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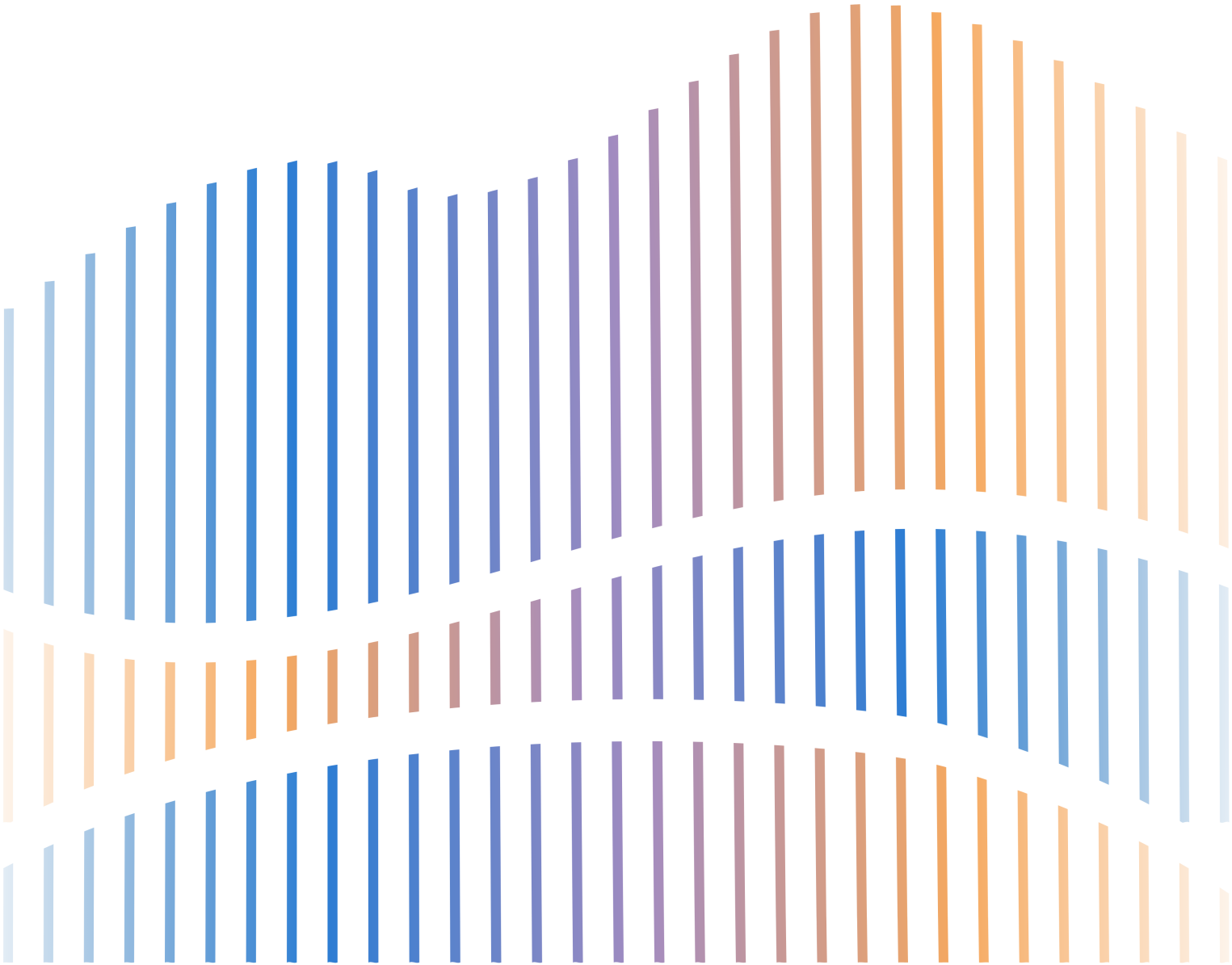
REGFIN INSIGHT

FEBRUARY 2025



1. SEBI notifies framework for safer participation of retail investors in Algorithmic trading

SEBI *vide* circular dated February 04, 2025, has notified modalities for the participation of retail investors in Algorithmic Trading ("**Algo Trading**") to enhance investor protection and market integrity.

The circular provides that in the case of algo trading through Application Programming Interfaces ("**APIs**"), stockbrokers will act as principals and algo providers who are onboarded by the stockbrokers and empaneled with stock exchanges will act as agents of the stockbroker. Further, all algo orders originating/flowing through the APIs must be tagged with a unique identifier, provided by the stock exchange.

Further, suppose algos are developed by retail investors themselves. In that case, the same shall be registered with the concerned stock exchanges through the investor's broker if they cross the specified order per second threshold (the threshold shall be notified by the Broker's Industry Standards Forum). Such algos can be used only by the family of the investor and family here is restricted to mean self, spouse, dependent children and dependent parents.

The circular also imposes responsibility on the stockbrokers to put in place necessary systems and procedures to detect/identify and categorize all orders above-specified thresholds as algo orders and ensure identification of algo providers while using APIs among other checks. Further, stockbrokers shall provide algo trading only after obtaining the requisite permission from the stock exchange for each algo. Further, all algo orders shall be tagged with a unique identifier provided by the stock exchange to establish an audit trail and the stockbroker shall seek approval from the stock exchange for any modification or change to the approved algos. Further, stockbrokers shall be responsible for handling investor grievances related to algo trading and the monitoring of APIs for prohibited activities.

Further, the framework categorizes algos into two categories: (a) "White Box Algos" (where logic is disclosed and replicable transparent) and (b) "Black

Box Algos" (where logic is not disclosed and is not replicable). The algo provider providing Black Box Algos must be registered as a research analyst with SEBI and must maintain a detailed research report for each such algo provided under Black Box Algo - a report must be submitted to the concerned stock exchange that such report for each algo is being maintained by him.

The Framework shall be effective from August 01, 2025, and the circular can be accessed here. The implementation standards shall be formulated by the Broker's Industry Standards Forum, under the aegis of the stock exchanges and in consultation with SEBI by April 0, 2025.

2. SEBI amends regulations to include provisions on the usage of artificial intelligence

SEBI has amended SEBI (Depositories and Participants) Regulations, 2018, SEBI (Intermediaries) Regulations, 2008 and Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 to provide that it shall be the responsibility of the intermediary using artificial intelligence tools to conduct its business and service its investors, regardless of the scale or specific use case.

The amendments also provide that this responsibility extends to safeguarding the privacy, security and integrity of investors' and stakeholders' data, including any information maintained in a fiduciary capacity throughout its operational processes.

Additionally, the intermediary is solely responsible for the accuracy and reliability of any output generated by these AI/ML tools and techniques. It must ensure that any decisions, predictions or recommendations arising from their usage are valid and do not compromise the interests of investors or stakeholders. Furthermore, the use of AI/ML must align with existing laws governing the financial sector to prevent any regulatory breaches or legal liabilities.

The amendments can be accessed here, here and here.

3. SEBI notifies guidelines to facilitate access to Negotiated Dealing System-Order Matching ("NDS-OM") by stockbrokers for trading in government securities

SEBI *vide* circular dated February 11, 2025, has laid down a framework for the participation of stockbrokers in Government Securities **("G-Secs")** in NDS-OM.

The circular has been issued pursuant to changes brought by the Reserve Bank of India in its Master Direction on Access Criteria for NDS-OM Directions, 2025, which permitted access to SEBI-registered non-bank brokers to the NDS-OM. In this regard, SEBI has prescribed that stockbrokers may participate in the G-Sec market in the NDS-OM through a Separate Business Unit ("**SBU**") of the stock broking entity. The circular clarifies that matters related to eligibility criteria, risk management, investor grievances and other such matters will be dealt with framework issued by the respective regulatory authority and all activities of the business unit of the stockbroker facilitating trading on NDS-OM would be under the jurisdiction of that regulatory authority. Additionally, it shall be the duty of the stockbrokers to ring-fence the activities of NDS-OM under an SBU from the securities market-related activities of the stockbroker by maintaining an arm-length relationship between these activities, including separation of the net worth of the SBU from stockbroker in the securities market. SEBI has also clarified that the Grievance Redressal Mechanism and Investor Protection Fund of the stock exchanges and SCORES shall not be available for SBU investors.

The circular can be accessed here.

4. SEBI introduces MITRA (Mutual Fund Investment Tracing and Retrieval Assistant) platform

SEBI *vide* circular dated February 12, 2025, has introduced 'MITRA' (Mutual Fund Investment Tracing and Retrieval Assistant), a service platform for investors to trace inactive and unclaimed Mutual Fund folios.

SEBI has noted that over the years many investors lose track of their mutual fund investments leading to unclaimed or lost mutual fund folios. The major reason for being a physical application with insufficient KYC, the investor's demise where nominees/heirs have not claimed for redemption/transfer, etc. To overcome this accumulation of inactive and unclaimed Mutual Fund folios, MITRA, which is developed by Registrar and Transfer Agents ("**RTAs**"), will provide an industry-level searchable database of inactive and unclaimed Mutual Fund folios. The circular provides that a folio holding units shall be categorized as inactive when there has been no financial or non-financial transaction in the past 10 years. MITRA platform will be jointly hosted by two qualified RTAs. i.e., CAMS and KFin Technologies Limited, as agents of AMCs, and the link to the platform will be accessible through the websites of MF Central, AMCs, AMFI, the RTAs and SEBI. The two RTAs are responsible for ensuring the MITRA platform complies with the cyber security and BCP requirements prescribed by SEBI.

Further, SEBI has imposed the responsibility on the Unit Holder Protection Committee of AMCs to review inactive folios, unclaimed amounts of dividends and redemptions and the measures taken by the AMC to reduce the quantum of such unclaimed amounts.

MITRA platform shall be operational within 15 working days from the date of issuance of the circular, with a beta version running for two months. SEBI has also directed AMCs, QRTAs, RIAs, AMFI and Mutual Fund Distributors to create awareness of this initiative amongst the investors.

The circular can be accessed here.

5. SEBI relaxes timelines for dematerialization of investments made by AIFs

SEBI *vide* circular dated February 14, 2025, has relaxed the timeline for AIFs to hold investments in dematerialized form and has extended the timeline for holding investments in the dematerialized form to July 01, 2025.

The condition, which is irrespective of the investment being made directly in the investee company or through another entity, however, exempts this requirement for schemes whose tenure (not including the permissible extension of tenure) ends on or before October 31, 2025; or schemes which are in extended tenure as on February 14, 2025.

Additionally, investments made by AIFs before July 01, 2025 are exempted from the requirement of dematerialization except if the investee company is required by the applicable law to facilitate the dematerialization of its securities; or the AIF, alone or with other SEBI-registered entities which are mandated to hold their investments in dematerialized form, exercises control over the investee company. In such cases, the investments must be held in dematerialized form on or before October 31, 2025.

This Circular can be accessed here.

6. SEBI notifies SEBI (Procedure for making, amending and reviewing of Regulations) Regulations, 2025

SEBI *vide* notification dated February 17, 2025, has introduced SEBI (Procedure for making, amending and reviewing of Regulations) Regulations, 2025, a new regulation which is designed to ensure a structured approach to framing new regulations or amending existing regulations.

The regulation provides the manner and process in which public consultation will take place before notifying a new regulation or amending an existing regulation. The regulation also ensures greater transparency in the mechanism wherein the draft regulation shall be published and in case of rejection of a public comment, the rationale for the same shall be published. However, in case of urgency, the Chairperson may dispense with the process of public consultation or reduce the time period for receiving public comments subject to placing it before the Board.

The notification can be accessed here.

7. SEBI notifies the 'Most Important Terms and Conditions' ("MITC") for Investment Advisers and Research Analysts

SEBI *vide* circulars dated February 17, 2025, has prescribed MITC which needs to be captured in the client agreement to be entered by registered Investment Advisers ("**IA**") and Research Analysts ("**RA**") with their clients.

The circular also specifies that in the case of existing clients, MITC must be duly informed to the clients on or before June 30, 2025, and for agreements executed after February 17, 2025, the MITC must form part of the client agreements.

The MITC for IA and RA can be accessed here and here, respectively.

8. SEBI amends the SEBI (Mutual Funds) Regulations, 1996 ("MF Regulations")

SEBI *vide* notification dated February 17, 2025, has notified amendments to the MF Regulations, amending certain governance frameworks related to mutual fund activities.

The amendments have modified the 'skin in the game requirement' for the employees of the AMCs and prescribe that AMCs shall be required to invest a percentage of remuneration of the employees as specified by SEBI in the units of the mutual fund schemes based on their designations or roles.

The amendments also provide that AMCs shall be required to conduct stress testing for mutual fund schemes and disclose the results of the stress testing in the manner as may be specified by SEBI in this regard. Further, the amendment specifies that the funds raised through an NFO must be deployed within a timeframe specified by SEBI. Lastly, the amendment also prescribes an additional limitation for fees and expenses of the scheme and mandates that AMCs pay distribution-related charges, commissions, or fees in a manner specified by SEBI from time to time.

The amended provisions will come into force on April 01, 2025. The notification can be accessed here.

9. SEBI modifies the Investor Charter for stockbrokers to include recent developments

SEBI *vide* circular dated February 21, 2025, has issued the revised investor charter for stockbrokers based on discussions with the Brokers' Industry Standard Forum.

The circular also instructs Stock Exchanges to advise stockbrokers to bring the investor charter for stockbrokers to the notice of their clients. The investor charter also updates timelines for various activities of stockbrokers as well as grievance redressal mechanisms based on recent regulatory changes including the introduction of the Online Dispute Resolution ("**ODR**") platform and SCORES 2.0.

The updated Investor Charter can be accessed here.

10. IFSCA notifies modalities on registration on the FIU-IND FINGate 2.0 Portal

IFSCA *vide* circular dated February 25, 2025, has prescribed the modalities for Regulated Entities under IFSCA on registration on the FIU-IND FINGate 2.0 portal to ensure compliance with the IFSCA (Anti Money Laundering, Counter-Terrorist Financing, and Know Your Customer) Guidelines, 2022.

The circular prescribes that a Regulated Entity must complete their registration on the FIU-IND portal before commencing business. If business needs to begin urgently, the registration must be completed within 30 days from the commencement of business. Further, any change to a Regulated Entity's Line of Business must be updated on the portal within 30 days of the commencement of the new business activity. If a Regulated Entity is unable to complete registration or update information on the portal due to uncontrollable reasons, it must file the necessary reports under the Prevention of Money Laundering Act, 2002, with FIU-IND via email, explaining the reason for non-compliance.

The circular can be accessed here.

11. SEBI seeks public comments on the review of Regulation 17(a) of SEBI (Alternative Investment Funds) Regulations, 2012 ("AIF Regulations")

SEBI released a consultation paper on February 07, 2025, and has invited public comments on a proposal to allow Category II Alternative Investment Funds ("**AIFs**") to invest in listed debt securities with a credit rating of 'A' or below.

Currently, Regulation 17(a) of SEBI (Alternative Investment Funds) Regulations, 2012, requires Category II AIFs to invest primarily (more than 50% of their investible funds) in unlisted securities. However, recent amendments to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**LODR Regulations**"), specifically the newly introduced Regulation 62A, mandate that: (a) a listed entity whose non-convertible debt securities ("**NCDS**") are listed, must list all NCDS proposed to be issued on or after January 01, 2024; and (b) a listed entity which proposes to list the NCDS issued by it on or after January 01, 2024 must mandatorily list all outstanding unlisted NCDS previously issued, on or after January 01, 2024 on the stock exchange, within 3 months from the date of listing of the NCDS proposed to be listed.

In this regard, while Category II AIFs are mandated under Regulation 17(a) to invest 'primarily' in unlisted securities, the requirement under LODR Regulations for the listing of unlisted NCDS places an impediment on Category II AIFs, as the universe of permissible investments is significantly reduced. Further, given that Category II AIFs provide crucial funding to businesses that may not have access to traditional capital markets and considering the high-risk appetite of the fund structure and its credit risk capacity, SEBI has proposed expanding the definition of permitted investments and allowing Category II AIFs to invest more than 50% of their total investible funds in unlisted securities and/or listed debt securities which have a credit rating of 'A' or below.

The consultation paper can be accessed here.

12. SEBI seeks public comments on the draft circular on the extension of automated implementation of trading window closure to immediate relatives of designated persons

SEBI released a consultation paper on February 07, 2025, and has invited public comments on the proposal for the extension of the automated trading window closure to immediate relatives of Designated Persons ("**DPs**") in listed companies.

Presently, SEBI (Prohibition of Insider Trading) Regulations, 2015 ("**PIT Regulations**") restricts DPs as well as their immediate relatives from trading in securities of the listed company during trading window closure. In this regard, when the Compliance Officer of a listed company has reasons to believe that a DP or a class of DPs have reasonable access to UPSI, the notional trading window is closed for trading by such DPs and their immediate relatives.

SEBI *vide* its circular on 'Master Circular on Surveillance of Securities Market' dated September 23, 2024, has required stock exchanges and depositories to develop a system to freeze the PANs of all such DPs notified by listed entities, in the context of any trades proposed to be undertaken during closure of the trading window. SEBI, having observed the success of this mechanism, is now proposing to extend the freezing of PANs to the immediate relatives of DPs, to ensure better compliance with PIT Regulations.

The consultation paper can be accessed here.

13. SEBI seeks public comments on the treatment of unclaimed funds and securities of clients lying with Trading Members

SEBI released a consultation paper on February 11, 2025, and has invited public comments on the proposal to introduce a structured framework for handling unclaimed funds and securities lying with Trading Members ("**TMs**") to protect the interest of the investors.

At present, TMs are directed to settle client balances regularly. However, due to inactive bank or demat accounts, incorrect details mentioned by the client, or non-traceability of clients, a significant amount becomes unclaimed funds and unclaimed securities. The existing regulations direct TMs to attempt and locate the clients, upstream unclaimed funds to Clearing Corporations and maintain an audit trail on steps taken to trace the investor. Despite these attempts and other safeguards like margin pledges and direct payouts to the demat accounts, there are a large number of unclaimed assets that persist. SEBI has now proposed to include unclaimed funds and securities under the definition of 'enquiry status' (*where funds or securities cannot be credited to the client's bank account or demat account in the normal course of business is not reachable*).

Additionally, SEBI has proposed to direct TMs to compulsorily make all attempts to trace clients with all the information available to them including getting in touch with the introducer / employer of the client or nominee of the client. If they remain unsuccessful in tracing the client, the funds will be deployed in fixed deposits, units of liquid and overnight mutual fund schemes, etc. on the premise of the highest degree of safety and least market risk and such funds can be upstreamed to Clearing Corporations within 30 days of becoming unclaimed.

TMs can have custody of such funds for a period of up to 1 year, during which they have to make at least 6 attempts to contact the client. Thereafter, the funds will be transferred to a Designated Stock Exchange ("**DSE**"), which will receive funds on a quarterly basis within 7 working days if the funds remain unclaimed. DSE will keep funds for 3 years and deploy them in FDs and Mutual Funds. During this tenure, the funds can be claimed, and if they remain unclaimed, they will be transferred to the Investor Protection Fund ("**IPF**"). If the total amount of unclaimed funds (including accrued interest) is more than INR 100, then those funds will become a part of the IPF, and no further claims will be permitted. On the contrary, if the total amount of unclaimed funds (including accrued interest) is less than INR 100 then such funds will be maintained under a separate head. The subsequent income from such funds will become part of IPF and a claim will be permitted only on the actual amount transferred to IPF.

Unclaimed securities will also follow a similar process, where TM will have custody of the securities for T+7 days, following which the securities will be pledged to a dedicated demat account of the DSE.

The consultation paper can be accessed here.

14. SEBI seeks public comments on Advance Fee to be charged by Investment Advisers and Research Analysts

SEBI released a consultation paper on February 12, 2025, and has invited public comments on the proposal to allow IAs and RAs to charge advance fees.

At present, IAs are allowed to charge advance fees for up to two quarters, while RAs are restricted to one quarter, as per amendments in SEBI regulations. However, as concerns regarding the shorter fee cycle, forcing these regulated intermediaries to focus more on short-term recommendations rather than long-term strategies have been raised, SEBI has now proposed to allow IAs and RAs to charge advance fees for up to one year. However, clients will be entitled to a refund for the unexpired period, save and except the amount that may be charged by the IA as a breakage fee, which cannot exceed one-quarter fee (for the on-boarding costs borne by the IA). RAs will not have an option to retain the breakage fee as per the SEBI proposal. Additionally, these fee-related provisions will apply only to individual and Hindu Undivided Family (**"HUF"**) clients, whereas institutional and accredited investors can negotiate terms contractually.

The consultation paper can be accessed here.

15. SEBI seeks public comments on technology-based measures to secure the trading environment and to prevent unauthorized transactions in trading/demat accounts of investors

SEBI issued a consultation paper on February 18, 2025, and has invited public comments on the proposal to strengthen measures to secure the trading environment and to prevent unauthorized transactions in the trading/demat accounts of investors.

The consultation paper proposes various measures to prevent unauthorized access and fraudulent activities, including the hard binding of a client's SIM and mobile device with their Unique Client Code (**"UCC"**), where the primary and secondary devices linked to a client's UCC must be within 100 meters of each other to remain active. Clients can register a new device after completing the KYC in case their device is lost or changed. Bio-metric and QR Code authentication has been proposed to login into primary devices.

In the case of deceased clients, the stockbroker shall square off the existing open position and then freeze the trading account until nomination /transmission is completed. Further, flexibility like locking trading accounts, setting trade limits and handling account options are also proposed in this consultation paper.

To ensure enhanced control to prevent unauthorized transactions, SEBI has proposed OTP verification for call and trade orders and tamper-proof recording systems for walk-in trade clients. Further, clients have the option to track the number of trading and demat accounts under their PAN. The framework's implementation will start with the top 10 Qualified Stock Brokers, with a six-month deadline for compliance. While the SIM binding and mobile authentication system will initially be optional, it will later become mandatory.

The consultation paper can be accessed here.

16. SEBI order concerning Vikas Lifecare Limited

SEBI *vide* order dated February 06, 2025, imposed a penalty of INR 2 lakhs on Vikas Lifecare Limited for failing to disclose crucial legal updates related to its dispute with Cupid Limited and thus, failing to comply with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations").

In the present instance, the company had disclosed a favourable order from the trial court. However, a subsequent order of the High Court stayed the trial court proceedings as well as instructed the company to furnish a bank guarantee of ₹149.52 crore bank guarantee which was not disclosed by the company. SEBI held that the order of the High Court significantly impacted the legal and financial position of the Noticee and changed the status of the information already disclosed, and the non-disclosure of the High Court orders would lead to omission and discontinuity of information available publicly, and thus, should have been disclosed. The company also argued that the High Court orders were not final and thus did not need immediate disclosure. However, SEBI ruled that the materiality of an event is based on its impact on stakeholders, the potential to influence stakeholders' understanding and the company's legal and financial position, not its finality. By disclosing only the favorable ADJ order and omitting to disclosure of the less favorable High Court rulings which can fundamentally alter the status of the Company's dispute, the Company misled investors and violated transparency norms.

Further, SEBI in this order has clarified that the regulatory requirement to disclose material information is not contingent on the presence of any mala fide intent or demonstrable market impact and that the essence of the LODR Regulations is to ensure timely and comprehensive disclosures, regardless of its ultimate impact on the market.

This order can be accessed here.

17. SEBI order concerning Mawana Sugars Limited

SEBI *vide* order dated February 18, 2025, held the legal heir of a deceased, to whom shares were transmitted after the death of the deceased, liable for disgorgement of the loss avoided by the deceased through trading in the scrip during the trading window closure period in violation of PIT Regulations.

In the present instance, SEBI initiated an investigation for the period September 1, 2017 to February 28, 2018, for trades undertaken by the deceased during the trading window closure period before the quarterly result of September 2017. The investigation showed that the deceased traded in the securities of the company during this period avoiding a loss of INR 6,17,25,000/-.

The legal heir argued that what cannot be done directly, shall not be done obliquely, and all the proceedings against his father stand abated after his demise. Further, the legal heir argued that under Sections 28A-28B of the SEBI Act, 1992, only if a person fails to comply with a direction of disgorgement order issued under Section 11-B the Recovery Officer may draw up under his signature a statement in the specified form specifying the amount due from the person and shall proceed to recover the same from the legal heir. However, SEBI held that the arguments have no merit as Section 28B of SEBI Act, 1992 provides for legal representatives of the deceased person to pay any sum that the deceased person would have been liable to pay provided that the penalty was imposed before the death of the deceased person. However, Section 28B(2)(b) of the SEBI Act, 1992 specifically deals with a situation when proceedings such as disgorgement are initiated against the legal representatives in the first place itself. In line with the same, the legal heir was asked to disgorge the amount of loss avoided along with an interest of 12% per annum from November 24, 2017, till the date of the order.

The SEBI order can be accessed here.

18. SEBI issues Interim Order cum Show Cause Notice concerning DGS Capital Management Private Limited and Scient Capital Private Limited

SEBI *vide* two separate orders dated February 17, 2025, called upon DGS Capital Management Private Limited and Scient Capital Private Limited ("**Noticees**") to show cause why actions shall not be taken against them for violation of SEBI (Portfolio Managers) Regulations, 2020 ("**PM Regulations**").

SEBI, based on an examination, held that a portfolio manager is required to meet the net-worth criteria of INR 5 crores, and such net-worth is required to be maintained on a continuous basis. The Noticees in the present case, received registration before the commencement of the Regulations and were required to meet the criteria within thirty-six months. However, both the Noticees failed to meet its net worth criteria.

Further, DGS Capital Management Private Limited failed to submit the reports pertaining to net worth, corporate governance and compliance with PM Regulations and circulars issued thereunder to SEBI on an annual basis. Additionally, the Principal Officer failed to obtain the necessary NISM certifications within 2 years of the notification.

Similarly, SEBI held that Scient Capital Private Limited submitted an incorrect and misleading compliance report as they did not meet the net worth requirement. Further, the Principal Officer of the entity had not obtained the NISM certification till date.

Given the above violations, the interim order was passed instructing the Noticees to comply with the regulatory requirement within 15 days of the order. The order further prohibited Noticees from onboarding any new client and from accepting additional funds or securities from its existing clients till it meets the applicable net worth requirement. The SEBI order for DGS Capital Management Private Limited and Scient Capital Private Limited can be accessed here and here respectively.

CHAPTER 4- Data Fiduciary

Understanding the Obligations of Data Fiduciaries in the Financial Sector under the DPDP Act

In our previous chapters of this series, we have covered one of the three limbs of the data protection framework under the Digital Personal Data Protection Act, 2023 ("**DPDP Act**"), i.e., data principal. In this chapter, we will focus on the second critical aspect, "**Data Fiduciary**" – the individual who determines the purpose and means of processing of the personal data:

'**Data Fiduciary**' means any person who alone or in conjunction with other persons-
i) determines the purpose, and
ii) means of processing personal data. [*Section 2(i) of DPDP Act*].

From the perusal of the above we understand that the financial intermediaries and institutions including, but not limited to, investment managers, portfolio managers and asset management companies shall be considered as data fiduciaries since these institutions collect or process the personal data of unitholders (investors who hold units in funds managed by such intermediaries) or investors for various regulatory and operational purposes such as to meet Know Your Customer (KYC) guidelines.

Consent Management and Data Processing Transparency by Data Fiduciaries

As discussed in the previous series, the DPDP Act stipulates that except for 'certain legitimate uses', personal data can only be processed after obtaining the explicit consent of the data principal. In light of the aforementioned, it is pertinent to note that the responsibility to take explicit consent, accompanied or preceded by a notice of the data principal in the manner provided under the DPDP Act lies with the Data Fiduciary.

While providing the notice, the Data Fiduciary shall inform the following to the data principal:

i) The personal data and the purpose for which the same is proposed to be processed;
ii) How she may exercise her rights; and
iii) How the Data Principal may make a complaint to the Board. [Section 5 of DPDP Act].

Comparative Analysis of Data Fiduciary Obligations under the DPDP Act and GDPR

Similar to a 'controller' under the European Union's General Data Protection Regulations ("**GDPR**"), the Data Fiduciaries are required to adhere to certain obligations as laid down under the DPDP Act. A comparison of such obligations vis-à-vis GDPR is as follows:

Coverage	DPDP Act	GDPR
Vicarious relationship	The Data Fiduciary shall be responsible for complying with the provisions of the DPDP Act for any processing undertaken by it or the data processor on its behalf.	The controller (equivalent to Data Fiduciary) shall use only processors providing sufficient guarantees to implement appropriate technical and organizational measures in compliance with GDPR.
Technical and organizational measures	Data Fiduciary shall implement appropriate technical and organizational measures to ensure effective observance of the provisions of the DPDP Act and the rules made thereunder.	The controller shall, both at the time of the determination of the means for processing and at the time of the processing itself, implement appropriate technical and organizational measures that are designed to

		implement data-protection principles effectively and to integrate the necessary safeguards into the processing to meet the requirements of GDPR and protect the rights of data subjects.
Contractual arrangement	The Data Fiduciary shall appoint a data processor for processing personal data on its behalf only under a valid contract.	Processing by a processor shall be governed by a contract or other legal act under Union or Member State law, that is binding on the processor with regard to the controller and that sets out the subject matter and duration of the processing, the nature and purpose of the processing, the type of personal data and categories of data subjects and the obligations and rights of the controller.
Reasonable security standards	The Data Fiduciary shall implement reasonable security standards to prevent personal data breaches.	The controller and the processor shall implement appropriate technical and organisational measures such as pseudonymisation and encryption of personal data to ensure a level of security appropriate to the risk.
Data breach intimation	In the event of a personal data breach, the Data	In the case of a personal data breach, the controller

	Fiduciary shall give the Data Protection Board and each affected data principal, intimation of such breach.	shall without undue delay and, where feasible, not later than 72 hours after having become aware of it, notify the personal data breach to the supervisory authority. When the personal data breach is likely to result in a high risk to the rights and freedoms of natural persons, the controller shall communicate the personal data breach to the data subject without undue delay.
Erasure of personal data	Data Fiduciary shall, unless retention is necessary for compliance with any law- a) erase personal data, upon the data principal withdrawing her consent or as soon as it is reasonable to assume that the specified purpose is no longer being served, whichever is earlier; and b) cause its data processor to erase any personal data that was made available by the Data Fiduciary for processing to such data processor.	The data subject shall have the right to obtain from the controller the erasure of personal data concerning him or her without undue delay and the controller shall have the obligation to erase personal data without undue delay subject to provisions of GDPR.

Contact person	Data Fiduciary shall publish, in such manner as may be prescribed, the business contact information of a data protection officer, if applicable, or a person who can answer on behalf of the Data Fiduciary, the questions raised by the data principal about the processing of her personal data.	Where personal data relating to a data subject are collected from the data subject, the controller shall, at the time when personal data are obtained, provide the data subject with: a) the identity and the contact details of the controller and, where applicable, of the controller's representative; and b) the contact details of the data protection officer, where applicable
Grievance Redressal	Data Fiduciary shall establish an effective mechanism to redress the grievances of data principals.	-

Conclusion

In conclusion, the DPDP Act places significant responsibilities on Data Fiduciaries, especially in the financial sector, including investment managers and asset management companies. These entities must adhere to strict consent, notification, security, and grievance redressal mechanisms. By aligning with the DPDP Act's provisions, financial institutions can ensure compliance, enhance data security, and build trust with stakeholders, all while protecting personal data in an increasingly data-driven environment.

About Us:

At IC RegFin Legal (formerly practicing under the brand IC Universal Legal / ICUL), our core philosophy revolves around helping our clients accomplish their business and strategic objectives. This philosophy is built upon a foundation of extensive legal and regulatory expertise, coupled with a profound understanding of the ever-evolving market and economy. With our deep domain knowledge of financial services, asset management / funds, regulatory ("FMAR") and encompassing legal-technical aspects, as well as our adeptness in handling complex transactions, we offer innovative and practical legal and regulatory solutions to empower clients in achieving their overall business and strategic goals efficiently. At IC RegFin Legal(formerly practicing under the brand IC Universal Legal / ICUL), we take pride in our dedicated team of highly skilled lawyers who form a part of the FAMR Practice Group. They form the backbone of our commitment to consistently deliver top-notch legal services to our esteemed clients. You may read more about us at www.regfinlegal.com and reach out to us at frp@regfinlegal.com.