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Prop firm license in India

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Prop firms in India



Flag

Regulator	Securities and Exchange Board of India (SEBI); Reserve Bank of India (RBI) for forex [1]
Regulator's position	Advisory against (2024) [3] [4]
Licence	No licence for retail funded-trader platforms. Residents may trade securities only through SEBI-registered intermediaries, and forex only with RBI-authorised persons on permitted terms [1] [2] [3]
Legal basis	SEBI Act 1992; Securities Contracts (Regulation) Act 1956; Foreign Exchange Management Act 1999 [2] [3]
Licensed-route capital	Not applicable [3]
Consumer protection	No SEBI recourse [3]
Compensation scheme	None
Serving traders abroad	Not applicable
Prop firm register	No prop firm register [1]

Public register	SEBI registered intermediaries

In short: No licence for retail funded-trader platforms. Residents may trade securities only through SEBI-registered intermediaries, and forex only with RBI-authorised persons on permitted terms. [1] [2] [3] Regulator's position (SEBI / RBI): advisory against (2024). [3] [4] Capital for the licensed route: Not applicable. [3] Compensation if the firm fails: none. As of November 2026.

India has no licensed route for retail funded-trader platforms. The **Securities and Exchange Board of India (SEBI)** warned in November 2024 that virtual trading and fantasy games based on listed companies' prices breach securities law, and the **Reserve Bank of India** has put some prop trading platforms on its Alert List of unauthorised forex platforms.

Regulator's position

Advisory against. On 4 November 2024 SEBI cautioned investors against platforms offering virtual trading, paper trading or fantasy games based on listed companies' price data, saying they breach securities law and that users have no recourse through SEBI's complaint systems. The RBI's Alert List of unauthorised forex platforms has included some prop trading platforms. [3] [4]

A regulator's silence is not approval. Where we found no public statement, this article says so.

Business models and licences

In India: no licence for retail funded-trader platforms. Residents may trade securities only through SEBI-registered intermediaries, and forex only with RBI-authorised persons on permitted terms. [1] [2] [3] Legal basis: SEBI Act 1992; Securities Contracts (Regulation) Act 1956; Foreign Exchange Management Act 1999. [2] [3]

- **Proprietary trading by registered brokers** – brokers and other registered entities trading their own money through SEBI-regulated channels
- **Retail funded-trader platform** – not authorised; SEBI and the RBI have warned the public

Capital for the licensed route

Minimum capital in India (2026): Not applicable: there is no licensed route for retail funded-trader platforms. [3]

Application fee: Not applicable.

> Capital is only the regulatory floor. Staff, audit, compliance, risk management and technology usually cost more than the capital itself.

Setting up

Decision time for a licence: Not applicable. The usual steps are:

1. Retail funded-trader platforms have no licensed route in India.
2. A business that wants to trade or offer trading must use SEBI-registered intermediaries and comply with FEMA for forex.

Substance and governance

Not applicable.

Trader protection

What protects traders in India, as of November 2026. See Trader protection for the same points in every jurisdiction.

Protection	Rule in India
Consumer protection for challenge fees	Users of unregistered platforms have no recourse through SEBI's complaint redressal system (SCORES) or the exchanges' online dispute resolution. [3]
Live trading and payouts	Not applicable.
Compensation if the firm fails	None.

Protection	Rule in India
Serving traders abroad	Not applicable.

Public registers

SEBI-registered intermediaries are listed on SEBI's website. There is no register of prop firms. [1]

> A regulator's register is the only current source of who holds a licence. A prop firm's website saying it is "regulated" is not.

How to check a prop firm

1. Find the exact legal name, registered address and company number of the entity that sells the challenge, usually in the terms and conditions or the website footer.
2. Check whether that entity, or the broker that executes live trades, appears on the regulator's register: SEBI registered intermediaries . Most evaluation firms will not appear, because they are not licensed.
3. Search the regulator's warnings and IOSCO's I-SCAN alerts for the firm's name and website.
4. Read the rules on payouts, refunds, account closure and restricted countries before paying, and keep copies.

Frequently asked questions

Are prop firms legal in India?

Proprietary trading by registered entities is legal. Retail funded-trader platforms based on simulated trading have been the subject of SEBI's 2024 advisory, and some appear on the RBI's Alert List.

As of November 2026. Rules and regulators' positions change; confirm with the SEBI / RBI or a qualified adviser before you set up a prop firm or pay for a challenge. Where we could not confirm a point from an official source, this article says so.

See also

- Prop firm rules compared
- Prop firm license in Australia
- How to check a prop firm
- All jurisdictions

References

Entries marked **Official** are the regulator, the law or another public body. Trade press is used only where no official text exists, and is named.

1. Official Securities and Exchange Board of India . SEBI. Accessed November 2026.
2. Official Reserve Bank of India (Alert List of unauthorised forex trading platforms) . RBI. Accessed November 2026.
3. SEBI Cracks Down on Unauthorised Gaming and Trading Platforms (on SEBI PR No. 27/2024 of 4 November 2024) . Khaitan & Co. Accessed November 2026.
4. Indian Regulator Calls Prop Trading Platforms "Unauthorised" . Finance Magnates. Accessed November 2026.

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