

Client Copy



## 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).
7. 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.
8. 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

### 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.
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. (a) 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 non-payment 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.  
  
(b) The client understands that the securities received in pay out and that have not been paid for in full by the clients shall be considered as unpaid securities. Unpaid securities shall be kept by TM/CM in separate account named "client unpaid securities account". The client further understands that the securities kept in the 'client unpaid securities account' shall either be transferred to the demat account of the respective client as per Member's risk management policy in this regard or shall be disposed off in the market by TM/CM within five trading days after the pay-out. The unpaid securities shall be sold from the Unique Client Code (UCC) of the respective client. Profit/loss on the sale transaction of the unpaid securities, if any, shall be transferred to/adjusted from the respective client account.
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 authorised 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 / stock broker and depository participant shall not directly / indirectly compel the clients to execute Power of Attorney (PoA) or Demat Debit and Pledge Instruction (DDPI) or deny services to the client if the client refuses to execute PoA or DDPI.
32. 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.
33. 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.
34. 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.
35. 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.

36. The stock broker shall send daily margin statements to the clients. Daily Margin statement should include, inter-alia, 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.
37. The Client shall ensure that it has the required legal capacity to, and is authorised 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)**

38. In case, client opts to receive the contract note in electronic form, he shall provide an appropriate email 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.
39. The stock broker shall ensure that all ECNs sent through the email 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 email as an attachment, the attached file shall also be secured with the digital signature, encrypted and non-tamperable.
40. 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 email ID of the client.
41. The stock broker shall retain ECN and acknowledgment of the email 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/emails 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.

42. 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 Email 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.
43. In addition to the email 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**

44. 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.

45. 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.
46. 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.
47. 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.
48. 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.
49. 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/MEMBER 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/Member is eligible for providing Internet based trading (IBT) and securities / commodities 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 Broker / Member shall comply with all requirements applicable to internet based trading / securities / commodities trading using wireless technology as may be specified by SEBI & the Exchanges from time to time.
2. The client is desirous of investing / trading in securities / commodities and for this purpose, the client is desirous of using either the internet based trading facility or the facility for securities / commodities trading through use of wireless technology. The Stock Broker/Member shall provide the Stock Broker's/Member IBT Service to the Client, and the Client shall avail of the Stock Broker's/Member IBT Service, on and subject to SEBI / Exchanges Provisions and the terms and conditions specified on the Stock Broker's/Member IBT Web Site provided that they are in line with the norms prescribed by Exchanges / SEBI.
3. The Stock Broker/Member shall bring to the notice of client the features, risks, responsibilities, obligations and liabilities associated with securities / commodities 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/Member.
4. The Stock Broker/Member shall make the client aware that the Stock Broker's/Member'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 whosoever through the Stock Broker's/Member's IBT System using the Client's Username and/or Password whether or not such person was authorised to do so. Also the client is aware that authentication technologies and strict security measures are required for the internet trading / securities / commodities trading through wireless technology through order routed system and undertakes to ensure that the password of the client and / or his authorised representative are not revealed to any third party including employees and dealers of the Stock Broker/Member.
6. The Client shall immediately notify the Stock Broker/Member in writing if he forgets his password, discovers security flaw in Stock Broker's/Member's IBT System, discovers / suspects discrepancies / unauthorised access through his username / password / account with full details of such unauthorised use, the date, the manner and the transactions effected pursuant to such unauthorised 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 / commodities 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/Member 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/Member'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/Member 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 Broker/Member / Exchange end for any reason beyond the control of the stock broker / Exchanges.



## RIGHTS AND OBLIGATIONS OF MEMBERS, AUTHORIZED PERSONS AND CLIENTS

### *as prescribed by Regulator and Commodity Exchanges*

1. The client shall invest/trade in those commodities /contracts/other instruments admitted to dealings on the Exchanges as defined in the Rules, Byelaws and Business Rules/ Regulations of Exchanges/Regulator and circulars / notices issued there under from time to time.
  2. The Member, Authorized Person and the client shall be bound by all the Rules, Byelaws and Business Rules of the Exchange and circulars/notices issued there under and Rules and Regulations of Regulator and relevant notifications of Government authorities as may be in force from time to time.
  3. The client shall satisfy himself of the capacity of the Member to deal in commodities and/or deal in derivatives contracts and wishes to execute its orders through the Member and the client shall from time to time continue to satisfy itself of such capability of the Member before executing orders through the Member.
  4. The Member 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 Member shall take steps to make the client aware of the precise nature of the Member's liability for business to be conducted, including any limitations, the liability and the capacity in which the Member acts.
  6. Requirements of professional diligence
    - a. The Member must exercise professional diligence while entering into a financial contract or discharging any obligations under it.
    - b. "professional diligence" means the standard of skill and care that a Member would be reasonably expected to exercise towards a Client, commensurate with—
      - i. honest market practice;
      - ii. the principle of good faith;
      - iii. the level of knowledge, experience and expertise of the Client;
      - iv. the nature and degree of risk embodied in the financial product\* or financial service being availed by the Client; and
  - v. the extent of dependence of the Client on the Member.
- \*Commodity derivative contract
7. The Authorized Person shall provide necessary assistance and co-operate with the Member in all its dealings with the client(s).

### CLIENT INFORMATION

8. The client shall furnish all such details in full as are required by the Member in "Account Opening Form" with supporting details, made mandatory by commodity Exchanges/Regulator from time to time.
9. The client shall familiarize himself with all the mandatory provisions in the Account Opening documents. Any additional clauses or documents specified by the Member shall be non-mandatory; therefore, subject to specific acceptance by the client.
10. The client shall immediately notify the Member 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 Member on a periodic basis.
- 11.A. Protection from unfair terms in financial contracts\*\*
  - a. An unfair term of a non-negotiated contract will be void.
  - b. A term is unfair if it—
    - i. causes a significant imbalance in the rights and obligations of the parties under the financial contract, to the detriment of the Client; and
    - ii. is not reasonably necessary to protect the legitimate interests of the Member.
  - c. The factors to be taken into account while determining whether a term is unfair, include—

- i. the nature of the financial product or financial service dealt with under the financial contract;
- ii. the extent of transparency of the term;

\*\*contracts offered by commodity exchanges

- iii. the extent to which the term allows a Client to compare it with other financial contracts for similar financial products or financial services; and
- iv. the financial contract as a whole and the terms of any other contract on which it is dependent.

- d. A term is transparent if it –
  - i. is expressed in reasonably plain language that is likely to be understood by the Client;
  - ii. is legible and presented clearly; and
  - iii. is readily available to the Client affected by the term.
- e. If a term of a financial contract is determined to be unfair under point 11.A.c, the parties will continue to be bound by the remaining terms of the financial contract to the extent that the financial contract is capable of enforcement without the unfair term.

#### 11.B.

- a. “Non-negotiated contract” means a contract whose terms, other than the terms contained in point 11.C. (given below) are not negotiated between the parties to the financial contract and includes –
  - i. a financial contract in which, relative to the Client, the Member has a substantially greater bargaining power in determining terms of the financial contract; and
  - ii. a standard form contract.
- b. “Standard form contract” means a financial contract that is substantially not negotiable for the Client, except for the terms contained in point 11.C.
- c. Even if some terms of a financial contract are negotiated in form, the financial contract may be regarded as a non-

negotiated contract if so indicated by –

- i. an overall and substantial assessment of the financial contract; and
- ii. the substantial circumstances surrounding the financial contract

- d. In a claim that a financial contract is a non-negotiated contract, the onus of demonstrating otherwise will be on the Member.

#### 11.C.

- a. The above does not apply to a term of a financial contract if it –
  - i. defines the subject matter of the financial contract;
  - ii. sets the price that is paid, or payable, for the provision of the financial product or financial service under the financial contract and has been clearly disclosed to the Client; or
  - iii. is required, or expressly permitted, under any law or regulations.
- b. The exemption under point 11.C does not apply to a term that deals with the payment of an amount which is contingent on the occurrence or non-occurrence of any particular event.

- 12. The Member and Authorized Person 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 Member may so disclose information about his client to any person or authority with the express permission of the client.

#### 13.A. Protection of personal information and confidentiality

- a. “Personal information” means any information that relates to a Client or allows a Client’s identity to be inferred, directly or indirectly, and includes –
  - i. name and contact information;
  - ii. biometric information, in case of individuals
  - iii. information relating to transactions in, or holdings of, financial products

- iv. information relating to the use of financial services; or
- v. such other information as may be specified.

### 13. B.

#### a. A Member must –

- i. not collect personal information relating to a Client in excess of what is required for the provision of a financial product or financial service;
- ii. maintain the confidentiality of personal information relating to Clients and not disclose it to a third party, except in a manner expressly permitted under point 13.B. b.;
- iii. make best efforts to ensure that any personal information relating to a Client that it holds is accurate, up to date and complete;
- iv. ensure that Clients can obtain reasonable access to their personal information, subject to any exceptions that the Regulator may specify; and
- v. allow Clients an effective opportunity to seek modifications to their personal information to ensure that the personal information held by the Member is accurate, up to date and complete.

#### b. A Member may disclose personal information relating to a Client to a third party only if –

- i. it has obtained prior written informed consent of the Client for the disclosure, after giving the Client an effective opportunity to refuse consent;
- ii. the Client has directed the disclosure to be made;
- iii. the Regulator has approved or ordered the disclosure, and unless prohibited by the relevant law or regulations, the Client is given an opportunity to represent under such law or regulations against such disclosure;

- iv. the disclosure is required under any law or regulations, and unless prohibited by such law or regulations, the Client is given an opportunity to represent under such law or regulations against such disclosure;

#### v. the disclosure is directly related to the provision of a financial product or financial service to the Client, if the Member –

- 1. informs the Client in advance that the personal information may be shared with a third party; and
- 2. makes arrangements to ensure that the third party maintains the confidentiality of the personal information in the same manner as required under this Part; or

- vi. the disclosure is made to protect against or prevent actual or potential fraud, unauthorised transactions or claims, if the Member arranges with the third party to maintain the confidentiality of the personal information in the manner required under this Part. -

#### c. “Third party” means any person other than the concerned Member, including a person belonging to the same group as the Member.

### 14. A. Requirement of fair disclosure both initially and on continuing basis

#### a. Member must ensure fair disclosure of information that is likely to be required by a Client to make an informed transactional decision.

#### b. In order to constitute fair disclosure, the information must be provided –

- i. sufficiently before the Client enters into a financial contract, so as to allow the Client reasonable time to understand the information;
- ii. in writing and in a manner that is likely to be understood by a Client belonging to a particular category; and

Continued on next page

- iii. in a manner that enables the Client to make reasonable comparison of the financial product or financial service with other similar financial products or financial services.
  - c. The types of information that must be disclosed to a Client in relation to a financial product or financial service, which may include information regarding –
    - i. main characteristics of the financial product or financial service, including its features, benefits and risks to the Client;
    - ii. consideration to be paid for the financial product or financial service or the manner in which the consideration is calculated;
    - iii. existence, exclusion or effect of any term in the financial product or financial contract;
    - iv. nature, attributes and rights of the Member, including its identity, regulatory status and affiliations;
    - v. contact details of the Member and the methods of communication to be used between the Member and the Client;
    - vi. rights of the Client to rescind a financial contract within a specified period; or
    - vii. rights of the Client under any law or regulations.

#### 14.B.

- a. Member must provide a Client that is availing a financial product or financial service provided by it, with the following continuing disclosures –
  - i. any material change to the information that was required to be disclosed under point 14.A at the time when the Client initially availed the financial product or financial service;
  - ii. information relating to the status or performance of a financial product held by the Client, as may be required to assess the rights or interests in the financial product or financial service; and

- iii. any other information that may be specified.
  - b. A continuing disclosure must be made –
    - i. within a reasonable time-period from the occurrence of any material change or at reasonable periodic intervals, as applicable; and
    - ii. in writing and in a manner that is likely to be understood by a Client belonging to that category.

### MARGINS

- 15. The client shall pay applicable initial margins, withholding margins, special margins or such other margins as are considered necessary by the Member or the Exchange or as may be directed by Regulator from time to time as applicable to the segment(s) in which the client trades. The Member is permitted in its sole and absolute discretion to collect additional margins (even though not required by the Exchange or Regulator) and the client shall be obliged to pay such margins within the stipulated time.
- 16. 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

- 17. The client shall give any order for buy or sell of commodities derivatives contract in writing or in such form or manner, as may be mutually agreed between the client and the Member however ensuring the regulatory requirements in this regard are complied with. The Member shall ensure to place orders and execute the trades of the client, only in the Unique Client Code assigned to that client.
- 18. The Member 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 commodity exchange where the trade is executed.
- 19. The Member shall ensure that the money 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 Member for himself/itself or for any other client or for any purpose other than the purposes mentioned in Rules, circulars, notices, guidelines of Regulator and/or Rules, Business Rules, Bye-laws, circulars and notices of Exchange.

20. 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, Member shall be entitled to cancel the respective contract(s) with client(s).
21. The transactions executed on the Exchange are subject to Rules, Byelaws and Business Rules 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 Business Rules of the Exchanges where the trade is executed for the purpose of giving effect to the provisions of the Rules, Byelaws and Business Rules of the Exchanges and the circulars/notices issued thereunder.

#### **BROKERAGE**

22. The Client shall pay to the Member 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 Member renders to the Client. The Member shall not charge brokerage more than the maximum brokerage permissible as per the Rules, Business Rules and Bye-laws of the relevant commodity exchanges and/or Rules of Regulator.

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

23. Without prejudice to the Member's other rights (including the right to refer a matter to arbitration), the client understands that the Member shall be entitled to liquidate/close out all or any of the client's positions for non payment 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.
24. 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 commodities which the client has ordered to be bought or sold, Member 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/commodities in favor of a Nominee shall be valid discharge by the Member against the legal heir.

#### **DISPUTE RESOLUTION**

25. The Member shall co-operate in redressing grievances of the client in respect of all transactions routed through it.
26. The client and the Member shall refer any claims and/or disputes with respect to deposits, margin money, etc., to arbitration as per the Rules, Byelaws and Business Rules of the Exchanges where the trade is executed and circulars/notices issued thereunder as may be in force from time to time.
27. The client/Member understands that the instructions issued by an authorized representative for dispute resolution, if any, of the client/Member shall be binding on the client/Member in accordance with the letter authorizing the said representative to deal on behalf of the said client/Member.
28. Requirement for each Member to have an effective grievance redress mechanism which is accessible to all its Clients
  - a. A Member must have in place an effective mechanism to receive and redress complaints from its Clients in relation to financial products or financial services provided by it, or on its behalf, in a prompt and fair manner.
  - b. A Member must inform a Client, at the commencement of relationship with the Client and at such other time when the information is likely to be required by the Client, of—
    - i. the Client's right to seek redress for any complaints; and
    - ii. the processes followed by the Member to receive and redress complaints from its Clients.
29. A. Suitability of advice for the Client

Continued on next page



Right to receive advice that is suitable taking into account the relevant personal circumstances of the Client, such as the Client's financial circumstances and needs. This obligation would apply to persons who render advice to Clients and the regulator may specify categories of financial products and service that necessarily require such advice to be given.

a. A Member must –

- i. make all efforts to obtain correct and adequate information about the relevant personal circumstances of a Client; and
- ii. ensure that the advice given is suitable for the Client after due consideration of the relevant personal circumstances of the Client.

b. If it is reasonably apparent to the Member that the available information regarding the relevant personal circumstances of a Client is incomplete or inaccurate, the Member must warn the Client of the consequences of proceeding on the basis of incomplete or inaccurate information.

c. If a Client intends to avail of a financial product or financial service that the Member determines unsuitable for the Client, the Member –

- i. must clearly communicate its advice to the Client in writing and in a manner that is likely to be understood by the Client; and
- ii. may provide the financial product or financial service requested by the Client only after complying with point 29.A.a and obtaining a written acknowledgement from the Client.

### 30. Dealing with conflict of interest

In case of any conflict between the interests of a Client and that of the Member, preference must be given to the Client's interests.

a. A member must –

- i. provide a Client with information regarding any conflict of interests, including any conflicted remuneration that the Member has received or expects to receive for making the advice to the Client; and

ii. give priority to the interests of the Client if the Member knows, or reasonably ought to know, of a conflict between –

1. its own interests and the interests of the Client; or
2. the interests of the concerned Member and interests of the Client, in cases where the Member is a financial representative.

b. The information under point 16a.i. must be given to the Client in writing and in a manner that is likely to be understood by the Client and a written acknowledgement of the receipt of the information should be obtained from the Client.

c. In this section, "conflicted remuneration" means any benefit, whether monetary or non-monetary, derived by a Member from persons other than Clients, that could, under the circumstances, reasonably be expected to influence the advice given by the Member to a Client.

## TERMINATION OF RELATIONSHIP

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

32. The Member, Authorized Person 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.

33. In the event of demise/insolvency of the Authorized Person or the cancellation of his/its registration with the Board or/withdrawal of recognition of the Authorized Person by the

commodity exchange and/or termination of the agreement with the Authorized Person by the Member, 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 Member and all clauses in the 'Rights and Obligations' document(s) governing the Member, Authorized Person and client shall continue to be in force as it is, unless the client intimates to the Member his/its intention to terminate their relationship by giving a notice in writing of not less than one month.

#### **ADDITIONAL RIGHTS AND OBLIGATIONS**

34. The stock broker / stock broker and depository participant shall not directly / indirectly compel the clients to execute Power of Attorney (PoA) or Demat Debit and Pledge Instruction (DDPI) or deny services to the client if the client refuses to execute PoA or DDPI.
35. The Member and client shall reconcile and settle their accounts from time to time as per the Rules, Business Rules, Bye Laws, Circulars, Notices and Guidelines issued by Regulator and the relevant Exchanges where the trade is executed.
36. The Member shall issue a contract note to his clients 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 Member shall send contract notes to the investors within 24 hours of the execution of the trades in hard copy and/or in electronic form using digital signature.
37. The Member shall make pay out of funds or delivery of commodities as per the Exchange Rules, Bye-Laws, Business Rules and Circulars, as the case may be, to the Client on 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.
38. The Member shall send a complete 'Statement of

Accounts' for both funds and commodities 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.

39. The Member shall send margin statements to the clients on daily basis. Margin statement should include, inter-alia, 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, warehouse receipts, securities etc.
40. The Client shall ensure that it has the required legal capacity to, and is authorized to, enter into the relationship with Member 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.
41. In case, where a member surrenders his/ her/ its membership, Member gives a public notice inviting claims, if any, from investors. In case of a claim relating to transactions executed on the trading system of the Exchange, ensure that client lodge a claim with the Exchange within the stipulated period and with the supporting documents.
- 42.A. Protection from unfair conduct which includes misleading conduct & abusive conduct
  - a. Unfair conduct in relation to financial products or financial services is prohibited.
  - b. "Unfair conduct" means an act or omission by a Member or its financial representative that significantly impairs, or is likely to significantly impair, the ability of a Client to make an informed transactional decision and includes –
    - i. misleading conduct under point 41.B
    - ii. abusive conduct under point 41.C
    - iii. such other conduct as may be



specified.

42.B.

- a. Conduct of a Member or its financial representative in relation to a determinative factor is misleading if it is likely to cause the Client to take a transactional decision that the Client would not have taken otherwise, and the conduct involves –
  - i. providing the Client with inaccurate information or information that the Member or financial representative does not believe to be true; or
  - ii. providing accurate information to the Client in a manner that is deceptive.
- b. In determining whether a conduct is misleading under point 41.B.a, the following factors must be considered to be “determinative factors” –
  - i. the main characteristics of a financial product or financial service, including its features, benefits and risks to the Client;
  - ii. the Client’s need for a particular financial product or financial service or its suitability for the Client;
  - iii. the consideration to be paid for the financial product or financial service or the manner in which the consideration is calculated;
  - iv. the existence, exclusion or effect of any term in a financial contract, which is material term in the context of that financial contract;
  - v. the nature, attributes and rights of the Member, including its identity, regulatory status and affiliations; and
  - vi. the rights of the Client under any law or regulations.

42.C.

- a. A conduct of a Member or its financial representative in relation to a financial product or financial service is abusive if it –
  - i. involves the use of coercion or undue influence; and
  - ii. causes or is likely to cause the

Client to take a transactional decision that the Client would not have taken otherwise.

- b. In determining whether a conduct uses coercion or undue influence, the following must be considered –
  - i. the timing, location, nature or persistence of the conduct;
  - ii. the use of threatening or abusive language or behaviour;
  - iii. the exploitation of any particular misfortune or circumstance of the Client, of which the Member is aware, to influence the Client’s decision with regard to a financial product or financial service;
  - iv. any non-contractual barriers imposed by the Member where the Client wishes to exercise rights under a financial contract, including-
  - v. the right to terminate the financial contract;
  - vi. the right to switch to another financial product or another Member and
  - vii. a threat to take any action, depending on the circumstances in which the threat is made.

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

- 43. 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.
- 44. The Member shall ensure that all ECNs sent through the e-mail shall be digitally signed, encrypted, non-tamperable 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.
- 45. The client shall note that non-receipt of bounced mail notification by the Member shall amount to

- delivery of the contract note at the e-mail ID of the client.
46. The Member 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/circulars/guidelines issued by Regulator/ Commodity 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 Member for the specified period under the extant rules/circulars/ guidelines issued by Regulator/ Commodity 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 Member 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 rules/circulars/guidelines issued by Regulator / Commodity exchanges.
47. The Member 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 Member shall send a physical contract note to the client within the stipulated time under the extant Regulations/ Rules, Bye-Laws, Business Rules and Circulars of Regulator/commodity exchanges and maintain the proof of dispatch and delivery of such physical contract notes.
48. In addition to the e-mail communication of the ECNs to the client, the Member 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.
50. The provisions of this document shall always be subject to Government notifications, any rules, guidelines and circulars/notices issued by Regulator and Circulars, Rules, Business Rules and Bye laws of the relevant commodity exchanges, where the trade is executed, that may be in force from time to time.
51. The Member 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, if either party is not satisfied with the arbitration award.
52. 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/Business Rules and circulars/notices issued thereunder of the Exchanges/Regulator.
53. All additional voluntary/non mandatory clauses/document added by the Member should not be in contravention with Rules/ Business Rules/Notices/Circulars of Exchanges / Regulator. 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/Regulator shall also be brought to the notice of the clients.
54. If the rights and obligations of the parties hereto are altered by virtue of change in Rules of Regulator or Bye-laws, Rules and Business Rules of the relevant commodity 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.
55. Members are required to send account statement to their clients every month.

## **LAW AND JURISDICTION**

49. The Electronic Contract Note (ECN) declaration form will be obtained from the client who opts to receive the contract note in electronic form. This declaration will remain valid till it is revoked by the client.

## 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 "nocharges are payable for opening of demat accounts"

6. In case of Basic Services DematAccounts, 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 authorised 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.
13. The stock broker / stock broker and depository participant shall not directly / indirectly compel the clients to execute Power of Attorney (PoA) or Demat Debit and Pledge Instruction (DDPI) or deny services to the client if the client refuses to execute PoA or DDPI.

## **STATEMENT OF ACCOUNT**

14. 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.
15. 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.
16. 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.

17. 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**

18. 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.
19. 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**

20. 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.
21. 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**

22. 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**

23. 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.
24. 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**

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

### **AUTHORISED REPRESENTATIVE**

26. 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 authorised 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**

27. 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.
28. 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.
29. 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.
30. 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.
31. 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.
32. 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.



## RISK DISCLOSURE DOCUMENT FOR CAPITAL MARKET AND DERIVATIVES SEGMENTS

as prescribed by SEBI and Stock Exchanges

This document contains important information on trading in Equities / Derivatives Segments of the stock exchanges. All prospective constituents should read this document before trading in Equities / Derivatives Segments of the Exchanges.

Stock 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 / 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, derivatives contracts or other instruments traded on the Stock 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 and suffer adverse consequences or loss, you shall be solely responsible for the same and Stock 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. 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.

It must be clearly understood by you that your dealings on Stock exchanges through a stock broker shall be subject to your fulfilling certain formalities set out by the stock 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, its Clearing Corporation, guidelines prescribed by SEBI and in force from time to time and Circulars as may be issued by Stock exchanges or its Clearing Corporation and in force from time to time.

Stock 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 of Stock 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 authorise 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 a security / derivatives contract undergoes when trading activity continues on the Stock Exchanges. Generally, higher the volatility of a security / derivatives contract, greater is its price swings. There may be normally greater volatility in thinly traded securities / derivatives contracts than in active securities / 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 / 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 / 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 / derivatives contracts purchased or sold. There may be a risk of lower liquidity in some securities / derivatives contracts as compared to active securities / 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 / derivatives contracts as part of a day trading strategy may also result into losses, because in such a situation, securities / 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 security / 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 a security / 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 / 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 a stock / derivatives contract, and such order gets activated if and when the security / 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 security / 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 a security / 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 stock / 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 security / contract.

### 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 a security / derivatives contract due to any action on account of unusual trading activity or security / 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 the index / derivatives contract. If the 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 may liquidate a part of or the whole position or substitute securities. 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.

## 4. GENERAL

- 4.1 The term 'constituent' shall mean and include a client, a customer or an investor, who deals with a stock broker for the purpose of acquiring and / or selling of securities / derivatives contracts through the mechanism provided by the Exchanges.
- 4.2 The term 'stock broker' shall mean and include a stock broker, a broker or a stock broker, who has been admitted as such by the Exchanges and who holds a registration certificate from SEBI.

## RISK DISCLOSURE DOCUMENT FOR COMMODITY DERIVATIVE SEGMENTS

as prescribed by Regulator and Commodity Exchanges

The Exchange does not expressly or impliedly, guarantee nor make any representation concerning the completeness, the adequacy or accuracy of this disclosure documents nor has the Exchange endorsed or passed any merits of participating in the Commodity Derivatives market/trading. This brief statement does not disclose all of the risks and other significant aspects of trading. You should, therefore, study derivatives trading carefully before becoming involved in it.

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

You must know and appreciate that investment in commodity futures contracts/ derivatives or other instruments traded on the Commodity Exchange(s), 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 the Exchange and suffer adverse consequences or loss, you shall be solely responsible for the same and the Exchange shall not be responsible, in any manner whatsoever, for the same and it will not be open for you to take the plea that no adequate disclosure regarding the risks involved was made or that you were not explained the full risk involved by the concerned member. The Client 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 commodity derivatives being traded on the Exchange.

It must be clearly understood by you that your dealings on the Exchange through a member shall be subject to your fulfilling certain formalities set out by the member, which may, inter alia, include your filing the know your client form and are subject to Rules, Byelaws and Business Rules of the Exchange guidelines prescribed by Regulator from time to time and circulars as may be issued by the Exchange from time to time.

The Exchange 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 member of the Exchange and/ or third party based on any information contained in this document. Any information contained in this document must not be construed as business advice/investment 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, you should be aware of or must get acquainted with the following:-

### 1. **Basic Risks involved in the trading of Commodity Futures Contracts and other Commodity Derivatives Instruments on the Exchange.**

#### **i. Risk of Higher Volatility**

Volatility refers to the dynamic changes in price that commodity derivative contracts undergo when trading activity continues on the Commodity Exchange. Generally, higher the volatility of a commodity derivatives contract, greater is its price swings. There may be normally greater volatility in thinly traded commodity derivatives contracts than in actively traded commodities/ 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 real losses.

#### **ii. Risk of Lower Liquidity**

a. Liquidity refers to the ability of market participants to buy and/ or sell commodity derivative contract expeditiously at a competitive price and with minimal price difference. Generally, it is assumed that more the number 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 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 commodity derivative contracts purchased or sold. There may be a risk of lower liquidity in some commodity derivative contracts as compared to active commodity derivative 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.

- b. Buying/ Selling without intention of giving and/ or taking delivery of certain commodities may also result into losses, because in such a situation, commodity derivative contracts may have to be squared-off at a low/ high prices, compared to the expected price levels, so as not to have any obligation to deliver/ receive such commodities.

### iii. Risk of Wider Spreads

- a. Spread refers to the difference in best buy price and best sell price. It represents the differential between the price of buying a commodity derivative and immediately selling it or vice versa. Lower liquidity and higher volatility may result in wider than normal spreads for less liquid or illiquid commodities/ commodity derivatives contracts. This in turn will hamper better price formation.

### iv. Risk-reducing orders

- a. Most of the Exchanges have a facility for investors to place “limit orders”, “stop loss orders” etc. Placing of such 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.
- b. 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 commodity derivatives contract.

- c. A “limit” order will be executed only at the “limit” price specified for the order or a better price. However, while the client received price protection, there is a possibility that the order may not be executed at all.
- d. A stop loss order is generally placed “away” from the current price of a commodity derivatives contract, and such order gets activated if and when the 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 contract approaches 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 a 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.

### v. Risk of News Announcements

- a. Traders/Manufacturers make news announcements that may impact the price of the commodities and/or commodity derivatives contracts. These announcements 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 commodity / commodity derivatives contract.

### vi. Risk of Rumours

- a. Rumours about the price of a commodity at times float in the market through word of mouth, newspaper, websites or news agencies, etc., the investors should be wary of and should desist from acting on rumours.

### vii. System Risk

- a. High volume trading will frequently occur at the market opening and before market close. Such high volumes may also occur at any

Continued on next page



point in the day. These may cause delays in order execution or confirmation.

- b. 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 execution of order and its confirmation.
- c. 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 a commodity due to any action on account of unusual trading activity or price hitting circuit filters or for any other reason.

## **viii. System/ Network Congestion**

- a. Trading on the Exchange is in electronic mode, based on satellite/ leased line 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 the control of 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 Futures Commodity Derivatives are concerned, please note and get yourself acquainted with the following additional features:-**

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

- a. The amount of margin is small relative to the value of the commodity derivatives contract so the transactions are 'leveraged' or 'geared'. Commodity Derivatives trading, which is conducted with a relatively small amount of margin,

provides the possibility of great profit or loss in comparison with the principal investment amount. But transactions in commodity derivatives carry a high degree of risk. You should therefore completely understand the following statements before actually trading in commodity derivatives contracts and also trade with caution while taking into account one's circumstances, financial resources, etc.

- b. Trading in Futures Commodity Derivatives involves daily settlement of all positions. Every day the open positions are marked to market based on the closing price. If the closing price has moved against you, you will be required to deposit the amount of loss (notional) resulting from such movement. This margin will have to be paid within a stipulated time frame, generally before commencement of trading on the next day.
- c. If you fail to deposit the additional margin by the deadline or if an outstanding debt occurs in your account, the Member of the Exchange may liquidate/square-up a part of or the whole position. In this case, you will be liable for any losses incurred due to such square-up/ Close Outs.
- d. Under certain market conditions, an Investor may find it difficult or impossible to execute the 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.
- e. Steps, such as, changes in the margin rate, increase in the cash margin rate etc. may be adopted in order to maintain market stability. These new measures may be applied to the existing open interests. In such conditions, you will be required to put up additional margins or reduce your positions.
- f. You must ask your Member of the Exchange to provide the full details of the commodity derivatives contracts you plan to trade i.e. the contract specifications and the associated obligations.

## **3. Trading Through Wireless Technology Or Any Other Technology:**

Any additional provisions defining the features, risks, responsibilities, obligations and liabilities associated with commodities trading through

wireless technology or any other technology should be brought to the notice of the client by the member.

#### **4. General**

##### **i. Deposited cash and property:**

You should familiarize yourself with the protections accorded to the money or other property you deposit particularly in the event of a firm become insolvent or bankrupt. The extent to which you may recover your money or property may be governed by specific legislation or local rules. In some jurisdictions, property, which has been specifically identifiable as your own, will be pro-rated in the same manner as cash for purposes of distribution in the event of a shortfall. In case of any dispute with the Member of the Exchange, the same shall be subject to arbitration as per the Rules, Bye-laws and Business Rules of the Exchange.

##### **ii. Commission and other charges:**

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.

- iii. For rights and obligations of the Members/ Authorised Persons/ clients, please refer to Annexure 3
- iv. The term 'Constituent' shall mean and include a Client, a Customer or an Investor, who deals with a member for the purpose of trading in the commodity derivatives through the mechanism provided by the Exchange.
- v. The term 'member' shall mean and include a Trading Member or a Member/Broker, who has been admitted as such by the Exchange and got a Registration number from Regulator.

#### **5. Commodity Options Trading**

##### **A. Risk of Option holders:**

- i. 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.

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

##### **B. Risks of Option Writers:**

- i. If the price movement of the underlying is not in the anticipated direction, the option writer runs the risks of losing substantial amount.
- ii. 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.
- iii. 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.

**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 website [www.nseindia.com](http://www.nseindia.com), [www.bseindia.com](http://www.bseindia.com), [www.mseil.in](http://www.mseil.in) 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 and the 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) / 'Demat Debit and Pledge Instruction' (DDPI) in favour 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.
11. Make the payments by account payee cheque in favour 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 for funds, payout of funds, may not be made to you within one working day from the receipt of payout from the Exchange. Further, as you are aware that securities can be accepted as collateral towards margin, securities provided by the client towards margin collateral shall be retained in client collateral/collateral account of Stock Broker in accordance with applicable regulatory provisions. Thus, the stock broker shall maintain running account of funds for you and release excess funds and securities (kept in client collateral/ collateral of Broker) to you at the time of running account settlement; 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 (lying in client collateral/ collateral of Broker) 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

**TRANSACTIONS AND SETTLEMENTS**

8. The stock broker may issue electronic contract notes (ECN) if specifically authorised 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



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 regulator/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 for funds and pay-out of funds is not received on the next working day of the receipt of payout from the exchanges or pay-out of securities that has been paid in full by client, is not received on the next working day of the receipt of pay-out 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.

## Do's

1. Trade only through Registered Members of the Exchange. Check from the Exchange website at following links to see whether the Member is registered with the Exchange:  
  
<http://www.ncdex.com/Membership/MemberDirectory.aspx>  
  
<http://www.mcxindia.com/SitePages/MembersDetails.aspx>
2. Insist on filling up a standard 'Know Your Client (KYC)' form before you commence trading.
3. Insist on getting a Unique Client Code (UCC) and ensure all your trades are done under the said UCC.
4. Insist on reading and signing a standard 'Risk Disclosure Agreement'.
5. Obtain a copy of your KYC and/ or other documents executed by you with the Member, from the Member.
6. Cross check the genuineness of trades carried out at the Exchange through the trade verification facility available on the Exchange website at the following links:  
  
<http://www.ncdex.com/MarketData/VerifyTrade.aspx>  
  
<http://www.mcxindia.com/SitePages/TradeVerification.aspx>  
  
 The trades can be verified online where trade information is available up to 5 working days from the trade date.
7. Insist on a duly signed Contract Note in specified format for every executed trade within 24 hours of trade, highlighting the details of the trade along with your UCC.
8. Ensure that the Contract Note contains all the relevant information such as Member Registration Number, Order No., Order Date, Order time, Trade No., Trade rate, Quantity, Arbitration Clause, etc.
9. Obtain receipt for collaterals deposited with the Member towards margins.
10. Go through the Rules, Bye-laws, Regulations, Circulars, Directives, Notifications of the Exchange as well as of the Regulators, Government and other authorities to know your rights and duties vis-à-vis those of the Member.
11. Ask all relevant questions and clear your doubts with your Member before transacting.
12. Insist on receiving the bills for every settlement.
13. Insist on Monthly statements of your ledger account and report any discrepancies in the statement to your Member within 7 working days. In case of unsatisfactory response report the discrepancy to the Exchange within 15 working days from the date of cause of action.
14. Scrutinize minutely both the transaction & holding statements that you receive from your Depository Participant.
15. Keep Delivery Instruction Slips (DIS) book issued by DPs in safe possession.
16. Ensure that the DIS numbers are preprinted and your account number (UCC) is mentioned in the DIS book.
17. Freeze your Demat account in case of your absence for longer duration or in case of not using the account frequently.
18. Pay required margins in time and only by Cheque and ask for receipt thereof from the Member.
19. Deliver the commodities in case of sale or pay the money in case of purchase within the time prescribed.
20. Understand and comply with accounting standards for derivatives.
21. Ensure to read, understand and then sign the voluntary clauses, if any, agreed between you and the Member. Note that the clauses as agreed between you and the Member cannot be changed without your consent.
22. Get a clear idea about all brokerage, commissions, fees and other charges levied by the Member on you for trading and the relevant provisions/ guidelines specified by Regulator/Commodity exchanges.
23. Make the payments by account payee cheque in favour of the Member. Ensure that you have a

documentary proof of your payment/deposit of commodities with the Member, stating date, commodity, quantity, towards which bank/ demat account such money or commodities (in the form of warehouse receipts) deposited and from which bank/ demat account.

24. The payout of funds or delivery of commodities (as the case may be) shall not be made to you within one working day from the receipt of payout from the Exchange, in case you have given specific authorization for maintaining running account to the member. Thus, in this regard, the running account authorization provided by you to the Member shall be 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) You need to bring any dispute arising from the statement of account to the notice of the Member in writing preferably within 7 (seven) working days from the date of receipt of funds/commodities or statement, as the case may be. In case of dispute, refer the matter in writing to the Investors Grievance Cell of the relevant Commodity exchanges without delay.
  - c) In case you have not opted for maintaining running account and pay-out is not received on the next working day of the receipt of payout from the exchanges, please refer the matter to the Member. In case there is dispute, ensure that you lodge a complaint in writing immediately with the Investors Grievance Cell of the relevant Commodity exchange.
  - d) Please register your mobile number and email id with the Member, to receive trade confirmation alerts/ details of the transactions through SMS or email, by the end of the trading day, from the commodity exchanges.
25. You should familiarize yourself with the protection accorded to the money or other property you may deposit with your member, particularly in the event of a default in the commodity derivatives market or the member becomes insolvent or bankrupt.
26. Please ensure that you have a documentary proof of having made the deposit of such money or property with the member, stating towards which

account such money or property deposited.

27. In case your problem/grievance/issue is not being sorted out by concerned Member/Authorised Person then you may take up the matter with the concerned Commodity Exchange. If you are not satisfied with the resolution of your complaint then you can escalate the matter to Regulator.

### Don'ts

1. Do not deal with any unregistered intermediaries.
2. Do not undertake off-market transactions as such transactions are illegal and fall outside the jurisdiction of the Exchange.
3. Do not enter into assured returns arrangement with any Member
4. Do not get carried away by luring advertisements, rumours, hot tips, explicit/ implicit promise of returns, etc.
5. Do not make payments in cash/ take any cash towards margins and settlement to/ from the Member.
6. Do not start trading before reading and understanding the Risk Disclosure Agreement.
7. Do not neglect to set out in writing, orders for higher value given over phone.
8. Do not accept unsigned/duplicate contract note/confirmation memo.
9. Do not accept contract note/confirmation memo signed by any unauthorized person.
10. Don't share your internet trading account's password with anyone.
11. Do not delay payment/deliveries of commodities to Member.
12. Do not forget to take note of risks involved in the investments.
13. Do not sign blank Delivery Instruction Slips (DIS) while furnishing commodities, deposits and/or keep them with Depository Participants (DP) or member to save time.
14. Do not pay brokerage in excess of that rates prescribed by the Exchange.
15. Don't issue cheques in the name of Authorized Person.

## **1. REFUSAL OF ORDERS FOR PENNY STOCKS**

- a. The 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 broker / exchange(s) / regulator. Provided further that 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 is aware that such refusal or delay caused by limit imposed may result into losses.
- b. The broker may require reconfirmation of orders, which are larger than that specified by the broker's risk management, and broker would have full 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.**

- a. The broker may from time to time impose and vary limits on the orders that the client can place through the broker's 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 broker may need to vary or reduce the limits or impose new limits urgently on the basis of the broker's risk perception and other factors considered relevant by the broker including but not limited to limits on account of exchange / regulatory directions/ limits (such as broker level / market level limits in security specific / volume specific exposures etc.), and the broker may be unable to inform the client of such variation, reduction or imposition in advance. The client understands that under those circumstances the orders of the client have to be in accordance with revised parameters, which may even result into loss to the client.
- b. 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 broker in such form and manner as may be required by the broker. If the client's order is executed despite a shortfall in the

available margin, the client, shall, whether or not the broker intimates such short fall 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 broker &/ or exchange &/ or regulator.

- c. The 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 broker are not eligible for any interest unless specifically agreed to.
- d. The client is aware that in the event of client dealing on multiple exchanges / multiple segments of the exchange, the broker may in order to meet client's margin / pay out obligation arising across segments / exchanges include /appropriate any / all pay out of funds &/ or securities towards margin / security . The broker may transfer funds & / 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. The broker may 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.
- e. The broker is entitled to disable / freeze the account & / or trading facility / any other service facility, if, the broker has reasons to believe that 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 broker so apprehends.

## **3. APPLICABLE BROKERAGE RATE**

- a. The broker is entitled to charge brokerage within the limits imposed by exchange which at present is as under:
  - i. The maximum brokerage chargeable in relation to trades effected in the securities admitted to dealings on the Capital Market / Futures / Currency and

Interest rate futures 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 in capital market segment, a maximum brokerage of 25 paise per share may be collected.

- ii. 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.
- iii The Client hereby unequivocally understands and agrees that the Broker in its sole discretion can at any time, with prior intimation to the Client, change its tariff structure.

#### **4. IMPOSITION OF PENALTY/DELAYED PAYMENT CHARGES BY EITHER PARTY, SPECIFYING THE RATE AND THE PERIOD.**

- a. Client should ensure full payment of all margins including those on derivatives transactions and should also not keep account in debit, in the event any amounts are overdue from the client towards trading or margin or on account of any other reason the broker will charge upto 29.50% per annum to client as delayed payment charges. As the cost of funds to the broker varies depending on economic conditions the rates shall be determined from time to time and will be communicated through email, SMS, web-site (CRN facility), periodic a/c and other statements etc.
- b. The client should not indulge in trading activity which is against law, rules and regulations. Clients trading activity should not be aimed at disturbing market equilibrium or manipulating market prices etc. If the client does so, the broker may keep in abeyance the payout funds or securities till such time that the client has been able to clearly demonstrate that his actions were not malafide in any manner.
- c. The 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. Further where the 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 broker brokerage, commission, fees, all taxes, duties, levies imposed by any authority including but not limited to the exchanges (including any amount due on account of reassessment / backlogs etc.), transaction

expenses, stamp duty, STT, Goods and Service Tax, incidental expenses such as postage, courier etc. as they apply from time to time to the client's account / transactions / services that the client avails from the broker.

#### **5. POLICY ON CLIENT UNPAID SECURITIES (T5 DEBIT)**

- a. In case of clear balance in your trading account (for cash segment), the shares purchased by you will be transferred to your demat account on the settlement day. If you do not have a clear/settled balance in your trading account, then Religare will sell off your shares on T+2+ 5th trading days or as per Risk Management System of Religare, whichever is earlier. To avoid selling of shares, we request you to maintain sufficient margin in your trading account.
- b. If your securities are squared off due to ageing debit (square off on T+2+5th trading day), then you will not be able to buy the same scrip on the same day unless the debit is cleared by maintaining a clear/settled balance.
- c. In case of risk squared off, shares lying in your demat account will be considered for selling if you have given a POA/DDPI in favour of Religare.
- d. The unpaid securities will not be considered as collateral for margin reporting in any of the derivative segments. Hence, you are requested to keep sufficient margin with us to avoid penalty from the Exchanges.

#### **6. THE RIGHT TO SELL CLIENT'S SECURITIES OR CLOSE CLIENT'S POSITIONS, WITHOUT GIVING NOTICE TO THE CLIENT, ON ACCOUNT OF NON-PAYMENT OF CLIENT'S DUES (THIS SHALL BE LIMITED TO THE EXTENT OF SETTLEMENT/MARGIN OBLIGATION).**

- a. The broker maintains centralized banking and securities handling processes and related 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 Client is aware that non-availability / short availability of funds / securities by the client in the designated account(s) of the broker for meeting payin obligation of either funds or securities may result into loss to the client. Further 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 broker level etc the same may also result into losses.
- b. The client understands that the benefit of any bank instrument deposited by the client towards his margin / security / payin obligation may be given on realization of the same. The broker will try to deposit the instrument for clearing in its bank account on best effort basis.
  - c. Where the margin / security is made available by way of securities or any other permissible property, the broker may decline its acceptance as margin / security & / or to accept it at such reduced value as the broker may deem fit by applying haircuts or by valuing it by marking it to market or by any other suitable method . The broker may cancel pending orders and sell / close / liquidate all open positions / securities / shares at the pre-defined square off time or when Mark to Market (M-T-M) percentage reaches or crosses stipulated margin percentage mentioned on the website, whichever is earlier. The broker may prescribe stipulated margin percentage depending upon the market condition. The client is aware that such sale / close out / square off may result into losses.
  - d. In case open position (i.e. short/long) gets converted into delivery due to non-square off because of any reason whatsoever, the client will provide securities / funds to fulfill the pay-in 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 exchange in actual and losses, if any.
  - e. The broker is entitled to prescribe the date and time by which the margin / security is to be made available and the broker may not be able to give benefit of the same towards margin / security 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 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 with hold any payout of funds / securities.
    - ii. To with hold / disable the trading / dealing facility to the client.
  - iii. To liquidate one or more security(s) of the client by selling the same at market rates. It is agreed and understood by the client that securities here includes 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 market rate.
  - v. To take any other steps which in the given circumstances, the 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 broker, shall be borne exclusively by the client alone and agrees not to question the reasonableness, requirements, timing, manner, form, pricing etc., which are chosen by the broker.

## **7. SHORTAGES IN OBLIGATIONS ARISING OUT OF INTERNAL NETTING OF TRADES:**

- a) The 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 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.
- b) In case of Internal shortage, settlement of shortages in obligations arising out of internal netting of trades shall be carried by broker either as an auction through exchange voluntary auction mechanism (wherever possible) or such short delivered position shall be closed-out as per Exchange's norms as detailed below:
  - i) Voluntary Auction- Broker shall participate in voluntary auction mechanism (wherever possible) conducted by Exchange/Clearing Corporation for internal shortages reported by Broker and the price and related charges debited shall be borne by defaulting client. The securities received in auction pay-out shall be provided to the buyer of the securities.
  - ii) Close-out settlement- In cases, where participation in voluntary auction mechanism is unsuccessful for any reasons whatsoever or where voluntary auction procedure fails partially to buy the short delivered securities in the voluntary auction mechanism; the defaulting client shall be charged at higher of following for such short delivered securities:
    - The highest traded price recorded in the scrip across Exchanges from the trade day till the auction day, or
    - 10% above the settlement price on the auction day.

- iii) Short delivered securities with corporate actions
  - In case of short delivered securities having corporate actions which cannot be auctioned on cum basis or where the cum basis auction payout is after the book closure / record date would be compulsorily closed as per close-out process mentioned above.

The short delivering / defaulting client shall be charged 2% penalty/brokerage on the above referred charged price arrived from voluntary auction / Close-out settlement along with applicable charges / statutory taxes / levies etc..

The securities received in voluntary auction and / or charged price as applicable (except for penalty/ brokerage / charges / taxes / levies etc.) will be transferred / credited to the buyer of the securities.

Broker reserves the right to change/modify its internal shortage settlement procedure from time to time as per the guidelines of Exchange/ Regulator.

## **8. TEMPORARILY SUSPENDING OR CLOSING A CLIENT'S ACCOUNT AT THE CLIENT'S REQUEST.**

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

## **9. DEREGISTERING A CLIENT**

- a. The broker shall be entitled to suspend the account of client with immediate effect & if need be deregister the client in any of the following circumstances:
  - i. If the actions of the client are prima facie illegal / improper or such as to manipulate the price of any securities or disturb the normal / proper functioning of the 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 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, has any steps 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 the client 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 broker;
- xi. If the client is in breach of any term, condition or covenant with the broker.
- xii. If any covenant or warranty of the client is incorrect or untrue in any material respect;

## **10. OTHER SIGNIFICANT POLICIES AND PROCEDURES**

### **a. Proprietary Trading**

The broker does undertake proprietary trading.

### **b. Trading Related**

- i. The relationship being established between the client and the broker shall be that of principal and agent and the broker shall be the agent of the client. The client is required to make independent enquiries and satisfy himself that he is entitled to enter into the broker client relationship with the broker in the jurisdiction in which the client resides.
- ii. The broker recommends that client places orders in writing and takes acknowledgement as per the format available from the broker, so as to avoid any future disputes. The client may also choose to place orders verbally (by visiting the branch or through telephone), through Email, SMSs and / or through Internet based trading terminal which can be provided to the client upon requirement of client. The client may authorise his authorised representative to carry out the above whose orders shall be binding on the client.
- iii. The broker advises that it is preferable that client gives orders on the day the client desires trades, including orders for modification/cancellation, which the broker will punch in the trading system on a best efforts basis. However if client chooses to give



- orders in aftermarket hours than upon specific instruction of the client the broker may attempt to enter them in the trading system on the next trading day however it may not be possible in all instances to do so.
- iv. Orders given by client may or may not result in trades and the client should continuously monitor the final outcome of the order. Where orders have resulted in trades the same may or may not result in delivery and the client should continuously monitor his pay in / payout obligations.
  - v. The client is aware that as an additional service measure the broker provides online access through its web portal for which client has been provided CRN login and password, client is able to go through entire trading, holding, contract note, bill and other details, download / print the same through this facility. Client must access transactions in his account on regular basis and report discrepancies if any observed immediately to the notice of the broker so as to enable broker to take such remedial action as may be possible.
  - vi. No employee, sub broker, director or any other agent of the broker is authorised to give any assurances of profits, or to manage the account of the client in any discretionary manner. The client must make his own decisions regarding suitability of orders / investments and if need be rely upon his own independent advisers whether in matters of orders / trades or in the matters relating to taxation etc. Accordingly the client should not enter into any personal / private mutual understanding with any employee, sub broker, director or any other agent of the broker.
  - vii. The broker uses trading platforms such as ODIN / Fast Trade etc. which are exchange approved however there is no guarantee / warranty that these are bug / glitch free and the client may in rare occasions suffer losses which he should keep in mind while dealing through the broker.
  - viii. Where prima-facie it appears that trading system is suffering from some problems such as incorrect positions being shown etc. the client should refrain from trading and immediately bring the problem to the notice of the broker and act only after the problem has been resolved. The client understands that any action of client in such situation without informing the broker or not acting in accordance with the directions of the broker may cause loss in his account or may cause loss to be suffered by broker / any other client due to his action, which client may need to make good.
  - ix. The broker may tape record conversations of the client over telephone / in person however the broker shall not be obliged to do so and absence of availability of recordings shall not render any order / transaction unenforceable against the client, in as much as the orders can be placed over mobile phones, through visiting the branch and the recorded orders are also liable to damage / erasure on account of virus / capacity overrun of the machine.
  - x. As a measure of risk containment the broker may subject orders of the client to prior risk control assessment (such as checking availability of margin) before allowing the same to go into the trading system.
  - xi. The broker may provide market research, however the same is provided without any warranty or guarantee or suitability for the client and is provided on an as is where is basis and broker recommends that client may get the same examined through his personal financial / legal advisers as deemed fit. The facilities / data / research shall be provided to client on as is where is basis only for personal use and all rights in the same shall exclusively rest with the broker, and client is not entitled to share it whether for consideration or otherwise with any third party without a formal written authorisation by the broker. In the event of a breach the broker shall be entitled to bring legal action against the client.
  - xii. The broker issues contract notes with the order number and trade number and therefore shall not be providing order confirmation and trade confirmation slips to the client.
  - xiii. The broker may send various information such as, documents, bills, margin statements, statement of accounts etc., to the client through any one or more of the following means i.e. post, registered post, speed post, courier, telegram, voice mail, SMS, telephone, messages on trading platform, through word of mouth by the agents of the broker, by displaying it on the website of the broker or making it available as a download from the website of the broker, displaying it on the notice board of the branch, and where the client has provided email address, then these information may also be sent by the broker through email. The service providers such as postal authorities, Courier Company, phone / SMS service providers etc., shall be deemed to be agents of the client and the delivery of the information shall be complete when the broker delivers the communications to such service providers.

- xiv. The client should review all information sent to the clients including contract notes etc. immediately upon receipt and revert to broker with discrepancy if any (including if any trades in the account are not as per client directions / orders) as early as practicable from the receipts of the same to allow the broker to take possible remedial steps.
- xv. The client shall forthwith cease trading and inform the broker in the event the client becomes ineligible to deal with the broker on account of any court, exchange or regulatory action.
- xvi. The broker shall be entitled to disseminate information about defaults made by the client to third parties.
- xvii. The client shall not work as a sub broker / authorised person without prior written permission of the broker and only after seeking appropriate registration with respective registering authorities.
- xviii. The client shall also not deal through the broker on an exchange of which the client himself is a member / Sub Broker / Authorised Person.
- xix. The broker shall be entitled to maintain combined/ collective books of accounts of the client across exchanges and / or other services such as depositories etc.
- xx. The records as provided by the broker through contract notes, bills, statement of accounts, statement of margin etc. shall be the official records to determine the obligations of broker and the client. Printouts taken from trading system or any such downloads etc. which are taken by the client from trading system may not give the correct picture and therefore shall not be the official record which bind the broker and the client.
- xxi. The client shall upgrade to the newer versions of trading software / back-office software etc. on account of changes made by the broker and / or any other service provider like depositories / Banks.
- xxii. The existence of broker client relationship does not imply that broker is liable to provide each and every service to the client, and services may not be provided in case the client does not fulfill the necessary conditions for the same.
- xxiii. Where client chooses to clear his trades through Professional Clearing Member (PCM), then the broker shall revert such trades as are not confirmed by the PCM to the client who shall be then liable to not only pay all the margins on the same but to also settle the same.
- xxiv. The Broker provides electronic password generation facility to its clients and the Client understands that

using this facility the Client can generate / change password for his account. The Client hereby agrees and accepts that the Broker in no way shall be responsible for any delay in receipt of password from the system. The Client shall be solely responsible for maintaining secrecy of the password, so generated / changed, and the Broker in no way shall be responsible for the misuse of the said password by any person other than the Client / Authorised person of the Client.

**c. Payment related**

- i. The broker may debit charges for other services such as depository, charges on account of dishonour of cheques, charges for issuance of demand drafts, NEFT / RTGS, SMS charges, research report charges, administrative charges-offline for offline order on per executed order, minimum processing fee charges etc. to the client's account.
- ii. The broker does not accept cash and in no event should the client make any payments to the broker, broker's employees, broker's sub-broker / authorised persons and/or any agent of broker by cash.
- iii. The client must make payments from his own bank account through a bank instrument. The bank instrument must be drawn in favor of the broker only. The broker may demand a proof that the payments are being made by the client from his own account without which the Broker may not give credit to the client. In case of Demand Drafts, following may be required:
  - iv. Certificate from the issuing bank on its letter head or on a plain paper with the seal of the issuing bank.
  - v. Copy of the passbook / bank statement for the account debited to issue the instrument duly certified by the Bank. Please ensure that copy of the passbook/bank statement clearly reflects that amount has been debited for the purpose of issuing of prefunded instruments in favor of RBL.
  - vi. The client should never leave any blank instrument(s) such as cheques / depository instruction slips (DIS) etc. with broker or broker's employees, broker's sub-broker / authorised persons and / or any agent of broker. The broker shall not be responsible for their misuse.
  - vii. The broker shall make delivery of funds / securities to the client only after the same has been received from the exchange / clearing corporation / clearing house / the delivering client.
  - viii. Electronic Payment Gateway for Net Banking Services: The Broker may provide on its website,

without additional cost to the Client, access to Electronic Payment Gateways provided by various banks for facilitating transfer of funds from the Client's bank account to the trading account of the Client with the Broker. The Client understands and accepts that the Broker is only providing access to the electronic fund transfer facility provided by the banker of the Client through the Broker's website by means of an interface and the Broker is not liable or responsible for the proper functioning or otherwise of the Gateway or for any transaction errors, losses, malfunctioning or hacking of the system by unscrupulous elements, frauds, and/or any incidental or consequential claims arising therefrom, the Client undertakes not to make the Broker a party to any litigation, claim, dispute, difference or complaint that the Client may initiate in respect of, arising out of or in connection with any transactions on the Payment Gateway and agrees that the Broker's liability shall at all time be limited to the amount actually received in its account by electronic transfer from the Client's account with the Bank.

- ix. Remit Funds payout electronically into client's bank account: Notwithstanding anything contained in this document and without prejudice to the rights and obligations of the parties interse, the Client, hereby agrees and authorises the Broker to transfer funds due for payment to the Client through Net Banking / EFT / RTGS / NEFT for the credit of designated bank account(s) of the Client details of which are given by it to the Broker. **Client shall also give to the Broker a cancelled cheque leaf of the designated Bank account for this purpose. The Client agrees that it shall not hold the Broker liable if any fund is credited to wrong account(s) as a result of the Client providing incorrect account details to the Broker.** The Broker reserves the right to reject request of the Client for electronic fund transfer or to discontinue the facility without assigning any reason. The Client also understands and agrees that the Broker shall not be responsible for any delay / failure in transmission of electronic payout of funds due to any reason whatsoever and undertakes to not hold the Broker liable in this regard.

**d. Corporate Action**

- i. If client has kept securities in broker's margin account for use as margin / delivery against trading / dealing of client, the client should continuously monitor if any corporate benefits are proposed / offered by the issuer company(ies) of such securities

and get the securities transferred to his personal demat account to receive the corporate benefits, the broker shall not be required to make the applications for proposed/ offered corporate action / benefits. Broker, in exceptional circumstances, upon specific written request, may attempt to seek corporate benefits for and on behalf of the client while keeping the custody of securities with its own self, however the same shall be without any warranty / guarantee that the corporate benefits shall be received. The client shall also provide funds and application etc. well in time to allow the broker to take necessary action.

- ii. Where any corporate benefits come into the broker's account, upon any written request / agreed settlement procedures the same shall be held as part of existing margin / collateral, and shall be released to the client upon written request.
- iii. The contract specifications may undergo changes because of corporate actions (such as shares split etc.) / directions by exchanges, and the client should actively monitor his open positions and take necessary actions to avoid any losses on account of any such changes.
- e. **Disputes Redressal**
  - i. The broker and the client agree that they shall refer any claim and / or difference and / or disputes to arbitration as per the rules, byelaws and regulations of the concerned exchange and circulars issued there under as may be in force from time to time.

Client confirms having read & accepted the terms & conditions of this document titled "Policies and Procedure" inter-alia comprising clauses 1 to 10 and agrees to be bound by all of them.

## POLICIES & PROCEDURE AS APPLICABLE TO CLIENTS FOR DEALING IN COMMODITIES EXCHANGES

### 1. Trading Related

- 1.1 The Broker (also referred to as Member, Exchange Member and/or as referred in bye laws, rules, regulations of the Exchange) recommends that Client (also referred to as Constituent, Non-member Client and/or as referred in bye laws, rules, regulations of the Exchange) places orders in writing and takes acknowledgement as per the format available from the Broker, so as to avoid any future disputes. The Client may also choose to place orders verbally (by visiting the branch or through telephone), through e-mail, SMSs and /or through Internet based trading terminal which can be provided to the Client upon requirement of Client. The Client may authorize his authorized representative to carry out the above whose orders shall be binding on the Client.
- 1.2 The Broker advises that it is preferable that Client gives orders on the day the Client desires to trade, including orders for modification/cancellation, which the Broker will punch in the trading system on a best efforts basis. However, if Client chooses to give orders in aftermarket hours then upon specific instruction of the Client, the Broker may attempt to enter them in the trading system on the next trading day however it may not be possible in all instances to do so.
- 1.3 Orders given by Client may or may not result in trades and the Client should continuously monitor the final outcome of the order. Where orders have resulted in trades the same may or may not result in delivery and the Client should continuously monitor his pay in / payout obligations.
- 1.4 The Client is informed that as an additional service measure the Broker provides online access through its web portal for which Client has been provided Online Login / CRN and password, Client is able to go through entire trading, holding, contract note, bill and other details and can download / print the same through this facility. Client must access transactions in his account on regular basis and report discrepancies if any observed urgently the Broker so as to enable Broker to take such remedial action as may be possible.
- 1.5 No employee, Authorised Person, director or any other agent of the Broker is authorized to offer any Portfolio Management Services or Portfolio Advisory Services or to give any assurances of profits, or to manage the account of the Client in any discretionary manner. The Client must make his own decisions regarding suitability of orders/investments and if need be rely upon his own independent advisers whether in matters of orders/trades or in the matters relating to taxation etc. Accordingly the Client should not enter into any personal/private mutual understanding with any employee, Authorised Person, director or any other agent of the Broker.
- 1.6 The Broker will not be providing the Client with any legal, tax, investment or accounting advice or advice regarding the suitability or profitability of any trading or investment and as such all trading / investment and disinvestment decisions are based on the Client's own evaluation of financial circumstances and investment objectives. This extends to any decision made by the Client on the basis of any information (including research reports) whether paid for or given free, that may be made available by the Broker including that on the website/trading platform/through SMS/ email / letters etc. The Broker does not represent that the information, research / opinions if given is/are accurate or complete or shall be so. The Client is advised that any information based on the research of the Broker or other external sources is merely an estimation of the viability or otherwise of certain investments, and the Broker shall not be deemed to have assumed any responsibility for such information. The Client should seek independent professional advice regarding the suitability of any investment decision. Broker or any of its officers, directors, employees, agents, subsidiaries, affiliates or business associates shall not be liable for any trading losses or other losses, costs or damage incurred by the Client consequent upon relying on information, research / opinions or advice or any other

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information by the Broker. The facilities/data/ research shall be provided to Client on as is where is basis only, for personal use and all rights in the same shall exclusively rest with the Broker, and Client is not entitled to share it whether for consideration or otherwise with any third party without a formal written authorisation by the Broker.

- 1.7 Where prima-facie it appears that trading system is suffering from some problems such as incorrect trading / holding/ open positions being shown etc. the Client should immediately bring the problem to the notice of the Broker and act only after the problem has been resolved / or as per advise given by the Broker. The Client understands that any action of Client in such situation without informing the Broker or not acting in accordance with the directions of the Broker may cause loss in his account or may cause loss to be suffered by Broker / any other Client, which Client may need to make good.
- 1.8 The Broker may record conversations of the Client over telephone/in person however the Broker shall not be obliged to do so and absence of availability of recordings shall not render any order/transaction unenforceable against the Client, in as much as the orders can be placed over mobile phones, through visiting the branch and the recorded orders are also liable to damage/erasure on account of virus/capacity overrun of the machine and not all lines are on recording machines.
- 1.9 Subject to regulatory requirements of particular mode to be used for certain information / documents, the Broker may send various information such as, documents, bills, margin statements, statement of accounts etc., to the Client through any one or more of the following means i.e. post, registered post, speed post, courier, telegram, voice mail, SMS, telephone, messages on trading platform, through word of mouth by the agents of the Broker, by displaying it on the website of the Broker or making it available as a download from the website of the Broker, displaying it on the notice board of the branch, newspaper advertisements or if circumstances so require, by broadcast over radio/television and where the Client has provided email address, then these information may also be sent

by the Broker through email. The service providers such as postal authorities, Courier Company, phone / SMS service providers etc., shall be agents of the Client and the delivery of the information shall be complete when the Broker delivers the communications to such service providers.

- 1.10 The Client should review all information sent to the Client including contract notes etc. immediately upon receipt and revert to the Broker with the discrepancy if any ( including if any trades in the account are not as per Client directions / orders) at the earliest (and in any case within exchange / regulator prescribed time limit, if applicable) of the receipt of the same to allow the Broker to take remedial steps if any are possible. Client is further advised that due to above regular dissemination / dispatch of information the Client shall know the quantum of funds / securities etc. which should be received by him in regular course of trading etc. Therefore where Client comes in possession of assets of the Broker (including those of any third party such as bank / other Clients) which do not appear to belong to him, (whether due to system, software / hardware and / or human failure / fraudulent acts) the same shall be held by the Client in trust and returned suo-moto to the Broker.
- 1.11 The Client shall forthwith cease trading and inform the Broker in the event the Client becomes ineligible to deal with the Broker on account of any court, exchange or regulatory action.
- 1.12 The Broker shall be entitled to disseminate information about defaults made by the Client to third parties.
- 1.13 The Client shall not work as an Authorised Person without prior written permission of the Broker and only after seeking appropriate registration with respective registering authorities.
- 1.14 The Client shall also not deal through the Broker on an exchange of which the Client himself is a Broker, except with prior written permission from relevant authority. The Client shall also not deal through other Broker on an exchange of which the Client himself is an Authorised Person, except with prior written permission from relevant authority.



- 1.15 The Broker shall be entitled to maintain books of accounts of the Client separately/collectively across exchanges/segments of exchanges and/or other services rendered by Broker to Clients.
- 1.16 The records as provided by the Broker through contract notes, bills, statement of accounts, statement of margin etc. shall be the official records to determine the obligations of Broker and the Client. Printouts taken from trading system or any such downloads etc. which are taken by the Client from trading system may not give the correct picture and therefore shall not be the official record which bind the Broker and the Client.
- 1.17 The Client shall upgrade to the newer versions of trading software/back-office software etc. on account of changes made by the Broker and/or any other service provider like depositories/Banks etc.
- 1.18 The existence of Broker Client relationship does not imply that Broker is liable to provide each and every service to the Client, and services may not be provided in case the Client does not fulfill the necessary conditions for the same.
- 1.19 Client is informed that any loss due to any erroneous order entry / erroneous order modification or otherwise may be entertained by the Broker only to the extent of insurance claim received.
- 1.20 The Client shall not, either acting alone or in concert with others, directly or indirectly holds and control excess number of permitted contracts as fixed by exchange from time to time. The Client shall not exercise a long or short position , whereby Client would have either acting alone or in concert with others , directly or indirectly exercised in excess of permitted limits as fixed by exchange from time to time.
- 1.21 The Broker provides electronic password generation facility to its clients and the Client understands that using this facility the Client can generate / change password for his account. The Client hereby agrees and accepts that the Broker in no way shall be responsible for any delay in receipt of password from the system. The Client shall be solely responsible for maintaining secrecy of the password, so generated/

changed, and the Broker in no way shall be responsible for the misuse of the said password by any person other than the Client / authorized person of the Client.

## 2. Exposure and Margin Related

- 2.1 The Broker may from time to time impose and vary limits on the orders that the Client can place through the Broker's trading system (including exposure limits, turnover limits, limits as to the number, value and/or kind of commodities/ contracts in respect of which orders can be placed etc.). The Client is being made aware that the Broker may need to vary or reduce the limits or impose new limits urgently on the basis of the Broker's risk perception and other factors considered relevant by the Broker including but not limited to limits on account of exchange/regulatory directions/ limits (such as Broker level/ market level limits in commodity specific / volume specific exposures etc.), and the Broker may be unable to inform the Client of such variation, reduction or imposition in advance. The Client is being made aware that under such circumstances the orders of the Client have to be in accordance with revised parameters, which may even result into loss to the Client.
- 2.2 The Client is not entitled to trade without adequate margin / security and that it shall be Client's responsibility to ascertain beforehand the margin / security requirements for Client's orders / trades /deals and to ensure that the required margin / security is made available to the Broker in such form and manner as may be required by the Broker. If the Client's order is executed despite a shortfall in the available margin, the Client shall make up the shortfall suo moto immediately. The Client is further informed that Client 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 Broker& / or exchange &/or regulator.
- 2.3 The 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 bank guarantee/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 Broker are not eligible for any interest unless specifically agreed to.

- 2.4 The Broker is entitled to include /appropriate any /all pay out of funds & / or commodities towards margin / security.
- 2.5 As a measure of risk containment the Broker may subject, orders of the Client to prior risk control assessment (such as checking availability of margin) before allowing the same to go into the trading system.
- 2.6 The Client is informed that the Broker may elect to communicate / advise from time to time the parameters for the calculation of the margin / security requirements as rate(s) / percentages(s) of the dealings, through any one or more means or methods as described / prescribed and once parameters for margin / security requirements are so communicated , the Client shall monitor Client's position (dealings / trades and valuation of contracts / commodity) on Client's 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 Broker to the Client &/or whether or not such communication is received by the Client.
- 2.7 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 closing of its trade, be obliged to pay (or entitled to receive) such further sums as the contract may dictate/require.
- 2.8 Where the Client chooses to clear his trades through Professional Clearing Broker (PCM) , then the Broker shall revert such trades as are not confirmed by the PCM to the Client who shall be then liable to not only pay all the margins on the same but to also settle the trading obligation.

### **3. Corporate Action**

- 3.1 If Client has kept securities in Broker's margin account for use as margin, the Client should continuously monitor if any corporate benefits are proposed/ offered by the issuer company(ies) of such securities and get the

securities transferred to his personal demat account to receive the corporate benefits, the Broker shall not be required to make the applications for proposed/ offered corporate action/ benefits Broker, in exceptional circumstances, upon specific written request, may attempt to seek corporate benefits for and on behalf of the Client while keeping the custody of securities with its own self; however the same shall be without any warranty/guarantee that the corporate benefits shall be received. The Client shall also provide funds and application etc. well in time to allow the Broker to take necessary action.

- 3.2 Where any corporate benefits come into the Broker's account, upon any written request / agreed settlement procedures the same shall be held as part of existing margin/collateral, and shall be released to the Client upon written request / as required under applicable regulatory requirements.
- 3.3 The Client understands that Broker advises and recommends that Client should take buy / sell positions in contracts with prior payment to Broker of the full settlement / expiration price of the contract. However, Client may choose, with attendant risks, to enter into contracts with payment of various margins and up front amounts payable.

### **4. Payment and Settlement Related**

- 4.1 The Broker may debit charges for other services such as depository, charges on account of dishonour of cheques (but shall have the right to proceed under law against the Client for dishonor as well) , charges for issuance of demand drafts, NEFT/RTGS, SMS charges, research report charges, administrative charges-offline for offline order on per executed order, minimum processing fee charges etc. to the Client's account.
- 4.2 The Broker does not accept cash and in no event should the Client make any payments to the Broker, Broker's employees, Broker's Authorised Persons and/or any agent of Broker by cash.
- 4.3 The Client must make payments from his own bank account through a bank instrument/ banking channel. The Broker may demand a proof that the payments are being made by the

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- Client from his own account without which the Broker may not give credit to the Client.
- 4.4 PAYMENT BY THE CLIENT SHOULD BE MADE IN THE NAME OF BROKER- "RELIGARE BROKING LIMITED" ONLY THROUGH BANK INSTRUMENT/ BANKING CHANNEL. THE BROKER SHALL NOT BE RESPONSIBLE FOR PAYMENT IN ANY OTHER NAME.
  - 4.5 The Client should never leave any blank instrument(s) such as cheques / depository instruction slips (DIS) etc. with Broker or Broker's employees, Broker's Authorised Persons and/or any agent of Broker, so as to disallow any misuse, delayed banking etc.
  - 4.6 The Broker shall make delivery of funds/ commodities to the Client only after the same has been received from the exchange/ clearing corporation/clearing house /the delivering Client.
  - 4.7 Broker shall not be responsible for any claim/ loss/ damage arising out of quality variation or any delay in physical handover of delivery by exchange/ exchange accredited warehouses against purchase obligation of the Client.
  - 4.8 Client should ensure full payment of all margins including those on derivatives transactions and should also not keep account in debit, in the event any amounts are overdue from the client towards trading or margin or on account of any other reason the broker will charge upto 29.50% per annum to client as delayed payment charges. As the cost of funds to the broker varies depending on economic conditions the rates shall be determined from time to time and will be communicated through email, SMS, web-site (Online Login), periodic a/c and other statements etc.
  - 4.9 The Client should not indulge in trading activity which is against law, rules and regulations. Clients trading activity should not be aimed at disturbing market equilibrium or manipulating market prices etc. If the Client does so, the Broker may keep in abeyance the payout funds or commodities till such time that the Client has been able to clearly demonstrate that his actions were not malafide in any manner.
  - 4.10 The Broker may impose fines / penalties etc. for any orders / trades / deals / actions of the Client which are contrary to this document / rules / regulations / bye laws of the exchange or any other law for the time being in force. Further where the 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 is required to pay to the Broker brokerage, commission, fees, and all taxes, duties, levies imposed by any other authority including but not limited to the exchanges (including any amount due on account of reassessment / backlogs etc.), transaction expenses, stamp duty, and goods and service tax (GST), incidental expenses such as postage, courier etc. as they apply from time to time to the Client's account / transactions / services that the Client avails from the Broker.
  - 4.11 The Client shall submit the delivery as per contract specification for all sale obligation(s) within designated dead lines specified by the Broker, in case of any default/delay in delivery, any penalty / losses imposed by exchange/ clearing corporation/ regulatory body including incidental costs will be borne by Client itself.
  - 4.12 Subject to regulatory changes, all contracts culminating in delivery (which are not squared off and information for giving and taking delivery is given by the Clients) would be transaction for purchase and sales between the Clients inter-se and the Clients would be personally liable to each other though the contract and relationships are governed and regulated by the Bye Laws, Rules and Regulations of the Exchange.
  - 4.13 Client shall be required to have Client's duly authorised agent to carry the work for effecting / taking the deliveries, if they do arise. Client is cautioned that if Client fails to advise the Broker in advance (number of days advance notice to vary as per requirements of exchange / contract /Broker) in writing the details of the agent who shall undertake the relevant activities, related to any delivery receipt/ transfer out, lifting of delivery, for and on behalf of the Client, the Broker shall stand authorised to appoint an agent on Client's behalf. Broker shall not be responsible for any acts of omission / commission or deficiencies of the services of the person who is appointed as agent for the Client. Client is informed that agent appointed by Broker

shall be Client's direct agent and not a sub-agent of Broker and Client shall be directly responsible for all acts of omission and commission of the agent appointed for and on behalf of the Client by the Broker. Client shall confirm the acts of agent appointed by Broker and shall bear any & all losses which may occur on account of action taken / omitted to be taken by said agent. Client is informed that all charges, cost, levies and taxes etc associated with or incidental to the deliveries including cost/fee/ charges of agent appointed for and on behalf of the Client by the Broker shall be fully borne by Client alone.

4.14 To avoid disputes regarding delivery (date / time etc.) of any request/ information to the Broker it is advised to the Client that all requests shall be submitted by Client in writing well in advance, and the Client shall ensure to take due receipt of each request on the photocopy/ carbon copy of such request from the manager and one more officer of relevant branch/ office of the Broker along with company stamp. Client is further informed that due to operational reasons, action on the Client's request by the Broker may not be immediate but are likely to take reasonable time, and shall be subject to other factors which disallow action upon the request being made, without limitation and as illustration existing debit balances, open exposures etc. may disallow action by Broker on payout requests.

4.15 Electronic Payment Gateway for Net Banking Services: The Broker may provide on its website, without additional cost to the Client, access to Electronic Payment Gateways provided by various banks for facilitating transfer of funds from the Client's bank account to the trading account of the Client with the Broker. The Client understands and accepts that the Broker is only providing access to the electronic fund transfer facility provided by the banker of the Client through the Broker's website by means of an interface and the Broker is not liable or responsible for the proper functioning or otherwise of the Gateway or for any transaction errors, losses, malfunctioning or hacking of the system by unscrupulous elements, frauds, and/or any incidental or consequential claims arising therefrom, the Client undertakes not to make the Broker a party to any litigation, claim,

dispute, difference or complaint that the Client may initiate in respect of, arising out of or in connection with any transactions on the Payment Gateway and agrees that the Broker's liability shall at all time be limited to the amount actually received in its account by electronic transfer from the Client's account with the Bank.

4.16 Remit Funds payout electronically into client's bank account: Notwithstanding anything contained in this document and without prejudice to the rights and obligations of the parties interse, the Client, hereby agrees and authorizes the Broker to transfer funds due for payment to the Client through Net Banking / EFT / RTGS / NEFT for the credit of designated bank account(s) of the Client details of which are given by it to the Broker. Client shall also give to the Broker a cancelled cheque leaf of the designated Bank account for this purpose. The Client agrees that it shall not hold the Broker liable if any fund is credited to wrong account(s) as a result of the Client providing incorrect account details to the Broker. The Broker reserves the right to reject request of the Client for electronic fund transfer or to discontinue the facility without assigning any reason. The Client also understands and agrees that the Broker shall not be responsible for any delay/ failure in transmission of electronic payout of funds due to any reason whatsoever and undertakes to not hold the Broker liable in this regard.

4.17 The Client hereby unequivocally understands and agrees that the Broker in its sole discretion can at any time, with prior intimation to the Client, change its tariff structure.

## **5. Clearing & Settlement**

5.1 The Broker maintains centralized banking and commodities handling processes and related banking and depository accounts at designated place. The Client shall ensure timely availability of funds/commodities in designated form and manner at designated time and in designated bank and depository account(s) at designated place, for meeting Client's pay in obligation of funds and commodities. The Client is being made aware that non-availability / short availability of funds / commodities by the Client in the designated account(s) of the Broker for meeting pay in obligation of either funds or commodities

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may result into loss to the Client. Further, if the Client gives orders / trades in the anticipation of the required commodities 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 commodities / funds for pay in for any reason whatsoever including but not limited to any delays / shortages at the exchange or Broker level etc., the same may also result into losses to the Client.

5.2 The benefit of any bank instrument deposited by the Client towards his margin /security / pay in obligation may be given only on realization of the same from bank and its accounting in books of accounts of the Broker.

5.3 Where the margin /security is made available by way of commodities or any other permissible property, the Broker may decline its acceptance as margin / security & / or to accept it at such reduced value as the Broker may deem fit by applying haircuts or by valuing it by marking it to market or by any other suitable method. The Broker may cancel pending orders and to sell/close/liquidate all open positions/ commodities/ shares at the pre-defined square off time or when Mark to Market (M-T-M) percentage reaches or crosses stipulated margin percentage, whichever is earlier. The Broker may prescribe/change stipulated margin percentage depending upon exchange / regulatory requirements and/or changes in the market conditions etc. The Client is made aware aware that such sale/ close out / square off may result into losses.

5.4 In case open position (short/long) gets converted into delivery due to non-square off because of any reason whatsoever, the Client will provide commodities/funds to fulfill the pay-in 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 exchange in actual and losses, if any.

5.5 The Broker is entitled to prescribe the date and time by which the margin / security is to be made available and the Broker may not be able to give benefit of the same towards margin / security after such deadline for margin/security expires.

In the event of Client not adhering to exchange, regulatory and / or Broker prescribed norms / requirements including those of maintenance of margin, timely pay-in etc. the Broker shall have the right without any further notice or communication to the Client to take any one or more of the following steps:

- a. To withhold any payout of funds/ commodities.
- b. To withhold /disable the trading / dealing facility to the Client.
- c. To liquidate one or more commodity(s) of the Client by selling the same at market rate in such. It is informed to the Client that commodities here include commodities which are pending delivery/receipt.
- d. To liquidate / square off partially or fully the position of sale & / or purchase in any one or more commodities / contracts in such manner and at market rate.
- e. To take any other steps which in the given circumstances, the Broker may deem fit.

The Client understands that due to steps enumerated herein above, Client may incur loss. Hence, Client shall ensure availability of funds/security in designated account(s) of the Broker by deadline defined.

5.6 The Client hereby authorizes the Broker to take all such steps on the Client's behalf as may be required or deemed necessary by Broker for compliance with the exchange provisions or any other law or provisions or to complete or settle any transactions entered into through or with the Broker or executed by the Broker on behalf of the Client. Though the Broker may take such steps, however the primary responsibility to adhere to Laws, Rules, Regulations, Circulars and pay-in requirements etc. shall always be of the Client only.

5.7 Client is hereby advised that Broker may mark to market Client's open positions / contracts on real time basis and if the available clear balances in the account of the Client are not sufficient to meet the real time sum total of amount(s) required towards margins and any other demands by Broker&/or exchanges (including real time mark to market margin) even though not posted in the



running account [as the posting is not done on real time basis], then the Broker may square off / close out / dispose off any or all open positions/contracts/available collaterals of the Client. Given the dynamics of market, Broker is not likely to be able to give prior information/ notice to the Client before carrying out the actions as required. Clients advised that such actions may entail some losses etc. to Client's Account. Hence client should monitor his trading and disallow any such eventuality.

- 5.8 In case Client has made any purchase and the delivery of the same falls short inter-Client at the Broker level, the Broker( if Broker deems fit) make purchases of the same in the market to make available the said delivery(ies) to receiving Client.
- 5.9 In case Client has made any sale and due to any exigencies Client is unable to make available the delivery of the same in the designated account within the designated time and it is an inter Client delivery at Broker level, the Broker( if deemed fit ) may make purchases of the same in the market on Client's behalf to make available the delivery to the opposite party.

## **6. Sales Tax and other Registrations**

- 6.1 Clients who intend receiving/giving delivery should ensure that they have all the proper local registration numbers/documents such as sales tax registration etc. on or before the settlement of the delivery. Deliveries given / received by Clients who are not registered as per the applicable laws and guidelines or whose registration is not valid on the date of settlement / delivery may not be liable to collect the sales tax / any other tax if applicable from Buyers. Further the seller may be obliged to collect any appropriate monetary compensation demanded by the APMC /other authorities/ sales tax department due to the unregistered status of Client.
- 6.2 Registration may need to be obtained by the Client / participant in the State where the delivery is affected or as per law applicable at the relevant time/ place. The Client/participant will have to register in all those states where any registrations are required including where the delivery center for the commodities is located.

6.3 Rates of tax for commodities may differ from State to State / place to place. In the case of trades culminating into delivery, tax as per the delivery center/state may be payable. Laws may provide for levy of additional tax, turnover tax, resale tax, etc. which may or may not be recoverable from the buyer depending on the provisions of the local State sales tax / any other applicable law and Broker will not be responsible for the same.

6.4 It is obligatory on the part of the registered seller to collect the sales tax from the buyer and file the returns as per the defined procedure of the relevant local sales tax laws.

## **7. Deregistering / Suspending a Client and Termination of relationship**

- 7.1 The Broker may suspend the account of Client with immediate effect and if need be de - register /terminate the Client in any of the following circumstances:
  - a. If the actions of the Client are prima facie illegal / improper or such as to manipulate the price of any commodities or disturb the normal /proper functioning of the market, either alone or in conjunction with others, in such eventuality the Client acknowledges that the Broker reserves the right to keep in abeyance the payout/ delivery of funds /securities or any other assets to Client as may be deemed fit by the Broker depending upon the gravity of the violation or/and through trades done by/on behalf of the Client considered as prima facie illegal / improper by the Broker / the relevant exchange(s) / regulators(s). The Client further understands and accepts that the Broker may levy penalty for trades done by / on behalf of the Client which are considered prima facie illegal / improper by the Broker / the relevant exchange(s) / regulator(s), as may be deemed fit by the relevant exchange(s) / regulator(s)/Broker.
  - b. If there is any commencement of a legal process against the Client under any law in force;
  - c. On the death/lunacy or other disability of the Client;

- d. If a receiver, administrator or liquidator has been appointed or allowed to be appointed of all or any part of the undertaking of the Client;
  - e. 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;
  - f. If the Client being a partnership firm, has any steps taken by the Client and/ or its partners for dissolution of the partnership;
  - g. If the Client have taken or suffered to be taken any action for its reorganization, liquidation or dissolution;
  - h. If the Client has made any material misrepresentation of facts, Including (without limitation) In relation to the security;
  - i. If there is reasonable apprehension that the Client is unable to pay its debts or the Client has admitted Its Inability to pay its debts, as they become payable;
  - j. If the Client suffers any adverse material change in his / her / its financial position or defaults in any other agreement with the Broker;
  - k. If the Client is in breach of any term, condition or covenant with the Broker.
  - l. If any covenant or warranty of the Client is incorrect or untrue in any material respect;
  - m. Client causes nuisance and disruption in the functioning of the Broker.
- 7.2 Information about default by a Client may be brought to the notice of third parties including but not limited to trade associations, the relevant exchange(s) &/or legal / regulatory authorities. 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, may also be communicated by the Broker.
- 7.3 The Client may request the Broker to temporarily suspend his account, Broker may do so subject to Client accepting / adhering to conditions which may be including but not limited to prior settlement of account and/ or other obligation. The Broker may withhold the payouts of Client and/or suspend the trading account due to Client's trading being prima facie illegal / improper or due to judicial or / and regulatory order/action requiring Client suspension.
- 7.4 The Broker may disable / freeze the account & / or trading facility / any other service facility,
- a. if, prima facie illegal , 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 Broker so apprehends.
  - b. if the Client creates any encumbrance over the assets placed as margin, or otherwise takes any action towards creation of any encumbrance over the assets placed as margin;
  - c. if the title of the Client to the asset(s) placed as margin/ security is in jeopardy or if there is an order of attachment or lien against the assets(s) placed as margin/security;
  - d. if an Event of Default has occurred under any other agreements entered into by the Client with the Broker or Broker Group companies.
- 8. Other significant policies and procedures**
- 8.1 Proprietary Trading: The broker does undertake proprietary trading.
- 8.2 The Client is hereby advised to use the facilities, data and information which is provided by the Broker or which may become available to the Client as a result of Client's relationship with the Broker purely for purposes permitted by the Broker and only for personal use and should never disseminate any information or data for any reason or purposes whatsoever except under a written authority signed by a director of the Broker. It is advised to the Client that all intellectual properties (IP) in any such

information / data shall remain with the Broker and / or exchange and /or relevant service / information provider and Client shall not remove any IP markers etc. from any documents/ information received.

- 8.3 The Client is informed that his /her/ its utilization of any other service / facility from Broker, shall to the extent possible be covered by the terms & conditions of this document.
- 8.4 The Client is informed that all assets of the Client (including but not limited to monies/ securities or any other property) which the Broker may hold on Client's account shall be held subject to a general lien for the discharge of Client's obligations to the Broker. Client is further advised neither to close any account where such assets are kept including but not limited to bank and/ or depository accounts nor to mark any lien / pledge on such assets including but not limited to accounts where the securities and / or monies which are linked to his trading account are lying till such time that his account is fully settled with the Broker for all obligations.
- 8.5 This document is not a solicitation for and / or offer to buy / sell any investments and the Broker does not intend it to be used / disseminated or used in any jurisdiction where the services / facilities contemplated to be provided by the Broker to the Client are not permitted as per law as applicable. The Client is advised to ascertain that it is lawful for him under laws applicable to him to enter in the relationship with the Broker as contemplated under this document.
- 8.6 Any failure of Broker to enforce at any time any terms contained in this document shall not be construed to be the waiver of any terms or of the rights.
- 8.7 The Broker may grant / transfer to any person/ bank/ financial institution, for any purpose whatsoever, any of its rights and/or responsibilities under this document including the right to any amounts receivable by the Broker or any other rights and may grant/ transfer such rights by way of a sale or as discharge or as a security and any person to whom such rights are

granted / transferred shall be entitled to the full benefit of such rights.

- 8.8 The Broker and the Client shall also be entitled to terminate the relationship without giving any reasons to the other party, after giving notice in writing of not less than one month to the other party. Notwithstanding any 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 document ( or which are by nature subject to this document) 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. Except where the laws / byelaws /rules provide otherwise, the Broker and client shall be subject to exclusive jurisdiction of courts of law at Delhi.
- 8.9 If any provisions of this Policy and Procedure document are held invalid or unenforceable by reason of any law, rule, administrative order or judicial decision by any court, or regulatory or self-regulatory agency or body, such invalidity or unenforceability shall attach only to such provision or terms held invalid. The validity of the remaining provisions and terms shall not be affected thereby and these terms shall be carried out as if any such invalid / unenforceable provisions or terms were not contained herein.

## **9. Disputes Redressal**

- 9.1 The Broker and the Client agree that they shall refer any claim and / or difference and/or disputes to arbitration as per the rules, byelaws and regulations of the concerned exchange and circulars issued there under as may be in force from time to time.

Client confirms having read & accepted the terms & conditions of this document titled "Policies and Procedure" inter-alia comprising clauses 1 to 9 along with their sub-clauses and agrees to be bound by all of them.

## **MOST IMPORTANT TERMS AND CONDITIONS (MITC)**

**(For non-custodial settled trading accounts)**

**Annexure A**

1. Your trading account has a “Unique Client Code” (UCC), different from your demat account number. Do not allow anyone (including your own stock broker, their representatives and dealers) to trade in your trading account on their own without taking specific instruction from you for your trades. Do not share your internet/mobile trading login credentials with anyone else.
2. You are required to place collaterals as margins with the stock broker before you trade. The collateral can either be in the form of funds transfer into specified stock broker bank accounts or margin pledge of securities from your demat account. The bank accounts are listed on the stock broker website. Please do not transfer funds into any other account. The stock broker is not permitted to accept any cash from you.
3. The stock broker's Risk Management Policy provides details about how the trading limits will be given to you, and the tariff sheet provides the charges that the stock broker will levy on you.
4. All securities purchased by you will be transferred to your demat account within one working day of the payout. In case of securities purchased but not fully paid by you, the transfer of the same may be subject to limited period pledge i.e. seven trading days after the pay-out (CUSPA pledge) created in favor of the stock broker. You can view your demat account balances directly at the website of the Depositories after creating a login.
5. The stock broker is obligated to deposit all funds received from you with any of the Clearing Corporations duly allocated in your name. The stock broker is further mandated to return excess funds as per applicable norms to you at the time of quarterly/ monthly settlement. You can view the amounts allocated to you directly at the website of the Clearing Corporation(s).
6. You will get a contract note from the stock broker within 24 hours of the trade.
7. You may give a one-time Demat Debit and Pledge Instruction (DDPI) authority to your stock broker for limited access to your demat account, including transferring securities, which are sold in your account for pay-in.
8. The stock broker is expected to know your financial status and monitor your accounts accordingly. Do share all financial information (e.g. income, networth, etc.) with the stock broker as and when requested for. Kindly also keep your email Id and mobile phone details with the stock broker always updated.
9. In case of disputes with the stock broker, you can raise a grievance on the dedicated investor grievance ID of the stock broker. You can also approach the stock exchanges and/or SEBI directly.
10. Any assured/guaranteed/fixed returns schemes or any other schemes of similar nature are prohibited by law. You will not have any protection/recourse from SEBI/stock exchanges for participation in such schemes.

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## **VOLUNTARY ADDITIONAL TERMS & CONDITIONS FOR AVAILING DEPOSITORY SERVICES**

1. Client to please ensure taking written acknowledgement while submitting any document to Depository Participant's Officer, example being Delivery Instruction Slips, Demat Requests, Profile Change Request, and Requisition Slip/ Request for Issuance of Booklet etc. Depository Participant shall not be in a position to help in absence of written acknowledgement if client suffers damages and losses.
2. Depository Participant may re-verify / confirm through alternate means (say by telecalling) the authenticity of any instruction like Delivery Instruction Slip, Dematerialization request, Issuance of Delivery Instruction Booklet etc. received / submitted by client's messenger, or received by depository participant through courier, or any other means of communication.
3. Depository Participant provides online access through its web portal for which client has been provided a secured login and password, so that client is able to view holdings, transaction statement, bills, dues and other details. Depository Participant may require to send the holding / transaction and ledger statement to client's registered address or through electronic means to client's registered Email ID.
4. Client must verify his / her account details on regular basis and review his / her account status and in case of discrepancy is observed client shall immediately brought to the notice of the Depository Participant so as to enable the Depository Participant to take required remedial action as may be possible

Client confirms having read & accepted the terms & conditions of this document titled "VOLUNTARY ADDITIONAL TERMS & CONDITIONS FOR AVAILING DEPOSITORY SERVICES" and agrees to be bound by all of them.

\*\*\*\*\*



### TradeSmart Order:

TradeSmart order is an intraday product having an order placement feature wherein you limit your loss on every position by necessarily placing a cover order specifying the SLTP and a limit price along with Profit order to book profit.

TradeSmart Order is a 3 leg order which allows the user to cover intraday positions by placing 2 opposite orders. You can get up to 50 times leverage with TradeSmart order. The leverage is decided by Religare Risk team based on liquidity. Religare reserves the right to select the stocks for cover order & leverage and may, at its sole discretion, include or exclude any stock for trading or increase or decrease the leverage in the cover product without any prior intimation.

#### Q. What is TradeSmart Order?

TradeSmart Order is a 3 leg order which allows the user to cover intraday positions by placing two opposite orders. TradeSmart Order is a type of order where user can enter a new position along with a target/exit (book profit) and a stop-loss order. As soon as the main order is executed the system will place two more orders (profit taking and stop-loss order). When one of the two orders (profit taking or stop-loss) gets executed, the other order will get cancelled automatically. The details are given below:

Below are the details of the Orders:

- 1) Fresh Order Mandatory (1st Leg) – This is a fresh Buy/Sell order you want to place. This order can be a Market or a Limit Order.
- 2) Stop Loss Order Mandatory (2nd Leg): A stop loss order helps you exit a position as soon as the stock/contract hits the bottom of loss. This order is a reflection of the loss that you are willing to take in the stock market. Stop Loss order will be opposite of the 1st Leg Order i.e. If the 1st Leg Order is a Buy order than 2nd Leg stop loss order will be a Sell order and vice versa. It is a Stop loss order where you will have to enter Limit and Trigger Price.
- 3) 3rd Leg – Profit Order (Mandatory): This order will also be opposite of the 1st Leg Order. If the 1st Leg Order is Buy, 2nd Leg will be Sell and vice versa. This is a normal order where you will only enter profit price.
- 4) Trailing Stoploss (Optional) : This is an optional field where you can enter trailing price for your stoploss. Here you will have to enter two values, LTP Jump Price and Stop Loss Jump Price.

#### Example:

You want to buy 1 stock at Rs. 500, and to reduce your loss you want to place stoploss order of Rs. 10 below LTP and want to book profit at Rs. 520. Here will be details of the three legs,

##### 1st Leg: Buy Order

Buy Price – 500

##### 2nd Leg: Stoploss Sell Order

SL Trigger Price – 492

SL Limit Price – 490

##### Trailing Stoploss:(optional)

LTP Jump Price: 5

Stoploss Jump Price: 5

### 3rd Leg: Profit Sell Order

Sell Price – 520

Once Order is traded at 500, your SL will trail as follows,

Time	9:00	9:10	9:20	9:30
Stock Price	500	505	510	515
Stoploss Trigger Price	492	497	502	507
Profit Order	520	520	520	520

#### Q. If I had bought the stock what if Stock price goes down after placing order?

Stoploss order trigger price will not go down, it will remain the same. There will also be no change in stoploss order Limit price, Book profit order will also remain unchanged.

#### Q. If I had bought the stock what if Stock price goes up after placing order?

If you have entered trailing stoploss, your stoploss will trail according to price entered. If you've not entered trailing price then there will be no change in any of the orders.

#### Q. What happens when price reaches stoploss trigger price?

Stoploss order will trigger and will be sent to exchange as a limit order and will get traded at the best price between Stoploss Trigger Price and Stop Loss Limit Price. The book profit order will get cancelled automatically.

You want to Sell 1 stock at Rs. 500, and to reduce your loss you want to place stoploss order of Rs. 10 above LTP and want to book profit at Rs. 480. Here will be details of the three legs,

#### 1st Leg: Sell Order

Sell Price – 500

#### 2nd Leg: Stoploss Buy Order

SL Trigger Price – 508

SL Limit Price – 510

#### Trailing Stoploss:(optional)

LTP Jump Price: 5

Stoploss Jump Price: 5

#### 3rd Leg: Profit Buy Order

Buy Price – 480

Once Order is traded at 500, your SL will trail as follows,

Time	9:00	9:10	9:20	9:30
Stock Price	500	495	490	485
Stoploss Trigger Price	508	503	498	493
Profit Order	480	480	480	480

#### Q. If I had sold the stock what if Stock price goes up after placing order?

Stoploss order trigger price will not go up, it will remain the same. There will also be no change in stoploss order Limit price, Book profit order will also remain unchanged.

**Q. If I had sold the stock what if Stock price goes down after placing order?**

If you have entered trailing stoploss, your stoploss will trail according to price entered. If you've not entered trailing price then there will be no change in any of the orders.

**Q. What happens when price reaches stoploss trigger price?**

Stoploss order will trigger and will be sent to exchange as a limit order and will get traded at the best price between Stoploss Trigger Price and Stop Loss Limit Price. The book profit order will get cancelled automatically.

**Q. What Happens when price reaches Profit Order price?**

Your profit order will get triggered and will be sent to exchange as a market order. The S/L Order will get cancelled automatically.

**Q. What is Validity of TradeSmart Order?**

TradeSmart Orders are valid only for one day.

**Q. Which exchanges are allowed in TradeSmart Orders?**

Currently TradeSmart Orders are allowed in NSE Cash and NSE Futures.

**Q. Are all the legs compulsory while placing TradeSmart Order?**

Yes all three legs are compulsory in TradeSmart order. However Trailing Stop Loss is an optional field.

**Q. Can I Cancel a TradeSmart Order?**

Yes you can only cancel 1st leg of the TradeSmart order if the order is in pending status. The other two legs will be cancelled automatically in this case.

**Q. Can I Cancel 2nd and 3rd Leg of TradeSmart Order?**

You cannot cancel 2nd and 3rd leg of TradeSmart order if the first leg is executed. However you can cancel the first leg if the order is in pending status. The other two legs will get cancelled automatically in such cases.

**Q. Can TradeSmart Orders be edited?**

Yes you can edit all the open orders of TradeSmart Order. If first leg of order is executed you have option to edit rest 2 legs of the order if they are in pending stage.

**Q. Can I convert TradeSmart Order position into Other Position Types (Delivery)?**

No right now you cannot convert TradeSmart Order position into Other Position Types

**Q. Is the TradeSmart Order Intraday product or not?**

Yes TradeSmart Order is an Intraday Product.

**Q. Can I place TradeSmart Sell Orders?**

Yes, you can place TradeSmart Sell Orders.

**Q. What is Fresh Leg?**

The main order is the first leg of the TradeSmart order. It is like any other order that you place.

**Q. Can I place a limit fresh order?**

Yes, both limit and market orders can be placed in fresh order.

**Q. What is Stoploss order Leg?**

The stoploss order leg is an opposite order taken by you to close your open position. Assuming you have taken a buy position, your stoploss order will necessarily be a sell order and Viceversa.

**Q. What is profit order leg?**

Profit order leg is an order that helps you book profits on your fresh leg position in suitable market conditions.

**Q. Is there any minimum difference % to be maintained between Stoploss order leg and Profit order leg limit price?**

Yes, a minimum difference % between the Stoploss order leg and Profit order leg limit price has to be maintained at the time of order placement as well as on order modifications.

**Q. Are Fresh Leg, Stoploss Order leg and Profit Order leg to be placed together?**

Yes, it is mandatory to put orders in all the legs at the same time.

**Q. What time will be cut off time for modification of Stop loss orders by the system?**

The cut-off time is 3.20 pm that will be auto initiated by system.

**Q. Can Profit order be modified to Market order?**

Yes, you can modify the same from your order book if the order is under pending status.

**Q. Can Stop Loss order be modified to Market order?**

Yes, you can modify the same from your order book if the order is under pending status.

**Q. Where do I view my open positions?**

You can view your Open positions in Position Book.

**Intraday / High Multiplier Facility:**

1. The details of the Facility as amended from time to time are / will be available on web site: [www.religareonline.com](http://www.religareonline.com). I/We agree that the Company may impose additional terms other than those specified herein and/or change the existing terms of Facilities and/or withdraw the same (or the Facility) for one or more Clients without prior notice and for this no claim shall lie against the Company.
2. The Facility may be allowed only for selective contracts as displayed on the website.
3. In Intraday/High Multiplier Facility, the Client will be allowed leverage for intra-day trading on available margin/security/collateral. The leverage available shall be liable to change as per company's risk management policy.
4. The Client can be put under square off mode for the day if once his MTM loss reaches or crosses stipulated margin percentage. Further if MTM loss reaches or crosses stipulated margin percentage, all positions of Clients are liable to be automatically squared off at once even if it happens before Auto Square Off Time (as defined below). The Broker may prescribe / change stipulated margin percentage depending upon exchange / regulatory requirements and/or changes in the market conditions etc.
5. Client has the sole responsibility to monitor his positions throughout the day and take necessary/appropriate actions, which responsibility cannot be transferred to the Company. All open positions of Client, not squared off by Client prior to designated time will be taken control off by trading system. This designated

time shall generally be during the last hour of the trading hour(s) on the exchange. After taking over control trading system may attempt for automatic square off at market rates. This shall be done by first cancelling all unexecuted pending orders and thereafter square off the executed orders by putting counter orders at market rate. The time upon which this square off attempt may be started by the trading system shall be the "Auto Square Off Time" [exact times shall be available on website]. However there is no surety that square off by trading system will be successful partially/fully. This can happen due to various factors such as market crash or connectivity related issues etc. Therefore Client should not leave square off on the trading system but square off their own trades by their personal efforts.

#### **Purchase Today Sell Tomorrow (PTST):**

1. The details of the Facility as amended from time to time are/will be available on website: [www.religareonline.com](http://www.religareonline.com). I/We agree that the Company may impose additional terms other than those specified herein and/or change the existing terms of Facilities and/or withdraw the same (or the Facility) for one or more Clients without prior notice and for this no claim shall lie against the Company. The Facility may be allowed only for selective scrips of those displayed on the website. Salient features of the Facility are available as under:
2. In this Facility, Client will initially put buy orders under Facility. Client has the sole responsibility to monitor his positions throughout the day as also next day and take necessary/appropriate actions, which responsibility cannot be transferred to the Company.
3. The Client can be put under square off mode for the day if once his MTM loss reaches or crosses stipulated margin percentage. Further if MTM loss reaches or crosses stipulated margin percentage, all positions of Clients are liable to be automatically squared off at once even if it happens before Auto Square Off Time (as defined below). The Broker may prescribe / change stipulated margin percentage depending upon exchange / regulatory requirements and/or changes in the market conditions etc.
4. If Client has not executed square off "selltrades" against previous trading day's trades done under "PTST" facility prior to Designated Time on T+1 day, then in that event for such trades/open positions of Client trading system will take over control at Designated Time. Designated Time shall be an appointed time which shall generally be during the last hour of the trading hour(s) on the exchange. After taking over control trading system may attempt for automatic square off at market rates, the time upon which this square off attempt may be started by the trading system shall be the "Auto Square Off Time" [exact times for Designated Time and Auto Square Off Time and other parameters shall be available on website]. However there is no surety that sale/square off by trading system will be successful partially/ fully. This can happen due to various factors such as market crash or connectivity related issues etc.
5. Further, in case there is a short delivery from the Exchange for the earlier buy order of Client, it may lead to a default by Client in delivery of scrips on the "sell leg" of the transaction. In such a case, Client will have to bear auction losses, penalties and other consequences.

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**Definitions:**

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

1. "Depository" means Central Depository Services (India) Limited a company incorporated in India under the Companies Act 1956 and having its registered office at 17th Floor, P.J. Towers, Dalal Street, Fort, Mumbai 400001 and all its branch offices and includes its successors and assigns.
2. 'DP' means Depository Participant of CDSL. The term covers all types of DPs who are allowed to open demat accounts for investors.
3. 'BO' means an entity that has opened a demat account with the depository. The term covers all types of demat accounts, which can be opened with a depository as specified by the depository from time to time.
4. SMS means "Short Messaging Service"
5. "Alerts" means a customized SMS sent to the BO over the said mobile phone number.
6. "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.
7. "Service" means the service of providing SMS alerts to the BO on best effort basis as per these terms and conditions.

**Availability:**

1. 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.
2. The service is currently available to the BOs who are residing in India.
3. 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.
4. 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.
5. 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:**

1. 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.
2. The BO acknowledges that the 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.
3. 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.
4. 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 alert, 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.
5. 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.
6. The BO agrees to inform the depository and DP in writing of any unauthorized 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.
7. The information sent as an alert on the mobile phone number shall be deemed to have been received by the BO and the depository shall not be under any obligation to confirm the authenticity of the person(s) receiving the alert.

8. 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.
9. 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 to ensure that the BO's personal information is kept confidential. The depository does not warrant 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 howsoever 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 sent 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 jurisdiction of the courts in Mumbai.

I/We wish to avail the SMS Alerts facility provided by the depository on my/our mobile number provided in the registration form 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 as 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.

I/We provide the following information for the purpose of REGISTRATION / MODIFICATION (Please cancel out what is not applicable).

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**VISION**

To follow highest standards of ethics and compliances while facilitating the trading by clients in securities in a fair and transparent manner, so as to contribute in creation of wealth for investors.

**MISSION**

- i) To provide high quality and dependable service through innovation, capacity enhancement and use of technology.
- ii) To establish and maintain a relationship of trust and ethics with the investors.
- iii) To observe highest standard of compliances and transparency.
- iv) To always keep 'protection of investors' interest' as goal while providing service.

**Services provided to Investors**

- Execution of trades on behalf of investors.
- Issuance of Contract Notes.
- Issuance of intimations regarding margin due payments.
- Facilitate execution of early pay-in obligation instructions.
- Settlement of client's funds.
- Intimation of securities held in Client Unpaid Securities Account (CUSA) Account.
- Issuance of retention statement of funds.
- Risk management systems to mitigate operational and market risk.
- Facilitate client profile changes in the system as instructed by the client.
- Information sharing with the client w.r.t. exchange circulars.
- Redressal of Investor's grievances.

**Rights of Investors**

- Ask for and receive information from a firm about the work history and background of the person handling your account, as well as information about the firm itself.
- Receive complete information about the risks, obligations, and costs of any investment before investing.
- Receive recommendations consistent with your financial needs and investment objectives.
- Receive a copy of all completed account forms and agreements.
- Receive account statements that are accurate and understandable.
- Understand the terms and conditions of transactions you undertake.
- Access your funds in a timely manner and receive information about any restrictions or limitations on access.

- Receive complete information about maintenance or service charges, transaction or redemption fees, and penalties.
- Discuss your grievances with compliance officer of the firm and receive prompt attention to and fair consideration of your concerns.

### Various activities of Stock Brokers with timelines

S.No.	Activities	Expected Timelines
1.	KYC entered into KRA System and CKYCR	10 days of account opening
2.	Client Onboarding	Immediate, but not later than one week
3.	Order execution	Immediate on receipt of order, but not later than the same day
4.	Allocation of Unique Client Code	Before trading
5.	Copy of duly completed Client Registration Documents to clients	7 days from the date of upload of Unique Client Code to the Exchange by the trading member
6.	Issuance of contract notes	24 hours of execution of trades
7.	Collection of upfront margin from client	Before initiation of trade
8.	Issuance of intimations regarding other margin due payments	At the end of the T day
9.	Settlement of client funds	30 days / 90 days for running account settlement (RAS) as per the preference of client. If consent not given for RAS – within 24 hours of pay-out
10.	'Statement of Accounts' for Funds, Securities and Commodities	Weekly basis (Within four trading days of following week)
11.	Issuance of retention statement of funds/commodities	5 days from the date of settlement
12.	Issuance of Annual Global Statement	30 days from the end of the financial year
13.	Investor grievances redressal	21 days from the receipt of the complaint

### DOs and DON'Ts for Investors

DOs	DON'Ts
<p>1. Read all documents and conditions being agreed before signing the account opening form.</p> <p>2. Receive a copy of KYC, copy of account opening documents and Unique Client Code.</p> <p>3. Read the product / operational framework / timelines related to various Trading and Clearing &amp; Settlement processes.</p>	<p>1. Do not deal with unregistered stock broker.</p> <p>2. Do not forget to strike off blanks in your account opening and KYC.</p> <p>3. Do not submit an incomplete account opening and KYC form.</p> <p>4. Do not forget to inform any change in information</p>

<p>4. Receive all information about brokerage, fees and other charges levied.</p> <p>5. Register your mobile number and email ID in your trading, demat and bank accounts to get regular alerts on your transactions.</p> <p>6. If executed, receive a copy of Power of Attorney / 'Demat Debit and Pledge Instruction' (DDPI). However, Power of Attorney / 'Demat Debit and Pledge Instruction' (DDPI) is not a mandatory requirement as per SEBI / Stock Exchanges. Before granting Power of Attorney / 'Demat Debit and Pledge Instruction' (DDPI), carefully examine the scope and implications of powers being granted.</p> <p>7. Receive contract notes for trades executed, showing transaction price, brokerage, GST and STT etc. as applicable, separately, within 24 hours of execution of trades.</p> <p>8. Receive funds and securities / commodities on time within 24 hours from pay-out.</p> <p>9. Verify details of trades, contract notes and statement of account and approach relevant authority for any discrepancies. Verify trade details on the Exchange websites from the trade verification facility provided by the Exchanges.</p> <p>10. Receive statement of accounts periodically. If opted for running account settlement, account has to be settled by the stock broker as per the option given by the client (30 or 90 days).</p> <p>11. In case of any grievances, approach stock broker or Stock Exchange or SEBI for getting the same resolved within prescribed timelines.</p>	<p>linked to trading account and obtain confirmation of updation in the system.</p> <p>5. Do not transfer funds, for the purposes of trading to anyone other than a stock broker. No payment should be made in name of employee of stock broker.</p> <p>6. Do not ignore any emails / SMSs received with regards to trades done, from the Stock Exchange and raise a concern, if discrepancy is observed.</p> <p>7. Do not opt for digital contracts, if not familiar with computers.</p> <p>8. Do not share trading password.</p> <p>9. Do not fall prey to fixed / guaranteed returns schemes.</p> <p>10. Do not fall prey to fraudsters sending emails and SMSs luring to trade in stocks / securities promising huge profits.</p> <p>11. Do not follow herd mentality for investments. Seek expert and professional advice for your investments.</p>
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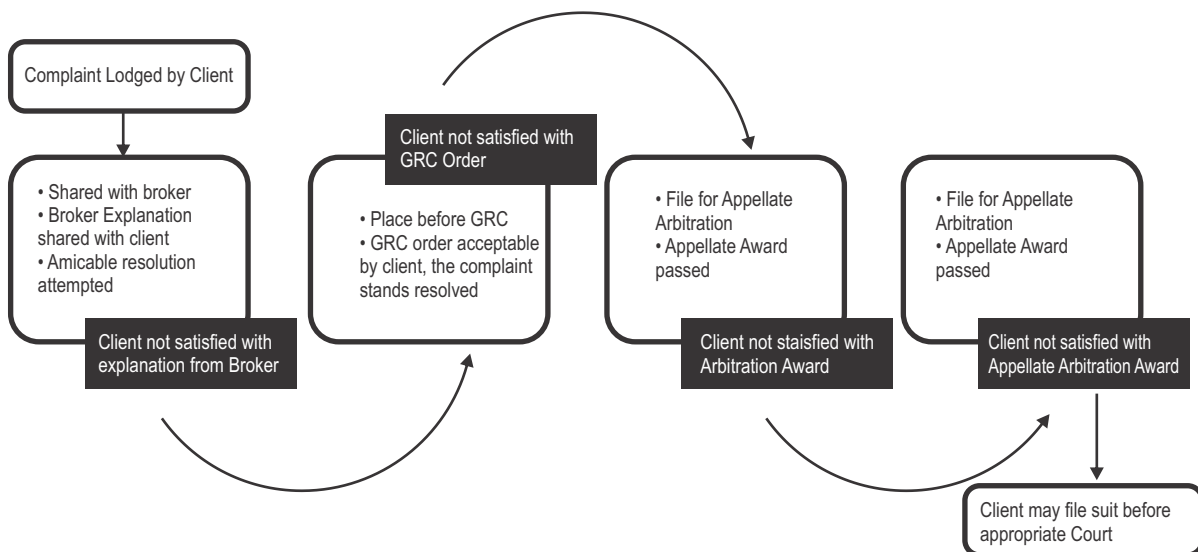
### Grievance Redressal Mechanism

Level 1 – Approach the Stock Broker at the designated Investor Grievance e-mail ID of the stock broker. The Stock Broker will strive to redress the grievance immediately, but not later than 21 days of the receipt of the grievance.

Level 2 – Approach the Stock Exchange using the grievance mechanism mentioned at the website of the respective exchange.

Complaints Resolution Process at Stock Exchange explained graphically:





### Timelines for complaint resolution process at Stock Exchanges against stock brokers

S.No.	Type of Activity	Timelines for activity
1.	Receipt of Complaint	Day of complaint (C Day).
2.	Additional information sought from the investor, if any, and provisionally forwarded to stock broker.	C + 7 Working days.
3.	Registration of the complaint and forwarding to the stock broker.	C+8 Working Days i.e. T day.
4.	Amicable Resolution.	T+15 Working Days.
5.	Refer to Grievance Redressal Committee (GRC), in case of no amicable resolution.	T+16 Working Days.
6.	Complete resolution process post GRC.	T + 30 Working Days.
7.	In case where the GRC Member requires additional information, GRC order shall be completed within.	T + 45 Working Days.
8.	Implementation of GRC Order.	On receipt of GRC Order, if the order is in favour of the investor, debit the funds of the stock broker. Order for debit is issued immediately or as per the directions given in GRC order.
9.	In case the stock broker is aggrieved by the GRC order, will provide intention to avail arbitration	Within 7 days from receipt of order

10.	If intention from stock broker is received and the GRC order amount is upto Rs.20 lakhs	Investor is eligible for interim relief from Investor Protection Fund (IPF).The interim relief will be 50% of the GRC order amount or Rs.2 lakhs whichever is less. The same shall be provided after obtaining an Undertaking from the investor.
11.	Stock Broker shall file for arbitration	Within 6 months from the date of GRC recommendation
12.	In case the stock broker does not file for arbitration within 6 months	The GRC order amount shall be released to the investor after adjusting the amount released as interim relief, if any.

### **Handling of Investor's claims / complaints in case of default of a Trading Member / Clearing Member (TM/CM)**

#### **Default of TM/CM**

Following steps are carried out by Stock Exchange for benefit of investor, in case stock broker defaults:

- Circular is issued to inform about declaration of Stock Broker as Defaulter.
- Information of defaulter stock broker is disseminated on Stock Exchange website.
- Public Notice is issued informing declaration of a stock broker as defaulter and inviting claims within specified period.
- Intimation to clients of defaulter stock brokers via emails and SMS for facilitating lodging of claims within the specified period.

Following information is available on Stock Exchange website for information of investors:

- Norms for eligibility of claims for compensation from IPF.
- Claim form for lodging claim against defaulter stock broker.
- FAQ on processing of investors' claims against Defaulter stock broker.
- Provision to check online status of client's claim.

**Level 3** – The complaint not redressed at Stock Broker / Stock Exchange level, may be lodged with SEBI on SCORES (a web based centralized grievance redressal system of SEBI) @ <https://scores.sebi.gov.in>

# SEBI Investor Charter of Depository Participant



BROKING

**RELIGARE BROKING LIMITED**

NSDL DP ID: IN301774

CDSL DP ID: 12030200

**(Regn. No: IN-DP-385-2018)**

## 1. Vision

Towards making Indian Securities Market - Transparent, Efficient, & Investor friendly by providing safe, reliable, transparent and trusted record keeping platform for investors to hold and transfer securities in dematerialized form.

## 2. Mission

- To hold securities of investors in dematerialised form and facilitate its transfer, while ensuring safekeeping of securities and protecting interest of investors.
- To provide timely and accurate information to investors with regard to their holding and transfer of securities held by them.
- To provide the highest standards of investor education, investor awareness and timely services so as to enhance Investor Protection and create awareness about Investor Rights.

## 3. Details of business transacted by the Depository and Depository Participant (DP)

A Depository is an organization which holds securities of investors in electronic form. Depositories provide services to various market participants - Exchanges, Clearing Corporations, Depository Participants (DPs), Issuers and Investors in both primary as well as secondary markets. The depository carries out its activities through its agents which are known as Depository Participants (DP). Details available on the link NSDL <https://nsdl.co.in/dpsch.php> CDSL <https://www.cdslindia.com/DP/dplist.aspx>

## 4. Description of services provided by the Depository through Depository Participants (DP) to investors

### (1) Basic Services

S.No.	Brief about the Activity / Service	Expected Timelines for processing by the DP after receipt of proper documents
1.	Dematerialization of securities	7 days
2.	Rematerialization of securities	7 days
3.	Mutual Fund Conversion / Destatementization	5 days
4.	Re-conversion / Restatementisation of Mutual fund units	7 days
5.	Transmission of securities	7 days
6.	Registering pledge request	15 days
7.	Closure of demat account	30 days
8.	Settlement Instruction	For T+1 day settlements, Participants shall accept instructions from the Clients, in physical form up to 4 p.m. (in case of electronic instructions up to 6.00 p.m.) on T day for pay-in of securities.  For T+0 day settlements, Participants shall accept EPI instructions from the clients, till 11:00 AM on T day.  Note: 'T' refers 'Trade Day'

(2) Depositories provide special services like pledge, hypothecation, internet based services etc. in addition to their core services and these include

S.No.	Type of Activity /Service	Brief about the Activity / Service
1.	Value Added Services	<p>Depositories also provide value added services such as</p> <p>A. Basic Services Demat Account (BSDA)<sup>1</sup> [link to be provided by the Participants]</p> <p>B. Transposition cum dematerialization<sup>2</sup> [link to be provided by the Participants]</p> <p>C. Linkages with Clearing System<sup>3</sup> [link to be provided by the Participants]</p> <p>Distribution of cash and non-cash corporate benefits (Bonus, Rights, IPOs etc.), stock lending, demat of NSC / KVP, demat of warehouse receipts etc</p>
2.	Consolidated Account statement	CAS is issued within 10 days from the end of the month (if there were transactions in the previous month) or half yearly (if no transactions).
3.	Digitalization of services provided by the depositories	<p>Depositories offer below technology solutions and e-facilities to their demat account holders through DPs:</p> <p>a. E-account opening<sup>4</sup> [link to be provided by the Participants]</p> <p>b. Online instructions for execution<sup>5</sup> [link to be provided by the Participants]</p> <p>c. e-DIS / Demat Gateway<sup>6</sup> [link to be provided by the Participants]</p> <p>d. e-CAS facility<sup>7</sup> [link to be provided by the Participants]</p> <p>e. Miscellaneous services<sup>8</sup> [link to be provided by the Participants]</p>

## 5. Details of Grievance Redressal Mechanism (1) The Process of investor grievance redressal

1.	Investor Complaint/ Grievances	<p>Investor can lodge complaint/ grievance against the Depository/DP in the following ways:</p> <p><b>a. Electronic mode -</b></p> <p>(i) SCORES (a web based centralized grievance redressal system of SEBI) : <a href="https://scores.sebi.gov.in/">https://scores.sebi.gov.in/</a></p> <p>Two Level Review for complaint/grievance against DP:</p> <ul style="list-style-type: none"> <li>• First review done by Designated Body</li> <li>• Second review done by SEBI</li> </ul> <p>(ii) Respective Depository's web portal dedicated for the filing of compliant NSDL- <a href="https://investor.nsdl.com/portal/en/home">https://investor.nsdl.com/portal/en/home</a></p> <p>CDSL - <a href="https://www.cdslindia.com/Footer/grievances.aspx">https://www.cdslindia.com/Footer/grievances.aspx</a></p> <p>(iii) Emails to designated email IDs of Depository</p> <p>NSDL - <a href="mailto:relations@nsdl.com">relations@nsdl.com</a></p> <p>CDSL - <a href="mailto:complaints@cdslindia.com">complaints@cdslindia.com</a></p> <p><b>b. Offline Mode</b> <sup>9</sup> [link to be provided by the Participants]</p> <p>The complaints/ grievances lodged directly with the Depository shall be resolved within 21 days.</p>
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2.	Online Dispute Resolution (ODR) platform for online Conciliation and Arbitration	If the Investor is not satisfied with the resolution provided by DP or other Market Participants, then the Investor has the option to file the complaint/ grievance on SMARTODR platform for its resolution through by online conciliation or arbitration. <a href="https://smartodr.in/register">https://smartodr.in/register</a>
3.	Steps to be followed in ODR for Review, Conciliation and Arbitration	<ul style="list-style-type: none"> <li>❖ Investor to approach Market Participant for redressal of complaint</li> <li>❖ If investor is not satisfied with response of Market Participant, he/she can escalate the complaint on SEBI SCORES portal.</li> <li>❖ Alternatively, the investor may also file a complaint on SMARTODR portal for its resolution through online conciliation and arbitration.</li> <li>❖ Upon receipt of complaint on SMARTODR portal, the relevant MII will review the matter and endeavour to resolve the matter between the Market Participant and investor within 21 days.</li> <li>❖ If the matter could not be amicably resolved, then the Investor may request the MII to refer the matter case for conciliation.</li> <li>❖ During the conciliation process, the conciliator will endeavor for amicable settlement of the dispute within 21 days, which may be extended with 10 days by the conciliator.</li> <li>❖ If the conciliation is unsuccessful, then the investor may request to refer the matter for arbitration.</li> <li>❖ The arbitration process to be concluded by arbitrator(s) within 30 days, which is extendable by 30 days.</li> </ul>

## (2) Illustration of New Grievance Redressal System:

The flow-chart of New Grievance Redressal System.<sup>10</sup> [link to be provided by the Participants]

## 6. Guidance pertaining to special circumstances related to market activities: Termination of the Depository Participant

Sr. No.	Type of special circumstances	Timelines for the Activity/ Service
1.	<ul style="list-style-type: none"> <li>• Depositories to terminate the participation in case a participant no longer meets the eligibility criteria and/or any other grounds as mentioned in the bye laws like suspension of trading member by the Stock Exchanges.</li> <li>• Participant surrenders the participation by its own wish.</li> </ul>	Client will have a right to transfer all its securities to any other Participant of its choice without any charges for the transfer within 30 days from the date of intimation by way of letter/email.

## 7. Dos and Don'ts for Investors<sup>11</sup> [link to be provided by the Participants]

## 8. Rights of investors<sup>12</sup> [link to be provided by the Participants]

## 9. Responsibilities of Investors<sup>13</sup> [link to be provided by the Participants]

## 10. Code of Conduct for Depositories<sup>14</sup> [link to be provided by the Participants]

## 11. Code of Conduct for Participants<sup>15</sup> [link to be provided by the Participants]



## INFORMATION CONTAINED IN LINKS TO THE INVESTOR CHARTER

This document contains the contents in main Charter mapped with the same superscript.

### Para 4 (2) of Investor Charter

#### Point 1: Value Added Services

- a. Basic Services Demat Account (BSDA)<sup>1</sup>: The facility of BSDA with limited services for eligible individuals was introduced with the objective of achieving wider financial inclusion and to encourage holding of demat accounts. No Annual Maintenance Charges (AMC) shall be levied, if the value of securities holding other than debt securities is upto Rs. 50,000. For value of holdings other than debt securities between Rs 50,001- 2,00,000, AMC not exceeding Rs 100 is chargeable. In case of debt securities, there are no AMC charges for holding value upto Rs 1,00,000 and a maximum of Rs 100 as AMC is chargeable for value of holdings between Rs 1,00,001 and Rs 2,00,000.
- b. Transposition cum dematerialization<sup>2</sup>: In case of transposition-cum- dematerialisation, client can get securities dematerialised in the same account if the names appearing on the certificates match with the names in which the account has been opened but are in a different order. The same may be done by submitting the security certificates along with the Transposition Form and Demat Request Form.
- c. Linkages with Clearing System<sup>3</sup> For actual delivery of securities to the clearing system from the selling brokers and delivery of securities from the clearing system to the buying broker.

#### Point 3: Digitization of services provided by the depositories

- a. E-account opening<sup>4</sup>: Account opening through digital mode, popularly known as “On-line Account opening”, wherein investor intending to open the demat account can visit DP website, fill in the required information, submit the required documents, conduct video IPV and demat account gets opened without visiting DPs office.
- b. Online instructions for execution<sup>5</sup>: Internet-enabled services like Speed-e (NSDL) empower a demat account holder in managing his/her securities ‘anytime-anywhere’ in an efficient and convenient manner and submit instructions online without the need to use paper. These facilities allows Beneficial Owner (BO) to submit transfer instructions and pledge instructions including margin pledge from their demat account. The instruction facilities are also available on mobile applications through android, windows and IOS platforms.
- c. e-DIS / Demat Gateway<sup>6</sup>: Investors can give instructions for transfer of securities through e-DIS apart from physical DIS. Here, for on-market transfer of securities, investors need to provide settlement number along with the ISIN and quantity of securities being authorized for transfer. Client shall be required to authorize each e-DIS valid for a single settlement number / settlement date, by way of OTP and PIN/password, both generated at Depositories end. Necessary risk containment measures are being adopted by Depositories in this regard.
- d. e-CAS facility<sup>7</sup>: Consolidated Account Statements are available online and could also be accessed through mobile app to facilitate the investors to view their holdings in demat form.
- e. Miscellaneous Services<sup>8</sup>: Transaction alerts through SMS, e-locker facilities, chatbots for instantaneously responding to investor queries etc. have also been developed.

## Para 5 (1) (b) of Investor Charter

Offline Mode<sup>9</sup>:

### Query / Complaint form – for Depository Services

Date: \_\_\_\_\_

Name of the Investor: \_\_\_\_\_

Demat Account no: DP ID: IN \_\_\_\_\_ ; Client ID: \_\_\_\_\_ and PAN: \_\_\_\_\_

Mobile no: \_\_\_\_\_ & Email ID: \_\_\_\_\_

Type & Sub-type of Query/Complaint: \_\_\_\_\_

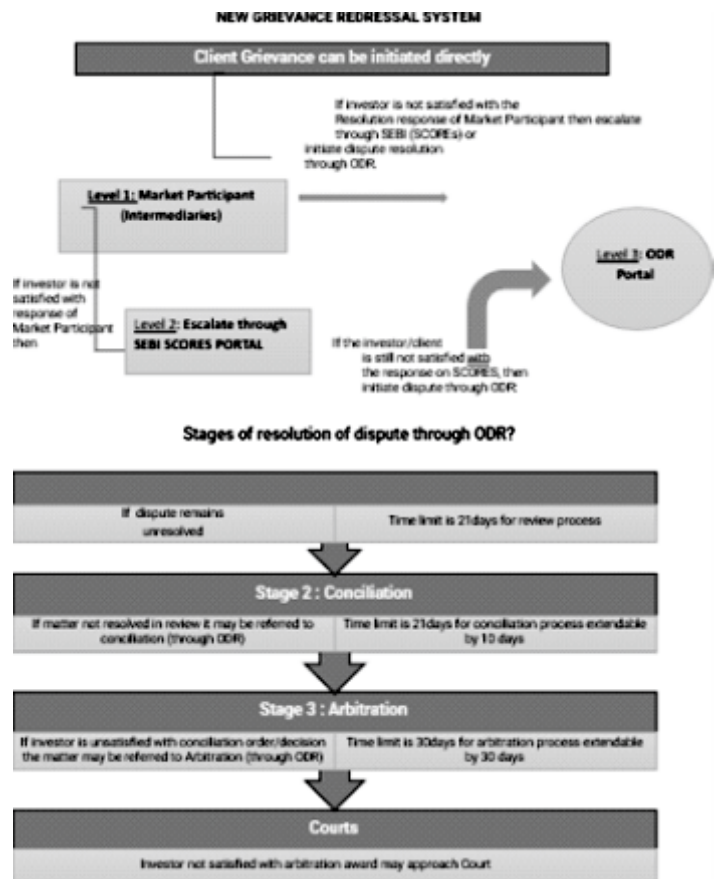
**Query / Complaint in detail:**

**Note:** For trading and broking related queries/complaints, you may approach your stockbroker or exchange, where a stockbroker is a member. Trading and broking related query and complaint doesn't fall under the purview of depository.

**Name and signature of Demat account holder/s:**

## Para 5(2) of Investor Charter

Illustration of New Grievance Redressal System<sup>10</sup>



## Para 7 of Investor Charter

### Dos and Don'ts for Investor<sup>11</sup>

SI No.	Guidance
i.	Always deal with a SEBI registered Depository Participant for opening a demat account.
ii.	Read all the documents carefully before signing them.
iii.	Before granting Power of attorney to operate your demat account to an intermediary like Stock Broker, Portfolio Management Services (PMS) etc., carefully examine the scope and implications of powers being granted.
iv.	Always make payments to registered intermediary using banking channels. No payment should be made in name of employee of intermediary.
v.	<p>Accept the Delivery Instruction Slip (DIS) book from your DP only (pre-printed with a serial number along with your Client ID) and keep it in safe custody and do not sign or issue blank or partially filled DIS slips.</p> <p>Always mention the details like ISIN, number of securities accurately. In case of any queries, please contact your DP or broker and it should be signed by all demat account holders.</p> <p>Strike out any blank space on the slip and Cancellations or corrections on the DIS should be initialed or signed by all the account holder(s).</p> <p>Do not leave your instruction slip book with anyone else.</p> <p>Do not sign blank DIS as it is equivalent to a bearer cheque.</p>
vi.	Inform any change in your Personal Information (for example address or Bank Account details, email ID, Mobile number) linked to your demat account in the prescribed format and obtain confirmation of updation in system
vii.	Mention your Mobile Number and email ID in account opening form to receive SMS alerts and regular updates directly from depository.
viii.	Always ensure that the mobile number and email ID linked to your demat account are the same as provided at the time of account opening/updation.
ix.	Do not share password of your online trading and demat account with anyone.
x.	Do not share One Time Password (OTP) received from banks, brokers, etc. These are meant to be used by you only.
xi.	Do not share login credentials of e-facilities provided by the depositories such as e-DIS/demat gateway, SPEED-e/easiest etc. with anyone else.
xii.	Demat is mandatory for any transfer of securities of Listed public limited companies.
xiii.	If you have any grievance in respect of your demat account, please write to designated email IDs of depositories or you may lodge the same with SEBI online at <a href="https://scores.sebi.gov.in">https://scores.sebi.gov.in</a>
xiv.	Keep a record of documents signed, DIS issued and account statements received.
xv.	As Investors you are required to verify the transaction statement carefully for all debits and credits in your account. In case of any unauthorized debit or credit, inform the DP or your respective Depository.

xvi.	Appoint a nominee to facilitate your heirs in obtaining the securities in your demat account, on completion of the necessary procedures.
xvii.	Register for Depository's internet based facility or download mobile app of the depository to monitor your holdings.
xviii.	Ensure that, both, your holding and transaction statements are received periodically as instructed to your DP. You are entitled to receive a transaction statement every month if you have any transactions.
xix.	Do not follow herd mentality for investments. Seek expert and professional advice for your investments
xx.	Beware of assured/fixed returns.

## Para 8 of Investor Charter

### Rights of investors<sup>12</sup>

- i. Receive a copy of KYC, copy of account opening documents.
- ii. No minimum balance is required to be maintained in a demat account.
- iii. No charges are payable for opening of demat accounts.
- iv. If executed, receive a copy of Power of Attorney. However, Power of Attorney is not a mandatory requirement as per SEBI / Stock Exchanges. You have the right to revoke any authorization given at any time.
- v. You can open more than one demat account in the same name with single DP/ multiple DPs.
- vi. Receive statement of accounts periodically. In case of any discrepancies in statements, take up the same with the DP immediately. If the DP does not respond, take up the matter with the Depositories.
- vii. Pledge and /or any other interest or encumbrance can be created on demat holdings.
- viii. Right to give standing instructions with regard to the crediting of securities in demat account.
- ix. Investor can exercise its right to freeze/defreeze his/her demat account or specific securities / specific quantity of securities in the account, maintained with the DP.
- x. In case of any grievances, Investor has right to approach Participant or Depository or SEBI for getting the same resolved within prescribed timelines.
- xi. Every eligible investor shareholder has a right to cast its vote on various resolutions proposed by the companies for which Depositories have developed an internet based 'e-Voting' platform.
- xii. Receive information about charges and fees. Any charges/tariff agreed upon shall not increase unless a notice in writing of not less than thirty days is given to the Investor.
- xiii. Right to indemnification for any loss caused due to the negligence of the Depository or the participant.
- xiv. Right to opt out of the Depository system in respect of any security.

## Para 9 of Investor Charter

### Responsibilities of Investors<sup>13</sup>

- i. Deal with a SEBI registered DP for opening demat account, KYC and Depository activities.
- ii. Provide complete documents for account opening and KYC (Know Your Client). Fill all the required details in Account Opening Form / KYC form in own handwriting and cancel out the blanks.
- iii. Read all documents and conditions being agreed before signing the account opening form.
- iv. Accept the Delivery Instruction Slip (DIS) book from DP only (preprinted with a serial number along with client ID) and keep it in safe custody and do not sign or issue blank or partially filled DIS.
- v. Always mention the details like ISIN, number of securities accurately.
- vi. Inform any change in information linked to demat account and obtain confirmation of updation in the system.
- vii. Regularly verify balances and demat statement and reconcile with trades / transactions.
- viii. Appoint nominee(s) to facilitate heirs in obtaining the securities in their demat account.
- ix. Do not fall prey to fraudsters sending emails and SMSs luring to trade in stocks / securities promising huge profits.

### **Para 10 of Investor Charter**

#### **Code of Conduct for Depositories<sup>14</sup>**

(Part D of Third Schedule of SEBI (D & P) Regulations, 2018)

A Depository shall:

- (a) always abide by the provisions of the SEBI Act, 1992 Depositories Act, 1996, any Rules or Regulations framed thereunder, circulars, guidelines and any other directions issued by the Board from time to time.
- (b) adopt appropriate due diligence measures.
- (c) take effective measures to ensure implementation of proper risk management framework and good governance practices.
- (d) take appropriate measures towards investor protection and education of investors.
- (e) treat all its applicants/members in a fair and transparent manner.
- (f) promptly inform SEBI of violations of the provisions of the SEBI Act, 1992 the Depositories Act, 1996, rules, regulations, circulars, guidelines or any other directions by any of its issuer or issuer's agent.
- (g) take a proactive and responsible attitude towards safeguarding the interests of investors, integrity of depository's systems and the securities market.
- (h) endeavor for introduction of best business practices amongst itself and its members.
- (i) act in utmost good faith and shall avoid conflict of interest in the conduct of its functions.
- (j) not indulge in unfair competition, which is likely to harm the interests of any other Depository, their participants or investors or is likely to place them in a disadvantageous position while competing for or executing any assignment.
- (k) segregate roles and responsibilities of key management personnel within the depository including
  - a. Clearly mapping legal and regulatory duties to the concerned position
  - b. Defining delegation of powers to each position



- c. Assigning regulatory, risk management and compliance aspects to business and support teams
- (l) be responsible for the acts or omissions of its employees in respect of the conduct of its business.
- (m) monitor the compliance of the rules and regulations by the participants and shall further ensure that their conduct is in a manner that will safeguard the interest of investors and the securities market.

## **Para 11 of Investor Charter**

### **Code of Conduct for Participants<sup>15</sup>**

(Part A of Third Schedule of SEBI (D & P) Regulations, 2018)

1. A participant shall make all efforts to protect the interests of investors.
2. A participant shall always endeavour to—
  - (a) render the best possible advice to the clients having regard to the client's needs and the environments and his own professional skills;
  - (b) ensure that all professional dealings are effected in a prompt, effective and efficient manner;
  - (c) inquiries from investors are adequately dealt with;
  - (d) grievances of investors are redressed without any delay.
3. A participant shall maintain high standards of integrity in all its dealings with its clients and other intermediaries, in the conduct of its business.
4. A participant shall be prompt and diligent in opening of a beneficial owner account, dispatch of the dematerialisation request form, rematerialisation request form and execution of debit instruction slip and in all the other activities undertaken by him on behalf of the beneficial owners.
5. A participant shall endeavour to resolve all the complaints against it or in respect of the activities carried out by it as quickly as possible, and not later than one month of receipt.
6. A participant shall not increase charges/fees for the services rendered without proper advance notice to the beneficial owners.
7. A participant shall not indulge in any unfair competition, which is likely to harm the interests of other participants or investors or is likely to place such other participants in a disadvantageous position while competing for or executing any assignment.
8. A participant shall not make any exaggerated statement whether oral or written to the clients either about its qualifications or capability to render certain services or about its achievements in regard to services rendered to other clients.
9. A participant shall not divulge to other clients, press or any other person any information about its clients which has come to its knowledge except with the approval/authorisation of the clients or when it is required to disclose the information under the requirements of any Act, Rules or Regulations.
10. A participant shall co-operate with SEBI as and when required.
11. A participant shall maintain the required level of knowledge and competency and abide by the provisions of the Act, Rules, Regulations and circulars and directions issued by the Board. The participant shall also comply with the award of the Ombudsman passed under the Securities and Exchange Board of India (Ombudsman) Regulations, 2003.

12. A participant shall not make any untrue statement or suppress any material fact in any documents, reports, papers or information furnished to SEBI.
13. A participant shall not neglect or fail or refuse to submit to SEBI or other agencies with which it is registered, such books, documents, correspondence, and papers or any part thereof as may be demanded/requested from time to time.
14. A participant shall ensure that SEBI is promptly informed about any action, legal proceedings, etc., initiated against it in respect of material breach or non-compliance by it, of any law, Rules, regulations, directions of the Board or of any other regulatory body.
15. A participant shall maintain proper inward system for all types of mail received in all forms.
16. A participant shall follow the maker—checker concept in all of its activities to ensure the accuracy of the data and as a mechanism to check unauthorised transaction.
17. A participant shall take adequate and necessary steps to ensure that continuity in data and record keeping is maintained and that the data or records are not lost or destroyed. It shall also ensure that for electronic records and data, up-to-date back up is always available with it.
18. A participant shall provide adequate freedom and powers to its compliance officer for the effective discharge of his duties.
19. A participant shall ensure that it has satisfactory internal control procedures in place as well as adequate financial and operational capabilities which can be reasonably expected to take care of any losses arising due to theft, fraud and other dishonest acts, professional misconduct or omissions.
20. A participant shall be responsible for the acts or omissions of its employees and agents in respect of the conduct of its business.
21. A participant shall ensure that the senior management, particularly decision makers have access to all relevant information about the business on a timely basis.
22. A participant shall ensure that good corporate policies and corporate governance are in place.



## FORMAT FOR WRITTEN ORDERS

### Religare Broking Limited

A-3/4/5, Club 125 (Tower-A), Sector-125, Noida-201301 (U.P.)

Please execute the following order in my account :

Sl. No.	Exchange	Segment (Equities / Commodities/ Derivatives / Currency Derivatives)	Scrip Name / Scrip Code Commodity Name Contract Code Description	Order Type (Regular / Stop Loss)	Buy / Sell	Quantity	Rate	Disclosed Quantity (If any)	Trigger Price (If SL Order)	Remarks

Signature  Client Code

Client Name

Order Instruction Date  & Time

## ACKNOWLEDGEMENT

Received the request for executing above mentioned written orders from Mr. / Ms.   
 having trading client code.   
 possessing PAN No.

**For Religare Broking Limited**

Place

Date

Time

(Auth. Official 1)

(Auth. Official 2)

**P.S. : Format of written order are available on request at branch office**

