

Address by Shri Tuhin Kanta Pandey, Chairman, SEBI
ET NOW Market Summit
Navigating Volatility in a New World Order
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Distinguished guests, leaders from the market ecosystem, investors, industry participants, members of the media, ladies and gentlemen. Good evening.

I am delighted to be here at the ETNOW Market Summit. The theme before us is apt: *Navigating Volatility in a New World Order*.

We meet at a time when global markets are being tested by geopolitical tension, energy shocks, supply chain fragmentation, and AI-centric technological disruptions. In such a world, volatility cannot be wished away. It must be managed. The real test is whether our markets can absorb shocks, protect investors, and continue to support capital formation.

Indian Capital Markets - Resilience Amid Global Volatility

Indian capital market has been facing one challenge after another over the last couple of years - tariffs, price and supply shocks on oil and gas due to war in West Asia, AI disruptions, and FPI outflow.

Yet, capital formation has continued. In April-May of FY27, our market has helped raise more than ₹1.5 lakh crore - around ₹70,000 crore through equity and around ₹86,000 crore through corporate bonds. IPO activity has remained relatively subdued during these two months, but the IPO pipeline of around ₹1.5 lakh crore¹ remains robust for the coming months.

SIP assets now account for nearly 21% of mutual fund industry assets as at end of May 2026. The SIP stoppage ratio also declined to 95%, after remaining above 100% for two consecutive months. In simple terms, new SIP registrations again exceeded SIPs that were stopped or completed. This also is an encouraging signal. Even in volatile markets, investors continue to follow a long-term investment approach.

India will continue to welcome global capital. At the same time, our market now has a stronger domestic base, which provides support even when external sentiment may have weakened.

Regulation as a Shock Absorber

Markets may be volatile, but they must not be disorderly. Volatility must not damage investor trust.

At SEBI, our approach has been one of optimum regulation. Regulation which is effective, but not excessive. Regulation which reduces risk, while allowing innovation.

¹ Offer documents where observations have already been issued

Strong market infrastructure is central to this approach. The building blocks are already in place. A T+1 settlement cycle, IPO listing timeline of T+3, faster rights issues, direct payout, blocking of funds, and digital processes have improved safety and efficiency. Our MIs are stress tested through live disaster recovery drills, while our clearing corporations are inter-operable. Regular stress testing ensures that mutual funds are equipped to manage any redemption pressures.

Governance of MIs remains our biggest priority. Consistent with regulatory changes, MIs have proceeded well on strengthening their Boards with appointments of new ED-level positions at Verticals 1 and 2.

In market infrastructure, preparedness is resilience. The next phase will be guided by the recommendations of the Working Group constituted to draw the 5-year and 10-year roadmap for MIs. Technology will be a major pillar of this roadmap. MIs must invest ahead of scale, not after stress. Trading, clearing, settlement, surveillance, cyber resilience, and disaster recovery must be upgraded continuously. The use of secure and safe AI with Human-In-The-Loop (HITL) approach will be an important component of this roadmap.

We have improved access for foreign investors, through digitized onboarding and the SWAGAT framework for trusted foreign investors. Net settlement will reduce funding cost and forex risk for FPIs. Introduction of the closing auction session and revised block deal window will facilitate large institutional transactions and reduce tracking error. We have taken calibrated measures to improve and strengthen the derivatives segment, including better risk management, monitoring, and surveillance.

SEBI will continue to act as an enabler. We will support innovation, reduce friction, and deepen markets. But enablement cannot come at the cost of market integrity or investor protection. A resilient market needs fair rules, honest conduct, and credible deterrence.

We will act decisively where we see egregious violations, manipulation, fraud, misuse of investor funds or attempts to mislead the market. Appropriate enforcement is not contrary to market development. It is a necessary condition for market development as well as investor protection. We are working to improve our capacity, both human and technological, for improved surveillance and timely enforcement.

Way Ahead

The way ahead has three tracks.

The first track is lower friction.

Ease of doing business is not merely an administrative objective. Clearer processes move capital faster. Sharper disclosures reduce uncertainty. Easier access improves confidence.

The LODR framework is currently under review to make it more responsive to emerging governance and disclosure requirements. We will also review the delisting framework further. A well-developed capital market must provide fair entry and fair exit.

Independent Directors play a crucial role in corporate governance. Their role is not limited to asking difficult questions on governance. They must contribute in Board discussions how best to address emerging challenges, such as, AI, cybersecurity, ESG, R&D, and rapid technological change. At the same time, they must protect minority shareholder interests and support long-term value creation. SEBI will, therefore, work with all stakeholders to build a robust, scalable network for capacity building of Independent Directors.

The regulations related to municipal debt and portfolio management services are also being reviewed. The objective is to address practical issues faced by stakeholders and ensure that these frameworks continue to support market development.

For foreign investors, we will continue to ease access through simplifying KYC and a risk-based review of disclosure requirements. We will work with other regulators to ease KYC process for NRIs. Our efforts will be to provide clarity that global capital seeks, especially in uncertain times.

The second track is deeper markets.

Deepening the cash market is a priority. The Securities Lending and Borrowing and short selling frameworks are being comprehensively reviewed, to facilitate inter-linkage between the cash and derivatives markets and enhance liquidity.

Derivatives market also requires more development. Development of longer-term futures and options contracts in equity derivatives market will be an important part of deepening the capital markets.

In commodity derivatives, our proposals on extending early pay-in benefits to options contracts, phased shift from cash settlement to physical settlement in select agri-commodity contracts, and review of position limits are aimed at deepening participation and strengthening risk management.

Electricity derivative contracts are being traded on our exchanges now. Longer-term and newer forms of contracts in this space will be required going forward.

We will also be looking to bring in, along with RBI, derivatives on bond indices.

We are reviewing the Innovators Growth Platform so that strategic sectors like AI, semiconductors, clean energy, bio-tech, advanced materials, defense-tech can access our markets better for long-term capital. In debt markets, we are working on the market-making framework for corporate bonds, deepening of the municipal bond market, and tokenization of corporate bonds.

REITs and InvITs will remain important for asset monetization and recycling of capital into new infrastructure. We are looking to align their listing timelines with equity, so that investor capital is deployed faster.

In the AIF space, the Accredited Investor (AI) framework is gaining momentum. The number of AIs has increased substantially over the last one year. We are exploring ways to leverage digital public infrastructure to further streamline the accreditation process.

The third track is responsible growth.

In volatile times, an informed investor is less likely to panic, less likely to be misled, and more likely to stay invested with discipline. Project Jagrook is SEBI's effort to make investor education a unified national mission. The focus will be on responsible investing. The campaign will combine physical and digital outreach, use Indian languages, and bring together SEBI, MIIs, AMFI, NISM, and other market partners.

AI will be an important part of our regulatory agenda. AI can improve surveillance, risk assessment, fraud detection, and investor servicing. But it also brings risks relating to opacity, bias, data protection, cybersecurity, and accountability. SEBI will issue detailed guidelines on the responsible use of AI in capital markets. IOSCO's AI Supervisory toolkit will also be suitably integrated into SEBI's AI strategy for regulated entities.

Concluding Remarks

Markets will continue to be tested. Our response must be to build markets that are deep, transparent, well-governed, and trusted.

For investors, my message is simple: invest with a plan, understand your risk, diversify, and stay disciplined.

SEBI's commitment is clear. We will keep our markets prepared for shocks, open to innovation, and anchored in trust. Growth must rest on fair conduct, strong institutions, and resilient infrastructure.

India has the foundations, the investors, and the institutions. Our collective task is to build on them with discipline, integrity, and confidence.

Thank you. Jai Hind!