**Address by**
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**CDSL Reimagine Symposium: Securities Market through Data Synergy**
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Shri G. Mahalingam, Chairperson, CDSL, Shri Sandip Pradhan, WTM, SEBI, Shri Keki Mistry, Former Vice Chairman and CEO, HDFC Bank, Shri Nehal Vora, MD and CEO, CDSL, distinguished guests, industry leaders, ladies and gentlemen.

Good morning to all of you!

It is a pleasure to address this distinguished gathering of leaders from across India's securities market ecosystem.

For decades, when we spoke of market infrastructure, we meant exchanges, clearing corporations, depositories etc. Today, there is another layer of infrastructure that is just as critical, though largely invisible - data.

Data is the new plumbing of capital markets: unseen, indispensable, and powerful. In this world, the quality of data, the security around it, and the governance frameworks that guide its use matter as much as capital and liquidity themselves.

## The Expanding Data Footprint of India's Capital Markets

Over the last decade, India's capital markets have undergone a remarkable transformation—one that is visible not just in market depth, but in the sheer scale of data being generated, processed, and relied upon every day.

Participation has broadened dramatically. India now has about 13.9 crore unique investors, up from 3.8 crore in March 2019. There are more than 21 crore demat accounts today, compared to 3.6 crore in March 2019. Markets are no longer confined to metropolitan centres; they are becoming truly national in character.

*Depositories: Key role in Capital Market*

I would like to take a moment to acknowledge the pivotal role played by depositories in expanding and strengthening India's securities market ecosystem.

Several initiatives taken by depositories have directly improved the ease, safety, and transparency of market participation. The Electronic Consolidated Account Statement, now available in 23 languages, has made it easier for investors across regions to track their holdings. Facilities such as pledge and re-pledge of dematerialised securities have enabled investors to use their holdings as collateral in a transparent and efficient manner. The move towards direct payout to investors has strengthened trust and reduced intermediated risks.

System-driven disclosures and the integration of consolidated account statements with DigiLocker have further improved accessibility and record-keeping for investors. Enabling systems and processes to accept Forms 15G and 15H directly from investors - as proposed in recent budget announcements - will further ease compliance and improve investor convenience.

Beyond systems and processes, I would also commend all MIIs, including the depositories, for their efforts in investor education and awareness. Campaigns such as Slam the Scam and AtmanirbHER have helped empower individuals to participate with greater confidence. Initiatives like today's launch of a comic book series for investor awareness will go a long way in spreading investor awareness.

I commend CDSL for organising the Reimagine Ideathon challenge, which has encouraged students across the country to participate in our investor education and awareness mission. I also congratulate all the participants, and the winners of Ideathon, for their thoughtful ideas and contributions.

Technology has fundamentally altered how markets are accessed. Mobile trading now accounts for over 20 per cent of activity in the capital market segment, compared to less than 2 per cent a decade ago. Markets today are real-time, interconnected, and increasingly algorithmically driven.

This expansion in scale, speed, and complexity has a clear implication: data failures are no longer operational inconveniences—they can translate directly into systemic risks. The more data-intensive markets become, the more central data governance and resilience are to market stability.

## From Compliance to Stewardship: Governing Data at the Top

Today data governance can no longer be viewed as an IT or back-office issue. It's now a boardroom subject.

Effective data governance requires clarity on ownership, accountability, lineage, and quality. There must be a clear demarcation between data producers, data custodians, and data users. Boards and senior management have a role to play in setting data policies, ensuring audit trails, and overseeing the ethical use of data.

Recognising this, our regulatory efforts have focused on bringing in standardisation, deduplication and democratisation of market data.

- To facilitate easier access and usage of information by stakeholders, we have introduced XBRL filings for both financial and non-financial disclosures by listed companies.
- We have standardised the definitions and formats of similar information provided by multiple MIIs to facilitate ease of data usage and ease of doing business.
- SEBI introduced new standardised file formats - Unified Distilled File Formats (UDiFF) in securities market to enhance efficiency, productivity, and interoperability. UDiFF led to the reduction in reporting formats by over 90% for Brokers, DPs and CMs leading to lower expenses, simplified information flow and improved regulatory oversight.
- We have mandated stock exchanges, clearing corporations and depositories to put in place a data sharing policy for sharing of data for the purpose of research and analysis.

Measures like introduction of 'Know Your Intermediaries', curated access to market data, and harmonisation of data identifiers across market segments - all strengthen the ability of investors, analysts, and regulators to make informed decisions.

These initiatives collectively signal a shift from treating data as a compliance by-product to recognising it as a strategic asset that underpins market confidence.

## Data Security and Cyber Resilience

As our dependence on data grows, so does our exposure to cyber risks. Cyber resilience today is no longer a technology concern alone—it is part of the financial stability architecture.

The sophistication of cyber threats is increasing, and the potential impact of data breaches extends well beyond immediate financial losses. Reputational damage, erosion of investor confidence, and systemic disruption are real risks.

Building resilience requires a comprehensive approach: robust architectures, well-defined incident response frameworks, regular audits and drills, and careful management of vendor and third-party risks. Critical market infrastructure institutions, in particular, must treat cyber resilience as a core operational priority.

Our regulatory frameworks around cybersecurity and cyber resilience are intended not merely to enforce compliance, but to encourage preparedness—so that when incidents occur, institutions can respond swiftly, transparently, and effectively.

### Trust Beyond Technology: Ethics, Fairness, and Accountability

There is another dimension to this transformation that deserves equal attention—ethics.

As technology increasingly shapes trading strategies, risk management, surveillance systems, and client engagement - questions of fairness, transparency, and explainability move to the centre of market integrity. Decisions that affect investors and market outcomes are being influenced by models and automated systems whose inner workings are often not easily visible.

Unchecked reliance on automation, opaque scoring mechanisms, or biased models can quietly undermine confidence in the fairness of markets. Leadership in this area calls for embedding ethical considerations into system design from the outset - by asking not only whether something is technically feasible, but whether it is appropriate, fair, and aligned with market integrity.

Aligning commercial incentives with fairness and investor protection is essential to sustaining trust in the long run.

### Innovation with Guardrails

Innovation and regulation are sometimes seen as opposing forces. In practice, well-calibrated regulation creates the conditions in which innovation can be pursued with confidence and responsibility.

Advanced analytics and technology-enabled tools are already changing how markets function. They are improving risk assessment, strengthening surveillance, and enhancing investor protection. They are also helping market participants comply more efficiently with regulatory requirements.

Algorithmic and high-frequency trading strategies today are actively used in the market. While these strategies can enhance liquidity and efficiency, they also demand stronger transparency, robust risk controls, and clear accountability. With these objectives we have put in place a strong governance framework for algorithmic trading - so that automation strengthens, rather than undermines, market integrity.

The growing use of Artificial Intelligence is reshaping our financial ecosystem as it brings significant efficiencies and opportunities. However, it must be used responsibly with human accountability, and due regard to privacy, fairness, and ethical considerations. With clear standards and responsible use, technology can enable smarter compliance and more forward-looking supervision.

### Building Resilience in an Interconnected Market Ecosystem

Resilience today is shaped not only by capital buffers and risk management frameworks, but also by the quality of information flows that support decision-making in moments of stress. Early warning systems, stress testing, and scenario analysis are effective only when institutions have timely, accurate, and comprehensive input data.

In an increasingly interconnected ecosystem, vulnerabilities can propagate quickly across markets and institutions. Strengthening resilience therefore requires preparedness across the value chain—robust operational systems, strong cyber preparedness, coordinated response mechanisms, and a culture of readiness that extends beyond individual entities.

Stability in modern markets is about anticipating them, containing them, and recovering with confidence.

**The Way Forward**

As India’s capital markets continue to expand in scale and sophistication, the task before us is to ensure that growth remains anchored in strong governance, robust security frameworks, and responsible use of technology.

For industry leaders, this means-

- viewing technological capability as a strategic investment,
- strengthening internal controls and oversight, and
- fostering a culture that values integrity as much as innovation.

The future will be shaped not by any single actor, but by collective stewardship-through closer collaboration among regulators, market institutions, intermediaries, and technology providers. Let us all work together for this goal.

Thank You.