
NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED

Circular to all members of the Exchange

Circular No. : NCDEX/COMPLIANCE-036/2022

Date : June 06, 2022

Subject : Issuance of Electronic Contract Notes (ECN) through SMS/electronic instant messaging services

This has reference to the SEBI circular no. MRD/DoP/SE/Cir-20/2005 dated September 8, 2005, wherein guidelines for Issuance of Electronic Contract Note (ECN) has been prescribed. As per the said guidelines in case, client opts to receive the contract note in electronic form, the client shall provide an appropriate e-mail ID to the stockbrokers and the stockbroker shall ensure that all ECNs sent through e-mail shall be digitally signed, encrypted, non-tamperable and in compliance with the provisions of the IT Act, 2000.

With changing technology and increase in usage of electronic instant messaging services other than e-mail by a large number of investors and based on the representations received by SEBI, with regard to Issuance of ECN, as stated in aforesaid SEBI circular, the following is clarified:

In addition to usual mode of delivery of ECNs to the clients through email, members may additionally send ECN through SMS / electronic instant messaging services, however certain safeguards as listed below, need to be ensured:

- a) The digitally signed ECNs may be sent only to those clients who have opted to receive the contract notes in an electronic form. Members may add any SMS / electronic instant messaging services as an additional mode of delivery of ECNs based on its readiness on fulfilling the further guidelines and shall provide an option to clients for receiving ECNs through such additional modes of communication.
- b) Members shall send ECN through SMS / electronic instant messaging services only to the applications linked to the registered mobile number/ email id of clients as uploaded by members on the Exchange portal/database.
- c) The client shall communicate to the stockbroker any change in the email-id / mobile number through a physical letter. If the client has opted for internet-based trading (IBT), the request for change of email id / mobile number may be made through the secured access by way of client specific user id and password.
- d) ECN sent through SMS / electronic instant messaging services, shall be sent as an attachment and not as a link. The attached file may be secured with the digital signature, encrypted, non-tamperable and password protected.
- e) The messages sent through SMS / electronic instant messaging services not to be covered under auto delete facility at the option of the members.

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- f) The members shall ensure that all ECNs are sent from the same ID and appropriate logs (sent/delivered/seen/not delivered/blocked etc.) are maintained by the members regarding the same.
- g) Other existing requirements for issuance of ECN, like publishing of ECN on the designated website of the member, access to the website to enable clients to access ECNs, maintenance of proof of delivery (ECN log), sending in physical mode in case of non-delivery (bounced mails), etc. as mentioned in SEBI Circular MRD/DoP/SE/Cir-20/2005 dated Sep 8, 2005 should continue to be applicable.”

Members are requested to take note of the contents of the circular and comply.

For and on behalf of
National Commodity & Derivatives Exchange Limited

Pranesh Shetty
Vice President – Audit & Inspection

For further information / clarifications, please contact

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