



**ANNEXURE - I**  
**GUIDANCE NOTE - DO'S AND DON'TS FOR TRADING ON THE EXCHANGE(S) FOR INVESTORS**

**BEFORE YOU BEGIN TO TRADE**

1. Ensure that you deal with and through only SEBI registered intermediaries. You may check their SEBI registration certificate number from the list available on the Stock Exchanges [www.nseindia.com](http://www.nseindia.com); [www.bseindia.com](http://www.bseindia.com); [www.msei.in](http://www.msei.in); [www.mcxindia.com](http://www.mcxindia.com); [www.ncdex.com](http://www.ncdex.com); [www.icexindia.com](http://www.icexindia.com) and SEBI website [www.sebi.gov.in](http://www.sebi.gov.in)
2. Ensure that you fill the KYC form completely and strike off the blank fields in the KYC form.
3. Ensure that you have read all the mandatory documents viz. Rights and Obligations, Risk Disclosure Document, Policy and Procedure document of the Stock Broker.
4. Ensure to read, understand and then sign the voluntary clauses, if any, agreed between you and the stock broker. Note that the clauses as agreed between you & stock broker cannot be changed without your consent.
5. Get a clear idea about all brokerage, commissions, fees and other charges levied by the broker on you for trading and the relevant provisions/ guidelines specified by SEBI/Stock exchanges.
6. Obtain a copy of all the documents executed by you from the stock broker free of charge.
7. In case you wish to execute Power of Attorney (POA) in favor of the Stock broker, authorizing it to operate your bank and demat account, please refer to the guidelines issued by SEBI/Exchanges in this regard.

**TRANSACTIONS AND SETTLEMENTS**

8. The stock broker may issue electronic contract notes (ECN) if specifically authorized by you in writing. You should provide your email id to the stock broker for the same. Don't opt for ECN if you are not familiar with computers.
9. Don't share your internet trading account's password with anyone.
10. Don't make any payment in cash to the Stock Broker.
11. Make the payments by account payee cheque in favor of the Stock Broker. Don't issue cheques in the name of sub-broker. Ensure that you have a documentary proof of your payment/deposit of securities with the stock broker, stating date, scrip, quantity, towards which bank/ demat account such money or securities deposited and from which bank/ demat account.
12. Note that facility of Trade Verification is available on stock exchanges' websites, where details of trade as mentioned in the contract note may be verified. Where trade details on the website do not tally with the details mentioned in the contract note, immediately get in touch with the Investors Grievance Cell of the relevant Stock exchange.
13. In case you have given specific authorization for maintaining running account, payout of funds or delivery of securities (as the case may be), may not be made to you within one working day from the receipt of payout from the Exchange. Thus, the stock broker shall maintain running account for you subject to the following conditions:
  - a) Such authorization from you shall be dated, signed by you only and contains the clause that you may revoke the same at any time.
  - b) The actual settlement of funds and securities shall be done by the stock broker, at least once in a calendar quarter or month, depending on your preference. While settling the account, the stock broker shall send to you a 'statement of accounts' containing an extract from the client ledger for funds and an extract from the register of securities displaying all the receipts/ deliveries of funds and securities. The statement shall also explain the retention of funds and securities and the details of the pledged shares, if any.



- c) On the date of settlement, the stock broker may retain the requisite securities/funds towards outstanding obligations and may also retain the funds expected to be required to meet derivatives margin obligations for next 5 trading days, calculated in the manner specified by the exchanges. In respect of cash market transactions, the stock broker may retain entire pay-in obligation of funds and securities due from clients as on date of settlement and for next day's business, he may retain funds/securities/margin to the extent of value of transactions executed on the day of such settlement in the cash market.
- d) You need to bring any dispute arising from the statement of account or settlement so made to the notice of the stock broker in writing preferably within 7 (seven) working days from the date of receipt of funds/securities or statement, as the case may be. In case of dispute, refer the matter in writing to the Investors Grievance Cell of the relevant Stock Exchanges without delay.

14. In case you have not opted for maintaining running account and pay-out of funds/securities is not received on the next working day of the receipt of payout from the exchanges, please refer the matter to the stock broker. In case there is dispute, ensure that you lodge a complaint in writing immediately with the Investors Grievance Cell of the relevant Stock Exchange.

15. 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.

#### **IN CASE OF TERMINATION OF TRADING MEMBERSHIP**

16. In case, a stock broker surrenders his membership, is expelled from membership or declared a defaulter; Stock exchanges gives a public notice inviting claims relating to only the "transactions executed on the trading system" of Stock exchange, from the investors. Ensure that you lodge a claim with the relevant Stock exchanges within the stipulated period and with the supporting documents.

17. Familiarize yourself with the protection accorded to the money and/or securities you may deposit with your stock broker, particularly in the event of a default or the stock broker's insolvency or bankruptcy and the extent to which you may recover such money and/or securities may be governed by the Bye-laws and Regulations of the relevant Stock exchange where the trade was executed and the scheme of the Investors' Protection Fund in force from time to time.

#### **DISPUTES/ COMPLAINTS**

18. Please note that the details of the arbitration proceedings, penal action against the brokers and investor complaints against the stock brokers are displayed on the website of the relevant Stock Exchange.

19. In case your issue/problem/grievance is not being sorted out by concerned stock broker/sub-broker then you may take up the matter with the concerned Stock exchange. If you are not satisfied with the resolution of your complaint then you can escalate the matter to SEBI.

20. Note that all the stock broker/sub-brokers have been mandated by SEBI to designate an Email Id of the grievance redressal division/compliance officer exclusively for the purpose of registering complaints.



**ANNEXURE - II**  
**RISK DISCLOSURE DOCUMENT FOR CAPITAL MARKET, EQUITY DERIVATIVES,  
CURRENCY DERIVATIVES AND COMMODITY DERIVATIVES SEGMENTS**

This document contains important information on trading in Equities/Equity Derivatives/Currency Derivatives/Commodity Derivatives Segments of the Stock Exchanges/Commodity Exchanges. All prospective constituents should read this document before trading in Equities/Equity Derivatives/Currency Derivatives/Commodity Derivatives Segments of the Exchanges.

Stock Exchanges/Commodity Exchanges/SEBI does neither singly or jointly and expressly nor impliedly guarantee nor make any representation concerning the completeness, the adequacy or accuracy of this disclosure document nor have Stock Exchanges/Commodity Exchanges/SEBI endorsed or passed any merits of participating in the trading segments. This brief statement does not disclose all the risks and other significant aspects of trading.

In the light of the risks involved, you should undertake transactions only if you understand the nature of the relationship into which you are entering and the extent of your exposure to risk.

You must know and appreciate that trading in Equity Shares, Equity Derivatives Contracts, Currency Derivatives Contracts, Commodity Derivatives Contract or other instruments traded on the Stock Exchange/Commodity Exchange, which have varying element of risk, is generally not an appropriate avenue for someone of limited resources/limited investment and/or trading experience and low risk tolerance. You should therefore carefully consider whether such trading is suitable for you in the light of your financial condition. In case you trade on Stock Exchanges/Commodity Exchanges and suffer adverse consequences or loss, you shall be solely responsible for the same and Stock Exchanges/ Commodity Exchanges /its Clearing Corporation and/or SEBI shall not be responsible, in any manner whatsoever, for the same and it will not be open for you to take a plea that no adequate disclosure regarding the risks involved was made or that you were not explained the full risk involved by the concerned Stock Broker/Commodity Broker. The constituent shall be solely responsible for the consequences and no contract can be rescinded on that account. You must acknowledge and accept that there can be no guarantee of profits or no exception from losses while executing orders for purchase and/or sale of a derivative contract being traded on Stock Exchanges/Commodity Exchanges.

It must be clearly understood by you that your dealings on Stock Exchanges/Commodity Exchanges through a Stock Broker/Commodity Broker shall be subject to your fulfilling certain formalities set out by the Stock Broker/Commodity Broker, which may inter alia include your filling the know your client form, reading the rights and obligations, do's and don'ts, etc., and are subject to the Rules, Byelaws and Regulations of relevant Stock Exchanges/ Commodity Exchanges, its Clearing Corporation, guidelines prescribed by SEBI and in force from time to time and Circulars as may be issued by Stock Exchanges/ Commodity Exchanges or its Clearing Corporation and in force from time to time.

Stock Exchanges/ Commodity Exchanges does not provide or purport to provide any advice and shall not be liable to any person who enters into any business relationship with any Stock Broker/Commodity Broker of Stock Exchanges/ Commodity Exchanges and/or any third party based on any information contained in this document. Any information contained in this document must not be construed as business advice. No consideration to trade should be made without thoroughly understanding and reviewing the risks involved in such trading. If you are unsure, you must seek professional advice on the same.

In considering whether to trade or authorize someone to trade for you, you should be aware of or must get acquainted with the following:



## **1. BASIC RISKS:**

### **1.1 Risk of Higher Volatility:**

Volatility refers to the dynamic changes in price that an Equity Derivatives/Currency Derivatives/ Commodity Derivatives contract undergoes when trading activity continues on the Stock Exchanges/ Commodity Exchanges. Generally, higher the volatility of a Equity Derivatives/Currency Derivatives/Commodity Derivatives contract, greater is its price swings. There may be normally greater volatility in thinly traded Equity Derivatives/Currency Derivatives/Commodity Derivatives contracts than in active Equity Derivatives/Currency Derivatives/Commodity Derivatives contracts. As a result of volatility, your order may only be partially executed or not executed at all, or the price at which your order got executed may be substantially different from the last traded price or change substantially thereafter, resulting in notional or real losses.

### **1.2 Risk of Lower Liquidity:**

Liquidity refers to the ability of market participants to buy and/or sell Securities/ Equity Derivatives/ Currency Derivatives/Commodity Derivatives contracts expeditiously at a competitive price and with minimal price difference. Generally, it is assumed that more the numbers of orders available in a market, greater is the liquidity. Liquidity is important because with greater liquidity, it is easier for investors to buy and/or sell Securities / Equity Derivatives/Currency Derivatives/Commodity Derivatives contracts swiftly and with minimal price difference, and as a result, investors are more likely to pay or receive a competitive price for Securities / Equity Derivatives/Currency Derivatives/Commodity Derivatives contracts purchased or sold. There may be a risk of lower liquidity in some Securities / Equity Derivatives/Currency Derivatives/Commodity Derivatives contracts as compared to active Securities / Equity Derivatives/Currency Derivatives/Commodity Derivatives contracts. As a result, your order may only be partially executed, or may be executed with relatively greater price difference or may not be executed at all.

1.2.1 Buying or selling Securities / Equity Derivatives/Currency Derivatives/Commodity Derivatives contracts as part of a day trading strategy may also result into losses, because in such a situation, Securities / Equity Derivatives/Currency Derivatives/Commodity Derivatives contracts may have to be sold/purchased at low/high prices, compared to the expected price levels, so as not to have any open position or obligation to deliver or receive a Securities / Equity Derivatives/Currency Derivatives/Commodity Derivatives contract.

### **1.3 Risk of Wider Spreads:**

Spread refers to the difference in best buy price and best sell price. It represents the differential between the price of buying Securities / Equity Derivatives/Currency Derivatives/Commodity Derivatives contract and immediately selling it or vice versa. Lower liquidity and higher volatility may result in wider than normal spreads for less liquid or illiquid Securities / Equity Derivatives/Currency Derivatives/Commodity Derivatives contracts. This in turn will hamper better price formation.

### **1.4 Risk-reducing Orders:**

The placing of orders (e.g., "stop loss" orders, or "limit" orders) which are intended to limit losses to certain amounts may not be effective many a time because rapid movement in market conditions may make it impossible to execute such orders.

1.4.1 A "market" order will be executed promptly, subject to availability of orders on opposite side, without regard to price and that, while the customer may receive a prompt execution of a "market" order, the execution may be at available prices of outstanding orders, which satisfy the order quantity, on price time priority. It may be understood that these prices may be significantly different from the last traded price or the best price in that security/derivatives contract.



1.4.2 A "limit" order will be executed only at the "limit" price specified for the order or a better price. However, while the customer receives price protection, there is a possibility that the order may not be executed at all.

1.4.3 A stop loss order is generally placed "away" from the current price of Securities / Equity Derivatives/Currency Derivatives/Commodity Derivatives contract, and such order gets activated if and when the Securities / Equity Derivatives/Currency Derivatives/Commodity Derivatives contract reaches, or trades through, the stop price. Sell stop orders are entered ordinarily below the current price, and buy stop orders are entered ordinarily above the current price. When the Securities / Equity Derivatives/Currency Derivatives/Commodity Derivatives contract reaches the pre-determined price, or trades through such price, the stop loss order converts to a market/limit order and is executed at the limit or better. There is no assurance therefore that the limit order will be executable since Securities / Equity Derivatives/Currency Derivatives/Commodity Derivatives contract might penetrate the pre-determined price, in which case, the risk of such order not getting executed arises, just as with a regular limit order.

#### **1.5 Risk of News Announcements:**

News announcements that may impact the price of Securities / Equity Derivatives/Currency Derivatives/Commodity Derivatives contract may occur during trading, and when combined with lower liquidity and higher volatility, may suddenly cause an unexpected positive or negative movement in the price of the Securities / Equity Derivatives/Currency Derivatives/Commodity Derivatives contracts.

#### **1.6 Risk of Rumors:**

Rumors about companies/currencies at times float in the market through word of mouth, newspapers, websites or news agencies, etc. The investors should be wary of and should desist from acting on rumors.

#### **1.7 System Risk:**

High volume trading will frequently occur at the market opening and before market close. Such high volumes may also occur at any point in the day. These may cause delays in order execution or confirmation.

1.7.1 During periods of volatility, on account of market participants continuously modifying their order quantity or prices or placing fresh orders, there may be delays in order execution and its confirmations.

1.7.2 Under certain market conditions, it may be difficult or impossible to liquidate a position in the market at a reasonable price or at all, when there are no outstanding orders either on the buy side or the sell side, or if trading is halted in Securities / Equity Derivatives/Currency Derivatives/Commodity Derivatives contract due to any action on account of unusual trading activity or Securities / Equity Derivatives/Currency Derivatives/Commodity Derivatives contract hitting circuit filters or for any other reason.

#### **1.8 System/Network Congestion:**

Trading on Exchanges is in electronic mode, based on satellite/leased line based communications, combination of technologies and computer systems to place and route orders. Thus, there exists a possibility of communication failure or system problems or slow or delayed response from system or trading halt, or any such other problem/glitch whereby not being able to establish access to the trading system/network, which may be beyond control and may result in delay in processing or not processing buy or sell orders either in part or in full. You are cautioned to note that although these problems may be temporary in nature, but when you have outstanding open positions or unexecuted orders, these represent a risk because of your obligations to settle all executed transactions.

2. As far as Derivatives segments are concerned, please note and get yourself acquainted with the following additional features:

#### **2.1 Effect of "Leverage" or "Gearing":**



In the derivatives market, the amount of margin is small relative to the value of the derivatives contract so the transactions are 'leveraged' or 'geared'. Derivatives trading, which is conducted with a relatively small amount of margin, provides the possibility of great profit or loss in comparison with the margin amount. But transactions in derivatives carry a high degree of risk.

You should therefore completely understand the following statements before actually trading in derivatives and also trade with caution while taking into account one's circumstances, financial resources, etc. If the prices move against you, you may lose a part of or whole margin amount in a relatively short period of time. Moreover, the loss may exceed the original margin amount.

A. Futures trading involve daily settlement of all positions. Every day the open positions are marked to market based on the closing level of index/derivatives contract. If contract has moved against you, you will be required to deposit the amount of loss (notional) resulting from such movement. This amount will have to be paid within a stipulated time frame, generally before commencement of trading on next day.

B. If you fail to deposit the additional amount by the deadline or if an outstanding debt occurs in your account, the Stock Broker/Commodity Broker may liquidate a part of or the whole position or substitute securities/commodities. In this case, you will be liable for any losses incurred due to such close-outs.

C. Under certain market conditions, an investor may find it difficult or impossible to execute transactions. For example, this situation can occur due to factors such as illiquidity i.e. when there are insufficient bids or offers or suspension of trading due to price limit or circuit breakers etc.

D. In order to maintain market stability, the following steps may be adopted: changes in the margin rate, increases in the cash margin rate or others. These new measures may also be applied to the existing open interests. In such conditions, you will be required to put up additional margins or reduce your positions.

E. You must ask your broker to provide the full details of derivatives contracts you plan to trade i.e. the contract specifications and the associated obligations.

## **2.2 Currency Specific Risks:**

1. The profit or loss in transactions in foreign currency-denominated contracts, whether they are traded in your own or another jurisdiction, will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the contract to another currency.

2. Under certain market conditions, you may find it difficult or impossible to liquidate a position. This can occur, for example when a currency is deregulated or fixed trading bands are widened.

3. Currency prices are highly volatile. Price movements for currencies are influenced by, among other things: changing supply-demand relationships; trade, fiscal, monetary, exchange control programs and policies of governments; foreign political and economic events and policies; changes in national and international interest rates and inflation; currency devaluation; and sentiment of the market place. None of these factors can be controlled by any individual advisor and no assurance can be given that an advisor's advice will result in profitable trades for a participating customer or that a customer will not incur losses from such events.

## **2.3 Risk of Option Holders:**

1) An option holder runs the risk of losing the entire amount paid for the option in a relatively short period of time. This risk reflects the nature of an option as a wasting asset which becomes worthless when it expires. An option holder who neither sells his option in the secondary market nor exercises it prior to its expiration will necessarily lose his entire investment in the option. If the price of the underlying does not change in the



anticipated direction before the option expires, to an extent sufficient to cover the cost of the option, the investor may lose all or a significant part of his investment in the option.

2) The Exchanges may impose exercise restrictions and have absolute authority to restrict the exercise of options at certain times in specified circumstances.

#### **2.4 Risks of Option Writers:**

1) If the price movement of the underlying is not in the anticipated direction, the option writer runs the risks of losing substantial amount.

2) The risk of being an option writer may be reduced by the purchase of other options on the same underlying interest and thereby assuming a spread position or by acquiring other types of hedging positions in the options markets or other markets. However, even where the writer has assumed a spread or other hedging position, the risks may still be significant. A spread position is not necessarily less risky than a simple 'long' or 'short' position.

3) Transactions that involve buying and writing multiple options in combination, or buying or writing options in combination with buying or selling short the underlying interests, present additional risks to investors. Combination transactions, such as option spreads, are more complex than buying or writing a single option. And it should be further noted that, as in any area of investing, a complexity not well understood is, in itself, a risk factor. While this is not to suggest that combination strategies should not be considered, it is advisable, as is the case with all investments in options, to consult with someone who is experienced and knowledgeable with respect to the risks and potential rewards of combination transactions under various market circumstances.

#### **3. TRADING THROUGH WIRELESS TECHNOLOGY/ SMART ORDER ROUTING OR ANY OTHER TECHNOLOGY:**

Any additional provisions defining the features, risks, responsibilities, obligations and liabilities associated with securities trading through wireless technology/ smart order routing or any other technology should be brought to the notice of the client by the Stock Broker/Commodity Broker.

#### **4. GENERAL**

4.1 Before you begin to trade, you should obtain a clear explanation of all commissions, fees and other charges for which you will be liable. These charges will affect your net profit (if any) or increase your loss.

4.2 For rights and obligations of the Members/Authorised Persons/Clients, please refer to Annexure III.

4.3 The term 'Constituent' shall mean and include a Client, a Customer or an Investor, who deals with a broker for the purpose of trading in the Securities / Equity Derivatives/Currency Derivatives/Commodity Derivatives contracts through the mechanism provided by the Exchange.

4.4 The term 'Broker' shall mean and include a Broker or a Stock Broker or a Commodity Broker, who has been admitted as such by the Exchanges and who holds a registration certificate from SEBI.



RIGHTS AND OBLIGATIONS OF STOCK BROKERS, SUB-BROKERS AND CLIENTS as prescribed  
by SEBI and Stock Exchanges

1. The client shall invest/trade in those securities/contracts/other instruments admitted to dealings on the Exchanges as defined in the Rules, Byelaws and Regulations of Exchanges/ Securities and Exchange Board of India (SEBI) and circulars/notices issued there under from time to time.
2. The stock broker, sub-broker and the client shall be bound by all the Rules, Byelaws and Regulations of the Exchange and circulars/notices issued there under and Rules and Regulations of SEBI and relevant notifications of Government authorities as may be in force from time to time.
3. The client shall satisfy itself of the capacity of the stock broker to deal in securities and/or deal in derivatives contracts and wishes to execute its orders through the stock broker and the client shall from time to time continue to satisfy itself of such capability of the stock broker before executing orders through the stock broker.
4. The stock broker shall continuously satisfy itself about the genuineness and financial soundness of the client and investment objectives relevant to the services to be provided.
5. The stock broker shall take steps to make the client aware of the precise nature of the Stock broker's liability for business to be conducted, including any limitations, the liability and the capacity in which the stock broker acts.
6. The sub-broker shall provide necessary assistance and co-operate with the stock broker in all its dealings with the client(s).

**CLIENT INFORMATION**

7. The client shall furnish all such details in full as are required by the stock broker in "Account Opening Form" with supporting details, made mandatory by stock exchanges/SEBI from time to time.
8. The client shall familiarize himself with all the mandatory provisions in the Account Opening documents. Any additional clauses or documents specified by the stock broker shall be non-mandatory, as per terms & conditions accepted by the client.
9. The client shall immediately notify the stock broker in writing if there is any change in the information in the 'account opening form' as provided at the time of account opening and thereafter; including the information on winding up petition/insolvency petition or any litigation which may have material bearing on his capacity. The client shall provide/update the financial information to the stock broker on a periodic basis.
10. The stock broker and sub-broker shall maintain all the details of the client as mentioned in the account opening form or any other information pertaining to the client, confidentially and that they shall not disclose the same to any person/authority except as required under any law/regulatory requirements. Provided however that the stock broker may so disclose information about his client to any person or authority with the express permission of the client.

**MARGINS**

11. The client shall pay applicable initial margins, withholding margins, special margins or such other margins as are considered necessary by the stock broker or the Exchange or as may be directed by SEBI from time to time as applicable to the segment(s) in which the client trades. The stock broker is permitted in its sole and absolute discretion to collect additional margins (even though not required by the Exchange, Clearing House/Clearing Corporation or SEBI) and the client shall be obliged to pay such margins within the stipulated time.



12. The client understands that payment of margins by the client does not necessarily imply complete satisfaction of all dues. In spite of consistently having paid margins, the client may, on the settlement of its trade, be obliged to pay (or entitled to receive) such further sums as the contract may dictate/require.

### **TRANSACTIONS AND SETTLEMENTS**

13. The client shall give any order for buy or sell of a security/derivatives contract in writing or in such form or manner, as may be mutually agreed between the client and the stock broker. The stock broker shall ensure to place orders and execute the trades of the client, only in the Unique Client Code assigned to that client.

14. The stock broker shall inform the client and keep him apprised about trading/settlement cycles, delivery/payment schedules, any changes therein from time to time, and it shall be the responsibility in turn of the client to comply with such schedules/procedures of the relevant stock exchange where the trade is executed.

15. The stock broker shall ensure that the money/securities deposited by the client shall be kept in a separate account, distinct from his/its own account or account of any other client and shall not be used by the stock broker for himself/itself or for any other client or for any purpose other than the purposes mentioned in Rules, Regulations, circulars, notices, guidelines of SEBI and/or Rules, Regulations, Bye-laws, circulars and notices of Exchange.

16. Where the Exchange(s) cancels trade(s) suo moto all such trades including the trade/s done on behalf of the client shall ipso facto stand cancelled, stock broker shall be entitled to cancel the respective contract(s) with client(s).

17. The transactions executed on the Exchange are subject to Rules, Byelaws and Regulations and circulars/notices issued thereunder of the Exchanges where the trade is executed and all parties to such trade shall have submitted to the jurisdiction of such court as may be specified by the Byelaws and Regulations of the Exchanges where the trade is executed for the purpose of giving effect to the provisions of the Rules, Byelaws and Regulations of the Exchanges and the circulars/notices issued thereunder.

### **BROKERAGE**

18. The Client shall pay to the stock broker brokerage and statutory levies as are prevailing from time to time and as they apply to the Client's account, transactions and to the services that stock broker renders to the Client. The stock broker shall not charge brokerage more than the maximum brokerage permissible as per the rules, regulations and bye-laws of the relevant stock exchanges and/or rules and regulations of SEBI.

### **LIQUIDATION AND CLOSE OUT OF POSITION**

19. Without prejudice to the stock broker's other rights (including the right to refer a matter to arbitration), the client understands that the stock broker shall be entitled to liquidate/close out all or any of the client's positions for nonpayment of margins or other amounts, outstanding debts, etc. and adjust the proceeds of such liquidation/close out, if any, against the client's liabilities/obligations. Any and all losses and financial charges on account of such liquidation/closing-out shall be charged to and borne by the client.

20. In the event of death or insolvency of the client or his/its otherwise becoming incapable of receiving and paying for or delivering or transferring securities which the client has ordered to be bought or sold, stock broker may close out the transaction of the client and claim losses, if any, against the estate of the client. The client or his nominees, successors, heirs and assignee shall be entitled to any surplus which may result there from. The client shall note that transfer of funds/securities in favor of a Nominee shall be valid discharge by the stock broker against the legal heir.



21. The stock broker shall bring to the notice of the relevant Exchange the information about default in payment/delivery and related aspects by a client. In case where defaulting client is a corporate entity/partnership/proprietary firm or any other artificial legal entity, then the name(s) of Director(s)/Promoter(s)/Partner(s)/Proprietor as the case may be, shall also be communicated by the stock broker to the relevant Exchange(s).

### **DISPUTE RESOLUTION**

22. The stock broker shall provide the client with the relevant contact details of the concerned Exchanges and SEBI.

23. The stock broker shall co-operate in redressing grievances of the client in respect of all transactions routed through it and in removing objections for bad delivery of shares, rectification of bad delivery, etc.

24. The client and the stock broker shall refer any claims and/or disputes with respect to deposits, margin money, etc., to arbitration as per the Rules, Byelaws and Regulations of the Exchanges where the trade is executed and circulars/notices issued thereunder as may be in force from time to time.

25. The stock broker shall ensure faster settlement of any arbitration proceedings arising out of the transactions entered into between him vis-à-vis the client and he shall be liable to implement the arbitration awards made in such proceedings.

26. The client/stock-broker understands that the instructions issued by an authorized representative for dispute resolution, if any, of the client/stock-broker shall be binding on the client/stock-broker in accordance with the letter authorizing the said representative to deal on behalf of the said client/stock-broker.

### **TERMINATION OF RELATIONSHIP**

27. This relationship between the stock broker and the client shall be terminated; if the stock broker for any reason ceases to be a member of the stock exchange including cessation of membership by reason of the stock broker's default, death, resignation or expulsion or if the certificate is cancelled by the Board.

28. The stock broker, sub-broker and the client shall be entitled to terminate the relationship between them without giving any reasons to the other party, after giving notice in writing of not less than one month to the other parties. Notwithstanding any such termination, all rights, liabilities and obligations of the parties arising out of or in respect of transactions entered into prior to the termination of this relationship shall continue to subsist and vest in/be binding on the respective parties or his/its respective heirs, executors, administrators, legal representatives or successors, as the case may be.

29. In the event of demise/insolvency of the sub-broker or the cancellation of his/its registration with the Board or/withdrawal of recognition of the sub-broker by the stock exchange and/or termination of the agreement with the sub broker by the stock broker, for any reason whatsoever, the client shall be informed of such termination and the client shall be deemed to be the direct client of the stock broker and all clauses in the 'Rights and Obligations' document(s) governing the stock broker, sub-broker and client shall continue to be in force as it is, unless the client intimates to the stock broker his/its intention to terminate their relationship by giving a notice in writing of not less than one month.

### **ADDITIONAL RIGHTS AND OBLIGATIONS**



30. The stock broker shall ensure due protection to the client regarding client's rights to dividends, rights or bonus shares, etc. in respect of transactions routed through it and it shall not do anything which is likely to harm the interest of the client with whom and for whom they may have had transactions in securities.
31. The stock broker and client shall reconcile and settle their accounts from time to time as per the Rules, Regulations, Bye Laws, Circulars, Notices and Guidelines issued by SEBI and the relevant Exchanges where the trade is executed.
32. The stock broker shall issue a contract note to his constituents for trades executed in such format as may be prescribed by the Exchange from time to time containing records of all transactions including details of order number, trade number, trade time, trade price, trade quantity, details of the derivatives contract, client code, brokerage, all charges levied etc. and with all other relevant details as required therein to be filled in and issued in such manner and within such time as prescribed by the Exchange. The stock broker shall send contract notes to the investors within one working day of the execution of the trades in hard copy and/or in electronic form using digital signature.
33. The stock broker shall make pay out of funds or delivery of securities, as the case may be, to the Client within one working day of receipt of the payout from the relevant Exchange where the trade is executed unless otherwise specified by the client and subject to such terms and conditions as may be prescribed by the relevant Exchange from time to time where the trade is executed.
34. The stock broker shall send a complete 'Statement of Accounts' for both funds and securities in respect of each of its clients in such periodicity and format within such time, as may be prescribed by the relevant Exchange, from time to time, where the trade is executed. The Statement shall also state that the client shall report errors, if any, in the Statement within such time as may be prescribed by the relevant Exchange from time to time where the trade was executed, from the receipt thereof to the Stock broker.
35. The stock broker shall send daily margin statements to the clients. Daily Margin statement should include, interalia, details of collateral deposited, collateral utilized and collateral status (available balance/due from client) with break up in terms of cash, Fixed Deposit Receipts (FDRs), Bank Guarantee and securities.
36. The Client shall ensure that it has the required legal capacity to, and is authorized to, enter into the relationship with stock broker and is capable of performing his obligations and undertakings hereunder. All actions required to be taken to ensure compliance of all the transactions, which the Client may enter into shall be completed by the Client prior to such transaction being entered into.

#### **ELECTRONIC CONTRACT NOTES (ECN)**

37. In case, client opts to receive the contract note in electronic form, he shall provide an appropriate e-mail id to the stock broker. The client shall communicate to the stock broker any change in the email-id through a physical letter. If the client has opted for internet trading, the request for change of email id may be made through the secured access by way of client specific user id and password.
38. The stock broker shall ensure that all ECNs sent through the e-mail shall be digitally signed, encrypted, non-tamper able and in compliance with the provisions of the IT Act, 2000. In case, ECN is sent through e-mail as an attachment, the attached file shall also be secured with the digital signature, encrypted and non-tamperable.
39. The client shall note that non-receipt of bounced mail notification by the stock broker shall amount to delivery of the contract note at the e-mail ID of the client.
40. The stock broker shall retain ECN and acknowledgement of the e-mail in a soft and non-tamperable form in the manner prescribed by the exchange in compliance with the provisions of the IT Act, 2000 and as per the extant rules/regulations/circulars/guidelines issued by SEBI/Stock Exchanges from time to time. The



proof of delivery i.e., log report generated by the system at the time of sending the contract notes shall be maintained by the stock broker for the specified period under the extant regulations of SEBI/stock exchanges. The log report shall provide the details of the contract notes that are not delivered to the client/e-mails rejected or bounced back. The stock broker shall take all possible steps to ensure receipt of notification of bounced mails by him at all times within the stipulated time period under the extant regulations of SEBI/stock exchanges.

41. The stock broker shall continue to send contract notes in the physical mode to such clients who do not opt to receive the contract notes in the electronic form. Wherever the ECNs have not been delivered to the client or has been rejected (bouncing of mails) by the e-mail ID of the client, the stock broker shall send a physical contract note to the client within the stipulated time under the extant regulations of SEBI/stock exchanges and maintain the proof of delivery of such physical contract notes.

42. In addition to the e-mail communication of the ECNs to the client, the stock broker shall simultaneously publish the ECN on his designated web-site, if any, in a secured way and enable relevant access to the clients and for this purpose, shall allot a unique user name and password to the client, with an option to the client to save the contract note electronically and/or take a print out of the same.

## **LAW AND JURISDICTION**

43. In addition to the specific rights set out in this document, the stock broker, sub-broker and the client shall be entitled to exercise any other rights which the stock broker or the client may have under the Rules, Bye-laws and Regulations of the Exchanges in which the client chooses to trade and circulars/notices issued thereunder or Rules and Regulations of SEBI.

44. The provisions of this document shall always be subject to Government notifications, any rules, regulations, guidelines and circulars/notices issued by SEBI and Rules, Regulations and Bye laws of the relevant stock exchanges, where the trade is executed, that may be in force from time to time.

45. The stock broker and the client shall abide by any award passed by the Arbitrator(s) under the Arbitration and Conciliation Act, 1996. However, there is also a provision of appeal within the stock exchanges, if either party is not satisfied with the arbitration award.

46. Words and expressions which are used in this document but which are not defined herein shall, unless the context otherwise requires, have the same meaning as assigned thereto in the Rules, Byelaws and Regulations and circulars/notices issued thereunder of the Exchanges/SEBI.

47. All additional voluntary clauses/document added by the stock broker should not be in contravention with rules/regulations/notices/circulars of Exchanges/SEBI. Any changes in such voluntary clauses/document(s) need to be preceded by a notice of 15 days. Any changes in the rights and obligations which are specified by Exchanges/SEBI shall also be brought to the notice of the clients.

48. If the rights and obligations of the parties hereto are altered by virtue of change in Rules and regulations of SEBI or Bye-laws, Rules and Regulations of the relevant stock Exchanges where the trade is executed, such changes shall be deemed to have been incorporated herein in modification of the rights and obligations of the parties mentioned in this document.



**INTERNET & WIRELESS TECHNOLOGY BASED TRADING FACILITY PROVIDED BY STOCK BROKERS TO CLIENT** (All the clauses mentioned in the 'Rights and Obligations' document(s) shall be applicable. Additionally, the clauses mentioned herein shall also be applicable.)

1. Stock broker is eligible for providing Internet Based Trading (IBT) and securities trading through the use of wireless technology that shall include the use of devices such as mobile phone, laptop with data card, etc. which use Internet Protocol (IP). The stock broker shall comply with all requirements applicable to internet-based trading/securities trading using wireless technology as may be specified by SEBI & Exchanges from time to time.
2. The client is desirous of investing/trading in securities and for this purpose, the client is desirous of using either the internet-based trading facility or the facility for securities trading through use of wireless technology. The Stock broker shall provide the Stock broker's IBT Service to the Client, and the Client shall avail of the Stock broker's IBT Service, on and subject to SEBI/Exchanges Provisions and the terms and conditions specified on the Stock broker's IBT Web Site provided that they are in line with the norms prescribed by Exchanges/SEBI.
3. The stock broker shall bring to the notice of client the features, risks, responsibilities, obligations and liabilities associated with securities trading through wireless technology/internet/smart order routing or any other technology should be brought to the notice of the client by the stock broker.
4. The stock broker shall make the client aware that the Stock Broker's IBT system itself generates the initial password and its password policy as stipulated in line with norms prescribed by Exchanges/SEBI.
5. The Client shall be responsible for keeping the Username and Password confidential and secure and shall be solely responsible for all orders entered and transactions done by any person whatsoever through the Stock broker's IBT System using the Client's Username and/or Password whether or not such person was authorized to do so. Also, the client is aware that authentication technologies and strict security measures are required for the internet trading/securities trading through wireless technology through order routed system and undertakes to ensure that the password of the client and/or his authorized representative are not revealed to any third party including employees and dealers of the stock broker.
6. The Client shall immediately notify the Stock broker in writing if he forgets his password, discovers security flaw in Stock Broker's IBT System, discovers/suspects discrepancies/ unauthorized access through his username/password/account with full details of such unauthorized use, the date, the manner and the transactions effected pursuant to such unauthorized use, etc.
7. The Client is fully aware of and understands the risks associated with availing of a service for routing orders over the internet/securities trading through wireless technology and Client shall be fully liable and responsible for any and all acts done in the Client's Username/password in any manner whatsoever.
8. The stock broker shall send the order/trade confirmation through email to the client at his request. The client is aware that the order/ trade confirmation is also provided on the web portal. In case client is trading using wireless technology, the stock broker shall send the order/trade confirmation on the device of the client.
9. The client is aware that trading over the internet involves many uncertain factors and complex hardware, software, systems, communication lines, peripherals, etc. are susceptible to interruptions and dislocations. The Stock broker and the Exchange do not make any representation or warranty that the Stock Broker's IBT Service will be available to the Client at all times without any interruption.
10. The Client shall not have any claim against the Exchange or the Stock broker on account of any suspension, interruption, non-availability or malfunctioning of the Stock broker's IBT System or Service or the Exchange's service or systems or non-execution of his orders due to any link/system failure at the Client/Stock brokers/Exchange end for any reason beyond the control of the Stock Broker/Exchanges.



## **RIGHTS AND OBLIGATIONS OF BENEFICIAL OWNER AND DEPOSITORY PARTICIPANT AS PRESCRIBED BY SEBI AND DEPOSITORIES**

### **General Clause**

1. The Beneficial Owner and the Depository participant (DP) shall be bound by the provisions of the Depositories Act, 1996, SEBI (Depositories and Participants) Regulations, 1996, Rules and Regulations of Securities and Exchange Board of India (SEBI), Circulars/Notifications/Guidelines issued there under, Bye Laws and Business Rules/Operating Instructions issued by the Depositories and relevant notifications of Government Authorities as may be in force from time to time.
2. The DP shall open/activate demat account of a beneficial owner in the depository system only after receipt of complete Account opening form, KYC and supporting documents as specified by SEBI from time to time. Beneficial Owner information
3. The DP shall maintain all the details of the beneficial owner(s) as mentioned in the account opening form, supporting documents submitted by them and/or any other information pertaining to the beneficial owner confidentially and shall not disclose the same to any person except as required by any statutory, legal or regulatory authority in this regard.
4. The Beneficial Owner shall immediately notify the DP in writing, if there is any change in details provided in the account opening form as submitted to the DP at the time of opening the demat account or furnished to the DP from time to time.

### **Fees/Charges/Tariff**

5. The Beneficial Owner shall pay such charges to the DP for the purpose of holding and transfer of securities in dematerialized form and for availing depository services as may be agreed to from time to time between the DP and the Beneficial Owner as set out in the Tariff Sheet provided by the DP. It may be informed to the Beneficial Owner that “no charges are payable for opening of demat accounts”
6. In case of Basic Services Demat Accounts, the DP shall adhere to the charge structure as laid down under the relevant SEBI and/or Depository circulars/directions/notifications issued from time to time.
7. The DP shall not increase any charges/tariff agreed upon unless it has given a notice in writing of not less than thirty days to the Beneficial Owner regarding the same.

### **Dematerialization**

8. The Beneficial Owner shall have the right to get the securities, which have been admitted on the Depositories, dematerialized in the form and manner laid down under the Bye Laws, Business Rules and Operating Instructions of the depositories.

### **Separate Accounts**

9. The DP shall open separate accounts in the name of each of the beneficial owners and securities of each beneficial owner shall be segregated and shall not be mixed up with the securities of other beneficial owners and/or DP's own securities held in dematerialized form.
10. The DP shall not facilitate the Beneficial Owner to create or permit any pledge and /or hypothecation or any other interest or encumbrance over all or any of such securities submitted for dematerialization and/or held in demat account except in the form and manner prescribed in the Depositories Act, 1996, SEBI (Depositories and Participants) Regulations, 1996 and Bye-Laws/Operating Instructions/Business Rules of the Depositories.

### **Transfer of Securities**



11. The DP shall effect transfer to and from the demat accounts of the Beneficial Owner only on the basis of an order, instruction, direction or mandate duly authorized by the Beneficial Owner and the DP shall maintain the original documents and the audit trail of such authorizations.

12. The Beneficial Owner reserves the right to give standing instructions with regard to the crediting of securities in his demat account and the DP shall act according to such instructions.

Statement of account

13. The DP shall provide statements of accounts to the beneficial owner in such form and manner and at such time as agreed with the Beneficial Owner and as specified by SEBI/depository in this regard.

14. However, if there is no transaction in the demat account, or if the balance has become Nil during the year, the DP shall send one physical statement of holding annually to such BOs and shall resume sending the transaction statement as and when there is a transaction in the account.

15. The DP may provide the services of issuing the statement of demat accounts in an electronic mode if the Beneficial Owner so desires. The DP will furnish to the Beneficial Owner the statement of demat accounts under its digital signature, as governed under the Information Technology Act, 2000. However if the DP does not have the facility of providing the statement of demat account in the electronic mode, then the Participant shall be obliged to forward the statement of demat accounts in physical form.

16. In case of Basic Services Demat Accounts, the DP shall send the transaction statements as mandated by SEBI and/or Depository from time to time.

#### **Manner of Closure of Demat account**

17. The DP shall have the right to close the demat account of the Beneficial Owner, for any reasons whatsoever, provided the DP has given a notice in writing of not less than thirty days to the Beneficial Owner as well as to the Depository. Similarly, the Beneficial Owner shall have the right to close his/her demat account held with the DP provided no charges are payable by him/her to the DP. In such an event, the Beneficial Owner shall specify whether the balances in their demat account should be transferred to another demat account of the Beneficial Owner held with another DP or to rematerialize the security balances held.

18. Based on the instructions of the Beneficial Owner, the DP shall initiate the procedure for transferring such security balances or rematerialize such security balances within a period of thirty days as per procedure specified from time to time by the depository. Provided

further, closure of demat account shall not affect the rights, liabilities and obligations of either the Beneficial Owner or the DP and shall continue to bind the parties to their satisfactory completion.

#### **Default in payment of charges**

19. In event of Beneficial Owner committing a default in the payment of any amount provided in Clause 5 & 6 within a period of thirty days from the date of demand, without prejudice to the right of the DP to close the demat account of the Beneficial Owner, the DP may charge interest at a rate as specified by the Depository from time to time for the period of such default.

20. In case the Beneficial Owner has failed to make the payment of any of the amounts as provided in Clause 5&6 specified above, the DP after giving two days notice to the Beneficial Owner shall have the right to stop processing of instructions of the Beneficial Owner till such time he makes the payment along with interest, if any.

#### **Liability of the Depository**



21. As per Section 16 of Depositories Act, 1996,

1. Without prejudice to the provisions of any other law for the time being in force, any loss caused to the beneficial owner due to the negligence of the depository or the participant, the depository shall indemnify such beneficial owner.

2. Where the loss due to the negligence of the participant under Clause (1) above, is indemnified by the depository, the depository shall have the right to recover the same from such participant.

#### **Freezing/ Defreezing of accounts**

22. The Beneficial Owner may exercise the right to freeze/defreeze his/her demat account maintained with the DP in accordance with the procedure and subject to the restrictions laid down under the Bye Laws and Business Rules/Operating Instructions.

23. The DP or the Depository shall have the right to freeze/defreeze the accounts of the Beneficial Owners on receipt of instructions received from any regulator or court or any statutory authority.

#### **Redressal of Investor grievance**

24. The DP shall redress all grievances of the Beneficial Owner against the DP within a period of thirty days from the date of receipt of the complaint.

#### **Authorized representative**

25. If the Beneficial Owner is a body corporate or a legal entity, it shall, along with the account opening form, furnish to the DP, a list of officials authorized by it, who shall represent and interact on its behalf with the Participant. Any change in such list including additions, deletions or alterations thereto shall be forthwith communicated to the Participant.

#### **Law and Jurisdiction**

26. In addition to the specific rights set out in this document, the DP and the Beneficial owner shall be entitled to exercise any other rights which the DP or the Beneficial Owner may have under the Rules, Bye Laws and Regulations of the respective Depository in which the demat account is opened and circulars/notices issued there under or Rules and Regulations of SEBI.

27. The provisions of this document shall always be subject to Government notification, any rules, regulations, guidelines and circulars/ notices issued by SEBI and Rules, Regulations and Bye-laws of the relevant Depository, where the Beneficial Owner maintains his/ her account, that may be in force from time to time.

28. The Beneficial Owner and the DP shall abide by the arbitration and conciliation procedure prescribed under the Bye-laws of the depository and that such procedure shall be applicable to any disputes between the DP and the Beneficial Owner.

29. Words and expressions which are used in this document, but which are not defined herein shall unless the context otherwise requires, have the same meanings as assigned thereto in the Rules, Bye-laws and Regulations and circulars/notices issued there under by the depository and /or SEBI

30. Any changes in the rights and obligations which are specified by SEBI/Depositories shall also be brought to the notice of the clients at once.

31. If the rights and obligations of the parties hereto are altered by virtue of change in Rules and regulations of SEBI or Bye-laws, Rules and Regulations of the relevant Depository, where the Beneficial Owner maintains his/her account, such changes shall be deemed to have been incorporated herein in modification of the rights and obligations of the parties mentioned in this document.



## ANNEXURE - V

### Rights and Obligations between Client and Repository Participant - CCRL

#### General Clause

1. The Commodity Owner and the Repository Participant (RP) shall be bound by the Circulars / Notifications / Guidelines issued there under, Bye Laws and Business Rules/Operating Instructions issued by the Repositories and relevant notifications of WDRA and Government Authorities as may be in force from time to time.
2. The RP shall open/activate Client (CO) account of a commodity owner in the Repository system only after receipt of complete Account opening form, KYC and supporting documents as specified by WDRA from time to time.

#### Commodity Owner information

3. The RP shall maintain all the details of the Commodity owner(s) as mentioned in the account opening form, supporting documents submitted by them and/or any other information pertaining to the Commodity owner confidentially and shall not disclose the same to any person except as required by any statutory, legal or regulatory authority in this regard.
4. The Commodity Owner shall immediately notify the RP in writing, if there is any change in details provided in the account opening form as submitted to the RP at the time of opening the Client (CO) account or furnished to the RP from time to time.

#### Fees/Charges/Tariff

5. The Commodity Owner shall pay such charges to the RP for the purpose of holding and transfer of Commodities in eNWR / eNNWR form and for availing Repository services as may be agreed to from time to time between the RP and the Commodity Owner as set out in the Tariff Sheet provided by the RP. It may be informed to the Commodity Owner that "*no charges are payable for opening of Client (CO) accounts?*".
6. In case of Basic Services Client (CO) Accounts, the RP shall adhere to the charge as laid down under the relevant WDRA and/or Repository circulars/directions/notifications issued from time to time.
7. The RP shall not increase any charges/tariff agreed upon unless it has given a notice in writing of not less than thirty days to the Commodity Owner regarding the same.
8. **Deposit (eNNWR/eNWR):** The Commodity Owner shall have the right to get the commodity, which have been admitted on the Repositories System, Deposit in the form of eNNWR / eNWR and manner laid down under the Bye Laws, Business Rules and Operating Instructions of the Repositories.

#### Separate Accounts

9. The RP shall open separate accounts in the name of each of the Commodity owners and Commodity of each Commodity owner shall be segregated and shall not be mixed up with the Commodity of other Commodity owners and/or RP's own Commodities held in eNNWR / eNWR form.
10. The RP shall not facilitate the Commodity Owner to create or permit any pledge and /or hypothecation or any other interest or encumbrance over all or any of such Commodities submitted for eNNWR/eNWR Generation and/or held in Client (CO) account except in the form and manner prescribed by Repositories and Bye-Laws/Operating Instructions/Business Rules of the Repositories.

#### Transfer of Commodities

11. The RP shall affect transfer to and from the Client (CO) accounts of the Commodity Owner only on the basis of an order, instruction, direction or mandate duly authorized by the Commodity Owner and the RP shall maintain the original documents and the audit trail of such authorizations.
12. The Commodity Owner reserves the right to give standing instructions with regard to the crediting of



Commodity in his Client (CO) account in the form of eNNWR /eNWR and the RP shall act according to such instructions.

#### **Statement of Account**

13. The RP shall provide statements of accounts to the Commodity Owner in such form and manner and at such time as agreed with the Commodity Owner and as specified by SEBI/Repository in this regard.

14. However, if there is no transaction in the Client (CO) account, or if the balance has become Nil during the year, the RP shall send one physical statement of holding annually to such COs and shall resume sending the transaction statement as and when there is a transaction in the account.

15. The RP may provide the services of issuing the statement of Client (CO) accounts in an electronic mode if the Commodity Owner so desires. The RP will furnish to the Commodity Owner the statement of Client (CO) accounts under its digital signature, as governed under the Information Technology Act, 2000. However, if the RP does not have the facility of providing the statement of Client (CO) account in the electronic mode, then the RP shall be obliged to forward statement of Client (CO) accounts in physical form.

16. In case of Basic Services Client (CO) Accounts, the RP shall send the transaction statements as mandated by SEBI, Authority and/or Repository from time to time.

#### **Manner of Closure of Client (CO) Account**

17. The RP shall have the right to Close the Client (CO) Account of the Commodity Owner, for any reasons whatsoever, provided the RP has given a notice in writing of not less than thirty days to the Commodity Owner as well as to the Repository. Similarly, the Commodity Owner shall have the right to close his/her Client (CO) account held with the RP provided no charges are payable by him/her to the RP. In such an event, the Commodity Owner shall specify whether the balances in their Client (CO) account should be transferred to another Client (CO) account of the Commodity Owner held with another RP or to withdraw the Commodity (eNWR / eNNWR) balances held.

18. Based on the instructions of the Commodity Owner, the RP shall initiate the procedure for transferring such Commodity (eNWR / eNNWR) balances or withdraw such Commodity (eNWR / eNNWR) balances within a period of thirty days as per procedure specified from time to time by the Repository. Provided further, closure of Client (CO) account shall not affect the rights, liabilities and obligations of either the Commodity Owner or the RP and shall continue to bind the Parties to their satisfactory completion.

#### **Default in Payment of Charges**

19. In event of Commodity Owner committing a default in the payment of any amount provided in Clause 5 & 6 within a period of thirty days from the date of demand, without prejudice to the right of the RP to close the Client (CO) account of the Commodity Owner, the RP may charge interest at a rate as specified by the Repository from time to time for the period of such default.

20. In case the Commodity Owner has failed to make the payment of any of the amounts as provided in Clause 5 & 6 specified above, the RP after giving two days notice to the Commodity Owner shall have the right to stop processing of instructions of the Commodity Owner till such time he makes the payment along with interest, if any.

#### **Liability of the Repository**

21. As per Warehousing (Development and Regulation) Act, 2007, without prejudice to the provisions of any other law for the time being in force, any loss caused to the Commodity owner due to the negligence of the Repository or the RP, the Repository shall indemnify such Commodity owner.

21. 1 Where the loss due to the negligence of the RP under Clause (1) above, is indemnified by the Repository, the Repository shall have the right to recover the same from such RP.

#### **Freezing/ De-Freezing of Accounts**

22. The Commodity Owner may exercise the right to freeze/de-freeze his/her Client (CO) account



maintained with the RP in accordance with the procedure and subject to the restrictions laid down under the Bye Laws and Business Rules/Operating Instructions.

23. The RP or the Repository shall have the right to freeze/de-freeze the accounts of the Commodity Owners on receipt of instructions received from the Authority, any other regulator or court or any statutory authority.

#### **Redressal of Investor Grievance**

24. The RP shall redress all grievances of the Commodity Owner against the RP within a period of thirty days from the date of receipt of the complaint.

#### **Authorized Representative**

25. Commodity Owner shall, along with the account opening form, furnish to the RP, a list of officials authorized by her/him/them, who shall represent and interact on her /his/ their behalf with the RP. Any change in such list including additions, deletions or alterations thereto shall be forthwith communicated to the Participant.

#### **Law and Jurisdiction**

26. In addition to the specific rights set out in this document, the RP and the Commodity owner shall be entitled to exercise any other rights which the RP or the Commodity Owner may have under the Rules, Bye Laws and Regulations of the respective Repository in which the Client (CO) account is opened and circulars/notices issued there under or Rules and Regulations of WDRA.

27. The provisions of this document shall always be subject to Government notification, rules, regulations, guidelines and circulars/ notices issued by WDRA and Rules, Regulations and Bye-laws of the relevant Repository, where the Commodity Owner maintains his/ her account, that may be in force from time to time.

28. The Commodity Owner and the RP shall abide by the arbitration and conciliation procedure prescribed under the Bye-laws of the Repository and that such procedure shall be applicable to any disputes between the RP and the Commodity Owner.

29. Words and expressions which are used in this document but which are not defined herein shall unless the context otherwise requires, have the same meaning as assigned thereto in the Rules, Bye-laws and Regulations and circulars/notices issued there under by the Repository and /or WDRA.

30. Any changes in the rights and obligations which are specified by WDRA/Repositories shall also be brought to the notice of the Client (CO)s at once.

31. If the rights and obligations of the parties hereto are altered by virtue of change in Rules and regulations of WDRA or Bye-laws, Rules and Regulations of the relevant Repository, where the Commodity Owner maintains his/her account, such changes shall be deemed to have been incorporated herein in modification of the rights and obligations of the parties mentioned in this document.



## ANNEXURE - VI

### Rights and Obligations between Client and Repository Participant - NERL

#### Rights & Obligations of Client

1. The Client agrees to pay such charges, as may be agreed to from time to time between the Repository Participant and the Client, as set out in the **Tariff Sheet / Schedule**, for the purpose of opening and maintaining his Repository Account, for carrying out the instructions of the Client and for rendering such other services as may be agreed to from time to time between the Repository Participant and the Client in respect of his/its Repository Account. The Repository Participant reserves the right to revise the charges anytime by giving not less than thirty days' notice in writing to the Client. In case the Client fails to make the payment of any of the amounts as aforesaid, within a period of thirty days from the date of demand or the immediate succeeding billing date whichever is earlier, the Repository Participant shall have the right to discontinue the services after giving two days' notice to the Client, till such time the Client makes the payment along with interest, if any. The Client further agrees that in the event of the Client committing such default in payment, the Repository Participant will -charge interest at the rate of not more than 24% p.a. for the period of such default without prejudice to its right to suspend operations in the Repository Account or close the Repository Account of the Client.
2. Upon opening of the Repository Account as requested, the Client shall have the right to get the credit of those of its commodities physically deposited by it with and received by the Warehouse, duly recorded and credited in electronic form in its Repository Account. Provided however that such credit in the electronic Repository Account shall be subject to acceptance of the commodities by the Warehouse for credit to the Repository Account in the manner and as may be specified by the Authority or Repository as valid deposit for storage and delivery. The Client further understands and agrees that the record of electronic balance of commodities is the net balance after debit and credit of electronic Warehouse Receipts issued by the Warehouseman and that it shall be entitled to hold such Warehouse receipts in electronic form only till the Validity Date as assigned by the assayer approved for the purpose or such other date as may be specified by the Authority or Repository and that the Client shall not be entitled to deal with such warehouse receipt except under circumstances and in the manner prescribed by the Authority.
3. The Client understands and agrees that the electronic credit in the Repository Account pursuant to deposit of the underlying physical commodity at the Warehouse concerned or as a consequence of transfer, is only a record of deposit and entitlement therefor and that the Repository Participant and Repository are mere facilitators of such Repository Account keeping while the liability in respect of the actual commodity/ies stored in the Warehouse is that of the Warehouseman or the client as the case may be. The Client further understands and agrees that once electronic credit of commodities is transferred from its Repository Account, the Client is not entitled to receive or deal with the corresponding commodities and that the right to receive the commodities and deal therein shall then rest with the respective transferee/s of the electronic credit except in cases of frauds/erroneous transfers subject to being reported and rectified immediately after detection.
4. The Client undertakes and agrees that during the period of validity of the Warehouse receipt, notwithstanding the liability of the Warehouseman under the WDR Act, 2007 and the Rules and Regulations issued thereunder, the client shall always be responsible for compliance of such laws as may be applicable to the commodities dealt by the client including but not limited to the compliance of Food Safety Standards and GST or such other tax laws as may be applicable to the commodity dealt with by the client and the regulations and prohibitions with respect to the stock limits as prescribed by the Central/State Government as may be applicable from time to time. The Client undertakes and agrees to indemnify and keep indemnified the Repository and Repository Participant against any consequential claims or damages that may arise due to



non-compliance on part of the Client.

5. The Client agrees that the Repository or the Repository Participant shall be entitled to freeze or disable the transfer of electronic balances as reflected in the Repository Account of the Client completely or partially as may be deemed appropriate by the Repository Participant or the Repository for any reason or circumstances which in the opinion of Repository, the freezing of Repository Account is warranted. Such opinion of the Repository shall be final, conclusive and binding on the Client.

6. The Client also agrees and undertakes that it shall not hold the Repository Participant or the or the Repository responsible and/or liable for any deterioration or deviation in quality or in quantity of the actual commodity deposited in the Warehouse and will not have any claim for the same from or against the Repository Participant or the Repository.

7. The client agrees that transfer of balances to and from other Repositories may be delayed due to reasons beyond the control of Repository and the client does not hold the Repository responsible for the same.

8. The Client agrees to pay to the Repository Participant fees and charges with respect to the electronic holdings as reflected in its Repository Account such as warehouse charges, assaying charges and such other charges as may be notified by the Repository or the Warehouse at such rates as may be prescribed subject however, that any such charges recoverable against any bill, if remain unpaid by the Client for a period of more than 15 days from the date of receipt of the bill, the Repository Participant shall be entitled to suspend all transactions in the Repository account of the Client till the time of recovery of all outstanding charges with prescribed interest if any. The Client further authorizes Repository Participant to forward the charges so collected to the respective entity such as the Warehouse Service Provider, the Commodity Exchange, Repository Service Provider and any other entity involved in the process as the case may be, as per directives of the of the Repository.

9. On the failure of the Client to pay any of the accrued charges as agreed herein within the stipulated period, the Repository Participant shall without prejudice to its right to legal remedies, be entitled to close the Repository Account of the Client by requiring it to specify whether the balances in its Repository Account be transferred to the Repository Account of the Client held with another Repository Participant or be processed for withdrawal in the manner prescribed.

10. The Client agrees that the Repository Participant may refuse to carry out any transaction in the event of any directive from the Repository restricting such transaction including seeking freezing of the Client's Repository Account, or in accordance with any procedure laid down by the Repository warranting such freezing at a given time or on any event.

11. The Client shall notify the Repository Participant within seven days from the date of any change in the details set out in the application form submitted to the Repository Participant at the time of opening the Repository Account or furnished to the Repository Participant from time to time.

12. The Client shall immediately within three days, inform the Repository participant about any change in its constitution involving change in control of management, and shall execute all such necessary documents as may be required by the Repository Participant in that regard.

13. The Client shall not have any claim against the Repository Participant or the Repository on account of any suspension, interruption, non-availability or malfunctioning of the of Repository System or Service or non-execution of his orders due to any link/system failure or for any reason beyond the control of the Repository Participant or the Repository.



14. The client shall keep the Repository and Repository Participant indemnified at all times with respect to any claims/losses/damages that may accrue /arise to the Repository and Repository Participant on account of malfeasance or misrepresentation or fraud.

#### **Rights & Obligations of Repository Participant**

15. The Repository Participant undertakes that it shall not create or permit to subsist any mortgage, charge or other encumbrance over the electronic balance of the Client except on the instructions of the Client.

16. The Repository Participant shall maintain a separate Repository Account for holding its own commodities in electronic form.

17. The Repository Participant undertakes that a transfer to and from the Repository Accounts of the Client shall be made only on the basis of an order, instruction, direction or mandate duly authorized by the Client in the manner prescribed and/or in accordance with and subject to the Bye-laws and Business rules, notifications or directives of the Repository and that the Repository Participant shall maintain adequate audit trail of such transactions.

18. The Repository Participant undertakes to provide a transaction statement including statement of accounts, if any, to the Client at such intervals as may be agreed between the Client and the Repository Participant or as may be required by the Repository or the Exchange, as the case may be.

19. The Repository Participant shall have the right to terminate its services, for any reasons whatsoever, provided the Repository Participant has given a notice in writing of not less than thirty days to the Client as well as to the Repository. Similarly, the Client shall have the right to close his Repository Account held with the Repository Participant, provided no charges or dues are payable/remaining to be paid by him to the Repository Participant and provided that any encumbrance if subsisting, has been fully satisfied and discharged. In the event of closure of its Repository Account, the Client shall specify whether the balances in its Repository Account should be transferred to any other Repository Account of the Client held with another Repository Participant or to withdraw the commodity that is represented through the electronic balances in its Repository Account. Based on the instructions of the Client, the Repository Participant shall initiate the procedure for transferring such electronic balances or process for withdrawal of such electronic balances as per the procedure laid down in the Bye Laws, Rules or Regulations and guidelines of the Repository or as per the process prescribed by the Repository. Provided further, the termination of this agreement shall not affect the accrued rights, liabilities and obligations of either party and shall continue to bind the parties till their satisfactory completion.

20. The Repository Participant undertakes to resolve all legitimate grievances of the Client against the Repository Participant within a period of thirty days. In the event of non-resolution of the grievance within the time specified as aforesaid, the parties agree to submit the same for resolution by arbitration as provided in the Bye-laws and the Business Rules of the Repository as amended from time to time.



**ANNEXURE - VII**  
**TERMS & CONDITIONS-CUM-REGISTRATION/MODIFICATION FORM FOR**  
**RECEIVING SMS ALERTS FROM CDSL**

SMS Alerts will be sent by CDSL to BOs for all debits and for all credits as well.

**Definitions:**

In these Terms and conditions the terms shall have following meaning unless indicated otherwise:

- A. "Depository" means Central Depository Services (India) Limited a company incorporated in India under the Companies Act 1956 and having its registered office at Marathon Futurex, A-Wing, 25th Floor, N M Joshi Marg, Lower Parel, Mumbai - 400013 and all its branch offices and includes its successors and assigns.
- B. 'DP' means Depository Participant of CDSL. The terms cover all types of DPs who are allowed to open demat accounts for investors.
- C. 'BO' means an entity that has opened a demat account with the depository. The terms covers all types of demat accounts, which can be opened with a depository as specified by the depository from time to time.
- D. SMS means "Short Messaging Servicing"
- E. "Alerts" means a customized SMS sent to the BO over the said mobile phone number.
- F. "Service Provider" means a cellular service provider(s) with whom the depository has entered / will be entering into an arrangement for providing the SMS alerts to the BO.
- G. "Service" means the service of providing SMS alerts to the BO on best efforts basis as per these terms and conditions.

**Availability:**

- A. The service will be provided to the BO at his / her request and at the discretion of the depository. The service will be available to those account holders who have provided their mobile numbers to the depository through their DP. The services may be discontinued for a specific period / indefinite period, with or without issuing any prior notice for the purpose of security reasons or system maintenance or for such other reasons as may be warranted. The depository may also discontinue the service at any time without giving prior notice for any reason whatsoever.
- B. The service is currently available to the BOs who are residing in India.
- C. The alerts will be provided to the BOs only if they remain within the range of the service provider's service area or within the range forming part of the roaming network of the service provider.
- D. In case of joint accounts and non-individual accounts the service will be available, only to one mobile number i.e. to the mobile number as submitted at the time of registration / modification.
- E. The BO is responsible for promptly intimating to the depository in the prescribed manner any change in mobile number, or loss of handset, on which the BO wants to receive the alerts from the depository. In case of change in mobile number not intimated to the depository, the SMS alerts will continue to be sent to the last registered mobile phone number. The BO agrees to indemnify the depository for any loss or damage suffered by it on account of SMS alerts sent on such mobile number.

**Receiving Alerts:**

- A. The depository shall send the alerts to the mobile phone number provided by the BO while registering for the service or to any such number replaced and informed by the BO from time to time.



Upon such registration / change, the depository shall make every effort to update the change in mobile number within a reasonable period of time. The depository shall not be responsible for any event of delay or loss of message in this regard.

B. The BO acknowledges that he alerts will be received only if the mobile phone is in 'ON' and in a mode to receive the SMS. If the mobile phone is in 'OFF' mode i.e. unable to receive the alerts then the BO may not get / get after delay any alerts sent during such period.

C. The BO also acknowledges that the readability, accuracy and timeliness of providing the service depend on many factors including the infrastructure, connectivity of the service provider. The depository shall not be responsible for any non-delivery, delayed delivery or distortion of the alert in any way whatsoever.

D. The BO further acknowledges that the service provided to him is an additional facility provided for his convenience and is susceptible to error, omission and / or inaccuracy. In case the BO observes any error in the information provided in the alerts. The BO shall inform the depository and / or the DP immediately in writing and the depository will make best possible efforts to rectify the error as early as possible. The BO shall not hold the depository liable for any loss, damages, etc. that may be incurred / suffered by the BO on account of opting to avail SMS alerts facility.

E. The BO authorizes the depository to send any message such as promotional, greeting or any other message that the depository may consider appropriate, to the BO. The BO agrees to an ongoing confirmation for use of name, email address and mobile number for marketing offers between CDSL and any other entity.

F. The BO agrees to inform the depository and DP in writing of any authorized debit to his BO account / unauthorized transfer of securities from his BO account, immediately, which may come to his knowledge on receiving SMS alerts. The BO may send an email to CDSL at [complaints@cdslindia.com](mailto:complaints@cdslindia.com). The BO is advised not to inform the service provider about any such unauthorized debit to / transfer of securities from his BO account by sending a SMS back to the service provider as there is no reverse communication between the service provider and the depository.

G. The information sent as an alert on the mobile phone number shall be deemed to have received by the BO and the depository shall not be under any obligation to confirm the authenticity of the person (S) receiving the alert.

H. The depository will make best efforts to provide the service. The BO cannot hold the depository liable for non-availability of the service in any manner whatsoever.

I. If the BO finds that the information such as mobile number etc., has been changed without proper authorization, the BO should immediately inform the DP in writing.

**Fees:**

Depository reserves the right to charge such fees from time to time as it deems fit for providing this service to the BO. Disclaimer: The depository shall make reasonable efforts that the BO's personal information is kept confidentiality. The depository does not warranty the confidentiality or security of the SMS alerts transmitted through a service provider. Further, the depository makes no warranty or representation of any kind in relation to the system and the network or their function or their performance or for any loss or damage whenever and however suffered or incurred by the BO or by any person resulting from or in connection with availing of SMS alerts facility. The Depository gives no warranty with respect to the quality of the service provided by the service provider. The Depository will not be liable for any unauthorized use or



access to the information and / or SMS alert on the mobile phone number of the BO or for fraudulent, duplicate or erroneous use / misuse of such information by any third person.

**Liability and Indemnity:**

The Depository shall not be liable for any breach of confidentiality by the service provider or by any third person due to unauthorized access to the information meant for the BO. In consideration of the depository providing the service, the BO agrees to indemnify and keep safe, harmless and indemnified the depository and its officials from any damages, claims, demands, proceedings, loss, cost, charges and expenses whatsoever which a depository may at any time incur, sustain, suffer or be put to as a consequence of or arising out of interference with or misuse, improper or fraudulent use of the service by the BO.

**Amendments:**

The depository may amend the terms and conditions at any time with or without giving any prior notice to the BOs. Any such amendments shall be binding on the BOs who are already registered as user of this service.

**Governing Law and Jurisdiction:**

Providing the service as outlined above shall be governed by the laws of India and will be subject to the exclusive jurisdictions as per the rules and regulation of SEBI/Exchanges.

I/We wish to avail the SMS Alerts facility provided by the depository on my/our mobile number provided in the registration from subject to the terms and conditions mentioned below.

- I/We consent to CDSL providing to the service provider such information pertaining to account/transactions in my/our account is necessary for the purposes of generating SMS Alerts by service provider, to be sent to the said mobile number.
- I/We have read and understood the terms and conditions mentioned above and agree to abide by them and any amendments thereto made by the depository from time to time.
- I/We further undertake to pay fee/charges as may be levied by the depository from time to time.
- I/We further understand that the SMS alerts would be sent for a maximum four ISINs at a time. If more than four debits take place, the BOs would be required to take up the matter with their DP.
- I/We am/are aware that mere acceptance of the registration form does not imply in any way that the request has been accepted by the depository for providing the service.



**1. Refusal of orders for Penny / Illiquid Stock.** The stock broker may from time to time limit (quantity / value) / refuse orders in one or more securities due to various reasons including market liquidity, value of security (ies), the order being for securities which are not in the permitted list of the stock broker / exchange(s) / SEBI. Provided further that stock broker may require compulsory settlement / advance payment of expected settlement value / delivery of securities for settlement prior to acceptance / placement of order(s) as well. The client agrees that the losses, if any on account of such refusal or due to delay caused by such limits, shall be borne exclusively by the client alone. The stock broker may require reconfirmation of orders, which are larger than that specified by the stock broker's risk management and is also aware that the stock broker has the discretion to reject the execution of such orders based on its risk perception.

**2. Setting up client's exposure limits and conditions under which a client may not be allowed to take further position, or the broker may close the existing position of a client.**

The stock broker may from time to time impose and vary limits on the orders that the client can place through the stock brokers trading system (including exposure limits, turnover limits, limits as to the number, value and / or kind of securities in respect of which orders can be placed etc.). The client is aware and agrees that the stock broker may need to vary or reduce the limits or impose new limits urgently on the basis of the stock brokers risk perception and other factors considered relevant by the stock broker including but not limited to limits on account of exchange / SEBI directions / limits (such as broker level / market level limits in security specific / volume specific exposures etc.) and the stock broker may be unable to inform the client of such variation, reduction or imposition in advance. The client agrees that the stock broker shall not be responsible for such variation, reduction or imposition or the client's inability to route any order through the stock broker's trading system on account of any such variation, reduction or imposition of limits. The client further agrees that the stock broker may at any time, at its sole discretion and without prior notice, prohibit or restrict the client's ability to place orders or trade in securities through the stock broker, or it may subject any order placed by the client to a review before its entry into the trading systems and may refuse to execute / allow execution of orders due to but not limited to the reason of lack of margin / securities or the order being outside the limits set by stock broker / exchange / SEBI and any other reasons which the stock broker may deem appropriate in the circumstances. The client agrees that the losses, if any, on account of such refusal or delay caused by such review, shall be borne exclusively by the client alone. The stock broker is required only to communicate / advise the parameters for the calculation of the margin / security requirements as rate(s) / percentage(s) of the dealings, through any one or more means or methods such as Ordinary Post / Speed Post / Courier / Registered Post / Registered A D / Email / Voice Mails /Telephone (telephone includes such devices as mobile phones etc.) including SMS on the mobile phone or any other similar device, by messaging on the computer screen of the client's computer; by informing the client through employees / agents of the stock broker, by publishing / displaying it on the website of the stock broker / making it available as a download from the website of the stock broker, by displaying it on the notice board of the branch / office through which the client trades or if the circumstances, so require, by radio broadcast / television broadcast / newspapers advertisements etc; or any other suitable or applicable mode or manner. The client agrees that the postal department / the courier company / newspaper company and the e-mail / voice mail service provider and such other service providers shall be the agent of the client and the delivery shall be complete when communication is given to the postal department / courier company / the e-mail / voice mail service provider, etc. by the stock broker and client agrees never to challenge the same on any grounds including delayed receipt / non receipt or any other reasons whatsoever and once parameters for margin / security requirements are so communicated, the client shall monitor his / her / its position (dealings



/ trades and valuation of security) on his / her / its own and provide the required / deficit margin / security forthwith as required from time to time whether or not any margin call or such other separate communication to that effect is sent by the stock broker to the client and / or whether or not such communication is received by the client. The client is not entitled to trade without adequate margin / security and that it shall be his / her / its responsibility to ascertain beforehand the margin / security requirements for his / her / its orders / trades / deals and to ensure that the required margin / security is made available to the stock broker in such form and manner as may be required by the stock broker. If the client's order is executed despite a shortfall in the available margin, the client shall, whether or not the stock broker intimates such shortfall in the margin to the client, make up the shortfall suo moto immediately. The client further agrees that he / she / it shall be responsible for all orders (including any orders that may be executed without the required margin in the client's account) & / or any claim / loss / damage arising out of the non-availability / shortage of margin / security required by the stock broker & / or exchange & / or SEBI. The stock broker is entitled to vary the form (i.e., the replacement of the margin / security in one form with the margin / security in any other form, say, in the form of money instead of shares) & / or quantum & or percentage of the margin & / or security required to be deposited / made available, from time to time. The margin / security deposited by the client with the stock broker are not eligible for any interest. The stock broker is entitled to include / appropriate any / all pay out of funds & / or securities towards margin / security without requiring specific authorizations for each pay out. The stock broker is entitled to transfer funds & / or securities from his account for one exchange & / or securities from his account for one exchange & or one segment of the exchange to his / her / its account for another exchange & / or another segment of the same exchange whenever applicable and found necessary by the stock broker. The client also agrees and authorises the stock broker to treat / adjust his / her / its margin / security lying in one exchange & / or one segment of the exchange / towards the margin / security / pay in requirements of another exchange & / or another segment of the exchange. The stock broker is entitled to disable / freeze the account & / or trading facility / any other service facility, if in the opinion of the stock broker, the client has committed a crime / fraud or has acted in contradiction of this agreement or / is likely to evade / violate any laws, rules, regulations, directions of a lawful authority whether Indian or foreign or if the stock broker so apprehends.

**3. Applicable Brokerage Rate.** The stock broker is entitled to charge brokerage within the limits imposed by exchange which at present is as under: (a) For Cash Market Segment: The maximum brokerage chargeable in relation to trades effected in the securities admitted to dealings on the Capital Market segment of the Exchange shall be 2.5% of the contract price exclusive of statutory levies. It is hereby further clarified that where the sale / purchase value of a share is Rs. 10/- or less, a maximum brokerage of 25 paise per share may be collected. (b) For Option Contracts: Brokerage for option contracts shall be charged on the premium amount at which the option contract was bought or sold and not on the strike price of the option contract. It is hereby further clarified that brokerage on options contracts shall not exceed 2.5% of the premium amount or Rs. 100/- (per lot) whichever is higher. However brokerage and other charges as agreed by the Client is indicated and duly signed by the client under brokerage slab. If there is any upward revision of brokerage, the same will be informed to the client with 15 days prior notice.

**4. Imposition of Penalty / Delayed Payment Charges.** The client agrees that any amounts which are overdue from the client towards trading or on account of any other reason to the stock broker will be charged with delayed payment charges at such rates as may be determined by the stock broker. The client agrees that the stock broker may impose fines / penalties for any orders / trades / deals / actions of the



client which are contrary to this agreement / Rules / Regulations / Bye laws of the exchange or any other law for the time being in force, at such rates and in such form as it may deem fit. Further where the stock broker has to pay any fine or bear any punishment from any authority in connection with / as a consequence of / in relation to any of the orders / trades / deals / actions of the client, the same shall be borne by the client. The client agrees to pay to the stock broker brokerage, commission, fees, all taxes, duties, levies imposed by any authority including but not limited to the stock exchanges (including any amount due on account of reassessment / backlogs etc.), transaction expenses, incidental expenses such as postage, courier etc. as they apply from time to time to the client's account/transactions/services that client avails from the stock broker.

**5. The right to sell client's securities or close clients positions, without giving notice to the client, on account of non-payment of client's dues.**

The stock broker maintains centralized banking and securities handling processes and relating banking and depository accounts at designated place. The client shall ensure timely availability of funds / securities in designated form and manner at designated time and in designated bank and depository account(s) at designated place, for meeting his/her/its pay in obligation of funds and securities. The stock broker shall not be responsible for any claim / loss / damage arising out of non-availability of funds / securities by the client in the designated account(s) of the stock broker for meeting the pay in obligation of either funds or securities. If the client gives orders / trades in the anticipation of the required securities being available subsequently for pay in through anticipated pay out from the exchange or through borrowings or any off market delivery(s) or market delivery(s) and if such anticipated availability does not materialize in actual availability of securities / funds for pay in for any reason whatsoever including but not limited to any delays / shortages at the exchange or stock broker level / non release of margin by the stock broker etc., the losses which may occur to the client as a consequence of such shortages in any manner such as on account of auctions / square off / closing outs etc., shall be solely to the account of the client and the client agrees not to hold the stock broker responsible for the same in any form or manner whatsoever. In case the payment of the margin / security is made by the client through a bank instrument, the stock broker shall be at liberty to give the benefit / credit for the same only on the realization of the funds from the said bank instrument etc. at the absolute discretion of the stock broker Where the margin / security is made available by way of securities or any other property, the stock broker is empowered to decline its acceptance as margin / security & / or to accept it at such reduced value as the stock broker may deem fit by applying haircuts or by valuing it by marking it to market or by any other method as the stock broker may deem fit in its absolute discretion. The stock broker has the right but not the obligation, to cancel all pending orders and to sell / close / liquidate all open positions / securities / shares at the pre-defined square off time or when Mark to Market loss (M-T-M) reaches the speculated % or margin available with the broker is not sufficient to cover the risk; or the client have not taken any steps either to replenish the margin or reduce the Mark to Market loss. The stock broker will have the sole discretion to decide referred stipulated margin percentage depending upon the market condition. In the event of such square off, the client agrees to bear all the losses based on actual executed prices. In case open position (i.e. short / long) gets converted into delivery due to non square off because of any reason whatsoever, the client agrees to provide securities / funds to fulfill the payin obligation failing which the client will have to face auctions or internal close outs; in addition to this, the client will have to pay penalties and charges levied by the exchange in actual and losses, if any. Without prejudice to the foregoing, the client shall also be solely liable for all and any penalties and charges levied by the exchange(s). The stock broker is entitled to prescribe the date and time by which the margin / security is to be made available and the stock broker may refuse to accept any payments in any form after such deadline for margin / security expires.



Notwithstanding anything to the contrary in the agreement or elsewhere, if the client fails to maintain or provide the required margin / fund / Security or to meet the funds / margins / securities pay in obligations for the orders / trades / deals of the client within the prescribed time and form, the stock broker shall have the right without any further notice or communication to the client to take any one or more of the following steps:

- i. To withhold any payout of funds / securities.
- ii. To withhold / disable the trading /dealing facility to the client.
- iii. To liquidate one or more security(s) of the client by selling the same in such manner and at such rate which the stock broker may deem fit in its absolute discretion. It is agreed and understood by the client that securities here include securities which are pending delivery / receipt.
- iv. To liquidate/square off partially or fully the position of sale &/or purchase in any one or more securities / contracts in such manner and at such rate which the stock broker may decide in its absolute discretion.
- v. To take any other steps which in the given circumstances, the stock broker may deem fit. The client agrees that the loss(es) if any, on account of any one or more steps as enumerated herein above being taken by the stock broker, shall be borne exclusively by the client alone and agrees not to question the responsibilities, requirements, timing, manner, form, pricing etc., which are chosen by the stock broker.

6. Shortages in obligations arising out of internal netting of trades Stock broker shall not be obliged to deliver any securities or pay any money to the client unless and until the same has been received by the stock broker from the exchange, the clearing corporation / clearing house or other company or entity liable to make the payment and the client has fulfilled his / her / its obligations first. The policy and procedure for settlement of shortages in obligations arising out of internal netting of trades is as under: The Securities delivered short are purchased from the market on or before T + 2 day and the purchase consideration (including all statutory charges and levies) along with a penalty is debited to the short delivery seller client. If the Security cannot be purchased from market due to any force majeure condition, the shortages will be closed out as under. On the Pay in / payout date, the short delivering client (The Seller) is debited by an amount equivalent to 10% above the closing rate of day prior to the payin / payout day ie; T + 1 day and the corresponding buyer will be credited by the equivalent amount. A penalty of 1% is levied to the seller client on the closeout value In case of Corporate action like, Split, bonus, etc. exist in the particular scrip, then the obligation will be closed out at 10% above the closing price on the previous day of pay in/ Pay out (T + 1) or highest rate prevailing from the trading date (T day) till the closeout day (T + 2) The Stock broker shall have the right to adopt a policy of its choice for internal auctions arising out of internal netting of trades and charge to default seller and compensate the impacted purchaser as per the policy. The current procedure for internal auction may be amended from time to time with prospective effect and will be published on the website.

**7. Temporarily Suspending or Closing a client's account at the client's request.**

- i. If the client requests the stock broker to temporarily suspend his account, the stock broker may do so subject to client accepting / adhering to conditions imposed by stock broker including but not limited to settlement of account and / or other obligation.
- ii. The stock broker can with hold the payouts of client and suspend his trading account due to his surveillance action or judicial or / and regulatory order / action requiring client suspension.

8. **De-Registering a Client.** Notwithstanding anything to the contrary stated in the agreement, the stock broker shall be entitled to terminate the agreement with immediate effect in any of the following circumstances:



- i. If the action of Client is prima facie illegal/improper or such as to manipulate price of any securities or disturb the normal/proper functioning of market, either alone or in conjunction with others.
- ii. If there is any commencement of a legal process against the Client under any law in force.
- iii. On the death / lunacy or other disability of the Client.
- iv. If a receiver, administrator or liquidator has been appointed or allowed to be appointed or allowed to be appointed of all or any part of the undertaking of the Client.
- v. If the Client has voluntarily or compulsorily become the subject of proceedings under any bankruptcy or insolvency law or being a company, goes into liquidation or has a receiver appointed in respect of its assets or refers itself to the Board for Industrial and Financial Reconstruction or under any other law providing protection as a relief undertaking.
- vi. If the Client being a partnership firm, if any steps have been taken by the Client and / or its partners for dissolution of the partnership.
- vii. If the Client have taken or suffered to be taken any action for its reorganization, liquidation or dissolution.
- viii. If the Client has made any material misrepresentation of facts, including (without limitation) in relation to the Security.
- ix. If there is reasonable apprehension that the Client is unable to pay its debts or has admitted its inability to pay its debts, as they become payable.
- x. If the Client suffers any adverse material change in his / her / its financial position or defaults in any other agreement with the Stock Broker.
- xi. If the Client is in breach of any term, conditions or covenant of this Agreement.
- xii. If any covenant or warranty of the client is incorrect or untrue in any material respect.

9. **Registering a Client.** ACMIL has taken due care in the preparation of the Client Registration Form in the format as prescribed by SEBI and Stock Exchanges. Duly filled and signed form is collected at the Branch Offices. In-person Verification is done at the branch level by the trained Employee or thru Web Cam at Head Office. Verifying Employee's Name, Designation Signature and date of verification is marked in the Registration Form. The original form along with supporting documents is then forwarded to the Head Office for activating the account. A welcome mail along with the Unique Client Code, Client Id\*, Specimen copy of the Client Registration Form & Service Requests are sent to the Client by Email within 48 hours from the date of activation of account. Delivery Instruction Booklet\*, if requested will be send separately to the registered address of the client. The Unique Client Code activated for the client is intimated to the client by means of SMS simultaneously. (\* in case if demat account is also activated)

10. **Client Transfer/Shifting from one Branch to Another.** Transfer/Shifting request from the client is obtained in the prescribed format at least 48 hours in advance, specifying the reason for shifting. Any pending settlements in the existing code have to be cleared. Duly executed transfer/shifting form has to reach the Head Office of ACMIL where it is processed after verifying the signature. After completing the verification, the existing code is mapped to the new branch. ACMIL may, in its own discretion, reduce/increase the period of 48 hours for Transfer/Shifting, on case to case basis. In case of transfer/shifting initiated by ACMIL, a notice period of 30 days will be served to the client. In such cases, the member will be free to transfer/shift a client to another branch of the member without insisting of clearance of any pending settlement in the existing code at the option of the member.



11. **Dormant / Inactive Account.** An Account which has no transactions for a period of 12 months or more is defined as Dormant / Inactive Account. ACMIL may suspend further transactions in the account temporarily. If the account status is tagged as Dormant / Inactive account, then the surplus funds or securities lying with ACMIL shall be refunded/returned to client at the last known Bank Account / Demat Account registered with ACMIL. However, client can resume transactions after submitting Account Re-activation Request in the format prescribed by ACMIL at least 48 hours in advance. Client may also forward scanned copy of such Re-activation Request letter to "[kyc@acumengroup.in](mailto:kyc@acumengroup.in)" from client's email id registered with ACMIL. ACMIL may, in its own discretion, reduce/increase the period of 48 hours for re-activation, on case to case basis. In case there is any change in the information such as: Address, Mobile Number, Email Id, Bank Account, Demat Account, Financial Disclosure (like Change in Occupation, Change in Income Range, etc.) provided in KYC at the time of registration as client, and/or KRA-CKYC is not under registered status, then client has to submit request for such changes in prescribed format, if any, in writing, along with supporting documents, if any, to reactivate his/her account.

12. **Account Closure.** Client can submit Account Closure Request in the prescribed format, specifying the reason for closure. The form should be duly signed by the client and the same is forwarded to the Head Office. Any pending settlements in the account must be cleared. Closure formalities shall be completed in less than 7 working days in normal course. ACMIL may, in its own discretion, reduce/increase the period of 7 days for closure of account, on case to case basis. Intimation in this regard will be forwarded to client either electronic form or in physical form.

13. **Change of Policies & Procedures.** SEBI / Exchanges / Statutory Bodies may affect changes which may affect the policies & procedures, as laid down from time to time by such authorities. ACMIL also has to make amendments in compliance with such changes as per the direction of such authorities. Apart from that ACMIL may also affect changes in the policies and procedures. All such amendments shall be published in the official web site of ACMIL under the head Policies & Procedures.

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**Disclosure Information on Proprietary Trading**

As per SEBI direction and with a view to increase the transparency in the dealings between Acumen Capital Market (India) Limited, the Trading Member and you, a Client, we do hereby disclose that apart from Client Based Trading, we also do Proprietary Based Trading in all segments of all exchanges in which we are a Member.

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**Bank Account Details for Fund Transfer**

Bank Account:	<b>00200340000191</b>	Account Type:	<b>Current</b>
IFSC:	<b>HDFC0000020</b>	MICR:	<b>682240002</b>
Bank Name & Address:	<b>HDFC Bank Limited; Kochi - Ravipuram Branch</b>		
Account Name:	<b>Acumen Capital Market (India) Limited</b>		
<b>Note: Funds to be transferred only from bank accounts updated in your Trading Account, and fund transferred details to be forwarded to <a href="mailto:payin@acumengroup.in">payin@acumengroup.in</a></b>			