
NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED

Circular to all members of the Exchange
Circular No. : NCDEX/ENFORCEMENT-001/2024
Date : April 25, 2024
Subject : Master circular – Enforcement

Exchange from time to time has been issuing various circulars/directions to Members. In order to enable the users to have access to the applicable circulars at one place, Master Circular in respect of Enforcement is attached herewith.

This Master circular is a compilation of relevant circulars issued by Exchange which are operational as on date of this circular. Efforts have been made to incorporate applicable provisions of existing circulars issued by SEBI. The list of Exchange circulars/notifications/communications compiled in this regard, is given in Appendix at the end of the Master Circular.

It is hereby clarified that in case of any inconsistency between this Master Circular and the original applicable circular, the content of the original circular shall prevail.

Notwithstanding any revision in the processes or formats, if any -

- a) anything done or any action taken or purported to have been done or taken under such revised/ rescinded process including but not limited to any regulatory inspection/ investigation or enquiry commenced or any disciplinary proceeding initiated or to be initiated under such rescinded/ revised process or rescission, shall be deemed to have been done or taken under the corresponding provisions of this Master Circular;
- b) the previous operation of the rescinded process or circular or anything duly done or suffered thereunder, any right, privilege, obligation or liability acquired, accrued or incurred thereunder, any penalty incurred in respect of any violation of such rescinded process or circulars, or any investigation, legal proceeding or remedy in respect of any such right, privilege, obligation, liability, penalty as aforesaid, shall remain unaffected as if the rescinded process or circulars have never been rescinded.

All Members are requested to take note of the same.

For and on behalf of

National Commodity & Derivatives Exchange Limited

Pranesh Shetty

Vice President – Inspection & Enforcement

For further information, / clarifications, please contact

1. Customer Service Group on toll free number: 1800 26 62339
2. Customer Service Group by e-mail to : askus@ncdex.com

INDEX

| Sr. No. | Content | Page No. |
|----------------|---|-----------------|
| 1. | Code of Advertisement for Stock Brokers | 3 |
| 2. | Annexure I – Declaration for Adherence to Code of Advertisement | 9 |
| 3. | Annexure II – Declaration for individuals forming a part of Advertisement | 9 |
| 4. | Processing Fee for Advertisement issued by Stock Brokers | 9 |
| 5. | APPENDIX: List of Circulars /Notifications/ Communications | 10 |

Code of Advertisement for Stock Brokers

1. Advertisement shall include all forms of communication issued by or on behalf of or in relation to Stockbroker in publicly available media that may influence investment/trading decisions of any investor/prospective investors. It also includes internal communication to registered clients that may influence investment/trading decisions.
2. Forms of communications shall include but shall not be limited to all written or audio or visual form including social media forms including use of workshops and the like.
3. Broad guidelines:
 - 3.1 Prior approval for all Advertisement should be obtained from the Exchange before issuance of Advertisement.
 - 3.2 Any Advertisement issued by Authorized Persons/Business Partner/Channel Partner of the members or Influencer/Blogger being paid by members, shall require prior Exchange approval. Any advertisement issued by Authorized Person on their own shall not be entertained by the Exchange.
 - 3.3 Members are hereby advised to undertake adequate due diligence to ensure that content used by the above strictly adheres to the Code of Advertisement prescribed by the Exchange/SEBI from time to time.
 - 3.4 In the event of suspension of any Member by the Exchange, the Member so suspended shall not issue any Advertisement either singly or jointly with any other Member, during the period of suspension.
 - 3.5 In the event of any proceeding/action initiated against a Member by a regulatory body other than the Exchange, the Exchange reserves the right to direct the Member to refrain from issuing any Advertisement for such period as it may deem fit.
 - 3.6 Members should have an internal policy/framework to ensure compliance by itself and Authorized Persons/Business Partner/Channel Partner of the members or Influencer/Blogger being paid by members, with the circulars/guidelines issued by the Exchange/ SEBI for Advertisements.
 - 3.7 Any promotion for the mobile application of the Member (with or without account opening or Products/Services info) will require prior Exchange approval.
 - 3.8 In case of any third-party issuing Advertisement on any platform without the consent of the Member and the Member disowns the said Advertisement, in such case, the Member is required to take appropriate legal action against such entity and inform the Exchange regarding such action and outcome thereof.
 - 3.9 Information contained in the Advertisement should be accurate, complete and unambiguous.

-
4. Advertisement shall contain:
- 4.1 Name of the Member, complete registered office address, SEBI Registration number (all registration numbers and names of the Exchanges in case of multiple memberships)/Member ID allotted by Exchange and logo of the Member, if any.
 - 4.2 Standard warning in legible fonts (minimum font size 10) which states 'investments 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.
 - 4.3 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. This is also applicable for video content, or any other content/information issued by Authorized Persons/Business Partner/Channel Partner of the members or Influencer/Blogger.
 - 4.4 In case the mode of advertisement is in the form of SMS/Message/Pop-up, etc. and the details such as full name, logo, complete registered office address, SEBI registration numbers and standard disclaimer are not mentioned, then a hyperlink to the official website must be provided in such SMS/Message/Pop-up, etc. and the website must contain all such prescribed details.
 - 4.5 If there is a mention of content pertaining to any other business activity such as Mutual Funds, IPO, Insurance, Commodities, Bonds, Loans, etc., in the advertisement, then respective registration number(s) where applicable must be mentioned.
 - 4.6 If the member is only a distributor/s for any of the products mentioned in the advertisement, disclaimer that they are only distributor/s of such products must be specifically mentioned in the disclaimer.
 - 4.7 In case any specific security/securities are displayed in the Advertisement as examples, disclaimer that "The securities are quoted as an example and not as a recommendation" must be mentioned on the same slide of the written creative / frame of the video where the same is displayed and not at the end of the creative / advertisement. The logos of the securities quoted shall not be used in the creative.
 - 4.8 If the Advertisement contains prepaid Brokerage schemes, then a disclaimer stating that the "Brokerage will not exceed the SEBI prescribed limit" must be mentioned.
 - 4.9 Statistical information, charts, graphs, etc. when used should be supported by their source (certification by a practicing professional or other authentic verifiable source, if any).
 - 4.10 Where advertising claims are expressly stated to be based on, or supported by independent research or assessment, source of such data and the period it relates to, must be indicated in the advertisement. Further, authentic source of such information must be provided in the Advertisement.

4.11 Name and Logo of the Exchange shall not be used by the members in their creatives/ advertisement.

5. Advertisement/Material shall not contain:

5.1 Superlative terms, such as best, no. 1, among market leaders, etc. unless such terms are provided by an entity independent of the Member and its affiliates, and whose services are not procured by the Member or any of its affiliates in order to assign the Member such term.

5.2 Any statement which directly or indirectly discredits other advertisements or member or make unfair comparisons. The advertisement issued should not imitate any advertisement by other Members.

5.3 Any recommendation/promotion of a specific scrip/contract, in any manner including by way of reference to past performance or research material, shall not be permitted.

5.4 Celebrities shall not form part of the advertisements including but not limited to, in the form of cartoons/memes, etc. The word 'celebrity' means and includes any person:

- a. who feature in the top 50 rankings in any celebrity index published by a national publication of repute which is publicly available. The celebrity index should be latest available or at the most one-year old.
- b. who has played lead role or one of the lead roles in any mainstream/prominent/popular movies/TV serials/TV shows/web-series on any of the OTT platforms.
- c. who is an Influencer with more than 10 Lacs followers/subscribers (per social media handle) on any social media platform that includes but not limited to YouTube, Instagram, Facebook, Twitter, etc.
- d. who being a Sports person has been part of National team of the country to which he belongs or has represented his country in international tournaments/events such as Olympic Games, Asian Games, Commonwealth Games, popular sports events telecasted on television such as Kabaddi, Cricket IPL, etc. and competitive games at international level for that given sport, etc.
- e. who has been host or one of the hosts or anchors or one of the anchors for any TV programs such as quizzes, cooking shows, news channels, comedy shows, dance shows, song shows, award functions and such other entertainment programs at least for one season or for a minimum of 10 episodes, as the case may be.
- f. who has been winner or runners-up in any prominent/popular competitive program aired on TV/OTT platform or any prominent personality who has gone through a series of qualifying rounds (for elimination of competitors) which may be known as qualifying round, quarter finals, semi-finals and finals or by any other names.
- g. who is a virtual character (fictional computer 'people' or avatars who have the realistic characteristics, features and personalities of humans) that bears influence on their audience/followers.

- h. who in the view of Exchange is capable of influencing the opinion of viewers of the advertisement.

Notwithstanding anything contained in these guidelines, decision of the Exchange shall be final in determining if the person made a part of the advertisement/material is a celebrity or not.

5.5 Incentive/referral schemes

- a. Members shall refrain from providing any form of incentive/vouchers/coupons/certificates/tokens, by whatever name called, to their clients for account opening/trading/activating inactive trading accounts of clients or any kind of subscription plan or for downloading mobile application etc. Members shall not offer any scheme/plan to clients which compel them to undertake/execute trades/transactions with the Member, in order to avail/continue to avail certain benefits, previously given, under brokerage plan/upon account opening.
- b. Members or anybody associated with the Member including the Authorized Persons/Associates/Channel Partners/Influencers/Bloggers shall not promote or incentivize trading/transactions, in any form including but not limited to distribution of brokerage waivers/ cashback/certificates/medals/gifts/prizes/coupons/tokens.

5.6 Schemes/leagues/competitions:

- a. Member shall not deal or directly/indirectly sponsor or be associated in any kind of scheme/league/competition/quiz/game/lottery/engagement programs with general public/clients etc. which involves distribution of money/certificates/medals/gifts/prizes/coupons/tokens/etc. or any form of incentive monetary or otherwise, by whatever name called and has the effect of inducing the investors/clients to promote their brand in any manner or promote/incentivize trading/transactions.
- b. No reference of Member's name, logo, etc. can be made in any schemes/leagues/competition, etc.
- c. Members shall not share any information of their clients with a third party, even with the clients' consent, in case any third party is involved in launching schemes/leagues/competition, etc.
- d. Members shall not take any financial liability, including any contingent financial liability, on account of any schemes/leagues/competition, etc. launched by a third party.

5.7 Algorithmic trading services/strategies: Members who are providing algorithmic trading services/strategies as well as Members who feature in any of the platform offering such services are advised to refrain from undertaking the following:

- a. directly or indirectly make any reference to the past performance or expected return out of algorithmic trading services/strategies in any form of advertisements/business communication on publicly accessible platforms including and not limited to social media/websites/digital & print media etc.
- b. not make any reference to the past performance or expected return out of algorithmic trading services/strategies, during any presentation/account opening forms/pamphlets/banners/ forums /gatherings organized to onboard new clients/pitching new segment/product to existing clients including, exhibiting of past performance, or

- expected return on any of the platforms used by Authorized Persons/Vendor/associated entities of the Member, except as permitted.
- c. directly or indirectly associate with any platform providing any reference to the past or expected future return/performance of the algorithm.
- 5.8 Anything which is otherwise prohibited for publication under the relevant Act.
- 5.9 Any false/misleading/biased/exaggerated/deceptive/ambiguous statement or any misleading testimonials/slogans.
- 5.10 Any statement designed as likely to be misunderstood or likely to disguise the significance of the statement
- 5.11 Any promise or assurance of any fixed/guaranteed/indicative returns to prospective/existing clients. Members are not permitted to undertake any business/activity that is not allowed under the Byelaws, Rules & Regulations and circulars of SEBI/Exchanges including operating any scheme of unauthorized collective investment/portfolio management, promising indicative/guaranteed/fixed returns/payments etc.
- 5.12 Recommendations such as BTST (Buy Today and Sell Tomorrow), ATST (Acquire Today and Sell Tomorrow) etc. cannot be mentioned in the Advertisement
- 5.13 Logo of other entities cannot be used unless specific approval is obtained from the respective entities.
- 5.14 Statements which directly or by implication or by omission may mislead the investor.
- 5.15 Any statement designed to exploit the lack of experience or knowledge of the investors.
- 5.16 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.
- 5.17 Representations made about the performance or activities of the member unless accompanied by data regarding performance, disclosures of all the risk factors, etc. and a disclaimer that 'such representations are not indicative of future results'. Such disclaimer shall be in the same font as the rest of the advertisement.
6. Advertisements which do not require Exchange Approval

Following shall be exempted from seeking Exchange prior approval, provided there is no reference to the Member's product or services or Brokerage plans, or any other promotional activities etc. in the said communication:

- a. All communications/material/articles issued by the Member subject to holding necessary registrations required under SEBI regulation:
- i. For educational/information purposes, knowledge sharing/training and has no influence the investment/trading decisions of any investors.
 - ii. To clients in the capacity of a research analyst/investment advisor covered under SEBI (Research Analysts) Regulations, 2014.

-
- iii. To clients in the capacity of distributor
 - iv. To promote activities covered under SEBI (Investment Advisers) Regulations 2013.
 - v. To promote activities covered under Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020.
 - vi. Any communication that is limited to market commentary concerning overall changes in the market on a particular day, or a discussion of economic news wherein there is no mention of any information that can influence the investment/trading decisions of any investor.
- b. Wishes /Greetings from company on events/festivals by the Member which does not involve any form of promotional activities.
 - c. Press release/audio & video interviews by members which cannot influence the investment/trading decisions of any investors.
 - d. All public communications, inviting applications for franchisees/authorized persons, etc. to drive the business expansion of the Member, provided such communication does not have any information that can influence the investment/trading decisions of any investor.
 - e. Sponsorship for TV shows/Talk show and events which does not involve any form of promotional activities and is only limited to sponsorship.
 - f. Content which is exclusively for Non-Broking Products/Services e.g., Mutual Fund, Mutual Fund-SIP, Research reports, Insurance, etc. where the Member is just a distributor. This should contain specific disclosure that these are not Exchange traded products, and the Member is just acting as distributor. It should also state that all disputes with respect to the distribution activity, would not have access to Exchange investor redressal forum or Arbitration mechanism.
 - g. Advertisements that have been approved previously and that are to be used without any change except changes to factual information whether it is issued by Member, Channel Partner or employee. However, such advertisements should be issued within 180 days from the date of approval by the Exchange.
 - h. Third party can publish any content related to the products/services offered by them, that has been approved by the Exchange as content to be used by a Member within 180 days from the date of such approval.
 - i. If an advertisement is approved by Exchange for a specific medium (for e.g., print media) and the same advertisement without any change in the content is redesigned for a different medium (for e.g., social media, etc.) then no further approval would be required. However, such advertisements should be issued within 180 days from the date of approval by the Exchange.
7. Approval provisions:
- a. Members can apply for Advertisement approval through emails/post at the designated email id i.e. enforcementgroup@ncdex.com.
 - b. Copy of the complete advertisement including contents provided in the link shall be submitted in the form of pdf (videos to be provided either through email/CDs/Pen drives,

- any other acceptable mode) to the Exchange
- c. Members shall provide a declaration as per the format provided (Annexure I) confirming compliance with the code of advertisement.
 - d. Members shall provide a declaration as per the format provided (Annexure II) while submitting the draft content/script/advertisement that has individuals forming a part of it, to the Exchange for approval.
 - e. In case a creative is issued in more than one language, Member shall provide a declaration that the same is verbatim to the one issued in Hindi / English
8. Penalties:
If Member publishes an advertisement without Exchange approval, a penalty of Rs. 50,000/- may be levied on the concerned member as per Exchange circular NCDEX/COMPLIANCE-111/2023 dated October 19, 2023 on Revised penalty structure.

Notwithstanding anything contained in these guidelines:

- a) Members must comply with code of conduct prescribed under Regulation 9 of SEBI (Stock Brokers) Regulations, 1992 and all relevant Byelaws, rules & regulations of SEBI/Exchange with respect to sharing of Brokerage, account opening, inducement to trade, sales practices, orders placement etc. issued from time to time.
 - b) Decision of the Exchange shall be final in determining whether the advertisement is complying with this Code.
9. Processing Fee for Advertisement issued by Stock Brokers:
In terms of the provisions of the Bye-laws, Rules and Regulations of the Exchange as per circular NCDEX/ENFORCEMENT-004/2023 dated December 21, 2023, Exchange has introduced processing fee per advertisement amounting to Rs 3,000/-(plus applicable GST) with effect from January 01, 2024, made applicable towards the processing of application received from members for approval of advertisement/s by the Exchange. The above charges will be debited from the Member's Exchange dues account on monthly basis. Bill for the same will be uploaded in Member's extranet folder. Exchange accords approval for the advertisement only on compliance with the regulatory and Exchange guidelines issued in this regard, from time to time.

Annexure I – Declaration for Adherence to Code of Advertisement

- Refer Annexure I - Declaration for Adherence to Code of Advertisement in Circular [NCDEX/ENFORCEMENT-002/2023 dated June 26, 2023 on 'Code of Advertisement for Stock Brokers'](#)

Annexure II – Declaration for individuals forming a part of Advertisement

- Refer Annexure II - Declaration for individuals forming a part of Advertisement in Circular [NCDEX/ENFORCEMENT-002/2023 dated June 26, 2023 on 'Code of Advertisement for Stock Brokers'](#)

Reference:

- Circular [NCDEX/ENFORCEMENT-002/2023 dated June 26, 2023 on 'Code of Advertisement for Stock Brokers'](#)
- Circular [NCDEX/ENFORCEMENT-004/2023 dated December 21, 2023 on 'Processing Fee for Advertisement issued by Stock Brokers'](#)

APPENDIX: List of Circulars /Notifications/ Communications

| Sr. No. | Circular/ Notification/ Communication No. | Date | Subject | Details |
|---------|---|--|--|--|
| 1 | Circular No. NCDEX/ENFORCEMENT-004/2023 | December 21, 2023 | Processing Fee for Advertisement issued by Stock Brokers | Application Processing Fee Per Advertisement |
| 2 | <p>Circular No. NCDEX/ENFORCEMENT-002/2023 (with applicable declarations)</p> <p>Note - Above circular is a compendium of all previous circulars dated February 06, 2023, August 18, 2021, June 23, 2017, November 9, 2016, June 19, 2017, November 7, 2022 and October 31, 2017 issued in this regard)</p> <p>Circular No. NCDEX/ENFORCEMENT-001/2023</p> <p>Circular No. NCDEX/ENFORCEMENT-004/2021</p> <p>Circular No. NCDEX/ENFORCEMENT-003/2017/154</p> <p>Circular No. NCDEX/COMPLIANCE-23/2016/300</p> | <p>June 26, 2023</p> <p>February 06, 2023</p> <p>August 18, 2021</p> <p>June 23, 2017</p> <p>November 09, 2016</p> | <p>Code of Advertisement for Stock Brokers</p> <p>Code of Advertisement for Stock Brokers</p> <p>Updated Member Undertaking for Advertisement Approval</p> <p>Games/Leagues/Schemes/ Competition launched by Registered Stock Brokers and Code of Advertisement for Stock Broker</p> <p>Games/Leagues/Schemes/ Competitions launched by Registered Stock Brokers Code of Advertisements for Stock Broker</p> | <p>Code of Advertisement for Stock Brokers and relevant annexures forming part of the same.</p> |
| 3 | <p>Circular No. NCDEX/ENFORCEMENT - 002/2017/146</p> <p>Circular No. NCDEX/ENFORCEMENT -002/2022</p> | <p>June 19, 2017</p> <p>November 07, 2022</p> | <p>Games/Leagues/Schemes/ Competition launched by Registered Stock Brokers and Code of Advertisement for Stock Broker</p> <p>Guidelines to determine celebrity status for the purpose of issuing advertisements</p> | <p>Explanation of the word Celebrity wrt to Games / Leagues/ Schemes/ Competition Launched By Registered Stock Brokers</p> <p>Guidelines to determine celebrity status for the purpose of issuing advertisements</p> |

| Sr. No. | Circular/ Notification/ Communication No. | Date | Subject | Details |
|---------|--|------------------|---------|--|
| 4 | Circular No. NCDEX/COMPLIANCE-020/2017/285 | October 31, 2017 | | Revised Penalty Structure for Violations (relating to advertisement) |
| 5 | FAQs on Advertisement | April 25, 2024 | | FAQ of advertisement published for the members of the Exchange |