

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:1908  
ANSWERED ON:24.08.2007  
ONLINE TRADING FRAUDS  
Baxla Shri Joachim

**Will the Minister of FINANCE be pleased to state:**

- (a) the details of online trading frauds took place during the last three years;
- (b) whether National Stock Exchange has recently come up with a plan to trace online trading frauds;
- (c) if so, the details thereof;
- (d) whether due to various frauds in stock exchanges, the investors are being cheated; and
- (e) if so, the steps taken by the Government to ensure transparency in the functioning of various stock exchanges in the country?

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

- (a) The National Stock Exchange of India Limited (NSEIL) has received 16 complaints from the investors relating to misuse of user-id and password in respect of internet trading during the last three years. The Bombay Stock Exchange (BSE) has not received any such complaints.
- (b) &(c): In order to strengthen security and access controls at broker's end in respect of internet trading, NSEIL has stipulated a compulsory system audit by Certified Information Systems Auditor. It has also specified minimum safety standards which the software facilitating internet based trading should provide.
- (d) There are mechanisms in place to deal with misuse of user-id and password or any other kind of cheating.
- (e) SEBI has prescribed minimum conditions to be ensured by the stock exchanges and the system requirements to be put in place before granting approval to the brokers to start internet trading.