



## RBI Issues Framework for SROs in Financial Markets

**Source: LM**

The **Reserve Bank of India (RBI)** issued a framework for **recognition of self-regulatory organizations (SROs) in the financial markets** to strengthen compliance culture and provide a consultative platform for policy making.

- The proposed SROs can play a vital role in developing industry standards and best practices and ensuring member adherence.
- Under the new framework SROs must be **not-for-profit companies (registered under Section 8 of the Companies Act, 2013) with a minimum net worth of Rs 10 crore**, shareholding must be diversified, with no single entity holding 10% or more of the paid-up share capital.
- SROs regulate their respective industries or sectors, often in collaboration with government regulators.
  - The **SRO will act as a bridge between its members and the regulator**. It will ensure better compliance with regulatory guidelines, development of early warning signals, protection of stakeholder interests, and foster innovation.

**Read more: [Omnibus SRO Framework](#)**

PDF Reference URL: <https://www.drishtiias.com/printpdf/rbi-issues-framework-for-sros-in-financial-markets>