

PR No.04/2024

SEBI Issues Advisory Against Fraudulent Trading Schemes claiming to be offered to Indian residents by FPIs

The Securities and Exchange Board of India (SEBI) has been receiving a number of complaints regarding fraudulent trading platforms which falsely claim or suggest affiliation with SEBI-registered Foreign Portfolio Investors (FPIs) and claiming to offer trading opportunities through FPI or Foreign Institutional Investor (FII) Sub-accounts or Institutional Accounts with special privileges.

Fraudulent Practices Identified

Fraudsters are enticing victims through online trading courses, seminars, and mentorship programs in the stock market, leveraging social media platforms like WhatsApp or Telegram, as well as live broadcasts. Posing as employees or affiliates of SEBI-registered FPIs, they coax individuals into downloading applications that purportedly allow them to purchase shares, subscribe to IPOs, and enjoy “Institutional account benefits”—all without the need for an official trading or Demat account. These operations often use mobile numbers registered under false names to orchestrate their schemes.

Clarification for Investors

It is important for the public to understand that the FPI investment route is unavailable to resident Indians, with limited exceptions as outlined in the SEBI (Foreign Portfolio Investors) Regulations, 2019. There is no provision for an "Institutional Account" in trading, and direct access to the equities market requires investors to have a trading and Demat account with a SEBI-registered broker/trading member and DP respectively. SEBI has not granted any relaxations to FPIs regarding securities market investments by Indian investors.

Investor Advisory

SEBI urges investors to exercise caution and to steer clear of any social media messages, WhatsApp groups, Telegram channels, or apps claiming to facilitate stock market access through FPIs or FIIIs registered with SEBI. Such schemes are fraudulent and do not have SEBI's endorsement.

Mumbai
February 26, 2024