

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2810

ANSWERED ON:13.03.2015

TRADING OF SHARES THROUGH SMART PHONES

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Will the Minister of FINANCE be pleased to state:

(a) whether the Government has taken note that trading of share through smart phones has increased three fold during the last year; and

(b) if so, the details thereof and the action taken by the Government in this regards?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA)

(a) and (b): The Securities and Exchange Board of India (SEBI) permitted securities trading using wireless technology vide its circular dated August 27, 2010. The said circular deals with securities trading using devices such as mobile phones, laptops with data cards etc, which use Internet Protocol.

Based on information provided by SEBI, the details regarding trading of shares through Securities Trading using Wireless Technology (STWT) in Cash Market of NSE and BSE in the last three financial years (i.e., 2012-13, 2013-14 and 2014-15 till February 2015) are given below:

	2012-2013	2013-2014	2014-2015
			(till Feb 2015)
Turnover on account of trades undertaken using STWT (in Rs. Crores)	19,871.20	38,523.54	90,597.98
% increase as compared to the previous year	-	93.87%	135.18%

Source: SEBI

SEBI Circular dated 27th August, 2010 contains, inter alia, directions to stock exchanges, with which the exchanges are required to assure compliance of brokers. These include:

(i) To ensure secure access, encryption and security of communication for internet-based trading and securities trading using wireless technology. The level of encryption in this regard is governed by Department of Telecommunications' policy and regulation.

(ii) Adequate measures to be provided for user identification and authentication and access control to prevent misuse of such facility by unauthorised persons.

(iii) Unique identification number as given in case of internet based trading shall be made applicable for securities trading using wireless technology.

(iv) Additional provisions specifying possible risks, responsibilities and liabilities associated with securities trading using wireless technology are required to be incorporated in the Broker-Client agreement as an addendum or by bringing to the notice of clients, who are desirous of availing such facility, and taking their concurrence on the same.

(v) Further, the said Circular requires network security protocols and interface standards to be as per prevalent industry standards and sound audit trails to be available for all transactions conducted using wireless devices.

(vi) In addition, the stock exchanges are required to arrange periodic systems audits of broker systems to ensure that the requirements specified in the SEBI circular are being satisfied.

(vii) Stock exchange shall also include securities trading using wireless technology in their ongoing investor awareness and educational programme.