Recent Trends in SEC Regulation of U.S. Capital Markets
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Abstract
Regulating financial markets is very important because of the unique nature of information asymmetries possible therein, and any negative fallout is bound to have a very serious impact on the rest of the modern economy.

In the U.S., the SEC has been adopting a “disclosure-enforcement” framework with a heavy focus on a legal outlook in its regulatory effort. Over the past few years, there has been a spate of corporate abuses in the U.S., such as reporting restatements and stock price manipulations, in response to which the administration has come out with the Sarbanes-Oxley Act, most of which has been incorporated as guidelines by the SEC.

In India, the economy shifted from a state-directed entity towards a market-oriented structure only in the early ‘90s. Under such a stage of economic reforms, controls were abolished and the markets were opened up with a regulator (SEBI) in place by 1992. In this paper, some of the significant aspects of the Sarbanes-Oxley Act are studied to determine whether certain aspects of the Act could be found relevant for the regulatory scenario in India.