# Execution-only Platform (EOP)

June 15, 2023 • vajiramandravi.com


## About Execution Only Platform (EOP)

- It is a **digital or online platform** which **facilitates transactions such as subscription**, redemption and switch transactions in **direct plans of schemes of mutual funds.**
- Till now, there was no specific framework available for technology/digital platforms (including platforms provided by Investment Advisers/Stock Brokers to non-clients) to provide execution-only services in direct plans of mutual fund schemes.
- As per the new SEBI's new guidelines, **no entity would be allowed** to operate as an EOP without obtaining registration from SEBI or the Association of Mutual Funds in India (AMFI).
- **Categories of EOP:** The capital markets regulator has divided EOPs into two categories.
    - **Category 1 EOPs:** These would **need to be registered with AMFI**, the mutual fund industry body.
    - Under this category, the EOPs would act **as an agent of asset management companies** (AMCs) and integrate their systems with AMCs and/or Registrar and Transfer Agents (RTAs) authorized by AMCs to facilitate transactions in mutual funds.
    - These entities may act **as an aggregator of the transactions in direct plans** of schemes of mutual funds and provide services to investors or other intermediaries.

    - **Category 2 EOPs:** These would need to be **registered as a stock broker with SEBI** and can operate as an agent of investors and operate only through the platforms provided by the stock exchanges.

## What is Mutual Fund?

- It is a **pool of money managed** by a professional Fund Manager.
- It is a trust that collects money from a number of investors who share a common investment objective and **invests the same in equities, bonds, money market** instruments and/or other securities.

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## Q1) What is SEBI?

SEBI stands for the Securities and Exchange Board of India. It is the regulatory body for the securities market in India. SEBI was established in 1988 as an independent statutory body and was given statutory powers in 1992 through the Securities and Exchange Board of India Act.

**Source:** How Sebi's 'execution only platforms' for MFs remove regulatory grey area

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