

The Securities Markets Code Bill, 2025

THE MINISTER OF FINANCE; AND MINISTER OF CORPORATE AFFAIRS (SHRIMATI NIRMALA SITHARAMAN): Sir, I rise to move for leave to introduce a Bill to consolidate and amend the laws relating to the securities markets and for matters connected therewith or incidental thereto.

माननीय अध्यक्ष: प्रस्ताव प्रस्तुत हुआ:

कि प्रतिभूति बाजारों से संबंधित विधियों को समेकित और संशोधित करने तथा उनसे संसक्त या आनुषंगिक विषयों वाले विधेयक को पुरःस्थापित करने की अनुमति दी जाए ।

ई टी बशीर जी, क्या आप बोलेंगे?

SHRI E. T. MOHAMMED BASHEER (MALAPPURAM): No, Sir.

SHRI ARUN NEHRU (PERAMBALUR): Sir, I rise to oppose the introduction of the Securities Markets Code Bill, 2025, under Rule 72.

While consolidation of laws may be desirable, the Bill is not a mere consolidation. It fundamentally alters the balance between the Legislature, the Executive and the Regulator with the market participants being the affected party.

I rise to oppose giving four main points excessive delegation of legislative power to one particular entity, dangerous concentration of power in one regulator which is SEBI, dilution of due diligence and presumption of innocence, and regulatory over reach. Hon. Speaker, the Bill centralises power, weakens Parliamentary control, prioritises enforcement over fairness and accountability. For these reasons, I oppose the introduction of the Securities Markets Code Bill and urge the Government to actually have balance between all the participants.

SHRI MANISH TEWARI (CHANDIGARH): Mr. Speaker, Sir, under Rule 72(1) of the Rules of Procedure and Conduct of Business in the Lok Sabha, I rise to oppose the Securities Markets Code Bill, 2025, on the following grounds.

First, the Bill results in an unconstitutional concentration of legislative, executive, investigative, adjudicatory and quasi-judicial powers in a single authority, namely, the Board. The same body frames regulations, conducts inspections and

investigations, passes interim coercive orders, adjudicates violations, imposes penalties, orders disgorgement and even reviews and enhances orders of its own adjudicating officer. This fusion of powers violates the principle and the doctrine of separation of powers and creates a real apprehension of institutional bias, offending Article 14 and 21 of the Constitution of India.

Second, the Bill, as my colleague, Mr. Arun Nehru, was pointing out, entails excessive delegation of essential legislative functions, leaving core policy matters such as regulatory scope, registration of standards, penalties, exemptions, market conduct norms and even expansion of securities to Executive-made rules and regulations. Parliament is reduced to a mere enabling authority, contrary to the settled constitutional principles and doctrines.

Third, several provisions permitting to search, seizure, attachment of property, freezing of bank accounts and prolonged interim orders, including *ex parte* actions, lack of adequate statutory safeguards, narrow thresholds and strict timelines are there. These coercive powers are exercised predominantly through delegated legislation and executive discretion, and fall foul of due process requirements under Article 21 and fail the test of proportionality.

Fourth, the Bill entrenches over-delegation to self-regulatory organisations and market infrastructure institutions. The Bill effectively allows private bodies to exercise coercive, quasi-legislative and quasi-judicial powers over market participants with only skeletal guidance in the parent statute, thereby crossing the line from permissible delegation into abnegation.

Fifth, the Securities Appellate Tribunal and Special Courts provisions raise concerns about tribunalisation without adequate judicial independence, tenured security and insulation from Executive/SEBI control and that these concerns appear at odds with the principles laid down in the Supreme Court's various orders on tribunal jurisprudence.

On these and other grounds, I oppose the introduction of the Securities Markets Code Bill, 2025.

SHRIMATI NIRMALA SITHARAMAN: Sir, I have gone through in detail the points on which the hon. Members are opposing the introduction of the Bill.

12.19 hrs (Shri Krishna Prasad Tenneti *in the Chair*)

I think, instead of going into details of each one of the objections, I would like to highlight the point that at this stage of introduction, we are only making the Bill to be sent over to the Standing Committee to do a complete review of the Bill.

From all the points that I have looked at, they are very clearly the matters which can be extensively debated in the Standing Committee, none of which pertain to the legislative competence of bringing this Bill. Therefore, at the time of introduction of the Bill, to oppose it in my view which I submit in all my humility before the Chair are matters which are completely pertaining to be discussed in the Committee. So, at this stage, I do not think any one of the points, which the hon. Members raised, stands merit to oppose the introduction. Therefore, I would still like to request you to allow the introduction of this Bill, and then allow it to be sent to the Standing Committee.

माननीय सभापति : माननीय मंत्री जी, मैं यह सूचित करना चाहता हूँ कि नियम-331 के अधीन किसी भी विधेयक को विभाग संबंधी स्थायी समिति को विचार करने हेतु सौंपने की शक्ति माननीय अध्यक्ष जी को है। आपका यह आग्रह कि इस विधेयक को विभाग संबंधी स्थायी समिति को विचार के लिए भेजा जाए, इस पर माननीय अध्यक्ष जी निर्णय करेंगे।

(व्यवधान)

माननीय सभापति : प्रश्न यह है :

कि प्रतिभूति बाजारों से संबंधित विधियों को समेकित और संशोधित करने तथा उनसे संसक्त या उनके आनुषंगिक विषयों वाले विधेयक को पुरःस्थापित करने की अनुमति प्रदान की जाए।

प्रस्ताव स्वीकृत हुआ।

SHRIMATI NIRMALA SITHARAMAN: Sir, I introduce the Bill. (*Interruptions*)
