

TERMS OF REFERENCE FOR A REGULATORY DIALOGUE BETWEEN THE US SECURITIES AND EXCHANGE COMMISSION AND THE SECURITIES AND EXCHANGE BOARD OF INDIA

The US Securities and Exchange Commission (SEC) and the Securities and Exchange Board of India (SEBI) aim to enhance cooperation and collaboration with a view to promoting investor protection, fostering market integrity, and facilitating cross-border capital formation in India and the United States. To this end, this document sets forth terms of reference for a regulatory dialogue (“Dialogue”) between the SEC and the SEBI.

The Dialogue between the SEC and the SEBI has three major objectives:

- to identify and discuss regulatory issues of common concern;
- to continue and expand upon the existing SEC/SEBI program of capacity-building; and
- to improve cooperation and the exchange of information in cross-border securities enforcement matters.

The SEC and SEBI intend to identify specific areas of work under these objectives and to accomplish this work through regular contacts among senior staff and high-level officials of the SEC and the SEBI.

TIMING AND VENUE

It is expected that the Dialogue will be held as needed. The location of the Dialogue will alternate between India and the United States unless an alternative location is mutually agreed to by both authorities.

PARTICIPANTS

The SEC and the SEBI will be represented at the Dialogue by senior staff and high-level officials of those agencies. The SEC and the SEBI agree that from time to time it may be beneficial if other authorities in each jurisdiction were to participate in the Dialogue. Accordingly, the agencies will consult with one another to determine if a particular meeting of the Dialogue would be benefited by the participation of other authorities.

AGENDA

The agenda for the Dialogue will consist of topics pertaining to the objectives of the enhanced relationship between the SEC and the SEBI, as described above and elaborated upon below. Prior to each scheduled meeting of the Dialogue, the SEC and the SEBI will consult with one another and other relevant parties to identify specific issues that will be addressed at the upcoming meeting.

1. Identification and Discussion of Regulatory Developments of Common Interest

In light of the growing interest in the cross-border flow of financial services and investment between the United States and India, the Dialogue will provide the opportunity for the SEC and the SEBI to better understand one another's regulatory regimes and to identify issues of mutual interest. The SEC and SEBI will seek to gain a better understanding of the legal structures and regulatory requirements impacting financial services firms and companies in one another's jurisdictions. This will facilitate the ability of the SEC and the SEBI to discuss and identify issues of mutual concern and any potential spillover effects related to these developments at an early stage. Such enhanced cooperation and collaboration between the SEC and the SEBI will greatly advance the authorities' ability to achieve their shared goals of protecting investors and fostering market integrity in a global context.

2. Expand upon the Program of Capacity-Building Provided by the SEC to the SEBI

Building on the framework established in the March 1998 Memorandum of Understanding between the SEC and the SEBI, and on technical assistance and training conducted by the SEC since 2001 under a USAID-funded agreement, the authorities will continue to promote the development of a comprehensive capacity-building technical cooperation program.

3. Improved Cooperation in Cross-Border Securities Enforcement Matters

The SEBI and the SEC recognize that an increasingly important component of effective enforcement of domestic securities laws is the ability of securities regulators to both provide and receive timely and comprehensive assistance from their foreign counterparts. As the number of cross-border listings and dually registered entities grow, so does the likelihood that perpetrators of securities fraud will seek to defraud investors in both the United States and India. Accordingly, the SEBI and SEC will work to communicate quickly on such matters and to provide timely and thorough assistance to one another. Moreover, as the SEBI continues to work to enhance its enforcement abilities, the SEC will share its experiences and knowledge related to the investigation and prosecution of securities enforcement matters, as well as international standards for enforcement cooperation.