

# Regulatory framework for Online Bond Platform Providers

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**In news-** Securities and Exchange Board of India (Sebi) has recently come out with regulatory framework for online bond platform providers in a bid to streamline their operations.

## **Regulatory framework-**

- **Online Bond Platform Providers (OBPPs) are companies incorporated in India and they should register themselves as stock brokers** in the debt segment of the stock exchange, as per the framework that would be effective immediately.
- SEBI has said that **an entity acting as an OBPP prior to the new rules coming into force, cannot offer products or services on its platform except listed debt securities** and debt securities proposed to be listed through a public offering.
- After obtaining registration as a stock broker in the debt segment of a stock exchange, an entity would have to apply to the bourse to act as an OBPP.
- In its application, the entity will have to ensure that roles and obligations, technology, operating framework – access and participation, Know Your Client (KYC) for onboarding investors and sellers and risk profiling of investors – are complied with.
- **The entity would have to ensure compliance with the minimum disclosure requirements.** It would also have to **disclose on its platform all instances of conflict of interest, if any,** arising from its transactions or dealings with related parties.
- Further, the entity needs to have a **comprehensive risk**

**management framework** covering all aspects of its operations and would have to ensure that risks associated with its operations are identified properly and managed prudently.

- The **OBPP concerned would be required to have appropriate safeguards to deal with exigencies like suspension of trading in debt securities**, cancellation of orders by the investors and sellers, and malfunctions in the use of its systems by investors and sellers.
- Further, the OBPP would have to keep the stock exchanges informed of events resulting in disruption of activities or market abuse without undue delay.
- The entity is required to maintain all data relating to its activities in an easily retrievable media and maintain confidentiality and security of all data relating to its activities and strictly control access to such data.

**Note:** GoldenPi is India's first online platform to buy Bonds and Debentures online to the retail population in India.

