



**MESSAGE FOR INVESTORS
relating to**

ISSUE OF SECURITIES

INVESTING IN DERIVATIVES

COLLECTIVE INVESTMENT SCHEME (CIS)

DEALING WITH BROKERS & SUB - BROKERS

INVESTING IN MUTUAL FUNDS

BUYBACK OF SECURITIES

OPEN OFFER UNDER TAKEOVER REGULATIONS

DEALING IN SECURITIES

ISSUE OF SECURITIES

DOS

- ✓ Read the Prospectus/ Abridged Prospectus and carefully note:
 - ✓ Risk factors pertaining to the issue.
 - ✓ Financials of the issuer.
 - ✓ Object of the issue.
 - ✓ Outstanding litigations and defaults, if any.
 - ✓ IPO Grading.
 - ✓ Basis of issue price.
 - ✓ 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 of 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 fall prey to market rumours.
- × Do not go by any implicit/explicit promise made by any one.
- × Do not invest based on bull run of the market index/scrips of other companies in same industry/issuer company.
- × 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.
- ✓ 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.
- ✓ 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.
- × Do not trade on any product without knowing the risk and rewards associated with it.

COLLECTIVE INVESTMENT SCHEME (CIS)

DOS

- ✓ Before investing ensure that the entity is registered with SEBI.
- ✓ Read the offer document of the scheme especially the risk factors carefully.
- ✓ Check the viability of the project.
- ✓ Check and verify the background/expertise of the promoters.
- ✓ Ensure clear and marketable title of the property/assets of the entity.
- ✓ Ensure that the Collective Investment Management Company has the necessary infrastructure to carry out the scheme.
- ✓ Check the credit rating of the scheme and tenure of the rating.
- ✓ Check for the appraisal of the scheme and read the brief appraisal report.
- ✓ Read carefully the objects of the scheme.
- ✓ Check for the promise vis-a-vis performance of the earlier schemes in the offer document.
- ✓ Ensure that CIMC furnishes a copy of the Annual Report within two months from the closure of the financial year.
- ✓ Note that SEBI cannot guarantee or undertake the repayment of money to the investors.
- ✓ Please visit <http://investor.sebi.gov.in> for CIMC registered with SEBI and FAQs with regard to Collective Investment Schemes in their respective vernacular languages

DON'TS

- ✗ Do not invest in any CIS entity not having SEBI registration.
- ✗ Do not get carried away by indicative returns.
- ✗ Do not invest based on market rumours.

DEALING WITH BROKERS & SUB – BROKERS

DOS

- ✓ 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.
- ✓ State clearly who will be placing orders on your behalf
- ✓ Insist on client registration form to be signed by the intermediary before commencing operations.
- ✓ Enter into an agreement with your broker or sub-broker setting out terms and conditions clearly.
- ✓ Ensure that you read the agreement and risk disclosure document carefully before signing.
- ✓ Make sure that you sign on all the pages of the agreement and ensure that the broker or a representative authorized to sign, signs on all the pages of the agreement. Also the agreement should be signed by the witnesses by giving their name and address.
- ✓ Insist on a valid contract note/ confirmation memo for trades done each day 24 hours of the transaction.
- ✓ Sign the duplicate contract note/ confirmation memo, to be kept with the broker once you receive the original.
- ✓ Insist on bill for every settlement.
- ✓ Ensure that broker's name, trade time and number, transaction price and brokerage are shown distinctly on the contract note.
- ✓ Insist on periodical statement of accounts.
- ✓ Issue cheques/drafts in trade name of the intermediary 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.
- ✓ In case of sub-broker disputes, inform the main broker about the dispute within 6 months.
- ✓ 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.
- ✓ Keep a record of all the instructions issued to the broker/ sub- broker.
- ✓ Keep track of your portfolio in your Demat A/c on a regular basis.

DON'TS

- × Do not deal with unregistered intermediaries.
- × Do not pay more than the approved brokerage to the intermediary.
- × Do not undertake deals for others.
- × Do not neglect to set out in writing, orders for higher value given over phone.
- × 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 accept contract note/confirmation memo signed by any unauthorised person.

- × Don't delay payment/deliveries of securities to broker/ sub-broker.
- × Don't get carried away by luring advertisements, if any.
- × Don't be led by market rumours or get into shady transactions.

INVESTING IN MUTUAL FUNDS

DOS

- ✓ Read the offer document carefully before investing.
- ✓ Note that investments in Mutual Funds may be risky.
- ✓ Mention your bank account number in the application form.
- ✓ Invest in a scheme depending upon your investment objective and risk appetite.
- ✓ Note that Net Asset Value of a scheme is subject to change depending upon market conditions.
- ✓ Insist for a copy of the offer document/key information memorandum before investing.
- ✓ Note that past performance of a scheme is not indicative of future performance.
- ✓ Past performance of a scheme may or may not be sustained in future.
- ✓ Keep track of the Net Asset Value of a scheme, where you have invested, on a regular basis.
- ✓ Ensure that you receive an account statement for the money that you have invested.
- ✓ Update yourself on the performance of the scheme on a regular basis.
- ✓ Peruse the annual reports and half yearly financial results of mutual funds. These are published in national newspapers and on websites of mutual funds.
- ✓ Find out about entry load & exit load in case of open-ended schemes and check for initial expenses & exit load in case of close-ended schemes. Actual expenses for each scheme are disclosed in half yearly results.
- ✓ Find out about the investment profile provided in portfolio disclosures which is available on half yearly basis.
- ✓ With assistance from sources of information like Scheme Offer documents, Key Information Memorandum, Statement of accounts, Annual and half yearly reports, portfolio disclosures etc., you are recommended to take informed investment decisions, not based on hearsay.
- ✓ Waiver of Entry Load is provided for Direct Applications. For investors wanting to make Applications for mutual fund schemes without a distributor/broker, should cut across the section on 'Distributor information' in application form, mark it as 'Direct application' and countersign. The waiver of Entry Load for Direct Applications is available for new applications and for switch-ins from one scheme to another.
- ✓ If an investor is seeking the help of a distributor, find out the value added services that is provided by distributor in respect of investments in mutual fund schemes.
- ✓ Please verify that no entry/exit load is charged to you for bonus units issued, if any, and in lieu of units allotted on reinvestment of Dividend.
- ✓ The offer documents for mutual Fund Schemes are now bifurcated as 'Scheme Information Document (SID)' and 'Statement of Additional Information(SAI)'. Each scheme has a SID whereas SAI is common for all schemes. While making investment decisions, you, as investor, are

expected to peruse the SID and SAI besides the existing Key Information Memorandum (KIM).

- ✓ Take care to mention nominee/nominees in your application forms.
- ✓ Complete KYC requirements as per instructions on application form.

DON'TS

- × Do not invest in a scheme just because somebody is offering you a commission or other incentive, gifts etc.
- × Do not get carried away by the name of the scheme/Mutual Fund.
- × Do not fall prey to promises of unrealistic returns.
- × Do not forget to take note of risks involved in the investment.
- × Do not hesitate to approach concerned persons and then the appropriate authorities for any problem.
- × Do not deal with any agent/broker dealer who is not registered with Association of Mutual Funds in India (AMFI).
- × Avoid herd mentality while buying / selling into mutual fund schemes.
- × Don't leave out KYC details in your application forms. That will make the forms liable for rejection.
- × Don't rush into making investments that do not match your risk taking appetite and investment goals.
- × Investors should be wary of concentrating their mutual fund portfolio in one particular asset class and not diversifying across various types of scheme profiles.

BUYBACK OF SECURITIES

DOS

- ✓ Read the special resolution regarding the proposed buy back in detail and then vote for it.
- ✓ Compare the price offered in buy back with market price during last few months, Earning per Share, Book Value etc.
- ✓ Determine whether the price offered is reasonable.
- ✓ Read the instructions for making the application for tendering of shares carefully and follow them.
- ✓ Ensure that your application reaches the collection centre well within time.
- ✓ If you don't get the letter of offer within reasonable period, contact the Merchant Banker.
- ✓ Mention all details as required in the letter of offer legibly.
- ✓ Furnish all the documents asked for in the letter of offer.
- ✓ Send application through the mode (post/courier/hand delivery/ordinary post etc.) specified in the letter of offer.
- ✓ Contact Merchant Banker (MB) if no response is received from company/ MB regarding consideration for tendered shares within stipulated time.
- ✓ Contact Compliance Officer mentioned in the letter of offer in case of any grievance against the company.
- ✓ Contact the Registrar of Companies in case you feel that provision of the Companies Act has been violated.
- ✓ Contact the Merchant Banker in case of any grievance against the procedure followed in the buy back.

DON'TS

- ✗ Don't submit multiple applications.
- ✗ Don't forget to fill up the application legibly.
- ✗ Don't mutilate the application form.
- ✗ Don't cross/ cut in the application form.
- ✗ Don't send the application at wrong address.
- ✗ Don't send the application after the close of offer.
- ✗ Don't forget to give complete information in the application form.
- ✗ Don't forget to sign on application form.
- ✗ Don't give wrong/ contradictory information on the application form.

OPEN OFFER UNDER TAKEOVER REGULATIONS

DOS

- ✓ Ensure that you are aware of all competitive offers and revision of offer before deciding on accepting the offer
- ✓ Refer to national dailies/ SEBI website for details of competitive offers or revisions of offers.
- ✓ Note that the offer would be subject to statutory approvals, if any, mentioned in the Letter of Offer
- ✓ Check whether the offer will result in delisting of the company.
- ✓ In case of dematerialised equity shares ensure credit is received to the Special Depository Account before the closure of the Offer.
- ✓ Carefully note the timings/days for hand delivery of the documents mentioned in the letter of offer.
- ✓ Wait till last date for Offer Revision (i.e. 7 working days prior to date of closing of offer) before tendering acceptance.
- ✓ Submit the Form of Withdrawal accompanying the Letter of Offer at any specified collection center upto 3 working days before date of closing of the Offer in case you want to withdraw the shares tendered.
- ✓ Ensure that signatures on Form of Acceptance, Transfer Deed, Depository Instruction and Form of Withdrawal are in same order and same as those lodged with the company.
- ✓ In case of non receipt of Offer Document, you can tender or withdraw from the Offer by making an application on plain paper giving the necessary details

DON'TS

- × Don't wait for the last date for the closure of the offer for tendering your acceptance.
- × Don't fill in the details of the buyer/transferee in the transfer deed to be sent.
- × Don't file an incomplete application form/invalid documents.

DEALING IN SECURITIES

DOS

- ✓ Transact only through Stock Exchanges.
- ✓ Deal only through SEBI registered intermediaries.
- ✓ Complete all the required formalities of opening an account properly (Client registration, Client agreement forms etc).
- ✓ Ask for and sign "Know Your Client Agreement".
- ✓ Read and properly understand the risks associated with investing in securities / derivatives before undertaking transactions.
- ✓ Assess the risk – return profile of the investment as well as the liquidity and safety aspects before making your investment decision.
- ✓ Ask all relevant questions and clear your doubts with your broker before transacting.
- ✓ Invest based on sound reasoning after taking into account all publicly available information and on fundamentals.
- ✓ Give clear and unambiguous instructions to your broker / sub-broker / depository participant.
- ✓ Be vigilant in your transactions.
- ✓ Insist on a contract note for your transaction.
- ✓ Verify all details in contract note, immediately on receipt.
- ✓ Crosscheck details of your trade with details as available on the exchange website.
- ✓ Scrutinize minutely both the transaction and the holding statements that you receive from your Depository participant.
- ✓ Keep copies of all your investment documentation.
- ✓ Handle Delivery Instruction Slips (DIS) Book issued by DP's carefully.
- ✓ Insist that the DIS numbers are pre-printed and your account number (client id) be pre stamped.
- ✓ In case you are not transacting frequently make use of the freezing facilities provided for your demat account.
- ✓ Pay the margins required to be paid in the time prescribed.
- ✓ Deliver the shares in case of sale or pay the money in case of purchase within the time prescribed.
- ✓ Participate and vote in general meetings either personally or through proxy.
- ✓ Be aware of your rights and responsibilities.
- ✓ In case of complaints approach the right authorities for redressal in a timely manner.
- ✓ In case physical deliveries are received, check them as per the Good/Bad delivery guidelines issued by SEBI.
- ✓ Transfer of ownership of physical shares should be executed by a valid, duly completed and stamped transfer deed
- ✓ Educate other investors (Friends, Family etc.) about these Dos & Don'ts

DON'TS

- ✗ Given the benefits of trading on stock exchange it is advisable to avoid off-market transactions.

- × Don't deal with unregistered intermediaries.
- × Don't fall prey to promises of unrealistic returns.
- × Don't invest on the basis of hearsay and rumors; verify before investment.
- × Don't forget to take note of risks involved in the investment.
- × Don't be misled by rumours circulating in the market.
- × Don't be influenced into buying into fundamentally unsound companies (penny stocks) based on sudden spurts in trading volumes or prices or non authentic favorable looking articles / stories.
- × Don't follow the herd or play on momentum - it could turn against you.
- × Don't be misled by so called hot tips.
- × Don't try to time the market.
- × Don't hesitate to approach the proper authorities for redressal of your doubts / grievances.
- × Don't leave signed blank Delivery Instruction Slips of your demat account lying around carelessly or with anyone.
- × Do not sign blank Delivery Instruction Slips(DIS) and keep them with Depository Participant(DP) or broker to save time. Remember your carelessness can be your peril.
- × Do not follow investment advice from news channel experts – do your own research.
- × Do not invest under peer pressure.

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