# Twitter Thread by Nithin Kamath



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**We have a habit of looking west and thinking what they do must be right. With all the craziness going on in the US capital markets, I thought it will be a good time to share some of the reasons why India is way better in terms of capital market regulations. 1/n**

In US, hedge funds can leverage unlimited & run positions worth hundreds of $billions bringing in systemic risk. In India, no one can hold overnight positions more than ~5 times leverage (SPAN+Exposure for F&O, VAR+ELM for stocks). Even intraday leverages are now capped 2/n

In US your stock holdings are held by the brokers (held in book or street name, also the reason for the large stock lending market). If a broker goes down, your securities is at risk as well. In India, they sit in your Demat with NSDL/CDSL, ring-fenced from any broker risk 3/n

In the US your broker has an option to send the order placed on the trading platform to the exchange or a high-frequency trading firm that pays for the order. As you'd guess most orders are sent to HFT firms. In India, all order matching has to happen on the exchanges 4/n

In US a broker can act almost like a bank. Hold your funds for as long, take risk & lend them to other clients as well. In India, a broker can lend only their own funds and not client funds. Also, all unutilized funds need to be returned back once a quarter to the client bank 5/n

In US exchanges earn mostly from selling data feed. The more you pay the better quality of data, creating a non-level playing field with retail usually getting lowest quality data. In India, exchnges earn mostly from transaction fees & everyone has access to same quality data 6/n

US regulator has no restriction in terms of how large short positions can get on a stock (140% of free float in $GME ■). In India 20% of free float is the maximum speculative position that can be built using F&O or SLB. 7/n

A couple of posts if you want to read the above in detail

https://t.co/f42KrfMgd3

https://t.co/3HvfgwD7RS n/n