

## Concunsmart Shares and Member Private Limited (Member / Clearing Member)

# CLIENT HANDBOOK

SEBI Registration - INZ000205429 CDSL : IN-DP-564-2021 DP ID: 12091400			
Segment	NSE	BSE	MCX
Cash	90148	6730	-
Future Options	90148	-	-
Commodity	90148	-	56900

### Contents:

1. Rights and Obligations of Member, Authorised Person and Clients
2. Internet & Wireless technology based trading facility provided by Members to client
3. Risk Disclosure Document for Capital Market And Derivatives Segments
4. Guidance Note - Do's And Don'ts for Trading and DP for Investors
5. Rights and Obligations of Beneficial Owner and Depository Participant.
6. Policies and Procedures
7. Risk Disclosure Document for Commodity

**Registered Office :** G 405, Arabiana Casa Rio, Beside Pawar Public School, Nilje, Dombivali (E) - 421 204

**Corporate Office :** C4, Kantilal Maganlal Estate, Silk Mills Compound, LBS Road, Bhandup (W),  
Mumbai - 400078

**Office Tel. :** 022 - 62921600 **Website :** [www.concunsmart.com](http://www.concunsmart.com)

Compliance Officer Name : **Mr. Srinivas Yemula**

Telephone : 022-62921600

Email ID : [compliance@concunsmart.com](mailto:compliance@concunsmart.com)

Designated Director Name : **Mr. Prashant Anage**

Telephone : 022-62921600

Email ID : [prashant@concunsmart.com](mailto:prashant@concunsmart.com)

For any grievance/disputes please contact Concunsmart Shares and Member Private Limited at the above addresses or Email IDs – [grievances@concunsmart.com](mailto:grievances@concunsmart.com)

In case not satisfied with the response, please contact the concerned Exchange:

Sr. No.	Exchange	Email ID	Phone No.
1.	Securities Exchange Board of India	<a href="mailto:sebi@sebi.gov.in">sebi@sebi.gov.in</a>	022 - 4045 9950
2.	National Stock Exchange of India Limited	<a href="mailto:ignse@nse.co.in">ignse@nse.co.in</a>	022 - 2659 8190
3.	BSE Limited	<a href="mailto:is@bseindia.com">is@bseindia.com</a>	022 - 2272 8097
4.	MCX	<a href="mailto:ir@mcxindia.com">ir@mcxindia.com</a>	022 - 6649 4151
5.	CDSL	<a href="mailto:compliant@cdslindia.com">compliant@cdslindia.com</a>	022 - 2302 3333/ 180022 5533



**RIGHTS AND OBLIGATIONS OF MemberS, AUTHORISED PERSONS AND CLIENTS  
as prescribed by SEBI and Exchanges**

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

\*Commodity derivative contract

7. The Authorised Person shall provide necessary assistance and co-operate with the Member in all its dealings with the client(s).

**CLIENT INFORMATION**

8. The client shall furnish all such details in full as are required by the Member in "Account Opening Form" with supporting details, made mandatory by the exchanges/SEBI from time to time.

9. The client shall familiarize himself with all the mandatory provisions in the Account Opening documents. Any additional clauses or documents specified by the Member shall be non-mandatory, therefore as per terms & conditions accepted by the client.
10. The client shall immediately notify the Member in writing if there is any change in the information in the 'account opening form' as provided at the time of account opening and thereafter; including the information on winding up petition/insolvency petition or any litigation which may have material bearing on his capacity. The client shall provide/update the financial information to the Member on a periodic basis.

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

- a. An unfair term of a non-negotiated contract will be void.
- b. A term is unfair if it–
  - i. causes a significant imbalance in the rights and obligations of the parties under the financial contract, to the detriment of the Client; and
  - ii. is not reasonably necessary to protect the legitimate interests of the Member.
- c. The factors to be taken into account while determining whether a term is unfair, include–
  - i. the nature of the financial product or financial service dealt with under the financial contract;
  - ii. the extent of transparency of the term;

\*\*contracts offered by commodity exchanges

- ii. the extent to which the term allows a Client to compare it with other financial contracts for similar financial products or financial services; and
- iv. the financial contract as a whole and the terms of any other contract on which it is dependent.
- d. A term is transparent if it–
  - i. is expressed in reasonably plain language that is likely to be understood by the Client;
  - ii. is legible and presented clearly; and
  - iii. is readily available to the Client affected by the term.
- e. If a term of a financial contract is determined to be unfair under point 11.A.c, the parties will continue to be bound by the remaining terms of the financial contract to the extent that the financial contract is capable of enforcement without the unfair term.

**11.B.**

- a. “Non-negotiated contract” means a contract whose terms, other than the terms contained in point 11.C. (given below) are not negotiated between the parties to the financial contract and includes–
  - i. a financial contract in which, relative to the Client, the Member has a

substantially greater bargaining power in determining terms of the financial contract; and

ii. a standard form contract.

b. “Standard form contract” means a financial contract that is substantially not negotiable for the Client, except for the terms contained in point 11.C.

c. Even if some terms of a financial contract are negotiated in form, the financial contract may be regarded as a non-negotiated contract if so indicated by–

i. an overall and substantial assessment of the financial contract; and

ii. the substantial circumstances surrounding the financial contract

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

### **11.C.**

a. The above does not apply to a term of a financial contract if it–

i. defines the subject matter of the financial contract;

ii. sets the price that is paid, or payable, for the provision of the financial product or financial service under the financial contract and has been clearly disclosed to the Client; or

iii. is required, or expressly permitted, under any law or regulations.

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

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

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

a. “Personal information” means any information that relates to a Client or allows a Client’s identity to be inferred, directly or indirectly, and includes–

i. name and contact information;

ii. biometric information, in case of individuals

iii. information relating to transactions in, or holdings of, financial products

iv. information relating to the use of financial services; or

v. such other information as may be specified.

### **13.B.**

a. A Member must–

i. not collect personal information relating to a Client in excess of what is required for the provision of a financial product or financial service;

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

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

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

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

#### **14. B.**

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

## **MARGINS**

15. The client shall pay applicable initial margins, withholding margins, special margins or such other margins as are considered necessary by the Member or the Exchange or as may be directed by SEBI from time to time as applicable to the segment(s) in which the client trades. The Member is permitted in its sole and absolute discretion to collect additional margins (even though not required by the Exchange or SEBI) and the client shall be obliged to pay such margins within the stipulated time.
16. The client understands that payment of margins by the client does not necessarily imply complete satisfaction of all dues. In spite of consistently having paid margins, the client may, on the settlement of its trade, be obliged to pay (or entitled to receive) such further sums as the contract may dictate/require.

## **TRANSACTIONS AND SETTLEMENTS**

17. The client shall give any order for buy or sell of commodities derivatives contract in writing or in such form or manner, as may be mutually agreed between the client and the Member however ensuring the regulatory requirements in this regard are complied with. The Member shall ensure to place orders and execute the trades of the client, only in the Unique Client Code assigned to that client.
18. The Member shall inform the client and keep him apprised about trading/settlement cycles, delivery/payment schedules, any changes therein from time to time, and it shall be the responsibility in turn of the client to comply with such schedules/procedures of the relevant commodity exchange where the trade is executed.
19. The Member shall ensure that the money/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 Member 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, Byelaws, circulars and notices of Exchange.
20. Where the Exchange(s) cancels trade(s) suo moto all such trades including the trade/s done on behalf of the client shall ipso facto stand cancelled, Member shall be entitled to cancel the respective contract(s) with client(s).
21. The transactions executed on the Exchange are subject to Rules, Byelaws and Regulations and circulars/notices issued there under of the Exchanges where the trade is executed and all pears to such trade shall have submitted to the jurisdiction of such court as may be specified by the Byelaws and Regulations of the Exchanges where the trade is executed for the purpose of giving effect to the provisions of the Rules, Byelaws and Regulations of the Exchanges and the circulars/notices issued there under.

## **BROKERAGE**

22. The Client shall pay to the Member brokerage and statutory levies as are prevailing from time to time and as they apply to the Client's account, transactions and to the services that Member renders to the Client. The Member

shall not charge brokerage more than the maximum brokerage permissible as per the rules, regulations and bye-laws of the relevant stock exchanges and/or rules and regulations of SEBI.

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

23. Without prejudice to the Member's other rights (including the right to refer a matter to arbitration), the client understands that the Member shall be entitled to liquidate/close out all or any of the client's positions for non-payment of margins or other amounts, outstanding debts, etc. and adjust the proceeds of such liquidation/close out, if any, against the client's liabilities/Obligations. Any and all losses and financial charges on account of such liquidation/closing-out shall be charged to and borne by the client.
24. In the event of death or insolvency of the client or his/its otherwise becoming incapable of receiving and paying for or delivering or transferring securities 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/securities in favor of a Nominee shall be valid discharge by the Member against the legal heir.
25. The Member 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 Member to the relevant Exchange(s).

## **DISPUTE RESOLUTION**

26. The Member shall provide the client with the relevant contact details of the concerned Exchanges and SEBI.
27. The Member 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.
28. 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 Regulations of the Exchanges where the trade is executed and circulars/notices issued there under as may be in force from time to time.
30. The Member shall ensure faster settlement of any arbitration proceedings arising out of the transactions entered into between him vis-à-vis the client and he shall be liable to implement the arbitration awards made in such proceedings.
31. 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.

32. Requirement for each Member to have an effective grievance redress mechanism which is accessible to all its Clients

- a. A Member must have in place an effective mechanism to receive and redress complaints from its Clients in relation to financial products or financial services provided by it, or on its behalf, in a prompt and fair manner.
- b. A Member must inform a Client, at the commencement of relationship with the Client and at such other time when the information is likely to be required by the Client, of—
  - i. the Client's right to seek redress for any complaints; and
  - ii. the processes followed by the Member to receive and redress complaints from its Clients.

33. A. Suitability of advice for the Client

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

- a. A Member must—
  - i. make all efforts to obtain correct and adequate information about the relevant personal circumstances of a Client; and
  - ii. ensure that the advice given is suitable for the Client after due consideration of the relevant personal circumstances of the Client.
- b. If it is reasonably apparent to the Member that the available information regarding the relevant personal circumstances of a Client is incomplete or inaccurate, the Member must warn the Client of the consequences of proceeding on the basis of incomplete or inaccurate information.
- c. If a Client intends to avail of a financial product or financial service that the Member determines unsuitable for the Client, the Member—
  - i. must clearly communicate its advice to the Client in writing and in a manner that is likely to be understood by the Client; and
  - ii. may provide the financial product or financial service requested by the Client only after complying with point 29.A.a and obtaining a written acknowledgement from the Client.

34. Dealing with conflict of interest

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

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

- ii. give priority to the interests of the Client if the Member knows, or reasonably ought to know, of a conflict between –
  - 1. its own interests and the interests of the Client; or
  - 2. the interests of the concerned Member and interests of the Client, in cases where the Member is a financial representative.
- b. The information under point 16a.i. must be given to the Client in writing and in a manner that is likely to be understood by the Client and a written acknowledgement of the receipt of the information should be obtained from the Client.
- c. In this section, “conflicted remuneration” means any benefit, whether monetary or non-monetary, derived by a Member from persons other than Clients that could, under the circumstances, reasonably be expected to influence the advice given by the Member to a Client.

## **TERMINATION OF RELATIONSHIP**

- 35. This relationship between the Member and the client shall be terminated; if the Member for any reason ceases to be a member of the stock exchange including cessation of membership by reason of the Member’s default, death, resignation or expulsion or if the certificate is cancelled by the Board.
- 36. 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.
- 37. In the event of demise/insolvency of the Authorized Person or the cancellation of his/its registration with the Board or/withdrawal of recognition of the Authorized Person by the commodity exchange and/or termination of the agreement with the Authorized Person by the Member, for any reason whatsoever, the client shall be informed of such termination and the client shall be deemed to be the direct client of the Member and all clauses in the ‘Rights and Obligations’ document(s) governing the Member, Authorized Person and client shall continue to be in force as it is, unless the client intimates to the Member his/its intention to terminate their relationship by giving a notice in writing of not less than one month.

## **ADDITIONAL RIGHTS AND OBLIGATIONS**

- 38. The Member and client shall reconcile and settle their accounts from me to me as per the Rules, Regulations, Bye Laws, Circulars, Notices and Guidelines issued by SEBI and the relevant Exchanges where the trade is executed.
- 39. The Member 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

me, 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 one working day of the execution of the trades in hard copy and/or in electronic form using digital signature.

40. The Member 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 the time where the trade is executed.
41. The Member 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 the time where the trade was executed, from the receipt thereof to the Member.
42. The Member 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, etc.
43. 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.
44. 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.
45. A. Protection from unfair conduct which includes misleading conduct & abusive conduct
  - a. Unfair conduct in relation to financial products or financial services is prohibited.
  - b. "Unfair conduct" means an act or omission by a Member or its financial representative that significantly impairs, or is likely to significantly impair, the ability of a Client to make an informed transactional decision and includes –
    - i. misleading conduct under point 41.B
    - ii. abusive conduct under point 41.C
    - iii. such other conduct as may be specified.

#### **45. B.**

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

#### **45. C.**

- a. A conduct of a Member or its financial representative in relation to a financial product or financial service is abusive if it –
  - i. involves the use of coercion or undue influence; and
  - ii. causes or is likely to cause the Client to take a transactional decision that the Client would not have taken otherwise.
- b. In determining whether a conduct uses coercion or undue influence, the following must be considered –
  - i. the timing, location, nature or persistence of the conduct;
  - ii. the use of threatening or abusive language or behavior;
  - iii. the exploitation of any particular misfortune or circumstance of the Client, of which the Member is aware, to influence the Client’s decision with regard to a financial product or financial service;
  - iv. any non-contractual barriers imposed by the Member where the Client wishes to exercise rights under a financial contract, including –
    - v. the right to terminate the financial contract;
    - vi. the right to switch to another financial product or another Member and

- vii. a threat to take any action, depending on the circumstances in which the threat is made.

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

46. In case, client opts to receive the contract note in electronic form, he shall provide an appropriate e-mail id to the Member. 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.
47. The Member 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.
48. 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.
49. The Member shall retain ECN and acknowledgement of the e-mail in a so and non-tamperable form in the manner prescribed by the exchange in compliance with the provisions of the IT Act, 2000 and as per the extant rules/regulations/circulars/guidelines issued by SEBI/Stock Exchanges from me to me. The proof of delivery i.e., log report generated by the system at theme of sending the contract notes shall be maintained by the Member 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 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 regulations of SEBI/stock exchanges.
50. 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 had been rejected (bouncing of mails) by the e-mail ID of the Client, the Member shall send a physical contract note to the client within the stipulated time under the extant Regulations/ Rules, Bye-Laws, Business Rules and Circulars of SEBI/ Commodity exchanges and maintain the proof of dispatch and delivery of such physical contract notes.
51. 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.
52. The Electronic Contract Note (ECN) declaration form obtained from the client who opts to receive the contract note in electronic form. This declaration will remain valid till it is revoked by the client.

## **LAW AND JURISDICTION**

53. 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 Regulations of the Exchanges in which the client chooses to trade and circulars/notices issued thereunder or Rules and Regulations of SEBI.
54. The provisions of this document shall always be subject to Government notifications, any rules, regulations, guidelines and circulars/notices issued by SEBI and Rules, Regulations and Bye laws of the relevant stock exchanges, where the trade is executed, that may be in force from time to time.
55. 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 within the stock exchanges, if either party is not satisfied with the arbitration award.
56. Words and expressions which are used in this document but which are not defined herein shall, unless the context otherwise requires, have the same meaning as assigned thereto in the Rules, Byelaws and Regulations and circulars/notices issued thereunder of the Exchanges/SEBI.
57. All additional voluntary clauses/document added by the Member should not be in contravention with rules/regulations/notices/circulars of Exchanges/SEBI. Any changes in such voluntary clauses/document(s) need to be preceded by a notice of 15 days. Any changes in the rights and Obligations which are specified by Exchanges/SEBI shall also be brought to the notice of the clients.
58. 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.
59. Members are required to send account statement to their clients every month.

***Italic and Underlined is only for commodity***

**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 securities/commodities trading through the use of wireless technology that shall include the use of devices such as mobile phone, laptop with data card, etc. which use Internet Protocol (IP). The Member shall comply with all requirements applicable to internet based trading/securities/commodities trading using wireless technology as may be specified by SEBI & the Exchanges from time to time.
2. The client is desirous of investing/trading in securities and for this purpose, the client is desirous of using either the internet based trading facility or the facility for securities/commodities trading through use of wireless technology. The 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 website 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 securities/commodities trading through wireless technology/internet/smart order routing or any other technology should be brought to the notice of the client by the 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/securities/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/securities/commodities trading through wireless technology and Client shall be fully liable and responsible for any and all acts done in the Client's Username/password in any manner whatsoever.
8. The 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.

## RISK DISCLOSURE DOCUMENT FOR CAPITAL MARKET AND DERIVATIVES SEGMENTS

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

The 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 the exchanges / SEBI endorsed or passed any merits of participating in the trading segments. This brief statement does not disclose all the risks and other significant aspects of trading. You should, therefore study derivatives trading carefully before becoming involved in it.

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

You must know and appreciate that trading in Equity shares, Derivatives contracts or other instruments traded on the Exchange, which have varying element of risk, is generally not an appropriate avenue for someone of limited resources/limited investment and/or trading experience and low risk tolerance. You should therefore carefully consider whether such trading is suitable for you in the light of your financial condition. In case you trade on the exchanges and suffer adverse consequences or loss, you shall be solely responsible for the same and the 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 Member. 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 the exchanges.

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

The 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 Member of the exchanges and/or any third party based on any information contained in this document. Any information contained in this document must not be construed as business advice. No consideration to trade should be made without thoroughly understanding and reviewing the risks involved in such trading. If you are unsure, you must seek professional advice on the same.

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

## **1. BASIC RISKS:**

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

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

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

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

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

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

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

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

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

- 1.4.1 A "market" order will be executed promptly, subject to availability of orders on opposite side, without regard to price and that, while the customer may receive a prompt execution of a "market" order, the execution may be at available prices of outstanding orders, which satisfy the order quantity, on price time priority. It may be understood that these prices may be significantly different from the last traded price or the best price in that security / Derivatives contract.
- 1.4.2 A "limit" order will be executed only at the "limit" price specified for the order or a better price. However, while the customer receives price protection, there is a possibility that the order may not be executed at all.
- 1.4.3 A stop loss order is generally placed "away" from the current price of a stock / Derivatives contract, and such order gets activated if and when the security / Derivatives contract reaches, or trades through, the stop price. Sell stop orders are entered ordinarily below the current price, and buy stop orders are entered ordinarily above the current price. When the security / Derivatives contract reaches the pre-determined price, or trades through such price, the stop loss order converts to a market/limit order and is executed at the limit or better. There is no assurance therefore that the limit order will be executable since a security / Derivatives contract might penetrate the pre-determined price, in which case, the risk of such order not getting executed arises, just as with a regular limit order.

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

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

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

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

#### **1.7 System Risk:**

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

- 1.7.1 During periods of volatility, on account of market participants continuously modifying their order quantity or prices or placing fresh orders, there may be delays in order execution and its confirmations.
- 1.7.2 Under certain market conditions, it may be difficult or impossible to liquidate a position in the market at a reasonable price or at all, when there are no outstanding orders either on the buy side or the sell side, or if trading is halted in a security / Derivatives contract due to any action on account of unusual

trading activity or security / Derivatives contract hitting circuit filters or for any other reason.

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

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

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

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

In the Derivatives market, the amount of margin is small relative to the value of the Derivatives contract so the transactions are 'leveraged' or 'geared'. Derivatives trading, which is conducted with a relatively small amount of margin, provides the possibility of great profit or loss in comparison with the margin amount. But transactions in Derivatives carry a high degree of risk.

You should therefore completely understand the following statements before actually trading in Derivatives and also trade with caution while taking into account one's circumstances, financial resources, etc. If the prices move against you, you may lose a part of or whole margin amount in a relatively short period of time. Moreover, the loss may exceed the original margin amount.

- A. Futures trading involve daily settlement of all positions. Every day the open positions are marked to market based on the closing level of the index / Derivatives contract. If the contract has moved against you, you will be required to deposit the amount of loss (notional) resulting from such movement. This amount will have to be paid within a stipulated time frame, generally before commencement of trading on next day.
- B. If you fail to deposit the additional amount by the deadline or if an outstanding debt occurs in your account, the Member may liquidate a part of or the whole position or substitute securities/commodities. In this case, you will be liable for any losses incurred due to such close-outs.
- C. Under certain market conditions, an investor may find it difficult or impossible to execute transactions. For example, this situation can occur due to factors such as illiquidity i.e. when there are insufficient bids or offers or suspension of trading due to price limit or circuit breakers etc.

- D. In order to maintain market stability, the following steps may be adopted: changes in the margin rate, increases in the cash margin rate or others. These new measures may also be applied to the existing open interests. In such conditions, you will be required to put up additional margins or reduce your positions.
- E. You must ask your broker to provide the full details of Derivatives contracts you plan to trade i.e. the contract specifications and the associated Obligations.

## **2.2 Currency specific risks:**

- 1. The profit or loss in transactions in foreign currency-denominated contracts, whether they are traded in your own or another jurisdiction, will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the contract to another currency.
- 2. Under certain market conditions, you may find it difficult or impossible to liquidate a position. This can occur, for example when a currency is deregulated or fixed trading bands are widened.
- 3. Currency prices are highly volatile. Price movements for currencies are influenced by, among other things: changing supply-demand relationships; trade, fiscal, monetary, exchange control programs and policies of governments; foreign political and economic events and policies; changes in National and inter National interest rates and inflation; currency devaluation; and sentiment of the market place. None of these factors can be controlled by any individual advisor and no assurance can be given that an advisor's advice will result in profitable trades for a participating customer or that a customer will not incur losses from such events.

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

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

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

- 1. If the price movement of the underlying is not in the anticipated direction, the option writer runs the risks of losing substantial amount.
- 2. The risk of being an option writer may be reduced by the purchase of other options on the same underlying interest and thereby assuming a spread position or by acquiring other types of hedging positions in the options

markets or other markets. However, even where the writer has assumed a spread or other hedging position, the risks may shall be significant. A spread position is not necessarily less risky than a simple 'long' or 'short' position.

3. Transactions that involve buying and writing multiple options in combination, or buying or writing options in combination with buying or selling short the underlying interests, present additional risks to investors. Combination transactions, such as option spreads, are more complex than buying or writing a single option. And it should be further noted that, as in any area of investing, a complexity not well understood is, in itself, a risk factor. While this is not to suggest that combination strategies should not be considered, it is advisable, as is the case with all investments in options, to consult with someone who is experienced and knowledgeable with respect to the risks and potential rewards of combination transactions under various market circumstances.

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

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

## **4. GENERAL**

### **4.1 Deposited cash and property:**

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

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

Before you begin to trade, you should obtain a clear explanation of all commissions, fees and other charges for which you will be liable. These charges will affect your net profit (if any) or increase your loss.

- 4.3 For rights and obligations of the Members/Authorised Persons/ clients, please refer to Annexure 3

- 4.4 The term 'constituent' shall mean and include a client, a customer or an investor, who deals with a Member for the purpose of acquiring and/or selling of securities / Derivatives contracts through the mechanism provided by the Exchanges.

- 4.5 The term 'Member' shall mean and include a Member, a broker or a Member, who has been admitted as such by the Exchanges and who holds a Registration certificate from SEBI.

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

### **BEFORE YOU BEGIN TO TRADE**

1. Ensure that you deal with and through only SEBI registered intermediaries. You may check their SEBI Registration certificate number from the list available on the Stock exchanges [www.bseindia.com](http://www.bseindia.com), [www.nseindia.com](http://www.nseindia.com), [www.mcxindia.com](http://www.mcxindia.com) and SEBI website [www.sebi.gov.in](http://www.sebi.gov.in)
2. Ensure that you fill the KYC form completely and strike off the blank fields in the KYC form.
3. Ensure that you have read all the mandatory documents viz. Rights and Obligations, Risk Disclosure Document, Policy and Procedure document of the Member.
4. 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.
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 Member free of charge.
7. In case you wish to execute Power of Attorney (POA) in favour of the Member, authorizing it to operate your bank and demat account, please refer to the guidelines issued by SEBI/Exchanges in this regard.

### **TRANSACTIONS AND SETTLEMENTS**

8. The Member may issue electronic contract notes (ECN) if specifically authorized by you in writing. You should provide your email id to the Member for the same. Don't opt for ECN if you are not familiar with computers.
9. Don't share your internet trading account's password with anyone.
10. Don't make any payment in cash to the Member.
11. Make the payments by account payee cheque in favour of the Member. 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 Member, starting date, scrip, quantity, towards which bank/ demat account such money or securities deposited and from which bank/ demat account.
12. Note that facility of Trade Verification is available on stock exchanges' websites, where details of trade as mentioned in the contract note may be verified. Where trade details on the website do not tally with the details mentioned in the contract note, immediately get in touch with the Investors Grievance Cell of the relevant Stock exchange.

13. In case you have given specific authorization for maintaining running account, payout of funds or delivery of securities (as the case may be), may not be made to you within one working day from the receipt of payout from the Exchange. Thus, the Member shall maintain running account for you subject to the following conditions:
- a) Such authorization from you shall be dated, signed by you only and contains the clause that you may revoke the same at any time.
  - b) The actual settlement of funds and securities shall be done by the Member, at least once in a calendar quarter or month, depending on your preference. While settling the account, the Member 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.
  - c) On the date of settlement, the Member 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 Member may retain entire pay-in obligation of funds and securities due from clients as on date of settlement and for next day's business, he may retain funds/securities/margin to the extent of value of transactions executed on the day of such settlement in the cash market.
  - d) You need to bring any dispute arising from the statement of account or settlement so made to the notice of the Member in writing preferably within 7 (seven) working days from the date of receipt of funds/securities or statement, as the case may be. In case of dispute, refer the matter in writing to the Investors Grievance Cell of the relevant Stock exchanges without delay.
14. In case you have not opted for maintaining running account 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 Member. In case there is dispute, ensure that you lodge a complaint in writing immediately with the Investors Grievance Cell of the relevant Stock exchange.
15. Please register your mobile number and email id with the 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.

## **IN CASE OF TERMINATION OF TRADING MEMBERSHIP**

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

## **DISPUTES/ COMPLAINTS**

18. Please note that the details of the arbitration proceedings, penal action against the brokers and investor complaints against the Members are displayed on the website of the relevant Stock exchange.
19. In case your issue/problem/grievance is not being sorted out by concerned Member/sub-broker then you may take up the matter with the concerned Stock exchange. If you are not satisfied with the resolution of your complaint then you can escalate the matter to SEBI.
20. Note that all the Member/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.

## 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 [www.mcxindia.com](http://www.mcxindia.com). Details to see whether the Member is registered with the Exchange.
2. Insist on filling up a standard 'Know Your Client (KYC)' form before you commence trading
3. Insist on getting a Unique Client Code (UCC) and ensure all your trades are done under the said UCC.
4. Insist on reading and signing a standard 'Risk Disclosure Agreement'.
5. Obtain a copy of your KYC and/ or other documents executed by you with the Member, from the Member.
6. Cross check the genuineness of trades carried out at the Exchange through the trade verification facility available on the Exchange website at [www.mcxindia.com](http://www.mcxindia.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 to know your rights and duties vis-à-vis those of the Member.
11. Ask all relevant questions and clear your doubts with your Member before transacting.
12. Insist on receiving the bills for every settlement.
13. Insist on Monthly statements of your ledger account and report any discrepancies in the statement to your Member within 7 working days. In case of unsatisfactory response report the discrepancy to the Exchange within 15 working days from the date of cause of action.
14. Scrutinize minutely both the transaction & holding statements that you receive from your Depository Participant.
15. Keep Delivery Instruction Slips (DIS) book issued by DPs in safe possession.

16. Ensure that the DIS numbers are preprinted and your account number (UCC) is mentioned in the DIS book.
17. Freeze your Demat account in case of your absence for longer duration or in case of not using the account frequently.
18. Pay required margins in time and only by Cheque and ask for receipt thereof from the Member.
19. Deliver the commodities in case of sale or pay the money in case of purchase within the time prescribed.
20. Understand and comply with accounting standards for derivatives.
21. Ensure to read, understand and then sign the voluntary clauses, if any, agreed between you and the Member. Note that the clauses as agreed between you and the Member cannot be changed without your consent.
22. Get a clear idea about all brokerage, commissions, fees and other charges levied by the Member on you for trading and the relevant provisions/ guidelines specified by SEBI/Commodity exchanges.
23. Make the payments by account payee cheque in favour of the Member. Ensure that you have a documentary proof of your payment/deposit of commodities with the Member, stating date, commodity, quantity, towards which bank/demat account such money or commodities (in the form of warehouse receipts) deposited and from which bank/ demat account.
24. The payout of funds or delivery of commodities (as the case may be) shall not be made to you within one working day from the receipt of payout from the Exchange, in case you have given specific authorization for maintaining running account to the member. Thus, in this regard, the running account authorization provided by you to the Member shall be subject to the following conditions:
  - a) Such authorization from you shall be dated, signed by you only and contains the clause that you may revoke the same at any time.
  - b) You need to bring any dispute arising from the statement of account to the notice of the Member in writing preferably within 7 (seven) working days from the date of receipt of funds/commodities or statement, as the case may be. In case of dispute, refer the matter in writing to the Investors Grievance Cell of the relevant Commodity exchanges without delay.
  - c) In case you have not opted for maintaining running account and pay-out is not received on the next working day of the receipt of payout from the exchanges, please refer the matter to the Member. In case there is dispute, ensure that you lodge a complaint in writing immediately with the Investors Grievance Cell of the relevant Commodity exchange.
  - d) Please register your mobile number and email id with the Member, to receive trade confirmation alerts/ details of the transactions through SMS or email, by

the end of the trading day, from the commodity exchanges.

25. You should familiarize yourself with the protection accorded to the money or other property you may deposit with your member, particularly in the event of a default in the commodity derivatives or the member becomes insolvent or bankrupt.
26. Please ensure that you have a documentary proof of having made the deposit of such money or property with the member, stating towards which account such money or property deposited.
27. In case your problem/grievance/issue is not being sorted out by concerned Member/Authorised Person then you may take up the matter with the concerned Commodity Exchange. If you are not satisfied with the resolution of your complaint then you can escalate the matter to SEBI.

### **Don'ts**

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



## CENTRAL DEPOSITORY SERVICES (INDIA) LIMITED

### MANAGING YOUR DEMAT ACCOUNT WITH CDSL

#### **SIMPLE DOs and DON'Ts**

1. Verify your transaction statement carefully for all debits and credits in your account. In case of any unauthorized debit or credit, inform your DP or CDSL.
2. Intimate any change of address or change in bank account details to your DP immediately.
3. While accepting the Delivery Instruction Slip (DIS) book from your DP, ensure that your BO ID is pre-stamped on all the pages along with the serial numbers.
4. Keep your DIS book safely and do not sign or issue blank or incomplete DIS slips.
5. Strike out the empty space, if any, in the DIS, before submitting to DP.
6. For market transactions, submit the DIS ahead of the deadline time. DIS can be issued with a future execution date.
7. The demat account has a nomination facility and it is advisable to appoint a nominee to facilitate your heirs in obtaining the securities in your demat account, on completion of the necessary procedures.
8. To open and operate your demat account, copy of PAN card of all account holders is to be submitted to the DP along with original PAN card, for verification.
9. Register for CDSL's SMART (SMS Alerts Related to Transactions) facility. If any unauthorized debit is noticed, the BO should immediately inform CDSL and the Main DP, in writing. An email may be sent to CDSL at [complaints@cdslindia.com](mailto:complaints@cdslindia.com).
10. Register for CDSL's Internet based facility "easi" to monitor your demat account yourself. Contact your DP or visit CDSL's website: [www.cdslindia.com](http://www.cdslindia.com) for details.
11. In order to receive all the credits coming to your demat account automatically, you can give a one-time, standing instruction to your DP.
12. Before granting Power of Attorney to anyone, to operate your demat account, carefully examine the scope and implications of powers being granted.

## **Rights and Obligations of Beneficial Owner and Depository Participant as prescribed by SEBI and Depositories**

### **General Clause**

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

### **Beneficial Owner information**

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

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

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

### **Dematerialization**

8. The Beneficial Owner shall have the right to get the securities, which have been admitted on the Depositories, dematerialized in the form and manner laid down

under the Bye Laws, Business Rules and Operating Instructions of the depositories.

### **Separate Accounts**

9. The DP shall open separate accounts in the name of each of the beneficial owners and securities of each beneficial owner shall be segregated and shall not be mixed up with the securities of other beneficial owners and/or DP's own securities held in dematerialized form.
10. The DP shall not facilitate the Beneficial Owner to create or permit any pledge and /or hypothecation or any other interest or encumbrance over all or any of such securities submitted for dematerialization and/or held in demat account except in the form and manner prescribed in the Depositories Act, 1996, SEBI (Depositories and Participants) Regulations, 1996 and Bye-Laws/Operating Instructions/Business Rules of the Depositories.

### **Transfer of Securities**

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

### **Statement of account**

13. 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.
14. 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.
15. 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.
16. 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**

17. 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.
18. 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**

19. 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.
20. 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**

21. 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**

22. 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.

23. 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**

24. 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**

25. 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**

26. 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.

27. 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.

28. 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.

29. 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

30. 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.

31. 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 AND PROCEDURES**

A stock that trades at a relatively low price and market capitalization. These types of stocks are generally considered to be highly speculative and high risk because of their lack of liquidity, large bid-ask spreads, small capitalization and limited following and disclosure. Depend on the market condition and RMS policy of the company RMS reserve the right to refuse to provide the limit in Penny stocks and losses if any on account of such refusal shall be borne by client only.

**a) Setting up client's exposure limits**

The Member may from me to me impose and vary limits on the orders that the client can place through the Member's trading system (including exposure limits, turnover limits, limits as to the number, value and/ or kind of securities in respect of which orders can be placed etc.). The client is aware and agrees that the Member may need to vary or reduce the limits or impose new limits urgently on the basis of the Member's risk perception and other factors considered relevant by the Member 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 Member may be unable to inform the client of such variation, reduction or imposition in advance. The client agrees that the Member shall not be responsible for such variation, reduction or imposition or the client's inability to route any order through the Member's trading system on account of any such variation, reduction or imposition of limits. The client further agrees that the Member may at any time, at its sole discretion and without prior notice, prohibit or restrict the client's ability to place orders or trade in securities through the Member, or it may subject any order placed by the client to a review before its entry into the trading systems any may refuse to execute/ allow execution of orders due to but not limited to there as on of lack of margin/ securities or the order being outside the limits set by Member/ exchange/ SEBI and any other reasons which the Member 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.

We have margin based RMS system. Total deposits of the clients are uploaded in the system and client may take exposure on the basis of margin applicable for respective security as per VAR based margining system of the stock exchange and/ or margin defined by RMS based on their risk perception.

Incase of exposure taken on the basis of shares pledged \ submitted as collateral, then margin payment is required to be made on the same day else shares provided above are liable to be squared off to meet exchange margin requirements.

**b) Applicable brokerage rate:- Brokerage will be charged within the limits**

**prescribed by SEBI / Exchange.**

**c) Imposition of penalty/ delayed payment charges**

Clients will be liable to pay late pay in/ delayed payment charges for non making payment of their pay in/ margin obligation on time as per the exchange requirement/ schedule at the rate up to 2% per month.

The client agrees that where the Member has to pay any fine or bear any punishment from any authority in connection with/ as a consequence of/ in relation to any of the orders/ trades/ deals/ actions of the client, the same shall be borne by the client.

**d) The right to sell client's securities or close clients' positions, without giving notice to the client, on account of non-payment of client's dues**

Without prejudice to the Members other right (Including the right to refer the matter to arbitration), the Member shall be entitled to liquidate/ close out all or any of the clients position without giving notice to the client for non-payment of margins or other amounts including the payin obligation, outstanding Obligations etc and adjust the proceeds of such liquidation/ closeout, if any, against the client liabilities/ Obligations.

The client shall ensure timely availability of funds/ securities inform and manner at designated me and in designated bank and depository account(s), for meeting his/ her/ its payin obligation of funds and securities. Any and all losses and financial charges on account of such liquidations/ closing out shall be charged to & born by the client. Incases of securities lying in margin account/ client beneficiary account and having corporate actions like Bonus, Stock split, Right issue etc, for margin or other purpose the benefit of shares due to received under Bonus, Stock split, Right issue etc will be given when the shares is actually received in the Member designated demat account.

In case the payment of the margin/ security is made by the client through a bank instrument, the Member 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 Member. Where the margin/ security is made available by way of securities or any other property as permitted by the exchange, the Member is empowered to decline its acceptance as margin/ security &l or to accept it at such reduced value as the Member may deem fit by applying haircuts or by valuing it by marking it to market or by any other method as the Member may deem fit in its absolute discretion.

The Member 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 me or when Mark to Market (M-T-M) percentage reaches or crosses stipulated margin percentage, whichever is earlier. The Member 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, the client shall also be solely liable for all and any penalties and charges levied by the exchange(s) due to clients fault.

**e) Shortages in Obligations arising out of internal netting of trades**

Member shall not be obliged to deliver any securities or pay any money to the client unless and until the same has been received by the Member from the exchange, the clearing corporation/ clearing house or other company or entity liable to make the payment and the client has fulfilled his/ her/ its Obligations first.

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

- a) The Short delivering client is debited by an amount equivalent to 20% above of closing rate of day prior to Payin/ Payout Day. The securities delivered short are purchased from market on T+2 day and the purchase consideration (inclusive of all statutory taxes & levies) is debited to the short delivering seller client along with reversal entry of provisionally amount debited earlier.
- b) If securities cannot be purchased from market due to any force majeure condition, the short delivering seller is debited at the closing rate on T+2 day or Auction day on Exchange + 10% where the delivery is matched partially or fully at the Exchange Clearing, the delivery and debits/ credits shall be as per Exchange Debits and Credits.
- c) In cases of short delivery of securities purchased on cum corporate actions basis and which cannot be auctioned or where the cum basis auction payout is after the book closure/ record date, then trade would be compulsory closed out at higher of 10% above the official closing price on the auction day or the highest traded price from first trading day of the settlement till the auction day.

**f) Conditions under which a client may not be allowed to take further position or the broker may close the existing position of a client**

We have margin based RMS system. Client may take exposure upto the amount of margin available with us. Client may not be allowed to take position in case of non-availability/ shortage of, margin as per our RMS policy of the company. The existing position of the client is also liable to square off/ closeout without giving notice due to shortage of margin/ non making of payment for their payin obligation/ outstanding Obligations.

**g) Temporarily suspending or closing a client's account, at the client's request**

On the request of the client in writing, the client account can be suspended temporarily and same can be activated on the written request of the client only. During the period client is suspended, the market transaction in the client

account will be prohibited. However client shares/ ledger balance settlement can take place.-

On the request of the client in writing, the client account can be closed provided the client account is settled. If the client wants to reopen the account in that case client has to again complete the KYC requirement.

**h) Deregistering a client:-** Notwithstanding anything to the contrary stated in the Document, the Member shall be entitled to terminate the Document with immediate effect in any of the following circumstances:

- (i) If the action of the client are prima facie illegal / Improper or Such has to manipulate the price of any securities or disturb the normal/ proper functioning of securities or disturb the normal/ proper functioning of the market, either alone or in conjunction with others.
- (ii) If there is any commencement of a legal process against the client under any law in force;
- (iii) On the death/ lunacy or other disability of the Client;
- (iv) If the client being a partnership firm, has any steps taken by the Client and/ or its partners for dissolution of the partnership;
- (v) If the Client suffers any adverse material change in his/ her / Its financial position or defaults in any other Document with the Member;
- (vi) If there is reasonable apprehension that the Client is unable to pay its debts or the Client has admitted its inability to pay its debts, as they become payable;
- (vii) If the Client is in breach of any term, condition or covenant of this document.
- (viii) If the Client has made any material misrepresentation off acts, including (without limitation) in relation to the Security;
- (ix) If a receiver, administrator or liquidator has been appointed or allowed to be appointed of all or any part of the undertaking of the Client;
- (x) If the Client have taken or suffered to be taken any action for its reorganization, liquidation or dissolution;
- (xi) If the Client has voluntarily or compulsorily become the subject of proceedings under any bankruptcy or insolvency law or being a company, goes into liquidation or has a receiver appointed in respect of its assets or refers itself to the Board for Industrial and Financial Reconstruction or under any other law providing protection as a relief undertaking;
- (xii) If any covenant or warranty of the Client is in correct or untrue in any material respect;

Trading in Exchange is in Electronic Mode, based on VSAT, lease line, ISDN,

Modem and VPN, combination of technologies and computer systems to place and route orders. I/ we understand that there exists a possibility of communication failure or system problems or slow or delayed response from system or trading halt or any break down in our back office/ front end system, or any such other problems/ glitch whereby not being able to establish access to the trading system/ network, which may be beyond your control and may result in delay in processing or not processing buy or sell Orders either in part or in full. I/ We shall not hold you responsible for any such problem/ fault beyond your control.

Inactive Client account: Client account will be considered as inactive if the client does not trade for period of one year. Calculation will be done at the beginning of every month and those clients who have not traded even a single will be considered as inactive, the shares/ credit ledger balance if any will be transferred to the client within one week of the identifying the client as inactive. The client has to make written request for reactivation of their account.

#### **I) Policy for inactive clients account**

- 1) Inactive client means client who is inactive during last 12months immediately preceding the end of the previous month.
- 2) A list of inactive clients shall be prepared from the backoffice software on the last day of every month and shall be submitted to the concerned department after confirmation with the management. The management will approve a finalist of inactive clients.
- 3) A copy of the list is also forwarded to dealers who operate our BOLT or NEAT terminals.
- 4) The concerned department shall mark the client status as “inactive” or “dormant” in various front office software of CTCL and IML and backoffice accounting software.
- 5) After inactive marking, if any orders are received, the dealer shall take reasonable steps to identify the identity

of the client and to ensure that the orders are received from the same client. The dealer shall use various techniques like call back, asking personal detail questions, last trade date, outstanding positions etc to confirm the identity of the caller. They may use any other technique which is reasonable. In case of a doubt the case shall be referred to the management or concerned Sub-Broker or introducer.

- 6) Dormant client has to update their KYC details at theme of fresh order, if required

**Client Acceptance of Policies and Procedures stated here in above:**

I/We have fully understood the same and do hereby sign the same. These Policies and Procedures may be amended/ changed unilaterally by the broker, provided the change is informed to me/ us with through anyone or more means or methods. These Policies and Procedures shall always be read always be read along with the document and shall be compulsorily referred to while deciding any dispute/ difference or claim between me/ us and Member before any court of law judicial/ adjudicating authority including arbitrator/ mediator etc.

**Note:** This period may be reduced or enhanced as per companies risk, policies and exchange regulation if any.