



Investor Risk Reduction Access Platform

[Source: IE](#)

Why in News?

Recently, the [Securities and Exchange Board of India \(SEBI\)](#), has launched the **Investor Risk Reduction Access (IRRA)** in order to provide a 'safety net' for investors in case of technical glitches faced by **a trading member or a stock broker**.

- A **trading member or stock broker** is an individual or a firm **that is authorized and licensed to buy and sell securities** (stocks, bonds, commodities, etc.) on behalf of investors in financial markets. They act as intermediaries between buyers and sellers, facilitating transactions within the stock market or other financial exchanges.

What is the IRRA Platform?

▪ About:

- The IRRA platform has been developed to **reduce risks faced by investors in the eventuality of technical glitches** at the trading member's end at both the primary site and disaster recovery site.
- Its purpose is to provide investors with **an opportunity to square off/close their open positions and cancel pending orders** using the IRRA platform in case of technical glitches or unforeseen outages that render the trading member's site inaccessible.
- It is **not meant for taking fresh positions or orders**, but only to cancel the pending orders.

▪ Developed By:

- IRRA has been jointly developed by all the stock exchanges - [BSE \(Bombay Stock Exchange\)](#), [NSE \(National Stock Exchange\)](#), **NCDEX (National Commodity and Derivatives Exchange)**, **MCX (Multi Commodity Exchange)** and Metropolitan Stock Exchange of India (MSE)

▪ Mechanism of Working:

- IRRA can be invoked by trading members **when they are faced with a technical glitch** at their end impacting their ability to service clients across exchanges from both - the primary site and disaster recovery site, where relevant.
- Even stock exchanges **can also monitor parameters like connectivity**, order flow and social media posts, and suo moto initiate the enablement of the IRRA service, if needed, irrespective of any such request by the trading member.
- This service shall be enabled by the exchanges, suo moto, only in case of disruption of trading services of trading members across all the exchanges, where the trading member is a member.

▪ Need:

- With technology glitches **increasingly disrupting trading services**, investors face **risks, especially in volatile markets**, with no means to close positions.
 - Despite business continuity plans, certain disruptions like **delayed recovery sites or Cyber-Attacks persist**.
 - This initiative ensures contingency services by stock exchanges during such crises.
-

UPSC Civil Services Examination, Previous Year Question (PYQ)

Q. Which of the following is issued by registered foreign portfolio investors to overseas investors who want to be part of the Indian stock market without registering themselves directly? (2019)

- (a) Certificate of Deposit
- (b) Commercial Paper
- (c) Promissory Note
- (d) Participatory Note

Ans: (d)

PDF Reference URL: <https://www.drishtiias.com/printpdf/investor-risk-reduction-access-platform>

