

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS
FINANCIAL MARKETS DIVISION

LOK SABHA
UNSTARRED QUESTION NO. 50
TO BE ANSWERED ON FRIDAY, 15th DECEMBER, 2017/ AGRAHAYANA 24, 1939 (Saka)
FAIR MARKET CONDUCT

QUESTION

50. SHRIMATI KAVITHA KALVAKUNTLA:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Securities and Exchange Board of India has constituted Committees on Fair Market Conduct and Financial and Regulatory technologies;
- (b) if so, the details thereof and their terms of reference;
- (c) whether the Government plans to adopt a regulatory framework for Fin Tech business in India; and
- (d) if so, the details thereof?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PON RADHAKRISHNAN)

(a) and (b): Yes, Madam. The Securities and Exchange Board of India (SEBI) has informed that it has set up a Committee on Fair Market Conduct consisting of 15 members, under the chairmanship of Dr. T.K. Viswanathan, with the following terms of reference:

- i. Identification of opportunities for improvement in SEBI (Prohibition of Insider Trading) Regulations, 2015, and SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003, particularly with respect to trading plans, handling of unpublished price sensitive information during takeovers and aligning Insider Trading Regulations with the provisions of the Companies Act, 2013.
- ii. To suggest short term and medium term measures for improved surveillance of the markets as well as issues of High Frequency Trades, harnessing of technology and analytics in surveillance.

SEBI has also informed that it has constituted a Committee on Financial and Regulatory Technologies (CFRT) consisting of 10 members under the chairmanship of Shri. T.V. Mohandas Pai, to examine, deliberate and advise SEBI on an ongoing basis on the following:

- i. Recent and medium term trends (within next 5 years) in Financial Technology (Fin Tech) developments in the securities market world wide.
- ii. Opportunities and challenges from new FinTech solutions and their impact on the Indian securities market.

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- iii. FinTech solutions for further widening and deepening of the Indian securities market through:
 - (1) Financing platforms.
 - (2) Enhancing market access and mobilization of household savings through new delivery channels of financial products, investment advisory and portfolio management services.
 - (3) Automated trading systems and other such systems including those driven by algorithms.
 - (4) Reducing the cost of transactions and enhancing the ease of doing business through new Fintech to make Indian markets globally more competitive.
- iv. Approach and framework for regulatory sandbox in Indian market conditions to facilitate adoption of FinTech and promote financial innovations.
- v. Preparing the Indian securities market and regulatory framework to adopt new FinTech solutions while promoting market integrity, market development, consumer protection and managing market disruptions.
- vi. Assessing technological solutions for SEBI's regulatory functions viz. information management and data mining, risk management including cyber security, intermediary supervision, consumer protection, etc. through application of new technological solutions.
- vii. Technology capacity building by the Indian securities market and SEBI.
- viii. Cyber security at system level for the securities market and suggesting the creation of cyber security standards.
- ix. Technology Risk Management Framework for market participants and for the securities market.
- x. Any other issues relevant to application of FinTech in the Indian securities market.

(c) and (d): The Reserve Bank of India (RBI) has informed that in view of the increasing significance of Fin Tech innovations and their interactions with the financial sector, the Financial Stability and Development Council-Sub Committee (FSDC-SC) decided to set up a Working Group to examine the granular aspects of Fin Tech and its implications so as to review and appropriately re-orient the regulatory framework. Accordingly, the RBI set up an inter-regulatory Working Group in July, 2016. The final report of the Working Group has been submitted to the RBI and the same is being examined.
