

Address by Shri Tuhin Kanta Pandey, Chairman, SEBI
2nd Capital Market Confluence 2026 - Bombay Stock Exchange Brokers' Forum
“From Regulation to Global Leadership: Positioning India's Capital Markets as a
Standard-Setter for the Next Decade”
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Office bearers of the BSE Broker Forum, MDs and CEOs of our Market Infrastructure Institutions, colleagues, ladies and gentlemen. Good evening to all of you!

It is a pleasure to be with you at the 2nd edition of the Capital Market Confluence. Over the last decade, India's capital markets have grown remarkably in scale and reach. They now serve more households, finance more businesses and connect India more closely with global capital.

But scale alone is not leadership.

A leading market must be trusted, resilient and efficient. It must innovate responsibly and set standards that others aspire to adopt.

I see four shifts that can take India's capital markets towards global leadership.

From Scale to Standards

Let us start with where we stand.

Consider the scale of our markets. Market capitalization stands at around ₹472 lakh crore, with over 15 crore unique investors. Mutual fund assets are around ₹87 lakh crore, while outstanding corporate bonds are around ₹61 lakh crore.

But the architecture supporting this growth matters even more.

India became the first major market to adopt T+1 settlement and the first country to introduce interoperability between clearing corporations. Our depository system provides client-level transparency. Measures such as pledge-repledge, upstreaming of client funds and direct payout of securities have strengthened investor-asset protection.

These reforms matter not merely because they are firsts, but because they solve real problems. They reduce risk, improve efficiency and strengthen investor protection.

That is how standards are set - by solving real problems at scale.

India now has the scale, institutions and digital infrastructure to innovate at scale. We should now aspire to shape global best practices.

From More Regulation to Optimum Regulation

The second shift is in how we regulate.

A growing market needs not just more rules, but better rules. Regulation must be proportionate to risk, encourage innovation and firmly protect investors and market integrity.

That is what we mean by optimum regulation.

We have comprehensively reviewed the regulations for stock brokers, mutual funds, portfolio managers and settlement proceedings. The objective is clear - simpler rules, fewer interpretational gaps and greater flexibility, without weakening safeguards.

The revised settlement framework reduces discretion and makes outcomes more predictable. The new portfolio managers' framework now enables global fund-management activity from India.

We have rationalized the penalty framework for stock brokers across exchanges. One violation should not become multiple penalties merely because a broker operates on multiple exchanges.

We have made the technical-glitch framework proportionate to brokers' scale, client base and technology dependence. The Samuhik Prativedan Manch eliminates repetitive reporting across exchanges.

We have taken a similar approach towards a common, principle-based Advertisement Code for specified SEBI-regulated entities. It will bring consistency to regulatory requirements and ensure fair, balanced and non-misleading communication with investors.

However, simpler regulation does not mean lighter responsibility. Greater flexibility must be matched by stronger governance, better controls and higher standards of conduct.

This is where industry-led standards matter. Regulation sets the floor. Industry practices should aim higher. The Brokers' Industry Standards Forum (ISF) has helped translate regulatory principles into consistent practices. Going forward, it must also identify emerging issues before they become larger problems.

From Technology Adoption to Responsible Innovation

The third shift is about technology.

Digital KYC, electronic payments, online trading and faster settlement have made our markets more accessible and efficient.

The next wave - AI, tokenisation, distributed ledger technology, cloud and quantum computing - will transform market operations and supervision.

We should welcome this change. But every innovation should face one test - *does it make the market stronger?*

For e.g., our Demat 2.0 pilot for tokenized corporate bonds explores more integrated and efficient issuance, transfer, settlement and servicing through distributed ledger technology, while preserving legal certainty and trusted market infrastructure.

SEBI too is using data, analytics and AI to detect emerging risks earlier. As markets become more sophisticated, supervision must stay ahead of risks, not merely respond to them.

Technology cannot dilute accountability. Regulated entities remain responsible for AI outcomes, data quality, model governance and cyber resilience. Human oversight must remain clear.

Innovation without accountability is not progress. Growing fast and growing safe are not competing ambitions.

From Market Access to Investor Confidence

The fourth shift is the most important.

We have widened access. Now we must deepen confidence. This is especially relevant during World Investor Week. Millions of investors interact with the market through their mobile screens.

For many, a broker is the first and most visible face of the market. To these investors, you are not merely an intermediary. You are the market.

You have to build trust through everyday experience. *Is onboarding secure? Are risks explained? Are charges clear? Are client assets protected? Are grievances resolved quickly?*

These are not merely operational matters. They determine investor confidence.

Digital fraud adds to this responsibility. Investors face impersonation, fake trading apps and misleading investment claims. SEBI has introduced validated UPI handles, SEBI Check and verified labels for trading apps. But technology must be matched by vigilance from intermediaries.

We recently launched Project Jagrook, our nationwide investor awareness initiative. Its central idea is simple - take investor education to the investor. Our multimedia and

multilingual campaign will reach people through television, print, radio, digital and social media, in English, Hindi and 11 regional languages. Our WhatsApp channel will provide easy access to verified investor information - so far, we have sent around 33 crore messages. Through MUST (Mentoring of University and College Students through Trainers), we will take investor education into universities and colleges.

Brokers and other intermediaries must be active partners in this effort. Use every investor interaction to explain risks, share verified information and flag frauds. Investor awareness must become part of onboarding and servicing, not an afterthought. That is how Jagrook can become a market-wide habit, not just a campaign.

A good market must do more than provide easy access. It must help investors understand risks, make informed decisions and transact with confidence.

The Next Decade: Leadership as a Shared Responsibility

So where should India aim to be ten years from now?

First, regulation must become simple and proportionate. We are reviewing the Depositories and Participants Regulations to simplify rules and strengthen fraud prevention. For brokers, we are exploring graded compliance based on scale, client exposure and technology dependence. One size need not fit all.

Second, we must deepen our cash markets and improve price discovery. Wider participation, stronger securities borrowing and lending, and efficient hedging and arbitrage can improve liquidity and market efficiency.

Following review of the Closing Auction Session, a consultation paper was put out to address concerns in respect of settlement price of derivatives on expiry-day. We are currently examining the comments and hope to issue guidelines in about a week's time.

The Brokers' ISF had highlighted that certain transactions like tender offers, buybacks and offers for sale are out of the interoperability framework. These still require parallel clearing arrangements, adding to costs and compliance. We are addressing the same, with implementation targeted by end-November 2026. This will improve capital efficiency and lower compliance costs, while preserving settlement safety.

Third, access to Indian markets must become easier. We have consulted on simpler digital onboarding for Persons Resident Outside India, without requiring their physical presence. More than 400 comments have been received and circular will be issued shortly.

Fourth, technology must be matched by resilience. We are strengthening business continuity, disaster recovery, cyber safeguards and governance across our market infrastructure institutions.

We will shortly issue guidelines for responsible use of AI and machine learning. These will adopt a tiered approach, with clear accountability, data controls, kill switches and human oversight. We will also align with the IOSCO Supervisory Toolkit for AI to support an agile AI governance framework.

Technology may change how markets operate. But accountability and resilience cannot be outsourced.

Yet, regulation and technology alone cannot build a globally trusted market. That also depends on how intermediaries serve investors. So, my message to you is simple - *Compete on technology. Compete on service. Compete on efficiency. But above all, compete on trust.*

Our ambition should be clear: to build a market that the world not only invests in, but also looks to for setting standards. A market that combines scale with resilience, speed with safety and innovation with responsibility.

That is how we move from regulation to global leadership. And it is a journey that SEBI, market institutions, intermediaries and investors must undertake together.

Thank you. Jai Hind!