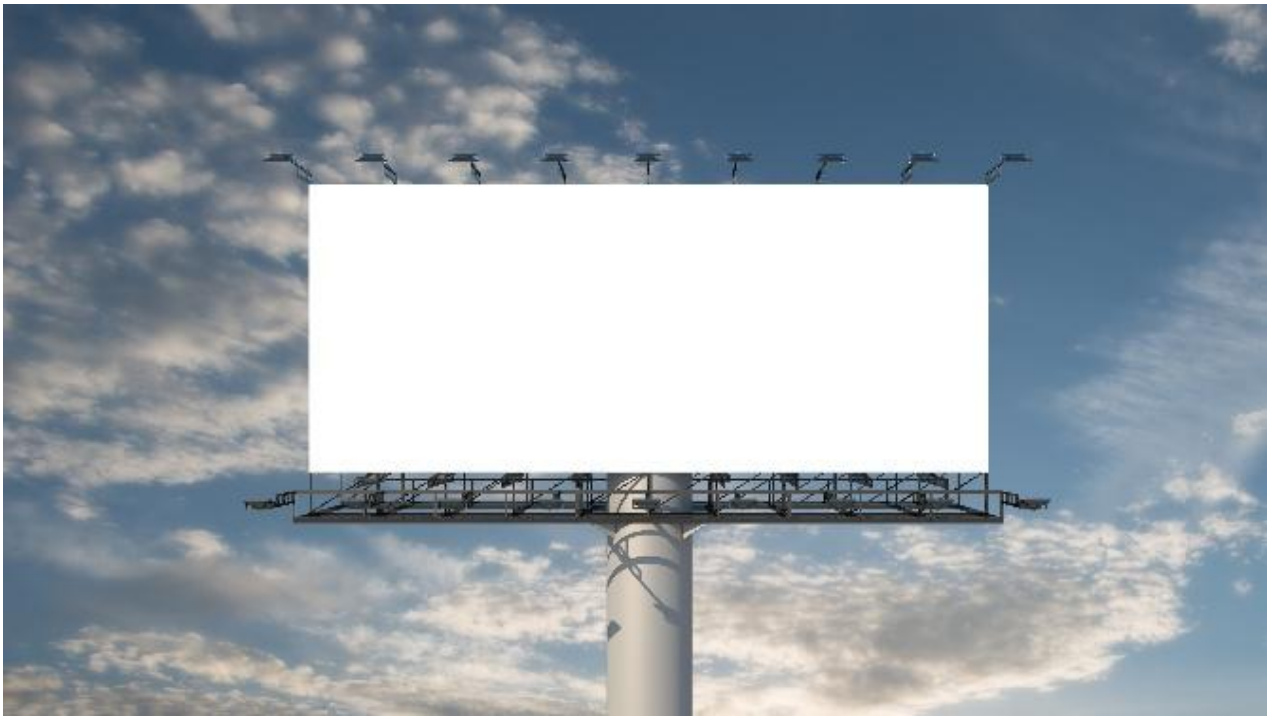
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SEBI introduces Common Advertising Code for Market Intermediaries via SEBI (Intermediaries) (Second Amendment) Regulations, 2026

Notification dated 8 October 2026 | Effective from 8 April 2027



Introduction

The Securities and Exchange Board of India ("**SEBI**") has introduced the Securities and Exchange Board of India (Intermediaries) (Second Amendment) Regulations, 2026 (**"Amended Regulations"**) – a common set of regulations for advertisements by specified SEBI regulated businesses. The rules cover advertising on websites, apps, social media, television, print and other channels. They aim to make advertisements clear and fair, prevent misleading promises and control the use of celebrities and influencers. Celebrity endorsements are permitted at the brand level, subject to restrictions and prior approval.

The Amended Regulations are relevant for **stockbrokers, depository participants, online bond platform providers, investment advisers, research analysts, mutual funds, asset management companies ("AMCs") and portfolio managers**. SEBI may extend the scope of Amended Regulations to other entities in future.

Source: SEBI (Intermediaries) (Second Amendment) Regulations, 2026 — Official SEBI notification

How will it affect business?

- **Mandatory Disclosures**: Advertisements must include the RE's name, SEBI registration number, logo and prescribed disclaimers. Certain short digital advertisements may provide these disclosures through a link to the intermediary's official website, subject to applicable conditions.

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- **Advertising Claims:** Advertisements must not contain misleading statements, promises of guaranteed or risk-free returns, unsubstantiated claims, misleading comparisons or prohibited dark patterns.

- **Celebrity Endorsements:** Celebrities may endorse a regulated entity's brand with prior approval but cannot promote specific investment products through claims or inducements. Endorsement expenses cannot be passed on to clients or charged to mutual fund schemes.

- **Prohibition on Incentives:** Regulated entities cannot offer vouchers, coupons, monetary certificates, tokens, subscription plans or similar incentives to encourage trading, use of services, investments, reactivation of inactive accounts or downloading of mobile applications.

What is not considered an advertisement?

Subject to prescribed conditions, the following communications are excluded:

- **Educational Content:** Financial-literacy and investor-awareness material with minimal branding, without promotional claims or calls to action.

- **Research and Product Information:** Research reports shared with existing clients without performance claims, and factual descriptions of products or services.

- **Regulatory and General Communications:** Regulatory disclosures, responses to client enquiries, basic company information, greetings, recruitment notices, sponsorship acknowledgements and customer-feedback surveys.

- **Webinars and Demonstrations:** Non-promotional webinars and product demonstrations that do not solicit business.

Important: These exclusions do not apply where communications promote products or services or encourage customers to use them. Additional reporting requirements may apply to activities funded through designated education or awareness funds.

Is there a penalty or other business risk?

The notification does not create a separate fixed monetary penalty, however, SEBI can take regulatory action for non-compliance under the applicable securities laws and regulations and may direct supervisory bodies to act. Non-compliant advertising can also lead to campaign disruption, compliance costs and reputational damage. If a business discovers an unauthorised third-party advertisement, it must take the prescribed action within seven days of becoming aware of it.

What should affected businesses do now?

- Review current advertisements, websites, apps, social media posts and promotional campaigns.
- Update marketing guidelines, disclosures and the internal approval process.
- Check celebrity/influencer and advertising-agency contracts and obtain necessary prior approvals.
- Remove misleading return claims, improper incentives and prohibited dark patterns.
- Set up monitoring of third-party advertisements and keep records of approvals and supporting evidence.

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How we can assist

Fountainhead Legal is a Mumbai-based law firm with a strong focus on Technology and Media. The firm advises businesses on legal and regulatory issues arising from technology-driven operations, digital platforms, advertising and commercial arrangements.

FHL can assist SEBI-regulated entities in reviewing advertising and marketing practices, assessing digital customer journeys, drafting and reviewing influencer and advertising agency agreements, and establishing practical compliance policies and approval processes.

For further information or to discuss representation support in relation to the Amended Regulations, please contact us.

Disclaimer: *This alert is for general information only and does not constitute legal advice or a legal opinion. It is not a substitute for advice based on specific facts and circumstances. Readers should review the applicable regulations and seek professional advice before taking any action.*

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