**RIGHTS & OBLIGATIONS OF STOCK BROKERS, SUB-BROKERS & CLIENTS**

**As prescribed by SEBI and Stock Exchanges**

1. The client shall invest/trade in those securities/contracts/other instruments admitted to dealings on the Exchanges as deﬁned in the Rules, Byelaws and Regulations of Exchanges/ Securities and Exchange Board of India (SEBI) and circulars/notices issued there under from time to time.
2. The stock broker, sub-broker and the client shall be bound by all the Rules, Byelaws and Regulations of the Exchange and circulars/notices issued there under and Rules and

Regulations of SEBI and relevant notifications of Government authorities as may be in force from time to time.

1. 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.
2. 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.
3. 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.
4. The sub-broker shall provide necessary assistance and co-operate with the stock broker 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 stock broker in

"Account Opening Form" with supporting details, made mandatory by stock exchanges/SEBI from time to time.

1. 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.
2. 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.
3. 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**

1. The client shall pay applicable initial margins, withholding margins, special margins or such other margins as are considered necessary by the stock broker or the Exchange or as may be directed by SEBI from time to time as applicable to the segment(s) in which the client trades. The stock broker is permitted in its sole and absolute discretion to collect additional margins (even though not required by the Exchange, Clearing Corporation 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 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.
2. 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.
3. 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.
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, stock broker 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

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

**BROKERAGE**

1. 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**

1. 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.
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 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.
3. 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**

1. The stock broker shall provide the client with the relevant contact details of the concerned Exchanges and SEBI.
2. 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.
3. 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.
4. The stock broker shall ensure faster settlement of any arbitration proceedings arising out of the transactions entered into between him vis-a-vis the client and he shall be liable to implement the arbitration awards made in such proceedings.
5. 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**

1. 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.
2. 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
3. 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**

1. 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.
2. 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.
3. 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.
4. The stock broker shall make pay out of funds or delivery of securities, as the case may be, to the Client within one working day of receipt of the payout from the relevant Exchange where the trade is executed unless otherwise speciﬁed by the client and subject to such terms and conditions as may be prescribed by the relevant Exchange from time to time where the trade is executed.
5. 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.
6. 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.
7. 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)**

1. 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.
2. The stock broker shall ensure that all ECNs sent through the e-mail shall be digitally signed, encrypted, non-tamper able and in compliance with the provisions of the IT Act, 2000. In case, ECN is sent through e-mail as an attachment, the attached file shall also be secured with the digital signature, encrypted and non-tamperable.
3. 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.
4. The stock broker shall retain ECN and acknowledgement of the e-mail in a soft and non-tamper able 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.
5. 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 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.

**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 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.
3. 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.
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.

**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 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. lf 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. **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 I 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. **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. 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. **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. **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. 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.
    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.
    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. **Risk of News Announcements:**

News announcements that may impact the price of stock I 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. **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. **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. 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
    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. **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.

1. **AS FAR AS DERIVATIVESSEGMENTS ARE CONCERNED, PLEASE NOTE AND GET YOURSEL ACQUAINTED WITH THE FOLLOWING ADDITIONAL FEATURES:-**
   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 our whole margin amount in a relatively short period of time. Moreover, the loss may exceed the original margin amount.

1. 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.
2. 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.
3. 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.
4. 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.
5. 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.
   1. **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. **Risk of Option holders:**
6. 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.
7. The Exchanges may impose exercise restrictions and have absolute authority to restrict the exercise of options at certain times in speciﬁed circumstances.
   1. **Risk of Option Writers:**
8. If the price movement of the underlying is not in the anticipated direction, the option writer runs the risks of losing substantial amount.
9. 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.
10. 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.
11. **TRADING THROUGH WIRELESS TECHNOLOGYISMART 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.

1. **GENERAL**
   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.
   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.

**GUIDANCE NOTE - DO's AND DON'Ts FOR TRADING ON THE EXCHANGE(S) FOR INVESTORS**

**BEFORE YOU BEGIN TO TRADE**

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

**TRANSACTIONS AND SETTLEMENTS**

1. The stock broker may issue electronic contract notes (ECN) if specifically authorized by you in writing. You should provide your email id to the stock broker for the same. Don't opt for ECN if you are not familiar with computers.
2. Don't share your internet trading account's password with anyone.
3. Don't make any payment in cash to the stock broker.
4. Make the payments by account payee cheque in favour of the stock broker. Don't issue cheques in the name of sub-broker. Ensure that you have a documentary proof of your payment/deposit of securities with the stock broker, stating date, scrip, quantity, towards which bank/ demat account such money or securities deposited and from which bank/ demat account.
5. Note that facility of Trade veriﬁcation is available on stock exchanges‘websites, where details of trade as mentioned in the contract note may be veriﬁed. Where trade details on the website do not tally with the details mentioned in the contract note, immediately get in touch with the investors Grievance Cell of the relevant Stock exchange.
6. In case you have given speciﬁc authorization, payout of funds or delivery of securities as the case may be, may not be made to you within one working day from the receipt of payout from the Exchange. Thus the stock broker may maintain a running account for you subject to the following conditions:
7. Such authorization from you shall be dated, signed by you only and contains the clause that you may revoke the same at any time.
8. The actual settlement of funds and securities shall be done by the stock broker, at least once in a calendar quarter or month, depending on your preference. While settling the account, the stock broker shall send to you a ‘statement of accounts’ containing an extract from the client ledger for funds and an extract from the register of securities displaying all the receipts/deliveries of funds and securities. The statement shall also explain the retention of funds and securities and the details of the pledged shares, if any.
9. On the date of settlement, the stock broker may retain the requisite securities/funds towards outstanding obligations and may also retain the funds expected to be required to meet derivatives margin obligations for next 5 trading days, calculated in the manner speciﬁed by the exchanges. In respect of cash market transactions, the stock broker may retain entire pay-in obligation of funds and securities due from clients as on date of settlement and for next day's business, he may retain funds/securities/margin to the extent of value of transactions executed on the day of such settlement in the cash market.
10. You need to bring any dispute arising from the statement of account or settlement so made to the notice of the stock broker in writing preferably within 7 (seven) working days from the date of receipt of funds/securities or statement, as the case may be. In case of dispute, refer the matter in writing to the Investors Grievance Cell of the relevant Stock exchanges without delay.
11. In case you have not opted for maintaining running account and pay-out of funds/securities is not received on the next working day of the receipt of payout from the exchanges, please refer the matter to the stock broker. In case there is dispute, ensure that you lodge a complaint in writing immediately with the investors Grievance Cell of the relevant Stock exchange.
12. Please register your mobile number and email id with the stock broker, to receive trade confirmation alerts/ details of the transactions through SMS or email, by the end of the trading day, from the stock exchanges.

**IN CASE OF TERMINATION OF TRADING MEMBERSHIP**

1. In case, a stock broker surrenders his membership, is expelled from membership or declared a defaulter; Stock exchanges gives a public notice inviting claims relating to only the "transactions executed on the trading system" of Stock exchange, from the investors. Ensure that you lodge a claim with the relevant Stock exchanges within the stipulated period and with the supporting documents.
2. Familiarize yourself with the protection accorded to the money and/or securities you may deposit with your stock broker, particularly in the event of a default or the stock broker‘s insolvency or bankruptcy and the extent to which you may recover such money and/or securities may be governed by the Bye-laws and Regulations of the relevant Stock exchange where the trade was executed and the scheme of the Investors Protection Fund in force from time to time.

**DISPUTES/COMPLAINTS**

1. Please note that the details of the arbitration proceedings, penal action against the brokers and investor complaints against the stock brokers are displayed on the website of the relevant Stock exchange.
2. In case your issue/problem/grievance is not being sorted out by concerned stock broker/sub-broker then you may take up the matter with the concerned Stock exchange. If you are not satisﬁed with the resolution of your complaint then you can escalate the matter to SEBI.
3. Note that all the stock broker/sub-brokers have been mandated by SEBI to designate an e-mail ID of the grievance redressal division/compliance officer exclusively for the purpose of registering complaints.

**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**

1. 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.
2. 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**

1. 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*”
2. 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.
3. 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**

1. 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**

1. 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.
2. 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**

1. 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.
2. The Beneficial Owner reserves the right to give standing instructions with regard to the crediting of securities in his demat account and the DP shall act according to such instructions.

**Statement of account**

1. 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.
2. 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.
3. 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.
4. 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**

1. 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.
2. 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**

1. 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.
2. 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**

1. As per Section 16 of Depositories Act, 1996,
   1. Without prejudice to the provisions of any other law for the time being in force, any loss caused to the beneficial owner due to the negligence of the depository or the participant, the depository shall indemnify such beneficial owner.
   2. Where the loss due to the negligence of the participant under Clause (1) above, is indemnified by the depository, the depository shall have the right to recover the same from such participant.

**Freezing/ Defreezing of accounts**

1. 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.
2. 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**

1. 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**

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

**Law and Jurisdiction**

1. 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.
2. 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.
3. 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.
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 meanings as assigned thereto in the Rules, Bye-laws and Regulations and circulars/notices issued there under by the depository and /or SEBI
5. 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.
6. 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.

**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 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 client 15 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 15 days Notice in writing) 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 acceptable form of collateral, 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 beyond the control of trading member), the client agrees to provide securities /funds to fulﬁll the payin 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 exchange(s).

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. **Treatment of inactive Accounts**
5. 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)
6. The Stock Broker on request of client in writing along with fresh KYC information, may convert the “in -active Account" into an operative account
7. The above procedure shall also ‘apply to return of Client assets remaining unclaimed, with the Stock Broker, as mentioned in “b” above.
8. **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.

**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 Stock Brokers are not permitted to run any schemes giving “Fixed Returns" to the Clients, and accordingly Bonanza Portfolio 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, advice & 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 Portfolio 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, which Bonanza Portfolio 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 Portfolio Limited is restricted to facilitating, only and only as a stock - 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 employee or agent of Bonanza Portfolio 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 Portfolio 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 Portfolio Limited will not assume any liability.
* We also reiterate here that the Stock 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 Portfolio Limited also conducts research on various activities of the Stock 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 Portfolio Limited, which is not designed for, or takes into consideration, the factors specific to your risk bearing capacity and 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 Portfolio 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.

**Arbitration laws as per Rules and Regulation of Exchanges**

I/We hereby accord my/our consent to an Arbitration Agreement/Clause by virtue of which I/ We shall refer all my/our claims, differences or disputes between us which might have arise out of my/our trading, deposits, margin money, etc in relation to my/our dealings in contracts and transactions which have been made subject to the Bye-Laws, Rules and Regulations of the Exchange or with reference to anything incidental thereto or in pursuance thereof or relating to their validity, construction, interpretation, fulfillment or the rights, obligations and liabilities of the parties thereto and including any question of whether such dealings, transactions and contracts have entered into, to the arbitration in accordance with the provisions of those Bye laws, Rules and Regulations of the Exchanges.

**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:

**RIGHTS & OBLIGATIONS OF STOCK BROKERS & CLIENTS FOR MARGIN**

**TRADING FACILITY (MTF)**

**CLIENT RIGHTS**

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

**CLIENT OBLIGATIONS**

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

**STOCK BROKER RIGHTS**

1. Stock Broker and client may agree between themselves the terms and condition including commercial terms if any before commencement of MTF.
2. Stock broker may set up its own risk management policy that will be applicable to the transactions done under the Margin Trading Facility. Stock broker may make amendments there to at any time but give effect to such policy after the amendments are duly communicated to the clients registered under the Margin Trading Facility.
3. The broker has a right to retain and/or pledge the securities provided as collateral or the securities bought by the client under the Margin Trading Facility.
4. The broker may liquidate the securities if the client fails to meet the margin call made by the broker as mutually agreed of liquidation terms but not exceeding 5 working days from the day of margin call.

**STOCK BROKER OBLIGATIONS**

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

**TERMINATION OF RELATIONSHIP**

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