

**CAPITAL MARKET SEGMENT**

**Circular No. 110**

**Sub: Securities Trading Using Wireless Technology**

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**Download No.: 15788**

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The Securities & Exchange Board of India (SEBI) has approved providing Securities Trading using Wireless Technology (STWT) facility vide circular no. CIR/MRD/DP/25/2010 dated August 27, 2010. Securities Trading using Wireless technology shall include devices such as mobile phone, laptop with data card, etc, that use Internet Protocol (IP).

Members seeking permission for offering STWT are required to ensure compliance with the minimum conditions specified in the SEBI circular.

***Application for permission :***

Members desirous of providing STWT facility shall make an application to the Exchange are required to do so in the format enclosed (Annexure A). An application would be treated as complete only after a comprehensive and satisfactory demonstration of the software is given to the Exchange.

***Eligibility :***

Only SEBI registered members who have been granted permission by the Exchange for providing Internet based trading services can introduce the service after obtaining permission from the Exchange.

***Member-client agreement :***

Members shall ensure that their existing clients who are desirous of availing the STWT offered by the member, have to submit the consent letter for carrying securities trading using wireless technology which specifies possible risks, responsibilities and liabilities associated with STWT as per the format prepared by the Exchange for this purpose. The format of the letter is enclosed (Annexure C). Members shall also bring to the notice of their existing clients that the terms and conditions as contained in the Member-Client agreement executed for Internet based trading will also be applicable to securities trading through use of wireless technology.

Members shall execute an agreement with such new clients who are desirous of availing the STWT facilities offered by the member, specifying possible risks, responsibilities and liabilities associated with STWT as per model agreement prepared by the Exchange for this purpose. The format of the model agreement is enclosed (Annexure D).

Members shall ensure that the agreement entered into with their new clients for STWT facility should not have any clause that is less stringent/contrary to the conditions in the above proposed model agreement.

***Procedures for granting permission for Securities Trading using Wireless Technology :***

The Exchange shall grant permission to members for Securities Trading using Wireless Technology (STWT) on a case-by-case basis.

Members are required to test the software on the NSE trading test environment during a pre-specified time. On satisfactory completion of testing on the Exchange test environment, the member is required to give comprehensive demonstration of their STWT facility to the Exchange. On fulfillment of the conditions as satisfactory and meeting SEBI / Exchange minimum requirements, the Exchange would grant permission to the member to commence STWT facility.

The software and systems proposed for STWT shall be duly certified by the Exchange empanelled System Auditor before grant of permission. The structure of charges is as per Annexure E.

***Yearly System Audit for STWT facility :***

As part of yearly compliance, members approved for providing STWT facility would be required to submit the System Audit Report to the Exchange after getting the STWT facility audited from CISA / CISSP / ISA / DISA certified auditor as specified by the Exchange from time to time.

***Reporting of NEAT user id used for routing orders for securities trading using wireless technology :***

Trading members approved for providing STWT facility would be required to inform the exchange through NSE ENIT application the NEAT user id that they would be using to route the orders emanating from system approved for Securities Trading using Wireless Technology.

While applying through NSE ENIT application for the conversion of NEAT user id to CTCL id the trading member should indicate if the user id would be used for routing orders emanating from system approved for STWT facility. Alternately, if an existing NEAT user id (converted to CTCL user id) is used for routing orders emanating from system approved for STWT facility the trading member should inform the Exchange through NSE ENIT application.

***Identification of orders routed through STWT facility :***

Trading members providing 'Securities Trading using Wireless Technology' facility are required to populate the following values in the field provided (15-digits) in the order structure for every order emanating from system approved for STWT.

<b>Digits</b>	<b>Value</b>	<b>Description</b>
1-12 digits	333333333333	Identification of order emanating from system approved for securities trading using wireless technology
13th digit	0 OR 1	'0' (for Algorithmic order) '1' (for non-algorithmic orders)
14-15 digits		Vendor code

***Submission of statistics for securities trading using wireless technology :***

Trading Member approved for providing STWT facility are required to report / confirm statistics for Securities Trading using Wireless Technology. The trading members are required to report / confirm segment-wise data of 'Number of Trades' and 'Traded Value (Rs. in Crores)' through NSE ENIT application. The members are required to upload this information on a weekly basis with the flexibility of reporting / confirming the information for previous 30 days.

Additionally, Members would also be required to provide the segment-wise data of 'Number of registered clients' for STWT facility through NSE ENIT application.

***Additional Safeguards :***

Members may take such other measures and implement such other safeguards as they deem fit to ensure security and integrity of transactions conducted using wireless technology.

For and on behalf of  
**National Stock Exchange of India Ltd.**

**Sandip Mehta**  
**Assistant Vice President**



## Annexure A

### Application form for permission for providing Securities Trading using Wireless Technology

(To be executed on letterhead of the Member)

We/I, \_\_\_\_\_ having my/our Registered Office/Office at \_\_\_\_\_ am/are trading member/s of the Capital Market segment / Futures and Options segment / Currency Derivatives segment of the National Stock Exchange of India Limited, hereby apply for the permission of the Exchange for providing securities trading using wireless Technology on Internet Protocol platform.

#### A. General

S No.	Particulars	Details
1.	Name of the Trading Member :	
2.	SEBI Registration number :	
3.	Registered Office/ Office address : Telephone : Fax No. :	
4.	Name of the Authorised Signatory and designation	
5.	Contact address of the Authorised Signatory : Telephone No. : Fax No. :	
6.	Complete address of the order routing server	
7.	Have you been approved for providing Internet Based Trading by the exchange	YES / NO
8.	If yes please provide the following : <ul style="list-style-type: none"><li>• IBT Product Approved</li><li>• Vendor Name</li><li>• Date and Ref. No. of Approval Letter</li></ul>	
9.	Whether the software for the proposed securities trading using wireless technology is being developed by the member on his own	YES / NO
10.	If not, name of software vendor developing software.	

**B. Network Security, Standards for interfaces and Protocols :**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Whether complied (Yes / No)</b>
a	Whether the system has secure access, encryption and security of communication for securities trading using wireless technology and in line with the SEBI's directives and DOT policy and regulation regarding level of encryption. (A detailed certificate in this regard shall be enclosed)	YES / NO
b	Whether Adequate measures are in place for user identification, authentication and access control using means such as user-id, passwords, smart cards, biometric devices or other reliable means, to prevent misuse of facility by unauthorized persons. (A detailed certificate in this regard shall be enclosed)	YES / NO
c	Whether unique numbering of orders / trades, identification of user ID, activities / alerts logs, as stipulated by Exchange are maintained in the system	YES / NO
d	Whether an alternative means of communication for placing orders is be available. In case of link failure of the wireless network. ( A write up shall be provided in this regard)	YES / NO
e	Whether provisions specifying possible risks, responsibilities and liabilities associated with securities trading using wireless technology has been brought to the notice of clients, who are desirous of availing such facility and agreement for securities trading using wireless technology has been signed with your clients as per the Model Member – Client Agreement as per annexure C	YES / NO
f	Whether the system provides address of the internet web site / web page where detailed information is available. Address of the interest website / web page where detailed information is available to the provided	YES / NO
g	Whether the session login details are stored on the devices used to securities trading using wireless technology (A detailed certificate in this regard shall be enclosed)	YES / NO
h	Whether the software provides Order confirmation on submitting the order, Order modification / cancellation facility, Trade confirmation along with history of trades for the day. (Details of the functionality to be provided in the comprehensive write-up of the system)	YES / NO
i	Whether Network security protocols and interface standards as per prevalent industry standards are available. Whether sound audit trail for all transactions, transaction logs, as stipulated by SEBI are maintained in the system. (A detailed certificate in this regard shall be enclosed)	YES / NO
j	Whether the broker's server, routing the orders to the Exchange trading system for securities trading using wireless technology is located in India.	YES / NO

**C. *Systems Operations :***

Whether the requirements of systems operations as stipulated by SEBI in this regard are complied with (A certificate in this regard as per **Annexure – A (1)** shall be enclosed)

**D. *Risk Management :***

Whether the requirements of systems operations as stipulated by SEBI in this regard are complied with (A certificate in this regard as per **Annexure – A (1)** shall be enclosed)

**E. *Others***

A comprehensive write-up on the system for Securities trading using wireless technology to be enclosed. The write-up should include details of user authentication, order management, trade management, risk management etc.



## Annexure – A (1)

NOTWITHSTANDING the generality of the above, the software provided complies with the following provisions in particular as directed by SEBI / NSE.

<b>Sr. No.</b>	<b>Requirement</b>	<b>Whether complied (Yes / No)</b>
1	Access for order routing is permitted only through the use of client specific User ids	
2	The access is permitted only through the use of client specified password (private code)	
3	The system provides for automatic expiry of passwords at the end of a reasonable duration and reinitialisation of access on entering fresh passwords.	
4	Suitable firewalls between the trading set-up and the Gateway server for wireless technology trading services are available	
5	Logic/priorities similar to those used by the Exchange is used to treat client orders.	
6	All orders entered into the system are offered to the market for matching and no cross trades are generated.	
7	The software provides for appropriate authority levels to ensure that the limits can be setup only by the persons authorized by the risk / compliance manager.	
8	The risk management systems take into account overall positions of clients irrespective of the medium of trading	
9	The software provides a system-based control facility on the trading limits of the clients and exposures taken by the clients.	
10	The software provides for sending of the order/trade confirmation through email and/or on the device used for securities trading using wireless technology.	
11	Adequate provisions for maintaining backup systems and data storage capacity are available. (A detailed certificate in this regard shall be enclosed)	
12	Secured socket level (SSL) security for server access through wireless technology is available. Complete details of the certification obtained (including certifying authority, period of validity of the certificate, etc), if any, with regard to SSL security on the website providing the securities trading using wireless technology service to be enclosed and copy of such certificate	

We confirm and certify that the software for Securities Trading using Wireless Technology has undergone tests by us and are satisfied and we undertake to comply with and be bound by the Rules,

Bye-laws, Regulations of the Exchange, SEBI, RBI and any other statutory and regulatory body(ies) as may be applicable from time to time.

We certify that all the statements are true and correct to the best of our knowledge. We are aware that in case any of the statements are found to be incorrect or false, we are liable for disciplinary action.

Signed sealed and delivered by the Authorised representative of the MEMBER.

Date :

Place :





## **Annexure – B**

### **NETWORK DIAGRAM**

(Kindly enclose detailed network architecture showing the geographical location of the order routing server for securities trading using wireless technology.)



**Annexure – C**  
**Securities Trading using Wireless Technology**  
(Letter to be provided by the existing clients to the Trading Member)

To  
\_\_\_\_\_

Date: \_\_\_\_\_

Sir,

Sub: Securities trading using wireless technology

I/We \_\_\_\_\_ am/are registered as your client with Client Code No. \_\_\_\_\_ and have executed the Trading Member and Client Agreement and also the agreement for Internet based trading for the purpose of trading in the Capital Market segment, Futures & Options segment, Currency Derivatives segment of National Stock Exchange of India Ltd. (Exchange).

I/We am/are interested in carrying securities trading through use of wireless technology which shall include devices such as mobile phone, laptop with data card, etc using Internet Protocol (IP).

I / We understand that the terms and conditions applicable to Internet based trading will also be applicable to securities trading through use of wireless technology. I / We am /are made aware by you regarding all the possible risks, responsibilities and liabilities associated with securities trading using wireless technology.

I/We understand that you shall provide information with respect to the addresses of Internet web site / web page where detailed information would be available about securities trading done through the use of wireless technology.

I/We understand that you shall send the Order / Trade confirmation details on our existing E-mail id \_\_\_\_\_ (mention e-mail id) on execution of order/trade on the NEAT system, as the case may be. We agree that the information sent by you on our E-mail id would be deemed to be a valid delivery of such information by you. The aforesaid information regarding order and trade confirmation shall also be provided to me / us on the device used for securities trading through the use of wireless technology.

I/We am / are aware that authentication technologies and strict security measures are required for the securities trading using wireless technology through order routed system and undertake to ensure that our password is not revealed to any third party.

I/We therefore request you to enable me / us for carrying securities trading through use of wireless technology.

Thanking you,

Yours faithfully,

(Client)

## Annexure – D

### MODEL MEMBER-CLIENT AGREEMENT

This agreement is made at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ between XYZ (member of National Stock Exchange of India Ltd. with SEBI Registration No.: \_\_\_\_\_), hereinafter called MEMBER and having its registered office at \_\_\_\_\_, and \_\_\_\_\_ a individual/company/trust/firm or any other body duly formed and registered under the relevant Act, hereinafter called the CLIENT, having its residence/registered office at \_\_\_\_\_.

WITNESSTH :

Whereas the MEMBER is registered as TRADING MEMBER of National Stock Exchange of India Ltd. with SEBI Registration No. : \_\_\_\_\_.

Whereas the MEMBER is eligible for providing Internet based trading and securities trading through the use of wireless technology that that shall include the use of devices such as mobile phone, laptop with data card ,etc which use Internet Protocol (IP).

Whereas the CLIENT is desirous of investing/trading in those securities admitted for dealing on the Exchange as defined in the Bye-Laws of the Exchange. For this purpose, the CLIENT is desirous of using either the internet based trading facility or the facility for securities trading through use of wireless technology.

Whereas the CLIENT has satisfied itself of the capability of the MEMBER to deal in securities and wishes to execute his orders through him and the CLIENT shall continue to satisfy itself of such capability of the MEMBER before executing orders through him.

Whereas the MEMBER has satisfied and shall continuously satisfy himself about the genuineness and financial soundness of the CLIENT and investment objectives relevant to the services to be provided.

Whereas the MEMBER has taken steps and shall take steps to make the CLIENT aware of the precise nature of the MEMBER's liability for business to be conducted, including any limitations on that liability and the capacity in which it acts.

In consideration of the mutual understanding as set forth in this agreement, the parties thereto have agreed to the following terms and conditions:

1. The MEMBER agrees that it has complied / shall comply with all requirements applicable to securities trading using wireless technology as may be specified by SEBI & the Exchange from time to time. The provisions of this agreement shall always be subject to Government notifications, any rules, regulations and guidelines issued by SEBI and Stock Exchange rules, regulations and Bye-laws that may be in force from time to time.
2. The provisions of this agreement shall always be subject to Government notifications, any rules, regulations and guidelines issued by SEBI and Stock Exchange rules, regulations and Bye-laws that may be in force from time to time.

3. In the event of death or insolvency of the CLIENT or his otherwise becoming incapable of receiving and paying for or delivering or transferring securities which the client has ordered to be bought or sold, MEMBER may close out the transaction of the client and the client or his legal representative shall be liable for any losses, costs and be entitled to any surplus which may result therefrom.
4. The agreement entered into between the MEMBER and the CLIENT shall stand terminated by mutual consent of the parties by giving at least one month written notice. Such cancellation or termination shall not have any effect on transaction executed before the date of such notice of termination and the parties shall enjoy the same rights and shall have same obligations in respect of such transactions. The MEMBER has bought to the notice of client the possible risks, responsibilities and liabilities associated with securities trading using wireless technology
5. The Member shall provide information with respect to the addresses of the Internet web site / web page where detailed information would be available about securities trading through the use of wireless technology. The CLIENT is aware that as it may not be possible to give detailed information to the investor on a hand held device e.g. mobile phones, minimum information may be given with address of the Internet web site / web page where detailed information would be available.
6. The instructions issued by an authorized representative of the client shall be binding on the client in accordance with the letter authorizing the said representative to deal on behalf of the client.
7. The CLIENT is aware that authentication technologies and strict security measures are required for the internet trading / securities trading through wireless technology through order routed system and undertakes to ensure that the password of the CLIENT and/or his authorised representative are not revealed to any third party.
8. The CLIENT agrees that the MEMBER shall not be liable or responsible for non-execution of the orders of the CLIENT due to any link/system failure at the CLIENT/MEMBERS/EXCHANGE end.
9. The Stock Exchange may cancel a trade suo-moto without giving any reason thereof. In the event of such cancellation, MEMBER shall be entitled to cancel relative contract(s) with CLIENT.
10. The MEMBER shall also send the Order/Trade confirmation slip through E-mail to the CLIENT, within \_\_\_\_\_ (time period as specified by the Client) from the time of execution of order/trade on the NEAT system, as the case may be. Trade confirmation will be provided to the user along with history of trades for the day. The CLIENT agrees that the information sent by MEMBER by E-mail is deemed to be a valid delivery of such information by the MEMBER. The aforesaid information regarding order and trade confirmation shall be provided on the device of the CLIENT in case of securities trading through the use of wireless technology.
11. The CLIENT is aware that the MEMBER has provided on the web site a facility for reconfirmation of orders, which are larger than that specified by the MEMBER's risk

management, by the MEMBER and is also aware that the MEMBER has the discretion to reject the execution of such orders based on his risk perception.

12. The Member and the Client are aware of the provisions of Bye-Laws, Rules and regulations of the Exchange relating to resolution of disputes/differences through the mechanism of arbitration provided by the Exchange and agree to abide by the said provisions.
13. All trades, transactions and contracts are subject to the Bye-Laws, Rules and Regulations of the Exchange and shall be deemed to be and shall take effect as wholly made, entered into and to be performed in the city of Mumbai and the parties to such trade shall be deemed to have submitted to the jurisdiction of the Courts in Mumbai for the purpose of giving effect to the provisions of the Rules and Regulations of the Exchange.

IN WITNESS THEREOF, the parties to agreement have caused these presents to be executed as of the day and year first above written.

Signed for and on behalf of

**MEMBER** :  
By :  
Signature :  
Title :  
Witness :



Signed for and on behalf of

**CLIENT** :  
By :  
Signature :  
Title :  
Witness :

## Annexure – E

### Structure of Charges

	<b>Charges</b>
Application processing charges inclusive of one time system Audit charges for STWT facility	Rs. 100,000/- * ( for each set up separately)

\* Charges will be directly debited from 'Exchange Dues Account' of the member.

