

## 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-operates with the stock broker in all its dealings with the client(s).

### CLIENT INFORMATION

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

### MARGINS

11. The client shall pay applicable initial margins, withholding margins, special margins or such other margins as are considered necessary by the stock broker or the Exchange or as may be directed by SEBI from time to time as applicable to the segment(s)

in which the client trades. The stock broker is permitted in its sole and absolute discretion to collect additional margins (even though not required by the Exchange, Clearing House/Clearing Corporation or SEBI) and the client shall be obliged to pay such margins within the stipulated time.

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

### TRANSACTIONS AND SETTLEMENTS

13. The client shall give any order for buy or sell of a security/ derivatives contract in writing or in such form or manner, as may be mutually agreed between the client and the stock broker. The stock broker shall ensure to place orders and execute the trades of the client, only in the Unique Client Code assigned to that client.
14. The stock broker shall inform the client and keep him apprised about trading/settlement cycles, delivery/payment schedules, any changes therein from time to time, and it shall be the responsibility in turn of the client to comply with such schedules/ procedures of the relevant stock exchange where the trade is executed.
15. The stock broker shall ensure that the money/securities deposited by the client shall be kept in a separate account, distinct from his/ its own account or account of any other client and shall not be used by the stock broker for himself/itself or for any other client or for any purpose other than the purposes mentioned in Rules, Regulations, circulars, notices, guidelines of SEBI and/or Rules, Regulations, Bye-laws, circulars and notices of Exchange.
16. Where the Exchange(s) cancels trade(s) suo moto all such trades including the trade/s done on behalf of the client shall ipso facto stand cancelled, stock broker shall be entitled to cancel the respective contract(s) with client(s).
17. The transactions executed on the Exchange are subject to Rules, Byelaws and Regulations and circulars/notices issued thereunder of the Exchanges where the trade is executed and all parties to such trade shall have submitted to the jurisdiction of such court as may be specified by the Byelaws and Regulations of the Exchanges where the trade is executed for the purpose of giving effect to the provisions of the Rules, Byelaws and Regulations of the Exchanges and the circulars/notices issued thereunder

### BROKERAGE

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

### LIQUIDATION AND CLOSE OUT OF POSITION

19. Without prejudice to the stock broker's other rights (including the right to refer a matter to arbitration), the client understands that the stock broker shall be entitled to liquidate/close out all or any of the client's positions for nonpayment of margins or other

amounts, outstanding debts, etc. and adjust the proceeds of such liquidation/close out, if any, against the client's liabilities/obligations. Any and all losses and financial charges on account of such liquidation/closing-out shall be charged to and borne by the client.

20. In the event of death or insolvency of the client or his/its otherwise becoming incapable of receiving and paying for or delivering or transferring securities which the client has ordered to be bought or sold, stock broker may close out the transaction of the client and claim losses, if any, against the estate of the client. The client or his nominees, successors, heirs and assignee shall be entitled to any surplus which may result there from. The client shall note that transfer of funds/securities in favor of a Nominee shall be valid discharge by the stock broker against the legal heir.
21. The stock broker shall bring to the notice of the relevant Exchange the information about default in payment / delivery and related aspects by a client. In case where defaulting client is a corporate entity/partnership/proprietary firm or any other artificial legal entity, then the name(s) of Director(s) / Promoter(s) / Partner(s) / Proprietor as the case may be, shall also be communicated by the stock broker to the relevant Exchange(s).

#### **DISPUTE RESOLUTION**

22. The stock broker shall provide the client with the relevant contact details of the concerned Exchanges and SEBI.
23. The stock broker shall co-operate in redressing grievances of the client in respect of all transactions routed through it and in removing objections for bad delivery of shares, rectification of bad delivery, etc.
24. The client and the stock broker shall refer any claims and/or disputes with respect to deposits, margin money, etc., to arbitration as per the Rules, Byelaws and Regulations of the Exchanges where the trade is executed and circulars/notices issued thereunder as may be in force from time to time.
25. The stock broker shall ensure faster settlement of any arbitration proceedings arising out of the transactions entered into between him vis-à-vis the client and he shall be liable to implement the arbitration awards made in such proceedings.
26. The client/stock-broker understands that the instructions issued by an authorized representative for dispute resolution, if any, of the client/stock-broker shall be binding on the client/stock-broker in accordance with the letter authorizing the said representative to deal on behalf of the said client/stock-broker.

#### **TERMINATION OF RELATIONSHIP**

27. This relationship between the stock broker and the client shall be terminated; if the stock broker for any reason ceases to be a member of the stock exchange including cessation of membership by reason of the stock broker's default, death, resignation or expulsion or if the certificate is cancelled by the Board.
28. The stock broker, sub-broker and the client shall be entitled to terminate the relationship between them without giving any reasons to the other party, after giving notice in writing of not less than one month to the other parties. Notwithstanding any such termination, all rights, liabilities and obligations of the parties arising out of or in respect of transactions entered into prior to the termination of this relationship shall continue to subsist

and vest in / be binding on the respective parties or his / its respective heirs, executors, administrators, legal representatives or successors, as the case may be.

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

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

30. The stock broker shall ensure due protection to the client regarding client's rights to dividends, rights or bonus shares, etc. in respect of transactions routed through it and it shall not do anything which is likely to harm the interest of the client with whom and for whom they may have had transactions in securities.
31. The stock broker and client shall reconcile and settle their accounts from time to time as per the Rules, Regulations, ByeLaws, Circulars, Notices and Guidelines issued by SEBI and the relevant Exchanges where the trade is executed.
32. The stock broker shall issue a contract note to his constituents for trades executed in such format as may be prescribed by the Exchange from time to time containing records of all transactions including details of order number, trade number, trade time, trade price, trade quantity, details of the derivatives contract, client code, brokerage, all charges levied etc. and with all other relevant details as required therein to be filled in and issued in such manner and within such time as prescribed by the Exchange. The stock broker shall send contract notes to the investors within one working day of the execution of the trades in hard copy and/or in electronic form using digital signature.
33. The stock broker shall make pay out of funds or delivery of securities, as the case may be, to the Client within one working day of receipt of the payout from the relevant Exchange where the trade is executed unless otherwise specified by the client and subject to such terms and conditions as may be prescribed by the relevant Exchange from time to time where the trade is executed.
34. The stock broker shall send a complete 'Statement of Accounts' for both funds and securities in respect of each of its clients in such periodicity and format within such time, as may be prescribed by the relevant Exchange, from time to time, where the trade is executed. The Statement shall also state that the client shall report errors, if any, in the Statement within such time as may be prescribed by the relevant Exchange from time to time where the trade was executed, from the receipt thereof to the Stock broker.
35. The stock broker shall send daily margin statements to the clients. Daily Margin statement should include, 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.



36. The Client shall ensure that it has the required legal capacity to, and is authorized to, enter into the relationship with stock broker and is capable of performing his obligations and undertakings hereunder. All actions required to be taken to ensure compliance of all the transactions, which the Client may enter into shall be completed by the Client prior to such transaction being entered into.

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

37. In case, client opts to receive the contract note in electronic form, he shall provide an appropriate e-mail id to the stock broker. The client shall communicate to the stock broker any change in the email-id through a physical letter. If the client has opted for internet trading, the request for change of email id may be made through the secured access by way of client specific user id and password.

38. The stock broker shall ensure that all ECNs sent through the e-mail shall be digitally signed, encrypted, nontamperable 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 nontamperable.

39. The client shall note that non-receipt of bounced mail notification by the stock broker shall amount to delivery of the contract note at the e-mail ID of the client.

40. The stock broker shall retain ECN and acknowledgement of the e-mail in a soft and nontamperable form in the manner prescribed by the exchange in compliance with the provisions of the IT Act, 2000 and as per the extant rules / regulations / circulars / guidelines issued by SEBI / Stock Exchanges from time to time. The proof of delivery i.e., log report generated by the system at the time of sending the contract notes shall be maintained by the stock broker for the specified period under the extant regulations of SEBI / stock exchanges. The log report shall provide the details of the contract notes that are not delivered to the client/e-mails rejected or bounced back. The stock broker shall take all possible steps to ensure receipt of notification of bounced mails by him at all times within the stipulated time period under the extant regulations of SEBI / stock exchanges.

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

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

#### **LAW AND JURISDICTION**

43. In addition to the specific rights set out in this document, the stock broker, sub-broker and the client shall be entitled to

Exercise any other rights which the stock broker or the client may have under the Rules, Bye-laws and Regulations of the Exchanges in which the client chooses to trade and circulars/notices issued thereunder or Rules and Regulations of SEBI.

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

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

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

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

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

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

1. Stock broker is eligible for providing Internet based trading (IBT) and securities trading through the use of wireless technology that shall include the use of devices such as mobile phone, laptop with data card, etc. which use Internet Protocol (IP). The stock broker shall comply with all requirements applicable to internet based trading/securities trading using wireless technology as may be specified by SEBI & the Exchanges from time to time.

2. The client is desirous of investing/trading in securities and for this purpose, the client is desirous of using either the internet based trading facility or the facility for securities trading through use of wireless technology. The Stock broker shall provide the Stock broker's IBT Service to the Client, and the Client shall avail of the Stock broker's IBT Service, on and subject to SEBI/ Exchanges Provisions and the terms and conditions specified on the Stock broker's IBT Web Site provided that they are in line with the norms prescribed by Exchanges/SEBI.

3. The stock broker shall bring to the notice of client the features, risks, responsibilities, obligations and liabilities associated with securities trading through wireless technology/internet/smart



order routing or any other technology should be brought to the notice of the client by the stock broker.

4. The stock broker shall make the client aware that the Stock Broker's IBT system itself generates the initial password and its password policy as stipulated in line with norms prescribed by Exchanges/SEBI.
  5. The Client shall be responsible for keeping the Username and Password confidential and secure and shall be solely responsible for all orders entered and transactions done by any person whatsoever through the Stock broker's IBT System using the Client's Username and / or Password whether or not such person was authorized to do so. Also the client is aware that authentication technologies and strict security measures are required for the internet trading / securities trading through wireless technology through order routed system and undertakes to ensure that the password of the client and/or his authorized representative are not revealed to any third party including employees and dealers of the stock broker.
  6. The Client shall immediately notify the Stock broker in writing if he forgets his password, discovers security flaw in Stock Broker's IBT System, discovers/suspects discrepancies/ unauthorized access through his username/password/account with full details of such unauthorized use, the date, the manner and the transactions effected pursuant to such unauthorized use, etc.
  7. The Client is fully aware of and understands the risks associated with availing of a service for routing orders over the internet/ securities trading through wireless technology and Client shall be fully liable and responsible for any and all acts done in the Client's Username/password in any manner whatsoever.
  8. The stock brokers shall send the order/trade confirmation through email to the client at his request. The client is aware that the order/ trade confirmation is also provided on the web portal. In case client is trading using wireless technology, the stock broker shall send the order/trade confirmation on the device of the client.
  9. The client is aware that trading over the internet involves many uncertain factors and complex hardware, software, systems, communication lines, peripherals, etc. are susceptible to interruptions and dislocations. The Stock broker and the Exchange do not make any representation or warranty that the Stock broker's IBT Service will be available to the Client at all times without any interruption.
  10. The Client shall not have any claim against the Exchange or the Stock broker on account of any suspension, interruption, non-availability or malfunctioning of the Stock broker's IBT System or Service or the Exchange's service or systems or non-execution of his orders due to any link/system failure at the Client/Stock brokers/Exchange end for any reason beyond the control of the stock broker/Exchanges.
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**RIGHTS AND OBLIGATIONS OF MEMBERS, AUTHORIZED PERSONS AND CLIENTS**  
**as prescribed by SEBI 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/SEBI 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 SEBI 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. 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/SEBI 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
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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, unauthorized 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
    - 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.
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## **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 SEBI 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 SEBI) 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 SEBI 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 SEBI.

## **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

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 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 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 SEBI and the relevant Exchanges where the trade is executed.
  35. 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.
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36. 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.
37. 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.
38. 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.
39. 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.
40. 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.
41. 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.
41. 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.

41. 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 behavior;
  - 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)**

- 42. In case, client opts to receive the contract note in electronic form, he shall provide an appropriate e-mail id (created by the client) to the Member (Kindly refer Appendix A of Annexure 3). Member shall ensure that all the rules/Business Rule/Bye-Laws/circulars issued from time to time in this regard are complied with. The client shall communicate to the Member 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.
  - 43. 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.
  - 44. 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.
  - 45. 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 SEBI/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 SEBI/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 SEBI/Commodity exchanges.
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46. 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 SEBI/commodity exchanges and maintain the proof of dispatch and delivery of such physical contract notes.
47. 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.
48. The Electronic Contract Note (ECN) declaration form 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.

## **LAW AND JURISDICTION**

49. In addition to the specific rights set out in this document, the Member, Authorized Person and the client shall be entitled to exercise any other rights which the Member or the client may have under the Rules, Bye-laws and Business Rules of the Exchanges in which the client chooses to trade and circulars/notices issued thereunder or Rules of SEBI.
  50. The provisions of this document shall always be subject to Government notifications, any rules, guidelines and circulars/notices issued by SEBI 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/SEBI.
  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/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.
  54. If the rights and obligations of the parties hereto are altered by virtue of change in Rules of SEBI 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.
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**INTERNET & WIRELESS TECHNOLOGY BASED TRADING  
FACILITY PROVIDED BY MEMBERS 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. Member is eligible for providing Internet based trading (IBT) and 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 Member shall comply with all requirements applicable to internet based trading/- 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 commodities and for this purpose, the client is desirous of using either the internet based trading facility or the facility for commodities trading through use of wireless technology. The Member shall provide the Member's IBT Service to the Client, and the Client shall avail of the Member's IBT Service, on and subject to SEBI/Exchanges Provisions and the terms and conditions specified on the Member's IBT Web Site provided that they are in line with the norms prescribed by Exchanges/SEBI.
  3. The Member shall bring to the notice of client the features, risks, responsibilities, obligations and liabilities associated with commodities trading through wireless technology/internet or any other technology should be brought to the notice of the client by the Member.
  4. The Member shall make the client aware that the 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 Member's IBT System using the Client's Username and/or Password whether or not such person was authorized to do so. Also the client is aware that authentication technologies and strict security measures are required for the internet trading/ commodities trading through wireless technology through order routed system and undertakes to ensure that the password of the client and/or his authorized representative are not revealed to any third party including employees and dealers of the Member
  6. The Client shall immediately notify the Member in writing if he forgets his password, discovers security flaw in Member's IBT System, discovers/suspects discrepancies/ unauthorized access through his username/password/account with full details of such unauthorized use, the date, the manner and the transactions effected pursuant to such unauthorized use, etc.
  7. The Client is fully aware of and understands the risks associated with availing of a service for routing orders over the internet/ commodities trading through wireless technology and Client shall be fully liable and responsible for any and all acts
  8. done in the Client's Username/password in any manner whatsoever.
  9. The 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 Member shall send the order/trade confirmation on the device of the client.
  10. 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 Member and the Exchange do not make any representation or warranty that the Member's IBT Service will be available to the Client at all times without any interruption.
  11. The Client shall not have any claim against the Exchange or the Member on account of any suspension, interruption, non-availability or malfunctioning of the Member'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/Members/Exchange end for any reason beyond the control of the Member/Exchanges.
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## **Rights and Obligations of Beneficial Owner and Depository Participant as prescribed by SEBI and Depositories**

### **General Clause**

1. The Beneficial Owner and the Depository participant (DP) shall be bound by the provisions of the Depositories Act, 1996, SEBI (Depositories and Participants) Regulations, 1996, Rules and Regulations of Securities and Exchange Board of India (SEBI), Circulars / Notifications / Guidelines issued there under, Bye Laws and Business Rules/Operating Instructions issued by the Depositories and relevant notifications of Government Authorities as may be in force from time to time.
2. The DP shall open/activate demat account of a beneficial owner in the depository system only after receipt of complete Account opening form, KYC and supporting documents as specified by SEBI from time to time.

### **Beneficial Owner information**

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

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

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

### **Dematerialization**

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

### **Separate Accounts**

9. The DP shall open separate accounts in the name of each of the beneficial owners and securities of each beneficial owner shall be segregated and shall not be mixed up with the securities of other beneficial owners and/or DP's own securities held in dematerialized form.



10. The DP shall not facilitate the Beneficial Owner to create or permit any pledge and /or hypothecation or any other interest or encumbrance over all or any of such securities submitted for dematerialization and/or held in demat account except in the form and manner prescribed in the Depositories Act, 1996, SEBI (Depositories and Participants) Regulations, 1996 and Bye-Laws/Operating Instructions/Business Rules of the Depositories.

### **Transfer of Securities**

11. The DP shall effect transfer to and from the demat accounts of the Beneficial Owner only on the basis of an order, instruction, direction or mandate duly authorized by the Beneficial Owner and the DP shall maintain the original documents and the audit trail of such authorizations.
12. The Beneficial Owner reserves the right to give standing instructions with regard to the crediting of securities in his demat account and the DP shall act according to such instructions.
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 thirty days from the date of receipt of the complaint.

#### **Authorized 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 authorized by it, who shall represent and interact on its behalf with the Participant. Any change in such list including additions, deletions or alterations thereto shall be forthwith communicated to the Participant.

## **Law and Jurisdiction**

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

### RISK DISCLOSURE DOCUMENT FOR CAPITAL MARKET AND DERIVATIVES SEGMENTS (EQUITIES & COMMODITIES)

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

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 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. 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 relationship into which you are entering and the extent of your exposure to risk.

You must know and appreciate that trading in Equity shares, Commodities derivatives contracts or other instruments traded on the 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 Exchanges and suffer adverse consequences or loss, you shall be solely responsible for the same and 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 & no contract can be rescinded on that account. You must acknowledge & 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 Exchanges.

It must be clearly understood by you that your dealings on 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 exchanges, its Clearing Corporation, guidelines prescribed by SEBI and in force from time to time and Circulars as may be issued by exchanges or its Clearing Corporation and in force from time to time.

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 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/investment advice. No consideration to trade should be made without thoroughly understanding & reviewing risks involved in such trading. If you are unsure, you must seek professional advice on the same.

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

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

#### 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 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 actively securities /commodities /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:

**a.** 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.

**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.

**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 predetermined 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 / principal investment 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 e.g.-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. 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.

**4.2. 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.

**4.3. For rights and obligations of the Members/Authorized Persons/ clients,** refer relevant section.

**4.4** 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.

**4.5** 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.



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

### BEFORE YOU BEGIN TO TRADE

1. Ensure that you deal with and through only SEBI registered intermediaries. You may check their SEBI registration certificate number from the list available on the Stock exchanges [www. exchange.com](http://www.exchange.com) and SEBI website [www.sebi.gov.in](http://www.sebi.gov.in).
2. Ensure that you fill the KYC form completely and strike off the blank fields in the KYC form.
3. Ensure that you have read all the mandatory documents viz. Rights and Obligations, Risk Disclosure Document, Policy and Procedure document of the stock broker.
4. Ensure to read, understand and then sign the voluntary clauses, if any, agreed between you and the stock broker. Note that the clauses as agreed between you 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 DDPI in favor of the Stock broker, authorizing it to operate your bank and demat account, please refer to the guidelines issued by SEBI/Exchanges in this regard.

### TRANSACTIONS AND SETTLEMENTS

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



15. depending on your preference. While settling the account, the stock broker shall send to you a 'statement of accounts' containing an extract from the client ledger for funds and an extract from the register of securities displaying all the receipts/ deliveries of funds and securities. The statement shall also explain the retention of funds and securities and the details of the pledged shares, if any.
16. On the date of settlement, the stock broker may retain the requisite securities/funds towards outstanding obligations and may also retain the funds expected to be required to meet derivatives margin obligations for next 5 trading days, calculated in the manner specified by the exchanges. In respect of cash market transactions, the stock broker may retain entire paying 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.
17. 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.
18. In case you have not opted for maintaining running account and pay-out of funds/securities is not received on the next working day of the receipt of payout from the exchanges, please refer the matter to the stock broker. In case there is dispute, ensure that you lodge a complaint in writing immediately with the Investors Grievance Cell of the relevant Stock exchange.
19. 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.
20. IN CASE OF TERMINATION OF TRADING MEMBERSHIP
21. 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.
22. 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.
23. DISPUTES/ COMPLAINTS
24. 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.
25. 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.
26. Note that all the stock broker/sub-brokers has been mandated by SEBI to designate an e-mail ID of the grievance redressal division/compliance officer exclusively for the purpose of registering complaints.

## GUIDANCE NOTE - DO's AND DON'Ts FOR THE CLIENTS FOR COMMODITIES SEGMENT

### Do's

1. Trade only through Registered Members of the Exchange. Check from the Exchange website at following link <https://www.mcxindia.com/membership/notice-board/Member-AP> -Details to see whether the Member is registered with the Exchange.
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 link <https://www.mcxindia.com/en/login> .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 SEBI/Commodity exchanges.
23. Make the payments by account payee cheque in favor 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 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/Authorized 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 SEBI.

#### 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.





## POLICIES AND PROCEDURES APPLICABLE TO CLIENTS OF 5PAISA CAPITAL LIMITED

### 1. REFUSAL OF ORDERS FOR PENNY STOCKS

5paisa Capital Limited normally offers trading facility to its clients in all the compulsorily dematerialized stocks which are listed on the Stock Exchanges. However 5paisa Capital Limited discourages/ restricts trading in penny stocks by the clients as they are susceptible to manipulation and risky for investors and in turn to 5paisa Capital Limited.

“Penny Stocks” for this purpose shall include:

- a. Stocks appearing in the list of illiquid securities issued by the Exchanges from time to time.
- b. Stocks which are highly illiquid and have a low market capitalization and ‘Z’ Group Securities.
- c. Any securities as may be restricted for trading by Exchanges.
- d. Any other securities as may be restricted for trading by 5paisa Capital Limited based on its internal evaluation.

As a part of Risk Management System, 5paisa Capital Limited restricts clients to buy/ sell in penny stocks only on the basis of 100% upfront margin and on delivery basis. Also 5paisa Capital Limited have/may have in place further restrictions in terms of quantity/ value in each/all penny stocks together as notified by its extant circulars. Further in case of Internet Trading clients, 5paisa Capital Limited may at any time at its sole discretion block/ restrict the client’s online trading terminal to prevent the client from placing orders in such penny stocks through the Online Trading Platform of 5paisa Capital Limited. Further in case the client is able to place an order for penny stocks which are restricted by 5paisa Capital Limited through Online Trading Platform or otherwise, 5paisa Capital Limited may not accept such order.

5paisa Capital Limited shall not be held liable for restricting/ prohibiting trade in penny stocks at any time. Further 5paisa Capital Limited shall not be held liable or responsible in any manner whatsoever for any refusal/cancellation of orders for trading in penny stocks/other securities and the Client shall indemnify 5paisa Capital Limited in respect of any loss caused to 5paisa Capital Limited by virtue of the Client trading in penny stocks.

### 2. SETTING UP OF CLIENT’S EXPOSURE LIMITS

As part of risk management, 5paisa Capital Limited shall set client’s exposure limits depending on the type of securities provided as Margin/ available funds in the client’s ledger plus Fixed Deposits/ Bank Guarantees provided by the client and the client profile/ financial status. Exposure limits are also set based on categories of stocks/ position (derivatives) client can trade. Securities that are acceptable as margin and their categorization may be changed by 5paisa Capital Limited from time to time at its sole discretion. Further client categorization may also be changed based on various factors including trading pattern of clients, profile/residential status/financial status of client.

5paisa Capital Limited from time to time shall apply such haircuts as may be decided by 5paisa Capital Limited on the approved securities against which the Exposure limits are given to the client. 5paisa Capital Limited may from time to time change the applicable hair cut or apply a haircut higher than that specified by the Regulators/Exchanges as part of its Risk Management System.

Subject to the client’s exposure limits, client may trade in securities and/ or take positions in the futures and options segment. Client shall abide by the exposure limits, if any, set by 5paisa Capital Limited or by the Exchange or Clearing Corporation or SEBI from time to time. Limits/ Exposure provided shall vary based on the intraday/ delivery/ carry forward positions made by the client.

The exposure limits set by 5paisa Capital Limited does not by itself create any right for the Client and are liable to be withdrawn at any time without notice and the client shall bear the loss on account of withdrawal of such limits. The client agrees to compensate 5paisa Capital Limited in the event of 5paisa Capital Limited suffering any loss, harm or injury on account of exposure given and/or withdrawn.

In case of sale of Securities, such sale may at the discretion of 5paisa Capital Limited be provided only to the extent of the availability of securities in the account of the client (DP free Stock, DP lien/hold marked securities, beneficiary and collateral stock). Further the credit received against sale may be used for exposure as may be decided by 5paisa Capital Limited from time to time.

In case of derivatives, Clients shall be allowed to trade only up to the applicable client wise position limits set by the Exchanges/ Regulators from time to time. 5paisa Capital Limited may from time to time demand additional margin from the client in the form of funds or securities if there is a requirement for the same and the client shall be required to provide the same.

### 3. APPLICABLE BROKERAGE RATES

The Schedule of Brokerage and other charges leviable by 5paisa Capital Limited on the clients are provide under the heading “Schedule of Brokerage and Other Charges” in this Form. Within the mentioned scale, the brokerage and other charges as agreed by the client is indicated and duly signed by the client in that section. If there is any upward revision of brokerage, the same will be informed to the client with 15 days prior notice. However all the brokerage and other charges are subject to the maximum limits as prescribed by SEBI/



Exchanges/ Government and other Regulatory authorities from time to time.

#### **4. IMPOSITION OF PENALTY OR INTEREST ON DELAYED PAYMENT**

The clients are required to settle the pay-in/ provide margin within the time limits provided by Exchanges/ SEBI/ 5paisa Capital Limited risk management system. In case the client fails to provide the same within the prescribed time, Interest on delayed payment shall be levied @ up to 24 % on the client's account on any delayed payments towards trading either in the cash or derivatives segments or on account of any other reason beyond the due date of payment as may be prescribed by 5paisa Capital Limited. Such Interest on delayed

payment shall be directly debited to the account of the Client at the end of every month. This is only a penal measure and brings in discipline in the clients to clear the dues in time as 5paisa Capital Limited had to clear its obligations to the Exchange as per the time limits set by the Exchanges. 5paisa Capital Limited reserves the right of imposition of Interest on delayed payment on the client account and the client shall be liable for payment of such charges at such rate as may be prescribed by 5paisa Capital Limited from time to time.

#### **5. RIGHT TO SELL CLIENTS SECURITIES OR CLOSE CLIENTS POSITIONS, WITHOUT GIVING NOTICE TO THE CLIENT ON ACCOUNT OF NON PAYMENT OF DUES. (LIMITED TO SETTLEMENT/MARGIN OBLIGATIONS)**

As a part of its Risk Management System, 5paisa Capital Limited shall have the sole discretion to square off the open position of the Client and/ or sell clients' securities (including securities maintained as margin with 5paisa Capital Limited and securities lying in client's beneficiary/ demat account) in case the client fails to meet its settlement/ margin obligations in time. The specific securities to be sold and the positions to be squared off shall be decided solely by 5paisa Capital Limited. Further, the square off of client's open position or the selling of securities may be executed on such Exchanges and at such price as may be decided by 5paisa Capital Limited. 5paisa Capital Limited shall have no obligation of communicating the same to the Client. 5paisa Capital Limited shall not be responsible for any losses incurred by the client due to such squaring off of the open position of the client. 5paisa Capital Limited reserves the right to square off client's open positions or sell clients' securities under following circumstances:

- a. where the limits given to the Client have been breached;
- b. where the Client has defaulted on their existing obligation and / or have failed to make payments / deliver securities to 5paisa Capital Limited within the stipulated time period as may be prescribed by 5paisa Capital Limited.
- c. In addition to above, in case of equity and currency derivatives transactions,
  - i. where the margin or security placed by the Client with 5paisa Capital Limited falls short of the applicable minimum margin as may be required to be maintained by the client;
  - ii. where Mark to Market Loss on the open position has reached the stipulated % of the margins placed with 5paisa Capital Limited and the Client(s) have not taken any steps either to replenish the margin or reduce the Mark to Market Loss;
  - iii. if the open position is neither squared off nor converted to Delivery by Client(s) within the stipulated time.

5paisa Capital Limited reserves the right to square off the open position of client and/ or sell client's securities under the prescribed circumstances; however 5paisa Capital Limited is not obligated and does not guarantee to square off the open positions and/ or sell client's securities. The client shall be solely responsible for the trading decisions taken by the client. It shall be the responsibility of the client to make payments towards outstanding obligations and/ or applicable margins to 5paisa Capital Limited in time irrespective of whether 5paisa Capital Limited exercises its right to square off the positions of the client in accordance with the provisions given herein above.

Client shall be solely responsible for any resultant losses incurred to client due to selling of client's securities by 5paisa Capital Limited or squaring off the client's open positions or for not doing so. All losses in this regard shall be borne by the CLIENT and 5paisa Capital Limited shall be fully indemnified and held harmless by the CLIENT in this behalf.

The CLIENT accepts to comply with 5paisa Capital Limited's requirement of payment of Margin/ settlement obligations of the Client, immediately failing which 5paisa Capital Limited may sell, dispose, transfer or deal in any other manner the securities already placed with it as Margin/lying in the beneficiary account of 5paisa Capital Limited or square-off all or some of the outstanding F&O positions of the CLIENT as it deems fit at its sole discretion without further reference to the CLIENT and any resultant or associated losses that may occur due to such square-off/ sale shall be borne by the CLIENT and 5paisa Capital Limited shall be fully indemnified and held harmless by the CLIENT in this behalf at all times.

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

In case the client defaults on his/her security pay-in obligation and in the event the trade has been internally netted off by 5paisa Capital Limited, there could be internal shortages. The internal shortages are marked against the client randomly at the sole discretion of 5paisa Capital Limited taking into account the delivery obligations through Exchanges. In case of an internal shortage, the defaulting client on sell side will be debited by Internal Auction valuation debit and the client on the buy side will be credited by the same amount debited to defaulting client.

Valuation Debit will be calculated by multiplying quantity short delivered on the pay-in date with the valuation price. Valuation price will be calculated as below;

The Valuation price shall be **higher of**, 7% above the closing price of Auction date in normal market of the exchange,



**OR**

Highest traded price between Trade date and Auction date

All losses to the client on account of the above shall be borne solely by the client and 5paisa shall not be responsible for the same. In case of any claim against 5paisa, the Client shall indemnify 5paisa in this regard. All the securities having corporate action will be settled on cum basis in favor of buyer.



## **7. CONDITIONS UNDER WHICH CLIENT MAY NOT BE ALLOWED TO TAKE FURTHER POSITIONS OR BROKER MAY CLOSE EXISTING POSITIONS OF CLIENT**

In addition to the conditions as provided under the policy of right to sell securities and close out client's open position as detailed in point 4 above, 5paisa Capital Limited shall have the right to refuse to execute trades/ allow the client to take further positions and/ or close out the existing positions of client under following circumstances:

- a. As a result of any Regulatory directive/ restriction;
- b. Non-receipt of funds/ securities and/ or bouncing of cheque received from the client towards the obligations/margin/ ledger balances;
- c. Due to technical reasons;
- d. Securities breaching the limits specified by the Exchanges/ regulators from time to time
- e. In case of failure to meet margin including mark to market margins by the client;
- f. In case securities to be transacted by client are not in dematerialized form
- g. Any other conditions as may be specified by 5paisa Capital Limited from time to time in view of market conditions, regulatory Requirements, internal policies etc and risk management system;
- h. Due to any force majeure event beyond the control of 5paisa Capital Limited

5paisa Capital Limited shall not be responsible for any loss incurred and the client shall indemnify 5paisa Capital Limited in this regard.

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

5paisa Capital Limited may suspend or close the trading account of the client pursuant to SEBI or any other Regulatory directive for such period as may be prescribed by the respective Regulator. 5paisa Capital Limited may further at its sole discretion and with/without information to the CLIENT, prohibit or restrict or block the CLIENT's access to the use of the web site or related services and the CLIENT's ability to trade due to market conditions and other internal policies including policy with respect to prevention of money laundering.

Client can initiate temporary suspension/ closure of its account at any time by giving a request to 5paisa Capital Limited in writing 15 days in advance. However, such suspension/ closure will be effected subject to clearance of all dues and settlement obligations by the client.

Trades in the account of the client during the period of such temporary suspension shall not be permitted.

Notwithstanding any such suspension/ closure, all rights, liabilities and obligations of the parties arising out of or in respect of transactions entered into prior to such closure/ suspension shall continue to subsist and binding on the client.

In case the account has been temporarily suspended at the request of the client, the account shall be reactivated only on submission of a written request for reactivation by the client.

## **9. DEREGISTRATION OF A CLIENT**

Deregistration of the client/ Termination shall be at the sole discretion of 5paisa Capital Limited. 5paisa Capital Limited may deregister the client if the client breaches the terms and conditions of the member-client agreement or provides any false information or declarations. Further 5paisa Capital Limited may deregister the client if the client is suspected to be involved in any activities in violation of applicable Rules and Regulations. Further the client may be deregistered due to any Regulatory directive, market conditions and other internal policies of 5paisa Capital Limited including policy with respect to prevention of money laundering. Such deregistration/termination shall not affect the rights and liabilities of the parties in respect of the transactions executed before the date of such deregistration/ termination.

## **10. TREATMENT OF INACTIVE ACCOUNTS**

In case the Trading and/ or demat account of the client is not operated by the client for a continuous period of 365 days the same will be considered to be 'Inactive Account'. Such Inactive account will be blocked for further transactions by the client. The client will have to submit following documents/ confirmation, for re-activation of such blocked account:

1. Call the Customer Care centre identifying himself (through validation questions) and requesting for activation of account for placing orders / transacting in the account; OR .
2. By placing request for re-activation of account through the Internet Trading portal.

During the blocked period if there is any debit/ dues to 5paisa Capital Limited in client's account, 5paisa Capital Limited shall have the authority to liquidate the client's position to the required extent during the block period.

During the block period if any corporate actions or pay-outs are due for return to the client, the same will be affected/ returned by 5paisa Capital Limited to the client's account.

## 11. LIEN

All monies, securities and/ or other property in the Bank/ DP Account or that may be held by the Stock Broker on the client's account shall be held at the sole risk and cost of the client and subject to a lien for the discharge of any and all indebtedness or any other obligation that the Client may have to Stock Broker, irrespective of whether such obligation of the client is disputed by the client. All of the Client's securities and/ or other property shall be held by Stock Broker as security for the payment of any such obligation or indebtedness to Stock Broker.

In enforcing its lien, Stock Broker at its sole discretion may determine which securities and/ or other property are to be sold or which contracts are to be enforced.

## 12. PAYMENT

### 12.1 Time of Payment

12.1.1 The Client agrees and understands that, 5paisa Capital Limited provides prospective clients to transfer monies upfront through payment gateway after filling up all the required details. However, the prospective client will not be registered as a client of 5paisa Capital Limited, till the time due diligence prescribed by regulators for KYC are complied with by the client. In such cases if the client is not registered due to incomplete due diligence of KYC or any other reason, then the monies received from the client will be returned/ refunded within 7 working days from the date of receipt of complete set of documents from the client, to the same bank account from which the monies were received

12.1.2 The Client will also have to make a margin payment for shares purchased and sold either for square-off or delivery or on derivative contracts. The amount will be as charged by the relevant Exchange. However, in case the Exchange charges a margin amount over and above the normal margins, Stock Broker can make a margin call to the Client who will need to have to pay the relevant margin as charged by the Exchange. The client agrees and understands that, 5paisa Capital Limited would request / demand client to provide documentary proof / evidence such as bank statement etc. before refunding the monies received from the prospective client as mentioned in point no 12.1.1 above.

12.1.3 The Client shall make all remittances to Stock Broker (i.e. payment for all purchase transactions plus taxes, brokerage, handling charges and depository related fees and transaction fees of Stock Broker) by the value date for each transaction. The value date for all purchases will be the pay-in day less two days, where the pay-in day is specified by the Exchange Clearing House for the relevant settlement period. Provided that subject to Clause 6.1.4 a notional debit may be made with respect to the Limit on the last day of the Settlement Cycle, notwithstanding that actual payment is due on a later date and such notional debit shall be reversed on receipt of payment.

12.1.4 Stock Broker shall remit funds to the Client (i.e. payment for all sale transactions less taxes, brokerage, handling charges and depository related fees and transaction fees of Stock Broker), less any amounts deducted for shortages by the value date. The value date for all sales will be pay-out day plus two days where the pay-out day is specified by the Exchange Clearing House for the relevant settlement period.

12.1.5 In the event of the Client having made both sales and purchases during a Settlement Cycle on the same Stock Exchange, the amount due from and to the Client shall be netted off and only the difference shall be payable by or to the Client. A notional debit or credit as the case may be, may be made to the Limit at the end of day until the actual payment is made.

### 12.2 Mode of Payment

No cash payment will be received from/ made to the client as per the extract SEBI/ Exchange/ Income Tax/ PMLA Regulation, Guidelines, Circulars, etc. Accordingly 5paisa Capital Limited will not be responsible for any claim of receipt/ payment in cash by client from/ to 5paisa Capital Limited. In the case of a purchase transaction, the Client shall remit funds within the time period provided in sub clause 6.1.1 above to Stock Broker in any of the following ways:

12.2.1 Acceptable credit or debit card, provided Stock Broker has agreed to receipt of payment in this manner, or

12.2.2 Authorized electronic transfer of funds from Client's Bank Account to Stock Broker's bank account in the same Designated Bank; or

12.2.3 Demand draft in favor of "5paisa Capital Limited – (Client's Login id) or account payee crossed cheques drawn on designated bank or any other bank with which the Client maintains a regular account, proof of which is provided at the time of payment. In the case of sub-clauses (1) and (2) credit will be given to the Client immediately on authentication of payment authorization, however Client has to intimate Stock Broker immediately after making payment through option as mentioned in sub clauses (1) and (2). In the case of (3) credit will be given only on receipt of clear funds.

12.2.4 Payment referred to in sub-clauses (1), (2) & (3) shall be accepted only from Client's account.

12.2.5 Payment shall be made by the Client only as referred to in sub-clauses (1), (2) & (3) above. Stock Broker shall not accept/ acknowledge/ give credit for any payment made in cash.

12.2.6 The client agrees to pay Rs.500/- to Stockbroker in case if the cheque deposited by client is bounced/ uncleared/rejected due to any reason. The same shall be deducted from the client's ledger account held with the Stockbroker.



**12.3** In the case of a sale transaction, Stock Broker shall remit funds to the Client within the time period provided in sub clause 6.1.3 above, provided the Client has delivered the securities sold to Stock Broker within the time prescribed in clause 8.1.1, in any of the following ways as may be requested by the Client:

12.3.1 Electronic transfer of funds into the Bank Account of the Client opened with the Designated Bank.

12.3.2 Electronic transfer of funds into any other bank account of the Client as may be specified by the Client, and accepted by Stock Broker; or

12.3.3 Account payee cheque.

12.3.4 All payments shall be made only in the name of the client.

**12.4** Please note that the mode of payment should be only by way of account payee crossed cheques or Demand draft in favor of "5paisa Capital Limited – (Client's Login id). No cash receipts payments will be entertained for any transactions made by the client. 5paisa Capital Limited will not be responsible for any kind of claims raised by the clients regarding payment made in cash. Mobile number is compulsory for opening of Demat/ Trading account with 5paisa Capital Limited.

**12.5** Interface with a payment gateway will be offered to the Client at the portal itself.

**12.6** **DEFAULT IN PAYMENT:**

The Client agrees that Stock Broker may set off his/ her credit balances on NSE and BSE, hereinafter referred to as the "Exchanges" against the debit balances in one or more accounts of the Client in relation to the said Exchanges and segments of the Exchanges.

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

On a default by the Client to remit any monies payable to Stock Broker, Stock Broker shall be entitled to appropriate the monies maintained by the Client in the Minimum Margin Deposit towards its dues. The Minimum Margin Deposit with Stock Broker shall be subject to a lien for the discharge of any and all indebtedness or any other obligation that the Client may have to Stock Broker. The Ebroking Services shall be suspended to the Client until such time as the Client replenishes funds adequate to maintain the Minimum Margin Deposit at the stipulated level.

Notwithstanding anything contained in these present, any amounts which are overdue from the Client towards trading either in the cash or derivative segments or on account of any other reason the Client will be charged delayed payment charges at the rate of 2% per month or such other rate as may be determined by the Stock Broker.

The Client hereby authorizes the Stock Broker to directly debit the same to the account of the Client.

**12.7** In the event the client makes the specific request to the stockbroker for the physical documents instead of electronic/digitally signed documents including contract notes/ statement of accounts, etc and subject to the stockbroker being in a position to do so; the client agrees to pay all such amounts that the stockbroker may charge to cover the operational cost that the stockbroker incurs in preparing and delivering the said communications, documents, reports and alerts.

**12.8** The Client hereby agrees and understands that in case of any noncompliance and/ or default by the Client such as cheque bouncing, trade change, F&O short margin, UCC violation, price rigging or for any other matters as may be decided by Stock broker from time to time, without prejudice to the Stock Broker's other rights, Stock Broker may levy charges/ penalty(ies) on the Client and debits such charges/ penalty in the Client's account.

### **13 PLEDGE OF CLIENTS SECURITIES WITH BANKS**

In Accordance with SEBI Circular SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016 as stock broker is entitled to have a lien on client's securities to the extent of client's indebtedness to the stock broker and stock broker may pledge those securities.

The client agrees that Stock Broker in accordance with the above circular may pledge their securities to the extent of their indebtedness with their explicit authorization.

All the above policies and procedures of 5paisa Capital Limited as applicable to the client's trading account are subject to change/update by 5paisa Capital Limited from time to time. The updated policies and procedures of 5paisa Capital Limited shall be posted on the website of [www.5paisa.com](http://www.5paisa.com) and communicated to client through Circulars and e-mails.

**TERMS AND CONDITIONS-CUM-REGISTRATION/MODIFICATION FORM FOR RECEIVING SMS  
ALERTS FROM CDSL**



(\*Registration for receiving SMS alerts from CDSL is mandatory for the client's who are executing the DDPI in favor of stock broker.)

**ANNEXURE**

**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 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 E-mail 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 nonavailability 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 warranty the confidentiality or security of the SMS alerts transmitted through a service provider. Further, the depository makes no warranty or representation of any kind in relation to the system and the network or their function or their performance or for any loss or damage whenever and 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 users 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.

## TERMS & CONDITIONS FOR DISTRIBUTION OF SECURITIES



The Stock broker is also engaged in marketing and distribution of IPOs of Securities of Issuers and registered with the Association of Mutual Funds in India (AMFI) as a Mutual Fund Distributor. The Stock broker is providing a facility through its ONLINE services to apply/purchase/redeem/sale/ buyback or otherwise deal in the units of Mutual Funds and securities (hereinafter referred to as 'transactions') through its website (located at [urn http://www.5paisacapital.com](http://www.5paisacapital.com) and such other internet sites that the stock broker may launch).

The Client wishes to avail of the facility of the said transactions and such other facilities offered through the stock broker's website on the following terms and conditions set forth herein below. The terms and conditions contained herein are binding on the client. The client has agreed to obtain services from the Stock Broker after fully understanding the terms and conditions. The terms and conditions shall be subject to modification from time to time and such modifications are binding on the client. For the purpose of this Agreement, National Stock Exchange of India Limited and the Bombay Stock Exchange Limited shall be known as the Stock Exchanges.

1. The client by accepting this terms & conditions authorizes the stock broker to execute instructions of the client or its authorized representative with regard to the transactions including but not limited to acquire by subscribing to or by purchase of securities and to sell, transfer, endorse the securities (including but not limited to Initial Public Offerings, Buy back offers, right issues etc.) or redeem the same either through Internet (using the identification number issued by any Mutual Fund from time to time) or otherwise and/or to sign and execute all transfer deeds whether as transferor or transferee and such other instruments, application and papers as may be necessary for the purpose of acquiring, transferring/ redeeming the same, marking pledge/ lien on such securities and/or for transferring the investments in the units of Mutual Fund from one scheme to another or between mutual Funds, to make application for, or to renounce and sign renunciation forms in respect of bonds/ debentures, right shares and additional shares of any company/ Body/ Authority and to receive and hold such rights or additional shares, bonds or debentures.
2. All instructions given by the client/ its authorized representative shall be binding on the client.
3. The client agrees that the instructions with regard to the transactions may be in the client's sole name or in the name of the client jointly with other persons.
4. The instructions with regard to the transactions may be given through internet or telephone or any other reasonable mode as permitted by the stockbroker.
5. The stock broker may refuse to act on any instructions unless they are given in the manner and form acceptable to the stock broker. However, the stock broker shall have no responsibility to determine the authenticity of any instructions given or purported to be given by the client. The client shall not hold the stock broker liable on account of the stock broker acting in good faith on instructions given by the client or its authorized representative.
6. The stock broker may at its discretion not carry out the client's instruction where the stock broker has reasons to

Believe (which discretion of the stock broker the client shall not question or dispute) that the instructions are not genuine or are otherwise improper/ unclear/ raise a doubt. The stock broker shall not be liable if any instructions are not carried/ partly carried out for any reason, whatsoever.

7. The client understands and agrees the mutual fund/RTA/ Issuer Company may cancel, close or reject any contract suo-moto without giving any reason thereof. In the event of such cancellation, closure or rejection, the stock broker shall be entitled to cancel relative contract(s) with Client.
8. The client understands and agrees that the Stock Exchange may cancel, close or reject any trade suo-moto without giving any reason thereof. In the event of such cancellation, closure or rejection, the stock broker shall be entitled to cancel relative contract(s) with Client.
9. In case of Mutual Funds, the client agrees and acknowledges that the stock broker shall provide the facilities as provided in this agreement only in respect of the select Mutual Funds, with whom the stock broker has entered into a separate arrangement/ agreement.
10. The client undertakes to read all the relevant Offer Documents and addendums thereto and terms and conditions of all schemes of all mutual funds and other issues of securities including but not limited to Initial Public Offerings/ Public Offers, Rights issue and Buy Back offers, offered through stock broker's website; before entering into any transactions through the website and agrees to abide by the terms, conditions, rules and regulations as applicable from time to time.
11. The client shall ensure that the transactions through the stock broker are executed in accordance with the applicable laws, byelaws, rules and regulations governing the specific investment product. The stock broker may, from time to time, impose and vary limits on the orders which the client may place, including but not limited to exposure limits, turnover limits and limits as to numbers. The client agrees that the broker shall not be responsible for any variation or reduction that may be deemed necessary by the stock broker based on its risk perception and other relevant factors.
12. The stock broker shall not be under any duty to verify compliance with any restriction on the client's investment powers.
13. The client is responsible for the personal and bank related details provided by the client. Neither the stock broker nor any of the Mutual Funds/ Issuers or their respective Registrars shall accept any liability which may arise as a consequence of the erroneous information provided by the client.
14. The client agrees that the stock broker is entitled to disclose to a third party, all such information pertaining to the Client as may be required from time to time, for the client to be able to avail of any or all of the services provided by the stock broker under this agreement.
15. In case of change of address and personal details of the client, the client shall send a letter duly signed by all the holders of the demat account to the stock broker giving intimation of the change.

16. The client agrees and understands that the folio number of the client in respect of the Mutual Fund schemes shall be received by the stock broker from the Asset Management Company.
17. The Client agrees that the client shall not, without prior intimation and acknowledgement of the stock broker, deal/ liaise with the Issuer Company/ Mutual Fund/ Asset Management Company or its respective Registrars in respect of the services availed under this agreement.
18. Further, any change in the details of the client including but not limited to the Demat account, Bank Account, Address, shall be first intimated to the stock broker who may in turn liaise with the Issuer Company/ Mutual Fund/Asset Management Company or its respective Registrars to update such changes. The Issuer Company/ Mutual Fund/ Asset Management Company or its respective Registrars may reject such requests and in such an event the stock broker shall not be liable for any such rejection.
19. The client further agrees that the client shall not close/change the details of the Demat account/ Bank account without prior notification to the Stock broker and the Client agrees that the stock broker may instruct the Depository Participant/ Bank of the Client to reject any such request received from the Client.
20. The Client shall provide the stock broker with its Permanent Account Number (PAN). In the event the Client has mentioned "Not Applicable" against PAN in the Application Form, the client confirms that the client is exempted from obtaining a PAN under the provisions of the Income Tax Act, 1961.  
However, in the event the client's bid /application is for Rs. 50,000 or more and PAN is not provided, the client shall be required to submit Form 60 or Form 61 as the case may be together with permissible documents as proof of address.
21. The client acknowledges that the purchase / application instructions shall be processed by the stock broker only after sufficient funds to cover the purchase / application price and other costs and charges are received by the stock broker.
22. If after execution of any transaction it is for any reason found that the stock broker has not been provided with sufficient funds by the client, the client shall pay the deficient amount to the stock broker forthwith on demand, failing which the stock broker may (but shall not be bound to) square up the transaction at any time at the client's sole risk and cost. Any loss arising on such squaring up will be borne solely by the client and the client shall pay to the stock broker the additional amount that may be payable by the client, the stock broker's demand being conclusive.
23. The client declares and confirms that the amount being invested by the client either directly or through its authorized representation, in any schemes of all mutual funds or other securities including but not limited to Initial Public Offerings/ Public Offers, Rights issue and Buy Back offers is obtained through legitimate sources and is not held or designed for the purpose of contravention of the provisions of any Act, Rules and Regulations or any statute or legislation or any other applicable Laws or any Notifications, directions issued by any Governmental or Statutory Authority from time to time.
24. In case the client is a Non-resident Indian, the client confirms  
That the funds are remitted from abroad through approved banking channels or from the NRE/NRO/ FCNR account.
25. If for any reasons, the stock broker is unable to carry out the transactions as instructed by the client/ Client's authorized representative to the extent of full quantity of units/ securities, the stock broker shall be entitled at its discretion and the client hereby irrevocably authorizes the stock broker to carry out a transaction of a lesser quantity of units/ securities. The stock broker shall not be responsible for the non-execution of the client's instructions for the entire quantity or the remaining quantity.
26. The client agrees and acknowledges that any instruction given or purported to be given by the client / its authorized representative before the cut off time as may be intimated by the stock broker to the client from time to time, will be processed on the same day. Any instruction received after the cut off time will be processed on the next working day, if applicable.
27. In case of Mutual Fund, applicable Net Asset Value (NAV) shall be as per the Offer Document and SEBI Rules and Regulations. The units of scheme shall be allotted, redeemed or switched, as the case may be, at the NAV prevalent on the date of the application, if the application for purchase, redemption or switch is received by the Fund before the cut-off time as specified on the website and consistent with the terms of the scheme. Any request falling due on holiday would be processed on the next business day and respective NAV would be applicable as per Mutual Funds offer documents.
28. In case of other securities, the order for purchase, sell, offer under Buy Back etc. shall be accepted by the Stock Broker only if the same is received by the cutoff date as indicated on the website and consistent with the terms of the offer.
29. The client agrees and acknowledges that after the first purchase transaction in any Mutual Fund, the client may not be permitted to transact till the folio number is allotted. The stock broker does not accept any liability for delay in processing time at the Mutual Fund's or Registrar's end.
30. The stock broker shall credit the proceeds of the sale / redemption etc., if received by the stock broker, any of the Investment Products only after the stock broker has received the same unless specifically agreed otherwise.
31. The Client acknowledges that the stock broker shall not be under any obligation to provide him with any tax, legal, accounting, investment advice or advice regarding the suitability or profitability of investment of any kind, nor does the stock broker, give any advice or offer any opinion with respect to the nature, potential value or suitability of any particular transaction or investment strategy.
32. It is explicitly stated herein that the Mutual Fund Schemes/ Offer Documents/ other schemes offered by the stock broker, have not been/ shall not be understood as recommended by the stock broker.
33. The client can view his/ her/ its transactions on the website. A physical copy of the transactions statement or the account statement shall be sent by the stock broker only on a written request from the client.

34. In case an application is made for Initial Public Offer/Public Offer/ Units of Mutual Fund through the stock broker, the client authorizes the stock broker to collect on client's behalf, the refund amount, if any, from the Issuer Company/ Registrar/ Asset Management Company/Mutual Fund and subsequently credit the same to client's Bank account, after set-off/ adjustment of dues payable by the Client on account of obligations incurred in connection with the application.
35. The client further agrees that the stock broker shall not be held responsible for non-allotment of securities either fully or partly to the client, for any reason whatsoever. The stock broker shall not be held responsible in case due to some reason the bid/application/ revision instructions sent by the client is not received by it, or if the bid / application/revision could not be uploaded to the Stock Exchange, or could not be sent to the Bankers/ Registrar to the issue.
36. The stock broker shall not be held responsible for non-receipt/ delay in/ incorrect receipt of fund, if any, from the Registrar/ Company. The stock broker shall not be held responsible for incorrect Tax Deduction at Source (TDS) by the Registrar/ company, if applicable, or for no receipt or delay in/ incorrect receipt of TDS Certificate, if any from the Registrar/ Company/ Mutual Fund.
37. The stock broker shall not be liable for any loss or damage caused by reason of failure or delay of the mutual fund to deliver any units purchased even though payment has been made for the same or failure or delay in making payment in respect of any sold though they may have been delivered.
38. The client understands that the corporate actions including but not limited to Dividends, declared by the Issuer Company/ Mutual Fund shall be directly paid by the Issuer Company/ Mutual Fund to the client.
39. The stock broker shall also not be liable to the client for any delay, failure or refusal of the Mutual Fund/any Issuer Company / Corporation or other body in registering or transferring units to the names of the clients of for any interest, dividend or other loss caused to the client arising there from.
40. The client agrees to provide the stock broker with any confirmation/ declaration or any other document that the concerned Issuer/ Asset Management Company or any other entity may from time to time require the stock broker to collect from the client in respect of the services offered under this agreement.
41. The stock broker shall not be responsible for any changes in the data of any scheme as carried out in the Offer document or any other documents/ material issued by Asset Management company/ Issuer Company/ Mutual Fund.
42. The stock broker does not accept any liability for delay in processing time at the Mutual Fund's/ Issuer or Registrar's end. The client agrees that the stock broker shall not be liable or responsible for not executing any transactions for any reason, whatsoever.
43. Neither the stock broker, nor any of the Mutual Funds/nor the issuer shall be liable for any failure to perform its obligations, to the extent that such performance had been delayed, hindered or prevented by systems failures network errors, delay or loss of data due to the aforesaid, acts of God, floods, epidemics, quarantine, riot or civil commotion and war.
44. The client agrees and understands that the application in Mutual Fund/ Initial Public Offering shall be subject to the applicable Acts, Rules, Regulations, guidelines, circulars, notifications, and directives issued by the Regulatory Authorities and Offer Document issued by the respective Mutual Fund/ Issuer.
45. The client further understands and agrees that he/ she shall not place trades at unrealistic prices from current market price of the security or trade in illiquid securities which create artificial liquidity or amounts to manipulation of prices or cross/ synchronized trades.
46. The stock broker shall provide its services on a best efforts basis. However in respect of mutual funds, other securities, including but not limited to Initial Public Offering, Rights issue, Buy Back Offers offered through its website the stock broker shall not be liable for any failure or for any loss, damage or other costs arising in any way out of:
  - a) System failure including failure of ancillary or associated systems, or fluctuation of power, or other acts of God/force majeure;
  - b) Accident, transportation, neglect, misuse, errors, frauds on the part of the client or any agent of the Client or agents or any third party, or
  - c) Any fault in any attachments or associated equipments of the client
  - d) Any incidental, special or consequential damages including Without limitation of loss of profit.



**Terms and Conditions for availing Mutual Fund Service System (MFSS) facility and BSE StAR MUTUAL FUND offered by NSE and BSE respectively**

**1. Definition:**

In these terms and conditions, the terms shall have following meaning unless stated otherwise:

1. "BSE" shall mean Bombay Stock Exchange Limited
2. "Exchanges" shall mean NSE and BSE jointly
3. "Investor/ Client" shall mean client of the Participant who have requested for registration for Mutual Fund Trading facilities.
4. "Participant" shall mean 5paisa Capital Limited
5. "Mutual Fund Transaction Facilities" shall mean MFSS and BSE StAR MUTUAL FUND jointly
6. "NSE" shall mean National Stock Exchange of India Ltd.

**2. Pre-requisites:**

Pre-requisites for becoming Investor/ Client for the Mutual Fund Transaction facilities

- 2.1 The Client is desirous of investing in units of mutual fund schemes through Mutual Fund Transaction facilities.
- 2.2 The Client intends to execute his/her instruction for the subscription/redemption of units of Mutual Fund Schemes through the Participant of the Mutual Fund Transaction facilities.
- 2.3 The client has satisfied itself of the capacity of the Participant to deal in Mutual Fund units and wishes to execute its instruction through the Participant and the client shall from time to time continue to satisfy itself of such capability of the Participant before executing transacting through the Participant.
- 2.4 The Client has approached to the Participant with the application for availing the Mutual Fund Transaction facilities.
- 2.5 The client has submitted relevant KYC (Know Your Client) details to the Participants.

**3. Terms and Conditions:**

- 3.1 The client shall be bound by circulars issued by Exchanges, Rules, Regulations and circulars issued there under by SEBI and relevant notifications of Government authorities as may be in force from time to time.
- 3.2 The client shall notify the Participant in writing if there is any change in the information in the 'client registration form' provided by the client to the Participant at the time registering as a client for participating in the Mutual fund transaction facilities or at any time thereafter.
- 3.3 The client shall submit to the Participant a completed application form in the manner prescribed format for the purpose of placing a subscription order with the Participant.
- 3.4 The client has read and understood the risks involved in investing in Mutual Fund Schemes.
- 3.5 The client shall be wholly responsible for all his investment decisions and instruction.
- 3.6 The client shall ensure continuous compliance with the requirements of the NSE, BSE, SEBI and AMFI.
- 3.7 The Client shall pay to the Participant fees 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 Participant renders to the Client.

3.8 The client will furnish information to the Participant in writing, if any winding up petition or insolvency petition has been filed or any winding up or insolvency order or decree or award is passed against him or if any litigation which may have material bearing on his capacity has been filed against him.

3.9 In the event of non-performance of the obligation by the Participant, the client is not entitled to claim any compensation either from the Investor Protection Fund or from any fund of NSE or NSCCL or BSE.

3.10 In case of any dispute between the Participants and the investors arising out of the Mutual Fund Transaction facilities, NSE and/or NSCCL and BSE agrees to extend the necessary support for the speedy redressal of the disputes.

**4. Additional Terms and conditions:**

4.1 The client understands and agrees that 5paisa Capital Limited shall make available the Mutual Fund Transaction Facilities for the schemes of Mutual Funds which have entered into an agreement with 5paisa Capital Limited ("eligible schemes").

4.2 Mutual fund Transaction Facilities provided by 5paisa Capital Limited shall be available for the units of the eligible schemes. 5paisa Capital Limited does not and is not obliged to offer all mutual fund schemes for investment.

4.3 The Client agrees and understands that by limiting the number of schemes on website, 5paisa Capital Limited does not make any representation as to the quality, bona fides or nature of any AMC or mutual fund scheme, or any other representation, warranty or guaranty, express or implied

4.4 Client agrees to provide the correct information with respect to its account including information with regard to Bank and Demat account of the client. Any loss/ damages caused due to wrong information being submitted by the client shall be sole responsibility of the client and the client shall keep the Participant indemnified for the same.

4.5 Fees: Participant reserves the right to charge such fees from time to time as it deems fit for providing the services to the Client and the Client agrees and undertakes to pay fees / brokerage and statutory levies/charges as may be levied by the Participant from time to time.

4.6 The Client agrees and understands that, 5paisa Capital Limited provides prospective clients to transfer monies upfront through payment gateway after filling up all the required details. However, the prospective client will not be registered as a client of 5paisa Capital Limited, till the time due diligence prescribed by regulators for KYC are complied with by the client. In such cases if the client is not registered due to incomplete due diligence of KYC or any other reason, then the monies received from the client will be returned/ refunded within 7 working days from the date of receipt of complete set of documents from the client, to the same bank account from which the monies were received.

4.7 The client agrees and understands that, 5paisa Capital Limited would request / demand client to provide documentary proof / evidence such as bank statement etc. before refunding the monies received from the prospective client as mentioned in point no 4.6 above.

- 4.8 The Client agrees and understands that the Participant is only a facilitator for the client for applying in the Mutual Fund units. Allotment of units shall be at the sole discretion of the respective Asset Management Company ("AMC") and the Participant shall not be held liable or responsible for any act/ deed/ non-action of the AMC.
- 4.9 The client agrees not to hold the Participant responsible for any transactions rejected by the Exchanges/ AMC due to any reasons.
- 4.10 The Client agrees and undertakes to provide funds to the Participant equivalent to the subscription amount and applicable brokerage/fees/charges before applying for mutual fund units through the Participant. The client further agrees and authorizes the Participant to utilize the surplus funds in the client's Broking account held with the Participant in its capacity as a Stock Broker and transfer funds to the extent of subscription amount and/ or applicable brokerage, fees and charges (in case of both subscription and redemption) to meet the debit in the client's Mutual fund transaction account.
- 4.11 The client understands and agrees that for investments using ECS / NACH / direct debit, 5paisa Capital Limited will first submit the fund transfer instructions to the client's bank. Client's request for subscription will be sent to AMC only after receiving confirmation of successful money transfer to AMC's A/C. Consequently there may be lag between the date of debit to client account and the date 5paisa capital limited submits client request to AMC.
- 4.12 The Client agrees and understands that in absence of sufficient funds in the client's account, the Participant may not execute the client's instruction for applying in any Mutual fund scheme.
- 4.13 The client agrees and understands that in case physical documents are being submitted for any transaction, the Client shall be solely responsible for the timely submission of the same. Participant shall not be responsible for any lost profits or charges levied by Exchanges/ AMC, etc due to non-submission of documents within the prescribed time limits.
- 4.14 The client agrees that before giving any instruction for sale/ redemption order of Mutual fund units, the client shall ensure that the required Mutual Fund units are transferred from the client's demat account to such account as may be prescribed by the Participant. The Client agrees and understands that the Participant shall check the availability of units prior to execution of sale/ redemption order and in case of non-availability of the same the Participant shall have a right to reject/refuse the order. The Participant shall not be held responsible for non execution of any order in case the units are not available in the account as prescribed by the Participant.
- 4.15 The Client agrees that the Participant may refuse to execute any buy/ sell order or allow any trade or reject any trade as per its Risk Management Policy or for any other reason as it may deem fit, from time to time, without any obligation of prior intimation to client and the client agrees to abide by the same.
- 4.16 In case of units wrongly/ erroneously subscribed and delivered in my account, the Participant is authorized to automatically transfer the units in its pool/ beneficiary or other account without client's consent.
- 4.17 The Client agrees and understands that the terms and conditions as mentioned in the Member - Client agreement and Annexure thereto, clauses pertaining to Internet Trading and DP - Client agreement entered into with the Participant in its capacity as Stock Broker and Depository Participant continues to remain applicable for transacting in Mutual Fund units.
- 4.18 The client agrees to receive all trade confirmations, statements including statement of account, etc in electronic form at the e-mail id provided by the client in the KYC form or as would be changed and intimated to the Participant from time to time.
- 4.19 The client agrees to indemnify and keep safe, harmless and indemnified the Participant and its officials from any damages, claims, demands, proceedings, loss, cost, charges, penalties and expenses whatsoever which a Participant may at anytime 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 mutual fund transaction facilities by the Client.
- 4.20 The Client and the Participant agrees to refer any claims and/ or disputes to the Arbitration under the Indian Arbitration and Conciliation Act, 1996.
- 4.21 The Participant may amend the terms and conditions with a notice to the Client.
- 4.22 Instructions issued by Authorized representatives, if any of the client shall be binding on the client in accordance with the letter authorizing the said representative to deal on behalf of the said client. Such Authorization letter should be submitted to 5paisa Capital Limited in prescribed format and as per the policies laid down by 5paisa Capital Limited from time to time.
- 4.23 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.
- 4.24 The Client have read and understood the terms and conditions mentioned above and agree to abide by them and any amendments thereto made by the Participant from time to time.
- 4.25 The Client is aware that mere acceptance of the registration form does not imply in any way that the request has been accepted by the Participant for providing the mutual fund transaction facilities.



## Terms and Conditions for Systematic Investment in Mutual Fund and/or Securities

### 1. DEFINITIONS:

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

“AMC” means Asset Management Company licensed by Securities and Exchange Board of India (“SEBI”) as an asset manager offering various mutual fund schemes.

“Bank(s)” means any bank or a financial institution or any service provider operating in India with which 5paisa Capital Limited has entered into an agreement for offering various facilities through the Internet, which facilities and services including net banking facilities and providing authorization (from third party clearing house networks) and settlement facilities in respect of payment instructions initiated by the Client on the 5paisa Capital Limited Online MF Account and/or Website using credit /debit card/ online banking account.

“5paisa” means 5paisa Capital Limited.

“5paisa Capital Limited Online MF Account” means an online account provided by 5paisa Capital Limited to the Client through which the Client undertakes transactions in mutual fund units.

“ISC” means Investors Service Center managed and provided by the Mutual Funds or their Asset Management Companies to service the investors.

“SIP” means Systematic Investment Plan for investment in mutual fund units as offered by AMCs for various mutual fund schemes launched by them and/or systematic investment in securities.

“SIP Instruction” means instructions given by the client for SIP. SIP instruction can be given only for purchase and not for sale of securities/mutual fund units.

“SIP Period” means the total period of SIP as per the SIP Instruction.

“SIP Frequency” means the frequency of SIP as provided in SIP Instruction. Such frequency can be fortnightly, monthly or quarterly as may be permitted by 5paisa Capital Limited/AMC.

“SIP Start Date” means the date specified in the SIP Instruction to start the SIP

“SIP Debit Amount” means the amount of SIP as specified by client for execution of SIP instruction. In case of mutual fund units, it shall be as specified by AMCs for respective mutual fund schemes as selected by client and in case of SIP in securities, it shall comprise of SIP value and applicable taxes, charges and brokerage.

“SIP Value” means (SIP Quantity \* Market price of security on SIP Due date) + applicable taxes/brokerage/charges)

“SIP Quantity” means the units of mutual fund and/or quantity of securities that shall be purchased as per the ‘SIP Instruction’

“SIP Order” means each transaction to be executed in the client’s account as per SIP instruction.

“SIP Due date” means the date on which the amount payable towards the SIP order becomes due which shall be two days prior to the SIP order date.

“SIP Order date” means the date on which SIP order becomes due for execution.

“SIP Execution Date” means the dates on which the order will be executed in client’s account as per the SIP instruction.

“SIP Installment No” means Serial Number of the purchase order that will be executed as per SIP instruction.

### 2. INSTRUCTION:

a) A client can give one or more SIP Instructions. Such instructions may be given either in writing or through the online facility provided by 5paisa Capital Limited or through recorded telephone lines. Maximum Number of scrips that may be selected in single STOCKSIP application is 10.

b) Client shall provide all the details in the SIP Instruction including the SIP Debit Amount, SIP debit amount, SIP frequency and SIP period.

c) Client shall provide 5paisa Capital Limited with a copy of valid Permanent Account Number (“PAN”) and other details as required in the format as may be prescribed by 5paisa Capital Limited, AMC and/or CDSL Ventures (India) Limited (CVL) or any other authority or body that may be appointed for providing KYC verification by the regulator from time to time for all registered applicants.

a) For execution of SIP transaction through 5paisa Capital Limited Online MF Account, client has to subscribe for the said service by filling up the Subscription Form. Registration granted to the Client comprises a non-transferable, revocable and non-exclusive license to use the 5paisa Capital Limited Online MF Account for bonafide purposes only.

b) Client may cancel the SIP Instruction at any time by submitting the request in writing or through the online facility provided by 5paisa Capital Limited. Such cancellation request should be received by 5paisa Capital Limited at least 30 days prior to the next SIP Due Date. In case of any SIP Due date falling during the notice period of such cancellation request, 5paisa Capital Limited may at its sole discretion debit the SIP Debit Amount on such SIP Due date and execute the SIP order on the SIP order date.

c) The cancellation of the SIP instruction shall be effective from such date as may be intimated by 5paisa Capital Limited.

d) The Client shall fulfill all the obligations arising in the client’s account before the effective date of such cancellation of the SIP instruction.

#### Transaction Process and Delivery Mechanism for Mutual Funds.

In case of SIP through ledger : A user can start a SIP (first order) only on the prospective START DATE selected from the list of AMC specified dates e.g. if Registration Date is July 16 and client opts for ledger option and specified dates are 5,10,15,20,25 then first order of SIP can go earliest only on July 20. If user registers a SIP on July 20, then the first order can be generated on July 20, itself.

In case of SIP through Bank: In case of ECS through bank, SIP Debit amount can be debited from the investor’s bank account on or before three days prior to the SIP order date.

A user can start a SIP (first order) only on the prospective START DATE selected from the list of AMC specified dates e.g. if Registration Date is July 16 and specified dates are 5,10,15,20,25

then first order of SIP can go earliest only on August 20. There will be a gap of 30 days in SIP registration date and SIP START DATE.

However, after receiving SIP registration requests from CLIENTS, 5paisa Capital Limited will register the SIP as per client request on BSE STAR MF/ MFSS, the subsequent orders will be generated in the selected specified Date only.

Accordingly, the CLIENT will be required to maintain sufficient balance in his ledger in case of SIP through LEDGER/BANK.

After matching the funds pay-in with the funds obligations of client, 5paisa Capital Limited will process the subscription details and forward the same to the BSE Star MF/ MFSS for necessary action at their end.

The settlement will take as per the settlement calendar provide by BSE/NSE from time to time.

Transactions executed through Online MF Account:

Only client shall be permitted to access and use the 5paisa Capital Limited Online MF Account on the website on its behalf, and any Transaction that takes place as a result of the same under such 5paisa Capital Limited Online MF Account shall be deemed to be authorized by the Client. The Client shall be provided a single login-id and password for the 5paisa Capital Limited Online MF Account.

The Client's monies for any Transaction shall be collected in 5paisa Capital Limited's pool account and then transferred to the respective AMC or may be directly transferred from the Client's account to the respective AMC's account, as the case may be.

With respect to any Transaction pertaining to mutual funds, the Client will get the website account statement in electronic format.

All the purchase transactions pertaining to mutual funds, made through the 5paisa Capital Limited Online MF Account and/or website shall be allotted an online folio number or will get added to an existing online folio no.

The client cannot execute any transaction of the mutual fund units falling under an online folio through the AMC or an ISC or any other entity or platform other than 5paisa Capital Limited Online MF Account and / or the website. For executing transactions through an AMC or an ISC or any entity other than 5paisa Capital Limited Online MF Account and/or the website, the client requires to get the online folio converted to an off-line folio through a duly signed written request submitted to 5paisa Capital Limited in the format as specified on the website. The request would be subsequently confirmed by the AMC and the conversion of the online folio to an offline folio shall take place within 15 business days from the date of submission of such request to 5paisa Capital Limited.

Existing folios of clients can be converted to an online folio by giving a duly signed written request to convert such existing folios into online folios to AMCs in their specified format and to 5paisa Capital Limited in format as specified on the website. The offline folios will be converted into online folios after the subsequent confirmation of the same by the AMC to 5paisa Capital Limited.

### 3. PAYMENT:

Client can make the payment towards execution of SIP either by giving ECS mandate/Standing Instruction to its designated bank for transfer of funds towards SIP Debit amount OR by giving Authorization to 5paisa Capital Limited to debit client's ledger account for SIP Debit Amount. The client agrees and understands that option of SIP Payment through Ledger may be provided at the sole discretion of 5paisa Capital Limited.

Mode of payment for SIP Debit Amount cannot be modified During the SIP period.

The client shall not revoke such NACH/ ECS mandate / Standing Instruction/ Ledger Debit Authorization during the SIP period. In case the same is revoked during the SIP period, 5paisa Capital Limited at its sole discretion may terminate the SIP Instruction given by the client.

5paisa Capital Limited shall execute the SIP order as per the SIP Instruction on the SIP Execution date. Any excess SIP amount transferred through the NACH/ECS mandate in client's account shall be retained in the client's trading account maintained with 5paisa Capital Limited. No interest shall be payable by 5paisa Capital Limited on such excess amount retained in the client's account. On written request of the client, 5paisa Capital Limited may release such excess SIP amount in the client's account.

In case of SIP in securities, SIP Debit Amount shall be arrived at as below:

For Payment Through bank (NACH/ECS/Standing Instruction):

In case of NACH/ECS through bank, SIP instruction can be given specifying the SIP Debit Amount and not the SIP Quantity.

In case of NACH/ECS through bank, SIP Debit amount can be debited from the investor's bank account on or before two days prior to the SIP order date.

Minimum SIP Debit Amount in case of ECS shall be Rs. 3000/- or value of 2 scrips as per previous closing price on the SIP Registration date whichever is higher. SIP Amount should be displayed on the basis of previous closing price of a particular security in NSE/BSE plus 10% of the SIP amount as free balance.

For Example: If a client wants to buy INFOSYS whose previous close market price is Rs. 2800. In such a case the SIP Debit Amount allowed for him  $\text{Rs. } 2800 + \text{Rs. } 280 (10\%) = \text{Rs. } 3080$

For SIP Payment through Ledger:

The client can specify SIP instruction based on SIP Debit Amount or SIP Quantity. In case, Client gives SIP instruction based on SIP Quantity, the SIP Instruction shall be executed only when the available clear balance in the ledger account is equal to (previous closing price of the selected security plus 5% of the SIP amount as free balance in his Ledger Account).

For Example: On SIP date 5th Apr, 2012, the previous close price of Infosys is Rs. 1000, then 5paisa Capital Limited will debit  $(\text{Rs. } 1000 + \text{Rs. } 50 (5\% \text{ SIP amount as free balance})) = \text{Rs. } 1050$  in his 5paisa Capital Limited Linked Ledger.

In case Client gives SIP instruction based on SIP Debit Amount, the SIP instruction shall be executed only when available clear balance in his ledger account is equal to previous closing of a particular security in NSE/BSE plus 10% of the SIP amount as free balance.



For Example: On SIP date 5th Apr 2012, the previous close price of Infosys is Rs.1000, then 5paisa Capital Limited will debit (Rs. 1000 + Rs.100 (10% SIP amount as free balance) = Rs.1100 in his 5paisa Capital Limited Linked Ledger

Mode of payment for SIP Debit Amount cannot be modified during the SIP period.

#### 4. EXECUTION OF SIP ORDER:

a) 5paisa Capital Limited shall execute SIP Order subject to availability of clear funds in client's trading account/Bank account held with 5paisa Capital Limited on the SIP Order Date.

b) Client shall be required to ensure that sufficient funds are available in client's \*ledger/Bank account (\*applicable on the basis of mode selected) on the SIP order date and SIP execution date. In case of insufficient funds your SIP order will not be executed which shall stand cancelled. There won't be any partial execution of SIP orders.

c) Where Client has given Ledger Debit Authorization:

In case of insufficient funds in the client's trading account on the SIP Execution date 5paisa Capital Limited shall at its sole discretion may not to execute the SIP order which shall stand cancelled.

d) In case the SIP order date falls on a trading holiday/non-working day, the SIP order shall be executed on the immediate succeeding trading day at market rate as on that date.

e) In case of non-execution of SIP order on the SIP order date due to any reasons beyond the control of 5paisa Capital Limited, 5paisa Capital Limited may at its sole discretion execute the said order on immediately succeeding trading day at market rate as on that date. The Client shall not hold 5paisa Capital Limited or any of its officers/directors liable or responsible for execution / non-execution of SIP instruction for any reasons beyond the control of 5paisa Capital Limited. All other Stock Exchange conditions viz. Shortages, Auction etc. as applicable to trading in securities shall remain applicable.

f) If the trading account is deactivated for any regulatory or other reason, then the SIP instruction will not be executed.

g) Client will receive e-mail and SMS to confirm the application details before the first SIP execution date on registered contact details with 5paisa Capital Limited.

h) Subsequently, SIP instructions will be executed in an automated mode and client will not receive e-mail or sms confirmation prior to execution of order on SIP execution day.

i) If, on a SIP Execution Date, scrips selected by the customer reach upper or lower circuit, the SIP order will be kept live till market ends. In this case the order may or may not get successfully executed depending upon the market scenario.

#### 5. DEFAULT:

In case the client defaults in making payment towards the SIP obligations, the SIP Instruction shall be terminated at the sole discretion of 5paisa Capital Limited. Apart from such termination, client shall also comply with the terms & conditions, if any prescribed by AMC/5paisa Capital Limited from time to time in this regard.

#### 6. TRADE CONFIRMATION:

a) 5paisa Capital Limited shall send a trade confirmation/contract note to the client on its registered mobile no. / E-mail id for the SIP Order executed on behalf of the client at the client's registered e-mail id. Such confirmation/contract note shall be binding upon the client.

b) Client shall be required to access and review the contract note/confirmation of the trades executed on its behalf. In case of any objection, client shall inform 5paisa Capital Limited of the same within 48 hrs from the date of receipt of the contract notes/confirmations.

#### 7. FEES/ BROKERAGE:

5paisa Capital Limited shall charge brokerage / transaction charges towards each SIP order executed in the client's account as per the SIP instruction. Such brokerage/transaction charges shall form part of the SIP Amount and shall be recovered by 5paisa Capital Limited by debiting client's trading account. 5paisa Capital Limited would be recovering payment gateway charges on actual basis per transaction entered by customer using the payment gateway facility.

Brokerage/fees will be charged as per policy of 5paisa Capital Limited and same will be intimated to client on time to time basis.

#### 8. TERMS OF MAIN AGREEMENT:

All the terms and conditions of the main agreement executed between the client and 5paisa Capital Limited shall be also applicable to the SIP instruction and the client shall abide by the same at all times.

#### 9. LIABILITY AND INDEMNITY:

The Client shall be solely liable and responsible for making all the payments towards the SIP Order executed in the client's account. In case of execution of SIP order in absence of funds / Insufficient funds in client's account, client shall immediately make payment towards the trade obligation.

If the client defaults in making the payment due to 5paisa Capital Limited / respective Exchanges towards its trade obligations, 5paisa Capital Limited may at its sole discretion recover such amount due from the client by liquidating the client's position without prejudice to 5paisa Capital Limited's right to refer the matter to arbitration. Any and all losses and financial charges on account of such liquidation shall be charged to and borne by client.

Client shall indemnify and keep indemnified 5paisa Capital Limited and its directors / officers for all trades executed on behalf of the client as per the SIP instructions.

Client will be liable to pay charges on any debit amount which arises due to SHORTFALL in SIP at such rates as may be decided by 5paisa Capital Limited from time to time.

#### 10. FORCE MAJEURE:

5paisa Capital Limited shall not be responsible for any losses, cost or damages, actual or notional, resulting directly or indirectly from any action / omission / suspension of trading, decision or ruling of any exchange or Regulatory, governmental or other body or of any other person which is beyond 5paisa Capital

Limited's control or any war, strike, lockout, national disaster, act of terrorism, delay in postal service or any other delay or inaccuracy in the transmission of order or other information or any break-down / failure or malfunction beyond the control of 5paisa Capital Limited or any third party in-charge of the same. The above force majeure event so not exempt the client to fulfill the obligations in his account with 5paisa Capital Limited.

#### **11. TERMINATION:**

- a) Upon revocation of the Authorisation given for Systematic Investment, all SIP Instructions given by the client shall stand cancelled. In case of SIP Due date of any SIP Instruction falling during the notice period of revocation of the authorization, 5paisa Capital Limited may at its sole discretion debit the SIP Amount on such SIP Due date and execute the SIP order on the SIP order date.
- b) Client shall fulfill all the obligations arising in the client's account before the effective date of such revocation of the authorisation.

#### **12. AMENDMENTS:**

5paisa Capital Limited may amend, add, vary, cancel any of the terms and conditions either in whole or in part at any time with or without giving any prior notice to the Client. Any such amendment shall be binding on the client from the date of such amendment.

#### **13. GOVERNING LAW AND JURISDICTION:**

The SIP facility provided by 5paisa Capital Limited to client shall be governed by Laws of India and subject to jurisdiction of courts of Mumbai.

#### **14. DISCLAIMER**

The client undertakes to have read and understood the Risk factors associated with the investment in commodities.

Client shall be solely responsible for any losses in the client's account occurring due to such SIP instruction.

Investments in securities and mutual fund are subject to market risks and there can be no assurance or guarantee that the objectives will be achieved. Clients are requested to read all the scheme related documents carefully before investing. Each client is advised to consult his/her own financial advisor/professional tax advisors before availing of facility.



Name of stock broker/ trading member/clearing member / Depository Participant	5paisa Capital Limited
SEBI Registration No. BSE, NSE & MCX:	INZ 000010231
ARN No.	104096
Registered office address &	SunInfotechPark, 1stFloor, PlotNo.B-23, RoadNo16V, MIDC, Thane Industrial Area, Wagle Estate, Thane, Maharashtra - 400 604 • Tel: + 91 89766 89766
Correspondence address	Sun Infotech Park, 1st Floor, Plot No.B-23, Road No 16V, MIDC, Thane Industrial Area, Wagle Estate, Thane, Maharashtra - 400 604 • Tel: + 91 89766 89766
Email:	support@5paisa.com
Website:	www.5paisa.com
Compliance Officer Name:	Mrs. Namita Amod Godbole
Email id:	compliance@5paisa.com
CEO Name:	Mr. Prakarsh Gagdani
Email id:	ceo@5paisa.com
Phone:	+91 89766 89766

For any grievance/dispute please contact 5paisa Capital Limited at the above address or Email ID- [grievance@5paisa.com](mailto:grievance@5paisa.com) and Phone: +91 89766 89766. In case not satisfied with the response, please contact the concerned exchange(s) at NSE: [ignse@nse.co.in](mailto:ignse@nse.co.in) and Phone: +91 22 2659 8190; BSE: [is@bseindia.com](mailto:is@bseindia.com) and Phone no. +91 22 2272 8097.

MCX: [customersupport@mcxindia.com](mailto:customersupport@mcxindia.com) and Phone no: +91 22 6731 8888

## **RIGHTS & OBLIGATIONS OF STOCK BROKERS & CLIENTS**

### **FOR**

### **MARGIN TRADING FACILITY (MTF) (NSE)**

#### **CLIENT RIGHTS**

1. Client shall receive all communications in a mode mutually agreed between the broker and the client regarding confirmation of orders/trades, margin calls, decision to liquidate the position / security.
2. Client shall be free to take the delivery of the securities at any time by repaying the amounts that was paid by the Stock Broker to the Exchange towards securities after paying all dues.
3. Client has a right to change the securities collateral offered for Margin Trading Facility at any time so long as the securities so offered are approved for margin trading facility.
4. Client may close / terminate the Margin Trading Account at any time after paying the dues.

#### **CLIENT OBLIGATIONS**

1. Client shall, in writing in his own hand or in any irrefutable electronic method, agree to avail of Margin Trading Facility in accordance with the terms and conditions of Margin Trading Facility offered by the broker, method of communication for confirmation of orders/trades, margin calls and calls for liquidation of collateral/security/position.
2. Client shall inform the broker of its intent to shift the identified transaction under Margin Trading Facility within the time lines specified by the broker failing which the transaction will be treated under the normal trading facility
3. Client shall place the margin amounts as the Stock Broker may specify to the client from time to time.
4. On receipt of 'margin call', the client shall make good such deficiency in the amount of margin placed with the Stock Broker within such time as the Stock Broker may specify.
5. By agreeing to avail Margin Trading Facility with the broker, client is deemed to have authorized the broker to retain and/or pledge the securities provided as collateral or purchased under the Margin Trading Facility till the amount due in respect of the said transaction including the dues to the broker is paid in full by the client.
6. Client shall lodge protest or disagreement with any transaction done under the margin trading facility within the timelines as may be agreed between the client and broker.

#### **STOCK BROKER RIGHTS**

1. Stock Broker and client may agree between themselves the terms and condition including commercial terms if any before commencement of MTF.
2. Stock broker may set up its own risk management policy that will be applicable to the transactions done under the Margin Trading Facility. Stock broker may make amendments there to at any time but give effect to such policy after the amendments are duly communicated to the clients registered under the Margin Trading Facility.
3. The broker has a right to retain and/or pledge the securities provided as collateral or the securities bought by the client under the Margin Trading Facility.

4. The broker may liquidate the securities if the client fails to meet the margin call made by the broker as mutually agreed of liquidation terms but not exceeding 5 working days from the day of margin call.

### **STOCK BROKER OBLIGATIONS**

1. Stock broker shall agree with the client the terms and condition before extending Margin Trading Facility to such client. However, for clients who already have existing trading relationship and want to avail of Margin Trading Facility, stock broker may take consent in writing in his own hand or in any irrefutable electronic method after stock broker has communicated the terms and conditions of Margin Trading Facility to such existing clients.
2. The terms and conditions of Margin Trading Facility shall be identified separately, in a distinct section if given as a part of account opening agreement.
3. The mode of communication of order confirmation, margin calls or liquidation of position/security shall be as agreed between the broker and the client and shall be in writing in his own hand or in any irrefutable electronic method. Stock broker shall prescribe and communicate its margin policies on haircuts/ VAR margins subject to minimum requirements specified by SEBI and exchanges from time to time.
4. The Stock Broker shall monitor and review on a continuous basis the client's positions with regard to MTF. It is desirable that appropriate alert mechanism is set up through which clients are alerted on possible breach of margin requirements.
5. Any transaction to be considered for exposure to MTF shall be determined as per the policy of the broker provided that such determination shall happen not later than T + 1 day.
6. If the transaction is entered under margin trading account, there will not be any further confirmation that it is margin trading transaction other than contract note.
7. In case the determination happens after the issuance of contract, the broker shall issue appropriate records to communicate to Client the change in status of transaction from Normal to Margin trading and should include information like the original contract number and the margin statement and the changed data.
8. The Stock Broker shall make a 'margin call' requiring the client to place such margin; any such call shall clearly indicate the additional/deficient margin to be made good.
9. Time period for liquidation of position/security shall be in accordance declared policy of the broker as applicable to all MTF clients consistently. However, the same should not be later than 5 working (trading) days from the day of 'margin call'. If securities are liquidated, the contract note issued for such margin call related transactions shall carry an asterisk or identifier that the transaction has arisen out of margin call.
10. The daily margin statements sent by broker to the client shall identify the margin/collateral for Margin Trading separately.
11. Margin Trading Accounts where there was no transactions for 90 days shall be settled immediately.
12. The stocks deposited as collateral with the stock broker for availing margin trading facility (Collaterals) and the stocks purchased under the margin trading facility (Funded stocks) shall be identifiable separately and there shall not be any comingling for the purpose of computing funding amount;
13. Stock Broker shall close/terminate the account of the client forthwith upon receipt of such request from the client subject to the condition that the client has paid dues under Margin Trading Facility.

## **TERMINATION OF RELATIONSHIP**

1. The margin trading arrangement between the stock broker and the client shall be terminated; if the Stock Exchange, for any reason, withdraws the margin trading facility provided to the Stock Broker or the Stock Broker surrenders the facility or the Stock Broker ceases to be a member of the stock exchange.
2. The MTF facility may be withdrawn by the broker, in the event of client committing any breach of any terms or conditions therein or at anytime after due intimation to client allowing such time to liquidate the MTF position as per the agreed liquidation terms without assigning any reason. Similarly, client may opt to terminate the margin trading facility in the event of broker committing any breach of any terms or conditions therein or for any other reason.
3. In the event of termination of this arrangement, the client shall forthwith settle the dues of the Stock Broker. The Stock Broker shall be entitled to immediately adjust the Margin Amount against the dues of the client, and the client hereby authorizes the Stock Broker to make such adjustment.
4. After such adjustment, if any further amount is due from the client to the Stock Broker, the client shall settle the same forthwith. Upon full settlement of all the dues of the client to the Stock Broker, the Stock Broker shall release the balance amount to the client.
5. If the client opts to terminate the margin trading facility, broker shall forthwith return to the client all the collaterals provided and funded securities retained on payment of all the dues by clients.

**RIGHTS AND OBLIGATIONS RELATING TO MARGIN TRADING FACILITY PROVIDED  
BY STOCK BROKER/ TRADING MEMBER TO CLIENTS (BSE)**

1. Stock Broker/ Trading Member is eligible to provide Margin Trading Facility (MTF) in accordance with SEBI & Exchange Guidelines as specified from time to time.
2. Stock Broker/ Trading Member desirous of extending MTF to their clients is required to obtain prior permission of BSE. Stock Broker/ Trading Member may note that BSE has the right to withdraw the permission at anytime.
3. Stock Broker/ Trading Member shall extend the MTF to the client, on such terms and conditions as specified by the Stock Exchange / SEBI from time to time. Stock Broker/ Trading Member and the client shall abide by the requirements of the margin trading framework, including rights and obligations, as prescribed by Stock Exchange/ SEBI/ Stock Broker/ Trading Member.
4. Stock Broker/ Trading Member shall intimate all the terms and conditions, including maximum allowable exposure, specific stock exposures etc., as well as the rights and obligations to the client desirous of availing MTF.
5. Stock Broker/ Trading Member may, at its sole and absolute discretion, increase the limit of initial and/or maintenance margin, from time to time. The Client shall abide by such revision, and where there is an upward revision of such margin amount, he agrees to make up the shortfall within such time as the Stock Broker/ Trading Member may permit. It may however, be noted that the initial/ maintenance margins shall never be lower than that prescribed by Stock Exchange/ SEBI.
6. Stock Broker/ Trading Member shall provide MTF only in respect of such shares, as may be permitted by Stock Exchange/ SEBI.
7. Stock Broker/ Trading Member shall liquidate the securities and other collateral, if the client fails to meet the margin call to comply with the margin requirement as specified by Stock Exchange/ SEBI/ Stock Broker/ Trading Member. In this regard, Stock Broker/ Trading Member shall also list down situations/ conditions in the which the securities may be liquidated (Stock Broker/ Trading Member to list down situations/ conditions):
8. Stock Broker/ Trading Member shall not use the funds of one client to provide MTF to another client, even if the same is authorized by the first client.
9. The stocks deposited as collateral with the Stock Broker/ Trading Member for availing margin trading facility (Collaterals) and the stocks purchased under the margin trading facility (Funded stocks) shall be identifiable separately and no comingling shall be permitted for the purpose of computing funding amount

10. IPF shall not be available for transactions done on the Stock Exchange, through MTF, in case of any losses suffered in connection with the MTF availed by the client.

The rights and obligations prescribed hereinabove shall be read in conjunction with the rights and obligations as prescribed under SEBI circular no. CIR/MIRSD/ 16/ 2011 dated August 22, 2011.

### **Terms and Conditions prescribed by Spaisa Capital Limited (SPAISA) for Margin Trading Facility**

- 1) To avail the Margin Trading Facility through SPAISA, the Client should have a minimum balance of Rs. 500/- (Rupees five hundred only). However, if the EOD margin requirement as provided by the Exchange is greater than the MTF margin requirement, such additional margin requirement would be required to be fulfilled by the client. If the client fails to meet the margin requirement it may subsequently lead to shortfall and would attract penalty or square off by the RMS team.
- 2) The client understands that the maximum funding amount shall be determined by SPAISA solely in accordance with the SEBI and Exchange regulations and shall at all times be subject to the said regulations and internal policies of SPAISA.
- 3) The Client understands that Margin Trading Facility would be extended only for the Stocks as approved by the Exchange and as determined by SPAISA from time to time. If at any point of time, the funded stock no longer continues to be approved by the Exchange, the client will be allowed to carry the MTF position only till the time wherein no risk is triggered and subsequently would not be allowed to create any new MTF position using the said stocks as margins.
- 4) Post square off (whether by client or SPAISA), margins would be released after T+2 day.
- 5) The period allowed for carrying forward the Margin Trading positions created by the client would remain valid till the client maintains the requisite margin. The Clients have the option to release their MTF position either by taking the delivery of such funded stocks by making payment to SPAISA or by squaring off the MTF position. SPAISA shall not be responsible for any loss arising to client from such square off. Post squaring off after making the requisite statutory and interest deductions only the balance would be credited to the client's ledger.
- 6) An MTF interest of 0.06% per day would be applicable to the client along with the other statutory charges, interests, brokerage and other charges as applicable.
- 7) As per regulatory requirement for creating positions using the MTF facility the clients would be required to create a future pledge through the CDSL systems in favour of SPAISA – MTF Account. All the pledges are to be created by 9.30 p.m. on the trade day to continue with the MTF position.
- 8) Non-acceptance of pledge requests as per the prescribed timeline would lead to converting the MTF position to normal position on T+2 day. Such position shall be later squared off by SPAISA's Risk Policy in case risk for the said position is triggered.
- 9) The Client shall be solely responsible to fulfil the requirement any margin calls made by SPAISA within the prescribed time, failing which it may lead to squaring off his positions at the available market price.
- 10) The Clients would be having a separate MTF Ledger and to fulfil any obligation / dues under Margin Trading Facility, the funds from the client's normal ledger would be moved to his / her MTF ledger by passing a JV entry.

- 11) The Client shall hold the responsibility to clear the outstanding dues that has to be paid to 5PAISA and such funds shall not only be limited to the funded amount but be inclusive of applicable charges, statutory charges, Taxes etc.
- 12) If at any point there is any margin shortfall and additional margin is required by exchange the client shall be responsible for penalties applied by exchange.
- 13) The client understands that as per the prescribed Exchange guidelines, 5PAISA shall be reporting the details of the client's funded position/collaterals position and other details prescribed by exchange, to the stock exchanges, on a daily basis.
- 14) The client understands that 5PAISA reserves the right to modify any of the terms in relation to the Margin Trading facility and the same shall be updated on the website of the company from time to time and the client shall keep himself updated on a regular basis by visiting the website of the company.
- 15) The client understands that if there are any regulatory / operational changes in the functioning of the Margin Trading Facility, such changes shall apply with or without any intimation to the client.
- 16) 5PAISA reserves the right to deny providing of the Margin Trading Facility to any client without assigning any reason and withdraw the Margin Trading Facility by issuing a notice of not greater than 30days. While availing the MTF facility if the client is found to commit any breach / fraud against 5PAISA, such client shall be liable to make good all the financial loss incurred by 5PAISA including any legal and technical cost that would have been borne by 5PAISA.
- 17) The client understands that the service provided hereunder is through the use of software's systems. If at any point of time there is any technical failure, 5PAISA or the exchange shall not be responsible for any loss suffered by the client.

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