

Address by Shri Tuhin Kanta Pandey, Chairman, SEBI
Redefining Tomorrow's Markets
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Mr Kamlesh Shroff, President ANMI, Mr Dipan Mehta, Convener ANMI, MDs and CEOs of our Market Infrastructure Institutions, Members of ANMI, ladies and gentlemen. Good morning to all of you!

I am delighted to be here at the 16th edition of this convention. As I look around this room, I see people who have helped shape our markets. You will also shape their future.

That is why I like this year's theme - *Redefining Tomorrow's Markets*.

Tomorrow's markets will not simply arrive. We must define them. Today, I want to talk about how we do that, together.

Where we stand today

Let me start with where we are. Consider the numbers:

- Equity market capitalization of around ₹470 lakh crore.
- Outstanding corporate bonds of approximately ₹61 lakh crore.
- Mutual Fund AUM of around ₹83 lakh crore.
- Over 15 crore unique investors.
- Foreign portfolio investor assets of about ₹74 lakh crore.

These are not just statistics. Behind each number stands a family. A teacher in Indore saving for her daughter's education. A young engineer in Guwahati buying his first share.

At the heart of our capital market is our steady and high economic growth despite unprecedented global headwinds. The IMF expects India to grow at about 7% this year, more than twice the global pace. It credits this growth to our young population, our large domestic market and steady reforms.

How we reached here

None of this happened by accident. Everyone in this room has helped build it.

You have seen it all: paper certificates, screen-based trading, dematerialisation, and online and mobile platforms. More recently, we became the first major market to settle trades on T+1 and the first to make its clearing corporations interoperable. You also adopted upstreaming and down-streaming of client funds and the new pledge-

repledge system. Each shift demanded new skills and fresh investment. You have risen to each challenge.

But you did more than that. Through your industry associations and the Industry Standards Forum (ISF), you helped strengthen investor protection and market integrity, the very core of SEBI's mandate.

You have been more than market participants. You have been partners in building a better market.

What tomorrow's markets need

Now let us look ahead. I see three priorities.

First, depth. SEBI's Investor Survey tells us that nearly two in three households know about securities market products. Yet fewer than one in ten actually invest.

The good news? Nearly half of those who plan to invest live in rural India. That is your next frontier. The next wave in retail broking will not come from the big cities alone. It will come from our towns and villages.

Depth also means more products. Our corporate bond market remains thin. Investors need choices beyond equity. Ask yourself: *how many of your clients have ever bought a bond, or a unit of a REIT or an InvIT?* Together, we can change that.

Second, trust. Growth without trust will not last. Markets run on confidence. We respect every investor's right to choose. But we want them to choose with open eyes.

The best brokers do not just execute trades. They guide. You know your clients better than anyone. You see how they trade. You are often the first to see when the risk they take outgrows their resources. So think of KYC as "*Know Your Client's Needs.*" Make it an ongoing conversation, not a one-time form-filling exercise. Help your clients see both sides: *what they can gain, and what they can lose.*

A client who understands risk invests wisely and stays invested longer. That is good for the client, for you and for the market.

Trust also needs protecting. Unregistered advisers and so-called influencers now shape many decisions. About six in ten investors rely on them for at least some decisions. Many promise quick riches. Fraudsters even misuse brokers' names to cheat people.

We are acting firmly against them. Validated UPI handles, SEBI Check and verified labels for trading apps now help investors tell the genuine from the fake.

But the strongest defence of all is an *informed investor*. Our campaign “ Samajh Se Investing Simple” under Project Jagrook takes investor awareness to the investor, across TV, radio, print, WhatsApp and social media, in English, Hindi and 11 regional languages. Since its launch on October 5, the campaign has drawn over 15 crore views on social media and sent close to 110 crore WhatsApp messages.

While we will continue to build on this start, your reach is wider than any campaign. Use every client conversation to explain risks, share verified information and flag frauds. Together, we can make every investor truly *jagrook*.

Third, technology. While technology has given us speed and reach, it has also brought new risks. Algorithms now drive a growing share of trades. Artificial Intelligence is reshaping how people invest. Cyber-attacks grow sharper every year.

A single outage can hurt thousands of investors within minutes. A single breach can shake trust across the system. So, treat cyber security as a business priority, not an IT expense. Test your systems. Plan for failure.

Redefining tomorrow's markets

So how will SEBI help redefine tomorrow's markets? Our road map has four parts: *simpler rules, deeper markets, responsible technology and wider access*.

Simpler rules:

- For those of you who are also depository participants, we are reworking the rules for depository participants, for simpler compliance and stronger defences against fraud. Further, the Samuhik Prativedan Manch will cover depositories too. One submission will serve both exchanges and depositories.
- For stock brokers, we are exploring graded compliance. It would reflect your scale, your client exposure and your reliance on technology.
- As flagged by your ISF, tender offers, buybacks and offers for sale need parallel clearing, which adds cost. We are fixing this, to improve capital efficiency and lower compliance burden.
- Acting on another ISF suggestion, we are extending the automated give-up and take-up facility to custodial clients, such as PMSs and AIFs, in the cash segment. Your own funds will no longer sit blocked while you wait for custodian confirmation.

Deeper markets:

- We are reviewing short selling and securities lending and borrowing to improve liquidity and price discovery.
- A market-making framework is being developed to lift secondary trading in corporate bonds.
- In the next phase of Demat 2.0, tokenized corporate bonds will trade in the secondary market, bringing better liquidity, lower settlement risk and faster access to funds.

Responsible technology:

- We are developing a framework to put in place safeguards to prevent misuse of trading terminals.
- We will be bringing SEBI's inspection portals into one digital workflow, making supervision faster and more consistent.
- We are exploring an AI sandbox, where new tools can be tested safely. While innovators gain regulatory certainty, we gain the right safeguards.
- We are finalizing the guidelines on the responsible use of AI. They will follow a tiered approach, with clear accountability, data controls, kill switches and human oversight, in line with IOSCO's toolkit.

Wider access: We will make it easier for global investors, including NRIs, to invest in India. Expect digital onboarding, simpler KYC and less paperwork, with safeguards intact.

Each of these steps has one aim: *a market that is simpler, deeper and safer, for investors and for you.*

Closing

Tomorrow's markets are not something we wait for. We build them.

Ten years from now, someone will stand on this stage and speak about India's markets. I hope they say that we built not just one of the world's largest markets, but one of its most trusted.

That future does not rest with SEBI alone. It rests with you too. So let us redefine tomorrow's markets, together.

Thank you. I wish this convention every success.