

## **Rights and Obligations of Stock Brokers, Sub-Brokers and Clients As Prescribed By SEBI and Stock Exchanges**

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

### **Client Information**

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

### **Margins**

11. The client shall pay applicable initial margins, withholding margins, special margins or such other margins as are considered necessary by the stock broker or the Exchange or as may be directed by SEBI from time to time as applicable to the segment(s) in which the client trades. The stock broker is permitted in its sole and absolute discretion to collect additional margins (even though not required by the Exchange, Clearing House/Clearing Corporation or SEBI) and the client shall be obliged to pay such margins within the stipulated time.
12. The client understands that payment of margins by the client does not necessarily imply

complete satisfaction of all dues. In spite of consistently having paid margins, the client may, on the settlement of its trade, be obliged to pay (or entitled to receive) such further sums as the contract may dictate/require.

### **Transactions and Settlements**

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

### **Brokerage**

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

### **Liquidation and Close Out Of Position**

19. Without prejudice to the stock broker's other rights (including the right to refer a matter to arbitration), the client understands that the stock broker shall be entitled to liquidate/close out all or any of the client's positions for non- payment of margins or other amounts, outstanding debts, etc. and adjust the proceeds of such liquidation/close out, if any, against the client's liabilities/obligations. Any and all losses and financial charges on account of such liquidation/closing-out shall be charged to and borne by the client.
20. In the event of death or insolvency of the client or his/its otherwise becoming incapable of receiving and paying for or delivering or transferring securities which the client has ordered to be bought or sold, stock broker may close out the transaction of the client and claim losses, if any, against the estate of the client. The client or his nominees, successors, heirs and assignee shall be entitled to any surplus which may result there from. The client shall note that transfer of funds/securities in favor of a Nominee shall be valid discharge by the stock broker against the legal heir.
21. The stock broker shall bring to the notice of the relevant Exchange the information about default in payment/delivery and related aspects by a client. In case where defaulting client is a corporate entity/partnership/proprietary firm or any other artificial legal entity, then the name(s) of Director(s)/Promoter(s)/Partner(s)/Proprietor as the case may be, shall also be communicated by the stock broker to the relevant Exchange(s).

## **Dispute Resolution**

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

## **Termination of Relationship**

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

## **Additional Rights and Obligations**

30. The stock broker shall ensure due protection to the client regarding client's rights to dividends, rights or bonus shares, etc. in respect of transactions routed through it and it shall not do anything which is likely to harm the interest of the client with whom and for whom they may have had transactions in securities.
31. The stock broker and client shall reconcile and settle their accounts from time to time as per the Rules, Regulations, Bye Laws, Circulars, Notices and Guidelines issued by SEBI and the relevant Exchanges where the trade is executed.
32. The stock broker shall issue a contract note to his constituents for trades executed in such

format as may be prescribed by the Exchange from time to time containing records of all transactions including details of order number, trade number, trade time, trade price, trade quantity, details of the derivatives contract, client code, brokerage, all charges levied etc. and with all other relevant details as required therein to be filled in and issued in such manner and within such time as prescribed by the Exchange. The stock broker shall send contract notes to the investors within one working day of the execution of the trades in hard copy and/or in electronic form using digital signature.

33. The stock broker shall make pay out of funds or delivery of securities, as the case may be, to the Client within one working day of receipt of the payout from the relevant Exchange where the trade is executed unless otherwise specified by the client and subject to such terms and conditions as may be prescribed by the relevant Exchange from time to time where the trade is executed.
34. The stock broker shall send a complete 'Statement of Accounts' for both funds and securities in respect of each of its clients in such periodicity and format within such time, as may be prescribed by the relevant Exchange, from time to time, where the trade is executed. The Statement shall also state that the client shall report errors, if any, in the Statement within such time as may be prescribed by the relevant Exchange from time to time where the trade was executed, from the receipt thereof to the Stock broker.
35. The stock broker shall send daily margin statements to the clients. Daily Margin statement should include, inter- alia, details of collateral deposited, collateral utilized and collateral status (available balance/due from client) with break up in terms of cash, Fixed Deposit Receipts (FDRs), Bank Guarantee and securities.
36. The Client shall ensure that it has the required legal capacity to, and is authorized to, enter into the relationship with stock broker and is capable of performing his obligations and undertakings hereunder. All actions required to be taken to ensure compliance of all the transactions, which the Client may enter into shall be completed by the Client prior to such transaction being entered into.

### **Electronic Contract Notes (ECN)**

37. In case, client opts to receive the contract note in electronic form, he shall provide an appropriate e-mail id to the stock broker. The client shall communicate to the stock broker any change in the email-id through a physical letter. If the client has opted for internet trading, the request for change of email id may be made through the secured access by way of client specific user id and password.
38. The stock broker shall ensure that all ECNs sent through the e-mail shall be digitally signed, encrypted, non-tamperable and in compliance with the provisions of the IT Act, 2000. In case, ECN is sent through e-mail as an attachment, the attached file shall also be secured with the digital signature, encrypted and non-tamperable.
39. The client shall note that non-receipt of bounced mail notification by the stock broker shall amount to delivery of the contract note at the e-mail ID of the client.
40. The stock broker shall retain ECN and acknowledgement of the e-mail in a soft and non-tamperable form in the manner prescribed by the exchange in compliance with the provisions of the IT Act, 2000 and as per the extant rules/regulations/circulars/guidelines issued by SEBI/Stock Exchanges from time to time. The proof of delivery i.e., log report generated by the system at the time of sending the contract notes shall be maintained by the stock broker for the specified period under the extant regulations of SEBI/stock exchanges. The log report shall provide the details of the contract notes that are not delivered to the client/e-mails rejected or bounced back. The stock broker shall take all possible steps to ensure receipt of notification of bounced mails by him at all times within the stipulated time period under the extant regulations of SEBI/stock exchanges.
41. The stock broker shall continue to send contract notes in the physical mode to such clients who do not opt to receive the contract notes in the electronic form. Wherever the ECNs have not been delivered to the client or has been rejected (bouncing of mails) by the e-mail ID of

the client, the stock broker shall send a physical contract note to the client within the stipulated time under the extant regulations of SEBI/stock exchanges and maintain the proof of delivery of such physical contract notes.

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

### **Law and Jurisdiction**

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

## **Rights and obligations of members, authorized persons and clients as prescribed by SEBI and commodity exchanges**

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

\*Commodity derivative contract

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

## **CLIENT INFORMATION**

8. The client shall furnish all such details in full as are required by the Member in "Account Opening Form" with supporting details, made mandatory by commodity exchanges/SEBI from time to time.
9. The client shall familiarize himself with all the mandatory provisions in the Account Opening documents. Any additional clauses or documents specified by the Member shall be non-mandatory; therefore, subject to specific acceptance by the client.

10. The client shall immediately notify the Member in writing if there is any change in the information in the 'account opening form' as provided at the time of account opening and thereafter; including the information on winding up petition/insolvency petition or any litigation which may have material bearing on his capacity. The client shall provide/update the financial information to the Member on a periodic basis.

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

- a. An unfair term of a non-negotiated contract will be void.
- b. A term is unfair if it –
  - i. causes a significant imbalance in the rights and obligations of the parties under the financial contract, to the detriment of the Client; and
  - ii. is not reasonably necessary to protect the legitimate interests of the Member.
- c. The factors to be taken into account while determining whether a term is unfair, include –
  - i. the nature of the financial product or financial service dealt with under the financial contract;
  - ii. the extent of transparency of the term;
  - iii. the extent to which the term allows a Client to compare it with other financial contracts for similar financial products or financial services; and
  - iv. the financial contract as a whole and the terms of any other contract on which it is dependent.

\*\*contracts offered by commodity exchanges

- d. A term is transparent if it –
  - i. is expressed in reasonably plain language that is likely to be understood by the Client;
  - ii. is legible and presented clearly; and
  - iii. is readily available to the Client affected by the term.
- e. If a term of a financial contract is determined to be unfair under point 11.A.c, the parties will continue to be bound by the remaining terms of the financial contract to the extent that the financial contract is capable of enforcement without the unfair term.

11. B.

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

- ii. the substantial circumstances surrounding the financial contract
  - d. In a claim that a financial contract is a non-negotiated contract, the onus of demonstrating otherwise will be on the Member.
- 11.C
- a. The above does not apply to a term of a financial contract if it –
    - i. defines the subject matter of the financial contract;
    - ii. sets the price that is paid, or payable, for the provision of the financial product or financial service under the financial contract and has been clearly disclosed to the Client; or
    - iii. is required, or expressly permitted, under any law or regulations.
  - b. The exemption under point 11.C does not apply to a term that deals with the payment of an amount which is contingent on the occurrence or non- occurrence of any particular event.
- 12.
- The Member and Authorized Person shall maintain all the details of the client as mentioned in the account opening form or any other information pertaining to the client, confidentially and that they shall not disclose the same to any person/authority except as required under any law/regulatory requirements. Provided however that the Member may so disclose information about his client to any person or authority with the express permission of the client.
- 13.
- A. Protection of personal information and confidentiality
    - a. "Personal information" means any information that relates to a Client or allows a Client's identity to be inferred, directly or indirectly, and includes –
      - i. name and contact information;
      - ii. biometric information, in case of individuals
      - iii. information relating to transactions in, or holdings of, financial products
      - iv. information relating to the use of financial services; or
      - v. such other information as may be specified.
  - B.
    - a. A Member must –
      - i. not collect personal information relating to a Client in excess of what is required for the provision of a financial product or financial service;
      - ii. maintain the confidentiality of personal information relating to Clients and not disclose it to a third party, except in a manner expressly permitted under point 13.B.b.;
      - iii. make best efforts to ensure that any personal information relating to a Client that it holds is accurate, up to date and complete;
      - iv. ensure that Clients can obtain reasonable access to their personal information, subject to any exceptions that the Regulator may specify; and
      - v. allow Clients an effective opportunity to seek modifications to their personal information to ensure that the personal information held by the Member is accurate, up to date and complete.
    - b. A Member may disclose personal information relating to a Client to a third party only if –
      - i. it has obtained prior written informed consent of the Client for the disclosure, after giving the Client an effective opportunity to refuse consent;
      - ii. the Client has directed the disclosure to be made
      - iii. the Regulator has approved or ordered the disclosure, and unless prohibited by the relevant law or regulations, the Client is given an opportunity to represent under

- such law or regulations against such disclosure;
- iv. the disclosure is required under any law or regulations, and unless prohibited by such law or regulations, the Client is given an opportunity to represent under such law or regulations against such disclosure;
  - v. the disclosure is directly related to the provision of a financial product or financial service to the Client, if the Member –
    - 1. Informs the Client in advance that the personal information may be shared with a third party; and
    - 2. makes arrangements to ensure that the third party maintains the confidentiality of the personal information in the same manner as required under this Part; or
  - vi. the disclosure is made to protect against or prevent actual or potential fraud, unauthorised transactions or claims, if the Member arranges with the third party to maintain the confidentiality of the personal information in the manner required under this Part.-
- c. “Third party” means any person other than the concerned Member, including a person belonging to the same group as the Member.

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

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

#### 14.B

- a. Member must provide a Client that is availing a financial product or financial service provided by it, with the following continuing disclosures –
  - i. any material change to the information that was required to be disclosed under point 14.A at the time when the Client initially availed the financial product or financial service;

- ii. information relating to the status or performance of a financial product held by the Client, as may be required to assess the rights or interests in the financial product or financial service; and
  - iii. any other information that may be specified.
- b. A continuing disclosure must be made –
- i. within a reasonable time-period from the occurrence of any material change or at reasonable periodic intervals, as applicable; and
  - ii. in writing and in a manner that is likely to be understood by a Client belonging to that category

## **Margins**

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

## **Transactions and Settlements**

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

## **Brokerage**

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

Member renders to the Client. The Member shall not charge brokerage more than the maximum brokerage permissible as per the Rules, Business Rules and Bye-laws of the relevant commodity exchanges and/or Rules of SEBI.

## **Liquidation and Close Out Of Position**

23. Without prejudice to the Member's other rights (including the right to refer a matter to arbitration), the client understands that the Member shall be entitled to liquidate/close out all or any of the client's positions for non-payment of margins or other amounts, outstanding debts, etc. and adjust the proceeds of such liquidation/close out, if any, against the client's liabilities/obligations. Any and all losses and financial charges on account of such liquidation/closing-out shall be charged to and borne by the client.

24. In the event of death or insolvency of the client or his/its otherwise becoming incapable of receiving and paying for or delivering or transferring commodities which the client has ordered to be bought or sold, Member may close out the transaction of the client and claim losses, if any, against the estate of the client. The client or his nominees, successors, heirs and assignee shall be entitled to any surplus which may result there from. The client shall note that transfer of funds/commodities in favor of a Nominee shall be valid discharge by the Member against the legal heir.

## **Dispute Resolution**

25. The Member shall co-operate in redressing grievances of the client in respect of all transactions routed through it.

26. The client and the Member shall refer any claims and/or disputes with respect to deposits, margin money, etc., to arbitration as per the Rules, Byelaws and Business Rules of the Exchanges where the trade is executed and circulars/notices issued thereunder as may be in force from time to time.

27. The client/Member understands that the instructions issued by an authorized representative for dispute resolution, if any, of the client/Member shall be binding on the client/Member in accordance with the letter authorizing the said representative to deal on behalf of the said client/Member.

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

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

29. A. Suitability of advice for the Client

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

- a. A Member must –
  - i. make all efforts to obtain correct and adequate information about the relevant personal circumstances of a Client; and
  - ii. ensure that the advice given is suitable for the Client after due consideration of the relevant personal circumstances of the Client.
- b. If it is reasonably apparent to the Member that the available information regarding the relevant personal circumstances of a Client is incomplete or inaccurate, the Member

- must warn the Client of the consequences of proceeding on the basis of incomplete or inaccurate information.
- c. If a Client intends to avail of a financial product or financial service that the Member determines unsuitable for the Client, the Member –
    - i. must clearly communicate its advice to the Client in writing and in a manner that is likely to be understood by the Client; and
    - ii. may provide the financial product or financial service requested by the Client only after complying with point 29.A.a and obtaining a written acknowledgement from the Client.

### **30. Dealing with conflict of interest**

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

### **Termination of Relationship**

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

### **Additional Rights and Obligations**

- 34. The Member and client shall reconcile and settle their accounts from time to time as per the

Rules, Business Rules, Bye Laws, Circulars, Notices and Guidelines issued by SEBI and the relevant Exchanges where the trade is executed.

35. The Member shall issue a contract note to his clients for trades executed in such format as may be prescribed by the Exchange from time to time containing records of all transactions including details of order number, trade number, trade time, trade price, trade quantity, details of the derivatives contract, client code, brokerage, all charges levied etc. and with all other relevant details as required therein to be filled in and issued in such manner and within such time as prescribed by the Exchange. The Member shall send contract notes to the investors within 24 hours of the execution of the trades in hard copy and/or in electronic form using digital signature.
36. The Member shall make pay out of funds or delivery of commodities as per the Exchange Rules, Bye-Laws, Business Rules and Circulars, as the case may be, to the Client on receipt of the payout from the relevant Exchange where the trade is executed unless otherwise specified by the client and subject to such terms and conditions as may be prescribed by the relevant Exchange from time to time where the trade is executed.
37. The Member shall send a complete 'Statement of Accounts' for both funds and commodities in respect of each of its clients in such periodicity and format within such time, as may be prescribed by the relevant Exchange, from time to time, where the trade is executed. The Statement shall also state that the client shall report errors, if any, in the Statement within such time as may be prescribed by the relevant Exchange from time to time where the trade was executed, from the receipt thereof to the Stock broker.
38. The Member shall send margin statements to the clients on daily basis. Margin statement should include, inter- alia, details of collateral deposited, collateral utilized and collateral status (available balance/due from client) with break up in terms of cash, Fixed Deposit Receipts (FDRs), Bank Guarantee, warehouse receipts, securities etc.
39. The Client shall ensure that it has the required legal capacity to, and is authorized to, enter into the relationship with Member and is capable of performing his obligations and undertakings hereunder. All actions required to be taken to ensure compliance of all the transactions, which the Client may enter into shall be completed by the Client prior to such transaction being entered into.
40. In case, where a member surrenders his/ her/ its membership, Member gives a public notice inviting claims, if any, from investors. In case of a claim relating to transactions executed on the trading system of the Exchange, ensure that client lodge a claim with the Exchange within the stipulated period and with the supporting documents.
41. A. Protection from unfair conduct which includes misleading conduct & abusive conduct
  - a. Unfair conduct in relation to financial products or financial services is prohibited.
  - b. "Unfair conduct" means an act or omission by a Member or its financial representative that significantly impairs, or is likely to significantly impair, the ability of a Client to make an informed transactional decision and includes –
    - i. misleading conduct under point 41.B
    - ii. abusive conduct under point 41.C
    - iii. such other conduct as may be specified.
41. B.
  - a. Conduct of a Member or its financial representative in relation to a determinative factor is misleading if it is likely to cause the Client to take a transactional decision that the Client would not have taken otherwise, and the conduct involves –
    - i. Providing the Client with inaccurate information or information that the Member or financial representative does not believe to be true; or
    - ii. providing accurate information to the Client in a manner that is deceptive.
  - b. In determining whether a conduct is misleading under point 41.B.a, the following

factors must be considered to be "determinative factors" –

- i. the main characteristics of a financial product or financial service, including its features, benefits and risks to the Client;
- ii. the Client's need for a particular financial product or financial service or its suitability for the Client;
- iii. the consideration to be paid for the financial product or financial service or the manner in which the consideration is calculated;
- iv. the existence, exclusion or effect of any term in a financial contract, which is material term in the context of that financial contract;
- v. the nature, attributes and rights of the Member, including its identity, regulatory status and affiliations; and
- vi. the rights of the Client under any law or regulations.

#### 41.C

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

#### **Electronic Contract Notes (ECN)**

- 42 In case, client opts to receive the contract note in electronic form, he shall provide an appropriate e-mail id to the stock broker. The client shall communicate to the stock broker any change in the email-id through a physical letter. If the client has opted for internet trading, the request for change of email id may be made through the secured access by way of client specific user id and password.
- 43 The Member shall ensure that all ECNs sent through the e-mail shall be digitally signed, encrypted, non-tamperable and in compliance with the provisions of the IT Act, 2000. In case, ECN is sent through e-mail as an attachment, the attached file shall also be secured with the digital signature, encrypted and non-tamperable.
- 44 The client shall note that non-receipt of bounced mail notification by the Member shall amount to delivery of the contract note at the e-mail ID of the client.
- 45 The Member shall retain ECN and acknowledgement of the e-mail in a soft and non-tamperable form in the manner prescribed by the exchange in compliance with the provisions of the IT Act, 2000 and as per the extant rules/circulars/guidelines issued by SEBI/Commodity exchanges from time to time. The proof of delivery i.e., log report generated by the system at the time of sending the contract notes shall be maintained by the Member for the specified period under the extant rules/circulars/guidelines issued by SEBI/Commodity exchanges. The log report shall provide the details of the contract notes that are not delivered to the client/e-mails rejected or bounced back. The Member shall take all possible steps to ensure receipt of notification of bounced mails by him at all times within the stipulated time period under the extant rules/circulars/guidelines issued by SEBI/Commodity exchanges.

46 The Member shall continue to send contract notes in the physical mode to such clients who do not opt to receive the contract notes in the electronic form. Wherever the ECNs have not been delivered to the client or has been rejected (bouncing of mails) by the e-mail ID of the client, the Member shall send a physical contract note to the

client within the stipulated time under the extant Regulations/ Rules, Bye-Laws, Business Rules and Circulars of SEBI/commodity exchanges and maintain the proof of dispatch and delivery of such physical contract notes.

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

## **LAW AND JURISDICTION**

- 48 In addition to the specific rights set out in this document, the Member, Authorised Person and the client shall be entitled to exercise any other rights which the Member or the client may have under the Rules, Bye-laws and Business Rules of the Exchanges in which the client chooses to trade and circulars/notices issued thereunder or Rules of SEBI.
- 49 The provisions of this document shall always be subject to Government notifications, any rules, guidelines and circulars/notices issued by SEBI and Circulars, Rules, Business Rules and Bye laws of the relevant commodity exchanges, where the trade is executed, that may be in force from time to time.
- 50 The Member and the client shall abide by any award passed by the Arbitrator(s) under the Arbitration and Conciliation Act, 1996. However, there is also a provision of appeal, if either party is not satisfied with the arbitration award.
- 51 Words and expressions which are used in this document but which are not defined herein shall, unless the context otherwise requires, have the same meaning as assigned thereto in the Rules, Byelaws and Regulations/Business Rules and circulars/notices issued thereunder of the Exchanges/SEBI.
- 52 All additional voluntary/non-mandatory clauses/document added by the Member should not be in contravention with Rules/ Business Rules/Notices/Circulars of Exchanges/SEBI. Any changes in such voluntary clauses/document(s) need to be preceded by a notice of 15 days. Any changes in the rights and obligations which are specified by Exchanges/SEBI shall also be brought to the notice of the clients.
- 53 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.
- 54 Members are required to send account statement to their clients every month.

## **RISK DISCLOSURE DOCUMENT FOR CAPITAL MARKET AND DERIVATIVES SEGMENT**

This document contains important information on trading in Equities/Derivatives Segments of the stock exchanges. All prospective constituents should read this document before trading in Equities/Derivatives Segments of the Exchanges. Stock exchanges/SEBI does neither singly or jointly and expressly nor impliedly guarantee nor make any representation concerning the completeness, the adequacy or accuracy of this disclosure document nor have Stock exchanges /SEBI endorsed or passed any merits of participating in the trading segments. This brief statement does not disclose all the risks and other significant aspects of trading. In the light of the risks involved, you should undertake transactions only if you understand the nature of the relationship into which you are entering and the extent of your exposure to risk. You must know and appreciate that trading in Equity shares, derivatives contracts/Commodities or other instruments traded on the Stock Exchange, which have varying element of risk, is generally not an appropriate avenue for some-one of limited resources/limited investment and/or trading experience and low risk tolerance. You should therefore carefully consider whether such trading is suitable for you in the light of your financial condition. In case you trade on Stock exchanges and suffer adverse consequences or loss, you shall be solely responsible for the same and Stock exchanges/its Clearing Corporation and/or SEBI shall not be responsible, in any manner whatsoever, for the same and it will not be open for you to take a plea that no adequate disclosure regarding the risks involved was made or that you were not explained the full risk involved by the concerned stock broker. The constituent shall be solely responsible for the consequences and no contract can be rescinded on that account. You must acknowledge and accept that there can be no guarantee of profits or no exception from losses while executing orders for purchase and/or sale of a derivative contract being traded on Stock exchanges. It must be clearly understood by you that your dealings on Stock exchanges through a stock broker shall be subject to your fulfilling certain formalities set out by the stock broker, which may inter alia include your filling the know your client form, reading the rights and obligations, do's and don'ts, etc., and are subject to the Rules, Byelaws and Regulations of relevant Stock exchanges, its Clearing Corporation, guidelines prescribed by SEBI and in force from time to time and Circulars as may be issued by Stock exchanges or its Clearing Corporation and in force from time to time. Stock exchanges does not provide or purport to provide any advice and shall not be liable to any person who enters into any business relationship with any stock broker of Stock exchanges and/or any third party based on any information contained in this document. Any information contained in this document must not be construed as business advice. No consideration to trade should be made without thoroughly understanding and reviewing the risks involved in such trading. If you are unsure, you must seek professional advice on the same. In considering whether to trade or authorize someone to trade for you, you should be aware of or must get acquainted with the following:-

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

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

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

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

Liquidity refers to the ability of market participants to buy and/or sell securities/derivatives contracts expeditiously at a competitive price and with minimal price difference. Generally, it is assumed that more the numbers of orders available in a market, greater is the liquidity. Liquidity is important because with greater liquidity, it is easier for investors to buy and/or sell securities/derivatives contracts/Commodities 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/Commodities contracts as compared to active securities derivatives/Commodities 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/Commodities contracts as part of a day trading strategy may also result into losses, because in such a situation, securities/derivatives/Commodities 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 Commodities contract.

### 1.3 Risk of Wider Spreads:

Spread refers to the difference in best buy price and best sell price. It represents the differentia between the price of buying a security/derivatives/Commodities 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/Commodities contracts. This in turn will hamper better price formation.

### 1.4 Risk-reducing orders:

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

1.4.1 A 'market' order will be executed promptly, subject to availability of orders on opposite side, without regard to price and that, while the customer may receive a prompt execution of a "market" order, the execution may be at available prices of outstanding orders, which satisfy the order quantity, on price time priority. It may be understood that these prices may be significantly different from the last traded price or the best price in that security/deritives/ Commodities 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/Commodities contract, and such order gets activated if and when the security/derivatives/ Commodities 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/Commodities 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/Commodities contract might penetrate the predetermined price, in which case, the risk of such order not getting executed arises, just as with a regular limit order.

### 1.5 Risk of News Announcements:

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

### 1.6 Risk of Rumors:

Rumors about companies / currencies/Commodities 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/Commodities 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 Future Commodities Contract 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/Commodities contract so the transactions are 'leveraged' or 'geared'. Derivatives/Commodities 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/Commodities carry a high degree of risk. You should therefore completely understand the following statements before actually trading in derivatives/Commodities 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 in Future Commodities derivatives involve daily settlement of all positions. Every day the open positions are marked to market based on the closing level of the index / derivatives contract. If the contract has moved against you, you will be required to deposit the amount of loss (notional) resulting from such movement. This amount will have to be paid within a stipulated time frame, generally before commencement of trading on next day.

B. If you fail to deposit the additional amount by the deadline or if an outstanding debt occurs in your account, the stock broker may liquidate a part of or the whole position or substitute securities. In this case, you will be liable for any losses incurred due to such close-outs.

C. Under certain market conditions, an investor may find it difficult or impossible to execute transactions. For example, this situation can occur due to factors such as illiquidity i.e. when there are insufficient bids or offers or suspension of trading due to price limit or circuit breakers etc.

D. In order to maintain market stability, the following steps may be adopted: changes in the margin rate, increases in the cash margin rate or others. These new measures may also be applied to the existing open interests. In such conditions, you will be required to put up additional margins or reduce your positions.

E. You must ask your broker to provide the full details of derivatives/Commodities contracts you plan to trade i.e. the contract specifications and the associated obligations.

## 2.2 Currency specific risks:

1. The profit or loss in transactions in foreign currency-denominated contracts, whether they are traded in your own or another jurisdiction, will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the contract to another currency.

2. Under certain market conditions, you may find it difficult or impossible to liquidate a position. This can occur, for example when a currency is deregulated or fixed trading bands are widened.

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

## 2.3 Risk of Option holders:

1. An option holder runs the risk of losing the entire amount paid for the option in a relatively short period of time. This risk reflects the nature of an option as a wasting asset which becomes worthless when it expires. An option holder who neither sells his option in the secondary market nor exercises it sufficient to cover the cost of the option, the investor may lose all or a significant part of his investment in the option 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

2. The Exchanges may impose exercise restrictions and have absolute authority to restrict the exercise of options at certain times in specified circumstances.

## 2.4 Risks of Option Writers:

1. If the price movement of the underlying is not in the anticipated direction, the option writer runs the risks of losing substantial amount.

2. The risk of being an option writer may be reduced by the purchase of other options on the same underlying interest and thereby assuming a spread position or by acquiring other types of hedging positions in the options markets or other markets. However, even where the writer has assumed a spread or other hedging position, the risks may still be significant. A spread position is not necessarily less risky than a simple 'long' or 'short' position.

3. Transactions that involve buying and writing multiple options in combination, or buying or writing options in combination with buying or selling short the underlying interests,

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

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

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

### **4. GENERAL**

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

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

4.3 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.

4.4 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.

## **INTERNET & WIRELESS TECHNOLOGY BASED TRADING FACILITY PROVIDED BY STOCK BROKERS TO CLIENT**

**(All the clauses mentioned in the '*Rights and Obligations*' document(s) shall be applicable. Additionally, the clauses mentioned herein shall also be applicable.)**

1. Stock broker is eligible for providing Internet based trading (IBT) and securities/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 stock broker 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/commodities 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 Stock broker shall provide the Stock broker's IBT Service to the Client, and the Client shall avail of the Stock broker's IBT Service, on and subject to SEBI/Exchanges Provisions and the terms and conditions specified on the Stock broker's IBT Web Site provided that they are in line with the norms prescribed by Exchanges/SEBI.
3. The stock broker shall bring to the notice of client the features, risks, responsibilities, obligations and liabilities associated with securities/commodities trading through wireless technology/internet/smart order routing or any other technology should be brought to the notice of the client by the stock broker.
4. The stock broker shall make the client aware that the Stock Broker's IBT system itself generates the initial password and its password policy as stipulated in line with norms prescribed by Exchanges/SEBI.
5. The Client shall be responsible for keeping the Username and Password confidential and secure and shall be solely responsible for all orders entered and transactions done by any person whosoever through the Stock broker's IBT System using the Client's Username and/or Password whether or not such person was authorized to do so. Also the client is aware that authentication technologies and strict security measures are required for the internet trading/securities/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 stock broker
6. The Client shall immediately notify the Stock broker in writing if he forgets his password, discovers security flaw in Stock Broker's IBT System, discovers/suspects discrepancies/ unauthorized access through his username/password/account with full details of such unauthorized use, the date, the manner and the transactions effected pursuant to such unauthorized use, etc.
7. The Client is fully aware of and understands the risks associated with availing of a service for routing orders over the internet/securities/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 stock broker shall send the order/trade confirmation through email to the client at his request. The client is aware that the order/ trade confirmation is also provided on the web portal. In case client is trading using wireless technology, the stock broker shall send the order/trade confirmation on the device of the client.
9. The client is aware that trading over the internet involves many uncertain factors and complex hardware, software, systems, communication lines, peripherals, etc. are susceptible to interruptions and dislocations. The Stock broker and the Exchange do not make any representation or warranty that the Stock broker's IBT Service will be available to the Client

at all times without any interruption.

10. The Client shall not have any claim against the Exchange or the Stock broker on account of any suspension, interruption, non-availability or malfunctioning of the Stock broker's IBT System or Service or the Exchange's service or systems or non-execution of his orders due to any link/system failure at the Client/Stock brokers/Exchange end for any reason beyond the control of the stock broker/Exchanges.

## GUIDANCE NOTE – DO'S AND DONT'S FOR TRADING ON THE EXCHANGE(S) FOR THE 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.nseindia.com](http://www.nseindia.com), [www.bseindia.com](http://www.bseindia.com), [www.mcxindia.com](http://www.mcxindia.com), and [www.sebi.gov.in](http://www.sebi.gov.in).
2. Ensure that you fill the KYC form completely and strike off the blank fields in the KYC form.
3. Ensure that you have read all the mandatory documents viz. Rights and Obligations, Risk Disclosure Document, Policy and Procedure document of the stock broker.
4. Ensure to read, understand and then sign the voluntary clauses, if any, agreed between you and the stock broker. Note that the clauses as agreed between you and the stock broker cannot be changed without your consent.
5. Get a clear idea about all brokerage, commissions, fees and other charges levied by the broker on you for trading and the relevant provisions/ guidelines specified by SEBI/Stock exchanges.
6. Obtain a copy of all the documents executed by you from the stock broker free of charge.
7. In case you wish to execute Power of Attorney (POA) in favour of the Stock broker, authorizing it to operate your bank and demat account, please refer to the guidelines issued by SEBI/Ex-changes in this regard

### **Transactions and Settlements**

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

b) The actual settlement of funds and securities shall be done by the stock broker, at least once in a calendar quarter or month, depending on your preference. While settling the account, the stock broker shall send to you a 'statement of accounts containing an extract from the client ledger for funds and an extract from the register of securities displaying all the receipts/ deliveries of funds and securities. The statement shall also explain the retention of funds and securities and the details of the pledged shares, if any.

c) On the date of settlement, the stock broker may retain the requisite securities/funds towards outstanding obligations and may also retain the funds expected to be required to meet derivatives margin obligations for next 5 trading days, calculated in the manner specified by the exchanges. In respect of cash market transactions, the stock broker may retain entire pay-in obligation of funds and securities due from clients as on date of settlement and for next day's business, he may retain funds/securities/margin to the extent of value of transactions executed on the day of such settlement in the cash market.

d) You need to bring any dispute arising from the statement of account or settlement so made to the notice of the stock broker in writing preferably within 7 (seven) working days from the date of receipt of funds/securities or statement, as the case may be. In case of dispute, refer the matter in writing to the Investors Grievance Cell of the relevant Stock exchanges without delay.

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 stock broker. In case there is dispute, ensure that you lodge a complaint in writing immediately with the Investors Grievance Cell of the relevant Stock exchange.

15. Please register your mobile number and email id with the stock broker, to receive trade confirmation alerts/ details of the transactions through SMS or email, by the end of the trading day, from the stock exchanges.

### **In case Of Termination of Trading Membership**

16. In case, a stock broker surrenders his membership, is expelled from membership or declared a defaulter; Stock exchanges gives a public notice inviting claims relating to only the "transactions executed on the trading system" of Stock exchange, from the investors. Ensure that you lodge a claim with the relevant Stock exchanges within the stipulated period and with the supporting documents.

17. Familiarize yourself with the protection accorded to the money and/or securities you may deposit with your stock broker, particularly in the event of a default or the stock broker's insolvency or bankruptcy and the extent to which you may recover such money and/or securities may be governed by the Bye-laws and Regulations of the relevant Stock exchange where the trade was executed and the scheme of the Investors' Protection Fund in force from time to time.

### **Disputes/ Complaints**

18. Please note that the details of the arbitration proceedings, penal action against the brokers and investor complaints against the stock brokers are displayed on the website of the relevant Stock exchange.

19. In case your issue/problem/grievance is not being sorted out by concerned stock 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 stock broker have been mandated by SEBI to designate an e-mail ID of the

grievance redressed division/com- pliance 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 following link <https://www.mcxindia.com/membership/notice-board/Member-AP> - Details to see whether the Member is registered with the Exchange.
2. Insist on filling up a standard 'Know Your Client (KYC)' form before you commence trading
3. Insist on getting a Unique Client Code (UCC) and ensure all your trades are done under the said UCC.
4. Insist on reading and signing a standard 'Risk Disclosure Agreement'.
5. Obtain a copy of your KYC and/ or other documents executed by you with the Member, from the Member.
6. Cross check the genuineness of trades carried out at the Exchange through the trade verification facility available on the Exchange website at the following link <https://www.mcxindia.com/en/login>. The trades can be verified online where trade information is available up to 5 working days from the trade date.
7. Insist on a duly signed Contract Note in specified format for every executed trade within 24 hours of trade, highlighting the details of the trade along with your UCC.
8. Ensure that the Contract Note contains all the relevant information such as Member Registration Number, Order No., Order Date, Order time, Trade No., Trade rate, Quantity, Arbitration Clause, etc.
9. Obtain receipt for collaterals deposited with the Member towards margins.
10. Go through the Rules, Bye-laws, Regulations, Circulars, Directives, Notifications of the Exchange as well as of the Regulators, Government and other authorities to know your rights and duties vis-à-vis those of the Member.
11. Ask all relevant questions and clear your doubts with your Member before transacting.
12. Insist on receiving the bills for every settlement.
13. Insist on Monthly statements of your ledger account and report any discrepancies in the statement to your Member within 7 working days. In case of unsatisfactory response report the discrepancy to the Exchange within 15 working days from the date of cause of action.
14. Scrutinize minutely both the transaction & holding statements that you receive from your Depository Participant.
15. Keep Delivery Instruction Slips (DIS) book issued by DPs in safe possession.
16. Ensure that the DIS numbers are preprinted and your account number (UCC) is mentioned in the DIS book.

17. Freeze your Demat account in case of your absence for longer duration or in case of not using the account frequently.
18. Pay required margins in time and only by Cheque and ask for receipt thereof from the Member.
19. Deliver the commodities in case of sale or pay the money in case of purchase within the time prescribed.
20. Understand and comply with accounting standards for derivatives.
21. Ensure to read, understand and then sign the voluntary clauses, if any, agreed between you and the Member. Note that the clauses as agreed between you and the Member cannot be changed without your consent.
22. Get a clear idea about all brokerage, commissions, fees and other charges levied by the Member on you for trading and the relevant provisions/ guidelines specified by SEBI/Commodity exchanges.
23. Make the payments by account payee cheque in 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.

### **DONT'S**

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

## **POLICIES AND PROCEDURES OF RELITRADE STOCK BROKING PVT LTD**

### a) Refusal of orders for Penny Stocks

Penny Stocks are those securities, which are declared to be illiquid securities by the exchanges every month. These types of stocks are generally considered to be highly speculative and high risk because of their lack of liquidity. So clients are advised not to deal in penny stocks and if client deals with the penny stocks, 100% margin will be taken from the client. Stock Broker also reserves the right to refuse to provide limit/exposure in Penny stocks if it does not commensurate with the risk profile of the client as assessed by the Broker.

### b) Setting up client's exposure limits

The stockbroker may from time to time impose and vary limits on the orders that the client can place through the stock broker's trading system (including exposure limits, turnover limits, limits as to the number, value and/or kind of securities in respect of which orders can be placed etc.). The client is aware and agrees that the stock broker may need to vary or reduce the limits or impose new limits urgently on the basis of the stock broker's risk perception and other factors considered relevant by the stock broker including but not limited to limits on account level/market level limits imposed by exchange/SEBI directions/limits (such as broker security specific/volume specific exposures etc.), and the stock broker may be unable to inform the client of such variation, reduction or imposition in advance. The client agrees that the stock broker may at its sole discretion without prior notice, prohibit or restrict client from placing orders or trade in securities through the stock broker's trading system on account of any such variation, reduction or imposition of limits.

### c) Applicable brokerage rate

Brokerage will be charged within the limits prescribed by SEBI/- Exchange.

d) Imposition of penalty/delayed payment charges Clients will be liable to pay late payment/delayed payment charges for non-making payment of their paying/margin obligation on time as per the exchange requirement/schedule at the rate as applicable. Further where the stock broker has to pay any fine same shall be borne by the client. or bear any punishment from any authority in connection with or any actions of the client the same shall be born by the client.

e) Relitrade right to square off: Without prejudice to Relitrade other rights (including the right to refer a matter to arbitration), in the event of the Client failing to maintain/supply applicable margin money required to sustain the outstanding market positions of the Client, Relitrade shall be entitled, at its option and liberty, to liquidate/close out all outstanding market positions or any part thereof such that the outstanding market positions are either zeroed out or reduced to an extent where available margin covers the market positions remaining after such square off. The Client understands and accepts that authority of Relitrade to square off outstanding market interests of the client in the event of the client failing to furnish margin money immediately on demand is carte blanche qua the entire outstanding position and the client shall not, as a matter of right, be entitled to reduction of the outstanding positions in stages in order that positions to the extent of available margin are retained in the client's account. Relitrade may also sell off all or any securities of the client lying with Relitrade as collateral or otherwise, for any amounts due by the client and adjust the proceeds of such liquidation/close out against the client's liabilities / obligations to Relitrade. Any and all losses and financial charges on account of such liquidation / closing-out shall be charged to and borne by the client. Client shall keep and hold Relitrade indemnified and harmless from any loss arising out of such closing out / squaring off. Such liquidation or close out of positions shall apply to any segment in which the client does business with Relitrade.

f) Shortages in obligations arising out of internal netting of trades

Stock broker 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 stock broker 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.

g) 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 up to 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/close out without giving notice due to shortage of margin / non-making of payment for their paying obligation/ outstanding debts.

h) 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. After suspension 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.

i) Market and internal shortages

The client hereby agrees that if he / she / it has short-delivered any securities against his / her / its pay-in obligation towards a counter party who is a Client of Relitrade and delivery of the securities was also not effected through auction in the market (self-auction) for any reason including that self-auction is not permitted on the Exchange, then the contract shall be closed out and the close out price will be higher of:

(a) The highest price for the securities prevailing in NSE or as the case may be BSE on any date commencing from the date of transaction till the day of auction relevant to the trade (auction day) or

(b) The closing price for the securities on the auction day as increased by 3% of the closing price for F&O traded scrip or 7% for other scrip or such other % as may be revised by Relitrade from time to time. The amount so determined shall be debited to the account of the client who defaulted to deliver.

## **MANDATORY**

### I) De registering a client:

Notwithstanding anything to the contrary stated in the agreement with immediate effect in any of the following circumstances: If the action of the client are *prima facie* illegal / improper or such as to manipulate the price of any the normal/proper functioning of the market, either alone or in conjunction with others. If there is any commencement of a legal process against the client under any law in force; On the death/lunacy or other disability of the Client; If the Client proceedings has voluntarily or under compulsorily become subject to any bankruptcy or insolvency law; If the client being a partnership firm, has any steps taken by the Client and/or its partners for dissolution of the partnership; 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;

### II) 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 time 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.

### Client Acceptance of Policies and Procedures stated herein above:

I/We have fully understood the same and do hereby sign the same and agree not to call into question the validity, enforceability and applicability of any provision/clauses this document any circumstances what so ever. These Policies and Procedures may be amended/ changed unilaterally by the broker, provided the change is informed to me/us with through any one or more means or methods. I/we agree never to challenge the same on any grounds including delayed receipt/ non-receipt or any other reasons whatsoever. These Policies and Procedures shall always be read along with the agreement and shall be compulsorily referred to while deciding any dispute/difference or claim between me/us and stock broker before any court of law/judicial/adjudicating authority including arbitrator/ mediator etc.

## **VOLUNTARY TERMS AND CONDITIONS**

Whereas the client intends to open securities/commodity trading accounts with Relitrade stock Broking Pvt Ltd., (herein- after referred as Relitrade) for the purpose trading in Capital Market Segment, Future & Option Segment, Currency Derivative, Commodity Segments of Bombay Stock Exchange Limited, National Stock Exchange of India Limited, Multi Commodity Exchange of India Limited and Mutual Fund transactions Facili- ties offered by SEBI recognized Stock Exchange/and whereas for the purpose of more fully and conveniently availing of the service that may be made available by Relitrade from time to time, the Client, on its own free will and volition, agrees to accept and be bound by the following terms and conditions are voluntary i.e., non-mandatory in nature but on their acceptance, these shall constitute the contract between the parties and bind them fully and be enforceable by each party against the other.

### **1. Authorization to debit additional charges with regard to Trading and Demat Account:**

Without prejudice to the other rights and obligations of the parties, the client understands and agrees that Relitrade may levy additional charges including Annual Maintenance Charges and all transaction charges with respect to Clients Demat account for any service rendered by Relitrade and as may be required by the Client, and recover from the Client all reasonable costs, as may be incidental or consequential for rendering the said services. The said charges will be debited to the clients ledger account with Relitrade Stock Broking Pvt. Ltd.

### **2. Authorization for delivering / pledging shares:**

The client understands and agrees that Relitrade may deliver to the Exchange any securities held by it on behalf of the client to discharge settlement obligations in respect of securities sold by the client or pledge the same with Cheat its sole discretion & at any point of time. clearing house of the recognized stock exchange in any segment where the Client Is registered for trading for the purpose of providing margin for the trading positions contracted or to be contracted by the Client or with any scheduled commercial bank, Non-Banking Financial Institution or other financial institution for raising funds to the extent account of the client carries debit balance but without any obligation on its part to so raise funds by pledging the securities and without prejudice to the right of Relitrade to enforce, at its option, the collateral security in the securities to recover the debit balance at any time.

### **3. Authorization for Inter segment fund balance transfer and stock transfers:**

The client here by authorizes Relitrade to transfer its debit/ credit balances in the ledger account arising during the course of trades in any segment to its ledger account in any other segment or to transfer any stock purchased/lying in its account in any segment to its account In any other segment as often as may be required. The transfers may be completed by passing journal entries in the books of Relitrade.

### **4. Disclaimer:**

The Client understands and agrees that neither Relitrade nor any other party disseminating any market data, message or information through the Website of Relitrade ([www.relitrade.in](http://www.relitrade.in)) or in any other media shall be liable for:

- (a) Any inaccuracy, error, omission or delay in the transmission or delivery of any such data, information or message, or
- (b) Any loss or damage arising from or occasioned by
  - (i) Any such inaccuracy, error, delay or omission, (ii) Non-performance, or (iii) Interruption

in making available any such data, information or message, due to either any act permission by Relitrade or any disseminating party or to any force majeure (e.g. flood, extraordinary weather condition, earthquake or other act of nature, fire, war, insurrection, riot, labour dispute/unrest, accident action of government, communications or power failure, equipment or software malfunction) or any other cause beyond the reasonable control of Relitrade or any disseminating party.

## **5. Manner/Mode of placing orders/instructions & Non execution/delay/cancellation of Orders:**

The Client may communicate orders and other instructions to Relitrade or the subbroker/authorised person as the case may be over phone at the designated contact telephone number, or in writing, or through designated email, or by personally visiting the designated office. The client hereby agrees that Relitrade or the Exchanges shall not be liable for non execution or partial execution of any orders caused due to suspension, interruption, or malfunctioning of the online as well as online trading services, disruptions or congestion of communication networks, hardware or software problems, or failure of the electronic trading beyond the control of Relitrade or the Exchange.

## **6. Client not to act on representations of agents, employees:**

Client is aware that Relitrade has not authorized any agents, representatives, employees or other persons to make any representation, or to give any promise, assurance, warranty, undertaking or commitment as to return on investment of the Client whether in writing or otherwise on behalf of Relitrade.

## **7. Recording of Conversation:**

The client is aware and agrees that Relitrade may tape record the conversation between the client/client's representative and Relitrade, whether over the telephone or in person, as per applicable laws, rules and regulations of SEBI/Exchanges.

Relitrade may produce before competent authorities, voluntarily or on such production being required by such authorities, recorded conversation or transcript thereof or both as valid evidence of the content of the conversation so recorded.

## **8. Confidentiality of Client Details :**

Relitrade may disclose the client information to any person /entity as required under the law or to any brokers Association or organisations In case of dispute In order to take informed decision. The Client here by agrees and give Its consents for the disclosure by Relitrade to any person or entity including but not limited to any independent third parties or any entities of Relitrade Group, whether within or outside India, of any information and data relating to Client or relating to Client's trading account with Relitrade for the purposes of or in connection with, any present or proposed initiatives, including but not limited to any marketing or cross sell initiatives, business proposals, activities, facilities or services availed of or to be availed, by Client in future.

## **9. Disclosure as to Proprietary Trades by Relitrade:**

Relitrade may carry out proprietary trades in addition to trades on behalf of its Clients.

## **10. Severance:**

In case any one or more of the terms and conditions contained in this document become invalid, illegal or unenforceable in any respect under any applicable law, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

## **11. No Waiver:**

No forbearance, relaxation or inaction by any party to require from the other performance or discharge of any obligation to be performed or discharged by the other under this document shall in any way affect diminish, or prejudice the right of such party to require of the other party at any time such performance or discharge, or performance or discharge of any other obligations under this document or be considered to be a waiver of any rights, unless the waiver is specifically agreed in writing.

## **12. Notices:**

All notices or communications issued by Relitrade shall be served on the Client in any one or more or all of the following ways at the ordinary business address and/or ordinary place of residence and/or last known address of the client:

**12.1**(a) By ordinary post or (b) By registered post or (c) By express delivery post or (d) by SMS on registered mobile or by telephonic call or (e) By affixing it on the door at the last known business or residential address or (f) By oral communication to the party or on the last known telephone number or on the recording machine of such number or (g) By advertising it in at least one prominent daily newspaper having circulation in the area where the last known business or residential address of the client is situated or (h) By publishing it on the website of Relitrade wherein secured log-id and password to Client is provided or (I) By a notice posted on the notice board of the Exchange if no address be known or (j) By electronic mail or fax or (k) By hand delivery or By Courier or any other approved mode as may be allowed for communication.

**12.2** Notwithstanding anything stated above, communication relating to orders, margins, maintenance calls and other similar matters In the ordinary course of dealings between Relitrade and the Client may be made orally.

## **13 Electronic Contract Note (ECN):**

**13.1.** Client agree to receive contract notes in Electronic/Digital Form (ECN) authenticated by means of a digital signature in lieu of Physical Contract notes through e-mail by authorizing Relitrade in this connection and providing the e-mail address(es) at which the Client wishes the ECN to be sent.

**13.2** The Client shall access and verify the ECN and all Information contained there in, In case of discrepancy, the Client shall inform Relitrade either in writing or via E-mail within reasonable time of the receipt of the same. Relitrade shall also publish the Contract Note on the Web site [www.relitrade.in/broking/](http://www.relitrade.in/broking/) or on any other designated location specified by Relitrade from time to time. The Client will be issued a login and password by which the Client can login in to his account and view/save/print the ECN. Should the Client experience any difficulty in opening the ECN, Relitrade may, on advice by the Client, make the Contract Note available by any other means (email, electronic mail attachment, or In the form of an available download from the back office web site or by delivery of a hard copy). Client's failure to advise Relitrade of such a difficulty shall amount to valid delivery and viewing of the document by the Client.

## **14. Electronic Transmission of other Documents:**

The Client who have opted for ECN agrees that Relitrade may transmit to the Client any statements, documents or Intimation Including, but not limited to, Margin Statement, Statements of Funds and Securities, margin and maintenance calls & other notices/communications document mandated by SEBI/Stock Exchange/Commodity Exchange/Depository in electronic mode either at the e-mail ID designated for delivery of ECN or to the mobile number of the Client or both and, in case of non receipt of bounced mail /non delivery of SMS notification, Relitrade shall be deemed to have fulfilled his obligation to deliver to the Client such documents. Discrepancies if any in documents should be brought to the notice of Relitrade within reasonable time from issuance failing which the documents shall be deemed to be true and correct record of transactions stated therein.

## **15. Electronic Payment Gateway for Net Banking Services:**

Relitrade: may provide on its internet trading website, without additional cost to the Client, access to Electronic Payment Gateways provided by various banks for facilitating transfer of funds from Client's bank account to the account of the Client with Relitrade. Client understands that Relitrade is only providing access to the electronic fund transfer facility provided by the banker of the Client through Relitrade's website by means of an Interface and is not liable or responsible for the proper functioning or otherwise of the Gateway or for any transaction errors, losses, malfunctioning or hacking of the system by unscrupulous elements, frauds, and/or any incidental or consequential claims arising thereout. Client undertakes not to make Relitrade a party to any litigation, claim, dispute, difference or complaint that the Client may initiate in respect of, arising out of or In connection with any transactions on the Gateway and agrees that Relitrade liability shall at all-time be limited to the amount actually received In its account by electronic transfer from Client's account with the Bank.

## **16. Internet/Wireless Technology based Trading facility:**

**16.1** Relitrade offers Internet and mobile Trading facility for transaction in securities on the concerned Exchanges including facilities for online application of IPO/FPO/NFO/Bond issues or any other issues of securities or services to apply/purchase/redeem/sale/buyback or otherwise deal in the units of Mutual Funds (hereinafter referred to as the Internet/wireless Trading system") through Exchange approved software. The Client can route its orders to Relitrade over the Internet/mobile/laptop with data card or any other devices which use Internet protocol for purchasing, selling and dealing In securities. The Client may avail of such Trading facility provided by Relitrade by complying with the formalities prescribed therefore.

**16.2** Non-usage of Internet/Wireless Trading Facility: If the Client does not use the Internet/Wireless Trading Facility for a continuous period of 3 months or such other period as Relitrade may notify, the facility may be deactivated without notice and the Client shall comply with the prescribed formalities for reactivating the facility. Trades can, however, be executed at all time by placing orders off-line with the concerned branch of Relitrade.

**16.3** The client understands and agrees that Relitrade has different product of the Internet Trading/Wireless Trading software, which have been approved by the Exchanges and the client shall be allotted such product as may be chosen by him. The client also understands and agrees that depending on the trading activity of the client, Relitrade shall have the exclusive right and liberty to change the product version allotted to the client and allot a different product version of the Internet Trading/Wireless Trading facility.

**16.4** Orders of Client subject to review by Relitrade: The Client agrees that the Relitrade may, on being suspicious of any of the transactions, review any order placed by a Client, which may cause delays in the processing of the Client's order or may result in rejection of such order.

## **17. Extra Ordinary Events and termination/suspension of trading facility:**

Relitrade will not be liable for losses caused directly or indirectly by government restriction, Exchange rulings, suspension of trading, computer, communication, telephone or system failure, war, earthquakes, flood, accident, power failure, equipment or software malfunction, lack of connectivity, congestion or disruption of communication net-work or links, software glitches or corruption, low processing speed, strikes or any other conditions beyond Relitrade's control resulting in non-execution, partial Or Incomplete execution of orders and the resulting financial loss, if any Relitrade may at any time terminate, discontinue or temporarily suspend trading facility provided to the Client in the event of any such extraordinary event occurring without giving prior notice to the Client.

## **18. Amendments to the terms and conditions:**

Relitrade reserves the right to amend the terms and conditions herein contained by adding, deleting, modifying or varying the provisions thereof by giving 15 days notice to the Client. In the event where the client has not objected to revised terms and conditions within 15 days of receiving the notification, the same shall be binding on the client.

#### **19. Mutual Fund Service System Facility/BSE Star MF:**

Client is registered with Relitrade Stoking broking Pvt Ltd and has executed Know Your Form and certain other documents for the purpose of trading in securities market on the recognized Stock Exchange (herein after referred as Exchange). Incase client opts for the purpose of dealing in the units of Mutual Funds Schemes permitted to be dealt with on the SEBI recognized Stock Exchanges (Mutual Fund Transaction Facilities). Know Your Client details as submitted by & the client for the stock broking shall be considered for the purpose of Mutual fund transaction facilities and abide by the terms and conditions as mentioned in the circulars as may be specified by the Exchanges from time to time in this regard. Client shall also ensure compliance with the requirements as may be specified from time to time by Securities and Exchange Board of India and Association of Mutual Funds of India (AMFI). Client shall read understand the contents of the Scheme Information Document and Key Information Memorandum, addendum Issued regarding each Mutual Fund Schemes with respect to which client choose to subscribe/redeem. Client further agree to abide by the terms and conditions, rules and regulations of the Mutual Fund Schemes. Client confirm to have read & understood the terms & conditions for using Mutual Fund transaction facility as stated In KYC handout (customer copy). Client is aware that he/she can trans- act directly with the AMC without recourse to Distributor's name at any time under the foilo(s) tagged with the Distributors name/broker code. The Client agrees and authorizes Relitrade as distributor of mutual hinds to communicate on his/her behalf with the AMCs for financial and /or non-financial transactions Including for receiving investment details from the AMC.

20. Parties agree that all claims, differences or disputes between them, arising out of or in relation to this mandatory and voluntary client / registration document any dealings and transactions made subject to the Bye laws, Rules and Regulations of the Exchanges shall be submitted to arbitration for resolution in accordance with the provisions of the Arbitration and Conciliation Act, 1996 and the Byelaws and Regulations of the concerned Exchange. Provided, however, that recourse shall not be had to the arbitration, the grievance redressal mechanisms or to the investor protection schemes of the of the Exchanges or SEBI where the claims, differences or disputes exclusively arise out of or relate to any contracts entered Into; transactions carried out; schemes, leagues or competition joined; other arrangements or understandings reached or relations established by the client with a group concern or associate of the Stock Broker, Commodity Broker or any third parties and to which the Byelaws, Rules and Regulations of the Exchange are not attracted and the Client understands and agrees that any application for invoking the arbitration/grievance redressal mechanisms or investor protection schemes of the Exchange in relation to any such dispute, claims or differences shall be liable to be dismissed.

I/We hereby confirm to have read and understood the terms and conditions as mentioned above and agree to abide by the same.

### **Liquidation of position w.e.f 1<sup>st</sup> October, 2019**

As per SEBI circular CIR/HO/MIRSD/DOP/CIR/P/2019/75 dated June 20, 2019 any debit in any client will not be allowed beyond T+5 days and in case of non-payment from client, the broker can clear the outstanding dues by selling the securities in stock market with pre intimation to client. Amount so credited will be adjusted against the debit and the remaining credit amount will be passed on to client by way of payout. In case of shortfall to recover all the dues, demand will be raised in client account.

### **PMLA**

The PMLA came into effect from 1st July 2005. Necessary Notifications / Rules under the said Act were published in the Gazette of India on 1st July, 2005 by the Department of Revenue, Ministry of Finance, Government of India. Guidelines were also issued in the context of the recommendations made by the Financial Action Task Force on anti-money laundering standards.

PMLA is applicable to every intermediary registered with Securities & Exchange Board of India (SEBI), which includes a stockbroker, depository participant, portfolio manager and any other intermediary associated with securities market. It also includes banking company, financial institution (which includes chit Fund Company, a cooperative bank, a housing finance institution and a non-banking financial company).

As per the provisions of PMLA, the intermediaries are required to comply with Know Your Client (KYC) norms, conduct ongoing client due diligence to ensure that the activity being conducted in any account is consistent with the intermediary's knowledge of the client, its business and risk profile.

In view of same, clients are required to provide the information or evidence of source of income, bank account statements, income tax returns, demat statement whenever client is asked for in the course of dealing with us.

## **RIGHTS AND OBLIGATIONS OF BENEFICIAL OWNER AND DEPOSITOR 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 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 & 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 Byelaws, 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.

## **DO'S And DONT'S For DEMAT CLIENTS**

### **Do's:**

1. Register for CDSL's internet based facility 'easi' to monitor your demat account yourself. Contact your DP for details.
2. Register for CDSL's SMS Alert facility - SMART and obtain alerts for any debits or credits due to a corporate action, in your demat account.
3. Accept the DIS book from your DP only if each slip has been pre-printed with a serial number along with your demat account number and keep it in safe custody.
4. Always mention the details like ISIN, number of securities accurately. In case of any queries, please contact your DP or broker.
5. Ensure that all demat account holder(s) sign on the DIS. Please strike out the any blank space on the slip.
6. Cancellations or corrections on the DIS should be initialed or signed by all the account holder(s).
7. Submit the DIS ahead of the delivery date for all type of market transactions. DIS can be issued with a future execution date.
8. Intimate any change of address or change in bank account details to your DP immediately.
9. Check the investor service record of the issuer company with your DP before deciding to send certificates for demat. The list of companies whose demat request are pending is published at [www.cdslindia.com](http://www.cdslindia.com).
10. Before sending securities for demat, record the distinctive numbers of the securities sent.
11. Before granting Power of Attorney(PoA) to anyone, to operate your demat account, carefully examine the scope & implications of powers being granted.
12. PoA is not mandatory for opening a demat account.
13. The demat account has a nomination facility and it is advisable to appoint a nominee, in case of sole account holders.
14. Ensure that, both, your holding and transaction statements are received periodically as instructed to your DP. You are entitled to receive a transaction statement every month if you have any transactions and once a quarter if there have been no transactions in your account.
15. Check your demat account statement on receipt. In case you notice any unauthorized debits

or credits, contact your DP for clarification. If not resolved, you may contact CDSL Investor Grievance Dept., Mr. Durgesh Gurav, Central Depository Services (India) Ltd., Marathon Futurex, A Wing, 25th floor, Mafatlal Mills Compound N M Joshi Marg , Lower Parel ( E) Mumbai - 400013 , Phone :022 2305-8658 email- [complaints@cdslindia.com](mailto:complaints@cdslindia.com)

**Dont's :**

1. Do not leave your instruction slip book with anyone else.
2. Do not sign blank DIS as it is equivalent to a bearer cheque.
3. Avoid over-writing, cancellations, misspellings, changing of the name and quantity of securities.

We request you to meticulously follow the above instructions, to avoid any problem in operation of your demat account.

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

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

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

**Availability:** 1. The service will be provided to the BO at his / her request and at the discretion of the depository. The service will be available to those account holders who have provided their mobile numbers to the depository through their DP. The services may be discontinued for a specific period / indefinite period, with or without issuing any prior notice for the purpose of security reasons or system maintenance or for such other reasons as may be warranted. The depository may also discontinue the service at any time without giving prior notice for any reason whatsoever.

2. The service is currently available to the BOs who are residing in India.
3. The alerts will be provided to the BOs only if they remain within the range of the service provider's service area or within the range forming part of the roaming network of the service provider.
4. In case of joint accounts and non-individual accounts the service will be available, only to one mobile number i.e. to the mobile number as submitted at the time of registration / modification.
5. The BO is responsible for promptly intimating to the depository in the prescribed manner any change in mobile number, or loss of handset, on which the BO wants to receive the alerts from the depository. In case of change in mobile number not intimated to the depository, the SMS alerts will continue to be sent to the last registered mobile phone number. The BO agrees to indemnify the depository for any loss or damage suffered by it on account of SMS alerts sent on such mobile number.

**Receiving Alerts:** 1. The depository shall send the alerts to the mobile phone number provided by the BO while registering for the service or to any such number replaced and informed by the BO from time to time. Upon such registration / change, the depository shall make every effort to update the change in mobile number within a reasonable period

of time. The depository shall not be responsible for any event of delay or loss of message in this regard.

2. The BO acknowledges that the alerts will be received only if the mobile phone is in 'ON' and in a mode to receive the SMS. If the mobile phone is in 'Off' mode i.e. unable to receive the alerts then the BO may not get/get after delay any alerts sent during such period.

3. The BO also acknowledges that the readability, accuracy and timeliness of providing the service depend on many factors including the infrastructure, connectivity of the service provider. The depository shall not be responsible for any non delivery, delayed delivery or distortion of the alert in any way whatsoever.

4. The BO further acknowledges that the service provided to him is an additional facility provided for his convenience and is susceptible to error, omission and / or inaccuracy. In case the BO observes any error in the information provided in the alert, the BO shall inform the depository and / or the DP immediately in writing and the depository will make best possible efforts to rectify the error as early as possible. The BO shall not hold the depository liable for any loss, damages, etc. that may be incurred / suffered by the BO on account of opting to avail SMS alerts facility.

5. The BO authorizes the depository to send any message such as promotional, greeting or any other message that the depository may consider appropriate, to the BO. The BO agrees to an ongoing confirmation for use of name, email address and mobile number for marketing offers between CDSL and any other entity.

6. The BO agrees to inform the depository and DP in writing of any unauthorized debit to his BO account/ unauthorized transfer of securities from his BO account, immediately, which may come to his knowledge on receiving SMS alerts. The BO may send an email to CDSL at [complaints@cdslindia.com](mailto:complaints@cdslindia.com). The BO is advised not to inform the service provider about any such unauthorized debit to / transfer of securities from his BO account by sending a SMS back to the service provider as there is no reverse communication between the service provider and the depository.

7. The information sent as an alert on the mobile phone number shall be deemed to have been received by the BO and the depository shall not be under any obligation to confirm the authenticity of the person(s) receiving the alert.

8. The depository will make best efforts to provide the service. The BO cannot hold the depository liable for non-availability of the service in any manner whatsoever.

9. If the BO finds that the information such as mobile number etc. has been changed without proper authorization, the BO should immediately inform the DP in writing.

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

**Disclaimer:** The depository shall make reasonable efforts to ensure that the BO's personal information is kept confidential. The depository does not warranty the confidentiality or security of the SMS alerts transmitted through a service provider. Further, the depository makes no warranty or representation of any kind in relation to the system and the network or their function or their performance or for any loss or damage whenever and howsoever suffered or incurred by the BO or by any person resulting from or in connection with availing of SMS alerts facility. The Depository gives no warranty with respect to the quality of the service provided by the service provider. The Depository will not be liable for any unauthorized use or access to the information and/ or SMS alert sent on the mobile phone number of the BO or for fraudulent, duplicate or erroneous use/ misuse of such information by any third person.

**Liability and Indemnity:**

The Depository shall not be liable for any breach of confidentiality by the service provider or by any third person due to unauthorized access to the information meant for the BO.

In consideration of the depository providing the service, the BO agrees to indemnify and keep safe, harmless and indemnified the depository and its officials from any damages, claims, demands, proceedings, loss, cost, charges and expenses whatsoever which a depository may at any time incur, sustain, suffer or be put to as a consequence of or arising out of interference with or misuse, improper or fraudulent use of the service by the BO.

**Amendments:**

The depository may amend the terms and conditions at any time with or without giving any prior notice to the BOs. Any such amendments shall be binding on the BOs who are already registered as user of this service.

**Governing Law and Jurisdiction:**

Providing the Service as outlined above shall be governed by the laws of India and will be subject to the exclusive jurisdiction of the courts in Mumbai. I/We wish to avail the SMS Alerts facility provided by the depository on my/our mobile number provided in the registration form subject to the terms and conditions mentioned below.

I/ We consent to CDSL providing to the service provider such information pertaining to account/transactions in my/our account as is necessary for the purposes of generating SMS Alerts by service provider, to be sent to the said mobile number. I/We have read and understood the terms and conditions mentioned above and agree to abide by them and any amendments thereto made by the depository from time to time.

I/ we further undertake to pay fee/charges as may be levied by the depository from time to time.

I / We further understand that the SMS alerts would be sent for a maximum four ISINs at a time. If more than four debits take place, the BOs would be required to take up the matter with their DP.

I/We am/ are aware that mere acceptance of the registration form does not imply in any way that the request has been accepted by the depository for providing the service.

I/We provide the following information for the purpose of registration/modification.

## TERMS AND CONDITIONS FOR AVALING TRANSACTION USING SECURED TEXTING (TRUST) SERVICE OFFERED BY CDSL

**1. Definitions:** In these Terms and Conditions the terms shall have following meaning unless indicated otherwise:

- I. "Depository" means Central Depository Services (India) Limited (CDSL)
- ii. TRUST means "Transactions Using Secured Texting" service offered by the Depository.
- iii. "Service Provider" means a cellular service provider(s) with whom the Depository has entered / shall enter into an arrangement for providing the TRUST service to the BO.
- iv. "Service" means the service of providing facility to receive / give instructions through SMS on best effort basis as per the following terms and conditions. The types of transaction that would normally qualify for this type of service would be informed by CDSL from time to time.
- v. "Third Party" means the operators with whom the Service Provider is having / will have an arrangement for providing SMS to the BO.

2. The service will be provided to the BO at his / her request and at the discretion of the depository provided the BO has registered for this facility with their mobile numbers through their DP or by any other mode as informed by CDSL from time to time. Acceptance of application shall be subject to the verification of the information provided by the BO to the Depository.

3. The messages will be sent on best efforts basis by way of an SMS on the mobile no which has been provided by the BOs. However Depository shall not be responsible if messages are not received or sent for any reason whatsoever, including but not limited to the failure of the service provider or network.

4. The BO is responsible for promptly informing its DP in the prescribed manner any change in mobile number, or loss of handset on which the BO wants to send / receive messages generated under TRUST. In case the new number is not registered for TRUST in the depository system, the messages generated under TRUST will continue to be sent to the last registered mobile number. The BO agrees to indemnify the depository for any loss or damage suffered by it on account of messages sent on such mobile number.

5. The BO agrees that SMS received by the Depository from the registered mobile number of the BO on the basis of which instructions are executed in the depository system shall be conclusive evidence of such instructions having been issued by the BO. The DP / CDSL will not be held liable for acting on SMS so received.

6. The BO shall be responsible for submitting response to the 'Responsive SMS' within the specified time period. Transactions for which no positive or negative confirmation is received from the BO, will not be executed except for transaction for deregistration. Further, CDSL shall not be responsible for BOs not submitting the response to the said SMS within the time limit prescribed by CDSL.

7. The BO agrees that the signing of the TRUST registration form by all joint holders shall mean that the instructions executed on the basis of SMS received from the registered mobile for TRUST shall be deemed to have been executed by all joint holders.

8. The BO agrees to ensure that the mobile number for TRUST facility and SMS alert (SMART) facility is the same. The BO agrees that if he is not registered for SMART, the DP shall register him for SMART and TRUST. If the mobile number provided for TRUST is

different from the mobile number recorded for SMART, the new mobile number would be updated for SMART as well as TRUST.

9. BOs are advised to check the status of their obligation from time to time and also advise the respective CMs to do so. In case of any issues, the BO/CM should approach their DPs to ensure that the obligation is fulfilled through any other mode of delivery of transactions as may be informed / made available by CDSL from time to time including submission of Delivery Instruction Slips to the DP.

10. The BO acknowledges that CDSL will send the message for confirmation of a transaction to the BO only if the Clearing Member (registered by the BO for TRUST) enters the said trans- action in CDSL system for execution through TRUST within prescribed time limit.

11. The BO further acknowledges that the BO/CM shall not have any right to any claim against either the DP or Depository for losses, if any, incurred due to non receipt of response on the responsive SMS or receipt of such response after the prescribed time period. In the event of any dispute relating to the date and time of receipt of such response, CDSL's records CDSL's decision on the same shall be final and binding on both Parties. shall be conclusive evidence and the Parties agree that.

12. The BO may request for deregistration from TRUST at any time by giving a notice in writing to its DP or by any other mode as specified by Depository in its operating instructions. The same shall be effected after entry of such request by the DP in CDSL system if the request is received through the DP.

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

14. The BO expressly authorises Depository to disclose to the Service Provider or any other third party, such BO information as may be required by them to provide the services to the BO. Depository however, shall not be responsible and be held liable for any divulgence or leakage of confidential BO information by such Service Providers or any other third party.

15. The BO takes the responsibility for the correctness of the information supplied by him to Depository through the use of the said Facility or through any other means such as electronic mail or written communication.

16. The BO is solely responsible for ensuring that the mobile number is not misused and is kept safely and securely. The Depository will process requests originated from the registered Mobile as if submitted by the BO and Depository is not responsible for any claim made by the BO informing that the same was not originated by him.

**17. Indemnity:** In consideration of providing the service, the BO agrees that the depository shall not be liable to indemnify the BO towards any damages, claims, demands, proceedings, loss, cost, charges and expenses whatsoever as a consequence of or arising out of interference with or misuse, improper or fraudulent use of the service by the BO.

**18. Disclaimer: Depository shall be absolved of any liability in case:**

- a. There is loss of any information during processing or transmission or any unauthorized access by any other person or breach of confidentiality.
- b. There is any lapse or failure on the part of the service providers or any third party affecting the said Facility and that Depository makes no warranty as to the quality of the service provided by any such service provider.
- c. There is breach of confidentiality or security of the messages whether personal or otherwise transmitted through the Facility.

## **DETAILS OF TERMS & CONDITIONS FOR THE INVESTOR / CLIENT FOR USING MUTUAL FUND TRANSACTION FACILITY**

### **1. Pre-requisites for becoming Client/Investor for Mutual Fund Transaction Facilities:**

- 1.1. The client who is desirous of investing in units of mutual fund schemes through the Mutual Fund Transaction Facilities available at the Exchanges platform.
- 1.2. The client intends to execute his instruction for the subscription / redemption of units of Mutual Fund Schemes through the broker who is a Mutual fund Intermediary (MFI) / Participant (hereinafter referred as Relitrade) of the Mutual Fund Transaction Facilities.
- 1.3. The client has satisfied itself of the capacity of Relitrade to deal in Mutual Fund units and wishes to execute its instruction through Relitrade and the client shall from time to time continue to satisfy itself of such capability of Relitrade before executing transacting through Relitrade.
- 1.4. The client has approached to Relitrade with the application for availing the Mutual Fund Transaction Facilities.
- 1.5. The client has submitted relevant KYC (Know Your Client) details to the Relitrade.

### **2. Terms and Conditions**

- 2.1. The client shall be bound by circulars issued by the Exchanges, Rules, Regulations and Notices / circulars issued there under by SEBI and relevant notifications of Government authorities as may be in force from time to time.
- 2.2. The client shall notify Relitrade in writing if there is any change in the information in the 'client registration form' provided by the client to Relitrade at the time of registering as a client for participating in the Mutual Fund Transaction Facilities or at any time thereafter.
- 2.3. The client shall submit to Relitrade a completed application form in the manner prescribed format for the purpose of placing a subscription order with Relitrade.
- 2.4. The client has read and understood the risks involved in investing in Mutual Fund Schemes.
- 2.5. The client shall be wholly responsible for all his investment decisions and instruction.
- 2.6. The client shall ensure continuous compliance with the requirements of the Exchanges, SEBI and AMFI.
- 2.7. The client shall pay to Relitrade fees and statutory levies as are prevailing from time to time and as they apply to the Client's account, transactions and to the services that Relitrade renders to the client.
- 2.8. The client will furnish information to Relitrade in writing, if any winding up petition or insolvency petition has been filed or any winding up or insolvency order or decree or award is passed against him or if any litigation which may have material bearing on his capacity has been filed against him.
- 2.9. In the event of non-performance of the obligation by Relitrade, the client is not entitled to claim any compensation either from the Investor Protection Fund or from any fund of Exchanges or its Clearing Corporation.

2.10. In case of any dispute between the Relitrade and the investors arising out of Mutual Fund Transaction Facilities Exchanges and/or Clearing Corporation agrees to extend the necessary support for the speedy redressal of the disputes.

### **3.Additional Terms and conditions:**

3.1.Mutual fund Transaction Facilities provided by Relitrade shall be available for the units of the eligible schemes which are in dematerialized form. The said facility shall not be provided for the units of the schemes which are not available in dematerialized form.

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

3.3.The client agrees and understands that Relitrade is only a facilitator for the client for applying in the Mutual Fund units. Allotment of units shall be at the sole discretion of the respective Asset Management Company ("AMC") and the Relitrade shall not be held liable or responsible for any act/ deed / non-action of the AMC.

3.4.The client agrees and undertakes to provide funds to Relitrade equivalent to the subscription amount and applicable brokerage/fees/charges before applying for mutual fund units through the Relitrade. The client further agrees and authorizes the Relitrade to utilize the surplus funds in the client's Broking account held with the Relitrade in its capacity as a Stock Broker and transfer funds to the extent of subscription amount and / or applicable brokerage, fees and charges (in case of both subscription and redemption) to meet the debit in the clients Mutual fund transaction account.

3.5.The client and Relitrade agree to refer any claims and / or disputes to the Arbitration under the Indian Arbitration and Conciliation Act, 1996.

3.6.The client have read & understood the terms and conditions mentioned above and agree to abide by them and any amendments thereto made by Relitrade from time to time.

### **4.Internet based trading facility:**

4.1.Client is fully aware about the features, risks, responsibilities, obligations and liabilities associated with internet based trading facility and same has been brought to client notice by Relitrade for Mutual Fund Transaction Facilities.

4.2.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 internet based trading facility offered by Relitrade and undertakes to ensure that the password will not revealed to any third party including employees and dealers of the Relitrade.

4.3.Client shall immediately notify Relitrade in writing if client forgets password, discovers security flaw in internet based trading facility, discovers/suspects discrepancies/unauthorized access through client username/password/account with full details of such unauthorized use, the date, the manner and the transactions effected pursuant to such unauthorized use, etc.

4.4.Client is fully aware of and understands the risks associated with availing of a service for routing orders over the internet based trading facility and shall be fully liable and responsible for any and all acts done in client's Username/password in any manner whatsoever.

4.5.Client is fully aware that trading over the internet based trading facility involves many uncertain factors and complex hardware, software, systems, communication lines, peripherals, etc. are susceptible to interruptions and dislocations. The Relitrade and the Exchange do not make any representation or warranty that internet based trading facility

will be available to client at all times without any interruption.

4.6.Client shall not have any claim against the Exchange or the Relitrade on account of any suspension, interruption, non-availability or malfunctioning of internet based trading facility offered by Relitrade or Service or the Exchange's service or systems or non-execution of client's orders due to any link/system failure at client/or Relitrade or Exchanges end for any reason beyond the control of Relitrade/Exchange.