

Safe and Efficient Transfers on UPI

A consultation paper on a draft circular by SEBI



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The SEBI has published a consultation paper on 'Safe and Efficient Transfers on UPI' which proposes assigning unique UPI IDs to SEBI-registered market intermediaries. This will help investors distinguish between legitimate players and fraudsters, while making payments.

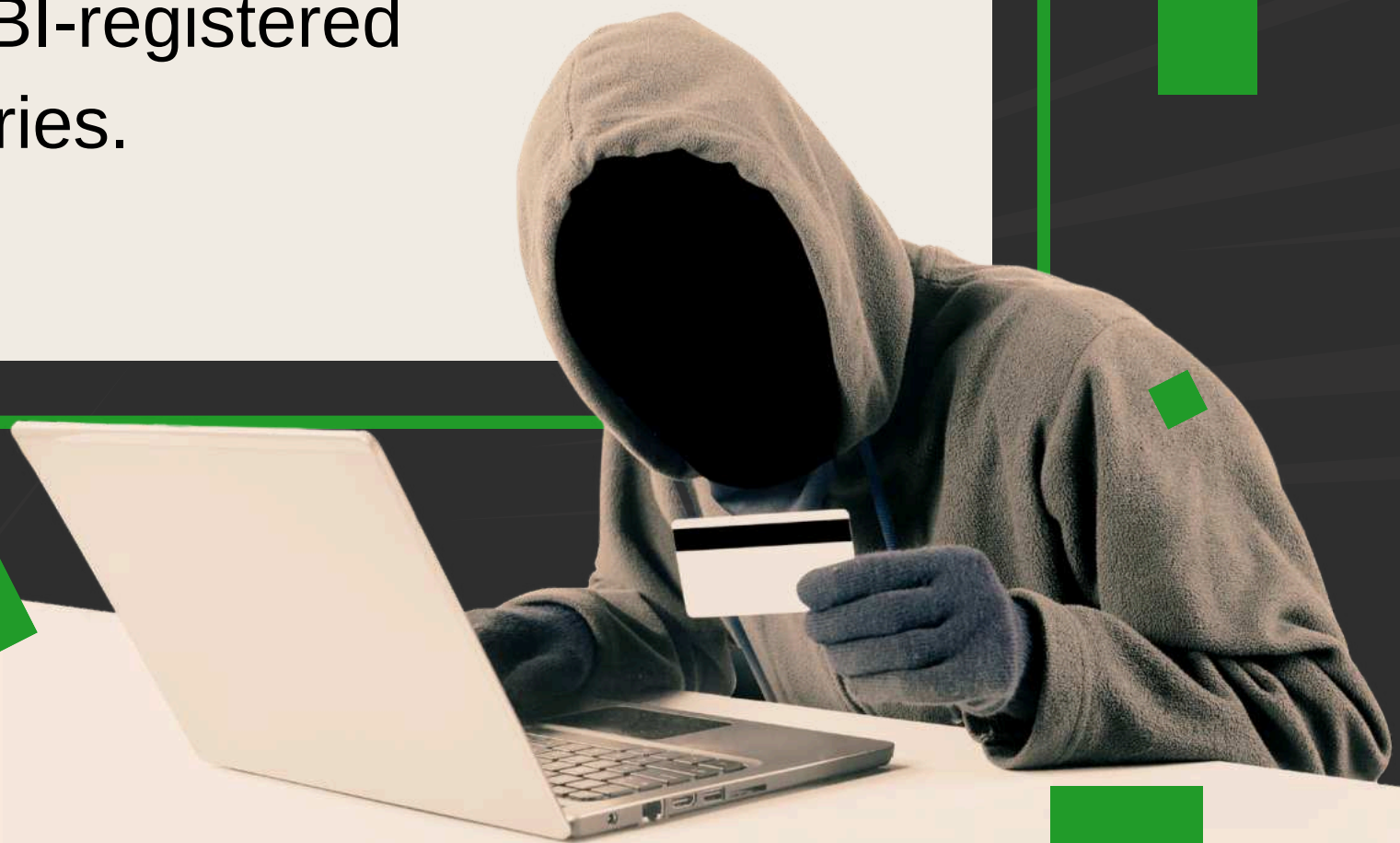
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Why is this important?

- Many unregistered entities have misled investors by unauthorized fund collection.
- Funds collected are often misused for personal gain.
- There is a need to restrict such entities and ensure payments go only to SEBI-registered intermediaries.



How will this work?

- SEBI seeks to introduce a unique UPI address for SEBI-registered market intermediaries ('Registered Intermediaries'). They will ensure investor payments reach only Registered Intermediaries.
- There will be a structured UPI address for SEBI-registered intermediaries to enhance security and transparency. Investors can verify the registration status of intermediaries before making payments.



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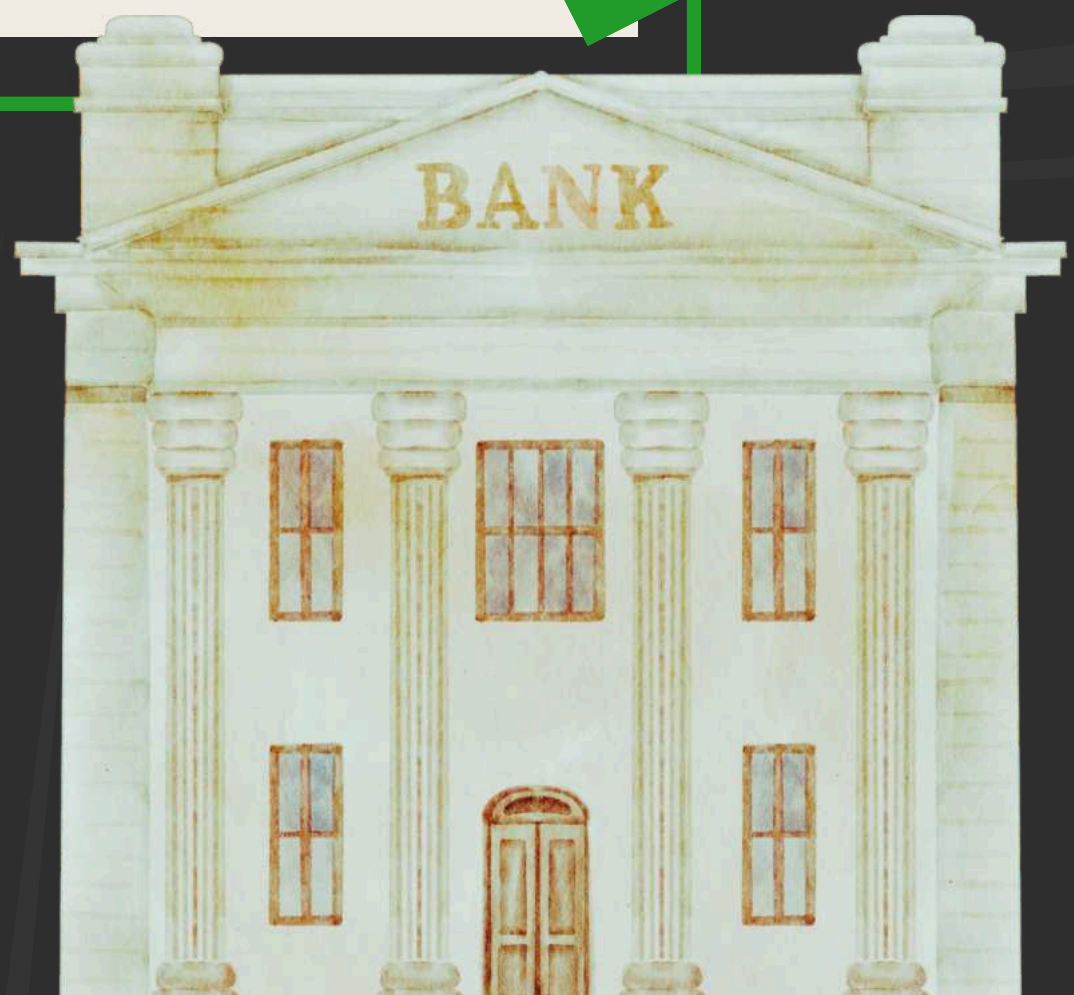
What is the structure of the Proposed UPI Handle?

- **Username:** Alphanumeric ID generated by a SEBI-approved utility, linked to the intermediary's business (e.g., abc.bkr for brokers).
- **UPI Handle:** : Unique, easily relatable handle combined with bank name and phrase 'payright'. Format: `username@payright<bankname>` (e.g., abc.bkr@payrighthdfc).
- **Identification Feature:** Thumbs-up icon in a green triangle – to be inserted in the QR code of intermediaries



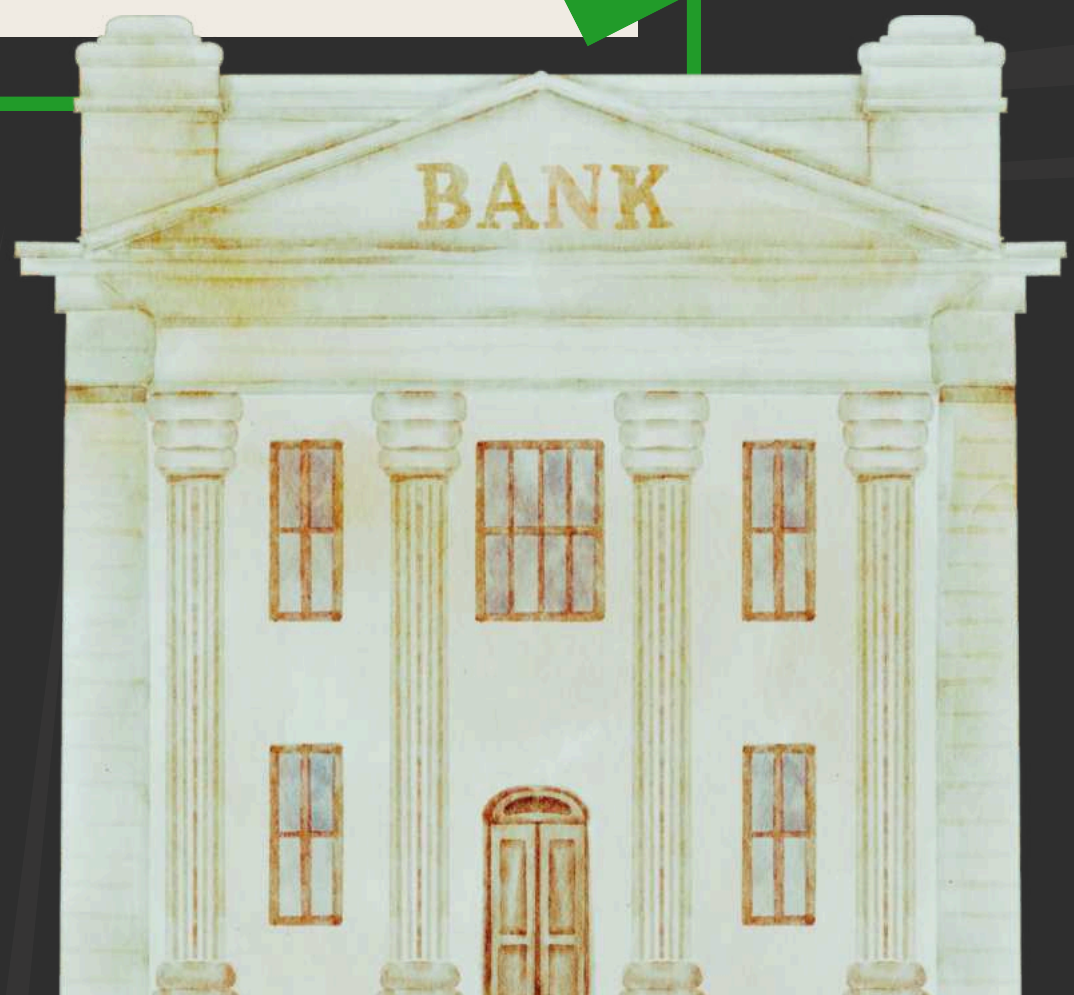
Issuance of New UPI Handle

- **Authentication of Registered Intermediaries on SEBI's SI Portal:** Process begins with authentication of intermediaries on SEBI's Intermediary (SI) Portal using their SEBI registration credentials. An OTP and reference code are generated and sent to their registered contact details, which are used for validation by the bank.
- **Request Syndicate Bank to Generate UPI Handle:** Once authentication is complete, intermediaries must approach their banks to request a UPI handle.



Issuance of New UPI Handle

- **Bank Enablement:** After receiving the request, banks will allocate the UPI handle linked to the registered intermediary's existing bank account. No additional bank accounts will be required.
- **NPCI System Enablement:** NPCI will implement system changes to ensure the smooth issuance of UPI handles.



Proposal for Transaction Limits

- **Daily Transaction Limit:** To raise the limit for capital market transactions through UPI from Rs. 2 lakhs to Rs. 5 lakhs per day.
- This proposal may be executed with minimal costs as the entities involved are SEBI, NPCI, Banks, and Registered Intermediaries



Responsibilities of Investor-Facing Intermediaries

- **Update Details:** Ensure mobile numbers and email addresses are updated on the SEBI SI Portal.
- **New UPI ID to be Obtained:** Registered intermediary should obtain a new UPI ID from the bank. Each business account held by such an intermediary can have one unique UPI ID. Intermediaries may have multiple business accounts, each with their own UPI ID.

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Responsibilities of Investor-Facing Intermediaries

- **Transition Period:** Old UPI handles can be used in parallel during the transition period but will be discontinued afterwards. Ongoing SIPs will continue without any changes. However, all new SIPs and renewals must use new UPI IDs.
- **Conduct Investor Awareness Programs:** Conduct campaigns via SMS, emails, social media, websites, and other channels to educate investors about the new UPI handle system.

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Public Consultation

- Public comments on the draft circular can be submitted through SEBI's online portal until **21 February, 2025**.



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