



Metropolitan Stock Exchange of India Limited

Department: Inspection

Segment: All

Circular No: MSE/INSP/8797/2020

Date : March 12, 2020

Subject: Clarification on incentives/referral schemes

To All Members,

This has reference to Exchange circular MSE/INSP/8475 dated December 27, 2019 with respect to incentives/referral schemes.

Based on representations received from Members, the following clarification is being issued on incentives/referral schemes which supersedes the point no. 1, 2 and 6 mentioned in the existing Exchange Circular MSE/INSP/8475 dated December 27, 2019:-

1. For a particular referring person, the rate of the incentive should be flat (i.e. not slab based) and a single rate should be applied. It is hereby clarified that a trading member may have different referral incentive rates across different referring person.
2. The referring person should not undertake any form of selling/advisory activities in secondary market w.r.t securities and should not manage the portfolio of any person who is being referred. He/she should strictly limit his/her role to "Referral" only.
3. The referring person cannot conduct IPV/OSV. However, referring person who is under an obligation to undertake IPV/OSV under their respective governing regulations may continue to do so.
4. Authorised Persons (A.P), SEBI Registered Portfolio Managers and Investment advisors shall continue to be governed by the existing regulatory provisions including any changes issued from time to time.

The revised guideline in the matter is enclosed herewith as **Annexure A** for reference.

All Members are advised to adhere to the above guidelines while offering such incentives/referral schemes.

**For and on behalf of
Metropolitan Stock Exchange of India Limited**

Mahendra Choudhari
Asst. Vice President - Inspection