

**NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED**  
**Member Compliance Guide - Advertisements by Members**

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Members are allowed to issue advertisements to promote their business and the activities conducted by them, subject to following the guidelines issued by the Exchange. In terms of Rule 5(8) of the Rules of the Exchange, Members are required to comply with the requirements as specified by the Relevant Authority of the Exchange from time to time with regard to advertisements in connection with their activities as members of the Exchange.

**1. Advertisement:**

- a. Advertisement shall include all forms of communications issued by or on behalf or in relation to Stock Broker in publicly available media that may influence investment/trading decisions of any investor/prospective investors. It also includes internal communication to registered clients that may influence investment/trading decisions..
- b. Forms of communications shall include but shall not be limited to all written or audio or visual form including social media forms including use of workshops and the like.
- c. Broad guidelines:
  - ✓ Prior approval for all Advertisement should be obtained from the Exchange before issuance of Advertisement.
  - ✓ Any Advertisement issued by Authorized Persons/Business Partner/Channel Partner of the members or Influencer/Blogger being paid by members, shall require prior Exchange approval. Any advertisement issued by Authorized Person on their own shall not be entertained by the Exchange.
  - ✓ Members are hereby advised to undertake adequate due diligence to ensure that content used by the above strictly adheres to the Code of Advertisement prescribed by the Exchange/SEBI from time to time.
  - ✓ In the event of suspension of any Member by the Exchange, the Member so suspended shall not issue any Advertisement either singly or jointly with any other Member, during the period of suspension.
  - ✓ In the event of any proceeding/action initiated against a Member by a regulatory body other than the Exchange, the Exchange reserves the right to direct the Member to refrain from issuing any Advertisement for such period as it may deem fit.
  - ✓ Members should have an internal policy/framework to ensure compliance by itself and Authorized Persons/Business Partner/Channel Partner of the members or Influencer/Blogger being paid by members, with the circulars/guidelines issued by the Exchange/ SEBI for Advertisements.
  - ✓ Any promotion for the mobile application of the Member (with or without account opening or Products/Services info) will require prior Exchange approval.
  - ✓ In case of any third-party issuing Advertisement on any platform without the consent of the Member and the Member disowns the said Advertisement, in such case, the Member

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is required to take appropriate legal action against such entity and inform the Exchange regarding such action and outcome thereof.

- ✓ Information contained in the Advertisement should be accurate, complete and unambiguous.

**2. The advertisement/material shall contain;**

- a. name of the Stock Broker, complete registered office address of the member, SEBI Registration No. (all registration numbers and names of the Exchanges in case of multiple memberships) / Member ID allotted by Exchange and logo of the Member, if any
- b. 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.
- c. 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 This is also applicable for video content, or any other content/information issued by Authorized Persons/Business Partner/Channel Partner of the members or Influencer/Blogger.
- d. In case the mode of advertisement is in the form of 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 a hyperlink to the official website must be provided in such SMS/Message/Popup, etc. and the website must contain all such details.
- e. If there is a mention of content pertaining to any other business activity such as Mutual Funds, IPO, Insurance, Commodities, Bonds, Loans, etc., in the advertisement, then respective registration number(s) where applicable must be mentioned.
- f. If the member is only a distributor/s for any of the products mentioned in the advertisement, disclaimer that they are only distributor/s of such products must be specifically mentioned in the disclaimer.
- g. In case any specific security/securities are displayed in the Advertisement as examples, disclaimer that "The securities are quoted as an example and not as a recommendation" must be mentioned on the same slide of the written creative / frame of the video where the same is displayed and not at the end of the creative / advertisement. The logos of the securities quoted shall not be used in the creative.
- h. If the Advertisement contains prepaid Brokerage schemes, then a disclaimer stating that the "Brokerage will not exceed the SEBI prescribed limit" must be mentioned.

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- i. Statistical information, charts, graphs, etc. when used should be supported by their source (certification by a practicing professional or other authentic verifiable source, if any).
- j. Where advertising claims are expressly stated to be based on, or supported by independent research or assessment, source of such data and the period it relates to, must be indicated in the advertisement. Further, authentic source of such information must be provided in the Advertisement.
- k. Name and Logo of the Exchange shall not be used by the members in their creatives / advertisement.

**3. The advertisement/material shall not contain;**

- a. Superlative terms, such as best, no. 1, among market leaders, etc. unless such terms are provided by an entity independent of the Member and its affiliates, and whose services are not procured by the Member or any of its affiliates in order to assign the Member such term.
- b. Any statement which directly or indirectly discredits other advertisements or Member or make unfair comparisons. The advertisement issued should not imitate any advertisement by other Members.
- c. Any recommendation/promotion of a specific scrip/contract, in any manner including by way of reference to past performance or research material, shall not be permitted.
- d. Celebrities shall not form part of the advertisements including but not limited to, in the form of cartoons/memes, etc. The word 'celebrity' means and includes any person:
  - who feature in the top 50 rankings in any celebrity index published by a national publication of repute which is publicly available. The celebrity index should be latest available or at the most one-year old.
  - who has played lead role or one of the lead roles in any mainstream/prominent/popular movies/TV serials/TV shows/web-series on any of the OTT platforms.
  - who is an Influencer with more than 10 Lacs followers/subscribers (per social media handle) on any social media platform that includes but not limited to YouTube, Instagram, Facebook, Twitter, etc.
  - who being a Sports person has been part of National team of the country to which he belongs or has represented his country in international tournaments/events such as Olympic Games, Asian Games, Commonwealth Games, popular sports events telecasted on television such as Kabaddi, Cricket IPL, etc. and competitive games at international level for that given sport, etc.
  - who has been host or one of the hosts or anchors or one of the anchors for any TV programs such as quizzes, cooking shows, news channels, comedy shows, dance shows, song shows, award functions and such other entertainment programs at least for one season or for a minimum of 10 episodes, as the case may be.
  - who has been winner or runners-up in any prominent/popular competitive program aired on TV/OTT platform or any prominent personality who has gone through a series of qualifying rounds (for elimination of competitors) which may be known as qualifying round, quarter finals, semi-finals and finals or by any other names

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- who is a virtual character (fictional computer 'people' or avatars who have the realistic characteristics, features and personalities of humans) that bears influence on their audience/followers.
- who in the view of Exchange is capable of influencing the opinion of viewers of the advertisement.  
Notwithstanding anything contained in these guidelines, decision of the Exchange shall be final in determining if the person made a part of the advertisement/material is a celebrity or not.

**4. Incentive/referral schemes**

- a. Members shall refrain from providing any form of incentive/vouchers/coupons/certificates/tokens, by whatever name called, to their clients for account opening/trading/activating inactive trading accounts of clients or any kind of subscription plan or for downloading mobile application etc. Members shall not offer any scheme/plan to clients which compel them to undertake/execute trades/transactions with the Member, in order to avail/continue to avail certain benefits, previously given, under brokerage plan/upon account opening.
- b. Members or anybody associated with the Member including the Authorized Persons/Associates/Channel Partners/Influencers/Bloggers shall not promote or incentivize trading/transactions, in any form including but not limited to distribution of brokerage waivers/ cashback/certificates/medals/gifts/prizes/coupons/tokens.

**5. Schemes/leagues/competitions**

- a. Member shall not deal or directly/indirectly sponsor or be associated in any kind of scheme/league/competition/quiz/game/lottery/engagement programs with general public/clients etc. which involves distribution of money/certificates/medals/gifts/prizes/coupons/tokens/etc. or any form of incentive monetary or otherwise, by whatever name called and has the effect of inducing the investors/clients to promote their brand in any manner or promote/incentivize trading/transactions.
- b. No reference of Member's name, logo, etc. can be made in any schemes/leagues/competition, etc.
- c. Members shall not share any information of their clients with a third party, even with the clients' consent, in case any third party is involved in launching schemes/leagues/competition, etc.
- d. Members shall not take any financial liability, including any contingent financial liability, on account of any schemes/leagues/competition, etc. launched by a third party.

**6. Algorithmic trading services/strategies: Members who are providing algorithmic trading services/strategies as well as Members who feature in any of the platform offering such services are advised to refrain from undertaking the following:**

- a. directly or indirectly make any reference to the past performance or expected return out of algorithmic trading services/strategies in any form of advertisements/business communication on publicly accessible platforms including and not limited to social media/websites/digital & print media etc.

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- b. not make any reference to the past performance or expected return out of algorithmic trading services/strategies, during any presentation/account opening forms/pamphlets/banners/ forums /gatherings organized to onboard new clients/pitching new segment/product to existing clients including, exhibiting of past performance, or expected return on any of the platforms used by Authorized Persons/Vendor/associated entities of the Member, except as permitted.
- c. directly or indirectly associate with any platform providing any reference to the past or expected future return/performance of the algorithm. 5.8 Anything which is otherwise prohibited for publication under the relevant Act.
7. Any false/misleading/biased/exaggerated/deceptive/ambiguous statement or any misleading testimonials/slogans.
8. Any statement designed as likely to be misunderstood or likely to disguise the significance of the statement
9. Any promise or assurance of any fixed/guaranteed/indicative returns to prospective/existing clients. Members are not permitted to undertake any business/activity that is not allowed under the Byelaws, Rules & Regulations and circulars of SEBI/Exchanges including operating any scheme of unauthorized collective investment/portfolio management, promising indicative/guaranteed/fixed returns/payments etc.
10. Recommendations such as BTST (Buy Today and Sell Tomorrow), ATST (Acquire Today and Sell Tomorrow) etc. cannot be mentioned in the Advertisement
11. Logo of other entities cannot be used unless specific approval is obtained from the respective entities.
12. **Non-Compliance of code of advertisement**

If a member publishes an advertisement without Exchange approval, a penalty of Rs. 50,000/- may be levied on the concerned member as per Exchange circular no: NCDEX/COMPLIANCE-020/2017/285 dated October 31, 2017

**References:**

- Rules 5.3 and 6.5 (8) of Rules of the Exchange
- Circular no. NCDEX/COMPLIANCE-023/2016/300 dated November 9, 2016
- Circular no. NCDEX/ENFORCEMENT-002/2017/146 dated June 19, 2017
- Circular no. NCDEX/COMPLIANCE-20/2017/285 dated October 31, 2017
- Circular no. NCDEX/ENFORCEMENT-004/2021 dated August 18, 2021
- Circular no. NCDEX/COMPLIANCE-019/2022 dated April 01, 2022
- Circular no. NCDEX/ENFORCEMENT-002/2022 dated November 07, 2022
- Circular no. NCDEX/ENFORCEMENT-001/2023 dated February 06, 2023
- Circular no. NCDEX/ENFORCEMENT-002/2023 dated June 26, 2023