

OPINION

When market infrastructure institutions become the state

The concluding part of a three-part series on the Securities Markets Code turns the spotlight on MILs, which are no longer operating on the margins of the state. Nor are they quasi-private regulators straddling public and private law



The Securities Markets Code, 2025 (Code), quietly reconfigures India's regulatory state. For the first time, a parliamentary statute defines market infrastructure institutions (MILs) to mean stock exchanges, clearing corporations, depositories, and other notified entities, and vests them with powers that are unmistakably public in character. What had earlier evolved through regulation, practice, and sporadic judicial recognition is now placed on a clear statutory footing. MILs are no longer merely regulated market utilities; they are statutorily embedded organs of governance.

In their seminal work on regulatory delegation, political scientists Dietmar Braun and Fabrizio Gilardi describe the modern regulatory state as a hierarchy of principals and agents, authority flowing from the people to the legislature, to the executive, to specialised regulators, and further to subordinate bodies. By statutorily empowering MILs to exercise regulatory, supervisory, and adjudicatory functions, the Code formalises the sixth layer in the chain, as statutory actors, exercising delegated state authority within a legally bounded framework.

This is reflected most starkly in the Code's provision enabling the Securities and Exchange Board of India (Sebi) to delegate to MILs powers relating to the registration of intermediaries and investors. In exercising such delegated authority, MILs must follow due process identical to Sebi's, adhering to fairness, confidentiality, and natural justice, including reasoned orders and the right of hearing. MILs may also be entrusted with regulating classes of market participants. These are not auxiliary tasks; they are core regulatory functions.

The Code reinforces this transformation by insisting that MILs be *registered*, not merely recognised. Recognition implies accreditation; registration confers statutory existence. An MIL comes into being only upon registration *in the interest of trade and in public interest*, and remains subject to statutory conditions relating to governance, supervision, transparency, and even suppression. This decisively distinguishes MILs from intermediaries, who serve clients, and from self-regulatory organisations, which represent the interests of their members. They operate the market itself. They are not private bodies exercising discretion by regulatory tolerance; they are formal components of the state's market governance architecture.

Equally significant is the reconfiguration of *membership*. While exchanges and clearing corporations have long functioned through members, depositories are, for the first time, statutorily required to have members, namely, depository participants, who were previously treated as agents. Membership under the Code



is no longer just a functional right to access infrastructure. Members may hold shares in the MIL and participate in institutional decision-making. Coupled with mandatory dispersed shareholding norms and demutualisation, this elevates members from users of infrastructure to stakeholders in governance, strengthening internal accountability while mitigating the risk of dominance by any single interest.

The public character of MILs is reinforced through stringent governance requirements. Members of governing boards must meet eligibility and fit-and-proper criteria, and boards must include independent directors. The governing board is expected to act not as a representative forum of sectional interests, but as a fiduciary steward of the market's integrity. Importantly, the Code imposes confidentiality obligations on MILs and their officers with respect to regulatory data and commercially sensitive information, underscoring their quasi-sovereign role in handling market-critical information.

MILs are empowered to make bylaws governing their operations, the conduct of members, and even market participants. These bylaws are not private rules. They require public consultation, prior approval by Sebi, publication, and have to be laid before Parliament. The process closely mirrors Sebi's own regulation-making powers. Even Sebi may make or amend the bylaws in specified circumstances. The bylaws thus assume the character of subordinate legislation exercised within a public-law framework. They must promote the objectives of the Code, ensure non-discriminatory access, prevent market abuse, foster transparency, and ensure interoperability across MILs.

MILs also perform executive functions. They supervise members, enforce compliance, manage risk, and administer market operations. They have mechanisms to monitor and identify contraventions of the provisions of the Code, rules and regulations, or bylaws. When Sebi delegates registration or related regulatory tasks, MILs act as the frontline regulators of securities regulation.

The Code vests MILs with quasi-judicial powers. Contraventions of bylaws are addressed through structured proceedings grounded in natural justice, culminating in reasoned orders that may impose penalties, suspend or expel members, annul transactions, or direct payment of compensation. Sebi has concurrent enforcement powers for non-com-

pliance with MIL bylaws. A person aggrieved by an order or decision of an MIL may prefer an appeal to the Securities Appellate Tribunal, and civil courts are barred from exercising jurisdiction over matters entrusted to MILs.

Operational independence is integral to the MIL framework. While MILs remain subject to Sebi's oversight, their day-to-day regulatory, supervisory, and enforcement functions are insulated from ad hoc interference from any authority. The autonomy within a clearly defined statutory framework mirrors the design of modern regulators.

With power comes accountability. The Code subjects MILs to a transparency and accountability regime: Publication of bylaws and decisions, submission of annual reports, fit-and-proper requirements for directors, and the ultimate sanction of suppression in defined circumstances. Suppression is a sovereign remedy, and its availability leaves no doubt that MILs are treated as public institutions exercising delegated state power.

Taken together, these provisions complete a long arc of regulatory evolution. MILs are no longer market utilities operating on the margins of the state. Nor are they quasi-private regulators straddling public and private law. They are statutory institutions exercising quasi-legislative, executive, and quasi-judicial powers within a constitutionally recognisable framework. The Code takes regulatory norms that had evolved piecemeal through circulars, bylaws, regulations, and earlier statutes, confers upon them an explicit state character, and elevates them to a higher statutory pedestal.

This recognition carries consequences. Institutions entrusted with state functions must meet state standards of governance, independence, transparency, and accountability, not as a matter of regulatory grace, but as a matter of constitutional discipline. The Code supplies much of this architecture, but its success will rely on implementation and institutional self-understanding. MILs must now see themselves not merely as service providers to the market or platforms for commercial activity, but as public institutions exercising delegated sovereign authority in trust for investors and the market as a whole. Courts, regulators, and policymakers, in turn, must hold them to that standard. If this culture shift accompanies the shift in law, the Code will have achieved more than regulatory reform; it will have constitutionalised the infrastructure of India's securities markets.

M S Sahoo is a former whole-time member of Sebi. V Anantha Nageswaran is chief economic advisor, Government of India. The views are personal

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Business Standard Insight Out

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AUREATE TRADE LIMITED
(formerly known as Aureate Trade Private Limited)
CIN: U52609MH2018PLC312471

Our Company was originally incorporated as a Private Limited Company under the name of "M99 Polytrade Private Limited" under the provisions of the Companies Act, 2013 vide fresh Certificate of Incorporation issued by Central Registration Centre dated on August 03, 2019. Subsequently, the name of our Company was changed to "Aureate Trade Private Limited" pursuant to the resolution passed by the shareholders at Extra-Ordinary General Meeting held on June 05, 2023 vide fresh Certificate of Incorporation issued by RoC Mumbai dated July 14, 2023. Further, pursuant to the resolution passed by the shareholders at Extra-Ordinary General Meeting held on February 10, 2025, the Company was converted into a Public Limited Company, and its name was changed from "Aureate Trade Private Limited" to "Aureate Trade Limited" vide a fresh Certificate of Incorporation issued by the Registrar of Companies, Mumbai dated April 22, 2025. The Corporate Identification Number (CIN) of our Company is U52609MH2018PLC312471. For details of incorporation, change of registered office of our Company, please refer to the section titled "History and Corporate Structure" on page no. 166 of this Draft Prospectus.

Registered Office: 404, Floor 4, Plot No. 208, Regent Chambers, Jammalal Bajaj Marg, Nariman Point, Mumbai City, Maharashtra-400021.
Telephone: +91-7208027910
Contact Person: Ms. Sakshi Sareen, Company Secretary and Compliance Officer
OUR PROMOTER: MRS. KALASH KEVIN SHAH AND MR. PUNIT DEVENDRABHAI SHAH

DETAILS OF THE ISSUE

INITIAL PUBLIC ISSUE OF 38,900 EQUITY SHARES OF FACE VALUE OF ₹10/- EACH OF AUREATE TRADE LIMITED ("ATL" OR THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹10/- PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF ₹10/- PER EQUITY SHARE AGGREGATING TO ₹10/- LAKHS (THE "FRESH ISSUE"), COMPRISING OF FRESH ISSUE OF 38,900 EQUITY SHARES AGGREGATING TO ₹10/- LAKHS (THE "FRESH ISSUE") AGGREGATING TO ₹10/- LAKHS, OUT OF WHICH 21,96,000 EQUITY SHARES OF FACE VALUE OF ₹10/- EACH FOR CASH AT A PRICE OF ₹10/- PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF ₹10/- PER EQUITY SHARE AGGREGATING TO ₹10/- LAKHS WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKER TO THE ISSUE (THE "MARKET MAKER RESERVATION PORTION"). THE PUBLIC ISSUE LESS THE MARKET MAKER RESERVATION PORTION WILL BE THE NET ISSUE OF 37,02,000 EQUITY SHARES OF FACE VALUE OF ₹10/- EACH AT A PRICE OF ₹10/- PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF ₹10/- PER EQUITY SHARE AGGREGATING TO ₹10/- LAKHS IS HEREIN AFTER REFERRED TO AS THE "NET ISSUE". THE PUBLIC ISSUE AND THE NET ISSUE WILL CONSTITUTE 30.02% AND 28.51% RESPECTIVELY OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY. THE FACE VALUE OF OUR EQUITY SHARES IS ₹10/- EACH. PLEASE REFER TO SECTION TITLED "TERMS OF THE ISSUE" ON PAGE NO. 234 OF THIS DRAFT PROSPECTUS.

In terms of Rule 19(2)(b)(i) of the SCRR this issue is being made for at least 25% of the post-issue paid-up Equity Share capital of our Company. This issue is being made through Fixed Price process in accordance and compliance with Regulation 229(2) of Chapter IX and other applicable provisions of SEBI ICDR Regulations, wherein a minimum 50% of the Net Issue is allocated for Individual Investors and the balance shall be offered to investors who are not individuals, including body corporates and other investors, in the proportion of 1:1. The balance of the unsubscribed portion in either categories may be allocated to applicants in the other category. For further details please refer the section titled "Issue Structure" beginning on page no. 243 of this Draft Prospectus.

In terms of the SEBI Circular No. CIR/CFD/POLICYCELL/11/2015, dated November 10, 2015 and the all potential investors shall participate in the issue only through an Application Supported by Blocked Amount ("ASBA") process providing details about the issue and the amount which will be blocked by the Self-Certified Syndicate Banks ("SCSBs") for the same. Further pursuant to SEBI circular bearing no. SEBI/HO/CFD/DIL2/CIR/2019/76 dated June 28, 2019, for implementation of Phased II for UPI facility, which is effective from July 01, 2019, all potential bidders (and/or Anchor Investors) are required to mandatorily utilize the Application Supported by Blocked Amount ("ASBA") process providing details of their respective ASBA accounts or UPI ID (in case of it), in which the corresponding Application Amount will be blocked by the SCSBs or under UPI Mechanism, as applicable. For details, please refer chapter titled "Issue Procedure" beginning on page no. 246 of this Draft Prospectus. A copy of the Prospectus will be filed with the Registrar of Companies as required under Section 26 and Section 28 of the Companies Act, 2013.

THE ISSUE PRICE IS ₹10/- TIMES OF THE FACE VALUE OF EQUITY SHARES

This public announcement is being made in compliance with the provisions of Regulation 247(2) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI ICDR Regulations"), to inform the public that our Company is proposing, subject to applicable statutory and regulatory requirements, receipt of requisite approvals, market conditions and other considerations, to undertake initial public offering of its Equity Shares pursuant to the issue and has filed the Draft Prospectus dated December 23, 2025, which has been filed with the Registrar of Companies, Mumbai. The Draft Prospectus filed with BSE and the Draft Prospectus will be made available to the public for comments, if any, for a period of at least 21 days, from the date mentioned below by hosting it on the respective websites of the Stock Exchange i.e. BSE at www.bseindia.com, website of the Company at www.aureatetrade.in and the website of the Lead Manager to the issue at www.corporatemakers.in. Our Company hereby invites the members of the public to give comments on the Draft Prospectus filed with BSE with respect to the disclosures made in the Prospectus. The members of the public are requested to send a copy of their comments to BSE and/or to the Company Secretary and Compliance Officer (i.e. compliance@aureatetrade.in) of our Company and/or the Lead Manager of the issue at their respective addresses mentioned herein below in relation to the issue on or before 5.00 p.m. on the 21st day i.e. 21 days from the date of filing of Issue Document with SME Platform of BSE Limited ("BSE SME").

Investment in Equity and Equity-related securities involve a degree of risk and investors should not invest any funds in this issue unless they can afford to take the risk of losing their investment.

Investors are advised to read the risk factors carefully before taking an investment decision in this issue. For taking an investment decision, investors must rely on their own examination of the issue and this issue, including the risks involved. The Equity Shares have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of the information in the Draft Prospectus. Specific attention of the investors is invited to the statement of "Risk Factors" given on page no. 31 of the Draft Prospectus. Any decision to invest in the Equity Shares described in the Draft Prospectus may only be made after the Prospectus has been filed with the RoC and must be made solely on the basis of such prospects as there may be material changes in the Prospectus from the Draft Prospectus.

The Equity Shares, when offered, through the SME Platform of BSE Limited ("BSE SME") or the SME Platform of BSE Limited ("BSE SME" or BSE), for details of the main objects of our Company as contained in its Memorandum of Association, see "History and Corporate Structure" on page 166 of the Draft Prospectus.

The liability of the members of our Company is limited. For details of the share capital, capital structure of our Company, the names of the signatories for the Memorandum of Association and the number of shares of our Company subscribed by them of our Company, please see "Capital Structure" beginning on page 73 of the Draft Prospectus.

CORPORATE MAKERS CAPITAL LIMITED
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Website: www.corporatemakers.in
Investor Grievance Email: compliance@corporatemakers.in
Contact Person: Mr. Rohit Pareek
SEBI Registration Number: INM000013095
CIN: U65100DL1994PLC063880

MUFG INTIME INDIA PRIVATE LIMITED
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Investor Grievance Email: aureatetrade.amepo@in.mpmg.mufg.com
Contact Person: Mr. Shanti Gopalkrishnan
SEBI Registration Number: INR00004058
CIN: U67190MH1999PTC118368

All capitalized terms used herein and not specifically defined shall have the same meaning as ascribed in the Draft Prospectus.

For Aureate Trade Limited
On behalf of the Board of Directors
Sd/-
Place: Mumbai
Date: December 24, 2025
Company Secretary and Compliance Officer
Sakshi Sareen
Aureate Trade Limited is proposing to approve market conditions and other considerations, to make an Initial Public Offering of its Equity Shares and has filed the Draft Prospectus with BSE on December 23, 2025. The Draft Prospectus shall be available on the website of the BSE at www.bseindia.com and is available on website of the Company i.e. www.aureatetrade.in, website of the Lead Manager to the issue i.e. Corporate Makers Capital Limited at www.corporatemakers.in. Potential investors should note that investment in Equity Shares involves a high degree of risk and for details relating to such risks, please see the section titled "Risk Factors" on page no. 31 of the Draft Prospectus and the details set out in the Prospectus, when filed. Potential investors should not rely on the Draft Prospectus for making any investment decision.

The Equity Shares offered in the issue have not been and will not be registered under the U.S. Securities Act, 1933 (the "U.S. Securities Act") or any state securities laws in the United States, and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold only outside the United States in reliance on Regulations under the Securities Act of 1933 and the applicable laws of the jurisdiction where those offer and sales occur. There will be no public offering of the Equity Shares in the United States.