



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](#)

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