

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS**

**RAJYA SABHA
UNSTARRED QUESTION NO. 1684
ANSWERED ON TUESDAY, AUGUST 6, 2024/ SRAVANA 15, 1946 (SAKA)**

PROTECTION OF THE INTERESTS OF RETAIL INVESTORS IN STOCK MARKET

1684. Shri Milind Murli Deora:

Will the Minister of *Finance* be pleased to state:

- (a) whether Government has undertaken any steps to protect the retail investors against the frauds that have been happening all over the social media in the name of giving advice as stock market experts;
- (b) if so, the details thereof and if not, the reasons therefor;
- (c) whether Government has considered the recommendations suggested by the expert committee appointed by the SEBI; and
- (d) if so, the details thereof and if not, the reasons therefor?

**ANSWER
MINISTER OF STATE FOR FINANCE
(SHRI PANKAJ CHAUDHARY)**

(a) to (d): SEBI (Investment Advisers) Regulations, 2013, lay down that no person can render investment advice unless he is registered with SEBI. These Regulations, *inter alia*, lay down the eligibility conditions for registration, obligations and responsibilities and procedure for action in case of default.

SEBI has issued several press releases advising investors to deal with only SEBI registered investment advisers for availing investment advisory services by checking the registration status of the entity/person on the SEBI website. Investors have also been cautioned to be wary of trading in the securities markets based on the tips/recommendations provided by unregistered entities/persons and entities impersonating as SEBI registered intermediaries.

On receipt of any complaints/references against unregistered entities carrying out such activities, and also after *suo moto* cognizance, SEBI conducts examination of these entities. In case of non-compliance, appropriate sections of SEBI Act, 1992 and various SEBI Regulations are invoked, and requisite directions are issued to non-compliant entities.

The issue of association of SEBI regulated intermediaries with such unregistered persons/entities was discussed in the SEBI's Intermediary Advisory Committee. Considering its recommendations, a proposal for carrying out necessary regulatory amendments to restrict the association of all SEBI regulated intermediaries with any unregistered entity has been approved.
