

## **RIGHTS AND OBLIGATIONS OF STOCK BROKERS, SUB-BROKERS AND CLIENTS – Equity**

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

### **CLIENT INFORMATION**

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

### **MARGINS**

11. The client shall pay applicable initial margins, with holding 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 there under.

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

**DISPUTE RESOLUTION**

22. The stock broker shall provide the client with the relevant contact details of the concerned Exchanges and SEBI.
23. The stock broker shall co-operate in redressing grievances of the client in respect of all transactions routed through it and in removing objections for bad delivery of shares, rectification of bad delivery, etc.

24. The client and the stock broker shall refer any claims and/or disputes with respect to deposits, margin money, etc., to arbitration as per the Rules, Byelaws and Regulations of the Exchanges where the trade is executed and circulars/notices issued thereunder as may be in force from time to time.
25. The stock broker shall ensure faster settlement of any arbitration proceedings arising out of the transactions entered into between him vis-à-vis the client and he shall be liable to implement the arbitration awards made in such proceedings.
26. The client/stock-broker understands that the instructions issued by an authorized representative for dispute resolution, if any, of the client/stock-broker shall be binding on the client/stock-broker in accordance with the letter authorizing the said representative to deal on behalf of the said client/stock-broker.

#### **TERMINATION OF RELATIONSHIP**

27. This relationship between the stock broker and the client shall be terminated; if the stock broker for any reason ceases to be a member of the stock exchange including cessation of membership by reason of the stock broker's default, death, resignation or expulsion or if the certificate is cancelled by the Board.
28. The stock broker, sub-broker and the client shall be entitled to terminate the relationship between them without giving any reasons to the other party, after giving notice in writing of not less than one month to the other parties. Notwithstanding any such termination, all rights, liabilities and obligations of the parties arising out of or in respect of transactions entered into prior to the termination of this relationship shall continue to subsist and vest in/be binding on the respective parties or his/its respective heirs, executors, administrators, legal representatives or successors, as the case may be.
29. In the event of demise/insolvency of the sub-broker or the cancellation of his/its registration with the Board or/withdrawal of recognition of the sub-broker by the stock exchange and/or termination of the agreement with the sub broker by the stock broker, for any reason whatsoever, the client shall be informed of such termination and the client shall be deemed to be the direct client of the stock broker and all clauses in the 'Rights and Obligations' document(s) governing the stock broker, sub-broker and client shall continue to be in force as it is, unless the client intimates to the stock broker his/its intention to terminate their relationship by giving a notice in writing of not less than one month.

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

30. The stock broker shall ensure due protection to the client regarding client's rights to dividends, rights or bonus shares, etc. in respect of transactions routed through it and it shall not do anything which is likely to harm the interest of the client with whom and for whom they may have had transactions in securities.
31. The stock broker and client shall reconcile and settle their accounts from time to time as per the Rules, Regulations, Bye Laws, Circulars, Notices and Guidelines issued by SEBI and the relevant Exchanges where the trade is executed.
32. The stock broker shall issue a contract note to his constituents for trades executed in such format as may be prescribed by the Exchange from time to time containing records of all transactions including details of order number, trade number, trade time, trade price, trade quantity, details of the derivatives contract, client code, brokerage, all charges levied etc. and with all other relevant details as required therein to be filled in and issued in such manner and within such time as prescribed by the Exchange. The stock broker shall send contract notes to the investors within one working day of the execution of the trades in hard copy and/or in electronic form using digital signature.
33. The stock broker shall make payout 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, 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.
39. The client shall note that non-receipt of bounced mail notification by the stock broker shall amount to delivery of the contract note at the e-mail ID of the client.
40. The stock broker shall retain ECN and acknowledgement of the e-mail in a soft and non-tamperable form in the manner prescribed by the exchange in compliance with the provisions of the IT Act, 2000 and as per the extant rules/regulations/circulars/guidelines issued by SEBI/Stock Exchanges from time to time. The proof of delivery i.e., log report generated by the system at the time of sending the contract notes shall be maintained by the stock broker for the specified period under the extant regulations of SEBI/stock exchanges. The log report shall provide the details of the contract notes that are not delivered to the client/e-mails rejected or bounced back. The stock broker shall take all possible steps to ensure receipt of notification of bounced mails by him at all times within the stipulated time period under the extant regulations of SEBI/stock exchanges.
41. The stock broker shall continue to send contract notes in the physical mode to such clients who do not opt to receive the contract notes in the electronic form. Wherever the ECNs have not been delivered to the client or has been rejected (bouncing of mails) by the e-mail ID of the client, the stock broker shall send a physical contract note to the client within the stipulated time under the extant regulations of SEBI/stock exchanges and maintain the proof of delivery of such physical contract notes.
42. In addition to the e-mail communication of the ECNs to the client, the stock broker shall simultaneously publish the ECN on his designated web-site, if any, in a secured way and enable relevant access to the clients and for this purpose, shall allot a unique user name and password to the client, with an option to the client to save the contract note electronically and/or take a print out of the same.

#### **LAW AND JURISDICTION**

43. In addition to the specific rights set out in this document, the stock broker, sub-broker and the client shall be entitled to exercise any other rights which the stock broker or the client may have under the Rules, Bye-laws and Regulations of the Exchanges in which the client chooses to trade and circulars/notices issued thereunder or Rules and Regulations of SEBI.
44. The provisions of this document shall always be subject to Government notifications, any rules, regulations, guidelines and circulars/notices issued by SEBI and Rules, Regulations and Bye laws of the relevant stock exchanges, where the trade is executed, that may be in force from time to time.
45. The stock broker and the client shall abide by any award passed by the Arbitrator(s) under the Arbitration and Conciliation Act, 1996. However, there is also a provision of appeal within the stock exchanges, if either party is not satisfied with the arbitration award.
46. Words and expressions which are used in this document but which are not defined herein shall, unless the context otherwise requires, have the same meaning as assigned thereto in the Rules, Byelaws and Regulations and circulars/notices issued thereunder of the Exchanges/SEBI.
47. All additional voluntary clauses/document added by the stock broker should not be in contravention with rules/regulations/notices/circulars of Exchanges/SEBI. Any changes in such voluntary clauses/document(s) need to be preceded by a notice of 15 days. Any changes in the rights and

obligations which are specified by Exchanges/SEBI shall also be brought to the notice of the clients.

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

## **RISK DISCLOSURE DOCUMENT (RDD) FOR CAPITAL MARKET AND DERIVATIVES SEGMENTS**

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

Stock exchanges/SEBI does neither singly or jointly and expressly nor impliedly guarantee nor make any representation concerning the completeness, the adequacy or accuracy of this disclosure document nor have Stock exchanges /SEBI endorsed or passed any merits of participating in the trading segments. This brief statement does not disclose all the risks and other significant aspects of trading. In the light of the risks involved, you should undertake transactions only if you understand the nature of the relationship into which you are entering and the extent of your exposure to risk.

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

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

Stock exchanges does not provide or purport to provide any advice and shall not be liable to any person who enters into any business relationship with any stock broker of Stock exchanges and/or any third party based on any information contained in this document. Any information contained in this document must not be construed as business advice. No consideration to trade should be made without thoroughly understanding and reviewing the risks involved in such trading. If you are unsure, you must seek professional advice on the same. In considering whether to trade or authorize someone to trade for you, you should be aware of or must get acquainted with the following:-

### **1. BASIC RISKS:**

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

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

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

Liquidity refers to the ability of market participants to buy and/or sell securities / derivatives contracts

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

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

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

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

### **1.4 Risk-reducing orders:**

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

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

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

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

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

News announcements that may impact the price of stock / derivatives contract may occur during trading, and when combined with lower liquidity and higher volatility, may suddenly cause an unexpected positive or negative movement in the price of the security / contract.

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

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

### **1.7 System Risk:**

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

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

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

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

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

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

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

In the derivatives market, the amount of margin is small relative to the value of the derivatives contract so the transactions are 'leveraged' or 'geared'. Derivatives trading, which is conducted with a relatively small amount of margin, provides the possibility of great profit or loss in comparison with the margin amount. But transactions in derivatives carry a high degree of risk. You should therefore completely understand the following statements before actually trading in derivatives and also trade with caution while taking into account one's circumstances, financial resources, etc. If the prices move against you, you may lose a part of or whole margin amount in a relatively short period of time. Moreover, the loss may exceed the original margin amount.

- A. Futures trading involve daily settlement of all positions. Every day the open positions are marked to market based on the closing level of the index / derivatives contract. If the contract has moved against you, you will be required to deposit the amount of loss (notional) resulting from such movement. This amount will have to be paid within a stipulated time frame, generally before commencement of trading on next day.
- B. If you fail to deposit the additional amount by the deadline or if an outstanding debt occurs in your account, the stock broker may liquidate a part of or the whole position or substitute securities. In this case, you will be liable for any losses incurred due to such close-outs.
- C. Under certain market conditions, an investor may find it difficult or impossible to execute transactions. For example, this situation can occur due to factors such as illiquidity i.e. when there are insufficient bids or offers or suspension of trading due to price limit or circuit breakers etc.
- D. In order to maintain market stability, the following steps may be adopted: changes in the margin rate, increases in the cash margin rate or others. These new measures may also be applied to the existing open interests. In such conditions, you will be required to put up additional margins or reduce your positions.
- E. You must ask your broker to provide the full details of derivatives contracts you plan to trade i.e. the contract specifications and the associated obligations.

### **2.2 Currency specific risks:**

1. The profit or loss in transactions in foreign currency-denominated contracts, whether they are traded in your own or another jurisdiction, will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the contract to another currency.
2. Under certain market conditions, you may find it difficult or impossible to liquidate a position. This can



occur, for example when a currency is deregulated or fixed trading bands are widened.

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

### **2.3 Risk of Option holders:**

1. An option holder runs the risk of losing the entire amount paid for the option in a relatively short period of time. This risk reflects the nature of an option as a wasting asset which becomes worthless when it expires. An option holder who neither sells his option in the secondary market nor exercises it prior to its expiration will necessarily lose his entire investment in the option. If the price of the underlying does not change in the anticipated direction before the option expires, to an extent sufficient to cover the cost of the option, the investor may lose all or a significant part of his investment in the option.
2. The Exchanges may impose exercise restrictions and have absolute authority to restrict the exercise of options at certain times in specified circumstances.

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

1. If the price movement of the underlying is not in the anticipated direction, the option writer runs the risks of losing substantial amount.
2. The risk of being an option writer may be reduced by the purchase of other options on the same underlying interest and thereby assuming a spread position or by acquiring other types of hedging positions in the options markets or other markets. However, even where the writer has assumed a spread or other hedging position, the risks may still be significant. A spread position is not necessarily less risky than a simple 'long' or 'short' position.
3. Transactions that involve buying and writing multiple options in combination, or buying or writing options in combination with buying or selling short the underlying interests, present additional risks to investors. Combination transactions, such as option spreads, are more complex than buying or writing a single option. And it should be further noted that, as in any area of investing, a complexity not well understood is, in itself, a risk factor. While this is not to suggest that combination strategies should not be considered, it is advisable, as is the case with all investments in options, to consult with someone who is experienced and knowledgeable with respect to the risks and potential rewards of combination transactions under various market circumstances.

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

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

### **4. GENERAL**

**4.1** The term 'constituent' shall mean and include a client, a customer or an investor, who deals with a stock broker for the purpose of acquiring and/or selling of securities / derivatives contracts through the mechanism provided by the Exchanges.

**4.2** The term 'stock broker' shall mean and include a stock broker, a broker or a stock broker, who has been admitted as such by the Exchanges and who holds a registration certificate from SEBI.

## **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/ De-freezing 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 forth with 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.

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

### (Annexure-A)

#### Definition:

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

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

#### Availability:

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

#### Receiving Alerts:

1. The Depository shall send the alerts to the mobile phone number provided by the BO while registering for the service or to any such number replaced and informed by the BO from time to time. Upon such registration/change, the Depository shall make every effort to update the change in mobile number within a reasonable period of time. The Depository shall not be responsible for any event of delay or loss of message in this regard.
2. The BO acknowledges that the alerts will be received only if the mobile phone is in 'ON' and in a mode to receive the SMS. If the mobile phone is in 'Off' mode i.e. unable to receive the alerts then the BO may not get/get after delay any alerts sent during such period.
3. The BO also acknowledges that the readability, accuracy and timeliness of providing the service depend on many factors including the infrastructure and 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, E-mail 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 non-availability of the service in any manner whatsoever.
9. If the BO finds that the information such as mobile number etc., has been changed without proper authorization, the BO should immediately inform the DP in writing.

**Fees:** Depository reserves the right to charge such fees from time to time as it deems fit for providing this service to the BO.

**Disclaimer:** The Depository shall make reasonable efforts to ensure that the BO's personal information is kept confidential. The Depository does not 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 user of this service.

**Governing Law and Jurisdiction:** Providing the Service as outlined above shall be governed by the laws of India and will be subject to the exclusive jurisdiction of the courts in Mumbai.

**Note:** Signing for SMS alert facility is mandatory for clients opting for POA facility (SMS alert facility shall not be available for clients providing the ISD Number).

## **Terms and Conditions-cum-Registration / Modification Form for receiving SMS Alerts from NSDL**

### **1.1 Definition**

In these Terms and Conditions, the following terms shall have the following meanings:

“Alerts” or “Facility” means the customized messages with respect to specific events/transactions relating to an BOs Account sent as Short Messaging Service (“SMS”) over mobile phone to the BO;

“BO” means the person who holds an Account;

“Account” means the Demat Account of the BO with NSDL maintained through its Depository Participant;

“ISIN” means an International Securities Identification Number assigned to a security;

“CSP” means the Cellular Service Provider through whom the BO or NSDL receives the mobile services.

### **1.2 Registration**

This facility will be available to the investors provided they have given their mobile numbers to their DPs and the DPs have captured the numbers in the DPM system and have also enabled(ticked) the SMS flag in their DPM system.

### **1.3 Availability**

**1.3.1** NSDL at its sole discretion may discontinue the Facility at any time by providing a prior intimation through its website or any other medium of communication. NSDL may at its discretion extend the Facility to BOs who register mobile phones originating outside India.

**1.3.2** The Alerts would be generated by NSDL and will be sent to the BOs on the mobile number provided by the BO and the delivery of the Alert would be entirely based on the service availability of the Service Provider and connectivity with other cellular circles of the CSPs or in circles forming part of the roaming GSM network agreement between such CSPs. The Alerts are dependent on various factors including connectivity and, therefore, NSDL cannot assure final and timely delivery of the Alerts.

**1.3.3** The BO will be responsible for the security and confidentiality of his/her Mobile Phone and mobile phone number to be used for this Facility.

### **1.4 Process**

**1.4.1** NSDL provides SMS Alert facility for demat account holders whereby they can receive alerts directly from NSDL for following on their registered mobile number.

All Debits and Credits (transfers), Credits for IPO, sub- division and bonus, Failed instructions, Overdue instructions, Change of mobile number, Change of address, Credit/debit of Mutual Fund units.

**1.4.2** The BO is duty bound to acquaint himself/herself with the detailed process for using the Facility and interpreting the Alerts for which NSDL is not responsible for any error/omissions by the BO.

**1.4.3** The BO acknowledges that the Alerts will be implemented in a phased manner and NSDL may at a later stage; as and when feasible, add more Alerts. NSDL may, at its discretion, from time to time change the features of any Alert. The BO will be solely responsible for keeping himself/herself updated of the available Alerts, which shall, on best-effort basis, be notified by NSDL through its website or any other medium of communication.

### **1.5 Receiving Alerts**

**1.5.1** The BO is solely responsible for intimating in writing to his/her Depository Participant any change in his/her mobile phone number and NSDL will not be liable for sending Alerts or other information over his/her mobile phone number recorded with NSDL.

**1.5.2** The BO acknowledges that to receive Alerts, his/her mobile phone must be in an ‘on’ mode. If his/her mobile is

kept 'off' for a specified period from the time of delivery of an Alert message by NSDL, that particular message may not be received by the BO.

**1.5.3** The BO acknowledges that the Facility is dependent on the infrastructure, connectivity and services provided by the CSPs within India. The BO accepts that timeliness, accuracy and readability of Alerts sent by NSDL will depend on factors affecting the CSPs and other Service Providers. NSDL shall not be liable for non-delivery or delayed delivery of Alerts, error, loss or distortion in transmission of Alerts to the BO.

**1.5.4** NSDL will endeavor to provide the Facility on a best effort basis and the BO shall not hold NSDL responsible/liable for non-availability of the Facility or non-performance by any CSPs or other Service Providers or any loss or damage caused to the BO as a result of use of the Facility (including relying on the Alerts for his/her investment or business or any other purposes) for causes which are attributable to /and are beyond the control of NSDL. NSDL shall not be held liable in any manner to the BO in connection with the use of the Facility.

**1.5.5** The BO accepts that each Alert may contain certain account information relating to the BO. The BO authorizes NSDL to send any other account related information, though not specifically requested, if NSDL deems that the same is relevant.

## **1.6 Withdrawal or Termination**

**1.6.1** NSDL may, in its discretion, withdraw temporarily or terminate the Facility, either wholly or in part, at any time. NSDL may suspend temporarily the Facility at any time during which any maintenance work or repair is required to be carried out or in case of any emergency or for security reasons, which require the temporary suspension of the Facility.

**1.6.2** Notwithstanding the terms laid down in clause 1.5.1 above, either the BO or NSDL may, for any reason whatsoever, terminate this Facility at any time. In case the BO wishes to terminate this Facility, he/she will have to intimate his/her Depository Participant accordingly.

## **1.7 Fees**

**1.7.1** At present, NSDL is levying no charge for this Facility on the Depository Participants. The BO shall be liable for payment of airtime or other charges, which may be levied by the CSPs in connection with the receiving of the Alerts, as per the terms and conditions between the CSPs and BOs, and NSDL is in no way concerned with the same.

## **1.8 Disclaimer**

**1.8.1** This Facility is only an Alert mechanism for the BOs and is not in lieu of the Transaction Statements required to be provided by the Depository Participant to its clients.

**1.8.2** NSDL shall not be concerned with any dispute that may arise between the BO and his/her CSP and makes no representation or gives no warranty with respect to the quality of the service provided by the CSP or guarantee for timely delivery or accuracy of the contents of each Alert.

**1.8.3** The BO shall verify the transactions and the balances in his/her account from his/her Depository Participant and not rely solely on Alerts for any purpose.

**1.8.4** NSDL will not be liable for any delay or inability of NSDL to send the Alert or for loss of any information in the Alerts in transmission.

## **1.9 Liability**

**1.9.1** NSDL shall not be liable for any losses, claims and damages arising from negligence, fraud, collusion or violation of the terms herein on the part of the BO and/or a third party.



### 1.10 Contact

The investors may contact their respective DPs in case they do not receive SMS alert inspite of registering for this facility. Those investors who have provided their mobile numbers to their DPs but do not wish to avail this facility may also inform their DPs accordingly provided such accounts are not operated by Power of Attorney.

For further details/information investors may contact us at: Investor Relationship Cell, National Securities Depository Limited, 4th Floor, A Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai-400 013. Tel.: (022) 2499 4200 / 4090 4200 Fax: (022) 24976351 Email: [relations@nsdl.co.in](mailto:relations@nsdl.co.in)

## **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 up petition/insolvency petition or any litigation which may have material bearing on his capacity. The client shall provide/update the financial information to the Member on a periodic basis.

11. A. Protection from unfair terms in financial contracts\*\*

- a. An unfair term of a non-negotiated contract will be void.
  - b. A term is unfair if it –
    - i. causes a significant imbalance in the rights and obligations of the parties under the financial contract, to the detriment of the Client; and
    - ii. is not reasonably necessary to protect the legitimate interests of the Member.
  - c. The factors to be taken into account while determining whether a term is unfair, include –
    - i. the nature of the financial product or financial service dealt with under the financial contract;
    - ii. the extent of transparency of the term;
- \*\*contracts offered by commodity exchanges
- iii. the extent to which the term allows a Client to compare it with other financial contracts for similar financial products or financial services; and
  - iv. the financial contract as a whole and the terms of any other contract on which it is dependent.
- d. A term is transparent if it –
    - i. is expressed in reasonably plain language that is likely to be understood by the Client;
    - ii. is legible and presented clearly; and
    - iii. is readily available to the Client affected by the term.
  - e. If a term of a financial contract is determined to be unfair under point 11.A.c, the parties will continue to be bound by the remaining terms of the financial contract to the extent that the financial contract is capable of enforcement without the unfair term.

11. B.

- a. "Non-negotiated contract" means a contract whose terms, other than the terms contained in point 11.C. (given below) are not negotiated between the parties to the financial contract and includes –
  - i. a financial contract in which, relative to the Client, the Member has a substantially greater bargaining power in determining terms of the financial contract; and
  - ii. a standard form contract.
- b. "Standard form contract" means a financial contract that is substantially not negotiable for the Client, except for the terms contained in point 11.C.
- c. Even if some terms of a financial contract are negotiated in form, the financial contract may be regarded as a non-negotiated contract if so indicated by –
  - i. an overall and substantial assessment of the financial contract; and
  - ii. the substantial circumstances surrounding the financial contract
- d. In a claim that a financial contract is a non-negotiated contract, the onus of demonstrating otherwise will be on the Member.

11. C.

- a. The above does not apply to a term of a financial contract if it –
  - i. defines the subject matter of the financial contract;

- ii. sets the price that is paid, or payable, for the provision of the financial product or financial service under the financial contract and has been clearly disclosed to the Client; or
- iii. is required, or expressly permitted, under any law or regulations.

- b. The exemption under point 11.C does not apply to a term that deals with the payment of an amount which is contingent on the occurrence or non- occurrence of any particular event.

12. The Member and Authorized Person shall maintain all the details of the client as mentioned in the account opening form or any other information pertaining to the client, confidentially and that they shall not disclose the same to any person/authority except as required under any law/regulatory requirements. Provided however that the Member may so disclose information about his client to any person or authority with the express permission of the client.

13. A. Protection of personal information and confidentiality

- a. "Personal information" means any information that relates to a Client or allows a Client's identity to be inferred, directly or indirectly, and includes –
  - i. name and contact information;
  - ii. biometric information, in case of individuals
  - iii. information relating to transactions in, or holdings of, financial products
  - iv. information relating to the use of financial services; or
  - v. such other information as may be specified.

13. B.

- a. A Member must –
  - i. not collect personal information relating to a Client in excess of what is required for the provision of a financial product or financial service;
  - ii. maintain the confidentiality of personal information relating to Clients and not disclose it to a third party, except in a manner expressly permitted under point 13.B.b.;
  - iii. make best efforts to ensure that any personal information relating to a Client that it holds is accurate, up to date and complete;
  - iv. ensure that Clients can obtain reasonable access to their personal information, subject to any exceptions that the Regulator may specify; and
  - v. allow Clients an effective opportunity to seek modifications to their personal information to ensure that the personal information held by the Member is accurate, up to date and complete.
- b. A Member may disclose personal information relating to a Client to a third party only if –
  - i. it has obtained prior written informed consent of the Client for the disclosure, after giving the Client an effective opportunity to refuse consent;
  - ii. the Client has directed the disclosure to be made;
  - iii. the Regulator has approved or ordered the disclosure, and unless prohibited by the relevant law or regulations, the Client is given an opportunity to represent under such law or regulations against such disclosure;
  - iv. the disclosure is required under any law or regulations, and unless prohibited by such law or regulations, the Client is given an opportunity to represent under such law or regulations against such disclosure;
  - v. the disclosure is directly related to the provision of a financial product or financial service to the Client, if the Member –
    - 1. informs the Client in advance that the personal information may be shared with a third party; and
    - 2. makes arrangements to ensure that the third party maintains the confidentiality of the personal information in the same manner as required under this Part; or

- vi. the disclosure is made to protect against or prevent actual or potential fraud, unauthorised transactions or claims, if the Member arranges with the third party to maintain the confidentiality of the personal information in the manner required under this Part.-
- c. "Third party" means any person other than the concerned Member, including a person belonging to the same group as the Member.

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

- a. Member must ensure fair disclosure of information that is likely to be required by a Client to make an informed transactional decision.
- b. In order to constitute fair disclosure, the information must be provided –
  - i. sufficiently before the Client enters into a financial contract, so as to allow the Client reasonable time to understand the information;
  - ii. in writing and in a manner that is likely to be understood by a Client belonging to a particular category; and
  - iii. in a manner that enables the Client to make reasonable comparison of the financial product or financial service with other similar financial products or financial services.
- c. The types of information that must be disclosed to a Client in relation to a financial product or financial service, which may include information regarding –
  - i. main characteristics of the financial product or financial service, including its features, benefits and risks to the Client;
  - ii. consideration to be paid for the financial product or financial service or the manner in which the consideration is calculated;
  - iii. existence, exclusion or effect of any term in the financial product or financial contract;
  - iv. nature, attributes and rights of the Member, including its identity, regulatory status and affiliations;
  - v. contact details of the Member and the methods of communication to be used between the Member and the Client;
  - vi. rights of the Client to rescind a financial contract within a specified period; or
  - vii. rights of the Client under any law or regulations.

14. B.

- a. Member must provide a Client that is availing a financial product or financial service provided by it, with the following continuing disclosures –
  - i. any material change to the information that was required to be disclosed under point 14.A at the time when the Client initially availed the financial product or financial service;
  - ii. information relating to the status or performance of a financial product held by the Client, as may be required to assess the rights or interests in the financial product or financial service; and
  - iii. any other information that may be specified.
- b. A continuing disclosure must be made –
  - i. within a reasonable time-period from the occurrence of any material change or at reasonable periodic intervals, as applicable; and
  - ii. in writing and in a manner that is likely to be understood by a Client belonging to that category.

**MARGINS**

- 15. The client shall pay applicable initial margins, withholding margins, special margins or such other margins as are considered necessary by the Member or the Exchange or as may be directed by 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.
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 behaviour;
    - iii. the exploitation of any particular misfortune or circumstance of the Client, of which the Member is aware, to influence the Client's decision with regard to a financial product or financial service;



- iv. any non-contractual barriers imposed by the Member where the Client wishes to exercise rights under a financial contract, including –
- v. the right to terminate the financial contract;
- vi. the right to switch to another financial product or another Member and
- vii. a threat to take any action, depending on the circumstances in which the threat is made.

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

- 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.
- 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, Authorised 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.

#### **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 done in the Client's Username/password in any manner whatsoever.
8. 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.
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 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.
10. 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.

## **UNIFORM RISK DISCLOSURE DOCUMENT (RDD) – Commodities Segment**

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

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

You must know and appreciate that investment in commodity futures contracts/ derivatives or other instruments traded on the Commodity Exchange(s), which have varying element of risk, is generally not an appropriate avenue for someone of limited resources/ limited investment and/ or trading experience and low risk tolerance. You should, therefore, carefully consider whether such trading is suitable for you in the light of your financial condition. In case, you trade on the Exchange and suffer adverse consequences or loss, you shall be solely responsible for the same and the Exchange shall not be responsible, in any manner whatsoever, for the same and it will not be open for you to take the plea that no adequate disclosure regarding the risks involved was made or that you were not explained the full risk involved by the concerned member. The Client shall be solely responsible for the consequences and no contract can be rescinded on that account.

You must acknowledge and accept that there can be no guarantee of profits or no exception from losses while executing orders for purchase and/or sale of a commodity derivatives being traded on the Exchange.

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

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

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

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

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

Volatility refers to the dynamic changes in price that commodity derivative contracts undergo when trading activity continues on the Commodity Exchange. Generally, higher the volatility of a commodity derivatives contract, greater is its price swings. There may be normally greater volatility in thinly traded commodity derivatives contracts than in actively traded commodities/ contracts. As a result of volatility, your order may only be partially executed or not executed at all, or the price at which your order got executed may be substantially different from the last traded price or change substantially thereafter, resulting in real losses.

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

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

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

**iii. Risk of Wider Spreads**

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

**iv. Risk-reducing orders**

- a. Most of the Exchanges have a facility for investors to place “limit orders”, “stop loss orders” etc. Placing of such orders (e.g. “stop loss” orders or “limit” orders) which are intended to limit losses to certain amounts may not be effective many a time because rapid movement in market conditions may make it impossible to execute such orders.
- b. A “market” order will be executed promptly, subject to availability of orders on opposite side, without regard to price and that while the customer may receive a prompt execution of a “market” order, the execution may be at available prices of outstanding orders, which satisfy the order quantity, on price time priority. It may be understood that these prices may be significantly different from the last traded price or the best price in that commodity derivatives contract.
- c. A “limit” order will be executed only at the “limit” price specified for the order or a better price. However, while the client received price protection, there is a possibility that the order may not be executed at all.
- d. A stop loss order is generally placed "away" from the current price of a commodity derivatives contract, and such order gets activated if and when the contract reaches, or trades through, the stop price. Sell stop orders are entered ordinarily below the current price, and buy stop orders are entered ordinarily above the current price. When the contract approaches pre-determined price, or trades through such price, the stop loss order converts to a market/limit order and is executed at the limit or better. There is no assurance therefore that the limit order will be executable since a contract might penetrate the pre-determined price, in which case, the risk of such order not getting executed arises, just as with a regular limit order.

**v. Risk of News Announcements**

- a. Traders/Manufacturers make news announcements that may impact the price of the commodities and/or commodity derivatives contracts. These announcements may occur during trading and when combined with lower liquidity and higher volatility may suddenly cause an unexpected positive or negative movement in the price of the commodity/ commodity derivatives contract.

**vi. Risk of Rumours**

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

**vii. System Risk**

- a. High volume trading will frequently occur at the market opening and before market close. Such high volumes may also occur at any point in the day. These may cause delays in order execution or confirmation.
- b. During periods of volatility, on account of market participants continuously modifying their order quantity or prices or placing fresh orders, there may be delays in execution of order and its confirmation.
- c. Under certain market conditions, it may be difficult or impossible to liquidate a position in the market at a reasonable price or at all, when there are no outstanding orders either on the buy side or the sell side, or if trading is halted in a commodity due to any action on account of unusual trading activity or price hitting circuit filters or for any other reason.

**viii. System/ Network Congestion**

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

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

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

- a. The amount of margin is small relative to the value of the commodity derivatives contract so the transactions are 'leveraged' or 'geared'. Commodity Derivatives trading, which is conducted with a relatively small amount of margin, provides the possibility of great profit or loss in comparison with the principal investment amount. But transactions in commodity derivatives carry a high degree of risk. You should therefore completely understand the following statements before actually trading in commodity derivatives contracts and also trade with caution while taking into account one's circumstances, financial resources, etc.
- b. Trading in Futures Commodity Derivatives involves daily settlement of all positions. Every day the open positions are marked to market based on the closing price. If the closing price has moved

against you, you will be required to deposit the amount of loss (notional) resulting from such movement. This margin will have to be paid within a stipulated time frame, generally before commencement of trading on the next day.

- c. If you fail to deposit the additional margin by the deadline or if an outstanding debt occurs in your account, the Member of the Exchange may liquidate/square-up a part of or the whole position. In this case, you will be liable for any losses incurred due to such square-up/ Close Outs.
- d. Under certain market conditions, an Investor may find it difficult or impossible to execute the transactions. For example, this situation can occur due to factors such as illiquidity i.e. when there are insufficient bids or offers or suspension of trading due to price limit or circuit breakers etc.
- e. Steps, such as, changes in the margin rate, increase in the cash margin rate etc. may be adopted in order to maintain market stability. These new measures may be applied to the existing open interests. In such conditions, you will be required to put up additional margins or reduce your positions.
- f. You must ask your Member of the Exchange to provide the full details of the commodity derivatives contracts you plan to trade i.e. the contract specifications and the associated obligations.

### **3. TRADING THROUGH WIRELESS TECHNOLOGY OR ANY OTHER TECHNOLOGY:**

Any additional provisions defining the features, risks, responsibilities, obligations and liabilities associated with commodities trading through wireless technology or any other technology should be brought to the notice of the client by the member.

### **4. General**

- i. Deposited cash and property: You should familiarize yourself with the protections accorded to the money or other property you deposit particularly in the event of a firm become insolvent or bankrupt. The extent to which you may recover your money or property may be governed by specific legislation or local rules. In some jurisdictions, property, which has been specifically identifiable as your own, will be pro-rated in the same manner as cash for purposes of distribution in the event of a shortfall. In case of any dispute with the Member of the Exchange, the same shall be subject to arbitration as per the Rules, Bye-laws and Business Rules of the Exchange.
- ii. Commission and other charges: Before you begin to trade, you should obtain a clear explanation of all commissions, fees and other charges for which you will be liable. These charges will affect your net profit (if any) or increase your loss.
- iii. For rights and obligations of the Members/Authorised Persons/ clients, please refer to RIGHTS AND OBLIGATIONS OF MEMBERS, AUTHORIZED PERSONS AND CLIENTS as prescribed by SEBI and Commodity Exchanges
- iv. The term 'Constituent' shall mean and include a Client, a Customer or an Investor, who deals with a member for the purpose of trading in the commodity derivatives through the mechanism provided by the Exchange.
- v. The term 'member' shall mean and include a Trading Member or a Member/Broker, who has been admitted as such by the Exchange and got a registration certificate from SEBI.

## POLICIES & PROCEDURES – EQUITY AND COMMODITY

### 1. Refusal of orders for penny / illiquid stocks / Commodity Derivatives

The Stock Broker shall have the absolute discretion, from time to time, to refuse/partially refuse/accept orders in one or more securities / commodities due to various reasons including trading in penny stocks/commodity(ies), market liquidity, value of security(ies)/commodity(ies), illiquid options, far month options, writing of options, market capitalization of the stock /commodity(ies) and such stock/commodity(ies) not in demat form, securities which are not in the permitted list of the Stock Broker / exchange(s) / SEBI and/or appear under illiquid securities/commodity(ies) declared by the exchange(s). It is also provided further that Stock Broker may ask for compulsory settlement/advance payment of expected settlement value/delivery of securities/commodity(ies) for settlement prior to acceptance/placement of order(s) as well. Losses, if any, on account of such refusal by the Stock Broker or due to delay caused by such limits, shall be borne exclusively by the client alone. The Stock Broker shall not be responsible for any financial or other implications due to such execution, delay in execution or non-execution of any such orders.

The Stock Broker shall have the prerogative to place such restrictions, notwithstanding that the client has sufficient credit or margin available in his account. The Stock Broker, may however, allow for acceptance of such orders, for certain securities/commodity(ies) on its own discretion, through its specific internal process, instead of allowing such orders through the standard process like online trading platform or its branches.

### 2. Setting up client's exposure limits

The Stock Broker, may from time to time, vary limits or impose new limits for the orders that the client can place through the Stock Broker's trading platforms. The Stock Broker would have the sole discretion on setting these limits based on its risk perception of the client, Margin received from the client, Market conditions and other factors, but not limited to, limits on account of exchange/ SEBI directions/ limits (such as Stock Broker level/ market level limits in security specific/volume specific exposures etc.). This would include exposure limits, turnover limits, limits as to the number, value and/or kind of securities/commodity(ies) in respect of which orders can be placed etc.). The client is aware that the Stock Broker may be unable to inform the client of such variation, reduction or imposition in advance. The Stock Broker shall not be responsible for such variation, reduction or imposition or the client's inability to route any order through the Stock Broker's trading system on account of any such variation, reduction or imposition of limits.

The Stock Broker may at any time, at its sole discretion and without prior notice, prohibit or restrict the client's ability to place orders or trade in securities/commodity(ies) through the Stock Broker, or it may subject any order placed by the client to a review before its entry into the trading systems and may refuse to execute / allow execution of orders due to but not limited to the reason of lack of margin / securities/commodity(ies) or the order being outside the limits set by the Stock Broker / exchange / SEBI and any other reasons which the Stock Broker may deem appropriate in the circumstances. Losses, if any, incurred by the client on account of such refusal or delay, shall be borne exclusively by the client alone.

The Stock Broker shall have the prerogative to allow differential buy and sell limits for its clients depending upon credit worthiness, integrity and past conduct of each client.

### 3. Applicable brokerage rate

The Stock Broker is entitled to charge brokerage within the limits imposed by exchange which at present is as under:

- a. **For Cash Market Segment:** The maximum brokerage chargeable in relation to trades effected in the securities admitted to dealings on the Capital Market segment of the Exchange shall be 2.5% of the contract price exclusive of statutory levies. It is further clarified that where the sale / purchase price value of a share is Rs 10/- or less, a maximum brokerage of 25 paise per share may be charged.



- b. **For Option contracts:** Brokerage for option contracts shall be charged on the premium amount at which the option contract was bought or sold and not on the strike price of the option contract. It is hereby further clarified that brokerage on the options contracts shall not exceed 2.5% of the premium amount or Rs 100/- (per lot), whichever is higher.
- c. **For Future contracts:** Brokerage for future contracts shall be charged on the value at which the contracts are bought or sold. It is hereby further clarified that brokerage on the futures contracts shall not exceed 2.5% of the Contract value exclusive of statutory levies. The slab rates of brokerage are function of the cost of the services being provided to the client and would be reviewed from time to time
- d. **For Commodity Derivative contracts:** The Stock Broker is entitled to charge brokerage within the limits imposed by exchange.

**4. Imposition of penalty/delayed payment charges/other charges**

The Stock Broker would be entitled to levy or charge delayed payment charges not exceeding 24% per annum on any amounts which are overdue from the client towards trading or on account of any other reasons. The client shall pay to the Stock Broker brokerage, all taxes, duties, levies to the stock exchanges (including any amount due on account of reassessment / backlogs etc.), transaction expenses, F&O charges, delayed payment charges, short delivery charges, auction charges, cheque stop payment charges, cheque bounce charges, lost token charges, incidental expenses such as postage, courier etc. as they apply from time to time to the client's account /transactions / services that the client avails from the Stock Broker.

The Stock Broker may impose penalties / fines for any orders/trades / deals / actions of the client which are contrary to Stock Broker Client Agreement/rules / regulations / Bye-Laws of the exchange or any other law for the time being in force, at such rates and in such form as it may deem fit. Further where the Stock Broker has to pay any fine or bear any punishment from any authority in connection with / as a consequence of / in relation to any of the orders/trades / deals/actions of the client, the same shall be borne by the client.

5. **The right to sell client's securities/commodity(ies) or close client's positions, without giving notice to the client, on account of non-payment of client's dues.** The Stock Broker shall have the right and the prerogative to sell client's securities/commodity(ies), both unpaid securities/commodity(ies) as well as collaterals deposited towards margins, or close out client's open positions, without giving notice to the client where there is either a delay or failure of the client to meet the pay-in/settlement obligations and / or there is delay /failure of the client to bring additional margins to cover the increase in risk in dynamic and volatile market conditions.

The client would be responsible for monitoring his/her/its position (dealings/trades and valuation of security(ies))/commodity(ies) on his/her/its own and provide the required/deficit margin/security(ies)/commodity(ies) forthwith as required from time to time whether or not any margin call or such other separate communication to that effect is sent by the Stock Broker to the client and/or whether or not such communication is received by the client. The client is not entitled to trade without adequate margin and that it shall be client's own responsibility to ascertain beforehand the margin requirements for its orders/traders/deals and to ensure that the required margin is made available to the Stock Broker in such form and manner as may be required by the Stock Broker. The client shall ensure that funds/securities/commodity(ies) are made available in time and in designated form at designated bank(s) and depository account(s) of the Stock Broker, for meeting his/her/its pay-in/settlement obligation of funds and securities/commodity(ies). The Stock Broker shall not be responsible for any claim/loss/damage arising out of non-availability/short availability/delayed availability of funds/securities/commodity(ies) by the client in the designated account(s) of the Stock Broker for meeting the pay-in/settlement obligation of either funds or securities/commodity(ies). If the client gives orders/trades in the anticipation of the required securities/commodity(ies) being available subsequently for pay-in/settlement through anticipated pay out from the exchange or through borrowings or any off market delivery(s) or market delivery(s) and if such anticipated availability does not materialize in actual availability of securities/commodity(ies)/funds for pay-in/settlement for any reason whatsoever including but not limited to any delays/shortages at the exchange or

Stock Broker level/non-release of margin by the Stock Broker etc., the losses which may occur to the client as a consequence of such shortages in any manner such as on account of auctions / square-off / closing outs etc., shall be solely to the account of the client and the Stock Broker shall not be responsible for the same in any form or manner whatsoever.

In case the payment of the margin/security/commodity(ies) is made by the client through a bank instrument, the Stock Broker shall be at liberty to give the benefit/credit for the same only on the realization of the funds from the said bank instrument & subsequent updation in records as per Stock Broker's process. Where the margin/security/commodity(ies) is made available by way of securities/commodity(ies), it is upto the Stock Broker's discretion to decline its acceptance as margin &/or to accept it at such reduced value as the Stock Broker may deem fit by applying haircuts or by valuing it by marking it to market or by any other method as the Stock Broker may deem fit in its absolute discretion.

In the event of client failing to maintain or provide the required margin/fund/security(ies) /commodity(ies) or to meet the funds/ margins/securities/commodity(ies) pay-in obligations on immediate basis for the orders/trades/deals of the client and the Stock Broker shall have the right, without any further notice or communication to the client, to withhold pay-out of funds/securities/commodity(ies), to liquidate security(ies) /commodity(ies), to disable trading facility to the client.

Losses, if any, on account of any one or more steps, as enumerated herein above, being taken by the Stock Broker, shall be borne exclusively by the client alone.

In case the client does not pay for the securities/commodity(ies) received in pay-out, then the stock broker shall be entitled to retain those securities/commodity(ies) up to five trading days after pay-out. Further, where client fails to meet its funds pay-in obligation within five trading days from pay-out, the stock broker shall liquidate the securities/commodity(ies) to recover its dues.

#### **6. Shortages in obligations arising out of internal netting of trades**

Short delivery of shares by client(s) against his/her/its selling obligation shall result into either into one or both of the following -

**(a) Short Delivery to the Exchange for scrip at the Trading Member level:**

In case of short delivery to exchange, the settlement happens as per the auction/close-out mechanism of Exchange and auction/close-out debit is passed to the defaulting clients who did not fulfil his/her/its selling obligation.

**(b) Short delivery of pay-out to clients who bought the scrip on that day (Client to Client shortage):**

The shares delivered short shall be purchased on the pay-in date i.e. on T+2 from Normal Market and the purchase consideration amount shall be debited to the defaulting client(s). However when multiple settlements (say S1 and S2) are conducted on the same day (say T<sub>m</sub>), the shares delivered short shall be purchased as under –

1. The shares delivered short in first settlement (S1) shall be purchased on T+2 day (T<sub>m</sub>) from Normal Market and the purchase consideration amount shall be debited to the defaulting client(s).
2. The shares delivered short in second settlement (S2) shall be purchased on T+3 day (T<sub>m</sub>) from Normal Market along with shortages of that day and the purchase consideration amount shall be debited to the defaulting client(s).

If the covering rate (internal shortage repurchase) is more than the actual sell rate on T day, the difference amount will be borne by the defaulting client on sell side. If the covering rate (internal shortage repurchase) is less than the actual sell rate on T day, the difference amount will be debited to

the defaulting client on sell side and credited in a separate account maintained with Indiabulls Securities Limited (formerly Dhani Stocks Limited) (ISL).

Further, if ISL is unable to buy shares on T+2 day from normal market due to upper side freeze on the scrip or any other reason, the defaulting seller will be debited at the close-out rate and the corresponding buyer will be credited by equivalent amount. The close-out rate will be the highest between the trade date and (T+2) date or 20% above the official closing price on the (T+2) day, whichever is higher. Further if the shares covered against client to client shortages is again received short from any client, the trade will be settled by the close-out debit to seller client and corresponding buyer for whom the shares were covered will be credited by equivalent amount. The close-out rate will be the highest rate between the repurchase date (T day) and auction date i.e. (Repurchase date +2) day or 20% above the official closing price on the auction day, whichever is higher. If the shares repurchased against client to client shortages received short from Exchange, the settlement happens as per the auction/close-out mechanism of exchange.

**(c) Mechanism of choosing corresponding clients on the buy side:**

Corresponding clients on the buy side of scrip A are chosen on the basis of the descending quantity of shares bought by them i.e. first the client (say X) who has purchased highest quantity of scrip A will be picked up and if the shortage of shares is more than the quantity of shares bought by the client X, then the client who has purchased the next highest quantity will be picked up so on and so forth. The shares bought on T+2 in case of Client to Client shortage and shares/credit received from Exchange through auction process in case of Trading Member level shortage are credited to the corresponding client on buy side of scrip A chosen through the aforesaid mechanism.

**7. Conditions under which a client may not be allowed to take further position or the Stock Broker may close the existing position of a client**

The Stock Broker may refuse to execute order of a client or may close the existing position of the client due to lack of margin / securities/commodity(ies) or the order being outside the limits set by Stock Broker / exchange/ SEBI. Other reasons for not allowing further positions or closing out of existing positions could be as:

- a. Client has not met his pay-in obligations in cash by the scheduled date of pay-in for purchases done in CM segment.
- b. Non-payment or erosion of margins or other amounts, outstanding debts, etc.
- c. Client is dealing in illiquid scrips or contracts/penny stock/commodity(ies).
- d. Cheque submitted by the client has bounced or clear funds not received with the Stock Broker for the cheque submitted by the client.
- e. If in the opinion of the Stock Broker, the client has committed a fraud, crime, or acted in contravention to the agreement.
- f. Non-Payment of Marked to Market loss in Cash.
- g. Open positions in a contract exceed or are close to market wide cut-off limits.
- h. Client's position is close to client-wise permissible "open" positions.
- i. Intraday orders after the cut-off time would not be allowed.

**8. Temporarily suspending or closing a client's account**

The Stock Broker can suspend/close the client account and also withhold the pay-outs of client if there is any judicial or/and regulatory order/action requiring suspension/closure of client's account. The Stock Broker can also suspend/close the client account if the Stock Broker observes any abnormal or suspicious activity in the client account through its monitoring and surveillance of the client account. The Stock Broker may also temporarily suspend/close the client account if there is no activity in the client account for a period, as deemed fit by the Stock Broker from time to time. The client's account can also be put under temporary suspension/closure if the client has not cleared the uncovered debit in its account or if the client has not submitted Know Your Client (KYC) details sought by the Stock Broker to fulfil its own surveillance or exchange related requirements.

In the event of information/reports reaching the Stock Broker of the client's death, the account can also be put under temporary suspension/closure.

The Stock Broker can also put the client's account under temporary suspension/closure if the client has failed to provide or update its communication details like correspondence address, Mobile number, landline numbers or E-mail ID.

The client may also request the Stock Broker to temporarily suspend/close his account, Stock Broker may do so subject to client accepting / adhering to conditions imposed by Stock Broker including but not limited to settlement of account and / or other obligation.

#### **9. De-registering a client**

The client has the option to De-register his account after settling his account with the Stock Broker. The client would be liable to pay all dues in his account before the De-registration. The Stock Broker shall have the right to terminate the agreement with immediate effect in any of the following circumstances:

- a. The client account figures in the list of debarred entities published by SEBI.
- b. The actions of the Client are prima facie illegal / improper or such as to manipulate the price of any securities/commodity(ies) or disturb the normal / proper functioning of the market, either alone or in conjunction with others.
- c. If there is any legal /regulatory proceeding against the client under any law in force.
- d. If there is reasonable apprehension that the Client is unable to pay its debts or the Client has admitted its inability to pay its debts, as they become payable;
- e. If the Client is in breach of any term, condition or covenant of this Agreement;
- f. When the Stock Broker is informed or ascertains that the client has deceased / become insolvent / not able to act in the market due to lunacy/disability etc.
- g. The Stock Broker shall have the right to close out the existing positions, sell the collaterals to recover any dues with or without consent of the client before de-registration of the client.
- h. Either party will be entitled to terminate the agreement without assigning any reason, after giving notice in writing of not less than 30 days to the other party.

Not with standing any such termination/deregistering, all rights, liabilities and obligations of the parties arising out of or in respect of transactions entered into prior to the termination/deregistering, shall continue to subsist and vest in/ be binding on the respective parties or his/its respective heirs / executors / administrators / legal representatives / successors as the case may be.

#### **10. INACTIVE CLIENT ACCOUNT**

A client account will be categorised as inactive, if no trades have been carried out since last 12 (Twelve) months across all exchanges.

Reactivation: Client accounts that have been categorised as 'Inactive', can be reactivated only after receiving updated information related to KYC from concerned client. Indiabulls Securities Limited (formerly Dhani Stocks Limited) shall also have the discretion to reactivate a trading account, after doing adequate due diligence, as the company may consider fit and proper.

Indiabulls Securities Limited (formerly Dhani Stocks Limited) shall also have the discretion to reactivate a trading account, after doing adequate due diligence, as the company may consider fit and proper.

#### **CLIENT ACCEPTANCE AND ACKNOWLEDGEMENT**



These policies and procedures may be amended/changed by Indiabulls Securities Limited (formerly Dhani Stocks Limited) (ISL), provided the change is informed to the client through any one of the means or method like posting on the website of Indiabulls Securities Limited (formerly Dhani Stocks Limited) (ISL) or sending by speed post / courier / registered AD/ e-mail. These policies and procedures are to be read along with the document executed and shall be compulsorily referred to while deciding any dispute/difference in claims in between client and Indiabulls Securities Limited (formerly Dhani Stocks Limited) (ISL) in any court of law, judicial / adjudicating authority, including arbitrator, mediator etc.

## **Terms and Conditions between Client and Indiabulls Securities Limited (formerly Dhani Stocks Limited)**

### **I. GENERAL TERMS AND CONDITIONS**

- A. The Client shall transmit his/her/its orders to the Stock Broker through the Internet over the Stock Broker's website; or through telephone (as per the predefined procedure of forwarding the order through a phone broking executive or in such other manner as the Stock Broker may permit) or through instruction in writing or through oral instructions.
- B. The Client hereby authorizes the Stock Broker to rely and act on, and treat as fully authorized by and binding upon the Client, any order, instruction or communication (by whatever means transmitted and whether or not in writing) which purports to have been given and which the Stock Broker reasonably believes in good faith to have been given by the Client or a person duly authorized to act on behalf of the Client and, if the Stock Broker acts in good faith on such instructions, such instructions shall be binding on the Client without restriction and the Stock Broker shall not be under any duty to verify the authenticity of such instructions or the identity of the person(s) giving them. The client agrees that he/she/it shall be responsible to the Stock Broker for all commitments and obligations made or entered into in the Client's name whether in writing or orally and howsoever communicated or purported to be given as aforesaid.
- C. The Client shall, from time to time, notify the Stock Broker in writing the names of the persons who are authorized to give instructions to the Stock Broker on behalf of the Client until and unless the Stock Broker is notified in writing to the contrary.
- D. The Stock Broker shall have the right to add or delete securities/commodity(ies) in its permitted list of securities/commodity(ies), for which the facility is made available, in its absolute discretion and details of the same would be posted on the website and no separate intimation thereof will be sent to the Client either physically or electronically.
- E. Declaration by the client**
- i. The Client shall not believe in any promises made about "Assured Returns" by the Stock Broker's employees or Sub-Brokers and/or so called "hot tips", if any.
  - ii. The Client shall not rely on any implicit/explicit promise made by the issuer or any third party on returns
  - iii. The Client shall not match/synchronize trades with any other person nor shall he indulge in any trading activity which results in disturbance of market equilibrium in any manner including manipulation of price of any scrips.
  - iv. The Client shall always keep track of the margin requirement either by contacting his/her/its Branch or by logging into trading account/website.
  - v. The Client shall not respond to any E-mail from an address appearing to be sent by the Stock Broker or from any other Email ID, asking the Client for his/her/its personal information, account details or information on your User ID and Password of the Client's trading and/or depository account and that it is the Stock Broker's policy not to seek such information through E-mail.
  - vi. The Client shall not take help from any employee of the Stock Broker or any other person while resetting his/her/its Password and that in case the Client has taken help from someone while resetting his/her/its password, then the Client shall immediately change his/her/its password again and ensure that the new password is only known to him/her/it.
  - vii. The failure of the Client to understand the risk involved shall not render a contract as void or voidable and the Client shall be and shall continue to be responsible for all the risks and consequences for entering into trades in the segments in which the Client chose to trade.
- F. The Client will not hold nor seek to hold the Stock Broker or any of its officers, directors, employees, agents, subsidiaries, affiliates or business associates liable for any trading losses, cost of damage incurred by the Client

consequent upon relying on investment information, research options or advice or any other material/information what so ever on the website whether inserted by the Stock Broker or any other agency. The Client is aware that any information on the website based on the research of the Stock Broker or other external sources is subject to normal variations in the stock market and is merely an estimation of the viability or otherwise of certain investments, and the Stock Broker shall not be deemed to have assumed any responsibility for such information

- G. The Client understands that the Stock Broker may at any time, at its sole discretion and without prior notice to the client, prohibit or restrict the Client's access to the use of the website or related Services and the Client's ability to trade. Client will bear any loss that he/she/it may be faced with due to inability to execute further trades on account of such restriction
- H. The Client shall immediately notify the Stock Broker in writing, delivered via E-mail and/or Registered AD, if the Client becomes aware of any loss, theft or unauthorized use to Client's account; and in such eventuality the Stock Broker shall suspend the use of the account of the Client. However the Client shall be responsible and liable for all transactions that are carried out by the use of the Client's user ID and personal details..
- I. The Client understands that placing an order with the Stock Broker, including a market order does not guarantee execution of the order. The Stock Broker has the absolute right to reject any order that may be made by the Client if the same prima facie appears to be suspicious in nature and/or involves the breach of the requirement of maintaining the prescribed Margin in the Client account or the bank account.

The Stock Broker shall not be liable for any losses, damages or claims on account of such non-execution or cancellation of any trade.

## **II. Conditions governing transactions in Capital Market**

- A. For change of address or any personal details of the Client, the Client shall send a letter or fax to the Stock Broker duly signed by himself/authorized signatories
- B. All the personal details provided by the client shall be deemed to be true and correct and incase of any dispute same shall be relied upon. The client undertakes not to dispute and keep the Stock Broker indemnified in the event, if any, if the information is found to be incorrect or false. Neither the Stock Broker nor any of the employees shall be liable for erroneous information so provided.
- C. Neither the Stock Broker nor any of the employees shall be liable for erroneous information so provided.
- D. Neither the Stock Broker nor any of its employees/representatives shall be liable for any failure to perform its obligations, to the extent that such performance has been delayed, hindered or prevented by systems failure, network errors, delay or loss of data due to the above and in circumstances of acts of God, floods, epidemics, quarantine, riot or civil commotion and war. Further the Client agrees that he/she/it will not be compensated by the Stock Broker for any "lost opportunity" viz. notional profits due to whatsoever reasons, including but not limited to the reasons mentioned in the General Terms and Conditions.

## **III. Conditions governing transactions in Derivatives (including commodity derivatives)**

### **A. Margin/Collateral**

- i. The Client shall pay the prescribed initial margin in the form of cash and/or in the form of securities (the Margin) with the Stock Broker and the Margin will not be interest bearing. The Stock Broker shall have at its sole discretion, the irrevocable right to set off a part of whole of the Margin i.e. by the way of appropriating of the relevant amount of cash or by sale or transfer of all or some of the Securities which form part of the

Margin, against any dues of the Client in the event of the failure of the Client to meet any of their respective obligations.

- ii. The Client also agrees and is made aware that in case intraday loss is such that margin position goes down, Stock Broker can sell any or all securities/positions lying in his/her/its account without giving notice to the Client as it/he/she is also required to keep track of its/his/her margin position. Stock Broker is entitled to square off/sell the position or shares at any time during the day or thereafter in the account & Client undertakes not to raise any dispute & shall not hold Stock Broker responsible for any loss arising thereof.
- iii. The Stock Broker may at its sole discretion prescribe the payment of Margin in the form of cash instead of or in addition to margin in form of securities. The Client accepts to comply with the Stock Broker's requirement of payment of Margin in the form of cash immediately.
- iv. The Client agrees that any securities/cash placed by him/her/it as margin money may in turn be placed as margin by the Stock Broker with the Exchange or banks or such other institution as the Stock Broker may deem fit. The Client authorizes the Stock Broker to do all such acts, deeds and things as may be necessary and expedient for placing such securities/cash with the Exchanges/Banks/Institutions as margin.
- v. In exercise of the Stock Broker's right to sell securities under the General Terms and Conditions, the Client agrees that the choice of specific securities to be sold shall be solely at the Stock Broker's discretion. Any and all losses and financial charges on account of such liquidation / closing-out shall be charged to and borne by the client.
- vi. The Client agrees and empowers / authorizes the Stock Broker to act at its discretion of merging balances kept under various accounts held with the Stock Broker such as, CM Trading Account, F&O Trading Account, Derivatives/Currency Derivatives Trading Accounts, margin trading account etc., to nullify the debit in any other account of the Client held with the Stock Broker without taking any further instructions from the Client.
- vii. The Stock Broker shall be entitled to require the client to keep permanently with the stock broker, a deposit/collateral/margin of a value specified by the stock broker so long as the client desires to avail of the stock broker's services. If any Commodities are found not to be of Good Delivery at any time after it's deposit with the Stock Broker, the Stock Broker is entitled to reduce the amount attributable to such security in the Client's account and the client shall immediately replace the same, failing which the stock broker is entitled to revise the limits of the Client and/or square-off all or any outstanding position(s) in the Client's account.
- viii. The client hereby gives to the stock broker, an irrevocable and unconditional right to appropriate any collateral or margin, without any prior reference to the client in order to discharge any and all current or future indebtedness or any other obligation (including contingent indebtedness or obligation) that the client may have to or through the Stock Broker and/or Business Associate(s).
- ix. Without prejudice to the provisions of clause viii & ix in case the Constituent does not provide the required collateral/margin within the time frame specified by the Member, the Member shall have the right to:
  - a. Appropriate and/or transfer and/or sell any Commodities or collateral in the Client's Account and/or instruct the Designated Depository Participant to sell and/or transfer all or any Commodities thereof.
  - b. Prevent any new orders from being placed and/or executed by the Constituent; and/or
  - c. Take such other action as the Stock Broker thinks fit and proper.

The Stock Broker may exercise all or any of the above rights in such manner as the it thinks appropriate, without demand for additional margin or collateral, or advance notice or advertisement, on any Exchange or other market where such business can be transacted, at a public auction or by private sale and the Stock Broker and/or any of its Business Associate(s) may be the purchaser/seller for its own account. Any prior demand, call



or notice given in this regard shall not be considered as a waiver of the Stock Broker right to exercise its rights without any such demand, call or notice.

- x. The Stock Broker shall be entitled to debit all costs/expenses incurred by it in relation to or associated with the margins/collaterals of the Client to the Clients account.

#### **B. Dealings**

- i. In the event of the sale of any Securities by the Stock Broker at the request of the Client and the inability of the Stock Broker to deliver to the purchaser the securities so sold by reason of the failure of the Client to supply the same, the Stock Broker therewith then, and in such event, but subject to the provisions of applicable laws, rules and regulations, the Client authorizes the Stock Broker to borrow, purchase or otherwise acquire any Securities necessary to make delivery thereof. Further, the Client accepts liability for any premiums which the Stock Broker may be required to pay, and for any losses, costs, charges, expenses or other liabilities whatsoever which the Stock Broker may sustain or incur by reason of the Stock Broker's inability to deliver the Securities in question.
- i. The Stock Broker shall not be liable for any losses (whether actual or notional) sustained by the Client, directly or indirectly, if it is prevented from acting as a direct or indirect result of government restrictions, Exchange or market rulings, computer, communication, telephone or system failure, power failure, equipment or software malfunction, the imposition of emergency procedures or suspension of trading by any relevant exchange, clearing house or other market, civil disorder, acts or threatened acts of terrorism, natural disasters, war, strikes or other circumstances beyond its control.

#### **C. Mistaken orders**

The Stock Broker shall not be responsible for any order, that is made by the Client by mistake and every order that is entered by the Client through the use of the allotted user name and the security code(s) shall be deemed to be a valid order for which the Client shall be fully responsible.

#### **D. Voice recordings**

- i. The Client hereby acknowledges and agrees to the use of voice recording devices by the Stock Broker of any telephone conversation between the Stock Broker and the Client and any of the Client's authorized persons, employees, officers or agents, without an automatic tone warning device in order to permit the Stock Broker to verify data concerning any matters relating to the purchase and/or sale of Securities.
- ii. The Stock Broker endeavours to record all the conversation between the Stock Broker and the client, however the client understands that certain transactions may not be captured/recorded due to technical defects, certain unforeseen events and non-availability of the said facility in the concerned branch therefore non-availability of any one or all of the voice recording do not render the transactions invalid & same shall be binding on the client

#### **E. Conclusiveness of records**

The Stock Broker's own records of the trade/transaction maintained through computer system or otherwise shall be accepted as conclusive and binding on the Client for all purposes

### **IV. Stock Broker Client Communication**

#### **A. Electronic communication of documents**

The Stock Broker shall send to the Client by electronic means the trade confirmation of the trades executed, bill and account statement. The Client agrees that the Stock Broker fulfils its legal obligation to deliver to the Client any such document if sent via electronic delivery. The Client understands that it is his/her/its responsibility to review, upon first receipt, whether delivered to Client by mail, E-mail (including any auto replies from the system of the Stock Broker) or other electronic means, but not limited to all confirmation statements, notices, bill and other communication or the contract notes via the physical mode, statement of accounts for commodities, trade confirmation(s) of the trade(s) executed, bills, notices, Commodities transaction tax statement(s) & any other communication sent on client's registered Email ID. The e-mail address provided by the client in the KYC and any subsequent updation shall be final and binding on the client. The Client also agrees that the Stock Broker shall not take cognizance of out of-office/out-of-station auto replies and the Client is deemed to have received such electronic mails. The Stock Broker shall send Ledgers, STT Statement and all other statements only on Clients registered E-mail ID. Further, the aforesaid information / communication/documents will be deemed to have been delivered, at the designated location (specified from time to time) where the client logs into the internet site using his/its username and password. The Client accepts the same as a valid delivery of the said information/communication.

Further, the Member and the Client hereby agrees to abide by the amendment required if any, for complying with any Statute, regulation or with the requirements of any competent authority.

**B. Change of Address/Contact Details**

Unless the Client informs the Stock Broker of the change of the address for communication and/or contact details viz. mobile number/landline number in writing all notice, circulars, communication or mail sent to the existing address and/or contact number(s) shall be deemed to have been received by the Client.

**C. Notice/Policies**

Certain policies and/or procedures may be further outlined on the Stock Broker's website and material/literature and frequently asked question (FAQ's) provided to the Client. Through the use of the Stock Broker's website and services the Client agrees to be bound by any and such notices, policies and terms of doing business.

**D. Security Code(s), Security Precaution and Infrastructure**

**i. Use of Client ID /Password**

The Client confirms and agrees that it will be the sole authorized user of the User name, Password, Client User Identification Number, Telephone Personal Identification Number (T-Pin) or other identification or security code by whatever name called, to be given to it by the Stock Broker to access Stock Broker's system or service through Stock Broker's website, over the telephone or in such manner as may be permitted by the Stock Broker for availing of the service. The Client accepts sole responsibility for use, confidentiality and protection of the User name Password, Client User Identification Number, T-Pin or other security code(s) as issued by the Stock Broker to the Client from time to time (hereinafter referred to as 'security codes' as for all orders and information changes entered into the Client's account using such security codes).

**ii. Client's infrastructure**

For the purpose of these Terms, it is presumed that the Client has all the necessary and compatible infrastructure ready at its end for the purpose of accessing the website of the Stock Broker or contacting the phone broking executive of the Stock Broker prior to accessing the service provided pursuant to these terms. The Stock Broker will not (and shall not be under any obligation to) assist the Client in installing the required infrastructure or obtaining the necessary equipment permits and clearance to establish connectivity or linkages to the website of the Stock Broker.

**iii. Prevention of unauthorized use**

The Client will install the necessary safeguards and access restrictions to prevent unauthorized use of Client computer systems or security code and ensure that no unauthorized person can gain access to the computer systems or such security codes.

**iv. Liability for incorrect instructions**

The Client agrees to fully indemnify and hold harmless the Stock Broker for any losses, expenses or other consequences arising from the execution of incorrect/ambiguous or fraudulent instruction that got entered through the system at the Client's end.

**E. Miscellaneous provisions governing the terms**

**i. Limitation of liability**

- a. The Stock Broker does not guarantee and shall not be deemed to have guaranteed, the timeliness, sequence, accuracy, completeness, reliability or content of market information, or message disseminated to the Client. The Stock Broker shall not be liable for any inaccuracy, error or delay in, or omission of, (1) any such data information or message, or (2) the transmission or delivery of any such data, information or message; or any loss or damage arising from or occasioned by:
  - i. Non-performance, or,
  - ii. interruption in any such data information or message, due to either any act or omission by the Stock Broker or to any 'force majeure' event (e.g. flood, extraordinary weather condition, earthquake or other act of God fire, war, insurrection riot labour dispute, accident, action of movement communications, Power failure, shut down of systems for any reason {including on account of computer viruses}, equipment of software malfunction) or any other cause beyond the reasonable control of the Stock Broker.
- b. The Stock Broker shall not be liable for any such inaccuracy, error, statement, or representations committed by any person or other associated third parties engaged by the Stock Broker to promote the services offered by it or on account of associated third party engaged by stock broker for the services offered by it. The Client agrees that he/she/it places no reliance on such persons and will exercise due care and diligence in relying on any statements made by such persons.
- c. The Client agrees that, under no circumstances, including negligence, shall the Member or anyone involved in creating, producing, delivering or managing the Member's services or System be liable, for any direct, indirect, incidental, special, general, remote, actual, notional or consequential loss and/or damages, arising out of the use or inability to use or the availability or non-availability of the services, including but not limited to loss or damage in relation to:
  - i. lost profits, trading losses, loss of opportunity or damages that result from interruption, delay or loss of the use of the Service; inability to trade for whatsoever reason
  - ii. any claim, loss or damage attributable to errors, omissions or other inaccuracies in the content or data on The Member's Web Site or the ORS Service;
  - iii. any unauthorized use, access or alteration or discontinuance of any services; or
  - iv. any other matter relating to the services

**ii. Severability and Amendment**

If any provisions of these Terms are held invalid or enforceable by reason of any law, rule, administrative order or judicial decision by any court, regulatory or self-regulatory agency or body, such invalidity or unenforceability shall attach only to such provision or terms held invalid. The validity of the remaining provisions and terms shall not be affected thereby and these terms shall be carried out as if any such invalid/unenforceable provisions or terms were not

contained herein. Words and expressions which are used this General Terms and Conditions, but which are not defined herein shall, unless the context otherwise requires, have the same meaning as assigned thereto in the Rules, Bye-Laws and Regulations of the exchange(s) and circular issued there from.

This General Terms and Conditions can be altered, amended and /or modified by the parties mutually in writing without derogating from the contents of this General Terms and Conditions.

The Member shall have the right to replace the deleted provision with a legally valid provision that reflects the same purpose as the deleted provision to the greatest extent possible.

iii. **Warranties of client**

The client agrees and understands that the use of the Service by client, resident or situated outside India, may attract international, federal, state and/or local laws and regulations applicable to such Client. It shall be the sole responsibility of such Client, to ensure and comply, at all times with such applicable international, federal, state and/or local laws and regulations. The Client indemnifies the Member, its directors, employees, partners, Business Associates, agents and affiliates from and against any and all losses, claims, liabilities and/or expenses which may arise as a result of any failure by the Client to comply with the provisions of this clause

**F. Credit inquiry**

The Client authorizes the Stock Broker to conduct at any time a credit inquiry or check on the Client for the purpose of ascertaining the financial situation and investment objectives of the Client and the Client shall provide such financial and other information to the Stock Broker as may be required by the Stock Broker from time to time.

**G. Foreign jurisdiction**

This General Terms and Conditions does not constitute an offer to sell or a solicitation of an offer to buy any shares, securities or other instruments to any person in any jurisdiction where it is unlawful to make such an offer or solicitation.

The services covered under this General Terms and Conditions are not intended to be any form of any investment advertisement investment advice or investment information and has not been registered under any securities law of any foreign jurisdiction and is only for the information of any person in any jurisdiction where it may be lawful to offer such a service. Further, any information on [www.dhanistocks.com](http://www.dhanistocks.com) is to be construed as a representation with respect to shares, securities or other investment regarding the legality of an investment therein under the respective applicable investment or similar laws or regulation of any person or entity accessing [www.dhanistocks.com](http://www.dhanistocks.com).

**H. Proprietary Trading**

The Member discloses herewith that it undertake Proprietary trading in addition to Client based trading

**I. Electronic Payment Gateway**

i. The Client understands that issuing an online instruction to transfer fund do not guarantee the credit of the money as the same may be delayed due to time lag in Gateway transfer process, or any other technical or other reasons whatsoever beyond the control of the Stock Broker. The Client undertakes to bear the resultant loss, if any arising out of such eventuality.

ii. **Electronic Payment Gateway for Net banking Service**

The Stock Broker shall endeavor to provide through Electronic Payment Gateway for Net banking, such service as the Stock Broker may decide from time to time. The Stock Broker reserves the right to decide the type of services which may be offered on each account and may differ from Client to Client. These facilities shall be offered in a phased manner at the discretion of the Stock Broker. The Stock Broker may also make additions/deletions to the services offered through Electronic Payment Gateway for Net banking at its sole discretion. The availability/non-availability of a particular service shall be advised through E-mail or web page of the Stock Broker or written communication.

**iii. Password**

The Client understands and agrees that it/he/she must:

- a. Keep the password totally confidential and not reveal the same to any third party.
- b. Choose a password that shall consist of a mix of alphabets, numbers and special characters, which must not relate to any readily accessible personal data such as it/his/her name, address, telephone number, driver license etc. or easily guessable combination of letters and number.
- c. Commit the password to memory and not record them in a written or electronic form, and
- d. Not let any unauthorized person have access to their computer or leave the computer unattended while accessing Electronic Payment Gateway for Net banking.
- e. In case the Client forgets the password for their account with the Stock Broker, it/he/she can request for change of the password. Such replacement shall not be construed/deemed as the commencement of a new contract.

**iv. Transaction Processing**

All the requests for instantaneous transactions will be given effect to instantaneously. In case requests for effecting any transactions are received on weekly offs/holiday/public holidays, with the Stock Broker, the Exchange & bank, they shall be effected on the immediately succeeding working day on the terms and conditions prevailing on that day. The Client shall not hold the Stock Broker or the bank responsible for not processing /effecting any transaction in case the Stock Broker does not receive instruction to this effect even though they have forwarded the same.

**v. Risks**

The Client hereby acknowledges that it/he/she is availing the Payment Instruction Service at it/his/her risk. These risks would include but not limited to the following risks.

**a. Misuse of Password**

The Client acknowledges that if any third person obtains access to their password, such third person would be able to provide Payment Instructions to the Stock Broker. They shall ensure that the terms and conditions applicable to the use of the password as contained in the Electronic Payment Gateway for Net Banking Terms and Conditions are complied with at all times.

**b. Internet frauds**

The Internet per se is susceptible to number of frauds, misuse, hacking and other actions, which could affect Payment Instruction to the Stock Broker. Whilst the Stock Broker shall aim to provide security to prevent the same, there cannot be any guarantee from such Internet frauds, hacking and other actions, which could affect Payment Instructions to the Stock Broker. The Client shall separately evolve/evaluate all risks arising out of the same

**c. Mistake & Errors**

The filling in the applicable data for transfer would require proper, accurate and complete details. For instance, the Client is aware that they would be required to fill in the account number of the Stock Broker to whom the funds are to be transferred. In the event of any inaccuracy in this regard, the funds could be transferred to incorrect accounts and there is no guarantee of recovery thereafter. The Client shall therefore take all care to ensure that there are no mistakes and errors and that the information given by the client to the Stock Broker in this regard is error free, accurate, proper and complete at all points of time. On the other hand in the event of my in this regard is error free, accurate, proper and complete at all points of time. On the other hand in the event of the clients Account receiving an incorrect credit by reason of a mistake committed by some other person, the Stock Broker or the bank shall be entitled to reverse the

incorrect credit at any time whatsoever without the consent of the client. The client shall be liable and responsible to Stock Broker and accede to accept the Stock Broker's instructions without questions for any unfair or unjust gain obtained by me as a result of the same.

**d. Transactions**

The transactions, in respect of transfer of the funds may not fructify, the Stock Broker is merely providing it/him/her services whereby the said funds would be transferred.

**e. Technology Risks**

The technology for enabling the transfer of funds and the other services offered by could be affected by virus or other malicious, destructive or corrupting code, programme or macro. It may also be possible that the site of the Stock Broker or the bank may require maintenance and during such time it may not be possible to process the request of the Clients. This could result in delays in the processing of instructions or failure in the processing of instructions and other such failure and inability. The client understands that the Stock Broker disclaims all and any liability, whether direct or indirect, whether arising out of loss or profit or otherwise arising out of any failure or inability by the Stock Broker to honour any Client instruction for whatsoever reason. The client understands and accepts that the Stock Broker shall not be responsible for any of the aforesaid risk. Client also accepts that the Stock Broker shall disclaim all liability in respect of the said.

**f. Indemnity**

The Client shall indemnify the Stock Broker from and against all losses and damages that may be caused as a consequence of breach of any of the Electronic Payment Gateway for Net banking Terms and Conditions and the terms and conditions mentioned herein above.

**g. Withdrawal of Facility**

The Stock Broker shall be entitled to withdraw this service at any time whatsoever without assigning any reason whatsoever and/or any notice to the Client.

**h. Charges**

The Client hereby agrees to bear the charges as may be stipulated by the Stock Broker from time to time for availing of these services.

**i. Binding nature of above terms and conditions**

The Client agrees that by use of this facility, the Client shall be deemed to have agreed to all the above terms and conditions and such terms and conditions shall be bound on it/him/her in the same manner as if it/he/she has agreed to the same writing.

**j. Disclosure of personal information**

The Client agrees that the Stock Broker or its contractors may hold and process the Client's Personal Information on computer or otherwise in connection with Electronic Payment Gateway for Net banking service as well as for statistical analysis and credit scoring. The Client also agrees that the Stock Broker may disclose, in strict confidence, to other institutions, such Personal Information as may be reasonably necessary for reasons inclusive of, but not limited to, the following:

- i. For participation in any telecommunication or electronic clearing network in compliance with a legal directive.
- ii. For credit rating by recognized credit scoring agencies
- iii. For fraud prevention purposes

**k. Stock Broker's Lien**

The Stock Broker shall have the right of set-off and lien, irrespective of any other lien or charge, present as well future on the deposits held in the Client accounts and stocks whether in single name or joint name(s), to the extent of all outstanding dues, whatsoever, arising as a result of the Electronic Payment Gateway for Net banking service extended to and/or used by them.

**l. Non-transferability**

The grant of facility of Electronic Payment Gateway for Net banking to them is not transferable under any circumstances and shall be used only by the Client.

**m. Termination of electronic payment gateway for the net banking service**

- i. The Client may request for termination of the Electronic Payment Gateway for the Net banking facility any time by giving a written notice of at least 15 days to the Stock Broker. The Client agrees that he/she/it will remain responsible for any transactions made on their Electronic Payment Gateway for Net banking account(s) through Electronic Payment Gateway for Net banking prior to the time of such cancellation of the Electronic Payment Gateway for Net banking service.
- ii. The closure of all the Accounts of the Client will automatically terminate the Electronic Payment Gateway for Net banking service.
- iii. The Stock Broker may suspend or terminate Electronic Payment Gateway for Net banking facilities without prior notice.

**n. Corporate benefits; settlement cycle**

The Client understands that for corporate benefits / actions like Right issue / Open offers etc. where shareholders are required to apply to the company, it is the Client's responsibility to track announcements of such corporate benefit and then apply to the company if Client so desires. Stock Broker shall not be liable for any real or national loss suffered by the Client, if Client fails to apply to such corporate benefits in time for the shares held by the Stock Broker on behalf of the Client. In some cases, Stock Broker at the Client's request may apply on behalf of the Client for a Rights Issue / Open offer for the shares held by Stock Broker on behalf of Client. Stock Broker shall not be liable for any loss / claim whatsoever in case such application is rejected by the Registrar / Company / Manager to the issue for any reason.

**J. Brokerage and Other Charges**

- (i) The Client agrees to pay to the Stock Broker the brokerage charges, Exchange related charges, Statutory levies, for F&O position, Bank Charges for Realization of Cheque/return of Cheque and any other charges whatsoever (including but not limited to security handling charges on settlement) as are prevailing from time to time and as they apply to the Client's account in respect of transactions and services that the Client receives from the Stock Broker. The Stock Broker agrees that it shall not charge brokerage more than the maximum brokerage permissible as per Rules, Regulations and Bye-Laws of the Exchanges/SEBI. The brokerage shall be paid in the manner intimated by the Stock Broker to the Client from time to time, including as a percentage of the value or the trade or as a flat fee or otherwise, together with the service taxes as may be applicable from time to time on the same. The Client further agrees to pay any applicable taxes that may be levied on the transaction.
- (ii) The Client expressly agrees and authorizes the Stock Broker to debit the charges, by whatsoever name called by, levied to his/her/its demat account maintained with Indiabulls Securities Limited (formerly Dhani Stocks Limited) and/or also debit the bank charges for the realization of cheques/return of cheques, if any, to his/her/its account

**K. Investment Advice**

- The Member does not intend to give and the Constituent acknowledges that the Member shall not be liable to provide to the Constituent, any tax, legal or investment advice of any kind, or any advice or opinion with respect to the nature, potential value or suitability of any particular Commodity, trade, transaction, investment or investment strategy. The Constituent understands and agrees that in the event the Constituent receives or accesses any investment research report, any investment or other recommendations or advice from the Member, and / or any Business Associate(s) (or any employees or official of the Member or a Business Associate(s)) or on the Member's Web Site or that of any Business Associate(s), the same is on a no-liability, no guarantee, no solicitation and no obligation basis and any decision, action or omission thereon by the Constituent shall be entirely at the Constituent's risk and should be based solely on the Constituent's own verification of all the relevant facts, financial and circumstantial, a proper evaluation thereof and the Constituent's investment objectives. All investment and disinvestments decisions are based on the Client's own evaluation of financial circumstances and investment objectives. The Member shall not be responsible or liable for the same for any reason whatsoever.
- The Constituent also acknowledges that the Member employees, Business Associate(s) and/or any employee of any Business Associate(s) are not authorized to give any such advice and that the Constituent will not solicit or rely upon any such advice from the Member, a Business Associate(s) and/or any of the Employees of the Member and/or a Business Associate(s). The Constituent agrees that in the event of the Member, any employee or official of the Member, any Business Associate(s) and/ or any employee of any Business Associate(s) providing any information, recommendation or advice to the Constituent, the Constituent may act upon the same, at his sole risk and cost, and the Member shall not be liable or responsible for any loss or damage, whether actual or notional, direct or indirect, suffered by the Constituent for the same. In the event the client relies on the advice and/or any other information available on the website, he/she/it shall be solely responsible for the same.  
The Constituent agrees and undertakes to assume full responsibility for all its investment decisions and trades. The Member, its officers, directors, partners and employees, Business Associate(s), agents and affiliate(s) will have no liability with respect to any investment decisions, trade or losses of the Constituent.

**L. Transactions/Settlement:**

1. The Member shall have the right to retain and / or set-off and adjust any amounts payable to the Constituent against any present or future receivables from the Constituent (whether accrued or contingent) more particularly; the Member shall have the right to:
  - i. set off and adjust all funds, receivables, collateral / margins of the Constituent lying with the Member and / or any amounts payable to the Constituent against all present and future dues and receivables, of and amount payable by the Constituent, across segments and / or Exchanges for the settlement of dues and/or for margin / collateral requirements of the Constituent, without any prior reference to the Constituent.
  - ii. set off and adjust all Commodities of the Constituent lying with the Member or with the Designated Depository Participant across segments and/or Exchange for the settlement of the Constituent's Outstanding Positions in any segment or Exchange, without any prior reference to the Constituent.
  - iii. set-off and adjust all funds, receivables, collateral/margin of the Constituent lying with the Member and / or any amount payable to the Constituent as well as Commodities of the Constituent lying with the Member and / or Designated Depository Participant in relation to a particular Service, against all present and future dues and receivables of, and amounts payable by the Constituent in relation to any other Service or, for the settlement of the Constituent's Outstanding Positions in relation to any other Service, without prior any reference to the Constituent.
  - iv. Set-off all receivables, collateral / margins of the Constituent lying with the Member and / or any amount payable to the Constituent, as well as Commodities of the Constituent lying with the Member and / or the Designated Depository Participant in relation to a particular Service, against



all present and future dues and receivables of and amounts payable by the Constituent to or through the Member in relation to any service (s) not covered by this General Terms and Conditions, that the Member may offer or make available (either itself or through any other Business Associate(s)) to the Constituent, without any prior reference to the Constituent.

- v. Set-off and adjust all monies and/or Commodities owed to or through the Member, by the Constituent, against monies and/or Commodities owed to the Constituent by the Member, without any prior reference to the Constituent. This clause is irrevocable and shall continue to apply until all the obligations and dues of, the Constituent are completely fulfilled and settled to the satisfaction of the Member.

**M. Trading Facilities:** The Constituent acknowledges that the Exchange(s) offer(s) electronic trading facilities, which are computer-based systems for order-routing, execution, matching registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption and/or failure. The Constituent's ability to recover certain losses may be subject to limits on liability imposed by the system provider, the market, the clearing house and/or Member, who may vary such limits. The Constituent understands & acknowledges that Member shall not be liable for any loss(es), cost(s), expense(s), etc., whether actual or notional, direct or indirect, incurred in respect of the above.

**N. Suspension or restriction of trading and pricing relationships:** The Constituent acknowledges that market conditions (e.g., illiquidity) and/or the operation of the rules of commodity markets (e.g. suspensions of trading in any contract or contact month because of price limits of "circuit breakers") may increase the risk of loss due to inability to liquidate/offset positions.

The Constituent acknowledges that all contracts culminating in delivery (which are not squared off and information for giving and taking delivery is given by the Constituents) would be transactions for purchase and sales between the Constituents inter-se and the Constituents would be personally liable to each other though the contract and relationships are governed and regulated by the Bye Laws, Rules and Regulations of the Exchange.

#### **Miscellaneous**

The Client shall from time to time upon the request of the Stock Broker promptly and duly execute and deliver any and all such further instrument and documents that may be required by the Exchanges and/or regulatory authorities or as the Stock Broker may deem desirable for the purpose of obtaining the full benefit of this General Terms and Conditions and of the rights and powers granted under it.