The purpose of stock market regulation is to serve the public interest and ensure that markets are
fair, efficient and transparent; and reduction of systemic risk. A healthy stock market should be able
to moderate the risk of the drying up of liquidity and excess volatility, and to lead stock prices
towards the fundamental value. The China and Indian stock markets are equipped with the most
advanced electronic trading systems which facilitate regulatory norms, however, these two markets
are known to have some crucial problems, such as price manipulation, insider trading, and excess
volatility. We focus on the regulation development in these two markets which has evolved to cope
with these market misdemeanours with respect to both institutional and legislative aspects.