

PREFACE

Financial sector has emerged as a major global force during the past century. Like any other market, during early days, the financial markets were localised, but with the advent of globalisation, most financial markets across the world have started accommodating a combination of local and global players. Finance as an industry has grown by crowd-sourcing i.e., from contribution from a number of small / retail investors, who form a cross section of the society. As in any industry, there were cycles of financial losses and gains and many investors suffered losses. When financial transactions led to large scale losses to public, the governments were forced to intervene and take legislative and executive measures to restore public faith in the monetary system.

The purpose of this study is to examine, how far these regulatory measures have proved fruitful, and whether there is any further scope for improvement.

In this work a purely doctrinal approach is adopted as the study focuses on the regulatory regimes from a theoretical angle and also because the work is a comparative study of regulatory regimes in various countries which does not give any scope for an empirical study.

The work is divided into 7 chapters. Chapter I entitled “Introduction” gives a general introduction to the topic. Chapter II entitled “Financial Instruments: An Overview” explores the nature and history of financial markets and instruments. Third Chapter, named “Regulation of Financial

Instruments: A Comparative Analysis” explores the concept of regulation and regulatory framework of financial derivatives. Chapter IV entitled “Regulation of Financial Derivatives: Indian Scenario” makes a brief survey of regulatory framework in India. Chapter V with title “Judicial Response to Regulation of Financial Derivatives” examines how judiciary is accepting and interpreting these documents. A comparative study of the UK and the US position is also undertaken. In Chapter VI, entitled “Policy Framework for Regulation of Financial Derivatives”, the essential features of an ideal policy framework for a future regulatory regime for financial instruments especially financial derivatives is explored. Chapter VII is the final chapter titled “Conclusion and Suggestions”. In this chapter, the research findings are summarised. Some proposals for reform of regulatory system, in addition to Financial Sector Legislative Reforms Committee (FSLRC) proposals are considered.

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