

May 27, 2024

Securities and Exchange Board of India issues norms for sharing of real time price data to third parties.

The Securities Exchange Board of India (“**SEBI**”) has issued a circular dated May 24, 2024 bearing no SEBI/HO/MRD/-PoD-3/P/CIR/2024/56 (“**Circular**”) outlining the norms for sharing real time price data to third parties. This Circular is issued under the powers conferred by Section 11(1) of the Securities and Exchange Board of India Act 1992 read with Regulation 51 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, Section 26(3) of the Depositories Act, 1996 and Regulation 97 of Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 to safeguard the investors' interests in securities, foster the growth of the securities market and oversee its regulation.

The provisions of this Circular will be applicable from the 30th day of its issuance.

These norms aim to regulate the certain online gaming platforms, apps, and websites (hereafter referred to as “**Platforms**”) offering virtual trading services or fantasy games based on real-time share prices of listed companies.

The Secondary Market Advisory Committee of SEBI (SMAC) discussed the issue of sharing real-time price data with third parties, including these Platforms. Based on SMAC's recommendations, a decision has been made to oversee the sharing of real-time price data with third parties to curb potential misuse or unauthorized access, as outlined below:

I. Restriction on Real-Time Price Data Sharing:

Market Infrastructure Institutions (“**MIIs**”) such as stock exchanges, clearing corporations, and depositories, alongside registered market intermediaries, are mandated to refrain from sharing real-time price data with any third parties, including various platforms. Exceptions can be made only when essential for the smooth operation of the securities market or to comply with regulatory requirements.

II. Data Sharing Agreements:

MIIs and market intermediaries must establish suitable agreements with entities intending to access real-time price data. These agreements should detail the purposes for which the recipient entity intends to utilize the real-time price data, with a clear justification for its necessity in maintaining the orderly conduct of the securities market. The list of entities and activities authorized to access real-time data must be scrutinized by the respective boards of MIIs or market intermediaries at least annually.

III. Data Sharing for Educational Purposes:

Real-time market price data may be shared for educational initiatives and investor awareness campaigns without providing any monetary incentives to participants. However, such data must have a one-day lag.

IV. Due Diligence and Misuse Prevention:

MIIs and market intermediaries are required to exercise due diligence when

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sharing such data. Legal agreements governing data sharing must incorporate clauses aimed at preventing misuse by the recipient entities. Moreover, MIIs and market intermediaries must endeavor to implement measures to prevent misuse of price data by entities with whom it is being shared.

V. Implementation and Communication by MIIs:

MIIs are urged to take necessary actions and establish systems for the implementation of the above-mentioned norms and amend the applicable bye-laws, rules and regulations as needed for their implementations of the above. MIIs must also ensure that market participants, including investors, are made aware of the provisions outlined in this circular, disseminating this information through their respective websites.

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AWARDS & RECOGNITIONS



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