

DRAFT CIRCULAR FOR PUBLIC COMMENTS

SMS and E-mail alerts to investors by Stock Exchanges

Background

1. In a move to protect investors from unauthorized trading in their accounts, SEBI vide circular CIR/MIRSD/15/2011 dated August 02, 2011 issued guidelines regarding SMS and E-mail alerts to investors by stock exchanges. Accordingly, stock brokers are required to upload certain details of their clients including separate mobile number and email address for each client. However, under exceptional circumstances, the stock broker may upload the same mobile number/E-mail address for more than one client provided such clients belong to one family. 'Family' for this purpose would mean self, spouse, dependent children and dependent parents.
2. Currently, the exception provided above covers only individual clients and it does not cover other category of clients such as HUF, Partnership, trust and Corporate. Hence, in a move to enhance ease of compliance for non-individual clients, it is being proposed to create an exception for non-individual clients also.

Public Comments:

Draft circular on "SMS and E-mail alert to investors by stock exchanges" is placed at **Annexure A**. The comments/ suggestions should be submitted latest by November 18, 2024, through the following link:

<https://www.sebi.gov.in/sebiweb/publiccommentv2/PublicCommentAction.do?doPublicComments=yes>

In case of any technical issue in submitting your comment through web based public comments form, you may write to consultationMIRSD@sebi.gov.in with the subject: "Public comments on Draft Circular - SMS and E-mail alert to investors by stock exchanges".

DRAFT CIRCULAR

SEBI/HO/MIRSD/MIRSD-PoD1/P/CIR/2024/XXX

DD-MM-YYYY

**To,
All recognized Stock Exchanges**

Madam / Sir,

Sub: SMS and E-mail alerts to investors by stock exchanges

1. SEBI, vide Circular no. CIR/MIRSD/15/2011 dated August 02, 2011 (hereinafter mentioned as 'Circular') and Clause 33 of Master Circular for Stock Brokers dated August 09, 2024 (hereinafter mentioned as 'Master Circular'), issued guidelines regarding SMS and E-mail alerts to investors by stock exchanges.

2. Point iv of Clause 2B of the Circular and Clause 33.2.4 of the Master Circular states the following regarding uploading of mobile number and e-mail by stock brokers:

Stock Brokers shall ensure that separate mobile number/email address is uploaded for each client. However, under exceptional circumstances, the stock broker may, at the specific written request of a client, upload the same mobile number / email address for more than one client provided such clients belong to one family. 'Family for this purpose would mean self, spouse, dependent children and dependent parents.

3. Based on the representation received from Brokers' Industry Standards Forum (ISF), it is further clarified that, under exceptional circumstances, the stock broker may, at the specific written request of a client, upload the same mobile number/E-mail address for more than one client provided such client belong to one family (in case of individual clients) or such client is the authorised person of an HUF, Corporate, Partnership or Trust (in case of non-individual clients).

Family / Authorised person for this purpose shall include:

- a. In case of individuals, self, spouse, dependent children and dependent parents.
 - b. In case of HUF, Karta or any of the Co-parceners as per prior approval of Karta.
 - c. In case of Partnership firm, any of the partners as per prior approval of all / authorised partners.
 - d. In case of a Trust, any of the trustees or beneficiaries as per resolution passed by the Trust.
 - e. In case of Corporates, the Authorised person operating the trading account as per the Board Resolution passed by the Corporate.
4. Accordingly, SEBI Circular no. CIR/MIRSD/15/2011 dated August 02, 2011 and Clause 33 of Master Circular for Stock Brokers dated August 09, 2024 stand amended to the extent of para 3 as detailed above. All other provisions specified in SEBI Circular dated August 02, 2011 and SEBI Master Circular for Stock Brokers dated August 09, 2024 shall continue to remain applicable.
5. The provisions of this circular shall come into force with immediate effect.
6. Stock Exchanges shall:
- 6.1. bring the provisions of this circular to the notice of their members and also disseminate the same on their websites;
 - 6.2. make necessary amendments to the relevant Bye-laws, Rules and Regulations for the implementation of the above direction;
7. This circular is issued in exercise of powers conferred under Section 11(1) of Chapter IV of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities markets and shall come into effect from the date of this circular.
8. This circular is available on SEBI website at www.sebi.gov.in under the category: 'Legal → Circulars.