

Sebi warns of trading frauds in name of FPI accounts

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Mumbai: Markets regulator Sebi on Monday cautioned investors of some fraudulent entities that were offering resident Indian investors trading opportunities that would be on a par with foreign funds. This is not possible under current rules and investors should be careful of such offers, Sebi said in a release.

Sebi said that fraudsters were enticing victims through online trading courses, seminars, and mentorship programs in the stock market through messaging platforms like WhatsApp and Telegram, as well as live broadcasts. These entities were claiming affiliations with foreign portfolio investors (FPIs) registered with Sebi and were claiming to offer stock trading for resident individuals through sub-accounts of such foreign funds.

“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,” the release said.

“It is important for the public to understand that the FPI investment route is unavailable to resident Indians, with limited exceptions. 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.”

Sebi urged 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 FIIs registered with it.

We also published the following articles recently

Sebi warns of trading frauds in name of FPI accounts
Sebi warns investors about fraudulent entities offering trading opportunities. Fraudsters entice victims through online trading courses, seminars, mentorship programs on WhatsApp, Telegram, and live broadcasts. They claim affiliations with FPIs and offer stock trading through sub-accounts. They promise access to IPOs and institutional account benefits.108025204

Brokers need to be cautious against manipulations in stock market: Sebi
Sebi Whole Time Member Kamlesh Chandra Varshney urges brokers to prevent manipulations in the capital market using Artificial Intelligence. He emphasizes the importance of investor trust amidst the rising participation of investors and the growth of demat accounts. Sebi is taking action against bad elements involved in front-running activities.107972490

0.2% of active investors drive 75% of country's stock market trading
75% of stock market trading in Dec came from 0.2% of investors. Traditional asset classes not yielding higher returns led to increased traction towards equity markets. Active individual investors reached a new high of 1.30 crore in Dec.107977254