



भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

Assistant General Manager
Market Intermediaries Regulation & Supervision Department

MIRSD-2/OWI 30571/2016
November 07, 2016

To,

Calcutta Stock Exchange Ltd.
7, Lyons Range,
Kolkata - 700001

Dear Sir/Madam,

Sub: Schemes/Leagues/Competitions launched by registered Stock Brokers

Please find enclosed copy of letter on the captioned subject for your necessary action.

Yours faithfully,

Ashish Kumar

Encl: a/a



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और विनियम बोर्ड
Securities and Exchange
Board of India

General Manager
Market Intermediaries Regulation and
Supervision Department - 2
Email: debashisb@sebi.gov.in

MIRSD-2/DB/KK/34292/2015
December 11, 2015

To,

The Managing Director,
Bombay Stock Exchange Limited
P J Towers, Dalal Street, Fort,
Mumbai - 400 001

The Managing Director,
National Stock Exchange of India
Limited,
Exchange Plaza, BKC, Bandra (E),
Mumbai - 400051

Dear Sir,

Sub: Schemes/Leagues/Competitions Launched by Registered Stock Brokers

Please refer to NSE email dated November 20, 2015 and BSE email dated November 24, 2015 on the captioned subject.

In this regard, the Stock Exchange is advised to ensure strict compliance with the following requirements with respect to your members (here-in-after referred as 'Stock Broker') whose clients avail the services under any schemes/leagues/competitions etc offered by any third party/group company/associate of the stock broker:-

- i) The Stock Broker shall not have any financial liability or contingent liability towards any third party/associate/group company of the stock broker in respect of any schemes/ leagues/competitions etc. In other words, the stock broker shall not become the sponsor of such scheme/ leagues/competitions etc.
- ii) In respect of advertisements, if any, the stock broker shall comply with the provisions contained in SEBI Circular MIRSD/9/2010 dated November 04, 2010 and the clauses A(5), C(4)&(5) of Code of conduct specified in Schedule II under Regulation 9 of SEBI (Stock Brokers and Sub-brokers) Regulations, 1992.

The Stock Broker shall not enter into any tripartite agreement with clients/ participants and the third party/associate/group company of the stock broker.



Page 1 of 2

सेबी भवन, प्लॉट सं. सी 4-ए, "जी" ब्लॉक, बांद्रा कुर्ला कॉम्प्लेक्स, बांद्रा (पूर्व), मुंबई - 400 051.
दूरभाष : 2644 9950 / 4045 9950 (आई.वी.आर.एस.), 2644 9000 / 4045 9000 फैक्स : 2644 9019 से 2644 9022 वेब : www.sebi.gov.in



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
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**Securities and Exchange
Board of India**

- iv) The current practice, given as part of 'Client information' under the heading 'Rights and obligations of Stock Brokers, Sub-brokers and Clients', as specified by SEBI vide circular CIR/MIRSD/16/2011 dated August 22, 2011 shall continue to apply as given below:-

"The stock broker and sub-broker shall maintain all the details of the client as mentioned in the account opening form or any other information pertaining to the client, confidentially and that they shall not disclose the same to any person/authority except as required under any law/regulatory requirements. Provided however that the stock broker may so disclose information about his client to any person or authority with the express permission of the client."

- v) The Stock Broker shall obtain written confirmation from the client that the client shall not have recourse to dispute redressal mechanism/ arbitration mechanism/investor protection schemes of the Stock Exchanges/ SEBI in case the client avails the services under any schemes/ leagues/competitions etc offered by any, third party/group company/associate of the stock broker.

Yours faithfully,

Debashis Bandyopadhyay



Code of Advertisement for Stock Broker

Further to circular SMDRP/POLICY/CIR-49/2001 dated October 22, 2001, the stock exchanges are advised to bring the following guidelines to the notice of their stock brokers and ensure their compliance:

1. Code of Advertisement

1.1. Advertisement shall include all forms of communications issued by or on behalf of Stock Broker in publicly available media that may influence investment/sale decisions of any investor/prospective investors.

1.2. Forms of communications shall include, form of document, pamphlets, circulars, brochures, notice or any research reports or any other literature or information, material published, or designed for use in a newspaper, magazine, SMS or other periodical, radio, television, telephone or tape recording, video tape display, signs or bill boards, motion pictures, telephone directories (other than routine listings) or other public media including websites or emails, whether in print or audio visual form or used in workshop/seminar or public speaking or in any other manner.

1.3. Advertisement/Material shall contain:

- a) name of the Stock Broker, Registered Office Address of the member, SEBI Registration No (all registration numbers and names of the Exchanges in case of multiple memberships) / Stock Broker ID allotted by Exchange and logo of the Stock Broker, if any.
- b) information which is accurate, true, fair, clear, complete, unambiguous and concise.
- c) standard warning in legible fonts (minimum 10 font size) which states "*investment in securities market are subject to market risks, read all the related documents carefully before investing.*" No addition or deletion of words shall be made to the standard warning.

In audio-visual media based advertisements, the standard warning in visual and accompanying voice over reiteration shall be audible in a clear and understandable manner. For example, in standard warning both the visual and the voice over reiteration containing 14 words running for at least 5 seconds may be considered as clear and understandable.



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- d) In case the mode of advertisement is SMS/Message/Pop-up, etc. and the details such as full name, logo, full registered office address, SEBI registration numbers and standard disclaimer are not mentioned, then official website hyperlink has to be provided in such SMS/Message/Pop-up, etc. and the website must contain all such details.

1.4. The advertisement/material shall not contain;

- a) anything which is otherwise prohibited for publication under the relevant Act, unwarranted, or make any promises.
- b) statements which are false, misleading, biased or deceptive, based on assumptions/projections.
- c) shall not contain any misleading or deceptive testimonials.
- d) statements which directly or by implication or by omission may mislead the investor.
- e) any statement designed as likely to be misunderstood or likely to disguise the significance of the statement.
- f) any statement designed to exploit the lack of experience or knowledge of the investors.
- g) any slogan that is exaggerated or unwarranted or slogan that is inconsistent with or unrelated to the nature and risk and return profile of the product.
- h) any promise or guarantee of assured return to the general investors.
- i) any statement which directly or indirectly discredits other advertisements or Stock Broker or make unfair comparisons
- j) representations made about the performance or activities of the broker unless accompanied by data regarding performance, disclosures of all the risk factors, etc. and a disclaimer that 'such representations are not



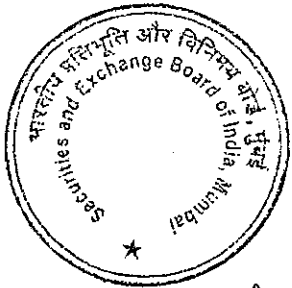
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indicative of future results'. Such disclaimer shall be in the same font as the rest of the advertisement.

- k) superlative terms, such as best, no. 1, One of the Best, among market leaders, etc. unless such terms is provided by an entity independent of the Stock Broker and its affiliates, and whose services are not procured by the Stock Broker or any of its affiliates to assign the Stock Broker such term.

1.5. Compliance and Other Requirements:

- a) Prior approval for the advertisement/material to be obtained from the Stock Exchange before issue.
- b) No celebrities shall form part of the advertisement/material.
- c) Statistical information, charts, graphs, etc. when used should be supported by their source.
- d) Where advertising claims are expressly stated to be based on or supported by independent research or assessment, the source and date of this should be indicated in the advertisement.
- e) In the event of suspension of any Stock Broker by the Exchange, the Stock Broker so suspended shall not issue any advertisement either singly or jointly with any other Stock Broker, during the period of suspension.
- f) In the event of any proceeding/action initiated against a Stock Broker by a regulatory body other than the Exchange, the Exchange reserves the right to direct the Stock Broker to refrain from issuing any advertisement for such a period as it may deem fit.
- g) The Stock Broker shall not involve/engage in games/leagues/schemes/competitions etc. which may involve distribution of prize monies/medals/gifts, etc.
- h) These norms shall be applicable to any other investment/consultancy agencies associated with the Stock Broker concerned and issuing advertisement wherein the Stock Broker has been named in the advertisement.



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