

Information note to the Press

For Immediate Release

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Telecom Regulatory Authority of India

TRAI issues Direction to service providers regarding unsolicited bulk SMSs relating to investment in securities market.

New Delhi 10th August, 2017: Telecom Regulatory Authority of India (TRAI) today issued a direction to service providers regarding unsolicited bulk SMSs relating to investment in securities market to address the concerns expressed by Security and Exchange Board of India (SEBI) relating to misleading unsolicited bulk SMSs to investors in securities market by unauthorized persons.

2. SEBI has brought to the notice of the Authority that as per their regulations only SEBI registered investment advisors such as brokers, sub-brokers, portfolio managers and merchant bankers are allowed to provide investment advice to investors in stocks and shares. However, some unscrupulous persons or entities, masquerading as SEBI registered investment adviser, are sending bulk SMS relating to investment advice or tips to telecom users for financial gains by manipulating the security market. Also lack of reliable information on the identity of miscreants and the senders of such SMS creates insurmountable roadblocks for SEBI in taking necessary enforcement action against them.

3. To address the above issues being faced by SEBI in enforcing its regulations and to protect the interest of telecom consumers against misleading messages relating to investment in security market, TRAI today issued a direction to all service providers to take certain steps for controlling bulk messages relating to securities. The direction calls for the service providers to ensure the following:-

(a) SMSs relating to investment advice/stock tips only from SEBI registered investment advisers, stock brokers, sub brokers, portfolio managers and merchant bankers (as per

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list available on SEBI website) shall be sent or allowed to be sent through registered Telemarketer;

(b) messages from SEBI registered investment advisers shall only be sent as transactional message either directly or through a registered Telemarketer. Such messages shall not be sent or allowed to be sent as promotional messages;

(c) necessary arrangements shall be made to filter and block the SMSs sent by Telemarketers using bulk SMS channel (telecom resources taken for promotional messages) containing certain key words relating to securities, such as buy, Sell, Hold, Accumulate, Target followed by Scrip code/ Scrip name provided by any recognized stock exchange;

(d) SMSs relating to investment advice sent by subscribers not registered with TRAI as a Telemarketer shall also be filtered and blocked using these key words through the signature solution already implemented by service providers;

(e) before sending any SMS relating to investment advice or tip, verify from the list of registered investment advisers at the SEBI website whether the person or entity on whose behalf the message is sent is a SEBI registered investment adviser, collect the requisite document and verify the identity of the sender. Such verification shall also be ensured to be done by registered Telemarketers and only after such verification any SMS relating to investment advice or tip shall be permitted to be sent; and

(f) the documents relating to identity of the sender shall be kept for a period of one year and shall be made available, upon request, to the Authority or its authorized agency.


(S.K. Gupta) 7/12.8.09/10.8.2017

Secretary-Incharge