

Mr. Nehal Vora

Head, Planning and Policy, Bombay Stock Exchange (BSE)

INTRODUCTORY SPEECH FOR THE PANEL DISCUSSION- STRIVING FOR A COMMON REGULATORY APPROACH

1) Circumstances warranting a higher level of regulatory cooperation

a) Higher level of integration of products being traded in the world markets e.g. SENSEX and NIFTY products being traded on the US Markets, European markets

b) Global players setting up their presence in most markets warranting regulators to take an integrated approach on risk containment thereby enabling safety of the markets and on surveillance and supervision issues to protect the integrity of the markets eg the Lehmann crisis

c) Supervision of markets is both a science and art and the dynamic nature of the evolution of markets and hybrid multi product instruments like structured products require constant dialogue both formal and informal among regulators to share their experience, learnings to enable proactive regulation and supervision.

2) Areas of regulatory cooperation

a) Risk containment

b) Surveillance and supervision

c) Enforcement and AML

d) Handling global defaults

e) Training and exposure to new products, newer techniques of market abuse, surveillance and supervision.

3) Manner in enhancing regulatory cooperation

a) encouraging setting of multi exchange regulatory cooperation groups like the ISG in various jurisdictions

b) Common legal framework between the regulators and the stock exchanges in sharing of information.

c) Member compliance and regulation can be made more effective by encouraging SROs like FINRA to co-operate and meet regularly to share their findings and techniques to enhance the capability and effectiveness of such SROs.