

## Advisory – KYC Compliance

- 6 KYC attributes viz Name, Complete address (including PIN code No. in case of address of India), PAN, valid Mobile number, Valid email-id, Income details/range and details of custodians for the custodian settled clients has been made mandatory for Investors.
- In instances, where the aforesaid 6 KYC attributes are not updated, the trading accounts would be considered as non-compliant and would not be permitted to trade at the Exchange.
- The non-compliant demat accounts will be frozen for debits by Depository Participant or Depository.
- On submission of the necessary information to the stockbroker and updation of the same by the stockbroker in the Exchange systems and approval by the Exchange, the blocked trading accounts shall be unblocked by the Exchange on T+1 trading day.
- The demat account shall be unfrozen once the investor submits the deficient KYC details and the same is captured by the depository participant in the depository system.
- To ensure smooth settlement, the investors are requested to ensure that both the trading and demat accounts are compliant with respect to the KYC requirement.
- Investors are required to ensure that they comply with the requirement of linking their Aadhar Number with PAN by March 31, 2023. Investors whose PANs are not seeded with their Aadhar Numbers by March 31, 2023 shall not be permitted to trade w.e.f. April 01, 2023 as their PANs shall be rendered inoperative.
- The investors are hereby requested to comply with the regulatory guidelines issued by Exchanges and Depositories from time to time with regard to KYC compliance and related requirements.

## “Attention Investors!

- Beware of fixed/guaranteed/regular returns/ capital protection schemes. Brokers or their authorized persons or any of their associates are not authorized to offer fixed/guaranteed/regular returns/ capital protection on your investment or authorized to enter into any loan agreement with you to pay interest on the funds offered by you. Please note that in case of default of a member claim for funds or securities given to the broker under any arrangement/ agreement of indicative return will not be accepted by the relevant Committee of the Exchange as per the approved norms.
- Do not keep funds idle with the Stock Broker. Please note that your stock broker has to return the credit balance lying with them, within three working days in case you have not done any transaction within last 30 calendar days. Please note that in case of default of a Member, claim for funds and securities, without any transaction on the exchange will not be accepted by the relevant Committee of the Exchange as per the approved norms.

- Check the frequency of accounts settlement opted for. If you have opted for running account, please ensure that your broker settles your account and, in any case, not later than once in 90 days (or 30 days if you have opted for 30 days settlement). In case of declaration of trading member as defaulter, the claims of clients against such defaulter member would be subject to norms for eligibility of claims for compensation from IPF to the clients of the defaulter member. These norms are available on Exchange website at following link:

<https://www.nseindia.com/invest/about-defaulter-section/>

[https://www.bseindia.com/static/investors/Claim\\_against\\_Defaulter.aspx](https://www.bseindia.com/static/investors/Claim_against_Defaulter.aspx)

- Brokers are not permitted to accept transfer of securities as margin. Securities offered as margin/collateral MUST remain in the account of the client and can be pledged to the broker only by way of 'margin pledge', created in the Depository system. Clients are not permitted to place any securities with the broker or associate of the broker or authorized person of the broker for any reason. Broker can take securities belonging to clients only for settlement of securities sold by the client.
- Always keep your contact details viz. Mobile number/Email ID updated with the stock broker. Email and mobile number is mandatory and you must provide the same to your broker for updation in Exchange records. You must immediately take up the matter with Stock Broker/Exchange if you are not receiving the messages from Exchange/Depositories regularly.
- Don't ignore any emails/SMSs received from the Exchange for trades done by you. Verify the same with the Contract notes/Statement of accounts received from your broker and report discrepancy, if any, to your broker in writing immediately and if the Stock Broker does not respond, please take this up with the Exchange/Depositories forthwith.
- Check messages sent by Exchanges on a weekly basis regarding funds and securities balances reported by the trading member, compare it with the weekly statement of account sent by broker and immediately raise a concern to the exchange if you notice a discrepancy.
- Please do not transfer funds, for the purposes of trading to anyone, including an authorized person or an associate of the broker, other than a SEBI registered Stock broker."

#### **Attention Investors:**

1. Prevent Unauthorised transactions in your account. Update your mobile numbers/email IDs with your stock brokers. Receive information of your transactions directly from Exchange on your mobile/email at the end of the day ..... Issued in the interest of investors.

2. KYC is one time exercise while dealing in securities markets – once KYC is done through a SEBI registered intermediary (Broker, DP, Mutual Fund etc.), you need not undergo the same process again when you approach another intermediary.
3. No need to issue cheques by investors while subscribing to IPO. Just write the bank account number and sign in the application form to authorise your bank to make payment in case of allotment. No worries for refund as the money remains in investor's account.
4. Clients / Investors are advised to: (i) remain cautious on the unsolicited e-mails and SMS advising them to buy, sell or hold securities; (ii) to trade only on the basis of informed decision; (iii) share their knowledge or evidence of systemic wrongdoing, potential frauds or unethical behaviour through the anonymous portal facility provided on NSE website: [http://www.nseindia.com/int\\_invest\\_dynaccontent/any\\_portal.html](http://www.nseindia.com/int_invest_dynaccontent/any_portal.html)

### Margin Pledge Awareness

1. Stock Brokers can accept securities as margin from clients only by way of pledge in the depository system w.e.f. September 01, 2020.
2. Update your mobile number and email id with your stock broker / depository participant and receive OTP directly from depository on your email id and/or mobile number to create pledge.
3. Pay 20% upfront margin of the transaction value to trade in cash market segment.
4. Investors may please refer to the Exchange's Frequently Asked Questions (FAQs) issued vide circular reference NSE/INSP/45191 dated July 31, 2020 and NSE/INSP/45534 dated August 31, 2020 and other guidelines issued from time to time in this regard.
5. Check your securities / MF / bonds in the consolidated account statement issued by NSDL/CDSL every month. (in case of transactions in the previous month) or every 6 months (in case there are no transactions), as the case may be.

### Risk disclosure on derivatives:

- 9 out of 10 individual traders in equity Futures and Options Segment, incurred net losses.
- On an average, loss makers registered net trading loss close to 50,000.
- Over and above the net trading losses incurred, loss makers expended an additional 28% of net trading losses as transaction costs.
- Those making net trading profits, incurred between 15% to 50% of such profits as transaction cost.

**Source:**

1. SEBI study dated January 25, 2023 on “Analysis of Profit and Loss of Individual Traders dealing in equity Futures and Options (F&O) Segment”, wherein Aggregate Level findings are based on annual Profit/Loss incurred by individual traders in equity F&O during FY 2021-22.

**Precautions for clients dealing in Options:**

- Do not share your trading credentials i.e., your login id and password including OTP’s to anyone including an authorized person or an associate of the broker.
- Investors are advised not to trade in leveraged products like Options without proper understanding, which could lead to losses.
- Writing/selling options or trading in options strategies based on tips, without basic knowledge & understanding of the product and its risks.
- Investors are advised not to trade in “Options” based on recommendations from unauthorized/unregistered investment advisors/influencers or on unsolicited tips through WhatsApp, Telegram, YouTube, Facebook, SMS, Calls, etc.

**Collection of Customers data by fraudsters:**

This is issued in the interest of Investors and as per NSE circular No.: NSE/COMP/42549 and BSE Circular No.: 20191018-7, we hereby informed that certain fraudsters are collecting data from various sources of investors who are trading in Exchanges and sending them bulk messages on the pretext of providing investment tips and luring the investors to invest in bogus entities by promising huge profits. You are advised not to trade on the basis of SMS tips and to take an informed investment decision based on authentic sources.

**Visibility on client-wise collateral:**

ICCL provides a web-based facility available at <https://bseplus.bseindia.com/> to investors to view their disaggregated collateral placed with Member. All investors can use the same after following simple online registration process.