

Annexure A

FAQ on “Trading Preferences by Clients”

1. Is it mandatory to register new clients in all the Exchanges?

Yes, it is mandatory to register new clients on all the active stock exchanges after obtaining the trading preferences as per format prescribed in SEBI Circular number SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/95 dated June 21, 2023.

2. Is it mandatory to register existing clients in all the Exchanges?

Yes, stockbroker shall offer access to clients on all the active stock Exchanges for the active segments already opted by them as a default mode.

3. Does an existing client needs to sign the trading preference to get enabled in other Exchanges as per the new format?

No, the stock brokers are mandated to offer clients access on all the active stock exchanges for the segments already opted by them, as a default mode ***latest by October 31, 2023*** i.e. within three months from the effective date of the circular. The stockbrokers are required to inform their respective clients through email / SMS.

4. Is it mandatory to provide Opt-out facility to clients?

Yes, opting out facility should be provided to new as well as existing clients and negative consent should be obtained separately from clients in writing/ through registered email id/ or through web portal / app of the trading member through secured access by way of client specific user ID and password (in case of internet clients). Stock brokers are mandated to maintain records of such ***negative consent provided by the clients for atleast 5 years***. The stock brokers shall deactivate the segments as and when the negative consent is received from the clients.

5. What is the due date to comply with the provisions of the circular?

For the provisions related to Existing clients – By October 31, 2023

For the provisions related to New clients – From August 1, 2023

6. Does this circular apply on inactive clients?

The provisions of the circular applies to clients compliant with all mandatory UCC requirements communicated through various SEBI/ Exchange circulars from time to time. For noncompliant / inactive clients, the provision of the circular shall be applicable upon activating the UCCs.

7. Does the information needs to be updated in UCC system as per this circular?

Yes. the appropriate information needs to be updated in UCC system as per this circular.

8. Whether the captioned circular is applicable to trading members having clientele base consisting of only institutional investors?

Yes, the captioned circular is applicable to trading members having clientele base consisting of only institutional investors.

9. Whether the trading members can implement the provisions of the circular on immediate basis before the applicable date as provided in the SEBI circular.

Yes, the trading member can implement the circular on immediate basis before the applicable date as provided in the SEBI Circular.

10. In case of existing clients, if UCC is currently created only in one exchange for a segment as per client's preference in KYC, then it needs to be done in other exchanges for that segment. What if client might not be interested to trade in other exchanges?

The trading members are mandated to offer clients access on all the active stock exchanges for the segments already opted by them as a default mode. Further, if the client is not interested to trade on any particular exchange, then the trading member has to obtain negative consent from the client as stated in Point no: 4.

11. If the trading member is not registered in a particular segment in any of the Exchanges, whether the said segment can be removed from the format?

Yes. If the trading member is not registered in a particular segment in any of the Exchanges, then the said "segment" need not be mentioned in the "Trading Preferences" format. Further, if the trading member is not registered in a particular Exchange, the said "Exchange" need not be mentioned in the "Trading Preferences" format.