

NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED**Frequently Asked Questions – Issuance of Advertisement****1. What is an Advertisement?**

As per Exchange 'Code of Advertisement', Advertisement is defined as below:

'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.

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 any generally accessible websites or emails, whether in print or audio visual form or used in workshop/seminar or public speaking or in any other manner.'

As Social Media is another preferred form of publishing the Advertisements, "other manner" as given in the above para, shall include social media platforms including but not limited to Facebook, Twitter, Instagram, YouTube, WhatsApp, etc.

Further, Exchange has observed that there are certain practices in vogue with respect to advertisement by Trading Members. To have more clarity, certain scenarios have been discussed in this FAQ.

Members are advised to follow the advertisement code as per the below stated Exchange circular mentioned in the website:

https://ncdex.com/public/uploads/circulars/Code%20of%20advertisement%20for%20Stock%20Brokers_Feb%2006%202023_1675692250.pdf

2. Is there a mandatory requirement to avail approval from the Exchange for Advertisements to be published by the Member?

Yes, it is mandatory for the Members to avail prior approval for publishing their advertisements which may influence the investment/sale decisions of any investors/prospective investors. The same is as per the Exchange Circular no: NCDEX/COMPLIANCE-023/2016/300 dated November 9, 2016.

3. To whom can an Advertisement approval request be forwarded?

Member can send their advertisement approval requests to enforcementgroup@ncdex.com

4. What are the guidelines for issuance of advertisement?

SEBI and Exchange have prescribed certain guidelines for issuance of advertisement and the same has been updated on the Exchange website. Refer Circular no: NCDEX/ENFORCEMENT-001/2023 dated February 06, 2023

5. What types of Advertisements/Publications 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.
- j) Any content/Advertisement for existing clients which will get circulated only through Registered Email IDs and/or Mobile number. There should be a specific standard instruction attached to such communication stating that “the information is only for consumption by the client and such material should not be redistributed”.

6. Are there any supporting documents required to be provided while requesting approval from the Exchange for the advertisement?

Yes. Member should furnish declaration signed by their Compliance Officer or Proprietor/designated partner/designated director and also indicate their mode of advertisement they intend to publish. Kindly refer Annexure – II in Exchange circular no: NCDEX/ENFORCEMENT-001/2023 dated February 06, 2023 for undertaking template.

7. Is there any penal action prescribed by the Exchange in case any advertisement is published without Exchange approval?

If a member publishes an advertisement without Exchange approval, a penalty of Rs. 50,000/- may be levied on the concerned member as per Exchange circular no: NCDEX/COMPLIANCE-020/2017/285 dated October 31, 2017.