

## National Stock Exchange of India

### Circular

Department: Compliance	
Download Ref No: NSE/COMP/53555	Date: September 06, 2022
Circular Ref. No: 64/2022	

To All Members,

**Sub: Performance/return claimed by unregulated platforms offering algorithmic strategies for trading**

This is in reference to the SEBI Circular number SEBI/HO/MIRSD/DOP/P/CIR/2022/117 dated September 02, 2022, regarding performance/return claimed by unregulated platforms offering algorithmic strategies for trading.

Members who are providing algorithmic trading services/strategies as well as Members who feature in any of the platform offering such services are advised to refrain from undertaking the following:

- a. directly or indirectly make any reference to the past performance or expected return out of algorithmic trading services/strategies in any form of advertisements/business communication on publicly accessible platforms such as social media/websites/digital & print media etc.
- b. not make any reference to the past performance or expected return out of algorithmic trading services/strategies, during any presentations/account opening forms/pamphlets/banners/forums/gatherings organised to onboard new clients/pitching new segment/product to existing clients. Including, exhibiting of past performance, or expected return on any of the platforms used by Authorized Persons/Vendor/associated entities of the member.
- c. directly or indirectly associate with any platform providing any reference to the past or expected future return/performance of the algorithm.

Members who are directly/indirectly referring to any past or expected future return/performance of algorithmic trading services/strategies, or are associated with any platform providing such reference, shall remove the same from all the aforesaid platforms/communications/materials and disassociate themselves from the platforms providing such references by September 09, 2022.

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Members are advised to ensure the compliance of the above-mentioned requirement and provide an undertaking for confirmation of the compliance along with the proof by October 10, 2022, on ENIT portal. The link of the ENIT module for submission of the confirmation by members shall be communicated by September 19, 2022.

The said SEBI Circular is attached as Annexure 1 for ready reference of the members.

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

**Ankit Kothari**  
**Senior Manager**



**CIRCULAR**

**SEBI/HO/MIRSD/DOP/P/CIR/2022/117**

**September 02, 2022**

To,

**All Recognized Stock Exchanges  
Stock Brokers through Recognized Stock Exchanges**

**Dear Sir/Madam,**

**Subject: Performance/return claimed by unregulated platforms offering algorithmic strategies for trading**

1. It has come to the notice of the Securities and Exchange Board of India (SEBI) that some unregulated platforms are offering algorithmic trading services/strategies to investors for automated execution of trades. Such services and strategies are being marketed with “claims” of high returns on investment. Further, “ratings” have been assigned to the strategies, which could lead to investors being lured by such claims. This may amount to mis-selling of such services and strategies to investors.
2. In this regard, SEBI had cautioned investors against dealing with such unregulated platforms offering algorithmic trading services/strategies vide Press Release No. 20/2022 dated June 10, 2022.
3. It has also come to notice of SEBI that stock brokers provide algorithmic trading facility to investors through such platforms.
4. In order to prevent such acts and instances of mis-selling and to protect the interest of investors in the securities market, it has been decided that:
  - 4.1. Stock Brokers who provide services relating to algorithmic trading shall not:
    - 4.1.1. directly or indirectly make any reference to the past or expected future return/performance of the algorithm; and/or
    - 4.1.2. directly or indirectly associate with any platform providing any reference to the past or expected future return/performance of the algorithm.



- 4.2. Stock brokers who are directly/indirectly referring to any past or expected future return/performance of an algorithm or are associated with any platform providing such reference, shall remove the same from their website and/or disassociate themselves from the platforms providing such references, as the case may be, within seven days from the date of this circular.
5. Stock exchanges, are hereby, directed to:
- 5.1. take necessary steps and put in place necessary systems and procedures for implementation of the above provisions;
  - 5.2. make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above provisions;
  - 5.3. bring the provisions of this circular to the notice of stock brokers and disseminate the same on their website;
  - 5.4. monitor compliance of this circular by taking confirmation from stock brokers that they are compliant with clause 4.1 and 4.2 of this circular along with the proof of the same; and shall submit a compliance report to SEBI in this regard within 60 days from the date of this Circular.
6. The provisions of this circular shall be applicable with immediate effect.
7. Appropriate action may be taken by SEBI under the securities laws for non-compliance of the above provisions.
8. This circular is issued in exercise of powers conferred under Section 11(1) 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.

Yours faithfully,

**Aradhana Verma**  
**Deputy General Manager**  
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