



CIVIL

SEBI Cracks Down on Social Media Fraud: New Advertising Rules for Market Intermediaries

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In today's digital age, social media platforms have become powerful tools for reaching potential investors. However, this digital transformation has also created new opportunities for fraudsters to exploit unsuspecting individuals. The Securities and Exchange Board of India (SEBI), recognizing the growing threat of securities market frauds on platforms like YouTube, Facebook, Instagram, and Telegram, has taken decisive action to protect investors and maintain market integrity.

The regulatory body has observed a disturbing trend of fraudulent activities where perpetrators lure victims with promises of risk-free returns, online trading courses, and misleading testimonials. These scams have become increasingly sophisticated, often targeting inexperienced investors who may not recognize the red flags of fraudulent schemes.

To address this growing concern, SEBI has issued a comprehensive circular (PR No.14/2025) that introduces stringent verification requirements for all registered intermediaries seeking to advertise on social media platforms. The new regulations mandate that intermediaries must register on these platforms using their SEBI-registered email addresses and mobile numbers. This verification process, which will initially apply to Google and Meta platforms, ensures that only legitimate entities can advertise financial services to the public.

The circular outlines a clear timeline for compliance, requiring all SEBI Registered Intermediaries to update their contact details in the intermediary database on the SEBI SI Portal by April 30, 2025. Following this registration, social media platforms will conduct advertiser verification before permitting any advertisements to go live.

These measures represent a significant step forward in SEBI's ongoing efforts to combat financial fraud in the digital space. By implementing these verification protocols, the regulator aims to create a more transparent environment where investors can distinguish between legitimate financial services and fraudulent schemes.

The implications of these regulations extend beyond mere compliance for intermediaries. They represent a proactive approach to investor protection in an era where digital communication has become the primary channel for financial education and investment opportunities. By ensuring that only verified entities can advertise on major social media platforms, SEBI is helping to build a more trustworthy digital marketplace for securities.

As the securities market continues to evolve in tandem with technological advancements, SEBI's adaptive regulatory framework demonstrates its commitment to balancing innovation with investor protection. These new advertising rules serve as a reminder to both intermediaries and investors alike of the importance of vigilance in the digital investment landscape.

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