

Address by Shri Tuhin Kanta Pandey, Chairman, SEBI
Regulating at Scale - Technology, Safety and Investor Trust
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Shri Swaminathan Janakiraman, DG, RBI, Mr. Shyamal Majumdar, Editor, Financial Express, distinguished guests, leaders from the financial sector, colleagues, ladies and gentlemen, a very good morning to all of you.

I am delighted to be here at the Financial Express Modern BFSI Summit. The theme - *"The Next Balance Sheet: Growth. Trust. Resilience."* - speaks directly to the future of our capital markets. Growth creates opportunities. Resilience protects them. Trust sustains both.

Technology is making our markets faster, more accessible and interconnected. Today, I will share my thoughts on how technology-driven regulatory frameworks can maintain investor trust.

Consider two investors. A young professional invests for the first time on her phone. A global pension fund places a large order in Indian securities. Their investments differ in size, but their expectations are the same: *easy access, fair treatment and reliable systems*.

How do we earn the confidence of both as markets scale? I see three priorities: *simpler rules, stronger systems and informed investors*.

Regulate for Scale, Not for Complexity

Over the past decade, India's market capitalization has grown nearly fivefold to ₹472 lakh crore. We now have over 15 crore unique investors and ₹83 lakh crore in mutual fund assets

The IMF's latest World Economic Outlook projects global growth of 3.1% in 2026, against India's 7% in each of the next two financial years. This creates opportunities for domestic and global investors - and calls for regulation ready for scale.

Foreign portfolio investors hold around ₹74 lakh crore in Indian equity and debt. They bring liquidity and global connectivity. A wider domestic investor base helps absorb external shocks. Both strengthen our markets.

But scale changes the task of regulation. We cannot add a manual check for every new transaction. Safeguards must work by design.

Our approach is optimum regulation: requirements must match the activity, its risks and investor sophistication. Investor protection and market integrity remain non-negotiable.

We have reviewed regulations for stock brokers, mutual funds, portfolio managers and settlement proceedings to simplify rules, remove ambiguities and allow greater flexibility. We have discontinued 52 overlapping mutual fund reports and notices. For stock brokers, we have simplified compliance reporting and rationalized penalties across exchanges. GARUDA framework has cut regular AIF scheme-launch timelines from 30 days to 10 working days. Eligible accredited-investor funds can launch immediately upon filing.

For global investors, SWAGAT-FI eases access for eligible trusted FPIs. Digitally signed Powers of Attorney remove cumbersome authentication formalities. We have permitted netting of funds for FPI transactions to reduce funding costs. We have also eased re-KYC requirements for NRIs.

Our objective is clear - *reduce regulatory friction without weakening safeguards*.

Build Safety into Systems, Intelligence into Supervision

The best regulation prevents risks before they become problems. Technology lets us build safeguards into market systems.

T+1 settlement and clearing interoperability have improved speed and efficiency. Pledge-repledge, upstreaming of client funds and direct payout of securities have strengthened client-asset protection. These safeguards work quietly for every investor.

We are now extending this approach to emerging technologies. Our Demat 2.0 pilot extends this approach to emerging technology. It uses distributed ledger technology to explore more efficient issuance, settlement and servicing of tokenized corporate bonds - without compromising legal certainty or investor protection.

Technology is also sharpening supervision. Exchanges and depositories, working with SEBI, have developed alerts for offsite monitoring of intermediaries. Our in-house SupTech platforms flag potential compliance gaps in filings by intermediaries. AI-based tools are helping us identify suspicious financial promotions.

Together, these tools help us spot risks early and focus scrutiny where it matters most. But an alert is not a finding. Human judgment remains essential.

Market infrastructure must function reliably through trading surges, cyberattacks and outages. Even a local disruption can unsettle retail and global investors. Our IT Resilience Index seeks to assess critical systems at MIs. We have also

strengthened business continuity, disaster recovery and governance norms. Cyber resilience must extend to smaller intermediaries as well. Our exchanges have established Market Security Operations Centers (M-SOCs) to provide them with affordable cybersecurity services.

Make Investor Trust the Test of Every Innovation

Technology has made investing easier. An account can be opened in minutes. But a fake app or fraudulent payment request can erode confidence just as quickly.

Investors need clear answers. *Is the intermediary genuine? Is the payment secure? Are the risks clear? Where can they seek help?*

Validated UPI handles, SEBI Check and verified trading-app labels help protect investors from impersonation and payment fraud. PaRRVA can independently verify past-performance claims. The Credit Risk-o-Meter makes bond risks easier to compare. A Common Advertisement Code seeks fair, balanced and non-misleading communication. Simpler nomination and transmission rules help nominees and legal heirs receive rightful assets with less paperwork.

Finding help should be as simple as finding the button to invest. SCORES 2.0 routes complaints digitally and escalates them automatically. Online dispute resolution provides another avenue for redressal.

SEBI's Investor Survey 2025 highlighted a critical gap - only 36% of investors had moderate to high knowledge of securities markets. While digital access creates opportunity, investor education must build the knowledge to use it wisely.

That is why we launched Project Jagrook. Through physical outreach and multilingual, multimedia campaigns, we want investors to recognize fraud, understand risks and verify claims before acting. Our WhatsApp channel and university outreach will bring verified information to people where they are.

The early response is encouraging. In nine days since its nationwide launch, our social media platforms recorded over 10 crore impressions, 6.5 crore views and one crore engagements¹. We have also sent around 44 crore messages to investors through SEBI's WhatsApp channel. We will continue to build on this momentum through sustained multilingual, multimedia and physical outreach.

Way Ahead

Our next priorities are *simpler rules, deeper markets, responsible innovation and wider access*.

¹ Engagements: Likes, Shares, Clicks

First, regulatory reforms will continue. We are undertaking a comprehensive review of the Listing Obligations and Disclosure Requirements (LODR) framework to make it more contemporary and streamlined. As a first step, we have proposed stronger monitoring of issue proceeds, with greater transparency and accountability. Further proposals will follow, focusing on ease of doing business and simplifying compliance, without compromising investor protection. We are also reviewing the SME IPO framework to help genuine enterprises raise capital, while protecting investors.

The Working Group on harmonizing the frameworks for Investment Advisers and Mutual Fund Distributors has submitted its recommendations, which are being examined.

Second, we will deepen cash and corporate bond markets. Reviews of short-selling and Securities Lending and Borrowing aim to improve liquidity and price discovery.

For corporate bonds, we are developing a market-making framework to improve secondary-market liquidity. The proposed Fixed Income Channel Partners will widen retail access through regulated online bond platforms. In Phase 2 of Demat 2.0, we will enable secondary-market trading of tokenized corporate bonds, improving liquidity, reducing settlement risk and ensuring faster access to funds.

We have also proposed net settlement of funds for mutual fund schemes to reduce funding costs and improve settlement efficiency.

Third, we have constituted working groups to develop technology roadmap for market infrastructure institutions. These will guide investment in trading, clearing, settlement, surveillance and cyber resilience.

We are also exploring an AI Sandbox to test AI applications in a controlled environment. This will allow risk assessment, development of fit-for-purpose safeguards and provide regulatory certainty to innovators.

Fourth, we will make access easier for global investors, including NRIs, through digital onboarding, simpler KYC and less documentation, while retaining safeguards.

As I conclude, the quality of market growth matters as much as its pace. Technology can help markets grow faster. Smart regulation can make them safer. Trust will make that growth sustainable.

That is how we strengthen the next balance sheet of India's capital markets - together.

Thank you. Jai Hind!