MoU Between SEBI and FRC Mongolia

Why in News?

Recently, the Union Cabinet has approved the proposal for a bilateral Memorandum of Understanding (MoU) between **Securities and Exchange Board of India (SEBI) and Financial Regulatory Commission, Mongolia (FRC).**

- FRC is Mongolia's (non-bank) financial markets regulator.
- FRC, like SEBI, is a co-signatory to **International Organization of Securities Commissions' Multilateral MoU** (IOSCO MMoU).

What is the MoU about?

- The proposed bilateral MoU would, in addition to contributing towards strengthening the information sharing framework leading to effective enforcement of securities laws, also help in establishing a technical assistance programme.
    - The IOSCO MMoU does not have under its scope **the provision for technical assistance.**
- The technical assistance programme would benefit the Authorities by way of consultations on matters relating to capital markets, capacity building activities and training programmes for the staff.

What is IOSCO?

- **Founded:** April 1983
- **Headquarters:** Madrid, Spain
    - IOSCO Asia Pacific Hub is located in Kuala Lumpur, Malaysia.
- **About:**
    - **It is the international organization that brings together the world's securities regulators,** covering more than 95% of the world's securities markets, and is the global standard setter for the securities sector.
    - It works closely with the **G20 (Group of Twenty)** and the **Financial Stability Board (FSB)** in setting up the standards for strengthening the securities markets.
- **Objectives:**
    - The IOSCO Objectives and Principles of Securities Regulation have been endorsed by FSB as one of the key standards for sound financial systems.
    - IOSCO's enforcement role extends to matters of interpretation of **International Financial Reporting Standards (IFRS)**, where IOSCO maintains a (confidential) database of enforcement actions taken by member agencies.
        - IFRS is an accounting standard that has been issued by the International Accounting Standards Board (IASB) with the objective of providing a common accounting language to increase transparency in the presentation of financial information.

What is SEBI?

- **About:**
    - SEBI is a **Statutory Body (a Non-Constitutional body which is set up by a Parliament) established on 12th April, 1992** in accordance with the provisions of the Securities and Exchange Board of India Act, 1992.
    - The basic functions of SEBI is to protect the interests of investors in securities and to promote and regulate the securities market.
    - The **headquarters of SEBI is situated in Mumbai**. The regional offices of SEBI are located in Ahmedabad, Kolkata, Chennai and Delhi.
- **Background:**
    - Before SEBI came into existence, **Controller of Capital Issues was the regulatory authority,** it derived authority from the Capital Issues (Control) Act, 1947.
    - **Initially SEBI was a non statutory body** without any statutory power.
    - It became autonomous and given statutory powers by SEBI Act 1992.

Source: PIB

PDF Refernece URL: https://www.drishtiias.com/printpdf/mou-between-sebi-and-frc-mongolia