

EDITORIAL

The strength of a nation's economy is often reflected in the depth, resilience and integrity of its capital markets. The rapid evolution of financial instruments, digital trading platforms, sustainable finance products and cross-border investments have created unprecedented opportunities. At the same time, it has also introduced new dimensions of risk, complexity and regulatory challenges driven by technological innovation, globalization, increasing retail and institutional participation giving rise to ever-evolving regulatory frameworks. Amidst these developments, corporate governance and regulatory compliance have emerged as key determinants of market credibility and investor trust. This is where the CS professionals, as "Guardians of Governance" assume a pivotal role. Transparency remains the cornerstone of efficient markets and the Securities and Exchange Board of India (SEBI) has played a transformative role in modernizing Regulatory initiatives focusing on transparency in public offerings, related party transactions, beneficial ownership disclosures and corporate governance which have significantly contributed to enhancing market confidence. The ICSI has also taken initiatives in creating awareness amongst its members and stakeholders, on various regulatory initiatives in collaboration with regulators, and various workshops for the same have been held across the country.

As we explore this month's theme of the Journal *"Capital Markets and Securities Regulation: Shaping Trust, Transparency and Sustainable Growth"*, it seeks to examine emerging trends, regulatory developments and governance perspectives that are redefining the contours of capital markets. Through informed discourse and professional insight, we endeavour to contribute to a deeper understanding of how effective regulation and responsible governance can build more resilient, inclusive and sustainable financial markets for the future.

In the Global Connect Section, the author, through the article **'Artificial Intelligence and Algorithmic Governance: Strengthening Markets'**, emphasises on the transformative role of artificial intelligence in enhancing market efficiency, strengthening regulatory oversight, improving risk management practices, and fostering greater transparency resulting in investor confidence. An invigorating article in the Social Impact Review section, **'Connecting Capital with Impact: A Global Perspective on Social Stock Exchanges'** showcases the evolution of Social Stock Exchanges (SSEs) across the world and how they connect investors' capital with measurable social and environmental impact, including insights from India's Social Stock Exchange initiative. The article in the Research section **'Carbon Footprint vs. Capital Pay-outs: Reconciling Shareholder Returns with Climate Capital under Indian Law'** sheds light on the emerging interplay between corporate sustainability obligations and shareholder value creation, while examining how businesses can balance climate-related investments with expectations of equitable shareholder returns within the framework of Indian corporate and securities laws. The article **'AI Governance and Algorithmic Accountability: A Framework for Boards, Company Secretaries and Capital Markets'** brings forth a captivating viewpoint on the governance challenges

arising from the increasing use of artificial intelligence, highlighting the need for robust accountability frameworks, board oversight, ethical safeguards, and the pivotal role of Company Secretaries in ensuring responsible AI adoption. The author through the article **'Artificial Intelligence, Algorithmic Governance and the Future of Securities Markets'**, gives an outline on the profound impact of AI-driven technologies on securities markets, the regulatory and governance considerations associated with algorithmic decision-making, and the future trajectory of capital markets in an increasingly technology-enabled financial landscape. An innovative insight is visible through the article **'Beyond Approval: RPT Definitions, Compliance Gray Areas and the Independent Director's Diligence Standard'** as it throws light on the evolving regulatory complexities surrounding Related Party Transactions (RPTs), highlighting the critical advisory, compliance, and governance services rendered by Company Secretaries in ensuring transparency, regulatory adherence, and informed board decision-making. The article, **'Greenwashing in Indian Capital Markets: Evaluation of SEBI's ESG Disclosure Framework and Sustainable Finance'**, bares the ESG challenges and a how to look out for strengthening disclosure standards, enhancing credibility of sustainability reporting, safeguarding investor interests, and fostering genuine responsible business practices in an era of increasing focus on sustainable finance. The article **'Guardians at the Gate: Re-examining Audit Committee and Independent Director Scrutiny of Related-Party Transactions in the Post-2025 Framework'**, emphasises on the role of Audit Committees and Independent Directors, where heightened oversight, enhanced diligence, and robust governance mechanisms are indispensable for safeguarding stakeholder interests and upholding the integrity of corporate decision-making. A thought-provoking insight is explored through the article **'Beyond NSE: Delegated Regulatory Power and Public Accountability in India's Securities Market Institutions'**, which examines the balance between regulatory delegation, institutional accountability, market integrity, and the evolving governance architecture of India's securities market ecosystem. The articles **'The Known Unknown: Price Sensitive Information in the Age of Market Rumours'** and **'Strategic Capital Allocation: A New Governance Frontier against Shareholder Activism'** bring to light the much needed and strengthened disclosure practices, enhance transparency in communications, reinforce governance safeguards, and adopt proactive boardroom strategies to maintain investor confidence and long-term value creation.

Through these rich insights presented in this issue, I invite our esteemed readers to explore and join the continuing dialogue on fostering transparent, accountable, and sustainable market practices. Only through collective wisdom and purposeful action, we can shape a governance ecosystem that strengthens investor confidence, advances economic progress, and creates enduring value for generations to come.

Happy Reading!

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