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TECHNOLOGY INSIGHT

Consultation paper on Draft circular on recognition as Specified Digital Platform

ANI Media Pvt. Ltd.. versus Wikimedia Foundation INC & Ors.



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Consultation paper on Draft circular on recognition as Specified Digital Platform

The Securities and Exchange Board of India has recently published a consultation document which advocates updated guidelines for the acknowledgment of digital platforms in the securities market. Its objective is to strengthen the function of specified digital platforms in promoting capital market operations while safeguarding investor interests and maintaining market integrity and remove any intermediaries.

The main recommendations include the establishment of a regulatory framework that enables these digital platforms to work under specific operational and compliance standards. SEBI seeks to outline the parameters that define SDPs, determining their eligibility criteria, working protocols, and the distinct services they are allowed to offer. This process includes setting prerequisite conditions for user onboarding, promoting transparency in operations, and ensuring that SDPs remain compliant with financial stability metrics.

The paper also elaborates on investor protection measures, which are responsibilities that SDPs are expected to ensure investors receive accurate information and that investors are protected from unnecessary risks. The framework also demands SDPs to observe cybersecurity standards aimed at the security of sensitive information as well as transactions security. The document calls for public feedback on the proposed initiatives, particularly regarding the specific regulatory structures and safeguards that would ensure effective functioning of SDPs. The views of the stakeholders will enable SEBI to refine these efforts to further digitalisation of India's capital markets without sacrificing the balance needed for tight regulatory oversight.

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In Asian News International (ANI) vs. Wikipedia, ANI filed a defamation suit in the Delhi High Court, alleging that false and defamatory content on its Wikipedia page harmed its reputation. ANI claims that edits made in April 2024 to reflect accurate information were deliberately reversed in May, leading to misinformation that portrayed the news agency as biased and unreliable. ANI has sought ₹2 crore in damages and the removal of the defamatory content .

The legal issue discusses on the safe harbor protection under Section 79 of the Information Technology Act, which shields platforms like Wikipedia from liability for user-generated content. The court, however, questioned whether Wikipedia's refusal to disclose the identities of the editors responsible for the content might jeopardies its safe harbor status. The platform argues it hosts content collaboratively and does not produce it directly, complicating the intermediary liability debate .

This case raises significant questions about online free speech, anonymity, and the liability of digital intermediaries, with potential implications for how internet platforms operate in India and globally.

Safe harbor status means a legal provision that protects individuals or organizations from liability or penalty in certain situations. Safe harbor provisions are important in many areas of law, including tax, copyright, environmental, and internet law.



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