

Frequently Asked Questions (FAQ) for technical glitch at stock brokers**1. Would event be treated as a 'Technical Glitch' in case alternate modes of order placement are available to clients?**

Yes. Any glitch incident, which falls under the definition of technical glitch, will be considered as glitch irrespective of availability of alternate mode. e.g. In case mobile application is not working but clients are able to place orders from website etc, the same shall be treated as glitch.

2. Whether determination of an event as glitch depends on number of clients or orders affected?

No. Any glitch incident, which falls under the definition of technical glitch, will be considered as glitch irrespective of number of clients or orders affected. For e.g., an event will be considered as glitch even if less than 1% of active client are affected.

3. Whether intermittent issues in any platform of broker be considered as technical glitch?

Yes. Any glitch event which may lead to either stoppage, slowing down or variance in normal functions/operations/services of system of stock broker for a continuous period of 5 minutes or more shall be reported as technical glitch.

4. Whether issues in system affected view of holding/portfolio/ledger balance etc., be considered as technical glitch even though order placement is not affected because of system issues?

Yes. Any event, which falls under the definition of technical glitch, shall be treated as technical glitch irrespective of whether glitch has occurred in trading application or supporting functions.

Following are some of the examples of supporting functions and whether the same will be considered as glitch:

Sr. No.	Supporting Function	Whether to be treated as glitch?
4.1	Issue in Log-in to mobile app or issue in log in to trading website	Yes
4.2	Holding, status of orders not visible to clients	Yes
4.3	Funds or ledger balance not visible to clients	Yes
4.4	Margin related data not visible to clients	Yes
4.5	Data w.r.t open position of the client not visible	Yes
4.6	Incorrect data is visible w.r.t. orders placed/ Executed	Yes
4.7	Incorrect allocation of margin to clients	Yes
4.8	Remittance of funds to/from broker	Yes (if issue is at broker's end) No (if issue at payment service provider's end)
4.9	Issues in updation of price automatically but latest price is available on refreshing the screen	No
4.10	Technical charts, suggestions, news are not Visible	No

5. If the glitch has affected order placement on any one of the exchanges or any of the segment, will the same be treated as a 'Technical Glitch'?

Yes. Any glitch incident, which falls under definition of technical glitch, will be considered as glitch irrespective of no. of segments affected, e.g. In case client is unable to place order in one Exchange Cash segment due to issues at broker system but able to place order in other Exchange Cash segment, the same will be treated as glitch.

6. Should Back office/ settlement/ operational issues be reported as 'Technical Glitch'?

Yes. Any event which may affect trading, settlement or decision making of the client etc., shall be treated as technical glitch. Eg: Issues affecting BOD and EOD process, ledger balance, contract note, live tick by tick feeds, margin updation etc. shall be reported as technical glitch.

7. Whether any glitch occurred during non- trading hours be reported as technical glitch?

Yes. Any glitch incident, which occurred during non-trading hours shall be considered as a glitch. However, such glitch incidents will not be considered for penal provisions mentioned in Part A of the financial disincentives and penalty structure.

8. Whether glitch incident occurred at stock broker on account of issues at Market Infrastructure Institution, is required to be reported as 'Technical Glitch'?

Yes. Any glitch incident, which occurred exclusively on account of issue at Market Infrastructure Institutions shall be considered as glitch. However, such glitch incidents will not be considered for penal provisions mentioned in Part A of the financial disincentives and penalty structure.

9. Whether glitch incident occurred at stock broker on account of an issue at the third party service provider/front office vendor/back office vendor is required to be considered as a 'Technical Glitch'?

Yes. Any glitch incident, which falls under definition of technical glitch, will be considered as glitch even though it is on account of third-party service provider/front office/back office vendors' issue.

10. Would a technical issue that occurred in the stock broker's system while carrying out live DR drill be reportable as 'Technical Glitch'?

Yes. Any glitch incident, which falls under definition of technical glitch, will be considered as glitch irrespective of whether glitch has occurred at Primary site/DR site.

11. What are the technical glitches that will not be considered for levying monetary penalty on stock brokers?

Any glitches occurred exclusively on account of the following may be exempted from Part A of revised Financial Disincentive and penalty structure for technical glitch incidents:

- 11.1 Global issue with cloud service providers
- 11.2 Technology disruption due to issues at MII (glitch reported by MII to SEBI)
- 11.3 Technological issues in processing of new trading account (KYC process)
- 11.4 Back-office/Operational issues not impacting trading and settlement of the clients

11.5 Technical Glitch occurred during non-trading hours and not having any impact on trading activities of clients

11.6 Failure of payment gateway application due to issues exist at bank or service provider

11.7 Technical charts not viewable

However, it may be noted that above incidents will continue to be considered as technical glitches and stock brokers are required to comply with reporting, submission of reports within the prescribed timelines and take corrective measures as per glitch framework. In case of non-compliances w.r.t said provisions, penalty mentioned in Part 'B' of revised financial disincentive and penalty structure of technical glitch framework will continue to be applicable.

12. What are the exemptions for levying 'no on-boarding of client' penalty:

As per financial disincentive structure of technical glitch framework, on the occurrence of sixth glitch, restriction of onboarding of new clients would be imposed till stock exchange analyses RCA and satisfies itself about corrective measures taken or, 15 days from the date of receipt of details of number and percentage of clients affected, duly certified by the Auditor, along with the preliminary incident report of the glitch, whichever is higher.

In this regard it may be noted that while levying penalty of no on-boarding of new clients, only those technical glitch incidents will be considered where more than 5% active clients (as on previous trading day of the glitch day) duly certified by the Auditor are affected due to the glitch. Further, the type of glitches mentioned in FAQ no.11 above will also not be considered for levying the said penalty.

However, monetary penalty based on number of glitch incidents as mentioned in Part 'A' of revised financial disincentive and penalty structure of technical glitch framework will continue to be applicable.

Further, stock brokers are required to comply with reporting requirement specified in SEBI Circular dated November 25, 2022, and Exchange circular ref no. NSE/COMP/54876 dated December 16, 2022. In case of non-compliances w.r.t said provisions, penalty mentioned in Part 'B' of revised financial disincentive and penalty structure of technical glitch framework will continue to be applicable.
