

24/12/2024

FAQs FOR COMPLIANCES TO BE FOLLOWED BY AP

Sr	FAQs	ANSWERS OF FAQs
1	Can I use my terminal from other location for one week only?	No. Terminal to be operated from registered office address only.
2	Can I use terminal from other city due to medical emergency?	No. Terminal to be operated from registered office address only.
3	Can I use terminal from home as I need to take 4 days leave due to daughter's marriage?	No. Terminal to be operated from registered office address only.
4	Can I use my employee terminal for 2 days as he is down with fever?	No. Terminal to be operated by approved user only.
5	Can I register 2 address for my one single terminal?	No. A terminal should be registered at one address only and operated from that registered address only.
6	Can I use commodity terminal from registered office in morning and then at home after 8 pm?	No. Terminal to be operated from registered office address only.
7	Can I register 2 address under my AP code?	Yes. You can register one as primary or main address and other address as your branch office / outlet
8	Whether NISM VII is compulsory?	Yes. One NISM VII in office is mandatory.
9	Can I advice my client about market trends?	Yes. You can inform clients about "General market and related information only.
10	Upon any ask by our clients about the ongoing price of scrips, can I update them on the same?	Yes. You can update to clients about the ongoing rates of the scrips they have asked.
11	Can I recommend or suggest the scrips to clients to purchase or sell a particular scrip and also how much quantity and at what price?	No. You cannot recommend or suggest to clients about any scrips, quantity and price.

12	Can I take client's login password and place trades on his behalf?	No. This is illegal
13	Can I take money from client directly in my/our bank account?	No. This is illegal.
14	Can I advise clients and take fees from them for this advisory services?	No. Neither MOFSL nor you have Investment Advisory license from SEBI. Hence giving advice in lieu of advisory fee is not allowed.
15	Can I use MOFSL Research Report and its recommendation to give to my/our clients?	Yes.
16	Can I use research recommendation of any other research house?	It will be at your own risk. However need to preserve source of this information.
17	Can I use research recommendation of any TV Channel or website content like bloomberg, Times Now, CNBC etc?	It will be at your own risk. However need to preserve source of this information.
18	Can I publish advertisement in my local area to attract clients by giving them any attractive offer like Gifts etc?	No. Without taking Exchange prior approval through us, you cannot publish any advertisement. Further giving any gifts/offers to clients for attraction is not allowed.
19	Can I give assured return guarantee to clients so that they get more attracted?	No. This is completely not allowed.
20	Can I force or induce client to invest in F&O Market as there are high returns?	No. This is not allowed as it is considered to be an Induced trading and Unauthorised trading leading to penalty.
21	Can I ask client to allow me, placing trades in his account as client is of vey old age?	No. This authority is allowed to relatives only as per definition i.e. Dependant Parents, Spouse and Dependant Children only that too with signed authority letter.
22	Whether display of notice board and certificates are necessary or can avoid it?	Yes. Display of Notice board and certificates at prominent location of office are mandatory
23	Can I remove all notice boards and certificates as I have recently renovated my office?	No. At all times you have to keep notice boards and certificates displayed at your office prominent location.
24	Can I maintain post trade order confirmation as pre trade confirmation is not easy?	No. Pre trade order confirmation and its proof maintenance is mandatory.

25	Whether pre-trade confirmation be taken on whatsapp message?	Yes. WhatsApp message sent by client with trade details is allowed for acceptance however for its proof, screenshot of messaged received from client is mandatory as this will avoid any future conflicts.
26	What forms of pre-trade confirmation can be taken from client?	Orders taken on recording call lines, sms, email, order instruction slip with client's signature or whatsapp message with saved screenshots. All these methods are allowed however it should be of the time before trade execution time.
27	Can I operate my terminal 3 days from one office and 3 days from another office due to family issues?	No. Terminal to be operated from registered office address only.
28	Can I educate clients in form of crash courses about stock market and take fees?	No. AP can not undertake any stock market education / training courses where fees are collected.
29	Whether AP needs to do IPV of client before account opening?	Yes, it is compulsory and in case of a joint account IPV of both/all clients is necessary just to verify his/her existence.
30	Can I undertake all personal transactions from bank account mapped with MOFSL?	No. During scrutiny all such transactions are verified by regulators. If it is a genuine transaction with family or friends for personal issues then keep it in separate bank accounts. However those bank accounts can also be scrutinised with regulators ask for. So keep personal transactions in another bank account.
31	Can I operate my terminal from any other location one day due to power failure at my registered office?	No. Terminal to be operated from registered office address only. If there is a power failure, then you should shut down the terminal and not use it from other place. Client can place orders through HO Call and trade mechanism for that day.
32	Can I use any other telecom provider for pre-trade call recordings?	Yes. You can use any process however calls from clients to place orders should be recorded. And this recording should be uploaded on HO platform for records.
33	How many years to save the proof of call recordings or other mode of pre trade recordings?	All such proofs related to clients to be saved for 8 years

34	To whom can a client give Authority letter on his behalf to operate account?	Client can allow his/her spouse, client's dependant children and client's dependant Parents to take authority of managing his/her account as defined by SEBI under definition of Family.
35	Where to find authority letter format?	Cboss – customer service – circulars & Info – Download – Authorisation letter new format
36	Can I have other broker terminal in same office which is under name of my spouse or friend	Yes. Other broker terminal in name of your spouse or friend can be in same office however there should be proper DEMARCATION and terminals to be kept far apart.
37	Can I have my proprietary trading account outside MOFSL?	No. You need to close your account held with other broker and open prop trading account with MOFSL only.
38	Where to see all latest updates related to regulatory changes for APs	CBOS Circular section
39	Is it fine to publish any product or idea related to securities market on our social media handle?	Yes, you can promote only SEBI registered products and ideas shared by MOFSL only. Also advertisement approval to be taken from Exchange before publish.
40	Can I insert my mobile number and email id in client's database details for quick access to me?	No. Its illegal. AP Contact details not to be mapped in client account
41	Can AP take other SEBI Licenses?	Yes, however you need to apply for license and follow all compliances once license received and keep segregation between broking activity and other activities.
42	Can AP appoint Referrals who bring clients and share commission to him?	No, not allowed. As now all are required to be first appointed as AP of any exchange and then process activities of trading or referring.
43	Can AP be associated with multiple Trading Members?	No. Neither AP himself, nor his director/partner/employee can be AP of other trading member or become director/partner/employee of any other existing or upcoming trading member
44	In how many days AP to solve client complaints?	Immediately within 2-3 days and inform HO also
45	How to get well updated with latest provisions of regulators?	You need to read circulars in BIZOPs which is issued frequently

Issued by: Compliance Team