

BEFORE THE APPELLATE AUTHORITY
(Under the Right to Information Act, 2005)
SECURITIES AND EXCHANGE BOARD OF INDIA

Appeal No. 6236 of 2024

Rahul	:	Appellant
	Vs	
CPIO, SEBI, Mumbai	:	Respondent

ORDER

1. The appellant had filed an application dated November 01, 2024 (received by the respondent through RTI MIS Portal) under the Right to Information Act, 2005 (“**RTI Act**”). The respondent, by a letter dated November 18, 2024, responded to the application filed by the appellant. The appellant filed an appeal (Reg. No. SEBIH/A/E/24/00281) dated November 19 2024. I have carefully considered the application, the response and the appeal and find that the matter can be decided based on the material available on record.
2. **Queries in the application** - The appellant, vide his application dated November 01, 2024, sought the following information:

“ Why are Google Ads being used to advertise highleverage and highly risky financial products, such as margin trading facilities (MTF), in a way that targets retail traders? These ads often promote products with significant risk, encouraging retail participation in Futures and Options (FO) markets, which has led to retail losses.

What actions have been taken by SEBI, RBI, and the Ministry of Finance to regulate or monitor such misleading advertising practices? Kindly provide minutes of meetings or discussions held to address this issue.

Is there any discussion or plan by the government, SEBI, RBI, or the Ministry of Finance to regulate the Margin Trading Facility (MTF) market, which appears to contribute to high FO trading volumes and potential retail investor losses? Kindly provide the minutes of meetings, if any, where the regulation of the MTF market and its impact on FO volumes were discussed.

mStock offers margin trading facilities at a rate of 6.99%, which is below MCLR, for funds exceeding 7 crores. How do RBI and SEBI regulate such offerings? Kindly provide the minutes of any meetings or discussions related to the regulation of

such margin trading facilities and whether this has been identified as a reason for retail losses and the increase in FO trading.

Kotak Neo offers margin funding where a retail investor can pay only 20% while the remaining 80% is funded as a margin loan. What regulatory measures have been taken by SEBI and RBI to control such high leverage, particularly where retail traders participate in FO trading and incur significant losses? Please provide any minutes of meetings or discussions on this matter.”

3. **Reply of the Respondent** - The respondent, in response to queries in the application, informed that queries of the appellant are in the nature of seeking clarification/opinion. Accordingly, the same cannot be construed as "information", as defined u/s 2(f) of the RTI Act. However, respondent also informed that SEBI guidelines w.r.t margin trading facility are prescribed in SEBI Master Circular for Stock Brokers dated May 22, 2024 and SEBI guidelines w.r.t margin trading in securities market are prescribed in “Chapter 1-Trading” of SEBI Master Circular for Stock Exchanges and Clearing Corporations dated October 16, 2023. The respondent also provided the link for accessing the relevant Circulars, which are available on SEBI website.
4. **Ground of appeal** – The appellant has filed the appeal on the ground that he was provided incomplete, misleading or false information.
5. I have perused the application and the response provided thereto. On consideration, I note that the queries of the appellant are in the nature of clarification/opinion and are interrogative queries. I find that the said queries cannot be construed as seeking ‘information’ as defined under section 2(f) of the RTI Act. In this context, reliance is placed on the matter of *Azad Singh vs. CPIO, Oriental Insurance Company Limited* (order dated March 23, 2021), wherein, Hon’ble Central Information Commission (CIC) observed that “7. The Commission, after hearing the submissions of both the parties and after perusal of records, observed that some queries of the appellant are in the nature of seeking explanation/ opinion/ advice/ confirmation/ clarification from the CPIO and he has expected that the CPIO firstly should analyze the documents and then provide information to the appellant. But the CPIO is not supposed to create information; or to interpret information; or to compile information as per the desire of the appellant under the ambit of the RTI Act. As per Section 2(f) of the RTI Act, the reasons/ opinions/ advices can only be provided to the applicants if it is available on record of the public authority. The CPIO cannot create information in the manner as sought by the appellant. The CPIO is only a communicator of information based on the records held in the office and hence, he cannot be expected to do research work to deduce anything from the material therein and then supply it to him”. Notwithstanding the aforesaid, I note

that respondent had provided links for accessing relevant circulars/guidelines issued by SEBI w.r.t margin trading in securities market, which are available on SEBI website. Accordingly, I do not find any deficiency in the response of the respondent.

6. In view of the above observations, I find that there is no need to interfere with the decision of the respondent. The appeal is accordingly dismissed.

Place: Mumbai

Date: December 17, 2024

RUCHI CHOJER

**APPELLATE AUTHORITY UNDER THE RTI ACT
SECURITIES AND EXCHANGE BOARD OF INDIA**