

Do's & Don'ts - Secondary Market

Do's:

- Before investing, please check about the credentials of the company, its management, fundamentals and recent announcements made by them and other disclosures made under various regulations.
- The sources of information are the websites of the exchanges and companies, databases of data vendors, business newspapers and magazines etc.
- Adopt trading/investment strategies commensurate with your risk-bearing capacity as all investments carry some risk, the degree of which varies according to the investment strategy adopted.
- Assess the risk-return profile of the investment as well as the liquidity and safety aspects before making your investment decision.
- Ensure that you read all the mandatory documents viz. Rights and Obligations, Risk Disclosure Document, Policy and Procedure document of intermediaries. Ensure that you fill the KYC form completely and strike off the blank fields in the KYC form.
- Give clear and unambiguous instructions to your broker/sub-broker/DP.
- Pay the required margins in the prescribed time.
- Participate and vote in general meeting personally or through a proxy.
- Deliver the shares/depository slip in case of sale and pay the money in case of purchase within the prescribed time.
- Scrutinize both the transactions and the holding statements that you receive from your DP.
- Handle Delivery Instruction Slips (DIS) Book issued by the DP carefully. Insist that the DIS numbers are pre-printed and your account number (Client ID) is pre-stamped.
- In case you are not transacting frequently, make use of the freezing facility provided for in your demat account.
- Keep copies of all investment documents. Ask all relevant questions and clear your doubts before transacting.
- Please register your mobile number and email id with the stock broker, to receive trade confirmation alerts / details of the transactions through SMS or email, by the end of the trading day, from the stock exchanges and Depositories.

Don'ts:

- Don't forget to take account of the potential risks that are involved in any investment.
- Don't fall prey to promises of unrealistic returns or guaranteed returns.
- Don't invest on the basis of hearsays, rumours and tips.
- Don't be influenced into buying into fundamentally unsound companies (penny stocks) based on sudden spurts in trading volumes or prices or favourable articles/stories in the media.
- Don't follow the herd and don't play on momentum.
- Don't invest under peer pressure or blindly imitate investment decisions of others who may have profited from their investment decisions.
- Don't get misled by companies showing approvals / registrations from Government agencies as the approvals could be for certain other purposes.
- Don't get carried away with advertisements about the financial performance of companies.
- Don't get misled by guarantees of repayment of your investments (and returns) through post-dated cheques.
- Don't give signed blank DIS to your DP or to your broker.