

Strengthening Investor Protection: SEBI's Verified UPI Mechanism and SEBI Check Tool

Background

To counter the growing threat of unregistered entities collecting unauthorized funds from investors, the Securities and Exchange Board of India (SEBI) is set to introduce:

- A **structured UPI address mechanism** for all registered intermediaries.
- A verification tool called '**SEBI Check**'.

These measures aim to ensure that payments are made only to **legitimate SEBI-registered entities**, enhancing security and trust in the Indian securities market.



Key Features of the Verified UPI Mechanism

- **Exclusive UPI Handle:**
All SEBI-registered intermediaries will receive a unique UPI ID with the suffix @valid, allotted by the **National Payments Corporation of India (NPCI)**.
- **Structured Format Example:**
For a broker "ABC Ltd" banking with "XYZ Bank", the UPI ID would be:
abc.brk@validXYZ
(*'brk' indicates broker category*)
- **Category-specific Suffixes:**
 - .brk → Stock Broker
 - .mf → Mutual Fund
(*More such category suffixes expected*)
- **Visual Cue for Investors:**
A "thumbs-up inside a green triangle" icon will indicate a verified payment interface.

Key Benefits

- **Enhanced Security:**
Prevents impersonation by unregistered entities.
- **Investor Confidence:**
Enables easier identification of SEBI-authorized intermediaries.
- **Streamlined Transactions:**
Offers a safe, structured, and efficient digital payment option.

New Tool: 'SEBI Check'

- An **online verification tool** that allows investors to check:
 - UPI IDs
 - Bank details
 - Legitimacy of market intermediaries
- Helps reduce financial fraud by verifying intermediary credentials **before payments**.

Mandatory Guidelines

- **For Intermediaries:**
 - Must adopt the new UPI handle by **October 1, 2025**.
 - Must inform and educate investors about the new mechanism.
 - Must offer the structured UPI handle as a payment option.
- **For Investors:**
 - Use of the verified UPI is **optional**.
 - Can continue using other methods (IMPS, NEFT, RTGS, cheque, etc.).

Way Ahead

- **Implementation Deadline:**
Full rollout by **October 1, 2025**.
- **Awareness Campaigns:**
SEBI and intermediaries must conduct robust investor education programs to spread awareness of the new tools.
- **Ongoing Monitoring:**
SEBI should actively monitor adoption and address any bottlenecks or misuse.

Conclusion

SEBI's initiative to introduce a **verified UPI payment structure** and the '**SEBI Check**' verification tool marks a pivotal step in safeguarding retail investors from fraud and improving trust in the securities market. By leveraging technology to offer transparency, SEBI is not only fortifying its regulatory framework but also empowering investors to make safer financial decisions.