

# Sebi may allow IPO trade pre-listing to cut grey mkt: Buch

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To curb grey market activity, the Securities and Exchange Board of India (Sebi) is considering introducing a “when-listed” trading period for securities between the closure of an initial public offering (IPO) and their formal listing on exchanges.

The move, Sebi chairperson Madhabi Puri Buch explained, aims to bring transparency and structure to a phase often dominated by informal and unregulated trading. “Sebi believes that if investors wish to engage in such trades, they should have the opportunity to do so in a regulated manner,” Buch said, speaking at an Association of Investment Bankers of India (AIBI) event in Mumbai.

Currently, a three-day gap—T+3—exists between the closure of an IPO and its listing, during which “curb trading” thrives in informal markets. “We are actively considering a ‘when-listing’ trading period,” Buch noted.

The comments come amid an IPO boom in India. In 2024, 91 large firms went public, raising a record ₹1.6 trillion, according to data from analytics firm Prime Database.

Her remarks signal a broader ambition for India’s capital markets: shifting from mere legal compliance to fostering ethical governance. “We’ve spent years ensuring compliance with the letter of the law. Now, we’ve reached a point where the ecosystem has matured, deploying resources, technology, and people to ensure this compliance,” she said.

Investor trust remains at the heart of Sebi’s agenda. Buch



Sebi chairperson Madhabi Puri Buch.

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emphasized that transparency and ethical practices must begin at the IPO stage to mitigate systemic risks. With a rise in small offerings—some as low as ₹50-100 crore—she warned of the dangers posed by companies attempting “pump and dump” schemes.

Market participants are aware when a company is being brought to market to manipulate stock prices and their responsibility is to ensure such entities are kept out, she added.

Sebi is also working to increase transparency around Related Party Transactions (RPTs) with help from proxy advisory firms. Buch revealed that two leading firms are launch-

ing a detailed RPT database to provide comprehensive information on such transactions across companies. “This will be a valuable resource for analysts, investors, and anyone examining corporate governance. I am pleased they collaborated and did it at no cost,” she said.

Buch also praised India’s younger entrepreneurs for their focus on ethical wealth creation, noting a shift toward transparent and well-governed growth.

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