



## Unit-2

### Regulations of stock exchanges

SEBI, the Securities and Exchange Board of India, is the regulatory body overseeing the securities markets in India. Here are some key aspects of SEBI:

**1. Establishment:** SEBI was established in 1988 as an autonomous statutory body by the Government of India. It was given statutory powers on April 12, 1992, through the SEBI Act, 1992, which provides SEBI with legal authority to regulate the securities markets.

**2. Regulatory Authority:** SEBI's primary objective is to protect the interests of investors in securities and to promote the development and regulation of the securities market in India. It regulates various entities, including stock exchanges, brokers, merchant bankers, mutual funds, portfolio managers, and foreign institutional investors.

#### **3. Functions and Responsibilities:**

- **Regulatory Oversight:** SEBI regulates and supervises the securities markets to ensure transparency, integrity, and fairness. It formulates regulations, guidelines, and directives to govern various aspects of securities trading, issuance, and market conduct.

- **Market Surveillance:** SEBI conducts surveillance and monitoring of market activities to detect market abuses, insider trading, price manipulation, and other irregularities. It employs advanced surveillance tools and technologies to maintain market integrity.

- **Investor Protection:** SEBI promotes investor education and awareness and implements measures to protect investors' interests. It regulates disclosure norms, investor grievance redressal mechanisms, and investor compensation funds to safeguard investor rights.

- **Market Development:** SEBI works to develop and enhance the securities market infrastructure, products, and participants. It introduces reforms, initiatives, and policies to foster market liquidity, efficiency, and innovation.

- **Enforcement Actions:** SEBI has enforcement powers to investigate violations of securities laws and regulations. It imposes penalties, sanctions, and enforcement actions against entities and individuals found guilty of misconduct or non-compliance with regulatory requirements.

**4. Market Regulation:** SEBI regulates various segments of the securities market, including equity markets, commodity derivatives markets, debt markets, mutual funds, alternative investment funds, credit rating agencies, and depositories. It oversees stock exchanges, clearing



corporations, and depositories to ensure their compliance with regulatory standards.

**5. International Cooperation:** SEBI collaborates with international regulatory bodies, organizations, and agencies to foster regulatory cooperation, information sharing, and best practices exchange. It participates in global forums and initiatives to enhance market integrity and investor protection.

Overall, SEBI plays a pivotal role in maintaining the integrity, efficiency, and stability of the Indian securities markets and in fostering investor confidence and market development.