



## WHY TRADEBULLS?



**Tradebulls Touch 2.0**

Mobile Trading App



**Tradebulls PRO**

Browser based Trading Platform

Available on



 **Tradebulls**<sup>®</sup>  
your TECH-BROKER

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# RIGHTS AND OBLIGATIONS OF BENEFICIAL OWNER AND DEPOSITORY PARTICIPANT AS PRESCRIBED BY SEBI AND DEPOSITORIES

## General Clause

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

## Beneficial Owner Information

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

## Fees / Charges / Tariff

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

## Dematerialization

8. The Beneficial Owner shall have the right to get the securities, which have been admitted on the Depositories, dematerialized in the form and manner laid down under the ByeLaws, Business Rules and Operating Instructions of the depositories.

## Separate Accounts

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

## Transfer of Securities

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

## Statement of account

13. The DP shall provide statements of accounts to the beneficial owner in such form and manner and at such time as agreed with the Beneficial Owner and as specified by SEBI/ depository in this regard.
14. However, if there is no transaction in the demat account, or if the balance has become Nil during the year, the DP shall send one physical statement of holding annually to such Bos and shall resume sending the transaction statement as and when there is a transaction in the account.
15. The DP may provide the services of issuing the statement of demat accounts in an electronic mode if the Beneficial Owner so desires. The DP will furnish to the Beneficial Owner the statement of demat accounts under its digital signature, as governed under the Information Technology Act, 2000. However if the DP does not have the facility of providing the statement of demat account in the electronic mode, then the Participant shall be obliged to forward the statement of demat accounts in physical form.
16. In case of Basic Services Demat Accounts, the DP shall send the transaction statements as mandated by SEBI and/or Depository from time to time.

## Manner of Closure of Demat account

17. The DP shall have the right to close the demat account of the Beneficial Owner, for any reasons whatsoever, provided the DP has given a notice in writing of not less than thirty days to

the Beneficial Owner as well as to the Depository. Similarly, the Beneficial Owner shall have the right to close his/her demat account held with the DP provided no charges are payable by him/her to the DP. In such an event, the Beneficial Owner shall specify whether the balances in their demat account should be transferred to another demat account of the Beneficial Owner held with another DP or to rematerialize the security balances held.

18. Based on the instructions of the Beneficial Owner, the DP shall initiate the procedure for transferring such security balances or rematerialize such security balances within a period of thirty days as per procedure specified from time to time by the depository. Provided further, closure of demat account shall not affect the rights, liabilities and obligations of either the Beneficial Owner or the DP and shall continue to bind the parties to their satisfactory completion.

#### **Default in payment of charges**

19. In event of Beneficial Owner committing a default in the payment of any amount provided in Clause 5 & 6 within a period of thirty days from the date of demand, without prejudice to the right of the DP to close the demat account of the Beneficial Owner, the DP may charge interest at a rate as specified by the Depository from time to time for the period of such default.
20. In case the Beneficial Owner has failed to make the payment of any of the amounts as provided in Clause 5&6 specified above, the DP after giving two days notice to the Beneficial Owner shall have the right to stop processing of instructions of the Beneficial Owner till such time he makes the payment along with interest, if any.

#### **Liability of the Depository**

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

#### **Freezing / Defreezing of accounts**

22. The Beneficial Owner may exercise the right to freeze / defreeze his / her demat account maintained with the DP in accordance with the procedure and subject to the restrictions laid down under the Bye Laws and Business Rules / Operating Instructions.
23. The DP or the Depository shall have the right to freeze / defreeze the accounts of the Beneficial Owners on receipt of

instructions received from any regulator or court or any statutory authority.

#### **Redressal of Investor grievance**

24. The DP shall redress all grievances of the Beneficial Owner against the DP within a period of thirty days from the date of receipt of the complaint.

#### **Authorized representative**

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

#### **Law and Jurisdiction**

26. In addition to the specific rights set out in this document, the DP and the Beneficial owner shall be entitled to exercise any other rights which the DP or the Beneficial Owner may have under the Rules, Bye Laws and Regulations of the respective Depository in which the demat account is opened and circulars / notices issued there under or Rules and Regulations of SEBI.
27. The provisions of this document shall always be subject to Government notification, any rules, regulations, guidelines and circulars / notices issued by SEBI & Rules, Regulations and Bye-laws of the relevant Depository, where the Beneficial Owner maintains his/ her account, that may be in force from time to time.
28. The Beneficial Owner and the DP shall abide by the arbitration and conciliation procedure prescribed under the Bye-laws of the depository and that such procedure shall be applicable to any disputes between the DP and the Beneficial Owner.
29. Words and expressions which are used in this document but which are not defined herein shall unless the context otherwise requires, have the same meanings as assigned thereto in the Rules, Bye-laws and Regulations and circulars / notices issued there under by the depository and / or SEBI.
30. Any changes in the rights and obligations which are specified by SEBI / Depositories shall also be brought to the notice of the clients at once.
31. If the rights and obligations of the parties hereto are altered by virtue of change in Rules and regulations of SEBI or Bye-laws, Rules and Regulations of the relevant Depository, where the Beneficial Owner maintains his/her account, such changes shall be deemed to have been incorporated herein in modification of the rights and obligations of the parties mentioned in this document.



## 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 & expertise of the client;
      - iv. The nature and degree of risk embodied in the financial product\* or financial service being availed by the client; and
      - v. The extent of dependence of the client on the member.
- \*Commodity derivative contract
7. The Authorized Person shall provide necessary assistance and co-operate with the member in all its dealings with the client(s).
- ### CLIENT INFORMATION
8. The client shall furnish all such details in full as are required by the Member in "Account Opening Form" with supporting details, made mandatory by commodity exchanges/SEBI from time to time.
  9. The client shall familiarize himself with all the mandatory provisions in the account opening documents. Any additional clauses or documents specified by the Member shall be non-mandatory; therefore, subject to specific acceptance by the client.
  10. The client shall immediately notify the Member in writing if there is any change in the information in the 'account opening form' as provided at the time of account opening and thereafter; including the information on winding up petition/insolvency petition or any litigation which may have material bearing on his capacity. The client shall provide/update the financial information to the Member on a periodic basis.
  - 11.A. Protection from unfair terms in financial contracts\*\*
    - a. An unfair term of a non-negotiated contract will be void.
    - b. A term is unfair if it -
      - i. Causes a significant imbalance in the rights and obligations of the parties under the financial contract, to the detriment of the client; and
      - ii. Is not reasonably necessary to protect the legitimate interests of the member.
    - c. The factors to be taken into account while determining whether a term is unfair, include -
      - i. The nature of the financial product or financial service dealt with under the financial contract;
      - ii. The extent of transparency of the term;
  - \*\*contracts offered by commodity exchanges
    - iii. The extent to which the term allows a Client to compare it with other financial contracts for similar financial products or financial services; and
    - iv. The financial contract as a whole and the terms of any other contract on which it is dependent.
  - d. A term is transparent if it -
    - i. Is expressed in reasonably plain language that is likely to be understood by the Client;
    - ii. Is legible and presented clearly; and
    - iii. Is readily available to the Client affected by the term.
  - e. If a term of a financial contract is determined to be unfair under point 11.A.c, the parties will continue to be bound by the remaining terms of the financial contract to the extent that the financial contract is capable of enforcement without the unfair term.
- 11.B.
  - a. "Non-negotiated contract" means a contract whose terms, other than the terms contained in point 11.C. (given below) are not negotiated between the parties to the financial contract and includes -

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

#### 11.C.

- a. The above does not apply to a term of a financial contract if it -
  - i. Defines the subject matter of the financial contract;
  - ii. Sets the price that is paid, or payable, for the provision of the financial product or financial service under the financial contract and has been clearly disclosed to the client; or
  - iii. Is required, or expressly permitted, under any law or regulations.
- b. The exemption under point 11.C does not apply to a term that deals with the payment of an amount which is contingent on the occurrence or non - occurrence of any particular event.

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

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

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

#### 13.B.

- a. A member must -
    - i. Not collect personal information relating to a client in excess of what is required for the provision of a financial product or financial service;
    - ii. Maintain the confidentiality of personal information relating to Clients and not disclose it to a third party, except in a manner expressly permitted under point 13.B.b.;
    - iii. Make best efforts to ensure that any personal information relating to a Client that it holds is accurate, up to date and complete;
    - iv. Ensure that clients can obtain reasonable access to their personal information, subject to any exceptions that the Regulator may specify; and
    - v. Allow clients an effective opportunity to seek modifications to their personal information to ensure that the personal information held by the member is accurate, up to date and complete.
  - b. A member may disclose personal information relating to a Client to a third party only if -
    - i. It has obtained prior written informed consent of the client for the disclosure, after giving the client an effective opportunity to refuse consent;
    - ii. The client has directed the disclosure to be made;
    - iii. The regulator has approved or ordered the disclosure, and unless prohibited by the relevant law or regulations, the client is given an opportunity to represent under such law or regulations against such disclosure;
    - iv. The disclosure is required under any law or regulations, and unless prohibited by such law or regulations, the client is given an opportunity to represent under such law or regulations against such disclosure;
    - v. The disclosure is directly related to the provision of a financial product or financial service to the client, if the member -
      - 1. Informs the client in advance that the personal information may be shared with a third party; and
      - 2. Makes arrangements to ensure that the third party maintains the confidentiality of the personal information in the same manner as required under this part; or
    - vi. the disclosure is made to protect against or prevent actual or potential fraud, unauthorised transactions or claims, if the Member arranges with the third party to maintain the confidentiality of the personal information in the manner required under this part.
  - c. "Third party" means any person other than the concerned member, including a person belonging to the same group as the member.
14. A. Requirement of fair disclosure both initially and on continuing basis
- a. Member must ensure fair disclosure of information that is

likely to be required by a client to make an informed transactional decision.

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

#### 14.B.

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

## MARGINS

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

## TRANSACTIONS AND SETTLEMENTS

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

## BROKERAGE

- 22. The Client shall pay to the Member brokerage and statutory

levies as are prevailing from time to time and as they apply to the Client's account, transactions and to the services that Member renders to the Client. The Member shall not charge brokerage more than the maximum brokerage permissible as per the Rules, Business Rules and Bye-laws of the relevant commodity exchanges and / or Rules of SEBI.

#### LIQUIDATION AND CLOSE OUT OF POSITION

23. Without prejudice to the Member's other rights (including the right to refer a matter to arbitration), the client understands that the Member shall be entitled to liquidate / close out all or any of the client's positions for non-payment of margins or other amounts, outstanding debts, etc. and adjust the proceeds of such liquidation / close out, if any, against the client's liabilities / obligations. Any and all losses and financial charges on account of such liquidation / closing-out shall be charged to and borne by the client.
24. In the event of death or insolvency of the client or his/its otherwise becoming incapable of receiving and paying for or delivering or transferring commodities which the client has ordered to be bought or sold, Member may close out the transaction of the client and claim losses, if any, against the estate of the client. The client or his nominees, successors, heirs and assignee shall be entitled to any surplus which may result there from. The client shall note that transfer of funds / commodities in favor of a Nominee shall be valid discharge by the Member against the legal heir.

#### DISPUTE RESOLUTION

25. The Member shall co-operate in redressing grievances of the client in respect of all transactions routed through it.
26. The client and the member shall refer any claims and/or disputes with respect to deposits, margin money, etc., to arbitration as per the Rules, Byelaws and Business Rules of the Exchanges where the trade is executed and circulars / notices issued thereunder as may be in force from time to time.
27. The client / member understands that the instructions issued by an authorized representative for dispute resolution, if any, of the client / member shall be binding on the client / Member in accordance with the letter authorizing the said representative to deal on behalf of the said client / member.
28. Requirement for each member to have an effective grievance redress mechanism which is accessible to all its clients.
  - a. A Member must have in place an effective mechanism to receive and redress complaints from its clients in relation to financial products or financial services provided by it, or on its behalf, in a prompt and fair manner.
  - b. A member must inform a client, at the commencement of relationship with the client and at such other time when the information is likely to be required by the client, of -
    - i. The client's right to seek redress for any complaints; and
    - ii. The processes followed by the Member to receive and

redress complaints from its clients.

**29.A. Suitability of advice for the client:** Right to receive advice that is suitable taking into account the relevant personal circumstances of the client, such as the 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 acknowledgment from the client.

**30. Dealing with conflict of interest:** In case of any conflict between the interests of a client and that of the member, preference must be given to the client interests.

- a. A member must -
  - i. Provide a client with information regarding any conflict of interests, including any conflicted remuneration that the member has received or expects to receive for making the advice to the client; and
  - ii. Give priority to the interests of the client if the member knows, or reasonably ought to know, of a conflict between -
    1. Its own interests and the interests of the client; or
    2. The interests of the concerned member and interests of the client, in cases where the member is a financial representative.
- b. The information under point 16a.i. must be given to the client in writing and in a manner that is likely to be understood by the client and a written acknowledgment 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 & 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 acknowledgment 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.
55. The stock broker / stock broker and depository participant shall not directly / indirectly compel the clients to execute Power of Attorney (PoA) or Demat Debit and Pledge Instruction (DDPI) or deny services to the client if the client refuses to execute PoA or DDPI." (Added vide circular SEBI/HO/MIRSD/DoP/P/CIR/2022/44 dated April 04, 2022).

## RISK DISCLOSURES ON DERIVATIVES

1. 9 out of 10 individual traders in equity Futures and Options Segment, incurred net losses.
2. On an average, loss makers registered net trading loss close to ₹ 50,000.
3. Over and above the net trading losses incurred, loss makers expanded an additional 28% on net trading losses as transaction costs.
4. Those making net trading profits, incurred between 15% to 50% of such profits as transaction cost.



## 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. Member is eligible for providing Internet based trading (IBT) and commodities trading through the use of wireless technology that shall include the use of devices such as mobile phone, laptop with data card, etc. which use Internet Protocol (IP). The Member shall comply with all requirements applicable to internet based trading/- commodities trading using wireless technology as may be specified by SEBI & the Exchanges from time to time.
2. The client is desirous of investing / trading in commodities and for this purpose, the client is desirous of using either the internet based trading facility or the facility for commodities trading through use of wireless technology. The Member shall provide the Member's IBT Service to the Client, and the Client shall avail of the Member's IBT Service, on and subject to SEBI / Exchanges Provisions and the terms and conditions specified on the Member's IBT Web Site provided that they are in line with the norms prescribed by Exchanges / SEBI.
3. The Member shall bring to the notice of client the features, risks, responsibilities, obligations and liabilities associated with commodities trading through wireless technology / internet or any other technology should be brought to the notice of the client by the member.
4. The Member shall make the client aware that the Member's IBT system itself generates the initial password and its password policy as stipulated in line with norms prescribed by Exchanges / SEBI.
5. The client shall be responsible for keeping the Username and Password confidential and secure and shall be solely responsible for all orders entered and transactions done by any person whatsoever through the Member's IBT System using the Client's Username and/or Password whether or not such person was authorized to do so. Also the client is aware that authentication technologies and strict security measures are required for the internet trading/ commodities trading through wireless technology through order routed system and undertakes to ensure that the password of the client and/or his authorized representative are not revealed to any third party including employees and dealers of the member.
6. The client shall immediately notify the member in writing if he forgets his password, discovers security flaw in Member's IBT System, discovers / suspects discrepancies / unauthorized access through his username / password / account with full details of such unauthorized use, the date, the manner and the transactions effected pursuant to such unauthorized use, etc.
7. The client is fully aware of and understands the risks associated with availing of a service for routing orders over the internet / commodities trading through wireless technology and Client shall be fully liable and responsible for any and all acts done in the client's Username / password in any manner whatsoever.
8. The member shall send the order / trade confirmation through email to the client at his request. The client is aware that the order / trade confirmation is also provided on the web portal. In case client is trading using wireless technology, the Member shall send the order / trade confirmation on the device of the client.
9. The client is aware that trading over the internet involves many uncertain factors and complex hardware, software, systems, communication lines, peripherals, etc. are susceptible to interruptions and dislocations. The Member and the Exchange do not make any representation or warranty that the Member's IBT Service will be available to the Client at all times without any interruption.
10. The client shall not have any claim against the Exchange or the Member on account of any suspension, interruption, non-availability or malfunctioning of the Member's IBT System or Service or the Exchange's service or systems or non-execution of his orders due to any link/system failure at the Client / Members / Exchange end for any reason beyond the control of the Member / Exchanges.

## RISK DISCLOSURE DOCUMENT FOR CAPITAL MARKET AND DERIVATIVES SEGMENTS

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

Stock exchanges/SEBI does neither singly or jointly and expressly nor impliedly guarantee nor make any representation concerning the completeness, the adequacy or accuracy of this disclosure document nor have Stock exchanges / SEBI endorsed or passed any merits of participating in the trading segments. This brief statement does not disclose all the risks and other significant aspects of trading.

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

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

professional advice on the same.

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

### 1. BASIC RISKS:

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

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

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

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

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

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

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

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

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

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

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

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

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

**1.8. System / Network Congestion:** Trading on exchanges is in electronic mode, based on satellite / leased line based

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

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

**2.1. Effect of “Leverage” or “Gearing”:** In the derivatives market, the amount of margin is small relative to the value of the derivatives contract so the transactions are ‘leveraged’ or ‘geared’. Derivatives trading, which is conducted with a relatively small amount of margin, provides the possibility of great profit or loss in comparison with the margin amount. But transactions in derivatives carry a high degree of risk.

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

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

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

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

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

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

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

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

1. If the price movement of the underlying is not in the

anticipated direction, the option writer runs the risks of losing substantial amount.

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

3. **TRADING THROUGH WIRELESS TECHNOLOGY/ SMART ORDER ROUTING OR ANY OTHER TECHNOLOGY:** Any additional provisions defining the features, risks, responsibilities, obligations and liabilities associated with securities trading through wireless technology / smart order routing or any other technology should be brought to the notice of the client by the stock broker.

## **4. GENERAL:**

- 4.1. The term 'constituent' shall mean and include a client, a customer or an investor, who deals with a stock broker for the purpose of acquiring and/or selling of securities / derivatives contracts through the mechanism provided by the Exchanges.
- 4.2. The term 'stock broker' shall mean and include a stock broker, a broker or a stock broker, who has been admitted as such by the Exchanges and who holds a registration certificate from SEBI.



## RISK DISCLOSURE DOCUMENT - COMMODITIES DERIVATIVES

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

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

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

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

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

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

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

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

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

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

- a. Liquidity refers to the ability of market participants to buy and/ or sell commodity derivative contract expeditiously at a competitive price and with minimal price difference. Generally, it is assumed that more the number of orders available in a market, greater is the liquidity. Liquidity is important because with greater liquidity, it is easier for investors to buy and/ or sell commodity derivatives contracts swiftly and with minimal price difference and as a result, investors are more likely to pay or receive a competitive price for commodity derivative contracts purchased or sold. There may be a risk of lower liquidity in some commodity derivative contracts as compared to active commodity derivative contracts. As a result, your order may only be partially executed, or may be executed with relatively greater price difference or may not be executed at all.
- b. Buying / Selling without intention of giving and / or taking delivery of certain commodities may also result into losses, because in such a situation, commodity derivative contracts may have to be squared-off at a low / high prices, compared to the expected price levels, so as not to have any obligation to deliver / receive such commodities.

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

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

- a. Most of the Exchanges have a facility for investors to place "limit orders", "stop loss orders" etc. Placing of such orders (e.g. "stop loss" orders or "limit" orders) which are intended to limit losses to certain amounts may not be effective many a time because rapid movement in market conditions may make it impossible to execute such orders.
- b. A "market" order will be executed promptly, subject to availability of orders on opposite side, without regard to price and that while the customer may receive a prompt execution of a "market" order, the execution may be at available prices

of outstanding orders, which satisfy the order quantity, on price time priority. It may be understood that these prices may be significantly different from the last traded price or the best price in that commodity derivatives contract.

- c. A "limit" order will be executed only at the "limit" price specified for the order or a better price. However, while the client received price protection, there is a possibility that the order may not be executed at all.
- d. A stop loss order is generally placed "away" from the current price of a commodity derivatives contract, and such order gets activated if and when the contract reaches, or trades through, the stop price. Sell stop orders are entered ordinarily below the current price, and buy stop orders are entered ordinarily above the current price. When the contract approaches pre-determined price, or trades through such price, the stop loss order converts to a market/limit order and is executed at the limit or better. There is no assurance therefore that the limit order will be executable since a contract might penetrate the pre-determined price, in which case, the risk of such order not getting executed arises, just as with a regular limit order.

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

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

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

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

**1.8 System / Network Congestion:** Trading on the Exchange is in electronic mode, based on satellite / leased line communications, combination of technologies and computer

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

## **2. Additional Risk Disclosure for Options Trading:**

### **2.1 Risk of Option holders:**

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

### **2.2 Risks of Option Writers:**

- a. If the price movement of the underlying is not in the anticipated direction, the option writer runs the risks of losing substantial amount.
- b. 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.
- c. 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 & knowledgeable with respect to the risks & potential rewards of combination transactions under

various market circumstances.

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

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

- a. The amount of margin is small relative to the value of the commodity derivatives contract so the transactions are 'leveraged' or 'geared'. Commodity Derivatives trading, which is conducted with a relatively small amount of margin, provides the possibility of great profit or loss in comparison with the principal investment amount. But transactions in commodity derivatives carry a high degree of risk. You should therefore completely understand the following statements before actually trading in commodity derivatives contracts and also trade with caution while taking into account one's circumstances, financial resources, etc.
- b. Trading in Futures Commodity Derivatives involves daily settlement of all positions. Every day the open positions are marked to market based on the closing price. If the closing price has moved against you, you will be required to deposit the amount of loss (notional) resulting from such movement. This margin will have to be paid within a stipulated time frame, generally before commencement of trading on the next day.
- c. If you fail to deposit the additional margin by the deadline or if an outstanding debt occurs in your account, the Member of the Exchange may liquidate / square-up a part of or the whole position. In this case, you will be liable for any losses incurred due to such square-up / Close Outs.
- d. Under certain market conditions, an Investor may find it difficult or impossible to execute the transactions. For example, this situation can occur due to factors such as illiquidity i.e. when there are insufficient bids or offers or suspension of trading due to price limit or circuit breakers etc.
- e. Steps, such as, changes in the margin rate, increase in the cash margin rate etc. may be adopted in order to maintain market stability. These new measures may be applied to the existing open interests. In such conditions, you will be required to put up additional margins or reduce your positions.

- f. You must ask your Member of the Exchange to provide the full details of the commodity derivatives contracts you plan to trade i.e. the contract specifications and the associated obligations.

**4. TRADING THROUGH WIRELESS TECHNOLOGY OR ANY OTHER TECHNOLOGY:** Any additional provisions defining the features, risks, responsibilities, obligations and liabilities associated with commodities trading through wireless technology or any other technology should be brought to the notice of the client by the member.

**5. General:**

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

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

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

- 5.4** The term 'Constituent' shall mean and include a client, a Customer or an Investor, who deals with a member for the purpose of trading in the commodity derivatives through the mechanism provided by the Exchange.

- 5.5** The term 'member' shall mean and include a Trading Member or a Member / Broker, who has been admitted as such by the Exchange and got a registration certificate from SEBI.

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

### BEFORE YOU BEGIN TO TRADE

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

### TRANSACTIONS AND SETTLEMENTS

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 favour of the stock broker. Don't issue cheques in the name of sub-broker / authorised person. 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 for maintaining running account, payout of funds or delivery of securities (as the case may be), may not be made to you within one working

day from the receipt of payout from the Exchange. Thus, the stock broker shall maintain running account for you subject to the following conditions:

- a) Such authorization from you shall be dated, signed by you only and contains the clause that you may revoke the same at any time.
  - b) The actual settlement of funds and securities shall be done by the 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 / sub-broker / authorised person 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 / sub-brokers / authorised person have been mandated by SEBI to designate an e-mail ID of the grievance redressal division / compliance officer exclusively for the purpose of registering complaints.

#### **DEMAT ACCOUNT DO's & DON'Ts**

1. Verify your transaction statement carefully for all debits and credits in your account. In case of any unauthorized debit or credit, inform your DP or CDSL.
2. Intimate any change of address or change in bank account details to your DP immediately.
3. While accepting the Delivery Instruction Slip (DIS) book from your DP, ensure that your BO ID is pre-stamped on all the pages along with the serial numbers.
4. Keep your DIS book safely and do not sign or issue blank or incomplete DIS slips.
5. Strike out the empty space, if any, in the DIS, before submitting to DP.
6. For market transactions, submit the DIS ahead of the deadline time. DIS can be issued with a future execution date.
7. The demat account has a nomination facility and it is advisable to appoint a nominee to facilitate your heirs in obtaining the securities in your demat account, on completion of the necessary procedures.
8. To open and operate your demat account, copy of PAN card of all account holders is to be submitted to the DP along with original PAN card, for verification.
9. Register for CDSL's SMART (SMS Alerts Related to Transactions) facility. If any unauthorized debit is noticed, the BO should immediately inform CDSL & the Main DP, in writing an email may be sent to CDSL at [complaints@cdslindia.com](mailto:complaints@cdslindia.com).
10. Register for CDSL's Internet based facility "easi" to monitor your demat account yourself. Contact your DP or visit CDSL's website: [www.cdslindia.com](http://www.cdslindia.com) for details.
11. In order to receive all the credits coming to your demat account automatically, you can give a one-time, standing instruction to your DP.
12. Before granting Power of Attorney to anyone, to operate your demat account, carefully examine the scope and implications of powers being granted.
13. Signatures can be in English or Hindi or any of the other languages contained in the 8th Schedule of the Constitution of India. Thumb impressions & signatures other than the above mentioned languages must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate / Special Executive Officer under his / her official seal.
14. Signatures should be preferably in black ink.
15. Details of the Names, Address, Telephone Number(s), etc., of the Magistrate / Notary Public / Special Executive Magistrate / Special Executive Officer are to be provided in case of attestation done by them.
16. In case of additional signatures (for accounts other than individuals), separate annexures should be attached to the account opening form.
17. In case of applications containing a Power of Attorney, the relevant Power of Attorney or the self-certified copy thereof, Name of the POA, Signature of the POA, must be lodged along with the application.
18. All correspondence / queries shall be addressed to the Sole / FirstApplicant only.
19. Strike off whichever is not applicable.

### 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.

## **DON'Ts**

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

## TERMS AND 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 (Please cancel out what is not applicable)

## TERMS AND CONDITIONS FOR AVAILING 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 transaction 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 shall be conclusive evidence and the Parties agree that CDSL's decision on the same shall be final and binding on both Parties.
  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.

## POLICIES AND PROCEDURES OF TRADEBULLS SECURITIES (P) LIMITED

This document contains the policies and procedures of Tradebulls Securities (P) Limited formally known as Tradebulls for all segments as are presently in force in relation to:

1. Refusal of orders for Penny / Illiquid Stock
2. Applicable Brokerage limit
3. Setting up of exposure limits
4. Delayed payment charges
5. Squaring off of market positions, collaterals & other securities
6. Market and internal shortages
7. Refusal of Client requests for fresh positions
8. Suspension of Client's a/c and deregistering of the client
9. Policy regarding treatment of inactive accounts

**1. Penny / Illiquid securities:** Tradebulls shall from time to time classify and publish on its website a list of securities which are illiquid as per the list of illiquid securities notified on a periodic basis by the Stock Exchanges concerned and / or based on such internal criteria as Tradebulls may deem fit. Tradebulls reserves the right to refuse execution of any transaction requests of the client on such illiquid securities or to reduce the open market interests of the client in such securities. Tradebulls also reserves the right not to allow any trades or transactions in respect of certain securities or segments or orders/requests which may be below / above certain value / quantity as may be decided by Tradebulls from time to time.

### **2. Applicable Brokerage:**

- 2.1. Tradebulls shall levy brokerage for the client's transactions as per the brokerage slabs mutually agreed with the client in writing in the Client Registration Form subject to the maximum rate prescribed by the Stock Exchanges / SEBI.
- 2.2. Subject to such maximum prescribed rates, Tradebulls may revise the rates from time to time after advance intimation to the client of the revised rates and the date on and from which the revised rates shall take effect. However in case of any upward revision in brokerage, Tradebulls will give 15 days advanced intimation to the client. Tradebulls may intimate the revised rates in writing addressed to the client and by publishing the rate on its back-office website. The client shall intimate its objection(s) if any to the revised brokerage in writing within 15 (fifteen) days of receipt of intimation of the change in brokerage. The client shall be deemed to have agreed to the change in brokerage rates if he does not intimate any objection thereto within the time prescribed.
- 2.3. Brokerage shall be paid in the manner intimated by Tradebulls to the client from time to time together with the service tax and statutory levies and duties as may be applicable from time to time on the same.
- 2.4. Without prejudice to the absolute obligation of the client to pay / reimburse monies to Tradebulls as set-out above, Tradebulls shall also be entitled to set-off and appropriate any

monies that may be placed with or available with Tradebulls for and/or on behalf of the client towards any dues of the Client to Tradebulls, arising howsoever.

### **3. Setting up of Exposure limits:**

3.1. Tradebulls shall be entitled to sanction trading limits to the Client based on the margin lying to the credit of the Client in the form of funds / securities / bank guarantees / fixed deposit receipts. Tradebulls at its sole discretion may refuse to accept any security as collateral / margin . Tradebulls shall from time to time publish a list of securities which would be acceptable as collateral/margin. In setting exposure limits for the Client, Tradebulls shall be entitled to consider such factors as it may deem fit, including without limitation, the client's risk profile, risk appetite, loss bearing capacity, payment history, market volatility, risk management policy of Tradebulls and such other factors or conditions which Tradebulls may consider relevant for the purpose. Tradebulls reserves liberty to vary the trading/exposure limits of the client depending upon its risk assessment from time to time having regard to the changes in any of the factors or market conditions bearing on the risk profile of the client.

3.2. Neither Tradebulls, nor any affiliate of Tradebulls nor their respective directors, officers, employees, agents shall in any circumstances be liable for any direct or indirect loss, cost, liability, expense or damage (including without limitation all legal fees and expenses) arising from any variation or reduction of exposure or turnover limits by Tradebulls.

### **4. Delayed payment and consequences:**

- 4.1. Notwithstanding anything contained in these presents and without prejudice to margin funding guidelines issued by SEBI, any amounts which are overdue from the client in any trading segments shall be liable to delayed payment charges at the rate of 0.06% per day + taxes if applicable or part thereof or such other rate as may be determined and communicated by Tradebulls. Tradebulls is authorised to debit the delayed payment charges to the account of the Client at the end of each month/such other interval as may be decided by Tradebulls.
- 4.2. Without prejudice to Tradebulls other rights and to the extent permissible under Applicable Laws, Tradebulls shall be entitled to liquidate / close out all or any of the client's positions for nonpayment of margin 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.
- 4.3. Tradebulls shall be entitled to suspend or terminate the member client relationship without prior notice if the Client fails to fulfil his / its payment obligations hereunder, under the Rights and Obligations / Terms and Conditions mentioned in this document or otherwise due to Tradebulls.



4.4. Tradebulls shall not be obliged to return any money, margin or otherwise to the client until the client has satisfactorily discharged all its payment obligations or other obligations as specified in Client Registration Document.

**5. Tradebulls right to square off:** Without prejudice to Tradebulls 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, Tradebulls 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 Tradebulls 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. Tradebulls may also sell off all or any securities of the client lying with Tradebulls 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 Tradebulls. 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 Tradebulls 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 Tradebulls.

**6. 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 Tradebulls 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 5% for other scrip or such other % as may be revised by Tradebulls from time to time. The amount so determined shall be debited to the account of the client who defaulted to deliver.

**7. Refusal of Client requests for trades/transactions:**

7.1. Tradebulls is entitled in its sole discretion to: Restrict or refuse execution of any orders for transaction in any scrip if

transaction in such scrip is not in accordance with its internal due diligence policy and/or the directives and guidelines of the Exchanges and/or the Regulator issued from time to time and the client shall not call in question any decision of Tradebulls to restrict or refuse transactions in such scrip on the ground that transactions in such scrip are not in violation of Tradebulls due diligence policy or the directives or guidelines of the Exchange and/or the Regulator or on the ground that the Client has not been put on notice about the scrip on which trade restrictions have been imposed by Tradebulls. Impose trade restrictions on any scrip having regard in particular to any one or more of the following factors viz. (i) Market volatility, or (ii) Price sensitive announcements relating to any scrip, or (iii) Restrictions on trade volume imposed by the Exchange concerned or (iv) Political instability in the country or (v) External aggression or internal rebellion or (vi) Default by the Client to maintain applicable collateral/margin or to make payment of dues or such other factors influencing the securities market.

7.2. Refuse to accept or act upon any request/order which in Tradebulls sole opinion, amounts to manipulating trades or price manipulation or artificial trade(s) and/or fraudulent trade(s) or otherwise in breach of applicable laws and/or Tradebulls internal policies, without obligation to give the client its reasons for doing so;

7.3. Close out any transaction which may have been executed but which Tradebulls was entitled to refuse to execute being contrary to its internal due diligence policies or by reason of any other factors including but not limited to trades being manipulative in nature;

7.4. Disallow any trades or transactions in respect of certain securities or segments which may be below / above certain value / quantity as may be decided by Tradebulls from time to time;

7.5. Tradebulls may at its sole discretion decline to carry out the instructions for any reason whatsoever

**8. Suspension and deregistering of Client's Account:**

8.1. If the client apprehends that security of his account has been breached, the client shall by writing to Tradebulls, request suspension of transactions in the client's account and Tradebulls may on receipt of such request suspend transactions in the account. The client shall ensure pay in of funds and securities in respect of all transactions pending to be settled on or before the respective settlement date(s) and shall compulsorily square off all open derivative positions, failing which Tradebulls without further reference to the client shall square off all open derivative positions prior to suspending the account. The account of the client shall, if suspended, remain so suspended until such time as the client's request in writing for reactivation of the account is not received by Tradebulls. Provided always that Tradebulls may, without prejudice to its other rights to effect recovery of its dues, sell all or any collateral & other securities of the client

lying with it in the client's account towards full or part recovery of the dues owing by the client without prior notice or consent of the client.

8.2. Tradebulls may at any time, as it considers necessary in its sole discretion & without prior notice to the client, prohibit, restrict or suspend the client's access to or use of services provided to the client under this document, whether in part or entirely.

**8.3. Tradebulls reserves the right to suspend and deregister the client without prior notice in the event of:**

- a. Any breach of the terms of this document.
- b. In the event of infraction of any rules, Bye-Laws, regulations of SEBI or the stock exchange or of the provisions of any law for the time being in force governing dealings in the securities market without prior notice or on the directions of SEBI and / or the Exchanges.
- c. Upon the death, winding up, bankruptcy, liquidation or lack of legal capacity of the client.
- d. The client being designated as a defaulter by any credit rating agency or any action or proceedings have been initiated by the relevant regulator / Authority including without limitation SEBI.
- e. Bank account, demat account, securities account of the client being frozen or attached by any court of law or any other competent authority for whatever reason.
- f. The client having misrepresented facts at the time of registration or at the time of giving instructions or otherwise.
- g. Any proceedings or investigations that involve the client or his / its properties having been initiated (or is / are ongoing).
- h. The client fails to fulfil his / its payment obligations under this document or otherwise due to Tradebulls or
- i. If the client migrates to a jurisdiction which prohibits trading in Indian Securities or otherwise subjects Tradebulls or any of its employees to any licensing or registration requirements.

**9. Policy regarding treatment of inactive accounts:** In case of trading account the term dormant / Inactive account refers to such account wherein no transactions have been carried out since last one year of calendar months.

The Dormant accounts identified based on the above criteria shall be flagged as such in Tradebulls record. Tradebulls reserves the right to freeze / deactivate such accounts and shall not permit to carry out any fresh transactions in such account. The clients account would be reactivated only after undertaking proper due diligence process and fulfilment of such conditions as may be deemed fit, in the cases where the account has been frozen / deactivated.

The client's request through letter / registered email ID / recorded telephone lines may be impressed upon to reactivate the account or carry out any fresh transactions in a dormant / inactive accounts.

The above stated policy may vary depending on various rules, regulations and bye laws as may be prescribed by SEBI, exchanges or any other authority or as per internal policy of Tradebulls from time to time. This Policy for dormant accounts is over and above the transaction monitoring in Dormant account as per Anti-Money laundering Policy of the Company.

In case of clients who have credit balance and who are flagged as dormant, the funds / securities of such clients are duly flushed out during monthly / quarterly payout of funds and securities.

10. The prevailing policies and Procedures of Tradebulls in respect of the above said matters shall remain published on its website as may be notified to the client from time to time and the client agrees that it is client's responsibility to access, understand and abide by such policies at all times during the subsistence of the relationship with the client.

I agree and understand that Tradebulls may from time to time at its sole discretion amend or modify the policies and procedures under intimation to me / us.

## VOLUNTARY TERMS AND CONDITIONS

Whereas the client intends to open trading account with Tradebulls Securities (P) Limited, (hereinafter referred as Tradebulls) for the purpose of trading in various segments of the SEBI recognized Stock Exchanges, where Tradebulls is a member, for the purpose of more fully and conveniently availing of the services agreed to be provided by Tradebulls and also the additional services that may be made available by Tradebulls 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. The client understands that these 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 Tradebulls may levy additional charges including Annual Maintenance Charges & all transaction charges with respect to clients demat account for any service rendered by Tradebulls 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 Tradebulls.
2. **Payment by cheque:** Where payment by the client towards margin money is made through cheque / pay order / demand draft issued in favor of Tradebulls, trades may be executed at the discretion of Tradebulls only upon realization of the funds of the said cheque / pay order / demand draft.
3. **Lien:** All securities, funds and/or properties of the client as may be permitted by the Exchange(s) from time to time to be placed with Tradebulls shall be subject to a lien for the payments or fulfillment of all undischarged liabilities and obligations of the client in relation to its transactions or owing to any of the group companies of Tradebulls. Tradebulls shall be entitled to withhold such securities, funds and/or property of the client as security towards any such un-discharged liabilities or obligation of the client and to sell and/or appropriate to itself all such securities, funds or properties at its sole discretion & at any point of time.
4. **Authorization for delivering / pledging shares:** The client understands and agrees that Tradebulls 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 the 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 Tradebulls to enforce, at its option, the collateral security in the securities to recover the debit balance at any time.
5. **Authorization for Inter segment fund balance transfer and stock transfers:** The client hereby authorizes Tradebulls 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 Tradebulls.
6. **Disclaimer:** The client understands and agrees that neither Tradebulls nor any other party disseminating any market data, message or information through the Website of Tradebulls 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 or omission by Tradebulls 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 Tradebulls or any disseminating party.
7. **Manner and Mode of placing orders/instructions:** The client may communicate orders and other instructions to Tradebulls or the sub-broker / 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. Client may use any one or more of these means as may be permitted by the SEBI / Exchanges from time to time for placing orders.
8. **Non-execution / delay / cancellation of Orders:** The client hereby agrees that Tradebulls 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 offline trading services, disruptions or congestion of communication net works, hardware or software problems, or failure of the electronic trading system generally in any manner due to one or the other reasons beyond the control of Tradebulls or the Exchange.
9. **Client not to act on representations of agents, employees:** Client is aware that Tradebulls 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 Tradebulls.

- 10. Recording of Conversation:** The client is aware and agrees that Tradebulls may tape record the conversation between the client / client's representative and Tradebulls, whether over the telephone or in person. Tradebulls 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.
- 11. Confidentiality of Client Details:** Tradebulls may disclose the client information to any person /entity as required under the law or to any broker's Association or organisations in case of dispute in order to take informed decision. The client hereby agrees and give its consents for the disclosure by Tradebulls to any person or entity including but not limited to any independent third parties or any entities of Tradebulls Group, whether within or outside India, of any information and data relating to client or relating to client's trading account with Tradebulls 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.
- 12. Disclosure as to Proprietary Trades by Tradebulls:** Tradebulls may carry out proprietary trades in addition to trades on behalf of its clients.
- 13. 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.
- 14. 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.
- 15. Notices:** All notices or communications issued by Tradebulls 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:
- 15.1 (a) By ordinary post or (b) By registered post (c) Under certificate of posting or (d) By express delivery post or (e) by SMS on registered mobile or by telephonic call or (f) By affixing it on the door at the last known business or residential address or (g) By oral communication to the party or on the last known telephone number or on the recording machine of such number or (h) 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 (i) By publishing it in the website of Tradebulls wherein secured log-id and password to client is provided or (j) By a notice posted on the notice board of the Exchange if no address be known or (k) By electronic mail or fax or (l) By hand delivery or By courier or any other mode as may be allowed for communication.

- 15.2 Notwithstanding anything stated above, communication relating to orders, margins, maintenance calls and other similar matters in the ordinary course of dealings between Tradebulls and the client may be made orally.
- 15.3 Deemed Service: Any communication sent by Tradebulls to the client shall be deemed to have been delivered or served, even if such communication is returned to Tradebulls as unclaimed / refused / undelivered. If the same is sent to the ordinary business address and / or ordinary place of residence and /or last known address of the party, in any one or more of the ways mentioned above. The client shall always be deemed to have notice of all communication posted / published in the login page of the back office website of Tradebulls and it shall be responsibility of the client to access the website of Tradebulls regularly for all such communication.

**16. Electronic Contract Note (ECN):**

- 16.1. 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 Tradebulls in this connection and providing the e-mail address(es) at which the client wishes the ECN to be sent.
- 16.2. The client shall access and verify the ECN and all information contained therein, In case of discrepancy the client, shall inform Tradebulls either in writing or via E-mail within reasonable time of the receipt of the same. Tradebulls shall also publish the contract note on the Web site [www.tradebulls.in](http://www.tradebulls.in) or on any other designated location specified by Tradebulls 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, Tradebulls may, on advice by the client, make the contract note available by any other means (e-mail, 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 Tradebulls of such a difficulty shall amount to valid delivery & viewing of the document by the client.

- 17. Electronic Transmission of other Documents:** The client who have opted for ECN agrees that Tradebulls 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 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, Tradebulls 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 Tradebulls within reasonable time from issuance failing which the documents shall be deemed to be true and correct record of transactions stated therein.

**18. Electronic Payment Gateway for Net Banking Services:**

Tradebulls 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 Tradebulls. Client understands that Tradebulls is only providing access to the electronic fund transfer facility provided by the banker of the client through Tradebulls'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 Tradebulls 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 Tradebulls 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.

**19. Client to intimate changes:** Client understand that it is client's responsibility and undertakes to intimate Tradebulls forthwith in writing of any change in relation to any information furnished by the client in the Client Registration Form, including in particular but not limited to any change in the correspondence address. Client shall produce while intimating such changes necessary proof in support of the change and shall produce any additional proof, if any required by Tradebulls.

**20. Internet / Wireless Technology based Trading facility:**

20.1 Tradebulls offers Internet and mobile Trading facility for transaction in securities on the concerned Exchanges (hereinafter referred to as "the Internet/wireless Trading system") through Exchange approved software. The client can route its orders to Tradebulls 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 Tradebulls by complying with the formalities prescribed therefor.

20.2 User Name and Password: The client will be entitled to a Username and password which will enable him to access Tradebulls internet Trading facility for availing of the internet trading services.

20.3. 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 Tradebulls 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 Tradebulls.

20.4. The client understands and agrees that Tradebulls has different product of the Internet Trading / Wireless Trading softwares 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, Tradebulls 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.

20.5. Orders of client subject to review by Tradebulls: The client agrees that the Tradebulls 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."

20.6 The client shall inform Tradebulls full details of such unauthorized use including the date of such unauthorized use, transaction discrepancies or security flaw. The manner in which User name / Password was unauthorizedly used. The transaction effected pursuant to such unauthorized use, etc., provided always that the client shall be solely responsible and liable for the trades so executed and shall not hold Tradebulls responsible for the financial or other consequences there under in any manner.

**21. Pay-in of Funds & Securities:** Tradebulls will receive funds/securities and/or disburse funds / securities only from/to the bank account and the demat account given by the client in the client registration form or from/to the accounts subsequently in writing notified by the client and accepted by Tradebulls. Tradebulls reserves the right not to accept funds / securities from Banks / Demat accounts other than that registered with Tradebulls and client understands and agrees that Tradebulls shall not be liable for any loss that may be occasioned due to Tradebulls declining to accept funds / securities from unregistered accounts.

**22. Extra Ordinary Events and termination/suspension of trading facility:** Tradebulls 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 Tradebulls control resulting in non-execution, partial or incomplete execution of orders and the resulting financial loss, if any Tradebulls 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.

- 23. Client to Retain Copy:** A copy of all the documents comprising KYC shall be provided to the client at the time of execution of this document under acknowledgment to be signed by the client. Additional copy of the documents shall be provided to the client on written request on payment of reasonable cost.
- 24. Amendments to the terms and conditions:** Tradebulls 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.
25. The client is aware that Tradebulls has provided on the web site a facility to check and confirm orders which are larger than the limit allowed to client by Tradebulls risk management. The client is also aware that Tradebulls has the discretion to disallow execution of such excessive orders entirely or allow execution to the extent of limit prescribed by Tradebulls risk management based on its risk perception provided, however that in event such excessive orders get executed, the client shall remain bound by his trades and be liable for the financial and other consequence following from such trades.
26. The client agrees that any request for cancellation/ modification of an order or an application shall be subject to the order or application not having already been acted upon or already been executed or it being outside the control of Tradebulls to make any cancellation or modification to such order or application. An order or application shall be deemed to have been executed or cancelled only after the client has received a statement from Tradebulls intimating him of the status of the order / Application.
- 27. Transaction and Settlements:** All orders for purchase, sale or other dealings in securities and other instructions routed through Tradebulls internet Trading system via the clients User name shall be deemed to have been given by the client.
- 27.1 Tradebulls may from time to time impose and vary limits on the orders that the client can place through the internet trading system (including exposure limits, turnover limits, limits as to the number, value and/or kind of securities in respect of which order can be placed, etc.) The client is aware and agrees that Tradebulls may need, to vary or reduce the limits or impose new limits from time to time instantaneously on the basis of the Tradebulls risk perception and other factors considered relevant by Tradebulls and Tradebulls may be unable to inform the client of such variation, reduction or imposition in advance. The client agrees that Tradebulls shall be responsible for such variation, reduction or imposition or clients inability to route any order through the

INTERNET TRADING SYSTEM on account of any such variation reduction or imposition of limits. The client understands and agrees that Tradebulls may at any time, at its sole discretion and without prior notice, prohibit or restrict the client's ability to place the orders or trade in securities through Tradebulls.

- 28. Remit Funds payout electronically into clients bank account:** Notwithstanding anything contained in these documents and without prejudice to the rights and obligations of the parties interse, the client, hereby agrees and authorize Tradebulls to transfer funds due for payment to the client through net Banking / EFT / RTGS / NEFT / IMPS for the credit of designated bank account(s) of the client details of which are given by it to Tradebulls. Client shall also give Tradebulls a cancelled cheque leaf of the designated Bank account for this purpose. Client agrees that it shall not hold Tradebulls liable If any fund is credited to wrong account(s) as a result of client providing incorrect account details to Tradebulls. Tradebulls reserves the right to reject request of the client for electronic funds transfer or to discontinue the facility without assigning any reason. The client also understands and agrees that Tradebulls shall not be responsible for any delay / failure in transmission of electronic payout of funds due to any reason whatsoever and undertakes to not hold Tradebulls liable in this regard.
- 29. Aggregation of open market positions of the Client by the Exchange:** Client agrees that if the Exchange directs / advise Tradebulls to reduce the exposure of the Client in any outstanding open interest in any contract, because the market exposure of the client in the contract, individually, or taken together with that of related parties, exceeds the maximum allowable open position prescribed by the Exchange for an individual client or for all clients of Tradebulls in the contract, Tradebulls may square off the open market positions of the client in the contract as directed by the Exchange. client also agrees that, though Tradebulls may on a best effort basis inform the client of the direction given by the Exchange, it is under no obligation to inform the client and/or obtain client's consent prior to squaring off the positions under this clause and all losses, if any, arising from such squaring off shall be to the account of the client.
- 30. Payment of Full Contract Value:** Client agrees to pay Tradebulls for all open buy positions, excepting both side option contract positions, full contract value less the free surplus fund of the client, if any, already with Tradebulls, one day prior to the commencement of the tender period for the respective contract, and if that day is a bank holiday, on the day immediately preceding that day which is bank working day. If the Client makes a default in making payment as above, Tradebulls at its discretion may square off all or part of the open positions of the Client and all and any losses arising thereout shall be to the account of the client.
- 31. 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.

## MARGIN TRADING FACILITY DECLARATION - TERMS & CONDITIONS

1. Tradebulls Securities (P) Limited (Tradebulls) is eligible to provide Margin Trading Facility (MTF) in accordance with SEBI & Exchange Guidelines as specified from time to time.
2. Tradebulls is desirous of extending MTF to their Clients and has obtained prior permission of BSE and NSE for providing MTF to the Clients. The Exchanges have the right to withdraw the permission at anytime for sufficient reasons.
3. Tradebulls is permitted to extend MTF to the Clients on such terms and conditions as specified by the Stock Exchanges / SEBI from time to time and as mutually agreed by and between Tradebulls and the Clients. This Rights and Obligation comprises the terms and conditions applicable to MTF and Tradebulls and Clients shall abide by the same and any other requirements of the margin trading framework, including other rights and obligations, if any, prescribed by the Stock Exchange/ SEBI/ Tradebulls from time to time. Any modifications to the terms and conditions, other than those prescribed by SEBI/Stock Exchanges, shall be intimated to the Clients giving 15 days notice in advance.
4. Equity Shares that are classified as 'Group I Security' by SEBI only shall be eligible for MTF. Tradebulls, at its discretion, may not provide funding under MTF to certain equity shares though classified to be "Group I Security" by SEBI. Equity shares shortlisted by Tradebulls for funding (Approved List) shall be as displayed on Tradebulls website [www.tradebulls.in](http://www.tradebulls.in) from time to time.
5. Initial margin, increased margin, margin shortage, margin calls, maximum allowable exposure, maximum stock specific exposure, trade confirmation, square off intimation and such other information in relation to MTF shall be communicated electronically through one or many or all of the following modes, viz email, SMS, WhatsApp, mobile notifications, and additionally through telephone calls.
6. In order to avail of margin facility, the minimum initial margin required to be provided by the Clients, as prescribed by SEBI/Stock Exchanges, is as under: VaR + 3 times of applicable ELM in case of F & O Stocks (i.e., stocks available for trading in the F&O Segment. VaR + 5 times of applicable ELM in case of stocks other than F & O Stocks. VaR and ELM shall mean VaR and ELM as applicable to respective stocks in the cash segment.
7. Client shall be required to provide the minimum initial margin as applicable for a particular stock to buy that stock under MTF. The margin shall never be lower than that prescribed by the Stock Exchange/SEBI. However, Tradebulls shall have the right to demand a higher initial margin than the margin prescribed by SEBI/Stock Exchanges.
8. Subject to the initial margin as aforesaid, Tradebulls may, at its sole and absolute discretion, revise and increase from time to time the margin required for any stock permitted to be traded under MTF. Where Client has exposure in the stock in respect of which margin has been revised but does not already have sufficient credit in the account to meet increase in margin, Client shall pay margin found short within the time prescribed for making margin payment.
9. Applicable minimum initial margin, increased margin, margin shortfall, if any, can be paid in the form of cash, cash equivalent, or Group I equity shares with appropriate hair cut as specified in SEBI Master Circular No. SEBI/HO/MRD/DP/CIR/P/2016/135, DTD. 16/12/2016. Client shall have the right to change collateral securities provided under the MTF with other collateral securities provided that such other collateral securities are approved and sufficient to meet the margin required.
10. Margin requirement on shares purchased under MTF shall be computed by grossing applicable margin i.e., minimum initial margin plus increased margin, if any, on each stock and shortage computed accordingly by deducting available margin from gross margin. Collateral shares and shares purchased under MTF (Funded Shares) shall be marked to market daily for the purpose of computing the margin/shortage of margin.
11. Applicable minimum initial margin and increased margin, if any, shall be kept supplied at all times by the Clients in respect of the stocks purchased under the MTF. Client shall pay any shortage in the required margin immediately on receiving demand (margin call) and in any case not later than 11.00 P.M on the trade day following the day of making the margin call (prescribed time) failing which Tradebulls shall be at liberty to liquidate the funded shares and/or collateral shares to recover the dues outstanding in the account of the Clients. In case of extreme volatility in the market, Tradebulls may demand payment of margin forthwith and prescribed time for making margin payment shall be construed accordingly. Decision of Tradebulls in relation to market volatility shall be final and binding without Tradebulls having to provide any reason for the decision to the Client.
12. If required margin is not provided within the prescribed time, Client shall be treated as Client in margin default. Tradebulls shall not be obliged to notify the Client in margin default of the liquidation of shares, ahead of liquidation. Tradebulls shall not be obliged to liquidate shares proportionate to the shortage in margin.
13. Client in margin default shall continue to be in margin default, until the required margin is furnished in full to eliminate the shortage. Partial payment of margin or a change in the required margin shall not extend the time stipulated for making margin payment which will run from the time of making margin call to the Client.
14. In case margin is reduced by an amount equal to applicable ELM component of the total margin due to market volatility within a trading day (i.e. available margin becomes equal to or less than applicable VAR margin), Tradebulls reserves the



right to liquidate the collaterals and/or funded shares forthwith without prior notice to the Client.

15. MTF Clients purchasing shares not specified in Tradebulls Approved List of Group 1 securities shall be required to 100% margin upfront for such purchases.
16. If any shares are delisted from Tradebulls Approved List, Client shall be required to make payment of full purchase consideration against such shares on receiving margin call within the prescribed time, failing which Tradebulls shall be at liberty sell such shares without further notice to the Client.
17. If a Client is debarred by orders of lawful authority from trading in the securities market, Tradebulls shall liquidate collateral and funded shares of the Client to recover its dues to the full extent forthwith.
18. In case of death of a Client, Tradebulls shall be entitled to liquidate the collateral and funded shares under MTF and recover the unpaid outstanding due.
19. Any loss arising from liquidation of the shares shall to be account of the Client. Client shall forthwith pay Tradebulls any unpaid dues outstanding in the account after liquidation of the shares.
20. Tradebulls reserves the right to withdraw MTF with respect to any Client without assigning any reason after giving a reasonable notice to the Client in which case dues if any outstanding in the account of the Client shall become payable immediately. Failure to make payment of the outstanding dues shall result in liquidation of collateral and/or funded shares held in Client's account.
21. Client may terminate the MTF account after paying all dues in the MTF account.
22. Tradebulls shall not use the funds and securities of one Client to provide MTF to another Client, even on the authority of the Client.
23. The stocks deposited as margin collateral and funded stock shall be identifiable separately and no comingling shall be permitted for the purpose of computing funding amount.
24. Tradebulls may at its option allow Client to buy further shares under MTF on the basis of increase in the value of collateral shares, subject to applicable hair cut. Further purchase shall not be permitted on the basis of increase in the market value of funded shares.
25. IPF shall not be available for transactions done on the Stock Exchange, through MTF, in case of any losses suffered in connection with the MTF availed by the client.
26. Tradebulls shall restrict the maximum gross exposure as well as individual stock-wise exposure of a client under the MTF at any point in time according to its internal policies and market views without assigning any reasons to the client. Furnishing applicable margin shall not by itself entitle the Client to seek exposure beyond the limit restricted by Tradebulls.
27. Admitting Clients for MTF shall be at the discretion of the Stock Broker/Trading Member. Clients request for admission to MTF may be disallowed without assigning any reason.
28. By agreeing to avail of MTF, the Client shall be deemed to have authorized Tradebulls to retain and/or pledge the shares purchased under MTF (funded shares) and collateral shares provided as margin till the amount due in respect of the purchase and all other dues are paid in full by the Client.
29. Tradebulls shall maintain separate ledgers for funds and securities of the client availing of MTF.
30. All outstanding dues under MTF shall carry interest of 0.06% per day + applicable taxes. However, if the debit is greater than Rs. 1 Crore, then the applicable interest shall be 0.08% % per day + applicable taxes.
31. Outstanding dues shall not be carried in the books beyond 90 days from the date of accrual and in case Client fails to pay up the dues within the said 90 days, collateral and/or funded shares shall be sold to liquidate the dues, even though applicable margin is available in the MTF account of the Client. For this purpose, 90 days shall be computed with respect to each debit entry in respect of purchases under MTF separately and liquidation shall be carried out accordingly. Tradebulls shall have discretion to sell any stock/stocks to liquidate the outstanding dues older than 90 days.
32. Client shall be free to take delivery of the shares purchased under MTF anytime, but not later than 90 days, from the date of funding by making full payment of the outstanding dues in relation to the shares purchased.
33. Until full payment of the outstanding dues in the MTF A/c is made by the Client, collateral shares and funded shares, as far as may be required, shall be retained in the Demat A/c of Tradebulls, separately identified as collateral shares and funded shares.
34. Daily margin statement sent to the MTF Clients shall identify margin/collateral for MTF transaction separately.
35. MTF account where there is no transaction under MTF for more than 90 days shall be settled immediately on expiry of said 90 days provided there are no dues outstanding in the MTF account. Dues if any outstanding in the normal trading account shall be first adjusted against the settlement amount and the remainder shall be paid to the Client.
36. Client admitted to MTF shall be deemed to have opted to treat unpaid shares held in Client's account with Tradebulls as shares purchased in terms of the MTF and corresponding accrued outstanding dues shall be treated accordingly. In this case, Client shall furnish additional collateral shares, cash and/or cash equivalent required to bring up available margin to the level of initial minimum margin required under MTF, within the prescribed time after receiving margin call. Option to treat accrued outstanding dues as funding made under MTF shall be available only where the outstanding due is less than 90 days old.

37. In case Client does not opt for MTF, all dues on account of purchase of shares, accrued /accruing, shall be payable immediately/on or before T+7 failing which Tradebulls shall sell the shares to liquidate / reduce the dues and remaining unpaid dues, if any, shall become payable forthwith.
38. Tradebulls shall declare and communicate to the Client risk management policies that it will follow with respect to MTF transactions. Tradebulls may amend the policies from time to time according to its risk perceptions and inform the Clients of the amendments made.
39. Any disputes arising between the client and Tradebulls in connection with the margin trading facility shall be resolved through the investor grievance redressal mechanism and/or arbitration mechanism of the stock exchanges as in the case of normal trades.
40. The Rights and Obligations prescribed herein above shall be read in conjunction with the rights & obligations as prescribed under SEBI circular No. CIR / MIRSD / 16 / 2011 dated August 22, 2011, SEBI Circular No. CIR / MRD / DP / 54 / 2017 Dtd. June 13, 2017, the Circulars relating to MTF issued by the respective Stock Exchanges, any modifications thereto from time to time and the Policies and Procedures prescribed by Tradebulls and the terms and conditions of client's agreement with Tradebulls. In case of any inconsistencies between the Rights and Obligations herein and the provisions in the aforesaid SEBI and/or Stock Exchange Circulars, the later shall prevail to the extent of such inconsistencies.

## RIGHTS & OBLIGATIONS OF STOCK BROKERS & CLIENTS FOR MARGIN TRADING FACILITY (MTF)

### CLIENT RIGHTS

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

### CLIENT OBLIGATIONS

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

### STOCK BROKER RIGHTS

1. Stock Broker and client may agree between themselves the terms and condition including commercial terms if any before commencement of MTF.
2. Stock broker may set up its own risk management policy that will be applicable to the transactions done under the Margin Trading Facility. Stock broker may make amendments there to at any time but give effect to such policy after the amendments are duly communicated to the clients registered under the Margin Trading Facility.

3. The broker has a right to retain and/or pledge the securities provided as collateral or the securities bought by the client under the Margin Trading Facility.
4. The broker may liquidate the securities if the client fails to meet the margin call made by the broker as mutually agreed of liquidation terms but not exceeding 5 working days from the day of margin call.

### STOCK BROKER OBLIGATIONS

1. Stock broker shall agree with the client the terms and condition before extending Margin Trading Facility to such client. However, for clients who already have existing trading relationship and want to avail of Margin Trading Facility, stock broker may take consent in writing in his own hand or in any irrefutable electronic method after stock broker has communicated the terms and conditions of Margin Trading Facility to such existing clients.
2. The terms and conditions of Margin Trading Facility shall be identified separately, in a distinct section if given as a part of account opening agreement.
3. The mode of communication of order confirmation, margin calls or liquidation of position/security shall be as agreed between the broker and the client and shall be in writing in his own hand or in any irrefutable electronic method. Stock broker shall prescribe and communicate its margin policies on haircuts/ VAR margins subject to minimum requirements specified by SEBI and exchanges from time to time.
4. The Stock Broker shall monitor and review on a continuous basis the client's positions with regard to MTF. It is desirable that appropriate alert mechanism is set up through which clients are alerted on possible breach of margin requirements.
5. Any transaction to be considered for exposure to MTF shall be determined as per the policy of the broker provided that such determination shall happen not later than T + 1 day.
6. If the transaction is entered under margin trading account, there will not be any further confirmation that it is margin trading transaction other than contract note.
7. In case the determination happens after the issuance of contract, the broker shall issue appropriate records to communicate to Client the change in status of transaction from Normal to Margin trading and should include information like the original contract number and the margin statement and the changed data.
8. The Stock Broker shall make a 'margin call' requiring the client to place such margin; any such call shall clearly indicate the additional / deficient margin to be made good.
9. Time period for liquidation of position/security shall be in accordance declared policy of the broker as applicable to all MTF clients consistently. However, the same should not be later than 5 working (trading) days from the day of 'margin

call'. If securities are liquidated, the contract note issued for such margin call related transactions shall carry an asterisk or identifier that the transaction has arisen out of margin call.

10. The daily margin statements sent by broker to the client shall identify the margin/collateral for Margin Trading separately.
  11. Margin Trading Accounts where there was no transactions for 90 days shall be settled immediately.
  12. The stocks deposited as collateral with the stock broker for availing margin trading facility (Collaterals) and the stocks purchased under the margin trading facility (Funded stocks) shall be identifiable separately and there shall not be any comingling for the purpose of computing funding amount;
  13. Stock Broker shall close/terminate the account of the client forthwith upon receipt of such request from the client subject to the condition that the client has paid dues under Margin Trading Facility.
2. The MTF facility may be withdrawn by the broker, in the event of client committing any breach of any terms or conditions therein or at anytime after due intimation to client allowing such time to liquidate the MTF position as per the agreed liquidation terms without assigning any reason. Similarly, client may opt to terminate the margin trading facility in the event of broker committing any breach of any terms or conditions therein or for any other reason.
  3. In the event of termination of this arrangement, the client shall forthwith settle the dues of the Stock Broker. The Stock Broker shall be entitled to immediately adjust the Margin Amount against the dues of the client, and the client hereby authorizes the Stock Broker to make such adjustment.
  4. After such adjustment, if any further amount is due from the client to the Stock Broker, the client shall settle the same forthwith. Upon full settlement of all the dues of the client to the Stock Broker, the Stock Broker shall release the balance amount to the client.
  5. If the client opts to terminate the margin trading facility, broker shall forthwith return to the client all the collaterals provided and funded securities retained on payment of all the dues by clients.

#### **TERMINATION OF RELATIONSHIP**

1. The margin trading arrangement between the stock broker and the client shall be terminated; if the Stock Exchange, for any reason, withdraws the margin trading facility provided to the Stock Broker or the Stock Broker surrenders the facility or the Stock Broker ceases to be a member of the stock exchange.



## MARGIN TRADING FACILITY - FAQ

### Q1. How do I activate Margin Trading Facility?

Follow the below given steps to activate Margin Trading Facility from:

- Go to web links: <https://www.tradebulls.in/?MTFActivation>
- Login to Tradebulls backoffice
- Accept Terms and Conditions for Margin Trading in the pop-up window that you come across.

### Q2. How long will it take to activate MTF Product after giving request/consent to enable it?

If you have given your consent by any of the above modes before 5 PM (working day), your request will be processed at the end of day and you will be able to use MTF product from next working day. Requests received after 5 PM (Working day) will be processed on the next working day and you will be able to use the Margin Trading facility on T+2 day onwards..

### Q3. What are the benefits of MTF?

- MTF eliminates the problem of insufficient funding while you place a delivery trade
- Up to 4x leverage
- Longer holding period
- Easy Pledge process
- No hidden charges

### Q4. Which securities are eligible for margin trading?

All the equity shares that are classified as Group I security as per Section 1.1.3 of Chapter IV of SEBI Master circular No. SEBI/HO/MRD/ DP/ CIR/ P/ 117 dated October 25, 2019 (previous SEBI circular ref. no. SEBI/HO/MRD/DP/CIR/P/2016/135 dated December 16, 2016) and Tradebulls reserves rights to exclude any scrip from the approved scripts list as per internal risk policy.

### Q5. How can I purchase shares under MTF Facility?

While placing purchase order in your trading application, select product as MTF and trade.

### Q6. Do I need to do any process once I place order under MTF product?

You MTF transaction is completed once MTF pledge OTP authentication is completed, on contrary trades will be marked as normal trade and client is required to make full payment before T+5 to avoid square off.

### Q7. When will I received MTF pledge link for my MTF trades?

You will received MTF pledge OTP link from CDSL on same day of trade through SMS & EMAIL, however user can also visit CDSL website <https://www.cdslindia.com/Authentication/OTP.aspx?id=P> for MTF pledge OTP authentication.

### Q8. What is the deadline to complete MTF pledge process?

You need to pledge your respective shares by 9:00 pm on same day of trade. In case you do not pledge the shares then debit in client books will be cleared on T+5.

### Q9. How long can I carry forward the debit/ outstanding amount in my account?

You can hold your positions under MTF as long as you maintain the required margin in your account.

### Q10. When will I start incurring Interest Charges?

Interest is levied from the settlement day onwards after you placed an MTF trade, till the outstanding amount is cleared, and/or your position is squared-off

### Q11. What is margin required?

The margin required is margin payable by the client to buy stocks under MTF product. The margin can be paid in the form of funds, or by pledging your approved holding.

**Q12. Will I be allowed to fresh position in Margin Trading if I have not pledged my previous position?**

Yes, you take fresh position as long as you have sufficient margin available in your account.

**Q13. What can be done if the client fails to meet the margin call?**

In case margin maintained by client falls below the required margin, Tradebulls will make a Margin Call and the position can be liquidated. Margin call/ liquidation can be made at any point of time when margins are not in place.

**Q14. Can I use Margin Trading Facility for Derivatives trading?**

No, Margin Trading facility is available only for Cash segment.

**Q15. Is Short-Selling allowed in Margin Trading Facility?**

No, Short - Selling is not allowed in Margin Trading Facility.

**Q16. Can the funded stocks and collaterals be comingled?**

The stocks pledged as collateral with for availing margin trading facility and the stocks purchased under the margin trading facility shall be identifiable separately and there shall not be any comingling for the purpose of computing funding amount.

**Q17. Can I request for release of shares from MTF?**

Yes, client can request for release of shares once funded value is paid by clients.

**Q18. Can I close/ suspend the MTF funding facility offered by the company?**

Yes, the client can close or suspend the Margin trading account at any time after paying the dues.

**Q19. What is the rate of interest for MTF?**

Currently the rate of interest is 0.06% Per Day applicable to account, further Tradebulls reserves rights to revise ROI as and when deemed necessary.

**Q20. What happens if any scrip funded in MTF is delisted from Tradebulls approved list?**

If any shares are delisted from Tradebulls Approved List, Client shall be required to make payment of full purchase consideration against such shares on receiving margin call within the prescribed time, failing which Tradebulls shall be at liberty sell such shares without further notice to the Client.

**Q21. How interest on MTF is calculated?**

Interest on MTF will be calculated on net basis, where interest will be posted to client after adjusting any excess credit balance in broking books against MTF debit.

**Q22. Can client take funds payout by keeping debit in MTF?**

No, Payout can be given payout will be given to client on net basis i.e. Broking ledger + MTF ledger shall be in credit then only client will be eligible for payout.

## 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 Tradebulls) of the Mutual Fund Transaction Facilities.
- 1.3. The client has satisfied itself of the capacity of Tradebulls to deal in Mutual Fund units and wishes to execute its instruction through Tradebulls and the client shall from time to time continue to satisfy itself of such capability of Tradebulls before executing transacting through Tradebulls.
- 1.4. The client has approached to Tradebulls with the application for availing the Mutual Fund Transaction Facilities.
- 1.5. The client has submitted relevant KYC (Know Your Client) details to the Tradebulls.

### 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 Tradebulls in writing if there is any change in the information in the 'client registration form' provided by the client to Tradebulls 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 Tradebulls a completed application form in the manner prescribed format for the purpose of placing a subscription order with Tradebulls.
- 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 Tradebulls 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 Tradebulls renders to the client.
- 2.8. The client will furnish information to Tradebulls 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 Tradebulls, 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 Tradebulls 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 Tradebulls 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: Tradebulls 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 Tradebulls from time to time.
- 3.3. The client agrees and understands that Tradebulls 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 Tradebulls 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 Tradebulls equivalent to the subscription amount and applicable brokerage / fees / charges before applying for mutual fund units through the Tradebulls. The client further agrees and authorizes the Tradebulls to utilize the surplus funds in the client's Broking account held with the Tradebulls 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 Tradebulls 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 Tradebulls 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 Tradebulls 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 whatsoever through the internet based trading facility offered by Tradebulls and undertakes to ensure that the password will not be revealed to any third party including employees and dealers of the Tradebulls.

- 4.3. Client shall immediately notify Tradebulls 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 Tradebulls 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 Tradebulls on account of any suspension, interruption, non-availability or malfunctioning of internet based trading facility offered by Tradebulls 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 Tradebulls or Exchanges end for any reason beyond the control of Tradebulls / Exchanges.

## **IMPORTANT NOTE REGARDING FATCA-CRS DECLARATION / SELF CERTIFICATION FOR INDIVIDUAL**

### **What is FATCA / CRS?**

The U.S. government introduced the Foreign Account Tax Compliance Act, 2010 (FATCA) for obtaining information on accounts held by U.S. taxpayers in other countries. Further, Organization for Economic Co-operation & Development (OECD) and G20 countries agreed for automatic exchange of information through Common Reporting Standards (CRS). The Government of India has signed an Inter-Government Agreement (IGA) with US and has also joined the Multilateral Competent Authority agreement (MCAA) for automatic sharing of information with member countries of OECD and G20. By virtue of India signing an IGA with US and joining MCAA, Indian financial institutions will have to provide the required financial information to Indian tax authorities which in turn would forward reportable information to US IRS and member countries of OECD and G20 countries.

In order to implement FATCA and CRS norms in India, Tradebulls Broking Private Limited is required to implement procedures to identify U.S. account holders or other jurisdictions reportable accounts, perform due diligence & obtain documentary evidence wherever required and report details of such accounts to relevant tax authority.

### **US Person means:**

In case of individuals, U.S. person means a citizen or resident of the United States. Persons who would qualify as U.S. persons could be born in United States, born outside the United States of a US parent, Naturalized citizens, Green Card Holders, tax residents.

### **Who is Reportable Person (Non US) under Common Reportable Standards (CRS)?**

Under Common Reportable Standards (CRS), reportable person means Tax residents of a reportable foreign jurisdiction other than U.S. (Please note the above information is provided only for quick reference to customers. You are requested to consult a legal/ tax advisor if in doubt.)

### **Documents to be collected if Customer's Country of birth is U.S. but declare that he / she are not a U.S. person:**

1. Certificate of relinquishment of citizenship (Loss of nationality certificate); OR
2. Self certification for stating reasons for not having such a certificate despite relinquishment U.S. citizenship; OR
3. Self certification for stating reasons for not obtaining U.S. citizenship at birth.



## INFORMATION ON PREVENTION OF MONEY LAUNDERING ACT 2002 (PMLA)

1. Due to the tightened security and increased vigilance in the wake of threats emanating from increasing terrorism, any failure on our part to discharge our duties cast on us under the applicable laws or we becoming an instrumental or a part of the chain in certain transaction, even if unknowingly or ignorantly, may land us in trouble.
2. (There is an Act called) Prevention of Money Laundering Act 2002. (PMLA)
3. The purpose of this act is to prevent the financing of terrorism and to prevent laundering of money i.e. to legalize or officialize or canalise the money generated from illegal activities like drug trafficking, organized crimes, hawala rackets and other serious crimes.
4. This act is a part of the Global measures being taken by all the countries under the initiatives of Unagencies.
5. It is applicable to all SEBI Registered brokers/sub-brokers and other financial institution who are dealing in any kind of financial assets.
6. It is an obligation of the entities to whom this Act is applicable, to report certain kind of transactions routed through them to FINANCIAL INTELLIGENCE UNIT, a department specially set up to administer this Act under the Ministry of Finance.
7. The transactions which are supposed to be reported are cash transactions above rupees ten lakhs or series of cash transactions below ten lakhs but aggregating to above ten lakhs in a month or its equivalent in any foreign currency and the transactions which may not be in cash but suspicious in nature.
8. Any such above types of transaction, though not executed but attempted and failed are also required to be reported.
9. The suspicious transaction can be related to the transaction under the circumstances such as;
10. Clients whose identity verification seems difficult or clients that appear not to cooperate
  - Asset management services for clients where the source of the funds is not clear or not in keeping with clients apparent standing /business activity;
  - Clients based in high risk jurisdictions;
  - Substantial increases in business without apparent cause;
  - Clients transferring large sums of money to or from overseas locations with instructions for payment in cash;
  - Attempted transfer of investment proceeds to apparently unrelated third parties;
  - Businesses undertaken by offshore banks/financial services,
  - Businesses reported to be in the nature of export/import of small items.
  - Unusual transactions by Clients of Special Categories (CSCs).
11. Clients of Special Categories may include;
  - NRI/HNI/Trust/Charities/NGO/Organizations receiving donations
  - Companies having close family shareholdings or beneficial ownership
  - Politically Exposed Persons
  - Companies offering foreign exchange offerings
  - Clients in high risk countries
  - Non face to face clients
  - Clients with dubious reputation as per public information available,
12. No trading or demat account can be opened in the name of entity whose name is listed on the banned entity list being maintained at United Nation's website at <https://www.un.org/securitycouncil/>
13. While opening the new accounts all the prescribed procedures of KYC and Client Identifications should strictly be followed in the context of ensuring the compliance under this act.
14. All the records of transactions and client identifications must be preserved in a manner which can be promptly retrieved and reported to the authorities in the specified format.

15. This is the highlights of the requirements under the Act. Sub brokers / Authorised Persons / Remissers are advised to go through the SEBI's master circular at <http://www.sebi.gov.in / circulars / 2010 / mastercircular.pdf> for detailed information and understanding and also to visit the website of FIU-IND at <http://fiuindia.gov.in>
16. The end clients are advised to co-operate with us by providing the additional information / documents, if asked for during the course of your dealings with us to ensure the compliance requirements under this Act.
17. As a responsible citizen, it is our statutory as well as moral duty to be vigilant and to refrain from temptation of easy monetary gains, by knowingly or unknowingly supporting the people who are involved in the activities which are endangering our freedom and causing damage to the nation and to us as well.
18. For any further clarifications or information on the subject, principal Officer may be contacted.

## SEBI INVESTOR CHARTER - ANNEXURE A

### VISION

1. To follow highest standards of ethics and compliances while facilitating the trading by clients in securities in a fair and transparent manner, so as to contribute in creation of wealth for investors.
2. Client shall be free to take the delivery of the securities at any time by repaying the amounts that was paid by the Stock Broker to Exchange towards securities after paying all dues.
3. Client has a right to change the securities collateral offered for Margin Trading Facility at any time so long as the securities so offered are approved for margin trading facility.
4. Client may close / terminate the Margin Trading Account at any time after paying the dues.

### MISSION

1. To provide high quality and dependable service through innovation, capacity enhancement and use of technology.
2. To establish and maintain a relationship of trust and ethics with the investors.
3. To observe highest standard of compliances & transparency.
4. To always keep 'protection of investors' interest' as goal while providing service.

### SERVICES PROVIDED TO INVESTORS

1. Execution of trades on behalf of investors.
2. Issuance of Contract Notes.
3. Issuance of intimations regarding margin due payments.
4. Facilitate execution of early pay-in obligation instructions.
5. Settlement of client's funds.
6. Intimation of securities held in Client Unpaid Securities

Account (CUSA) Account.

7. Issuance of retention statement of funds.
8. Risk management systems to mitigate operational and market risk.
9. Facilitate client profile changes in the system as instructed by the client.
10. Information sharing with the client w.r.t. exchange circulars.
11. Redressal of Investor's grievances.

### RIGHTS OF INVESTORS

1. Ask for and receive information from a firm about the work history and background of the person handling your account, as well as information about the firm itself.
2. Receive complete information about the risks, obligations, and costs of any investment before investing.
3. Receive recommendations consistent with your financial needs and investment objectives.
4. Receive a copy of all completed account forms and agreements.
5. Receive account statements that are accurate and understandable.
6. Understand the terms and conditions of transactions you undertake.
7. Access your funds in a timely manner and receive information about any restrictions or limitations on access.
8. Receive complete information about maintenance or service charges, transaction or redemption fees, and penalties.
9. Discuss your grievances with compliance officer of the firm and receive prompt attention to and fair consideration of your concerns.

### Various activities of Stock Brokers with timelines

Sr.	Activities	Expected Timelines
1.	KYC entered into KRA System and CKYCR	10 days of account opening
2.	Client Onboarding	Immediate, but not later than one week
3.	Order execution	Immediate on receipt of order, but not later than the same day
4.	Allocation of Unique Client Code	Before trading
5.	Copy of duly completed Client Registration Documents to clients	7 days from the date of upload of Unique Client Code to the Exchange by the trading member
6.	Issuance of contract notes	24 hours of execution of trades
7.	Collection of upfront margin from client	Before initiation of trade
8.	Issuance of intimations regarding other margin due payments	At the end of the T day
9.	Settlement of client funds	30 days/90 days for running account settlement (RAS) as per the preference of client. If consent not given for RAS - within 24 hours of pay-out
10.	'Statement of Accounts' for Funds, Securities and Commodities	Weekly basis (Within four trading days of following week)
11.	Issuance of retention statement of funds/commodities	5 days from the date of settlement
12.	Issuance of Annual Global Statement	30 days from the end of the financial year
13.	Investor grievances redressal	30 days from the receipt of the complaint

## DO'S AND DON'TS FOR INVESTORS

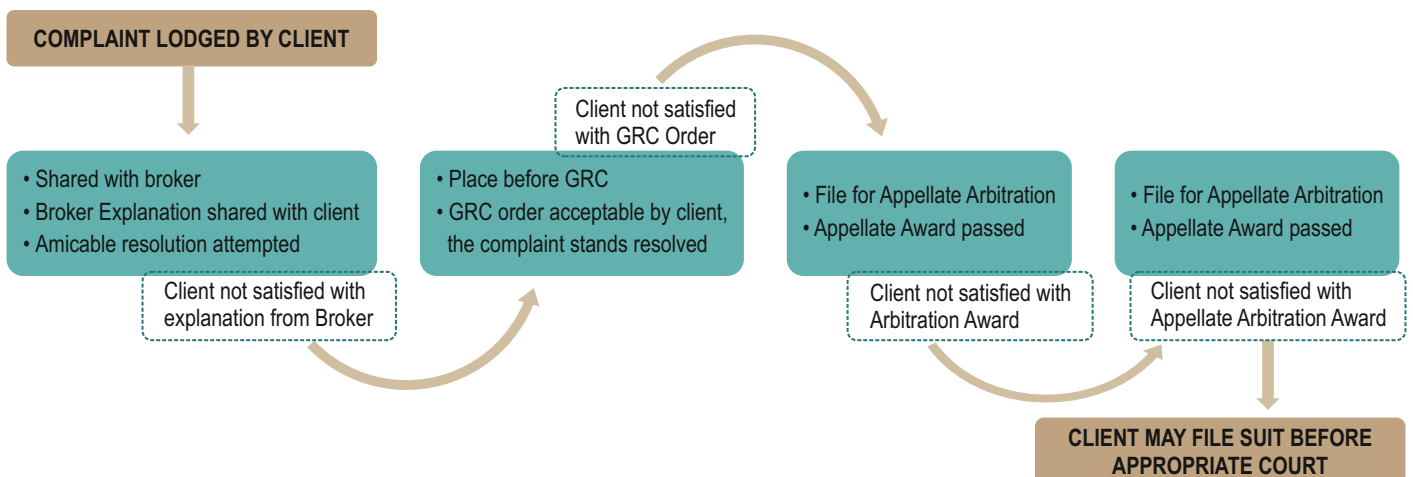
- | Dos  | DON'Ts   |
|--|--|
| <ol style="list-style-type: none"> <li>1. Read all documents and conditions being agreed before signing the account opening form.</li> <li>2. Receive a copy of KYC, copy of account opening documents and Unique Client Code.</li> <li>3. Read the product / operational framework / time lines related to various Trading and Clearing &amp; Settlement processes.</li> <li>4. Receive all information about brokerage, fees and other charges levied.</li> <li>5. Register your mobile number and email ID in your trading, demat &amp; bank accounts to get regular alerts on your transactions.</li> <li>6. If executed, receive a copy of Power of Attorney. However, Power of Attorney is not a mandatory requirement as per SEBI/ Stock Exchanges. Before granting Power of Attorney, carefully examine the scope and implications of powers being granted.</li> <li>7. Receive contract notes for trades executed, showing transaction price, brokerage, GST and STT etc. as applicable, separately, within 24 hours of execution of trades.</li> <li>8. Receive funds and securities / commodities on time within 24 hours from pay-out.</li> <li>9. Verify details of trades, contract notes and statement of account and approach relevant authority for any discrepancies. Verify trade details on the Exchange websites from the trade verification facility provided by the Exchanges.</li> <li>10. Receive statement of accounts periodically. If opted for running account settlement, account has to be settled by the stock broker as per the option given by the client (30 or 90 days).</li> <li>11. In case of any grievances, approach stock broker or Stock Exchange or SEBI for getting the same resolved within prescribed timelines.</li> </ol> | <ol style="list-style-type: none"> <li>1. E1. Do not deal with unregistered stock broker.</li> <li>2. Do not forget to strike off blanks in your account opening and KYC.</li> <li>3. Do not submit an incomplete account opening and KYC form.</li> <li>4. Do not forget to inform any change in information linked to trading account and obtain confirmation of updation in the system.</li> <li>5. Do not transfer funds, for the purposes of trading to anyone other than a stock broker. No payment should be made in name of employee of stock broker.</li> <li>6. Do not ignore any emails / SMSs received with regards to trades done, from the Stock Exchange and raise a concern, if discrepancy is observed.</li> <li>7. Do not opt for digital contracts, if not familiar with computers.</li> <li>8. Do not share trading password.</li> <li>9. Do not fall prey to fixed / guaranteed returns schemes.</li> <li>10. Do not fall prey to fraudsters sending emails and SMSs luring to trade in stocks / securities promising huge profits.</li> <li>11. Do not follow herd mentality for investments. Seek expert and professional advice for your investments.</li> </ol> |

## GRIEVANCE REDRESSAL MECHANISM

**Level 1:** Approach the Stock Broker at the designated Investor Grievance e-mail ID of the stock broker. The Stock Broker will strive to redress the grievance immediately, but not later than 30 days of the receipt of the grievance.

**Level 2:** Approach the Stock Exchange using the grievance mechanism mentioned at the website of the respective exchange.

Complaints Resolution Process at Stock Exchange explained graphically:





## TIMELINES FOR COMPLAINT RESOLUTION PROCESS AT STOCK EXCHANGES AGAINST STOCK BROKERS

Sr.	Type of Activity	Timelines for activity
1.	Receipt of Complaint	Day of complaint (C Day)
2.	Additional information sought from the investor, if any, and provisionally forwarded to stock broker	C+7 Working days
3.	Registration of the complaint and forwarding to the stock broker	C+8 Working Days i.e. T day
4.	Amicable Resolution	C+15 Working Days i.e. T day
5.	Refer to Grievance Redressal Committee (GRC), in case of no amicable resolution	C+16 Working Days i.e. T day
6.	Complete resolution process post GRC	C+30 Working Days i.e. T day
7.	In case where the GRC Member requires additional information, GRC order shall be completed within	C+45 Working Days i.e. T day
8.	Implementation of GRC Order	On receipt of GRC Order, if the order is in favour of the investor, debit the funds of the stock broker. Order for debit is issued immediately or as per the directions given in GRC order
9.	In case the stock broker is aggrieved by the GRC order, will provide intention to avail arbitration	Within 7 days from receipt of order
10.	If intention from stock broker is received and the GRC order amount is upto Rs. 20 lakhs	Investor is eligible for interim relief from Investor Protection Fund (IPF). The interim relief will be 50% of the GRC order amount or Rs. 2 lakhs whichever is less. The same shall be provided after obtaining an Undertaking from the investor
11.	Stock Broker shall file for arbitration	Within 6 months from the date of GRC recommendation
12.	In case the stock broker does not file for arbitration within 6 months	The GRC order amount shall be released to the investor after adjusting the amount released as interim relief, if any

### Handling of Investor's claims/complaints in case of default of a Trading Member/Clearing Member (TM/CM)

#### Default of TM/CM

#### Following steps are carried out by Stock Exchange for benefit of investor, in case stock broker defaults:

1. Circular is issued to inform about declaration of Stock Broker as Defaulter
2. Information of defaulter stock broker is disseminated on Stock Exchange website
3. Public Notice is issued informing declaration of a stock broker as defaulter and inviting claims within specified period
4. Intimation to clients of defaulter stock brokers via emails and SMS for facilitating lodging of claims within the specified period

#### Following steps are carried out by Stock Exchange for benefit of investor, in case stock broker defaults:

1. Norms for eligibility of claims for compensation from IPF
2. Claim form for lodging claim against defaulter stock broker
3. FAQ on processing of investors' claims against Defaulter stock broker
4. Provision to check online status of client's claim

**Level 3:** The complaint not redressed at Stock Broker / Stock Exchange level, may be lodged with SEBI on SCORES (a web based centralized grievance redressal system of SEBI) @ <https://scores.gov.in/scores/Welcome.html>