

SECURITIES LAWS

STREAMLINING THE REGULATIONS IN RESPECT OF INTERMEDIARIES IN SECURITIES MARKETS

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Though the intermediaries do not bear the risks while undertaking transactions and handling the securities and funds for or on behalf of the issuers of and investors in securities, yet they influence the transaction decisions of the issuers and investors and act as partners in regulation and development of markets. Therefore, it is necessary to ensure that they have the necessary competence and motivation to work in the best interest of the issuers and investors. This is generally achieved through a comprehensive, objective and transparent regulatory

NEED OF A REGULATORY FRAMEWORK

1. Securities markets enable exchange of funds for securities. Such exchange requires double coincidence of wants of the parties. The amount of funds offered by the investor (supplier of funds) should match the amount wanted by the issuer (supplier of securities). Similarly, the risk, liquidity and maturity characteristics of the securities offered by issuer should match the preference of the investor. Otherwise, the parties would incur substantial search costs to find out each other. In order to minimize search costs, the securities markets use the services of a large variety of intermediaries such as brokers, merchant bankers, etc., to match the needs of issuers and investors and bring them together for a variety of transactions.

Contrary to the belief that securities market disintermediates by bringing investors and issuers face to face, the disintermediation in the securities market is in fact an intermediation with a difference; it is a riskless intermediation, where the ultimate risks are borne by the issuers and investors. Since the intermediaries do not bear the risks while undertaking transactions and handling the securities and funds for or on behalf of the issuers of and investors in securities, it is necessary to ensure that they have the necessary competence and motivation to work in the best interest of the issuers and investors. Similarly, since the intermediaries are in a position to influence the transaction decisions of the issuers and investors and act as partners in regulation and development of the market, it is necessary to ensure that they have the necessary competence and motivation to work in the best interests of the market and the economy. This is generally achieved through a comprehensive, objective and transparent regulatory framework,

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framework, which prescribes and enforces the standards for quality intermediation services in the market. Multiple regulations are in place. In this article, the author has discussed the existing regulatory framework and in this context made suggestions to further streamline the regulations in respect of the intermediaries. The author emphasizes that the suggestions made by him will help intermediaries consolidate, innovate and expand leading to scale economies and reduced transaction costs and improve confidence of participants leading to increasing participation in the markets. These will also hasten the reforms making the market an efficient and safe place.

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SEBI'S RESPONSIBILITY

2. SEBI has specific responsibility under the SEBI Act, 1992 to :

- (a) register and regulate the working of the stock brokers, sub-brokers, share transfer agents, bankers to an issue, trustees of trust deeds, registrars to an issue, merchant bankers, underwriters, portfolio managers, investment advisors and such other intermediaries associated with the securities market,
- (b) register and regulate the working of the depositories, depository participants, custodian of securities, foreign institutional investors, credit rating agencies, or any other intermediary associated with the securities market as the SEBI may specify by notification,
- (c) register and regulate the working of the venture capital funds, collective investment schemes, including mutual funds,
- (d) train the intermediaries in securities market, and
- (e) promote and regulate self-regulatory organisations.

No intermediary can deal in securities or operate in the securities market, unless it obtains a certificate of registration from the SEBI in accordance with the Regulations. The Act allows the SEBI to register and regulate intermediaries listed in the Act and also such other intermediary who may be associated with the securities market in any manner. This allows the SEBI to regulate the intermediaries who are not listed in the Act should the need arise and also the new intermediaries that may emerge in future, without amendments in the law.

The Act arms the SEBI with wherewithal to discipline the intermediaries and ensure quality intermediation services in the interest of investors and the securities markets. Its explicit powers include :

- (a) issuing directions to all intermediaries (i) in the interest of investors, (ii) in the interest of orderly development of the securities market, (iii) to prevent the affairs of any intermediary from being conducted in a manner detrimental to the interest of investors or of the securities market, or (iv) to secure the proper management of any such entity,

- (b) calling for information from, undertaking inspection, conducting inquiries and audits of intermediaries and SROs,
- (c) appointing a person as investigating authority to investigate the affairs of an intermediary,
- (d) appointing adjudicating officers to adjudicate a wide range of violations and impose monetary penalties on any intermediary,
- (e) attaching for a period not exceeding one month, one or more bank accounts of any intermediary involved in violation of any of the provisions of the Act or rules or regulations made thereunder;
- (f) directing any intermediary not to dispose of or alienate an asset forming part of any transaction which is under investigation, in the interest of investors or securities market,
- (g) prohibiting fraudulent and unfair trade practices relating to securities market and insider trading in securities,
- (h) suspending or cancelling registration of an intermediary, and
- (i) making regulations to provide for conditions of registration, fees to be paid and the manner of suspension and cancellation of registration.

**TABLE 1 : INTERMEDIARIES REGISTERED WITH SEBI
(AS ON MARCH 31, 2007)**

SL No.	Intermediary	Rules / Regulations / Schemes / Guidelines / Orders Governing the Intermediaries	Number
1.	Brokers	SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992	9444
2.	Sub-Brokers	SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992	27894
3.	Trading Members	SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992	1258
4.	Clearing Members	SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992	
5.	Merchant Bankers	SEBI (Merchant Bankers) Regulations, 1992	152
6.	Portfolio Managers	SEBI (Portfolio Managers) Regulations, 1993	158
7.	Registrar to an Issue	SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993	82
8.	Share Transfer Agents		
9.	Underwriters	SEBI (Underwriters) Regulations, 1993	45
10.	Debenture Trustees	SEBI (Debenture Trustees) Regulations, 1993	30
11.	Bankers to an Issue	SEBI (Bankers to an Issue) Regulations, 1994	47
12.	Foreign Institutional Investors	SEBI (Foreign Institutional Investors) Regulations, 1995	996
13.	Custodians	SEBI (Custodian of Securities) Regulations, 1996	11
14.	Depositories	SEBI (Depositories and Participants) Regulations, 1996	2

15.	Depository Participants	SEBI (Depositories and Participants) Regulations, 1996	593
16.	Venture Capital Funds	SEBI (Venture Capital Funds) Regulations, 1996	90
17.	Mutual Funds	SEBI (Mutual Funds) Regulations, 1996	40
18.	Approved Intermediaries	Securities Lending Scheme, 1997	3
19.	Credit Rating Agencies	SEBI (Credit Rating Agencies) Regulations, 1999	4
20.	Collective Investment Schemes	SEBI (Collective Investment Schemes) Regulations, 1999	0
21.	Foreign Venture Capital Investors	SEBI (Foreign Venture Capital Investors) Regulations, 2000	78
22.	Self-Regulatory Organisations	SEBI (Self-Regulatory Organisations) Regulations, 2004	0
23.	STP Centralised Hub and Service Providers	SEBI (STP Centralised Hub and STP Service Providers) Guidelines, 2004	NA
24.	All Intermediaries	SEBI (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002 SEBI (Criteria for Fit and Proper Person) Regulations, 2004 Guidelines for Anti-Money Laundering Measures, 2006	NA
25.	Intermediaries and other Participants	SEBI (Prohibition of Insider Trading) Regulations, 1992 SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 SEBI (Central Database of Market Participants) Regulations, 2003 SEBI (Ombudsman) Regulations, 2003 SEBI (Procedure for Holding Inquiry and Imposing Monetary Penalty by Adjudicating Officer) Rules, 1995 Depositories (Procedure for Holding Inquiry and Imposing Monetary Penalty by Adjudicating Officer) Rules, 2005 Guidelines for Consent Orders and for considering requests for composition of offences, 2007	NA

 The regulatory framework, which has been evolving since 1992, has stood the test of time and has been able to ensure, by and large, quality intermediation services in the market. 

Under the Act, the SEBI has made a number of Regulations (Table 1) to register and regulate the intermediaries. While many of these Regulations [Example: SEBI (Merchant Bankers) Regulations, 1992] are dedicated to a category of intermediary, some Regulations [Example: SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992] prescribe requirements for a few categories of intermediaries. Some other Regulations [Example: SEBI (Criteria for Fit and Proper Person) Regulations, 2004] apply to the

As of now, the provisions relating to intermediaries are scattered at different places such as Rules, Regulations, circulars, guidelines, orders, etc. The provisions relating to regulation and supervision of intermediaries may be put at one place in the Regulations.

intermediaries in general. There are a few Regulations [Example: SEBI (Central Database of Market Participants) Regulations, 2003], which apply to all participants, including intermediaries. These Regulations along with various circulars and orders issued by SEBI from time to time constitute the regulatory framework for intermediaries. The regulatory framework, which has been evolving since 1992, has stood the test of time and has been able to ensure, by and large, quality intermediation services in the market. Here only a few suggestions have been made to further streamline the Regulations in respect of the intermediaries.

THERE MAY BE ONLY ONE SET OF REGULATIONS TO REGULATE ALL KINDS OF INTERMEDIARIES FROM REGISTRATION TILL CANCELLATION OF REGISTRATION

3. There is a separate set of Regulations for governing each kind of intermediary. These Regulations generally prescribe: (a) the requirements of becoming an intermediary, (b) the procedure for becoming an intermediary, (c) the fees payable, (d) the general obligations and responsibilities, (e) the conditions of registration, (f) the code of conduct to be followed, (g) investor grievance redressal procedure, (h) the procedure for inspection, (i) the procedure for action in case of default, (j) the surrender/cancellation of certificate of registration, etc. The framework for registration, regulation, supervision and cancellation of registration is by and large similar for all kinds of intermediaries. For example, a merchant banker has to be a fit and proper person as much as a broker is required to be. A depository has to adhere to the code of conduct as much as a share transfer agent is required to. Since the different Regulations have essentially similar provisions, only one set of Regulations would serve the purpose equally well. This approach has been followed in two Regulations, namely, the SEBI (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002 and the SEBI (Criteria for Fit and Proper Person) Regulations, 2004, which apply to all kinds of intermediaries. These two Regulations as well as the specific Regulations for each kind of intermediary may be consolidated into only one set of Regulations. This would bring down the number of Regulations from 20+ to 1 and save resources being wasted now on framing and servicing (administering, amending, monitoring and compliance) so many Regulations. This would also remove many inadvertent inconsistencies.

which have crept into these regulations over a period of time. For example, while brokers in cash segment of exchanges are required to be fit and proper persons, the brokers in derivative segment are not so required. The SEBI Act requires intermediaries to be regulated by Regulations. However, the approved intermediaries and STP providers are governed under a scheme and the guidelines, respectively. In order to impart full regulatory sanctity, all intermediaries may be governed by Regulations only. As of now, the provisions relating to intermediaries are scattered at different places such as Rules, Regulations, circulars, guidelines, orders, etc. The provisions relating to regulation and supervision of intermediaries may be put at one place in the Regulations. This would make administration of the Regulations easier for the intermediaries as well as SEBI.

AN INTERMEDIARY MAY BE REGISTERED ONCE IRRESPECTIVE OF THE NUMBER OF INTERMEDIATION OF SERVICES IT RENDERS

4. An entity today needs separate registration from SEBI for each kind of intermediation service. Some intermediation services like broking or depository participant require separate registrations in respect of each exchange or each depository, as the case may be. A broker needs separate registrations for operating in different segments of the same Exchange. As a result, an entity wishing to operate as a broker on two segments of 5 exchanges, as a sub-broker on 2 exchanges, and as a depository participant with two depositories would need 14 registrations from SEBI. An interesting example is that an entity wishing to operate as a sub-broker of NSE/BSE needs three registrations from SEBI. He first obtains registration as a broker of a small exchange. This enables him to seek registration as a broker of the Inter-connected Stock Exchange, which further enables him to seek registration as a sub-broker of NSE/BSE through the subsidiary of the Inter connected Stock Exchange. The Act requires an entity to have SEBI registration for rendering intermediation services. It does not contemplate the same entity to have separate SEBI registrations for each kind of intermediation service or three registrations for one kind of service. It is a wastage of resources, if an entity is to be registered again and again for different intermediation services. Besides, supervision across the activities or across exchanges/depositories, as the case may be, in respect of brokers or depository participants, becomes difficult. The system should capture an entity in its capacity as an intermediary, not just one service or the service in respect of a depository/a segment of an exchange. An intermediary may have only one registration to provide any combination of intermediation services. An entity may be registered as an intermediary as such if it is a fit and proper person and has certain

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minimum infrastructure/standards. After registration, it may comply with the requirements for commencing a particular type of intermediation service. On being satisfied that it complies with all the requirements of a particular intermediation service, SEBI may grant permission to the entity to commence that service. The requirements for each service may be additive. The permissible volume of business of an intermediary may be commensurate with its capital/net worth/infrastructure, etc. However, it is necessary to identify possible conflict of interest or risks that an intermediary may pose if it renders 'n' kinds of intermediation services. In such cases, it is necessary to specify different combinations of intermediation services that an intermediary may be allowed to undertake and/or the checks and balances to be in place if an intermediary offers a particular combination of services.

Some Regulations restrict the scope of activities that an intermediary may undertake. This prevents it from reaping the benefits from the economies of scale and scope and to encash synergies across complementary intermediation services. The Regulations should encourage the intermediaries to carry on all kinds of intermediation services simultaneously leading to emergence of universal financial powerhouses, which provide a one-stop shop to investors for various financial market dealings on competitive terms not only in Indian securities markets, but across the financial markets and across the globe. This has the danger of risk of one activity/segment spilling over to the other activities/segments of the markets and potential for conflict of interest. There are, however, standard tools for supervision of financial conglomerates to address conflict of interest and contagion effect. Further, given the number of inactive intermediaries, the Regulations need to incentivise the consolidation of intermediaries. This will reduce regulatory cost and promote efficient intermediation service.

SEBI grants registration only after the applicant satisfies the eligibility criteria, including fit and proper person, prescribed in the Regulations. This means that the registrations are not transferable. Since the Regulations do not specifically state so, intermediaries believe that SEBI registration is a transferable/saleable commodity. They at times apply to SEBI for approval of transfer of registration arising from transfer of business. It needs to be clarified that SEBI registration is not transferable.

THE INTERMEDIATION SERVICES MAY BE PROVIDED ONLY BY REGISTERED INTERMEDIARIES

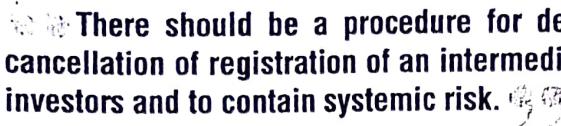
5. 'Intermediary' is not defined in the securities laws. In common parlance, it means an entity that intermediates between two parties with a view to helping them to enter into a transaction. In the context of securities market, it may mean an entity that assists the issuers and/or investors in

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execution of transactions. SEBI is expected to make Regulations and regulate such intermediaries as listed in the Act and also such other intermediaries who are associated with securities markets in any manner. SEBI has made Regulations for all intermediaries listed in the Act, except for investment advisers. Since this is a statutory mandate and a crucial preventive investor protection measure, the Regulations for investment advisers need to be made. There are some intermediaries which are currently not regulated. The Regulations may be made for regulating distributors who sell the securities in primary market, distributors of mutual fund products, and asset management companies who manage assets of collective investment schemes. The authorized persons associated with trading members in derivative segments of exchanges render similar services as sub-brokers associated with brokers in cash segments of stock exchanges do. However, the sub-brokers are registered and regulated by SEBI while the authorized persons are not. Since sub-brokers do not intermediate between clients, but act merely as agents of brokers who are accountable to clients, they may not be regulated as the authorized persons are not. The brokers and trading members may have liberty to render broking services either through their network of branches and/or through their agents, namely, sub-brokers/authorized persons. Derivative segments of exchanges have trading members and clearing members. Every scheme of corporatization and demutualization of stock exchanges has created trading members and clearing members in cash segment also. SEBI may make Regulations for regulating trading members of cash segments of exchanges and clearing members of clearing corporations. STP providers, who are only technology providers and not really intermediaries, may not be regulated at all.

ALL KINDS OF INTERMEDIARIES MAY BE TREATED UNIFORMLY

6. Certain basic aspects must be same for every kind of intermediary or intermediation service. For example, an intermediary has to be a fit and proper person; or registration needs to be granted in the interest of the market/investors, etc. While some regulations have provision for these, some others do not have. Some regulations require SEBI, while considering request for registration as an intermediary, to take into consideration if the applicant owes any money to SEBI, while other regulations do not so require. Similarly, the application forms are not uniform. Some applications seek information about the applicant, its directors, its associate entities, the entities with common directorship, shareholders, promoters etc.,

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while some others do not seek so many details. As a result, while verifying antecedents of the applicant in order to determine if he is a fit and proper person, SEBI may verify the antecedents of the people whose names are included in the application form. For example, while registering a derivative broker, SEBI does not receive the information about its associates. It may grant registration to the applicant without checking antecedents of the associates. If, however, the same entity applies for registration as a merchant banker, SEBI receives information about the associates and may check the antecedents of the associates and then reject the request if there is anything adverse against any associate. This means that for the same lapse, an applicant is granted registration for one intermediation service and denied registration for another. An intermediary is an intermediary and irrespective of the kind of intermediation, same standards may apply to all intermediaries. The terms such as 'associates', 'net worth', 'small investor', etc., may be defined and used uniformly for all intermediaries.

THE REGULATIONS MAY PROVIDE FOR A PROCEDURE TO DEAL WITH VOLUNTARY AND PENAL CANCELLATION OF REGISTRATIONS

7. The SEBI Act empowers SEBI to suspend or cancel a certificate of registration in such manner as may be determined by Regulations. The Regulations require enquiry proceedings for suspension or cancellation of registration as a penal measure. They do not, however, provide a procedure for voluntary surrender of registration. By default, SEBI initiates enquiry proceedings to cancel the registration even when an intermediary surrenders its registration voluntarily. The Regulations should, therefore, provide for cancellation of registration, if surrendered voluntarily, subject to certain compliances. The Regulations should ensure pleasant entry and exit of intermediaries to/from the market. Otherwise, not only the intermediaries suffer, but also SEBI wastes its scarce resources in instituting enquiries and passing orders in respect of thousands of intermediaries that surrender registrations every year.

Sub-brokers and depository participants deal in securities as agents of brokers and depositories, respectively. However, cancellation of registration of a broker/depository does not automatically result in cancellation of registration of affiliated DPs/sub-brokers. Similarly, if recognition of a stock exchange is withdrawn, the registration of all the brokers and the sub-brokers of the exchange is not cancelled automatically. SEBI initiates

enquiry proceedings to remove these defunct DPs/brokers/sub-brokers from the system. A deeming provision may be inserted in the Regulations that the registration of brokers, sub-brokers, and DPs will be cancelled if the registration of the affiliating stock exchange, broker or depository is cancelled for whatever reason. This is necessary to avoid a situation where there are registered DPs/brokers/sub-brokers in the system, while their affiliating depositories/exchanges/brokers have quit or have been thrown out.

An entity may have two registrations as DP in respect of two depositories and five registrations as broker in respect of five exchanges. As a penal action, SEBI may cancel its registration as a DP of a depository or an exchange. It can still carry on business as DP of the other depository or broker of other exchanges and thereby practically may not suffer the penalty. Besides, this may adversely affect the competition among the depositories/exchanges. The Regulations need to provide for implications/consequences of cancellation of one registration on other registrations held by the same intermediary.

There should be a procedure for dealing with failure, closure, or cancellation of registration of an intermediary in order to minimize loss to investors and to contain systemic risk. Regulations may provide for smooth closure of business, transfer of client accounts to another intermediary, wherever necessary and preservation of records for audit trail of the transactions executed by the intermediary in the past. The exchanges/depositories/SROs/an administrator appointed by SEBI may supervise closure of business.

REGULATIONS MAY DEAL WITH CERTAIN ASPECTS AND MAY NOT DEAL WITH CERTAIN OTHER ASPECTS

8. The registration is granted on being satisfied that the entity is a fit and proper and capable person. However, some intermediaries outsource the services or engage agents to render the services. This defeats the purpose of registration, as the service is provided by an unregistered entity that is outside the regulatory oversight. The Regulations may clearly prohibit outsourcing of core intermediation services and provide a procedure and standards for outsourcing of ancillary services.

There are intermediaries and intermediaries of all shapes and sizes and even hues and colours operating in the market. Their acts of omission and commission can cause loss to issuers and investors and even contribute to market failure. In order to enable an issuer or investor to choose the right intermediary through whom he may transact business, the Regulations may mandate continuous disclosures by intermediaries through a central website. The disclosures may include the form of organization,

management, capital adequacy, liabilities, defaults and penal actions taken by the regulator and self-regulatory organizations against the intermediary in the past and other relevant information.

The confidence of the investors can be maintained and enhanced by making provision for professional intermediation services. Regulations may, therefore, mandate minimum human resource capability of the intermediary, as has been done for derivative brokers. Regulations prescribe criteria for admission as an intermediary. They also need to prescribe that these criteria are to be met on a continuous basis and governance standards for intermediaries.

An intermediary holds assets for and on behalf of its clients. The Regulations may provide that it holds assets of clients in trust and does not have any right, title or interest of any nature therein. The client assets shall not form part of assets of the intermediary and no authority can attach or seize such assets.

Regulations may provide a very concise but comprehensive code of conduct. It may require an intermediary to exercise due diligence. It may not spell out what would constitute due diligence for each activity. If the elements of due diligence are specified in the Regulations, the intermediary will do only the specified elements, not the others even though the circumstances so warrant. This would limit the responsibility of the intermediaries.

Regulations need to list all possible violations and the associated penalties. This would alert the participants. These may also provide time lines for disposal of penal proceedings.

All intermediaries must be members of a SRO, which may act as first level regulator. Only after SRO recommends, SEBI may consider registration/ permission for the activity. For example, a broker is registered by SEBI only after it is recommended by an exchange. In fact the membership of an exchange is a basic condition for SEBI registration. If for whatever reason, the exchange cancels the membership, the SEBI registration may be deemed to be cancelled from the date of cancellation of membership by the Exchange.

Regulations require relations among intermediaries and other participants to be governed by agreements. These agreements are not really agreements among the participants on their own volition as they generally do not have any flexibility to amend any of the terms of the agreement. In such a case, there is no need to have agreements signed among the parties. Regulations may enable the regulators to regulate certain aspects by the agreements and the parties must be deemed to have agreed to the agreement, as may be amended from time to time by the regulator and available on its

website. This would avoid signing of the agreements with every amendment and costs associated with such agreements. This would be in the interest of investors as the parties cannot alter any of the terms prescribed by the regulator to the disadvantage of the investor and an investor would not suffer just because a fresh agreement has not been signed by the parties after a particular amendment.

The Regulations predate the technology. Most of the Regulations were framed in the early 1990s when electronic servicing was not in vogue. While all the transactions in securities are now taking place electronically and even securities are held in demat form, the intermediaries continue to deal with the regulator through papers. In the interest of efficiency, the Regulations may provide for electronic registration, compliance, disclosure, surrender, etc. The Regulation may also provide retention of records in electronic mode which is less costly and can be preserved longer.

Regulations contain provisions relating to regulation and supervision of intermediaries as well as market operations. The pace of change in securities market is very fast. Technological developments change the products and market design, which necessitate change in market regulation. The Regulations may focus on regulation, and supervision of intermediaries and not on market regulations, which could be addressed by master circulars updated once a year. The regulations can impose an obligation on intermediaries that they would comply with/abide by circulars issued by the SEBI under the securities laws in respect of market operations.

THE PROCEDURE FOR MAKING REGULATIONS MAY BE STREAMLINED

9. There is scope for improving the process of making Regulations. Continuously changing the Regulations, increases uncertainty and adds to learning costs. On the other hand, not changing the Regulations in time would render the market inefficient and hamper the development of the market. One way out could be to have a calendar of amendments and Regulations may be amended at best once during a year on a scheduled date. In order to reduce the need for frequent amendments in Regulations and the cost of compliance, the process may take inputs from the regulated and public before notifying the Regulations. A cost benefit analysis may justify every new Regulation or amendments in the Regulations and regulatory impact assessment may be carried on periodically for continuation of existing Regulations. Lastly, the Regulations may be written in simple English so that no one can take excuse that he could not understand the law. The overriding principle of the Regulations should be, as stated in the Guidelines for Anti-Money Laundering Measures, 2006, that the intermediaries should satisfy themselves that the measures taken by them are adequate, appropriate and follow the spirit of the

measures and requirements as enshrined in the Prevention of Money Laundering Act, 2002.

CONCLUSION

10. These measures will help intermediaries consolidate, innovate and expand leading to scale economies and reduced transaction costs and improve confidence of participants leading to increasing participation in the markets. These will also hasten the reforms making the market an efficient and safe place.