NATIONAL STOCK EXCHANGE OF INDIA LIMITED

DEPARTMENT : INSPECTION	
Download Ref.No.: NSE/INSP/26252	Date : March 24, 2014
Circular Ref.No.: 180/2014	

To All Members

Sub : Clarification on Pre-paid schemes

During the course of inspection of brokers and complaints received from clients/investors, it has been observed that some of the brokers are not properly documenting and disclosing to their clients details of schemes where funds are being collected in advance from their clients towards brokerage and other allied services. This leads to disputes, complaints and litigation later on.

In consultation with SEBI and Broker Association it is hereby clarified that;

- The terms & conditions of schemes relating to advance collection of funds towards brokerage and other allied services must be properly documented and positive confirmation of the clients for availing such services/schemes be obtained.

- Where the funds are collected in advance under the pre-paid schemes, the broker must ensure that the brokerage charged should not exceed the amount specified under the exchange by-laws.

- Complaints received in this respect will be viewed very seriously and the broker will be liable for disciplinary action.

Members are requested to comply with the above.

For and on behalf of
National Stock Exchange of India Limited

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