

Investor Precautions

1. Beware of Guaranteed Returns

Do not deal with anyone offering fixed, guaranteed or regular returns, or capital protection. Brokers, Authorised Persons and their associates are not permitted to offer such schemes or enter into arrangements to pay interest on your funds.

2. Avoid Keeping Funds Idle

Do not keep surplus funds with your Stock Broker. If there has been no transaction for the last 30 calendar days, eligible credit balances should be returned within the applicable regulatory timeline.

3. Check Account Settlement Frequency

Check your selected running-account settlement cycle. Ensure that your funds and securities are settled at least once every **90 days**, or **30 days** if you have opted for the 30-day settlement cycle, as applicable.

4. Do Not Transfer Securities as Margin

Do not transfer securities to your broker, Authorised Person or their associates as margin. Securities provided as collateral must remain in your account and should be pledged through the prescribed **Margin Pledge** mechanism in the Depository system.

5. Keep Your Contact Details Updated

Ensure that your registered mobile number and email ID are updated with your Stock Broker. Contact your broker/Exchange if you do not receive regular Exchange or Depository alerts.

6. Verify Exchange Alerts and Trade Details

Do not ignore SMSs or emails received from the Exchange. Verify your trades with contract notes and account statements and report any discrepancy to your broker immediately in writing.

7. Check Weekly Balances

Regularly check the weekly funds and securities balance communicated by the Exchange and compare it with your broker's statement. Report any discrepancy promptly.

8. Transfer Funds Only to the Registered Broker

For trading purposes, transfer funds only to the designated bank account of your **SEBI-registered Stock Broker**. Do not transfer funds to an Authorised Person, associate or any other person.

9. Understand Investor Protection Provisions

In case of default of a trading member, claims relating to funds or securities will be subject to the applicable Exchange rules and **Investor Protection Fund (IPF)** norms.

Risk disclosures on derivatives

- 9 out of 10 individual traders in equity Futures and Options Segment, incurred net losses.
- On an average, loss makers registered net trading loss close to ₹50,000.
- Over and above the net trading losses incurred, loss makers expended an additional 28% of net trading losses as transaction costs.
- Those making net trading profits, incurred between 15% to 50% of such profits as transaction cost.

Source: [SEBI study](#) dated January 25, 2023 on “Analysis of Profit and Loss of Individual Traders dealing in equity Futures and Options (F&O) Segment”, wherein Aggregate Level findings are based on annual Profit/Loss incurred by individual traders in equity F&O during FY 2021-22.