

GUIDANCE NOTE - DO's AND DON'Ts FOR TRADING ON THE EXCHANGE(S) FOR INVESTORS

BEFORE YOU BEGIN TO TRADE

1. Ensure that you deal with and through only SEBI registered intermediaries. You may check their SEBI registration certificate number from the list available on the Stock exchanges www.nseindia.com, www.bseindia.com, www.mcx-sx.com and SEBI website <https://scores.sebi.gov.in/>.
2. Ensure that you fill the KYC form completely and strike off the blank fields in the KYC form.
3. Ensure that you have read all the mandatory documents viz. Rights and Obligations, Risk Disclosure Document, Policy and Procedure document of the stock broker.
4. Ensure to read, understand and then sign the voluntary clauses, if any, agreed between you and the stock broker. Note that the clauses as agreed between you and the stock broker cannot be changed without your consent.
5. Get a clear idea about all brokerage, commissions, fees and other charges levied by the broker on you for trading and the relevant provisions/ guidelines specified by SEBI/Stock exchanges.
6. Obtain a copy of all the documents executed by you from the stock broker free of charge.
7. In case you wish to execute Power of Attorney (POA) in favour of the Stock broker, authorizing it to operate your bank and demat account, please refer to the guidelines issued by SEBI/Exchanges in this regard.
8. Insist on getting a Unique Client Code (UCC) and ensure all your trades are done under the said UCC.

TRANSACTIONS AND SETTLEMENTS

9. Don't share your internet trading account's password with anyone.
10. The Member may issue electronic contract notes (ECN) if specifically authorized by you in writing. You should provide your email id to the Member for the same. Don't opt for ECN if you are not familiar with computers.
11. Insist on a duly signed Contract Note in specified format for every executed trade within 24 hours of trade, highlighting the details of the trade along with your UCC.
12. Ensure that the Contract Note contains all the relevant information such as Member Registration Number, Order No., Order Date, Order time, Trade No., Trade rate, Quantity, Arbitration Clause, etc.
13. Cross check the genuineness of trades carried out at the Exchange through the trade verification facility available on the Exchange website. The trades can be verified online where trade information is available up to 5 working days from the trade date. Where trade details on the website do not tally with the details mentioned in the contract note, immediately get in touch with the Investors Grievance Cell of the relevant Stock exchange.
14. Obtain receipt for collaterals deposited with the Member towards margins.
15. Don't make any payment in cash to the Member.
16. Go through the Rules, Bye-laws, Regulations, Circulars, Directives, Notifications of the Exchange as well as of the Regulators, Government and other authorities to know your rights and duties vis-à-vis those of the Member.
17. Ask all relevant questions and clear your doubts with your Member before transacting.
18. Insist on receiving the bills for every settlement.
19. Insist on Monthly statements of your ledger account and report any discrepancies in the statement to your Member within 7 working days. In case of unsatisfactory response report the discrepancy to the Exchange within 15 working days from the date of cause of action.
20. Scrutinize minutely both the transactions holding statements that you receive from your Depository Participant.
21. Keep Delivery Instruction Slips (DIS) book issued by DPs in safe possession.

22. Ensure that the DIS numbers are preprinted and your account number (UCC) is mentioned in the DIS book.
23. Freeze your Demat account in case of your absence for longer duration or in case of not using the account frequently.
24. Pay required margins in time and only by cheque or online transfer and ask for receipt thereof from the Member.
25. Deliver the security/commodity in case of sale or pay the money in case of purchase within the time pre- scribed.
26. Understand and comply with accounting standards for derivatives.
27. Make the payments by account payee cheque in favour of the Member. Ensure that you have a documentary proof of your payment/deposit of security/commodity with the Member, stating date, commodity, quantity,
towards which bank/demat account such money or commodities (in the form of warehouse receipts) deposited and from which bank/ demat account.
28. Make the payments by account payee cheque in favour of the Member. Don't issue cheques in the name of
Authorised Person. Ensure that you have a documentary proof of your payment/deposit of securities with the Member, stating date, scrip, quantity, towards which bank/ demat account such money or securities deposited and from which bank/demat account.
29. In case you have given specific authorization for maintaining running account, payout of funds or delivery of securities (as the case may be), may not be made to you within one working day from the receipt of payout from the Exchange. Thus, the Member shall maintain running account for you subject to the following conditions:
 - Such authorization from you shall be dated, signed by you only and contains the clause that you may revoke the same at any time.
 - The actual settlement of funds and securities/commodities shall be done by the Member, at least once in a calendar quarter or month, depending on your preference. While settling the account, the Member shall send to you a 'statement of accounts' containing an extract from the client ledger for funds and an extract from the register of securities displaying all the receipts/deliveries of funds and securities/commodities. The statement shall also explain the retention of funds and securities/commodities and the de- tails of the pledged shares, if any.
 - On the date of settlement, the Member may retain the requisite securities/commodities/funds to- wards outstanding obligations and may also retain the funds expected to be required to meet derivatives margin obligations for next 5 trading days, calculated in the manner specified by the exchanges. In respect of cash market transactions, the Member may retain entire pay-in obligation of funds and securities/commodities due from clients as on date of settlement and for next day's business, he may retain funds/securities/commodities/margin to the extent of value of transactions executed on the day of such settlement in the cash market.
 - You need to bring any dispute arising from the statement of account or settlement so made to the notice of the Member in writing preferably within 7 (seven) working days from the date of receipt of funds/securities/commodities or statement, as the case may be. In case of dispute, refer the matter in writing to the Investors Grievance Cell of the relevant exchanges without delay.
30. In case you have not opted for maintaining running account and pay-out of funds/securities is not received on the next working day of the receipt of payout from the exchanges, please refer the matter to the Member. In case there is dispute, ensure that you lodge a complaint in writing immediately with the Investors Grievance Cell of the relevant Exchange.
31. Please register your mobile number and email id with the Member, to receive trade confirmation alerts/

details of the transactions through SMS or email, by the end of the trading day, from the stock exchanges.

32. In case your problem/grievance/issue is not being sorted out by concerned Member/Authorised Person then you may take up the matter with the concerned Commodity Exchange. If you are not satisfied with the resolution of your complaint then you can escalate the matter to SEBI.

IN CASE OF TERMINATION OF TRADING MEMBERSHIP

33. In case, a stock broker surrenders his membership, is expelled from membership or declared a defaulter; Stock exchanges gives a public notice inviting claims relating to only the "transactions executed on the trading system" of Stock exchange, from the investors. Ensure that you lodge a claim with the relevant Stock exchanges within the stipulated period and with the supporting documents.
34. Familiarize yourself with the protection accorded to the money and/or securities you may deposit with your stock broker, particularly in the event of a default or the stock broker's insolvency or bankruptcy and the extent to which you may recover such money and/or securities may be governed by the Bye-laws and Regulations of the relevant Stock exchange where the trade was executed and the scheme of the Investors' Protection Fund in force from time to time.

DISPUTES/ COMPLAINTS

35. Please note that the details of the arbitration proceedings, penal action against the brokers and investor complaints against the stock brokers are displayed on the website of the relevant Stock exchange.
36. In case your issue/problem/grievance is not being sorted out by concerned stock broker/sub-broker then you may take up the matter with the concerned Stock exchange. If you are not satisfied with the resolution of your complaint then you can escalate the matter to SEBI.
37. Note that all the stock broker/sub-brokers have been mandated by SEBI to designate an e-mail ID of the grievance redressal division/compliance officer exclusively for the purpose of registering complaints.

Don't

1. Do not deal with any unregistered intermediaries.
2. Do not undertake off-market transactions as such transactions are illegal and fall outside the jurisdiction of the Exchange.
3. Do not enter into assured returns arrangement with any Member.
4. Do not get carried away by luring advertisements, rumours, hot tips, explicit/implicit promise of returns, etc.
5. Do not make payments in cash/ take any cash towards margins and settlement to/from the Member.
6. Do not start trading before reading and understanding the Risk Disclosure Agreement.
7. Do not neglect to set out in writing, orders for higher value given over phone.
8. Do not accept unsigned/duplicate contract note/confirmation memo.
9. Do not accept contract note/confirmation memo signed by any unauthorized person.
10. Don't share your internet trading account's password with anyone.
11. Do not delay payment/deliveries of security/commodity to Member.
12. Do not forget to take note of risks involved in the investments.
13. Do not sign blank Delivery Instruction Slips (DIS) while furnishing security/commodity, deposits and/or keep them with Depository Participants (DP) or member to save time.
14. Do not pay brokerage in excess of that rates prescribed by the Exchange.
15. Don't issue cheques in the name of Authorized Person.