

**REPORT OF THE US SECURITIES AND EXCHANGE COMMISSION (SEC) TO THE
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT (USAID) CONCERNING
TECHNICAL ASSISTANCE TO INDIA UNDER THE FINANCIAL INSTITUTIONS
REFORMS AND EXPANSION PROJECT, PHASE II**

**PASA NUMBER 386-P-00-01-00087-00
PROJECT NUMBER 386-0531**

FOR THE QUARTER ENDED SEPTEMBER 30, 2006

The SEC provides technical assistance to India pursuant to a Participating Agency Service Agreement (PASA) with USAID dated May 4, 2001. This report describes the SEC's activities under the PASA for the quarter ending September 30, 2006.

ACTIVITIES DURING THE QUARTER

- With the approval of USAID, the SEC used India PASA funding to pay for, Larry Bergmann, retired Associate Director of the SEC's Division of Market Regulation, and Jonathan Katz, retired SEC Secretary to conduct a review and assessment of India's current securities regulatory and market structure. Larry Bergmann and Jonathan Katz will explore how the Securities and Exchange Board of India (SEBI) may use various aspects of the self-regulatory concept to strengthen regulatory oversight of the securities market and the market participants in India. They will also prepare a report. Troy Beatty of the SEC's Office of International Affairs will assist Mr. Bergman and Mr. Katz in the review, assessment and preparation of the report. As part of the review and assessment, Katz, Bergman and Beatty are planning a trip to India in October.
- The SEC's Office of International Affairs, Office of Compliance Inspections and Examination and Southeast Regional Office in Miami, Florida are conducting a broker-dealer inspection program for four SEBI Officials on September 19-29, 2006. These officials are attending a broker-dealer inspections training course at the SEC headquarters in Washington, DC and participating in inspections of two securities firms in Miami, Florida.

REIMBURSABLE SEC EXPENSES

The SEC will not submit a claim for reimbursement this quarter. Please note that obligations of \$48,611 were recorded under the PASA for the quarter ending September 30, 2006 (See the attached financial report for additional details).

October 2, 2006

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Robert M. Fisher". The signature is written in a cursive style with a large, sweeping initial "R".

Dr. Robert M. Fisher
Assistant Director
Office of International Affairs

Financial Report

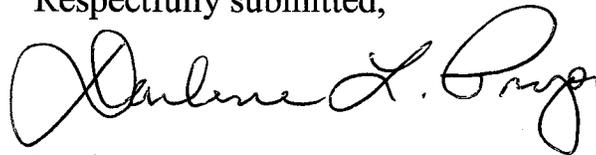
**FINANCIAL REPORT FOR THE QUARTER ENDING
September 30, 2006**

Attached, please find the financial report for the quarter ending September 30, 2006 detailing reimbursable activities under the SEC's agreement with USAID concerning technical assistance to India.

This line item report provides information regarding obligations and expenditures for the quarter ending on the above date, as well as cumulative obligations, expenditures, and outstanding obligations under the agreement through that date.

October 2, 2006

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Darlene L. Pryor". The signature is fluid and cursive, with a large initial "D" and "P".

Darlene Pryor
Management Analyst
SEC Office of the Executive Director