

# Dos & Don'ts

## DEALING WITH BROKERS

### DOS

- Always deal only with SEBI registered intermediaries.
- Ensure that the intermediary has a valid registration certificate.
- Ensure that the intermediary is permitted to transact in the market.
- Insist on copy of Client Registration form to be signed by the intermediary before commencing operations.
- Read and understand all the applicable terms and conditions laid down by the broker before commencing your trading activities with the broker.
- Ensure that you read the Rights and Obligations document, risk disclosure document, terms and conditions, Dos and don'ts carefully before accepting the same.
- Insist on a valid contract note / Margin reports for trades done each day within 24 hours of the transaction and verify the trades so executed.
- For any trade dispute or discrepancy in contract note or any other similar report, file written complaint to trading member /Broker within a reasonable time of 24 to 48 hours.
- Ensure that broker's name, trade time and number, transaction price and brokerage are shown distinctly on the contract note.
- In case of technical issue or any network failure which has impacted your trades, immediately report the discrepancies to your broker.
- Issue cheques/drafts or online payments in trade name of 5paisa Capital Limited only.
- Ensure receipt of payment/ deliveries within 48 hours of payout.
- In case of disputes, file written complaint to intermediary/ Stock Exchange/SEBI within a reasonable time of 48 hours.
- Familiarise yourself with the rules, regulations and circulars issued by stock exchanges /SEBI before carrying out any transaction.
- Give clear and unambiguous instructions to the broker/ sub-broker and keep a record of all the instructions so issued.
- Keep track of your portfolio in your Demat A/c on a regular basis. In case of any discrepancies in the same, kindly bring the same to the notice of the Broker immediately.

### DON'TS

- Do not deal with unregistered intermediaries or advisors or entities who guarantee fixed returns on your investments.
- Do not share your login credentials like login id, passwords, OTPs etc with anyone.
- Do not pay more than the approved brokerage to the intermediary.
- Do not undertake deals for others.
- Do not sign blank Delivery instruction slip(s) while meeting security pay-in obligation.

- Don't accept unsigned/duplicate contract note/confirmation memo.
- Don't delay payment/deliveries of securities to broker.
- Don't get carried away by luring advertisements of fixed returns etc, if any.
- Don't be led by market rumours or get into shady transactions.

## **Do's & Don'ts - Primary Market**

### **DOS**

- Read the Prospectus/ Abridged Prospectus and carefully note:
  - Risk factors.
  - Financials of the issuer.
  - Company history.
  - Outstanding litigations and defaults.
  - Business Overview.
  - Background of promoters
  - Instructions before making application.
- In case of any doubt/problem, contact the compliance officer named in the offer document.
- In case you do not receive share certificate or credit to demat account or refunds application money, lodge a complaint with compliance officer of Issuer Company and post issue lead manager as stated in the offer document.

### **DON'TS**

- Do not go by any implicit/explicit promise made by any one.
- Do not invest based on Bull Run of the market index/scrip's of other companies in same industry/issuer company.
- Do not expect the price of the shares of the issuer company to necessarily go up upon listing, and forever.
- Do not bank upon the price of the shares of the issuer company to go up in the short run.

## **INVESTING IN DERIVATIVES**

### **DOS**

- Go through all rules, regulations, bye-laws and disclosures made by the exchanges.
- Go through brokers Risk disclosure document and Risk Policy before trading in derivatives segment.

- Trade only through – Trading Member (TM) registered with SEBI or authorized person of TM registered with the exchange.
- While dealing with an authorized person, ensure that the contract note has been issued by the TM of the authorized person only.
- While dealing with an authorized person, pay the brokerage/payments/margins etc. to the TM only.
- Ensure that for every executed trade you receive duly signed contract note from your TM highlighting the details of the trade along with your unique client-id.
- Obtain receipt for collateral deposited with Trading Member (TM) towards margin.
- Go through details of Client-Trading Member Agreement. Know your rights and duties vis-à-vis those of Trading Member and Risk policy.
- Be aware of the risk associated with your positions in the market and margin calls on them.
- Collect / pay mark to market margins on your futures position on a daily basis from / to your Trading member.

## **DON'TS**

- Do not start trading before reading and understanding the Risk Disclosure Documents along with the Risk Policy readily available on company website [www.5Paisa.com](http://www.5Paisa.com).
- Do not trade on any product without knowing the risk and rewards associated with it.

## **Do's & Don'ts - Secondary Market**

### **DOS**

- Before investing, please check about the credentials of the company, its management, fundamentals and recent announcements made by them and other disclosures made under various regulations.
- The sources of information are the websites of the exchanges and companies, databases of data vendors, business newspapers and magazines etc.
- Adopt trading/investment strategies commensurate with your risk-bearing capacity as all investments carry some risk, the degree of which varies according to the investment strategy adopted.
- Assess the risk-return profile of the investment as well as the liquidity and safety aspects before making your investment decision.
- Ensure that you read all the mandatory documents viz. Rights and Obligations, Risk Disclosure Document, Risk Policy and Procedure document of intermediaries.
- Ensure that you fill the KYC form completely and strike off the blank fields in the KYC form.
- Give clear and unambiguous instructions to your broker/DP.
- Pay the required margins in the prescribed time.

- Participate and vote in general meeting personally or through a proxy.
- Deliver the shares/depository slip in case of sale and pay the money in case of purchase within the prescribed time.
- Scrutinize both the transactions and the holding statements that you receive from your DP.
- Handle Delivery Instruction Slips (DIS) Book issued by the DP carefully. Insist that the DIS numbers are pre-printed and your account number (Client ID) is pre-stamped.
- In case you are not transacting frequently, make use of the freezing facility provided for in your demat account.
- Keep copies of all investment documents. Ask all relevant questions and clear your doubts before transacting.
- Please register your mobile number and email id with the stock broker, to receive trade confirmation alerts/details of the transactions through SMS or email, by the end of the trading day, from the stock exchanges and Depositories.

## **DON'TS**

- Don't forget to take account of the potential risks that are involved in any investment.
- Don't invest on the basis of hearsays, rumours and tips.
- Don't be influenced into buying into fundamentally unsound companies (penny stocks) based on sudden spurts in trading volumes or prices or favourable articles/stories in the media.
- Don't follow the herd and don't play on momentum.
- Don't blindly follow investment advice given on TV channels/websites/SMS.
- Don't invest under peer pressure or blindly imitate investment decisions of others who may have profited from their investment decisions.
- Don't get misled by companies showing approvals / registrations from Government agencies as the approvals could be for certain other purposes.
- Don't get carried away with advertisements about the financial performance of companies.
- Don't get misled by guarantees of repayment of your investments (and returns) through post-dated cheques.