**RISK DISCLOSURE DOCUMENT**

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

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

You must know and appreciate that investment in commodity futures contracts/ derivatives or other instruments traded on the Commodity Exchange(s), which have varying element of risk, is generally not an appropriate avenue for someone of limited resources/ limited investment and/ or trading experience and low risk tolerance. You should, therefore, carefully consider whether such trading is suitable for you in the light of your financial condition. In case, you trade on the Exchange and suffer adverse consequences or loss, you shall be solely responsible for the same and the Exchange, it s Clearing House and/ or Securities and Exchange Board of India (SEBI) 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 The Client shall be solely responsible for the consequences and no contract can be rescinded on that account.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, client registration form, execution of an agreement etc. and are subject to Rules, Byelaws and Business Rules of the Exchange and its Clearing Corporation/Clearing House, guidelines prescribed by SEBI from time to time and circulars as may be issued by the Exchange or its Clearing Corporation/Clearing House 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.**
	1. **Risk of Higher Volatility**
		1. 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.
	2. **Risk of Lower Liquidity**
		1. 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 execute at all.
		2. 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
	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 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.

* 1. **Risk-reducing orders**
		1. 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.
		2. 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.
		3. 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.
		4. 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.
	2. **Risk of News Announcements**
		1. 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.
	3. **Risk of Rumours**
		1. 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
	4. **System Risk**
		1. 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.
		2. 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.
		3. 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.
	5. **System/ Network Congestion**
		1. 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
1. **As far as Futures Commodity Derivatives are concerned, please note and get yourself acquainted with the following additional features:-**

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

1. 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.
2. 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.
3. 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.
4. 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.
5. 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.
6. 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.
7. **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 stock broker

1. **GENERAL**
2. 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 prorated 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.

1. 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.

1. For rights and obligations of the Members/Authorised Persons/ clients, please refer Annexure 3
2. 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.
3. The term ‘member’ shall mean and include a Trading Member or a Broker, who has been admitted as such by the Exchange and got a Unique Member Code from SEBI.

**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/ Securities and Exchange Board of India (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
	1. The member must exercise professional diligence while entering into a financial contract or discharging any obligations under it.
	2. “Professional diligence", means the standard of skill and care that a member would be reasonably expected to exercise towards a client, commensurate with-
		1. Honest market practice
		2. The principle of good faith
		3. The level of knowledge, experience and expertise of the Client
		4. The nature and degree of risk embodied in the financial product\* or financial services being availed by the client
		5. The extent of dependence of the client on the member.

**\*** **Commodity derivative contract**

1. The Authorized person shall provide necessary assistance and co-operate with the member in all its dealings with the client(s).

**CLIENT INFORMATION**

1. 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.
2. 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.
3. 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.
4. **Protection from unfair terms in financial contracts\*\***
5. An unfair term of a non-negotiated contract will be void.
6. A term is unfair if it-
7. a significant imbalance in the rights and obligations of the parties under the financial contract, to the detriment of the client; and
8. is not reasonably necessary to protect the legitimate interests of the member.
9. The factors to be taken into account while determining whether a term is unfair, include
	1. The nature of the financial product or financial service dealt with under the financial contract
	2. The extent of transparency of the term

**\*\*Contracts offered by commodity exchanges**

* 1. The extent to which the term allows a Client to compare it with other financial contracts for similar financial products or financial services and
	2. The financial contract as a whole and the terms of any other contract on which it is dependent.
1. **A term is transparent if it-**
	1. is expressed in reasonably plain language that is likely to be understood by the client;
	2. is legible and presented clearly; and
	3. is readily available to the client affected by the term.
2. 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 en

**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 –

1. 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
2. A standard form contract.
3. “Standard form contract" means a financial contract that is substantially not negotiable for the client, except for the terms contained in point 11 .C.
4. 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-
	1. An overall and substantial assessment the financial contract; and
	2. The substantial circumstances surrounding the financial contract
5. In a claim that a financial contract is a non-negotiated contract, the onus of demons tarting otherwise will be on the Member.

**11.C. a.** The above does not apply to a term of a financial contract if it-

1. Defines the subject matter of the financial contract
2. 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
3. is required, or expressly permitted, under any law of regulations.
4. 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.
5. 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 amy 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**

1. “Personal information” means any information that relates to a Client or allows a client‘s identity to be inferred, directly or indirectly, and includes-
	1. Name and contact information
	2. Biometric information, in case of individuals
	3. Information relating to transactions in, or holdings of, financial products
	4. Information relating to the use of financial services or
	5. such other information as may be specified.

**13.B.a A Member must-**

1. Not collect personal information relating to a client in excess of what is required of the provision of a financial product or financial service;
2. 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;
3. Make best efforts to ensure that any personal information relating to a client that it holds is accurate, up to date and complete;
4. Ensure that clients can obtain reasonable access to their personal information, subject to any exceptions that the regulator may specify and
5. 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.
6. A member may disclose personal information relating to a client to a third party only if
7. It has obtained prior written informed consent of the client for the disclosure, after giving the client and effective opportunity to refuse consent
8. The client has directed the disclosure to be made
9. 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;
10. 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;
11. The disclosure is directly related to the provision of a financial product or ﬁnancial service to the client, if the member-
12. Informs the client in advance that the personal information may be shared with a third party and
13. Makes arrangements to ensure that the party maintains the confidentiality of the personal information in the same manner as required under this part or
14. The disclosure is made to protect against or prevent actual or potential fraud, unauthorized transactions or claims, if the member arranges with the third party to maintain the confidentiality of the personal information in the manner required under this part.-
15. “Third party" means any person other than the concerned member, including a person belonging to the same group as the member.

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

1. Member must ensure fair disclosure of information that is likely to be required by a client to make an informed transactional decision.
2. In order to constitute fair disclosure, the information must be provided-
3. Sufficiently before the client enters into a financial contract, so as to allow the client reasonable time to understand the information
4. in writing and in a manner that is likely to be understood by a client belonging to a particular category and
5. 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.
6. 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-
7. Main characteristics of the financial product or financial service, including its features, benefits and risks to the client
8. Consideration to be paid for the financial product or financial service or the manner in which the consideration is calculated
9. Existence, exclusion or effect of any term in the financial product or financial contract
10. Nature, attributes and rights or the member, including its identity, regulatory status and affiliations
11. contact details of the member and the methods of communication to be used between the member and the client
12. rights of the client to rescind a financial contract within a specified period or
13. Rights of the client under and law or regulations.

**14.B. a**. Member must provide a client that is availing a ﬁnancial product or financial service provide by it, with the following continuing disclosures –

1. 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;
2. 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
3. any other information that may be specified.
4. A continuing disclosure must be made-
5. within a reasonable time-period from the occurrence of any material change or at reasonable periodic intervals, as applicable; and
6. in writing and in a manner that is likely to be understood by a client belonging to that category.

**MARGINS**

1. The client shall pay applicable intial margins, with holding 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.
2. 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**

1. 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.
2. 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.
3. 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.
4. 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).
5. The transactions executed on the Exchange are subject to rules, Byelaws and Business rules and circulars/notices issued there under 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**

1. 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**

1. 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 or 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.
2. 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**

1. The member shall co-operate in redressing grievances of the client in respect of all transactions routed through it.
2. 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.
3. 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 deal on behalf of the said client/member.
4. Requirement for each member to have an effective grievance redress mechanism which is accessible to all its clients
5. 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.
6. 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-
7. The client’s right to seek redress for any complaints; and
8. The processes followed by the member to receive and redress complaints from its clients.
9. 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 clients 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.

1. A member must-
2. Make all efforts to obtain correct and adequate information about the relevant personal circumstances of a client; and
3. Ensure that the advice given is suitable for the client after due consideration of the relevant personal circumstances of the client.
4. 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.
5. If a client intends to avail of a financial product or financial service that the member determines unsuitable for the client, the member-
6. Must clearly communicate its advice to the client in writing and in a manner that is likely to be understood by the client; and
7. 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.
8. Dealing with conﬂict of interest

In case of any conflict between the interests of a client and that of the member, preference much be given to the client interests.

1. A member must-
2. 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
3. Give priority to the interests of the client if the member knows, or reasonably ought to know, of a conflict between-
4. Its own interests and the interests of the client; or
5. The interests of the concerned member and interests of the client, in cases where the member is a financial representative.
6. The information under point 1 6a.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 information should be obtained from the client.
7. In this section, “conflicted remuneration" means any benefit, whether monetary or on-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**

1. 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.
2. 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.
3. . 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.
4. 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.
5. 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.
6. The Member shall make pay out of funds of 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.
7. 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 immediately but not later than 30 calendar days of receipt thereof, to the member. A detailed statement of accounts must be sent every month to all the clients in physical form. The proof of delivery of the same should be preserved by the member.
8. 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.
9. 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.
10. 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.a.** Protection from unfair conduct which includes misleading conduct & abusive conduct

1. Unfair conduct in relation to financial products or ﬁnancial services is prohibited.
2. “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 –
3. Misleading conduct under point 41 .B
4. Abusive conduct under point 41.
5. 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-

1. Providing the Client with inaccurate information or information that the Member or financial representative does not believe to be true; or
2. Providing accurate information to the Client in a manner that is deceptive.
3. In determining whether a conduct is misleading under point 41.B.a, the following factors must be considered to be “determinative factors"-
4. The main characteristics of a financial product or ﬁnancial service, including its features, benefits and risks to the client;
5. The Client's need for a particular financial product or financial service or its suitability for the client;
6. The consideration to be paid for the financial product or financial service or its suitability for the client;
7. The existence, exclusion or effect of any term in a financial contract, which is material term in the context of that financial contract;
8. The nature attributes and rights of the member, including its identity, regulatory status and affiliations and
9. 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 –

1. involves the use of coercion or undue inﬂuence and
2. causes or is likely to cause the client to take a transactional decision that the client would not have taken otherwise.
3. In determining whethera conduct uses coercion or undue influence, the following must be considered-
4. The timing, location, nature or persistence of the conduct;
5. The use of threatening or abousive language or behaviour;
6. 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
7. Any non-contractual barriers imposed by the Member where the client wishes to exercise rights under a financial contract, including-
8. The right to terminate the financial contract;
9. The right to switch to another financial product or another member and
10. A threat to take any action, depending on the circumstances in which the threat is made.

**ELECTRONIC CONTRACT NOTES (ECN)**

1. 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 1). 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.
2. 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.
3. 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.
4. 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 SEBl/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.
5. 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 such physical contract notes.
6. 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.
7. The Electronic Contract Note (ECN) declaration form will be obtained from the Client who opts to receive the contract note in electronic form. This declaration will remain valid till it is revoked by the client.

**LAWAND JURISDICTION**

1. 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
2. The provisions of this document shall always be subject to Government notifications, any rules, guidelines and circulars/notices issued by SEBl 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.
3. The member and the client shall abide by any award passed by the Arbitrator(s) under the Arbitration and Conciliatin Act, 1996. However, there is also a provision of appeal, if either party is not satisfied with the arbitration award.
4. 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.
5. 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.
6. 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.
7. Members are required to send account statement to their clients every month in physical form.

**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.

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**GUIDANCE NOTE - DO's AND DON'Ts FOR THE CLIENTS**

**DO’s**

1. Trade only through Registered Members of the Exchange. Check from the Exchange website at following link www.mcxindia.com, www.ncdex.com, www.nmce.com, www.icexindia.com, to see whether the Member is registered with the Exchange.
2. Insist on filling up a standard ‘Know Your Client (KYC)' form before you commence trading
3. Insist on getting a Unique Client Code (UCC) and ensure all your trades are done under the said UCC.
4. Insist on reading and signing a standard ‘Risk Disclosure Agreement'.
5. Obtain a copy of your KYC, Member-Client Agreement and/ or other documents executed by you with the Member, from the Member.
6. Cross check the genuineness of trades carried out at the Exchange through the trade verification facility available on the Exchange website at the following link www.mcxindia.com, www.ncdex.com, www.nmce.com, www.icexindia.com. The trades can be verified online where trade information is available up to 5 working days from the trade date.
7. Insist on a duly signed Contract Note in specified format for every executed trade within 24 hours of trade, highlighting the details of the trade along with your UCC.
8. Ensure that the Contract Note contains all the relevant information such as Member Registration Number, Order No., Order Date, Order time, Trade No., Trade rate, Quantity, Arbitration Clause, etc.
9. Obtain receipt for collaterals deposited with the Member towards margins.
10. Go through the Rules, Bye-laws, Regulations, Circulars, Directives, Notifications of the Exchange as well as of the Regulators, Government and other authorities and details of Client-Trading Member Agreement to know your rights and duties vis-a-vis those of the Member.
11. Ask all relevant questions and clear your doubts with your Member before transacting.
12. Insist on receiving the bills for every settlement.
13. Insist on Monthly statements of your ledger account and report any discrepancies in the statement to your Member within 7 working days. In case of unsatisfactory response report the discrepancy to the Exchange within 15 working days from the date of cause of action.
14. Scrutinize minutely both the transaction & holding statements that you receive from your Depository Participant.
15. Keep Delivery Instruction Slips (DIS) book issued by DPs in safe possession.
16. Ensure that the DIS numbers are preprinted and your account number (UCC) is mentioned in the DIS book.
17. Freeze your Demat account in case of your absence for longer duration or in case of not using the account frequently.
18. Pay required margins in time and only by Cheque and ask for receipt thereof from the Member.
19. Deliver the commodities in case of sale or pay the money in case of purchase within the time prescribed.
20. Understand and comply with accounting standards for derivatives.
21. Ensure to read, understand and then sign the voluntary clauses, if any, agreed between you and the Member. Note that the clauses as agreed between you and the Member cannot be changed without your consent.
22. Get a clear idea about all brokerage, commissions, fees and other charges levied by the Member on you for trading and the relevant provisions/guidelines speciﬁed by SEBI/Commodity exchanges.
23. Make the payments by account payee cheque in favour of the Member. Ensure that you have a documentary proof of your payment/deposit of commodities with the Member, stating date, commodity, quantity, towards which bank/ demat account such money or commodities (in the form of warehouse receipts) deposited and from which bank/demat account.
24. In case you have given specific authorization for maintaining running account, payout of funds or delivery of commodities (as the case may be), may not be made to you within one working day from the receipt of payout from the Exchange. Thus, the Member shall maintain running account for you subject to the following conditions:
25. Such authorization from you shall be dated, signed by you only and contains the clause that you may revoke the same at any time.
26. You need to bring any dispute arising from the statement of account to the notice of the Member in writing preferably within 7 (seven) working days from the date of receipt of funds/commodities or statement, as the case may be. In case of dispute, refer the matter in writing to the Investors Grievance Cell of the relevant Commodity exchanges without delay.
27. In case you have not opted for maintaining running account and pay-out is not received on the next working day of the receipt of payout from the exchanges, please refer the matter to the Member. In case there is dispute, ensure that you lodge a complaint in writing immediately with the Investors Grievance Cell of the relevant Commodity exchange.
28. Please register your mobile number and email id with the Member, to receive trade confirmation alerts/ details of the transactions through SMS or email, by the end of the trading day, from the stock exchanges.
29. You should familiarize yourself with the protection accorded to the money or other property you may deposit with your member, particularly in the event of a default in the commodity derivatives market or the member becomes insolvent or bankrupt.
30. Please ensure that you have a documentary proof of having made the deposit of such money or property with the member, stating towards which account such money or property deposited.
31. In case your issue/problem/grievance is not being sorted out by concerned Member/Authorised Person then you may take up the matter with the concerned Commodity exchange. If you are not satisfied with the resolution of your complaint then you can escalate the matter to SEBI.

**Don’ts**

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

**NOTICE ON IMPORTANT ISSUES**

We draw your attention to certain important issues relevant to your trading activity through us, you must read, understand and agree to abide by the advice given hereunder in respect to the dealing between us. Kindly sign at the end of this document to signify your understanding and acceptance of the matters notified to you herein.

* Please note that the Commodity Brokers are not permitted to run any schemes giving “Fixed Returns" to the Clients, and accordingly Bonanza Commodity Brokers Private Limited, doesn't operate any scheme giving “Fixed Returns”, and you are therefore advised & cautioned to not to be deceived by any person, offering or requesting you join any such scheme.
* Please note that company does not accept cash for any dealings with our clients, whatsoever and accordingly once again caution, advise & warn you to refrain from making any payment to the Company or any person in representative capacity, in cash. We inform you that any payment made by you should only be made through secure banking channels i.e. valid & crossed negotiable instrument, compliant with the Rules & Regulations or online, through RTGS/NEFT etc in name of Bonanza Commodity Brokers Private Limited only. Further, credit for payments received is given to the Client's Account, only where the payment has been made from the account of the Client mapped with us, for which Bonanza Commodity Brokers Private Limited shall not bear any risk & responsibility, whatsoever.
* We do hereby inform and notify you that unless otherwise specifically agreed by us in writing, our services do not go beyond the scope as mentioned in the documents executed between us, accordingly the role envisaged to be played by Bonanza Commodity Brokers Private Limited is restricted to facilitating, only and only as a Commodity broker, the execution of transactions intended to be executed by you on your own risk and responsibility and as considered suitable by you, taking into consideration, your risk bearing capacity.
* Further you are also informed that none of the employees or agents of Bonanza Commodity Brokers Private Limited is authorized to offer any investment advice, and therefore you are advised to refrain from seeking or place reliance on the advice from any such person. If despite this notice, you choose to seek and rely on any advice, offered by any person, whether related or unrelated to Bonanza Commodity Brokers Private Limited in any manner, you shall be doing so at your own risk and responsibility, and the dealings between you and the person offering the advice shall be absolutely personal between you, and such person, for which Bonanza Commodity Brokers Private Limited will not assume any liability.
* We also reiterate here that the Commodity Market is highly volatile and unpredictable market and it is impossible for anyone to predict the future developments in the marketplace, therefore any one assuring you any returns should not be relied upon by you. Further you are also advised to not to allow or authorize any person to trade on your behalf, in expectation of any assured profit, and must understand that where you authorize or allow any person on your behalf, you would be entering into a “Principle-Agent” relationship with such person and therefore be entirely responsible for his actions, whether resulting into “Loss” or “Profit”.
* Bonanza Commodity Brokers Private Limited also conducts research on various activities of the Commodity Market and whenever considered appropriate, shares the knowledge and opinion derived from such research with its clients and others desirous of receiving such information, however as our client, you must understand that such information is only a general opinion of Bonanza Commodity Brokers Private Limited, which is not designed for, or takes into consideration, the factors specific to your risk bearing capacity an perception. You are therefore advised to rely only on your own judgment while taking any investment and/or trading decisions. The research reports provided by us are only an expression of the opinion of the concerned researchers; it is neither any advice intending to encourage you to undertake any activity nor any offer to sell or a solicitation to buy any securities. As our client you must also read our opinion published on any website or publications, keeping in mind the contents of this notice to you. Further in order to benefit from the research carried out on its behalf, Bonanza Commodity Brokers Private Limited, its directors or its employees may, at their sole discretion may acquire position in the scrips which are the subject matter of such research.

**Delayed Payment Charges**

* The Client shall be liable to penalty and other charges on non-payment of margin money, short selling of commodities, failure of payment of auction, cheque bounce, non-delivery, increase in open position or any orders/trades/deals/actions of the clients which are contrary to this agreement/rules/regulations/bye-laws of the Exchange or any other law for the time being in force as per rules, regulations, guidelines and circulars issued by SEBI and Exchange form time to time. Similarly, in case of non receipt of full payment of value of delivery purchased, margin imposed (intial plus exposure margin plus marked to market loss plus any other margin as imposed) delayed payment charges will be charged at 18% per annum (subject to increase with prior notice of 15 days) calculated on daily basis on shortfall amount and the amount of delayed payment charges shall be debited to the account of the client on fortnightly basis.

The client further agrees that the Member may impose fines/penalties for any orders/trades/deals/actions of the client which are contrary to this agreement /rules/regulations /bye laws of the Exchange or any other law for the time being in force, at such rates and in such form as he may deem fit.

All fines/penalties and charges levied due to acts/deeds or transactions of the client will be recovered by the Member by debiting directly to the trading account of the client.

It is expressly stated that the Member shall not pay any interest whatsoever on the credit balances and/or funds of the client available with the Member unless otherwise explicitly and specifically agreed to.

* You are requested to thoroughly read & understand each and every clause of the below mentioned mandatory points provided in the company website & KYC KIT:

**POLICIES & PROCEDURES**

1. **Refusal of orders for penny / illiquid stock**

The stock broker may from time to time limit (quantity/value) refuse orders in one or more securities due to various reasons including market liquidity, value of security (ies), the order being for securities which are not in the permitted list of the stock broker / exchange(s)/ SEBI. Provided further that stock broker may require compulsory settlement /advance payment of expected settlement value/delivery of securities for settlement prior to acceptance / placement of order (s) as well. The client agrees that the losses, if any, on account of such refusal or due to delay caused by such limits, shall be borne exclusively by the client alone.

The stock broker may require reconfirmation of orders, which are larger than that specified by the stock broker's risk management, and is also aware that the stock broker has the discretion to reject the execution of such orders based on its risk perception.

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

The Stock Broker may from time to time impose and vary limits on the orders that the client can place through the stock broker's trading system (including exposure limits, turnover limits, limits as to the number, value and /or kind of securities in respect of which order can be placed etc.)The client is aware and agrees that the stock broker may need to vary or reduce the limits or impose new limits urgently on the basis of the stock broker's risk perception and other factors considered relevant by the stock broker including but not limited to limits on account of exchange/SEBI directions/limits (such as broker level market level limits in security speciﬁc/volume speciﬁc exposures etc), and the stock broker may be unable to inform the client of such variation, reduction or imposition in advance. The client agrees that the stock broker shall not be responsible for such variation, reduction or imposition or the client's inability to route any order through the stoke broker's trading system on account of any such variation, reduction or imposition of limits. The client further agrees that the stock broker may at any time, at its sole discretion and without prior notice, prohibit or restrict the client inability to place orders or trade in securities through the stock broker, or it may subject any order placed by the client to a review before its entry into the trading systems and may refuse to execute/ allow execution of orders due to but not limited to the reason of lack of margin / securities or the order being outside the limits set by stock broker/ exchange / SEBI and any other reasons which the stock broker may deem appropriate in the circumstances . The client agrees that the losses, if any on account of such refusal or due to delay caused by such review shall be borne exclusively by the client alone.

Ordinarily, the client is not entitled to trade without adequate margin / security and that it shall be his/her /its responsibility to ascertain beforehand the margin/security requirements for his /her/its orders / trades / deals and to ensure that the required margin / security is made available to the stock broker in such form and manner as may be required by the stock broker. if the client's order is executed despite a shortfall in the available margin, the client, shall, whether or not the stock broker intimates such shortfall in the margin to the client, make up the shortfall immediately . The client further agrees that he /she / it shall be responsible for all orders (including any orders that may be executed without the required margin in the client's account) & or any claim/loss /damages arising out of the non availability / shortages of margin / security required by the stock broker & or exchange & / or SEBI.

The stock broker is entitled to vary the form (i.e., the replacement of the margin / security in one form with the margin / security in any other form, say, in the form of money instead of shares) & /or quantum & /or percentage of the margin &/or security required to be deposited /made available, from time to time The margin /security deposited by the client with the stock broker are not eligible for any interest. The stock broker is entitled to include/appropriate any/all payout of funds & / or securities towards margin /security without requiring specific authorizations for each payout. The stock broker is entitled to transfer funds & /or securities form client's account for one exchange & / or one segment of the exchanges to his /her /its accounts for anther exchange & /or another segment of the same exchange whenever applicable and found necessary by the stock broker. The client also agrees and authorises the stock broker to treat I adjust his /her/ its margin /security lying in one exchange & /or one segment of the exchange / towards the margin / security /pay in requirements of another exchange & or another segment of the exchange.

The stock brokers is entitled to disable / freeze the accounts & /or trading facility / any other service facility, if in the opinion of the stock broker, the client has committed a crime /fraud or has acted in contradiction of this agreement or/is likely to evade/ violate any laws, rules, regulations, directions of a lawful authority whether Indian or foreign or if the stock broker so apprehends.

1. **Applicable brokerage rate**

The stock broker is entitled to charge brokerage within the limits prescribed by the regulators which at presents is as under:

1. For case 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. Where the sale / purchase Value of a share is Rs. 10/- or less a maximum brokerage of 25 paise per share may be collected.
2. For Option contracts: brokerage for option contracts shall be charged on the premium amount at which the option contract was bought or sold it is here by further clariﬁed that brokerage on options contracts shall not exceed 2.5% of the premium amount or Rs 100/- (per lot )whichever is higher.

The stock broker shall be entitled to increase the brokerage applicable to the client within the overall limits stipulated by the Regulator after giving the clients ﬁfteen days notice.

1. **Imposition of penalty /delayed payment charges**

The clients shall be liable to penalty and other charges on non-payments of money, short selling of securities or units, failure of payment of auction, cheque bounce, non-delivery of shares, increase in open position or any orders /trades /deals /action of the client which are contrary to this agreement /rules /regulations /bye-laws of the exchanges or any other law for the time being in force as per rules, regulations, guidelines and circulars issued by SEBI and stock exchange from time to time. Similarly, in case of non receipt of full payment of value of delivery purchased, margin imposed (initial plus exposure margin plus marketed to market loss plus any other margin as imposed) delayed payments charges will be charged at 18% per annum (subject to increase with prior of 1 5 days) calculated on daily basis on shortfall amount and the amount of delayed payment charges shall be debited to the account of the client on fortnightly basis.

The client further agrees that the stock broker may impose fines/penalties for any orders / trades / deals / actions of the client which are contrary to the agreement / rules / regulations/ by laws of the exchanges or any other law for the time being in force, at such rates and in such form as it may deem fit

All ﬁnes/penalties and charges levied due to acts/deeds or transactions of the client will be recovered by the stock broker by debiting directly to the trading account of the client.

It is expressly stated that the stock broker shall not pay any interest whatsoever on the credit balances and I or funds of the client available with the stock broker unless otherwise explicitly and speciﬁcally agreed to.

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

The stock broker maintains centralized banking and securities handling processes and related banking and depository accounts at designated place. The client shall ensure timely availability of funds /securities in designated form and manner at designated time and in designated bank and depository account(s) at designated place, for meeting his / her/its pay in obligation of funds and securities. The stock broker shall not be responsible for any claim/loss/damage arising out of non availability /short availability of funds /securities by the client in the designated account(s) of the stock broker for meeting the pay in obligation of either funds or securities. if the client gives orders/trades in the anticipation of the requires securities being available subsequently for pay in through anticipated payout from the exchange or through borrowing or any off market delivery (s) or market delivery (s) and if such anticipated availability does not materialize in actual availability of securities/funds for pay in for any reason whatsoever including but not limited to any delays/shortages at the exchange or stock broker level/non release of margin by the stock broker etc., the losses which may occur to the client as a consequence of such shortages in any manner such as on accounts of auction / square off / closing outs etc., shell be solely to the account of the client and the client agrees not to hold the stock broker responsible for the same in any form or manner whatsoever.

In case the payments of the margin I security is made by the client through a bank instrument, the stock broker shall be at liberty to give the benefit /credit for the same only on the realization of the funds from the said bank instrument etc. at the absolute discretion of the stock broker.

Where the margin /security / is made available by way of securities or any other property, the stock broker is empowered to decline its acceptance as margin / security & / or to accept it at such reduced value as the stock broker may deem ﬁt by applying haircuts or by valuing it by marking it to market or by any other method as the stock broker may deem ﬁt in its absolute discretion.

The stock broker has the right but not the obligation, to cancel all pending orders and to sell /close /liquidate all open positions/ Securities /shares at the pre-deﬁned square off time or when Mark to Market (M to M) percentage reaches or crosses a stipulated margin percentage, whichever is earlier. The stock broker will have sole discretion to decide referred stipulated margin percentage depending upon the market condition. In the event of such square off, the client agrees to bear all the losses based on actual executed prices. In case open position (i.e. short /long) gets converted into delivery day to non square off because of any reason whatsoever, the client agrees to provide securities /funds to fulﬁll the pay in obligation failing which the client will have to face and bear consequent losses, auction or internal close outs, and, the sale of securities at the sole discretion of stock broker in addition to this the client will have to pay penalties and charges levied by exchange in actual and losses, if any. Without prejudice to the foregoing, the client shall also be solely liable for all and any penalties and charges levied by exchanges.

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

1. To withhold any payout of funds / securities.
2. To withhold/disable the trading /dealing facility to the client.
3. To liquidate one or more security(s) of the client by selling the same in such manner and at such rate which the stock broker may deem fit in its absolute discretion. It is agreed and understood by the client that securities hers includes securities which are pending delivery/receipt.
4. To liquidate I square off partially or fully the position of sale and / or purchase in anyone or more securities / contracts in such manner and at such rate which the stock broker may decide in its absolute discretion.
5. To take any other steps which in the given circumstances, the stock broker may deem ﬁt.

The client agrees that the loss(es) if any, on account of anyone or more steps as enumerated here in above being taken by the stock broker, shall be borne exclusively by the client alone and agrees not to question the reasonableness, requirements, timing, manner, form, pricing etc., which are chosen by the stock broker.

1. Shortages in obligation arising out of internal netting trades

Stock broker shall not be obliged to deliver any securities to the client unless and until the same has been received by the stock broker from the exchange, the clearing corporation/clearing house or other entity liable to deliver the securities and the client has fulﬁlled his/ her/its obligations first

The policy and procedure for settlement of shortages in obligations arising out of internal netting of trades is as under:

1. The internal shortage delivery is purchased in internal Shortage Covering A/c on T+2 day which is the delivery day on exchanges (subject to availability of quantity short delivered) or in certain unavoidable circumstances on the T+3 day. The purchase consideration + service charge (0.5% of purchase amount) is debited to short delivering client A/c).
2. If the securities cannot be purchase from market due to any force majeure condition within T+ 4 days then short delivery seller is debited at T+4 day’s closing rate + 10% (of closing rate) and purchaser is credited by the same amount.
3. In case corporate action like split bonus etc. exists in the particular scrip then original short quantity is purchased in internal shortage covering A/c as procedure followed in short delivery case as mentioned above in point “a" and corporate action quantity is sellers account accounts, however in case of non-availability of the security in the market, the procedure as laid down in point “b" above is followed.
4. Condition under which a client may not be allowed to take further position or where stock broker may close the exciting position of client.

These are the following:

* Receipt of a binding order issued by any regulator / authority
* Where taking further position may result in violation of permissible limits
* Where taking further position, in the opinion of stock broker, may be against public policy or any Prescribed law, Rule or Regulation
* Where there is failure on part of the client to meet his obligation
* In the event of stock broker coming to know of client's insolvency, death or becoming of unsound mind
* Where the stock broker in its absolute discretion considers it to be not prudent to increase its exposure towards the client
1. Temporarily suspending or closing a clients account at the request
2. The stock broker can withhold the payouts of client and suspends his trading account due to his surveillance action or judicial or \and regulatory order /action requiring client suspension.
3. The client may request the stock broker to temporarily suspend or close permanently his account, stock broker may do so subject to client accepting / adhering to condition imposed by stock broker including but not limited to settlement of account and /or other obligation.
4. **De – registering a client**

Notwithstanding anything to the contrary stated in the agreement, the stock broker shall be entitled to terminate the agreement with immediate effect in any of the following circumstances:

1. If the action of the client are prima facie illegal / improper or such as to manipulate the price of any securities or disturb the normal /proper functioning of the market, either alone or in conjunction with other.
2. lf there is any commencement of a legal process against the Client under any law in force
3. on the death / lunacy or other disability of the client
4. lf a receiver administrator or liquidator has been appointed or allowed to be appointed of all or any part of the undertaking of the client
5. If the Client has voluntarily or compulsorily become the subject of proceedings under any bankruptcy or insolvency law or being a company, goes into liquidation or has receiver appointed in respect of its assets or refers itself to the Board for Industrial and Financial Reconstruction or under any other law providing protection as a relief undertaking
6. If the client being a partnership ﬁrm, has any steps taken by the Client and /or its partners for dissolution of the partnership
7. If the client have taken or suffered to be taken any action for its reorganization, liquidation or dissolution
8. If the Client has made any material misrepresentation of facts
9. lf 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
10. If the Client suffers any adverse material changes in his /her/its financial position or defaults in any other agreement with the stock broker
11. If the client is in breach of any term, condition or covenant of this agreement
12. lf any covenant or warranty of the Client is incorrect or untrue in any material respect

However notwithstanding any termination of the agreement, all transactions made under /pursuant to this agreement shall be subject to all the terms and condition of this agreement

1. **Other Charges**
2. This is to inform you that the Stock Broker (Bonanza Commodity Brokers Private Limited.) may charge, courier charges / Postage charges / processing charges / documents processing charges if any, for the contract note / bills / statement of accounts / ledgers / statement of funds / securities I margin statement on the request of the client in physical mode, even though the client has already received the same through electronic mode.
3. DP transaction charges arising out of the sale transaction effected by constituents against client's Beneficiary account @ Rs. 8/- per scrip will be debited to their Trading A/c.
4. This is to inform you that the Stock Broker (Bonanza Commodity Brokers Private Limited.) may levy other charges to the extent of Rs. 25/- wherever it may be applicable or it may be deemed to be charged and same can be waived of wherever it may find appropriate, on its discretion.
5. **Treatment of inactive Accounts**
6. Stock Brokers has a right to declare any account as “In-active account" if is found that the account was not operated for a continuous period of more than 2 years (excludes system generated transaction like credit / debit of interest & charges)
7. The Stock Broker on request of client in writing along with fresh KYC information, may convert the “in -active Account" into an operative account
8. The above procedure shall also ‘apply to return of Client assets remaining unclaimed, with the Stock Broker, as mentioned in “b” above.
9. **Proprietary Trading**

The Stock Broker (Bonanza Commodity Brokers Private Limited.) hereby informs and declares to the Client that, in addition to the Client level trading, the Stock Broker, undertakes proprietary Trading.

1. **Mode of Payment-to and from the clients**
2. Stock Broker doesn't deal with its Client vis-a-vis their trading by way of cash, accordingly all payment are made or received by them only through banking channels. Further the Client must make payment to the Stock Broker from his designated (as mentioned in the KYC) bank account only.
3. Stock Broker does not deal with its client vis-a-vis their trading by way of third party cheques. Accordingly, if any payment is made otherwise, then it is not credited to the client account and is held in suspense account.