

Code of Advertisement for Stock Broker

Further to circular SMDRP/POLICY/CIR-49/2001 dated October 22, 2001, the stock exchanges are advised to bring the following guidelines to the notice of their stock brokers and ensure their compliance:

1. Code of Advertisement

1.1. Advertisement shall include 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.

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

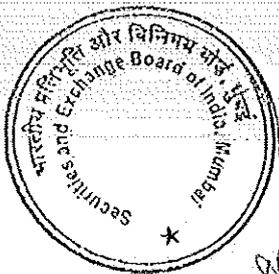
1.3. Advertisement/Material shall contain:

a) name of the Stock Broker, Registered Office Address of the member, SEBI Registration No (all registration numbers and names of the Exchanges in case of multiple memberships) / Stock Broker ID allotted by Exchange and logo of the Stock Broker, if any.

b) information which is accurate, true, fair, clear, complete, unambiguous and concise.

c) standard warning in legible fonts (minimum 10 font size) which states "*investment in securities market are subject to market risks, read all the related documents carefully before investing.*" No addition or deletion of words shall be made to the standard warning.

In audio-visual media based advertisements, the standard warning in visual and accompanying voice over reiteration shall be audible in a clear and understandable manner. For example, in standard warning both the visual and the voice over reiteration containing 14 words running for at least 5 seconds may be considered as clear and understandable.



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- d) In case the mode of advertisement is SMS/Message/Pop-up, etc. and the details such as full name, logo, full registered office address, SEBI registration numbers and standard disclaimer are not mentioned, then official website hyperlink has to be provided in such SMS/Message/Pop-up, etc. and the website must contain all such details.

1.4. The advertisement/material shall not contain;

- a) anything which is otherwise prohibited for publication under the relevant Act, unwarranted, or make any promises.
- b) statements which are false, misleading, biased or deceptive, based on assumptions/projections.
- c) shall not contain any misleading or deceptive testimonials.
- d) statements which directly or by implication or by omission may mislead the investor.
- e) any statement designed as likely to be misunderstood or likely to disguise the significance of the statement.
- f) any statement designed to exploit the lack of experience or knowledge of the investors.
- g) any slogan that is exaggerated or unwarranted or slogan that is inconsistent with or unrelated to the nature and risk and return profile of the product.
- h) any promise or guarantee of assured return to the general investors.
- i) any statement which directly or indirectly discredits other advertisements or Stock Broker or make unfair comparisons
- j) representations made about the performance or activities of the broker unless accompanied by data regarding performance, disclosures of all the risk factors, etc. and a disclaimer that 'such representations are not



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indicative of future results'. Such disclaimer shall be in the same font as the rest of the advertisement.

- k) superlative terms, such as best, no. 1, One of the Best, among market leaders, etc. unless such terms is provided by an entity independent of the Stock Broker and its affiliates, and whose services are not procured by the Stock Broker or any of its affiliates to assign the Stock Broker such term.

1.5. Compliance and Other Requirements:

- a) Prior approval for the advertisement/material to be obtained from the Stock Exchange before issue.
- b) No celebrities shall form part of the advertisement/material.
- c) Statistical information, charts, graphs, etc. when used should be supported by their source.
- d) Where advertising claims are expressly stated to be based on or supported by independent research or assessment, the source and date of this should be indicated in the advertisement.
- e) In the event of suspension of any Stock Broker by the Exchange, the Stock Broker so suspended shall not issue any advertisement either singly or jointly with any other Stock Broker, during the period of suspension.
- f) In the event of any proceeding/action initiated against a Stock Broker by a regulatory body other than the Exchange, the Exchange reserves the right to direct the Stock Broker to refrain from issuing any advertisement for such a period as it may deem fit.
- g) The Stock Broker shall not involve/engage in games/leagues/schemes/competitions etc. which may involve distribution of prize monies/medals/gifts, etc.
- h) These norms shall be applicable to any other investment/consultancy agencies associated with the Stock Broker concerned and issuing advertisement wherein the Stock Broker has been named in the advertisement.



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