



PR No.43/2011

### **Caution to investors**

The Securities and Exchange Board of India (“SEBI”) is a regulatory body established by an Act of Parliament to protect the interests of investors in the securities market, to promote the development of and regulate the securities market, and for matters connected therewith or incidental thereto.

SEBI has been receiving complaints against persons who have been giving stock-specific advice to investors and receiving consideration for the same. Further, it has also come to the notice of SEBI that some persons are giving investment advice through the print media or by sending bulk SMS messages even without entering into any contract or arrangement or without any consideration.

Section 12 of the SEBI Act, 1992 requires all intermediaries, including portfolio managers, associated with the securities market to obtain registration from SEBI before operating in the securities market. Under the SEBI (Portfolio Manager) Regulations, 1993, a portfolio manager is a body corporate who pursuant to a contract or arrangement with a client, advises or directs or undertakes on behalf of the client management or administration of a portfolio of securities or the funds of the client.

The code of conduct for all intermediaries including portfolio managers provides that the

intermediary or any of his employees shall not render, directly or indirectly any investment advice about any security in the publicly accessible media, unless a disclosure of his long or short position in the said security has been made, while rendering such advice. The code of conduct also provides that in case an employee of the intermediary is rendering such advice, he shall also disclose the interest of his dependent family members and the employer including their long or short position in the said security, while rendering such advice

In this context, investors are advised to be cautious and to take the following precautions before dealing in any manner with persons seeking to render such advice:-

- where the advice is rendered or sought to be rendered by a body corporate pursuant to a contract or arrangement, to verify whether it is registered as portfolio manager under the SEBI (Portfolio Manager) Regulations, with SEBI. The list of entities which are registered as portfolio managers with SEBI can be verified from the SEBI website [www.sebi.gov.in](http://www.sebi.gov.in)
  
- where the advice is rendered or sought to be rendered by any person, by means of advertisements through SMSs, or the electronic or print media, whether pursuant to or in the absence of any contract or arrangement, it might be an attempt to influence market price and lure investors. Investors are therefore advised to take adequate care and carry out necessary due diligence before acting on the basis of such advice/communication.

This Press Release is issued in the general interest of investors in the securities market.

Mumbai

March 18, 2011