital Markets Committee, Ms. Abha Seth, Assistant Secretary General, FICCI, Shri Ashishkumar Chauhan, MD & CEO, NSE, Shri Vijay Chandok, MD & CEO, NSDL, Shri Nehal Vora, MD & CEO, CDSL, leaders of India Inc., market participants, members of the media, ladies and gentlemen!

I am delighted to be here at CAPAM 2025. Thank you, FICCI, for the opportunity to share my views on the conference theme - '*Driving Growth through Innovation, Technology, and Transparency'*. This theme is not merely a catchphrase - to me, it is a collective paradigm that the capital market ecosystem needs to adopt and achieve.

Today's deliberations in several sessions are for constructive engagement and reflection; for asking questions and finding answers; for identifying challenges and opportunities; and for raising doubts and providing solutions.

**Growth: Depth, Diversity, Durability**

As you we all know, Indian securities market has scaled rapidly. We are looking good on several key parameters, such as:

- number of unique investors (~13 crore), mutual fund investors (5.6 crore)
- healthy primary market (₹4.3 lakh crores raised in FY25),
- a strong fund raising pipeline (₹1.40 lakh crores can be raised going ahead[1]),
- equity assets held by FPIs (~72 lakh crores[2]), and
- ownership in listed entities by domestic investors (~19.2% for June '25 quarter[3]).

We have growth momentum with us. It is time to convert it into a flywheel - Robust Regulatory Framework → Increased Transparency and Technology → Trust in the System → Greater Investor Participation → Deep and Liquid Market → Better Price Discovery → Lower Cost of Capital → Greater Investment and Innovation.

I note that there are interactive sessions on two critical areas - "Financing the Future" and "Sustained Capital Formation amidst Rising Domestic Participation". I am sure the panelists will provide their valuable insights on a range of issues, such as:

[1] Internal SEBI estimates
[2] NSDL FPI Monitor
[3] National Stock Exchange

- mutual funds, AIFs and other new instruments,
- corporate bond market,
- municipal and infrastructure financing,
- investor awareness and education, and
- responsible, diversified investing.

Key questions for you to reflect today:

*Which reforms are necessary to incentivize and actively engage capital-issuers and long-term investors on a sustained basis for faster capital formation?*

*Are our incentives, disclosures, controls, boards and capabilities aligned to our aspirations of a much larger and deeper capital market? What efforts do we need to make?*

**Innovation: Cut Friction. Deepen and diversify markets.**

Innovation in capital market must lower friction and compliance cost for issuers, investors, and intermediaries while managing the risk. It should also provide diverse range of opportunities depending upon risk-appetite. That is the bar we must set for ourselves.

At SEBI, we have worked to shorten IPO timelines; to enable safeguards such as blocking of funds and direct payout; and to establish digital processes that reduce cost and time for everyone. The UPI Valid sub-system for SEBI registered intermediaries will soon be rolled out as a verified payment channel to protect investors in securities market from cyber frauds. These steps matter to first-time investors and to institutions that manage risk.

Innovative regulatory approach has helped establish new asset classes, new class of investors and new methods of raising risk capital. AIFs, REITs, InvITs, SIPs, SIFs, PMS- these acronyms now occupy important place in Indian capital market. We need to constantly create new products and new opportunities, while co-creating with industry and investors, optimum regulations for such growth areas.

With a booming IPO market, investors are eagerly anticipating what's next. Yet pre-listing information is often not enough for investors to take an investment decision. Can we think of an initiative, on a pilot basis - for a regulated venue where pre-IPO companies can choose to trade, subject to certain disclosures?

Here are some key challenges:

*Which are the unnecessary processes and the pain points that cause avoidable friction in fund-raising, disclosures, and investor onboarding - and how they can be removed?*

*Which emerging areas, products and asset classes can be developed for creating both demand and supply of capital?*

## Technology: A Trust Multiplier, Not a Showpiece

Indian capital markets have constantly evolved technologically. Great tech starts with having the core infrastructure in place - reduced settlement timelines, direct pay-outs, resilient MII systems, market surveillance, and grievance systems. SEBI has been in the forefront of applying and promoting SupTech and RegTech solutions. That is how investor trust multiples.

But trust fails at the edge where investors meet the market. There are many instances of Fake apps, cloned web sites, and unregistered entities misleading investors. We are working with social platforms to take down misleading market content before damage spreads. We will intensify our investor awareness and education campaigns on pernicious cyber-frauds.

SCORES has been revamped to cut grievance timelines. SMART ODR is live and has resolved ~ 7000 disputes worth ~ ₹500 crores[4]. These are safety nets that give first-time investors the confidence to stay invested.

On the industry side, we expect clean edges - no unregulated advice, clear and timely disclosures, and visible SEBI registration details on every app, site, and social media handles.

We have to address the rise of Artificial Intelligence. AI has the potential to unlock new forms of customer engagement, enable alternate approaches to risk assessment and monitoring, fraud detection, and financial inclusion. At the same time, increased adoption of AI could amplify existing challenges to data protection and cybersecurity, among others.

We have to think of AI as an assist, not a substitute for judgment. SEBI's proposed guiding principles for AI/ML emphasize a tiered approach, data and cyber controls, and clear accountability[5]. RBI's FREE-AI Committee Report also complements this[6]. The message from Regulators is consistent - adopt AI but with safeguards.

Quick question: *Are our organisations and boards equipped to guide on responsible AI adoption? To balance innovation with accountability?*

## Transparency: The Welcome Mat

Transparency is how first-time investors say "yes". For new investors, three things matter - clarity, comparability, and fair rules that are enforced.

As a system, we need to push for clearer communication with investors, faster rumour verification, and incentive disclosures so investors know who gets paid, for what, and when. If a SEBI-registered intermediary offers services outside SEBI's ambit, it must say so upfront, along with the risks and recourse.

Transparency attracts long-term capital, keeps capital durable, and widens retail ownership.

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[4] https://smartodr.in/dashboard

[5] SEBI Consultation Paper "Guidelines for Responsible Usage of AI/ML in Indian Securities Markets" dated June 20, 2025

[6] RBI "Framework for Responsible and Ethical Enablement of Artificial Intelligence" Report dated August 13, 2025

SEBI's regulatory approach has been and will remain consultative.

A thought for discussion: *How can your platforms make new client onboarding easier without mis-selling?*

**Way Ahead**

The task of capital formation in the face of global headwinds in the era of geo-political and geo-economic fragmentation is a daunting challenge. We need to put our heads together to meet the challenge.

At SEBI, it has been our conscious effort to simplify and rationalize our regulatory framework for ease of doing business without diluting our firm resolve for investor protection.

Between March and June 2025, we have approved several ease-of-doing-business proposals for listed companies, AIFs, and FPIs. Our momentum toward optimum regulation continues. We have already issued multiple discussion papers, in consultation with industry and public, to carry out further simplification and promote capital formation. There is much we can achieve together.

SEBI's approach in relation to equity derivatives has been thoughtful and consultative. We are looking to deepen the cash equities market, which is the true foundation of capital formation. Volumes in cash market have grown rapidly doubling in terms of daily traded volumes over a period of just three years. However much more needs to be done. We have often stated that equity derivatives play a crucial role in capital formation, but we must ensure quality and balance. We will consult with stakeholders on ways to improve, in a calibrated manner, the tenor and maturity profile of derivative products, so that they better serve hedging and long-term investing. Ensuring risk awareness and suitability is equally important and constructive ideas for appropriate stakeholder engagement will be much needed to achieve this goal.

I am sure the deliberations today in CAPAM conference will enrich the discourse and provide key takeaways for us all.

Thank you all! Jai Hind!