



CIRCULAR

CIR/MRD/DP/ 25/2010

August 27, 2010

To

All Stock Exchanges

Dear Sir/ Madam,

Sub: Securities Trading using Wireless Technology

1. It has been decided that SEBI registered brokers who provide Internet Based Trading as specified by SEBI circular no. SMDRP/POLICY/CIR-06/2000 dated January 31, 2000 shall be eligible to provide securities trading using wireless technology. All relevant requirements applicable to internet based trading shall also be applicable to securities trading using wireless technology.
2. Securities Trading using Wireless technology shall include devices such as mobile phone, laptop with data card, etc, that use Internet Protocol (IP).
3. In addition, the stock exchange shall ensure that the broker complies with the following -
 - (a) There shall be secure access, encryption and security of communication for internet based trading and securities trading using wireless technology. DOT policy and regulation shall govern the level of encryption.
 - (b) Adequate measures should be taken 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.
 - (c) Unique identification number as given in case of internet based trading shall be made applicable for securities trading using wireless technology.
 - (d) In case of failure of the wireless network, alternative means of communication for placing orders should be available.
 - (e) Additional provisions specifying possible risks, responsibilities and liabilities associated with securities trading using wireless technology should be incorporated in the Broker-Client agreement as an addendum or by bringing to the notice of clients, who are desirous of availing such facility, and taking their concurrence on the same.
 - (f) As it may not be possible to give detailed information to the investor on a hand held device e.g. mobile phones, it may be ensured that minimum information may be given with addresses of the Internet web site/web page where detailed information would be available.
 - (g) Order confirmation should be provided to the user on submitting the order. Order modification / cancellation facilities should also be provided. Trade confirmation should be provided to the user, along with history of trades for the day.



- (h) Session login details should not be stored on the devices used for internet based trading and securities trading using wireless technology.
 - (i) Network security protocols and interface standards should be as per prevalent industry standards and sound audit trails should be available for all transactions conducted using wireless devices.
 - (j) The broker's server routing orders to the exchange trading system shall be located in India.
 - (k) Stock exchanges shall arrange for periodic systems audits of broker systems to ensure that requirements specified in the circulars are being met.
 - (l) Stock exchange shall also include securities trading using wireless technology in their ongoing investor awareness and educational programme
4. Stock exchanges 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.
5. Exchanges are advised to
- a) make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision.
 - b) bring the provisions of this circular to the notice of the member brokers/clearing members of the Exchange and also to disseminate the same on the website.
 - c) communicate to SEBI, the status of the implementation of this circular in the Monthly Development Report.
6. This circular is being 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 market.

Yours faithfully,

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