



SEBI Caution on Stock Market Scams through Account Handling Services (PR No. 14/2026)

SEBI, through its Press Release dated 26 February 2026, has issued a public caution regarding the growing incidence of stock market scams involving so-called “account handling” services. The regulator has observed that certain unregistered persons are misleading investors by promising risk-free profits and offering to operate investors’ demat and trading accounts. The advisory aims to alert investors and reinforce the importance of dealing only with SEBI-registered intermediaries.

Analysis

- A pattern of fraud has been identified by the Securities and Exchange Board of India wherein individuals falsely present themselves as expert fund managers, Portfolio Management Service (PMS) providers, or professional account handlers, and lure investors by promising assured or risk-free returns and showcasing purported high-profit past trades.
- They often insist on a minimum capital commitment and charge a percentage share of profits, while also seeking access to the investor’s trading credentials to execute trades directly in the investor’s account.
- SEBI’s advisory functions as both a warning and a compliance reminder. It emphasizes due diligence by investors and reinforces the broader regulatory theme of safeguarding retail participants in increasingly digitised securities markets.
- A key red flag is the asymmetric risk structure, where the fraudster shares in profits but bears no losses, which are entirely borne by the investor since trades are executed in the investor’s own account. Additionally, such operators are typically unregistered and fall outside the regulatory oversight of Securities and Exchange Board of India, thereby limiting available investor protection mechanisms.
- SEBI has clarified that such account handlers are not registered with it and do not fall within its regulatory purview, and has cautioned investors against sharing their trading credentials with any third party; it has further reiterated that investors should verify the registration status of intermediaries through its official portal and transact only through authentic trading applications of duly registered entities.



➤ Key Takeaways

- SEBI has flagged a rise in scams involving unregistered “account handling” service providers.
- Fraudsters typically promise assured profits and demand access to investors’ trading credentials.
- Losses are borne entirely by investors, while fraudsters claim a share of profits.
- Such operators are not regulated by SEBI, limiting investor protection.
- Investors should transact only through SEBI-registered intermediaries and verified trading apps.

➤ The notification is attached herein.

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