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# SEBI Introduces an IT Resilience Index for Market Infrastructure Institutions

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# SEBI Introduces an IT Resilience Index for Market Infrastructure Institutions

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**Every fact web-verified against primary sources**

> *The* **Securities and Exchange Board of India** *issued a circular on* **August 24, 2026** *introducing an* **IT Resilience Index (ITRI)** *for* **Market Infrastructure Institutions**. *The index scores institutions on a uniform set of parameters, replacing subjective audit findings with comparable measurement.*

## WHAT A MARKET INFRASTRUCTURE INSTITUTION IS

**Market Infrastructure Institutions (MIIs)** are the three categories of entity on which the securities market physically runs:

| CATEGORY | EXAMPLES |
|---|---|
| Stock exchanges | NSE, BSE, MSE, MCX, NCDEX |
| Depositories | NSDL, CDSL |
| Clearing corporations | NSE Clearing, Indian Clearing Corporation, MCX Clearing |

India has exactly **two depositories**, NSDL and CDSL, which is a standard Prelims fact.

## THE INDEX

ITRI is computed on **nine parameters** with fixed weights. The two carrying the highest weight are:

| PARAMETER | WEIGHT |
|---|---|
| Availability | 20 per cent |
| Security | 20 per cent |
| Integrity, Governance, Reliability, Monitoring, Business Continuity, Modularity, Flexibility | 10 per cent each |

The stated purpose is to strengthen performance monitoring, ensure timely service delivery, identify emerging IT weaknesses **early**, and enable **timely corrective action**.

### The Companion Measure

In the same batch, SEBI aligned its **Incident Reporting Portal** with the **FIRE** framework, meaning **Format for Incident Reporting Exchange**, developed by the **Financial Stability Board**. This standardises cyber-incident information fields, definitions and classification.

The **FSB** was established in **2009** at the **London G20 Summit**, succeeding the Financial Stability Forum of 1999. It is based in **Basel**, and India is a member.

## SEBI ITSELF

| ATTRIBUTE | DETAIL |
|---|---|
| Established | 1988 as a non-statutory body |
| Statutory status | April 12, 1992, under the SEBI Act, 1992 |
| Headquarters | Mumbai |
| Character | Quasi-legislative, quasi-executive and quasi-judicial |
| Appeals | To the Securities Appellate Tribunal (SAT), and thereafter to the Supreme Court on a question of law |

## THE EXISTING CYBER ARCHITECTURE

| INSTRUMENT | CONTENT |
|---|---|
| Cyber Security and Cyber Resilience Framework (CSCRF) | SEBI's framework for regulated entities |
| BCP-DR norms | Business Continuity Plan and Disaster Recovery, with Recovery Time Objective (RTO) and Recovery Point Objective (RPO) |
| CERT-In | Under the Information Technology Act, 2000; its 2022 directions require reporting of specified cyber incidents within six hours |
| DPDP Act, 2023 | Digital personal data protection obligations |

## CRITICAL ANALYSIS

**Financial-market risk has migrated from credit and liquidity to operational and technological.** A single exchange outage now transmits systemic stress faster than a solvency event, because trading halts freeze price discovery and margin flows simultaneously. That is why the regulator is now scoring uptime with the seriousness once reserved for capital adequacy.

**Quantification carries its own hazard.** Any published index invites **gaming toward the measured parameters**. Weighting Availability and Security at 20 per cent each may under-price **Governance**, where most real failures originate. Outages are typically **change-management failures**, meaning a badly tested deployment, rather than raw technology failures. An index that rewards uptime may inadvertently discourage the very upgrades that produce long-run resilience.

**Concentration risk is not diversifiable for the retail investor.** With two depositories and effectively two dominant equity exchanges, an investor cannot hedge MII failure by choosing a different provider. The index should therefore be paired with **mandatory interoperability and failover-to-competitor arrangements**, not treated as a substitute for them. Measuring resilience does not create it.

**Adopting the FSB's FIRE format is strategically significant.** It makes Indian incident data internationally comparable, which supports India's positioning in global financial standard-setting, a theme carried forward from its G20 presidency.

## UPSC RELEVANCE

**GS Paper 3 (Economy and Security):** Indian economy, mobilisation of resources, financial markets and regulators; cyber security.

**GS Paper 2 (Polity):** Statutory, regulatory and quasi-judicial bodies.

**Prelims focus:** SEBI's 1988 constitution and April 12, 1992 statutory status; the appeal route through SAT; what MIIs comprise; India's two depositories; ITRI's nine parameters with Availability and Security at 20 per cent each; FIRE as an FSB framework; the FSB's 2009 creation at the London G20 Summit; CERT-In's six-hour reporting window.

**Mains angle:** Argue that **operational resilience has become a systemic-risk category in its own right**, distinct from the capital-adequacy paradigm that dominates financial regulation. Note that regulators worldwide are still adapting instruments designed for solvency risk to a risk that manifests as downtime.

**Way forward:** Publish MII resilience scores or bands so investors receive a resilience signal; tie the score to supervisory intensity and to MII directors' accountability; mandate **live failover drills** rather than tabletop exercises; and harmonise SEBI, RBI and CERT-In incident-reporting timelines so a single incident is not reported three different ways in three different formats.

## FACTS CORNER — KNOWLEDGEPEDIA

### THE MEASURE:

- SEBI circular of August 24, 2026 introducing the IT Resilience Index (ITRI) for MIIs
- Nine parameters; Availability and Security weighted highest at 20 per cent each
- Other parameters at 10 per cent each: Integrity, Governance, Reliability, Monitoring, Business Continuity, Modularity, Flexibility
- Companion measure: Incident Reporting Portal aligned to the FSB's FIRE format

### MARKET INFRASTRUCTURE INSTITUTIONS:

- Stock exchanges, depositories and clearing corporations
- India's two depositories: NSDL and CDSL

### SEBI:

- Constituted 1988; statutory from April 12, 1992 under the SEBI Act, 1992
- Headquarters Mumbai; quasi-legislative, quasi-executive, quasi-judicial
- Appeals to the Securities Appellate Tribunal, then to the Supreme Court on a question of law

### FINANCIAL STABILITY BOARD:

- Established 2009 at the London G20 Summit, succeeding the Financial Stability Forum (1999)
- Headquartered in Basel; India is a member
- FIRE: Format for Incident Reporting Exchange

### OTHER RELEVANT FACTS:

- SEBI's Cyber Security and Cyber Resilience Framework (CSCRF) applies to regulated entities
- BCP-DR norms use Recovery Time Objective (RTO) and Recovery Point Objective (RPO)
- CERT-In operates under the IT Act, 2000; 2022 directions require six-hour incident reporting

*Sources: SEBI, Business Standard*

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