भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

CIRCULAR

SEBI/HO/MIRSD/ MIRSD-PoD-1/P/CIR/2024/143 **October 22, 2024**

To,

All registered Intermediaries
All recognized Stock Exchanges
All recognized Clearing Corporations
All registered Depositories
BSE Limited (Administration and supervisory body for Investment Advisers and Research Analysts- IAASB/RAASB)

Sir / Madam,

Sub: Association of persons regulated by the Board and their agents with certain persons

1. Securities and Exchange Board of India (Intermediaries) (Amendment) Regulations, 2024, Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) (Fourth Amendment) Regulations, 2024 and Securities and Exchange Board of India (Depositories and Participants) (Second Amendment) Regulations, 2024 have been notified by SEBI on August 26, 2024.
2. These regulations inter alia provide that persons regulated by the Board (including recognised stock exchanges, clearing corporations and depositories), and agents of such persons shall not have any direct or indirect association with another person who-
   (i) provides advice or any recommendation, directly or indirectly, in respect of or related to a security or securities, unless the person is registered with or

otherwise permitted by the Board to provide such advice or recommendation; or

(ii) makes any claim, of returns or performance expressly or impliedly, in respect of or related to a security or securities, unless the person has been permitted by the Board to make such a claim.

The aforesaid provisions are not applicable in respect of an association through a "specified digital platform".

The person regulated by the Board (including recognised stock exchanges, clearing corporations and depositories) is required to ensure that any person associated with it or its agent does not engage in the activities mentioned in clauses (i) or (ii) above without the necessary permission.

3. In terms of these regulations, a "specified digital platform" shall mean digital platform as specified by the Board, which has a mechanism in place to take preventive as well as curative action, to the satisfaction of the Board, to ensure that such a platform is not used for indulging in any activity as referred to in clauses (i) or (ii) of paragraph 2 of this circular.

4. It has been clarified that the term "another person" shall not include a person who is engaged in investor education, provided that such a person does not, directly or indirectly, indulge in any activity as referred to in clauses (i) or (ii) of paragraph 2 of this circular.

5. While the guidelines on the preventive and curative measures for the digital platforms for their recognition as specified digital platform are being specified separately, the persons regulated by the Board (including recognised stock exchanges, clearing corporations and depositories), and their agents are advised to terminate their existing contracts, if any, with persons engaged in the activities mentioned in clauses (i) or (ii) of paragraph 2 of this circular, within three months from the date of issuance of this circular.

6. This circular is issued in exercise of powers conferred under section 11(1) of the Securities and Exchange Board of India Act, 1992 read with Regulation 16A of Securities and Exchange Board of India (Intermediaries) Regulations, 2008,

Regulations 44B of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 and Regulation 82B of Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018, to protect the interests of investors in securities market and to promote the development of, and to regulate the securities market.

7. This circular is available on the SEBI website at www.sebi.gov.in under the category "Legal →Circulars".

Yours faithfully,

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