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| Department: Inspection | Segment: All |
| Circular No: MSE/INSP/15843/2024 | Date : August 21, 2024 |

Subject: Clarification on incentives/referral schemes

To All Members,

This is with reference to Exchange Circular No. MSE/INSP/8475/2019 dated December 27, 2019, Circular No. MSE/INSP/8797/2020 dated March 12, 2020, and Circular No. MSE/INSP/11631/2022 dated March 28, 2022, on "Clarification on incentives/referral schemes".

It has come to the notice of the Exchange that certain referring persons are not registered as an Authorised Person of respective Trading Member.

With a view to safeguard the interest of investors, it is hereby clarified that any person referring a client to the Trading Member shall be appointed as an Authorised Person (AP) of the Trading Member after obtaining specific prior approval from the stock exchange for each such person.

It is reiterated that Trading Member shall ensure their Authorised Persons are engaged only in permitted activities and are not undertaking any business which are disallowed under the Byelaws, Rules, Regulations and Circulars of SEBI/Exchange including operating any schemes of unauthorized collective investments/portfolio management, promising indicative/ guaranteed/fixed returns etc.

Further, Members shall comply with code of conduct prescribed for Stock Brokers under Regulation 9 of SEBI (Stock Brokers) Regulations, 1992 and all relevant Byelaws, Rules Regulations and of SEBI/Exchange w.r.t sharing of Brokerage, account opening, inducement of trade, sales practices, order placement, etc., issued from time to time.

All Members are advised to take note of the contents of the circular and strictly comply.

In case of any query kindly contact Inspection Department on (022) 6112 9000 or mail on compliancemsx@msei.in.

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

**Praveenkumar Acharya
AVP – Inspection and Membership Department**

Metropolitan Stock Exchange of India Limited