Address by
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Regulating for Resilience - India's Capital Markets @ 2030
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MDs and CEOs of our Market Infrastructure Institutions, office bearers of the BSE Broker Forum, colleagues, ladies and gentlemen, good evening to you all!

It is a privilege to be here today, among the people who build and power our capital market and financial future. The theme of this event - Reimagining India's Financial Future - is a timely conversation in the present unprecedented context. We face huge challenges from turbulent global events and new technological waves. Alongside, we also have unique opportunities of our demography and economy, and collective vision of a Viksit Bharat.

On any given day, our security market infrastructure handles a staggering volume of activity. In the last financial year, our stock exchanges[1], on an average, handled over 1600 crores of messages[2] daily, with a peak of over 2900 crores messages. Behind these numbers is the trust of crores of investors.

This is the trust we must always protect.

We need a financial sector that is resilient in terms of size, capacity, skills, and regulatory framework. Today, as we look towards 2030, I will share with you some perspectives on challenges and opportunities for the pillars of this framework.

Harnessing Technology, Data, and Cybersecurity

Our first pillar is *Technology*. The future of market resilience is digital resilience. But any technology comes with its own risk.

The use of Algorithmic and High-Frequency Trading has witnessed significant growth. Currently, such trades account for significant volumes in our equity and derivatives market[3]. We will constantly update our regulatory framework in this regard to ensure a fair, transparent, and resilient market.

[1] Figures for NSE and BSE
[2] Orders and Trades
[3] NSE Market Pulse for September 2025

Similarly, a cyber-incident at one institution can destabilize the entire ecosystem. We have issued a comprehensive Cybersecurity and Cyber Resilience Framework for such scenarios. Guidelines for Air Gap[4], a key component of this framework, will be issued in consultation with the MIIs.

Our MIIs are being stress tested with live disaster recovery drills. We have even implemented a redundancy model for our Clearing Corporations (CC), where if one CC is down, its operations can continue using the services of another CC[5]. We are also examining implementation of a safety net in case of outage at a Depository Participant, as done for stock brokers.

On the surveillance front, we are moving from reactive supervision to predictive oversight. We have revamped our Data Warehouse system to develop new rule-based alerts to identify '*Pump and Dump*' patterns and to detect fraudulent trades in Bulk deals.

Empowering Investors: Deepening Participation and Fortifying Trust

Our second pillar is *Inclusion*. A resilient market is a deep market, with broad and informed participation.

Our recent nationwide survey reveals the opportunities and challenges facing us:

1. 63% households are aware of securities products, but only 9.5% participate.
2. Urban participation is significantly higher than rural - 15% vs. 6%
3. 36% investors possess high or moderate knowledge of securities markets.

We have simplified KYC norms and permitted transactions in securities as soon as this process is completed. However, we are yet to establish an easy and secure KYC access for NRIs to facilitate their participation in the security market, which will be an urgent goal for us.

Protecting investors from cyber frauds and misleading advice of unregistered finfluencers will continue to be major objective of our efforts in collaboration with all market institutions and intermediaries.

[4] Air gap ensures that MII's core activities remain operational even if external-facing network is breached.
[5] Model has become operational from December 20, 2023

I wish to congratulate you all in wholeheartedly joining up with SEBI in rolling out of @Valid UPI handles and propagating use of SEBI CHECK (through SEBI website and Saarthi App). Our security ecosystem will need to make this message reach out to investors and potential investors in every nook and corner of the country through creative multi-lingual multi-media messaging under the broad umbrella of SEBIvsSCAM Campaign.

In the MF space, we have recently incentivized bringing in first-time investors from B-30 cities and first time women investors in all cities.

The daily traded volumes in our cash equities market, which is the foundation of capital formation, has almost doubled to over INR 1 lakh crore over a period of just three years. However, more is required to be done to further deepen the cash equities market and review our SLBM framework consistent with risk management.

On the short-term derivatives side, especially the index options, many regulatory measures have been taken following analysis of detailed data. Continuing this approach, we will be thoughtful and consultative in suggesting further measures to improve this market further consistent with risk awareness and suitability of investors.

Stress testing small and mid-cap MF schemes directly enhance market resilience. Their outcome empowers investors to make informed decisions, while requiring fund managers to ensure prudent liquidity management.

But inclusion has to go hand in hand with education. We will be rolling out awareness and education programs to help investors align their investments and risk tolerance, thereby contributing to a more resilient investor base.

Governance and Accountability

Our third pillar is *Governance*, because trust is built on a foundation of unimpeachable governance.

High standards of corporate governance are essential to protect the interests of all shareholders, especially minority shareholders. We have mandated that no director can have permanent board seats without periodic shareholder approval. Atleast one independent director, our steward for accountability, must be part of the board meeting quorum. Minimum information to be placed before the Audit Committee and shareholders, when approving RPTs, has been prescribed.

The governance standards in MIIs have been strengthened to ensure public interest is prioritized over commercial interests. MIIs will now have to appoint two Executive Directors to their Governing Board to mitigate the key-man risk of the Managing Director overseeing the regulatory and operational verticals.

Architecting a Dynamic Marketplace

Our fourth pillar is *Product Innovation*. A resilient market needs diverse instruments - for raising capital and to manage risk.

I urge the industry to co-create such new products and opportunities. We have introduced frameworks like 'Mutual Fund Lite' for passive funds and 'Specialized Investment Funds' to bridge the gap between MFs and PMS. *Chhoti* SIP has the potential to create a significant impact in the years to come.

Strengthening India's commodity markets - both, agri and non-agri - is high on SEBI's regulatory agenda. Electricity Derivatives have been introduced to deepen India's power markets. Many other commodity derivatives have the potential if we are able to help resolve some key issues.

The corporate bond market remains a key priority. We have opened this market to retail investors by reducing the minimum ticket size for privately placed bonds to just ₹10,000 and by putting in place the OBPP[6] framework. We are supporting the bond market with backstop facilities like the CDMDF and a repo market through the ARCL[7]. Much more is needed to be done in this space to rationalize regulations, create investor awareness of bond market as well as widen and deepen the market through several measures including bond derivatives.

We must also encourage risk capital. AIFs are now a robust engine for channelling patient, risk-seeking private capital to support entrepreneurship and innovation. Several measures have been taken recently to facilitate orderly growth of AIF industry. We will take further measures to promote Accredited Investor framework.

REITs and InvITs are transforming into important asset classes in the capital market providing new choices to investors and new opportunities to issuers in the real estate and infrastructure space.

[6] Online Bond Platform Providers
[7] A limited purpose clearing corporation

SEBI will continue its focus on offering investors more choices for appropriate asset allocation, attuned to individual risk appetite.

Ease of Doing Business

Our fifth pillar is *Efficienc*y. We are committed to simplify our regulatory framework for ease of doing business, without compromising investor protection.

We have cut the IPO listing timeline to T+3, giving issuers faster access to capital. Rights issue timeline has been reduced to just 23 days, from an average of 317 days taken earlier. Scale-based thresholds have been introduced to determine material RPTs, to facilitate ease of doing business.

The 'Samuhik Prativedan Manch', a common compliance platform for stock brokers registered on multiple exchanges, will substantially reduce compliance costs. The penalty structure for stock brokers is being rationalized to create a consistent and fair system. As you are aware, we are on course to rationalize and simplify the stock broker regulations to reduce costs and compliance burden consistent with appropriate risk management. We have already received many suggestions to SEBI's consultation paper.

We have taken steps to rationalize FPI regulations. Compliance requirements for FPIs investing in government securities have been eased. The "SWAGAT-FI" framework will offer a single window for trusted foreign investors, offering unified registration and lighter compliance. Our immediate goal now is to make the entire FPI registration as a portal- based simple, fast and digital process. We are already consulting our stakeholders to implement it.

Way Ahead

In closing, the growth of our securities market has been remarkable. We all can take pride in the market that we have helped built. We must now ensure that this growth is sustainable.
Our collective goal must be to build resilient institutions, not just successful businesses. An institution proves its resilience by innovating across the spectrum to create products and services that will genuinely deepen our markets. It prioritizes the long-term financial well-being of its clients, understanding that client trust is the true source of resilience.

Let us all work together to build such a resilient market.

Thank you. Jai Hind!