

## FAQs on Advertisements by Member

### 1. What is an Advertisement?

A. 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 'Code of Advertisement' given at below link on Exchange website:

<https://www.nseindia.com/trade/members-code-of-advertisement>

### 2. How to apply for prior approval of Advertisement ?

A. Members can apply for Advertisement approval through 'NEW ENIT-COMPLIANCE' module as per circular Download Ref. No.: NSE/COMP/33319 dated September 30, 2016. Members are also advised to refer circular Download Ref. No.: NSE/COMP/33643 dated November 16, 2016 and NSE/COMP/35133 dated June 16, 2017.

### 3. What types of Advertisements / Publications / Communications will necessitate Prior Approval from Exchange?

A. Clarification: Any form of Advertisements/Publications as given below, will require Exchange PRIOR approval:

1. Any content on Member's website/Member's own social media platform, including but not limited to Facebook page/Instagram/Twitter Accounts, etc. that promotes Products/Services/Brokerage plans, etc. Further any such content which amounts to solicitation for account opening including Brand Promotion.
2. Any content of Social Media including Facebook, WhatsApp, Instagram, Twitter, YouTube, etc. other than on Member's own website/Facebook page, etc. that promotes Products/Services/Brokerage plans, etc. etc. Further any such content which amounts to solicitation for account opening including Brand Promotion. (Necessary disclaimer and T&C applicable to Advertisement should be mentioned specifically with creative or followed by creative). An active link on the first page, for such disclaimer is sufficient. It should be ensured that such link is active and takes the viewer to the documents containing the disclaimer and T&C. It may be noted that the content of all information/T&C/disclaimer, etc. which are accessible through the active link are also subject to Exchange approval.

3. In case employees of an entity are posting content/organising competition/contests online/social media, which promotes the Products/Brand/Services or can influence the investment/sale decisions of any investors, for such content the prior approval is needed, though it is not directly done by the Member. In order to have control over such material, Member should ensure that–
  - Member should have an internal policy for employees/associates/channel partners, etc. indicating repercussions for violations which lays down framework for such behaviour.
  - Member should take appropriate actions for all such violations.
4. Any display of awards received by Member from third party, Member's mobile application promotion (with or without account opening or Products/Services info).
5. Any content in form of Advertisement on Any Mode of Advertisement by AP/Business partner/Channel partner of member .
6. Video content or any other content/information on securities market made or distributed by any third person/entity (blogger/ person whether having his/her own channel or not) which is directing to information or promoting any Broker's name or has the effect of influencing the investment/sale decisions of any investors (influencers, etc.). It has been observed that there are arrangements, where brokerage houses enter into an arrangement with individuals, who upload videos and attach links, which take them to the websites of brokerage houses for opening accounts, thus influencing the investment/sale decisions of investors. In such audio-visual media-based advertisements, standard warning both the visual and the voice over reiteration containing 17 words should be running for at least 5 seconds. Member should take appropriate actions in case above promotion is carried out without its knowledge or approval.
7. Any content in form of Advertisement promoting an event/programme sponsored by Member wherein Member's Products/Services/ Brokerage plans, etc. are displayed.
8. Any Advertisement jointly with a third party or Member's associate entity or group entity which includes Brand Promotion.
9. Any third party advertisement containing Name/Logo/Products/Services offered by member. Member should take appropriate actions in case above promotion is carried out without its knowledge or approval.

#### **4. What types of Advertisements/Publications do not require Exchange Approval?**

##### **A. Advertisements/Publications as given below, do not require Exchange approval:**

1. Wishes /Greetings from company on events/festivals by Member wherein there is no mention of Member's Products/Services/Brokerage plans where there is no mention of any information that can influence the investment/sale decisions of any investors.
2. 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".
3. Contents which are 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 product and the Member is just acting as distributor. It should also state that all disputes with respect to the distribution.
4. Contents which are exclusively for Educational information/knowledge sharing on capital market concepts and has no influence the investment/sale decisions of any investors.
5. Content/Material promoting entities/activities covered under SEBI (Research Analysts) Regulations, 2014.
6. Content/Material promoting entities/activities covered under SEBI (Investment Advisers) Regulations 2013.

7. Content/Material promoting entities/activities covered under Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020.
8. Advertisements that have been approved previously and that are to be used without any change or with limited change e.g. limited to updates of more recent statistical information issued by third parties, 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.
9. Third party advertisement: In case of advertisement already approved by Exchange which contains any third party Products/Services, approval will not be required if the said third party publishes any advertisement containing such Products/Services and Member Name/Logo which was the content of previous Exchange approved advertisements with the approval of the Member who has taken prior approval of the Exchange. However, such advertisements should be issued within 180 days from the date of approval by the Exchange.
10. If an advertisement is approved by Exchange for a specific medium (say Print media) and the same advertisement without any change in the content is redesigned for a different medium (say social media, etc.) then no approval would be required. However, such advertisements should be issued within 180 days from the date of approval by the Exchange.
11. A retail 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 Member's Products/Services/Brokerage plans, or any information that can influence the investment/sale decisions of any investors.
12. Press release by members wherein there is no mention of Member's Products/Services/Brokerage plans, or any information that can influence the investment/sale decisions of any investors.
13. All communications in public, inviting applications for franchisees/authorized persons, etc. to expand the business of the Member, provided such communication does not mention of any information that can influence the investment/sale decisions of any investors.
14. All advertisements/communications from the Member to its client which are included in the above list which does not require prior approval, in whichever form shall not violate the guidelines suggested by SEBI and Exchange through its Rules, Byelaws and spirit of the circulars and in case, any information in such advertisements/communications is found to be misleading/incorrect/superficial, the sole responsibility will be of the concerned Member and Member shall be liable to the penal actions as per the provisions of the applicable Rules/Byelaws/guidelines/circulars.

**5. What is the disciplinary action for not obtaining Exchange prior approval ?**

A. Members not complying with the Code for Advertisements may have to face disciplinary proceedings including but not limited to penalty of Rs. 50,000/- per instance (As per circular Download Ref. No.: NSE/INSP/36248 dated November 6, 2017).