

**RIGHTS AND OBLIGATIONS OF STOCK BROKERS, MEMBERS, AUTHORISED PERSON AND CLIENTS AS PRESCRIBED BY SEBI AND STOCK / COMMODITY EXCHANGES**

1. The client shall invest/trade in those securities/commodities/contracts/other instruments admitted to dealings on the Exchanges as defined in the Rules, Byelaws, and Regulations of Exchanges/ Securities and Exchange Board of India (SEBI) and circulars/notices issued there under from time to time.
  2. The Stockbroker / Member, Authorized Person, and the client shall be bound by all the Rules, Byelaws, Regulations of the Exchange and circulars/notices issued there under and Rules and Regulations of SEBI and relevant notifications of Government authorities as may be in force from time to time.
  3. The client shall satisfy the capacity of the Stockbroker / Member to deal in securities/commodities and/or deal in derivatives contracts and wishes to execute its orders through the Stockbroker / Member and the client shall from time to time continue to satisfy itself of such capability of the Stockbroker/ Member before executing orders through the Stockbroker/ Member.
  4. The Stockbroker/ 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 Stockbroker/ Member shall take steps to make the client aware of the precise nature of the Stockbroker's / Member's liability for business to be conducted, including any limitations, the liability and the capacity in which the Stockbroker/ Member acts.
  6. Requirements of professional diligence
    - a. The Stockbroker/ 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 Stockbroker/ Member would be reasonably expected to exercise toward a client, commensurate with
      - i. honest market practice;
      - ii. the principle of good faith;
      - iii. the level of knowledge, experience, and expertise of the Client.
      - iv. the nature and degree of risk embodied in the financial product\* or financial service being availed by the Client; and
      - v. the extent of dependence of the Client on the Stockbroker/ Member.
- \* Securities/Commodities / derivative contracts.
7. The Authorized Person shall provide necessary assistance and co-operate with the Stockbroker/ 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 Stockbroker/ Member in the "Account Opening Form" with supporting details, made mandatory by stock/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 Stockbroker/ Members shall be non-mandatory, as per terms & conditions accepted by the client.
10. The client shall immediately notify the Stockbroker/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 account or any litigation which may have material bearing the capacity. The client shall provide/update the financial information to the Stockbroker/ 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 Stockbroker/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 securities/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 Stockbroker/ 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 Stockbroker/ 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 Stockbroker/ 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 Stockbroker/ 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 Stockbroker/ 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 Stockbroker/ Member is accurate, up to date and complete.

b. A Stockbroker/ 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 Stockbroker/ 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, unauthorized transactions or claims, if the Stockbroker/ 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 Stockbroker/ Member, including a person belonging to the same group as the Stockbroker/ Member.

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

- a. The Stockbroker/ 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 a 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 Stockbroker/ Member, including its identity, regulatory status and affiliations;
    - v. contact details of the Stockbroker/ Member and the methods of communication to be used between the Stockbroker/ 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. The Stockbroker/ 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, exposure margins or such to be continued other margins as are considered necessary by the Stockbroker/ 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 Stockbroker/ Member is permitted in its sole and absolute discretion to collect additional margins (even though not required by the Exchange, Clearing House/ Clearing Corporation or SEBI) and the client shall be obliged to pay such margins within the stipulated time.

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 a security/derivatives contract in writing or in such form or manner, as may be mutually agreed between the client and the Stockbroker/ Member. The Stockbroker/ 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 Stockbroker/ 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 stock / commodity exchanges where the trade is executed.
19. The Stockbroker/ Member shall ensure that the money/securities / commodities deposited by the client shall be kept in a separate or any litigation which may have material bearing account, distinct from his/its own account or account of any other client and shall not be used by The Stockbroker/ Member for himself/itself or for any other client or for any purpose other than the purposes mentioned in Rules, Regulations, circulars, notices, guidelines of SEBI and/or Rules, Regulations, Bye- laws, circulars and notices of all the respective Exchanges.
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, Stockbroker/ Member shall be entitled to cancel the respective contract(s) with client(s).
21. The transactions executed on the Exchange are subject to Rules, Bye laws and Regulations and circulars / notices issued thereunder of the Exchanges where the trade is executed and all parties to such trade shall have submitted to the jurisdiction of such court as may be specified by the Bye laws and Regulations of the Exchanges where the trade is executed for the purpose of giving effect to the provisions of the Rules, Bye laws and Regulations of the Exchanges and the circulars/notices issued thereunder.

#### **BROKERAGE:**

22. The Client shall pay to the Stockbroker/ 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 Stockbroker/ Member renders to the Client. The Stockbroker/ Member shall not charge brokerage more than the maximum brokerage permissible as per the rules, regulations and bye-laws of the relevant stock / commodity exchanges and/or rules and regulations of SEBI.

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

23. Without prejudice to the Broker's other rights including the right to refer a matter to arbitration, the Broker shall be entitled to liquidate /close all or any of the Client's position with oral intimation to the Client either directly or through any of its Branches or Authorised Person who has introduced the client for non-payment of margins, other lawful amounts due from the Client to Broker, Exchange, or any other lawful outstanding debts, etc. Broker on best effort basis will try and inform the client and give him reasonable time for payment. However it will be the responsibility of client to track his margins/obligations by going through margin statements / Contract Notes sent to the client on daily basis. Any and all losses, financial charges and or incidentals expenses incurred by Broker on account of such liquidation/closing out shall be recovered from the Client and / or charged to and borne by the Client and/or deductible by Broker from the monies and/or collateral margin of the Client available with Broker.

In accordance with SEBI circular CIR/Ho/MIRSD/DOP/CIR/P/2019 dated June 20,2019 a Stockbroker(i.e. Edel Investments Limited) shall be entitled to liquidate the securities of the client in case of non payment Stockbroker shall compulsory liquidate the stock within 5 days from pay out day.

24. In the event of death or insolvency of the client or his/its otherwise becoming incapable of receiving and paying for or delivering or transferring securities / commodities which the client has ordered to be bought or sold, Stockbroker/ Member may close out the transaction of the client and claim losses, if any, against the

estate of the client. The client or his nominees, successors, heirs and assignee shall be entitled to any surplus which may result there from. The client shall note that transfer of funds/securities / commodities in favor of a Nominee shall be valid discharge by the Stockbroker/ Member against the legal heir.

25. The Stockbroker/ Member shall bring to the notice of the relevant Exchange the information about default in payment / delivery and related aspects by a client. In case where defaulting client is a corporate entity / partnership / proprietary firm or any other artificial legal entity, then the name(s) of Director(s) / Promoter(s) / Partner(s) / Proprietor as the case may be, shall also be communicated by the Stockbroker/ Member to the relevant Exchange(s).

#### **DISPUTE RESOLUTION:**

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

31. A. Suitability of advice for the Client

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

- a. A Stockbroker/ 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 Stockbroker/ Member that the available information regarding the relevant personal circumstances of a client is incomplete or inaccurate, the Stockbroker/ 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 Stockbroker/ Member determines unsuitable for the Client, the Stockbroker/ 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 31. A.a and obtaining a written acknowledgment from the Client.

32. Dealing with conflict of interest

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

- a. A Stockbroker/ Member must –
- i. provide a Client with information regarding any conflict of interests, including any conflicted remuneration that the Stockbroker/ 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 Stockbroker/ 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 Stockbroker/ Member and interests of the Client, in cases where the Stockbroker/ Member is a financial representative.
- b. The information under 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.
- b. In this section, “conflicted remuneration” means any benefit, whether monetary or non-monetary, derived by a Stockbroker/ Member from persons other than Clients that could, under the circumstances, reasonably be expected to influence the advice given by the Stockbroker/ Member to a Client.

#### **TERMINATION OF RELATIONSHIP:**

33. This relationship between the Stockbroker/ Member and the client shall be terminated; if the Stockbroker/ Member for any reason ceases to be a Stockbroker/ Member of the stock/commodity exchange including cessation of Stockbroker/ Membership by reason of the Stock Broker's / Member's default, death, resignation or expulsion or if the certificate is cancelled by the Board or exchange.
34. The Stockbroker/ 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.
35. In the event of demise/insolvency of the Authorised Person or the cancellation of his/its registration with the Board / exchange or/withdrawal of recognition of the Authorised Person by the stock / commodity exchange and/or termination of the agreement with the Authorised Person by the Stockbroker/ 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 Stockbroker/ Member and all clauses in the 'Rights and Obligations' document(s) governing the Stockbroker/ Member / Authorized Person and client shall continue to be in force as it is, unless the client intimates to the Stockbroker/ Member his/its intention to terminate their relationship by giving a notice in writing of not less than one month.

#### **ADDITIONAL RIGHTS AND OBLIGATIONS:**

36. The Stockbroker/ Member shall ensure due protection to the client regarding client's rights to dividends, rights or bonus shares, etc. in respect of transactions routed through it and it shall not do anything which is likely to harm the interest of the client with whom and for whom they may have had transactions in securities.
37. The Stockbroker/ Member and client shall reconcile and settle their accounts from time to time as per the Rules, Regulations, Bye Laws, Circulars, Notices and Guidelines issued by SEBI and the relevant Exchanges where the trade is executed.
38. The Stockbroker/ Member shall issue a contract note to his constituents for trades executed in such format as may be prescribed by the Exchange from time to time containing records of all transactions including details of order number, trade number, trade 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 Stockbroker/ Member shall send contract notes to the investors within 24 hours or one working day of the

execution of the trades in hard copy and/or in electronic form using digital signature.

39. The Stockbroker/ Member shall make pay out of funds or delivery of securities/commodities, as the case may be, to the Client within one working day of receipt of the payout from the relevant Exchange where the trade is executed unless otherwise specified by the client and subject to such terms and conditions as may be prescribed by the relevant Exchange from time to time where the trade is executed.
40. The Stockbroker/ Member shall send a complete 'Statement of Accounts' for both funds and securities/commodities in respect of each of its clients in such periodicity and format within such time, as may be prescribed by the relevant Exchange, from time to time, where the trade is executed. The Statement shall also state that the client shall report errors, if any, in the Statement immediately but not later than 30 calendar days of receipt thereof, to the Stockbroker/ Member. A detailed statement of accounts must be sent every month to all the clients in physical form. The proof of delivery of the same should be preserved by the Stockbroker/ Member.
41. The Stockbroker/ Member shall send margin statements to the clients on a monthly basis. Margin statement should include, inter-alia, details of collateral deposited, collateral utilized, and collateral status (available balance/due from the client) with break up in terms of cash, Fixed Deposit Receipts (FDRs), Bank Guarantee, warehouse receipts, securities/commodities etc.
42. The Client shall ensure that it has the required legal capacity to, and is authorized to, enter into the relationship with Stockbroker/ 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.
43. In case, where a Stockbroker/ Member surrenders his/ her/ its Stockbroker/ Membership, Stockbroker/ 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.
44. 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 Stockbroker/ 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 44.B
    - ii. abusive conduct under point 44.C
    - iii. such other conduct as may be specified.
45. B. a. Conduct of a Stockbroker/ 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 Stockbroker/ 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 44.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 Stockbroker/ Member, including its identity, regulatory status and affiliations; and
  - vi. the rights of the Client under any law or regulations.
45. C. a. A conduct of a Stockbroker/ 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 Stockbroker/ 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 Stockbroker/ 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 Stockbroker/ Member and
  - vii. a threat to take any action, depending on the circumstances in which the threat is made.

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

46. In case, client opts to receive the contract note in electronic form, he shall provide an appropriate e-mail id ( created by himself ) to the Stockbroker/ Member. The Stockbroker/ Member shall ensure that all the rules/Business Rule/Bye-Laws/ circulars issued from time to time in this regard are complied with. The client shall communicate to the Stockbroker/ Member any change in the email-id through a physical letter. If the client has opted for internet trading, the request for change of email id may be made through the secured access by way of client specific user id and password.
47. The Stockbroker/ Member shall ensure that all ECNs sent through the e-mail shall be digitally signed, encrypted, non-tamper able and in compliance with the provisions of the IT Act, 2000. In case ECN is sent through e-mail as an attachment, the attached file shall also be secured with the digital signature, encrypted and non-tamper able.
48. The client shall note that non-receipt of bounced mail notification by the Stockbroker/ Member shall amount to delivery of the contract note at the e-mail ID of the client.
49. The Stockbroker/ Member shall retain ECN and acknowledgment of the e-mail in a soft and non-tamper able form in the manner prescribed by the exchange in compliance with the provisions of the IT Act, 2000 and as per the extant rules / regulations/circulars/ guidelines issued by SEBI/Stock / 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 Stockbroker/ member for the specified period under the extant regulations of SEBI/stock exchanges. The log report shall provide the details of the contract notes that are not delivered to the client/e-mails rejected or bounced back. The Stockbroker/ 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 / regulations issued by SEBI/stock/commodity exchanges.
50. The Stockbroker 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 have been rejected (bouncing of mails) by the e-mail ID of the client, The Stockbroker/ Member shall send a physical contract note to the client within the stipulated time under the extant regulations of SEBI/stock/commodity exchanges and maintain the proof of delivery of such physical contract notes.
51. In addition to the e-mail communication of the ECNs to the client, The Stockbroker/ Member shall

simultaneously publish the ECN on his designated website, if any, in a secured way and enable relevant access to the clients and for this purpose, shall allot a unique user name and password to the client, with an option to the client to save the contract note electronically and/or take a print out of the same.

52. The Electronic Contract Note (ECN) declaration form will be obtained from the Client who opts to receive the contract note in electronic form. This declaration will remain valid till it is revoked by the client.

#### **LAW AND JURISDICTION:**

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

## RISK DISCLOSURE DOCUMENT FOR CAPITAL MARKET AND DERIVATIVES MARKET

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

Stock / Commodity 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 / Commodity 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 and investment in Equity shares, Commodities , other derivatives contracts or other instruments traded on the Stock / Commodity 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 / Commodity exchanges and suffer adverse consequences or loss, you shall be solely responsible for the same and Stock / Commodity 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 / commodity Broker. The constituent shall be solely responsible for the consequences and no contract can be rescinded on that account.

You must acknowledge and accept that there can be no guarantee of profits or no exception from losses while executing orders for purchase and/or sale of a derivative contract being traded on Stock / Commodity exchanges.

It must be clearly understood by you that your dealings on Stock / Commodity exchanges through a Stockbroker/ member shall be subject to your fulfilling certain formalities set out by the Stockbroker/ member, which may inter alia include your filling the know your client form, reading the rights and obligations, do's and don'ts, policy and procedures of the Broker / member etc., and are subject to the Rules, Byelaws and Regulations of relevant Stock / Commodity exchanges, its Clearing Corporation, guidelines prescribed by SEBI and in force from time to time and Circulars as may be issued by Stock / Commodity exchanges or its Clearing Corporation and in force from time to time.

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

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

1. BASIC RISKS involved in the trading of Equity / Commodity Futures / Derivatives and other derivatives instruments on the Exchanges:

1.1 Risk of Higher Volatility:

Volatility refers to the dynamic changes in price that of securities/ commodities derivatives contract undergoes when trading activity continues on the Stock / Commodity Exchanges. Generally, higher the volatility of security/ commodity derivatives contract, greater is its price swings. There may be normally greater volatility in thinly traded securities / commodities derivatives contracts than in active securities / commodities 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 / commodities 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 are the liquidity. Liquidity is important because with greater liquidity, it is easier for investors to buy and/or sell securities / commodities 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 / commodities derivatives contracts purchased or sold. There may be a risk of lower liquidity in some securities / commodities derivatives contracts as compared to active securities / commodities 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 / commodities / derivatives contracts as part of a day trading strategy may also result into losses, because in such a situation, securities / commodities 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 securities / commodities derivatives contract. Further, buying/selling without intention of giving and/ or taking delivery of certain securities / commodities may also result into losses, because in such a situation, securities / commodities 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 securities / 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 security / commodity 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 / commodities derivatives contracts. This in turn will hamper better price formation.

## 1.4 Risk-reducing orders:

Most of the Exchanges have a facility for investors to place "limit orders", "stop loss orders" etc. 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 securities / commodities 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 / commodity derivatives contract, and such order gets activated if and when the securities / commodities 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 securities / commodities 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 securities / commodities 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:

Traders / Manufactures make news announcements that may impact the price of shares / commodities and or securities / commodities 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 securities / commodities contracts.

## 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

and also rumors about the price of commodities also impact the same with the above criteria.

#### 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 securities / commodities derivatives contract due to any action on account of unusual trading activity or securities /commodities 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 Securities / Commodities 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 securities / commodities derivatives contract so the transactions are 'leveraged' or 'geared'. Securities / Commodities 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 securities / commodities 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 in securities / commodities derivatives involve daily settlement of all positions. Every day the open positions are marked to market based on the closing level of the index / derivatives contract. If the contract has moved against you, you will be required to deposit the amount of loss (notional) resulting from such movement. This amount will have to be paid within a stipulated time frame, generally before commencement of trading on next day.

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

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

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

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

##### 2.2 Currency specific risks:

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

2. Under certain market conditions, you may find it difficult or impossible to liquidate a position. This can occur, for example when a currency is deregulated or fixed trading bands are widened.
3. Currency prices are highly volatile. Price movements for currencies are influenced by, among other things: changing supply-demand relationships; trade, fiscal, monetary, exchange control programs and policies of governments; foreign political and economic events and policies; changes in national and 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 / commodities trading through wireless technology/ smart order routing or any other technology should be brought to the notice of the client by the Stockbroker/ member.

### 4. GENERAL:

- 4.1 The term 'constituent' shall mean and include a client, a customer or an investor, who deals with a Stockbroker/ member for the purpose of acquiring and/or selling of securities / commodities derivatives contracts through the mechanism provided by the Exchanges.
- 4.2 The term 'stock Broker' / ' member ' shall mean and include a Stockbroker/ member, a Broker or a Stockbroker/ member, who has been admitted as such by the Exchanges and who holds a registration certificate from SEBI.
- 4.3 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 Stockbroker/ Member of the Exchange, the same shall be subject to arbitration as per the Rules, Bye-laws and Business Rules of the Exchange.

#### 4.4 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.
- For rights and obligations of the Stockbroker/ Members /Authorised Persons/ clients, please refer to Annexure.
- The term “Constituent” shall mean and include a Client, a Customer or an Investor, who deals with a Stockbroker/ member for the purpose of trading in the securities / commodities derivatives through the mechanism provided by the Exchange.
- The term “Stockbroker/ Member “shall mean and include a Trading Member or a Member/Stock Broker, who has been admitted as such by the Exchange and got a Unique Member Code 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.mcxindia.com/](http://www.mcxindia.com/) and SEBI website [www.sebi.gov.in](http://www.sebi.gov.in).
- 2) Ensure that you fill the KYC form completely and strike off the blank fields in the KYC form.
- 3) Ensure that you have read all the mandatory documents viz. Rights and Obligations, Risk Disclosure Document, Policy and Procedure document of the Stockbroker/ Member offering with Tariff Sheet.
- 4) Ensure to read, understand and then sign the voluntary clauses, if any, agreed between you and the Stockbroker/ Member. Note that the clauses as agreed between you and the stock / commodity Broker cannot be changed without your consent.
- 5) Get a clear idea about all brokerage, commissions, fees and other charges levied by Stockbroker/ Member on you for trading and the relevant provisions/ guidelines specified by SEBI/Stock / Commodity Exchanges respectively.
- 6) Obtain a copy of all the documents executed by you from the stock / commodity Broker are free of charge.
- 7) In case you wish to execute Power of Attorney (POA) in favour of the Stock / Commodity 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 Stockbroker/ Member may issue electronic contract notes (ECN) if specifically authorized by you in writing. You should provide your email id to the Stockbroker/ Member for the same. Don't opt for ECN if you are not familiar with computers.
- 9) Don't share your internet trading account's password with anyone.
- 10) Don't make any payment in cash or kind to the Stockbroker/ Member.
- 11) Make the payments by account payee cheque in favour of the stock / commodity Broker. Don't issue cheques in the name of authorized person. Ensure that you have a documentary proof of your payment/deposit of securities / commodities with the stock / commodity Broker, stating date, scrip, commodity, quantity, towards which bank/ demat / repository account such money or securities or commodities deposited and from which bank/ demat / repository account (in the form of warehouse receipts).
- 12) Note that the facility of Trade Verification is available on stock/commodity 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 / Commodity exchange.
- 13) In case you have given specific authorization for maintaining the running account, payout of funds or delivery of securities/commodities (as the case may be), may not be made to you within one working day from the receipt of payout from the Exchange. Thus, the Stockbroker/ Member shall maintain a running account for you subject to the following conditions:
  - a) Such authorization from you shall be dated, signed by you only and contains the clause that you may revoke the same at any time.
  - b) The actual settlement of funds and securities / commodities shall be done by the Stockbroker/ Member, at least once in a calendar quarter or month, depending on your preference. While settling the account, the Stockbroker/ Member shall send to you a 'statement of accounts' is containing an extract from the client ledger for funds and an extract from the register of securities / commodities displaying all the receipts/deliveries of funds and securities / commodities. The statement shall also explain the retention of funds and securities / commodities and the details of the pledged shares / commodities, if any.

- c) On the date of settlement, the Stockbroker/ Member may retain the requisite securities/ commodities / 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 or commodity market or any other market transactions, the Stockbroker/ Member may retain entire pay-in obligation of funds and securities/ commodities due from clients as on date of settlement and for next day's business, he may retain funds/securities/ commodities margin to the extent of value of transactions executed on the day of such settlement in the cash market or any other market.
  - d) You need to bring any dispute arising from the statement of account or settlement so made to the notice of the Stockbroker/ Member in writing preferably within 7 (seven) working days from the date of receipt of funds/securities / 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 Stock / Commodity Exchanges without delay.
- 14) In case you have not opted for maintaining running account and pay-out of funds/securities/commodities is not received on the next working day of the receipt of payout from the exchanges, please refer the matter to the stock Broker/ member. In case there is dispute, ensure that you lodge a Complaint in writing immediately with the Investors Grievance Cell of the relevant Stock / Commodity exchange.
- 15) Please register your mobile number and email id with the Stockbroker/ Member , to receive trade confirmation alerts/ details of the transactions through SMS or email, by the end of the trading day, from the stock / commodity exchanges.

#### **IN CASE OF TERMINATION OF TRADING STOCK BROKER'S / MEMBER'S MEMBERSHIP**

- 16) In case, a Stockbroker/ Member surrenders his Stockbroker/Member membership or is expelled from Stock Broker'ship / Membership or declared a defaulter; Stock / Commodity Exchanges gives a public notice inviting claims relating to only the "transactions executed on the trading system" of Stock / Commodity Exchanges, from the investors. Ensure that you lodge a claim with the relevant Stock / Commodity Exchanges within the stipulated period and with the supporting documents.
- 17) Familiarize yourself with the protection accorded to the money and/or securities / commodities you may deposit with your Stockbroker/ Member, particularly in the event of a default or the Stock Broker's / Member's insolvency or bankruptcy and the extent to which you may recover such money and/or securities / commodities may be governed by the Bye-laws and Regulations of the relevant Stock / Commodity Exchanges 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 Stock Broker's / Member's and investor complaints against the Stock Brokers / Members are displayed on the website of the relevant Stock / Commodity Exchanges.
- 19) In case your issue/problem/grievance is not being sorted out by concerned Stock brokers / Members / Authorized Person then you may take up the matter with the concerned Stock / Commodity Exchanges. 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 Brokers / Members / Authorized 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.

## **Do's**

1. Trade only through Registered Stockbroker/ Members of the Exchange. Check from the Exchange website at link mention in Annexure on page no. 19 to see whether the Stockbroker/ 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 from the Stockbroker/ Member.
6. Cross-check the genuineness of trades carried out at the Exchange through the trade verification facility available on the Exchange website. 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 Stockbroker/ 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 Stockbroker/ 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 Stockbroker/ Member.
11. Ask all relevant questions and clear your doubts with your Stockbroker/ Member before transacting.
12. Insist on receiving the bills for every settlement.
13. Scrutinize minutely both the transaction & holding statements that you receive from your Depository Participant.
14. Keep Delivery Instruction Slips (DIS) book issued by DPs in safe possession.
15. Ensure that the DIS numbers are preprinted and your account number (UCC) is mentioned in the DIS book.
16. Freeze your Demat account in case of your absence for longer duration or in case of not using the account frequently.
17. Pay required margins in time and only by Cheque and ask for receipt thereof from the Stockbroker/ Member.
18. Deliver the securities / commodities in case of sale or pay the money in case of purchase within the time prescribed.
19. Understand and comply with accounting standards for derivatives.
20. Get a clear idea about all brokerage, commissions, fees and other charges levied by the Stockbroker/ Member on you for trading and the relevant provisions/ guidelines specified by SEBI/Commodity exchanges.

## **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 Stockbroker/ 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 Stockbroker/ 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 Stockbroker/ 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 securities / commodities, deposits and/or keep them with Depository Participants (DP) or Stockbroker/ Repository 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.

#### ANNEXURE

EXCHANGE	LINK TO SEE WHETHER THE STOCKBROKER/ MEMBER IS REGISTERED WITH THE EXCHANGE	LINK FOR TRADE VERIFICATION FACILITY AVAILABLE ON THE EXCHANGE WEBSITE
MCX	<a href="https://www.mcxindia.com/Stock Broker / Membership/notice-board/Stockbroker/ Member-AP">https://www.mcxindia.com/Stock Broker / Membership/notice-board/Stockbroker/ Member-AP</a>	<a href="https://www.mcxindia.com/en/login">https://www.mcxindia.com/en/login</a>
BSE	<a href="https://www.bseindia.com/members/MembershipDirectory.aspx#">https://www.bseindia.com/members/MembershipDirectory.aspx#</a>	<a href="https://www.bseindia.com/investors/trade_check.aspx">https://www.bseindia.com/investors/trade_check.aspx</a>
NSE	<a href="https://www.nseindia.com/membership / dynaContent/find_a_Broker.htm">https://www.nseindia.com/membership / dynaContent/find_a_Broker.htm</a>	<a href="https://www.nseindia.com/invest/first-time-investor-trade-verification">https://www.nseindia.com/invest/first-time-investor-trade-verification</a>

## **REFUSAL OF ORDER FOR PENNY STOCKS / ILLIQUID STOCKS**

Broker does not encourage trading in penny stocks or securities falling in T2T or Z group of BSE and / or BE group of NSE and reserves its right to refuse orders in such securities from the clients desiring to deal in such shares, stocks, securities.

Under exceptional circumstances and considering merits on case to case basis, trading in penny stocks/T2T/Z/BE category may be allowed to clients on delivery basis subject to stringent verifications of the client holdings, intentions and Bonafide reasons given by the intending clients.

However if it is observed that client/s is/are indulging in trading activities only in penny stocks or securities falling in T2T or Z group of BSE and / or BE group of NSE or carrying on any insider trading activity, the client account may be immediately suspended without any reasons being given to the client/s.

Further client's traded volumes vis-a-vis market volumes will be considered and 10% of market volumes will be allowed or such market volume as decided by the Broker from time to time, subject to due diligence of the RMS and Compliance department. Further trading limits will be allowed subject to the client making margin payments, history of the client, trading platform, intention of doing the trades. The said additional trading limits may not be allowed on a regular basis to the client/s. Broker shall classify those scrips which have average trading volume of less than 5000 shares in the last 7 preceding trading days as penny stocks.

## **SETTING UP OF CLIENTS EXPOSURE LIMITS**

1. Exposure limits are linked to the cash and the existing collaterals lying with Broker.
2. The sum total of the following items will be considered as available margin for the next trading day:
  - a. Ledger balance (BSE Cash & FNO segment, NSE Cash / FNO / Currency segment / Commodities derivatives).
  - b. Value of free securities lying in the Depository Account (having POA for pay-in and pay-out) of Broker after hair cut of:
    - (i) Flat 20% of the value of securities or as prescribed by any of the Exchange, whichever is higher.
    - (ii) % of VaR Margin as may be prescribed by the Exchange
  - c. Margin requirement in FNO segment / Commodities derivative segment (Initial margin, exposure margin/extreme loss margin, calendar spread margin and mark to market settlements) as may be levied by the Exchange from time to time. Broker may in its sole discretion levy additional margin in special circumstances to mitigate any eventualities.

The client can get exposure against his / her available margin for trading equal to X no. of times in Cash Segment and as far as FNO / commodities derivatives is concerned, as per fulfillment of applicable margin requirement, subject to revision or modifications depending upon the volatility in the market.

(X no. of times will depend upon the risk profile of the respective clients.)

## **BROKERAGE ON DEALINGS**

### **Brokerage Philosophy**

Broker or any of its Authorised Person does not encourage sale or purchase of securities / commodities with the sole object of generating brokerage or commission. Also, neither Broker nor any of its branches, Authorized Persons or remisers furnish false or misleading quotations or give any other false or misleading advice or information to the clients with a view of inducing him / her / it to do business in any particular securities /

commodities simply to enable Broker to earn brokerage or commission thereby.

#### Brokerage

1. Broker is entitled to charge brokerage at rates not exceeding the official scale prescribed by the relevant authority from time to time upon the execution of all orders in respect of purchase or sale of securities / commodities.
2. The Client shall sign against the brokerage slab specifically written in the Client Registration Form and in case of any deviation in the rate as agreed it shall be communicated by either party in writing 15 days in advance.

#### Underwriting Commission and Brokerage

3. Unless otherwise determined and restricted by the relevant authority, Broker may, in its discretion, charge such brokerage or commission for underwriting or placing or acting as a Broker / member / securities / commodities or entering into any preliminary arrangement in respect of any floatation or new Issues or Offer for Sale of any security as it may agree upon with the issuer or offeror or with the principal underwriters or brokers engaged by such issuer or offered, subject to limits stipulated under the relevant statutory provisions as may be applicable from time to time.
4. Applicable brokerage rate - SCHEDULE OF CHARGES Please refer "TARIFF SHEET" on page no. 26

#### **IMPOSITION OF PENALTY / DELAYED PAYMENT CHARGES , SPECIFYING THE RATE AND THE PERIOD (THIS MUST NOT RESULTING IN FUNDING BY THE Broker / MEMBER IN CONTRAVENTION OF THE APPLICABLE LAWS)**

Without prejudice to any other provision of the Client Registration Documents the Client has been made aware and the Client understands and agrees that the Broker / Member may charge additional financial charges according to the Rules, Bye-laws and Regulations of the Exchange(s) i.e. BSE and/ or NSE / MCX and usual customs of the market.

- a. On the dealings made under or pursuant to this Client Registration Documents
- b. On the Balance outstanding payable to the Broker / Member;

Notwithstanding anything contrary contained in these present, any amounts which are overdue from the Client towards trading or on account of any other reason, Broker will charge delayed payment charges at the rate of 2% per month or such other rate as may be determined by Broker (but not exceeding 2% per month). The Client hereby authorizes Broker to directly debit the same to the account of the Client at monthly interval.

The client shall be liable to penalty or may impose fines/penalties and other charges on non –payments of money, cheque bounce, increase in open position or any order/trades/deals/action of the client which are contrary to the Client Registration Documents /rules/regulation/bye-laws of the exchanges or SEBI from time to time.

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

#### **THE RIGHT TO SELL CLIENTS' SECURITIES / COMMODITIES OR CLOSE CLIENTS' POSITIONS, WITHOUT GIVING NOTICE TO THE CLIENT, ON ACCOUNT OF NON-PAYMENT OF CLIENT'S DUES (LIMITED TO THE EXTENT OF SETTLEMENT MARGIN OBLIGATION)**

Without prejudice to Broker's other rights including the right to refer a matter to arbitration, Broker shall be entitled to liquidate /close all or any of the Client's position with oral intimation to the Client either directly or through any of its Branches or Authorised Person who have introduced the client for non-payment of margins, other lawful amounts due from the Client to Broker, Exchange, or any other lawful outstanding debts, etc. Broker on best effort basis will try and inform the client and give him reasonable time for payment. However it will be the responsibility of client to track his margins/obligations by going through margin statements / Contract Notes sent to the client on daily basis. Any and all losses, financial charges and or incidentals expenses incurred by Broker on account of such liquidation/closing out shall be recovered from the Client and / or charged to and borne by the Client and/or deductible by Broker from the monies and/or collateral margin of the Client available with Broker.

In accordance with SEBI circular CIR/Ho/MIRSD/DOP/CIR/P/2019 dated June 20, 2019 a Stockbroker (i.e. Edel Investments Limited) shall be entitled to liquidate the securities of the client in case of non-payment. Stockbroker shall compulsorily liquidate the stock within 5 days from pay out day.

### **SHORTAGES IN OBLIGATIONS ARISING OUT OF INTERNAL NETTING OF TRADES**

In case of an internal shortage in any scrip in the same settlement where both buyer & seller are clients of Broker and seller does not deliver shares for his pay-in obligation:-

The short delivering client is provisionally debited by an amount equivalent to 125% of the rate at which the stock was sold by client. The securities delivered short are purchased from the market on T + 2day which is the Auction day on Exchange, and the purchase consideration is debited to the short delivering seller client along with the reversal entry of provisional amount debited earlier.

If the Client bought the shares and shares are not received from the Exchanges in Normal Payout, The same shall be received from exchanges through Auction mechanism or the transaction shall be Closed-out by Exchanges as per their Rules and Regulations. In Closed-out scenario, the Closed-out Credits shall be given to respective Client as and when received from the Exchanges.

If securities can not be purchased from market due to any force majeure condition, then all shortages not bought-in are deemed to be closed out and short delivering seller client is debited for Exchange NSE or BSE as under:

NSE: at the higher of (i) the highest price between the first day of the trading day till the day of squaring-off, or (ii) closing price on the auction day plus 20%

BSE : at the higher of (i) highest price recorded in the scrip from the trading day on which the transaction took place up to a day prior to the day of the auction i.e. , pay-in day, or , (ii) 20% above the closing price on the auction day

### **CONDITIONS UNDER WHICH A CLIENT MAY NOT BE ALLOWED TO TAKE FURTHER POSITION OR THE Broker MAY CLOSE THE EXISTING POSITION OF A CLIENT**

Broker shall at its discretion decide, from time to time, the volume of business which the Client may transact during any trading day on respective Exchange(s). Notwithstanding such an agreement / arrangement, Broker shall have absolute discretion to reduce the volume of business of the Client or restrict dealings by the Client without any prior notice to the Client inter alia, having regard to:

1. the volatility in the market;
2. in view of impending price sensitive announcements;
3. any restrictions in relation to volume of trading / outstanding business or margins stipulated by any Exchange;
4. political instability in the Country;
5. presence of any other price sensitive factors;
6. failure by the Client to maintain the applicable collateral/margin and/ or
7. delays by the Client in meeting its obligations / dues relating to the business / dealings under this Client Registration Document or pursuant to any other Client Registration Document between the Client and the Member.

However the Stockbroker/ Member in its absolute discretion may consider it prudent to increase its exposure towards the Client.

### **TEMPORARILY SUSPENDING OR CLOSING A CLIENT'S ACCOUNT AT THE CLIENT REQUEST**

On the request of the client in writing, the client account can be suspended temporarily and same can be activated on the written request of the client only. During the period client account is suspended, the market transaction in the client account will be prohibited. However client shares/ledger balance or any other obligation settlement can take place.

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

The Stockbroker/ member can withhold the payouts of the client and suspends client trading account due to his surveillance action or judicial or any regulatory order / action against the client which may require to suspend client's trading account.

### **DEREGISTERING A CLIENT**

Notwithstanding anything to the contrary stated in the Client Registration Document, the Stockbroker/ member shall be entitled to terminate the account with immediate effect in any of the following circumstances:

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

### **EXTRAORDINARY EVENTS AND TERMINATION/SUSPENSION OF TRADING FACILITY:-**

Broker 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 network or links, software glitches or corruption, low processing speed, strikes or any other conditions beyond Broker's control resulting in non-execution, partial or incomplete execution of orders and the resulting financial loss, if any Broker 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.

### **INACTIVE / DORMANT ACCOUNT POLICY**

Client account will be considered as inactive if the client does not trade for a continuous period of 24 months. Time Calculation shall be done at the beginning of every month and those

clients who have not traded even a single time will be considered as inactive. The client has to make request for reactivation of their account. Funds / Securities / Commodities of the Client shall be returned back to the client within a reasonable time.

## **TRADING IN EXCHANGE IS IN ELECTRONIC MODE**

Trading in Exchange is in Electronic Mode based on VSAT, leased line, ISDN, Modem and VPN, combination of technologies and computer systems to place and route orders. The Client understands that there exists a possibility of communication failure or system problems or slow or delayed response from system or trading halt or any break down in their back office / front end system, or any such other problems/glitch whereby not being able to establish access to the trading system / network, which may be beyond our control and may result in delay in processing or not processing buy or sell Orders either in part or in full. The Client shall be fully liable and responsible for any such problem/fault.

## **PROPRIETARY TRADING**

The Stockbroker/ Member (Edel Investments Limited) hereby informs and declares to the client that, in addition to the client-level trading, the Stockbroker/ member, undertakes proprietary trading in all segments of the Exchanges.

Mode of payment to and from the clients:

- 1- Edel Investments Limited doesn't deal with its clients vis-à-vis their trading by way of cash. Accordingly, all payments are made or received by them only through banking channels. Further, the client must make payments to the Stockbroker/ member from his designated bank account only as mentioned in the KYC.
- 2- Edel Investments Limited does not deal with its clients vis-à-vis their trading by way of third-party cheques. Accordingly, if any payment is made otherwise, then it is credited to the suspense account.

Other charges:

- 1- Demat transaction charges will be debited to the client's trading account arising while scrips are retained in Broker's client beneficiary account.
- 2- This is to inform you that the Edel Investments Limited may charge, courier charges / postal charges for contract note / bills / statement of accounts / ledgers / statement of funds / securities / commodities on the request of the client in physical mode, even though client has already received the same through electronic mode.

## **RECORDING OF CONVERSATION:-**

The client is aware and agrees that Broker may tape record the conversation between the client/client's representative and Broker, whether over the telephone or in person. Broker 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.

## **PMLA POLICY**

Edel Investments Limited has resolved that it would, as an internal policy, take adequate measures to prevent money laundering and shall put in place a frame-work to report cash and suspicious transactions to Financial Intelligence Unit (FIU) as per the guidelines of PMLA Rules, 2002.

### **A. Main features of the policy are :-**

- 1) Compliance of the provisions of the PMLA and AML Guidelines
- 2) act as a central reference point and play an active role in identification & assessment of potentially suspicious transactions
- 3) Ensure that Broker discharges its legal obligation to report suspicious transactions to the concerned authorities.

**B. The main aspect of this policy is Customer Due Diligence which means:**

- 1) Obtaining sufficient information about the client in order to identify who is actual beneficial owner of the securities or on whose behalf transaction is conducted.
- 2) Verify the customer's identity using reliable, independent source document, data or information.
- 3) Conduct on- going due diligence and scrutiny of the account/client to ensure that the transaction conducted are consistent with the client's background/financial status, its activities and risk profile.

The Customer Due Diligence Process includes three specific parameters:

- a) Policy for Acceptance of Clients
- b) Client Identification Procedure
- c) Suspicious Transactions identification & reporting

Broker is careful while accepting clients of special category like HNIs, Trust, Charities, NGOs, Politically Exposed Persons (PEP), persons of foreign origin, companies having closed shareholding/ownership, companies dealing in foreign currency, shell companies, overseas entities, clients in high risk countries, non face to face clients, clients with dubious background. Current/Former Head of State, Current/Former senior high profile politician, Companies offering foreign exchange, etc.) or clients from high-risk countries (like Libya, Pakistan, Afghanistan, etc.) or clients belonging to countries where corruption/fraud level is high (like Nigeria, Burma, etc.). Scrutinize minutely the records/documents pertaining to clients belonging to the aforesaid category. The client shall ensure that no account is being opened in a fictitious/ benami name or on an anonymous basis.

**C. Suspicious Transactions and its Reporting to FIU :-**

Broker shall analyze and furnish details of suspicious transactions, if any to FIU if required of any client. This may be on the basis of Identity of Client, activity in accounts, nature or value of transactions.

## **TARIFF SHEET**

<b>Segment</b>	<b>Exchange</b>	<b>Charges (In %)</b>
EQUITY CASH	NSE/BSE	0.0075
INDEX FUTURES	NSE/BSE	0.0016
STOCK FUTURES	NSE/BSE	0.0016
INDEX OPTIONS	NSE/BSE	0.0055
STOCK OPTIONS	NSE/BSE	0.0055
CURRENCY FUTURES	NSE/BSE	0.0012
CURRENCY OPTIONS	NSE/BSE	0.0087
COMMODITY FUTURES	NSE/MCX	0.0016
COMMODITY OPTIONS	NSE/MCX	0.0055
INTEREST RATE FUTURES	NSE/BSE	0.0024
SLB	NSE/BSE	3.39

Brokerage will be charged subject to a ceiling of 2.5% of the total traded value within the limits prescribed by SEBI / Exchanges except SLBM Segment.

Brokerage is charged on transaction value, rounded off to the nearest 2 decimals. Service Tax and Securities Transaction Tax are Government levies and are subject to change from time to time.

Other taxes and levies as prescribed by Government and regulatory authorities/Exchanges would be applicable

Edel Investments Limited reserves the right to revise the brokerage structure, by display of the same on the website

For Delivery based Transactions, STT is levied @ 0.1%\* (w.e.f. from 1st July 12) on the transaction value (on "Buy" as well as "Sell" transactions)

For Square Off Transactions, STT is levied @ 0.025%\*on the transaction value (only for "Sell" leg of the square off transaction).

For Commodity Futures CTT (Commodities Transaction Tax) is 0.01% Only on Non-Agri and For Commodity Options CTT is 0.05%.

**\*Statutory levies:** These are charged as applicable from time to time.

**DOCUMENT OF RIGHTS AND OBLIGATIONS OF THE CLEARING MEMBER/ PARTICIPANT  
AND ITS CLIENT IN RELATION TO THE SECURITIES LENDING AND BORROWING SCHEME.**

1. The Securities and Exchange Board of India ("SEBI") has formulated and issued the Securities Lending Scheme, 1997 ("SEBI Scheme") and SEBI Circular No MRD/DoP/SE/Dep/Cir-14/2007 dated 20th December 2007 for facilitating lending and borrowing of securities through an "Approved Intermediary" registered with SEBI.
2. The National Securities Clearing Corporation is an Approved Intermediary ("AI") registered under the SEBI Scheme and is, therefore, authorized to facilitate lending and borrowing of securities in accordance with the SEBI Scheme and Circulars of SEBI issued from time to time. Accordingly, the AI has framed the Securities Lending and Borrowing Scheme (hereinafter referred to as "SLBS") for facilitating lending and borrowing of securities through persons registered as "Participants".
3. SEBI, thereafter, vide its Circular No. CIR/NRD/DP/19/2014 dated June 3, 2014 ("SEBI Circular") has modified the framework of Securities Lending and Borrowing. Under the said SEBI Circular, AI shall enter into an agreement with its Clearing Member/Participant ("Agreement") for the purpose of facilitating Securities Lending and Borrowing and which shall specify the rights, responsibilities and obligations of the AI and the Clearing Member/Participant ("Participant"). The said Agreement shall also define the exact role of AI/Participant vis-à-vis the Client of Participant. As per the said SEBI Circular, AI is also required to frame rights and obligations document laying down the rights and obligations of the Participant and its Client for the purpose of Securities Lending and Borrowing. The said rights and obligations document shall be mandatory and binding on the Participant. Accordingly, the AI has framed this rights and obligations document laying down the rights and obligations of Participant as well as of its Client ("Rights & Obligations Document").
4. Securities Lending and Borrowing can be undertaken by the Participant either on their own account or on account of its Client registered with them. Any person(s) who meets the eligibility criteria as may be specified by the AI for the Clients under the SLBS, shall be eligible to participate in the SLBS by submitting duly signed relevant documentation/s to the Participant that it is desirous of participating in the SLBS. The Participant on the receipt of said relevant documentation/s from its Client, shall provide this Rights & Obligations Document to its Client which will be duly acknowledged by the Client of having read, understood and to agreeing to abide by the same prior to the execution of trade in the SLBS. The terms and conditions of this Rights & Obligations Document shall be binding on the Participant as well as on its Client.
5. All the transactions under the SLBS by the Client shall be strictly in accordance with SEBI Scheme, Circulars of SEBI, SLBS and the Circulars issued thereunder and the Rules, Byelaws, Regulations of the AI as a Clearing Corporation as applicable and the terms and conditions of the said Agreement. In the event of any conflict or contradiction between the provisions of the SEBI Scheme, Circulars of SEBI, SLBS and the Circulars issued thereunder and the Rules, Byelaws, Regulations of the AI as a Clearing Corporation as applicable and the terms and conditions of the said Agreement and this Rights & Obligations Document, the provisions of the SEBI Scheme, Circulars of SEBI, SLBS and the Circulars issued thereunder, the Rules, Byelaws and Regulations of the AI as a Clearing Corporation and the terms and conditions of the said Agreement shall prevail over this Rights & Obligations Document. The provisions of this Rights & Obligations Document are in addition thereto and not in derogation thereof.
6. The Participant has made the Client aware of and the Client has understood the precise nature of the Participant's liability towards the Client under SLBS including any limitations on the liability and the capacity in which the Participant acts.
7. Subject to the SEBI Scheme, Circulars of SEBI, SLBS and Circulars issued thereunder, and/or the Rules, Byelaws, Regulations of the AI as a Clearing Corporation as applicable and as in force from time to time, the rights and obligations of the Participant as well as its Client shall be hereto as under.
8. Unless the context otherwise requires, the words and expressions used herein shall have the same meaning as defined in Securities Contracts (Regulation) Act, 1956 or Securities and Exchange Board of India Act,

1992 or Securities Lending Scheme, 1997 or Depositories Act, 1996 or the rules and regulations made thereunder respectively or Circulars of SEBI or SLBS and the Circulars issued thereunder and the Rules, Byelaws and Regulations of the AI as a Clearing Corporation. RIGHTS OF

9. THE PARTICIPANT :

In consideration of the Participant providing full-fledged securities lending and borrowing under the SLBS, the Participant shall be entitled for charges, fees, other levies and /or any such other charges, subject to such limits as may be permitted by the AI in its Circulars from time to time.

10. MARGINS:

The Participant is empowered to call upon its Client to pay such margins as may be specified by the AI from time to time.

11. Recovery:

The Participant shall be entitled to recover from the Client the loss or charges, fees, other levies and /or any such other charges that has been paid by the Participant to the AI or imposed by the AI on account of its Client arising out of default or transactions under the SLBS whether current or past that are effected by the Client in meeting its obligations by adjusting margins and other deposits, if any, available with the Participant against the Client's liabilities / obligations.

12. OBLIGATIONS OF THE PARTICIPANT:

The Participant has satisfied itself about the genuineness and financial soundness of the Client and the objectives relevant to the services to be provided and is therefore, agreeable to facilitating such participation subject to the terms and conditions contained herein.

13. Issue of Confirmation Memo:

The Participant shall, upon execution of the Client's transaction on the order matching platform of the AI, issue the confirmation memo in the specified format or such other documents to the Client within such time as may be prescribed by the AI from time to time.

14. Money / Securities to be kept in separate account:

The Participant agrees that the money / securities deposited by the Client shall be kept in a separate bank account / settlement demat account, distinct from its own account or accounts of any other Clients, and shall not be used by the Participant for itself or for any other Clients or for any purpose other than the purposes mentioned in the SEBI Scheme, Circulars of SEBI, SLBS and Circulars issued thereunder and/or the Rules, Byelaws, Regulations of the AI as a Clearing Corporation and as in force from time to time.

15. Update on Settlement Process:

The Participant agrees to inform and keep the Client apprised about securities lending and borrowing settlement cycles, delivery/payment schedules and any changes therein from time to time.

16. Compliance with Know Your Client Norms:

The Participant undertakes to maintain the "Know Your Client" details of the Client as mentioned in the Client Registration Form or any other information pertaining to the Client in confidence and that it shall not disclose the same to any person / authority except to the AI or as required under any law / regulatory requirements or in compliance with any decree, order or direction of any Court, Tribunal, SEBI or other authority duly empowered in law; Provided however that the Participant may so disclose information about its Client to any person or authority with the express permission of the Client.

17. Reconciliation of Account :

The Participant and the Client shall agree to reconcile their accounts regularly with reference to the transactions

under the SLBS.

18. Return of Securities and Lending Fees:

Where the Client is a lender unless otherwise agreed upon between the Participant and the Client:

- i. The Participant shall ensure the return of securities to the Client by transferring the same to the Client's account within such time as may be prescribed by the AI.
- ii. The Participant shall ensure the return of the lending fees to the Client within such time as may be prescribed by the AI.

19. Delivery of Securities:

Where Client is a borrower unless otherwise agreed upon between the Participant and the Client – The Participant shall ensure the delivery of securities to the Client by transferring the same to the Client's account within such time as may be prescribed by the AI.

20. RIGHTS OF THE CLIENT:

Where the Client is the lender unless otherwise agreed upon between the Participant and the Client :

- i. The Client shall be entitled to receive the securities lent or financial compensation in lieu thereof, computed in such manner as may be specified by the AI from time to time.
- ii. The Client shall be entitled to receive lender's fee for the securities lent.

21. Where the Client is the borrower unless otherwise agreed upon between the Participant and the Client:

- i. The Client shall be entitled to receive securities borrowed or financial compensation in lieu thereof, computed in such manner as may be specified by the AI from time to time.
- ii. The Client shall be entitled to receive from the Participant, the collateral in case the Client has deposited securities approved by the AI as collateral.

22. Notwithstanding any other provisions of the said Agreement and this Rights & Obligations Document, the Client shall be entitled to have all the rights that are conferred on it from time to time under the SEBI Scheme, Circulars of SEBI, SLBS and the Circulars issued thereunder.

OBLIGATION OF THE CLIENT

23. Abide by Law & Acquaintance to Law:

The Participant declares that it has brought the contents of the SEBI Scheme, Circulars of SEBI, SLBS and the Circulars issued thereunder from time to time, and the terms and conditions of the said Agreement to the notice of the Client and the Client agrees to comply with and adhere to the same.

24. Update & Comply with the Settlement Process:

Notwithstanding anything contained in Clause 15 hereto, the Client shall at all times make its own inquiries and keep itself updated on all settlement cycles, delivery/payment schedules and changes therein, and it shall be the responsibility of the Client to comply with such schedules/procedures of the AI.

25. Processing Charges:

The Client agrees to pay the Participant, processing charges and statutory levies prevailing from time to time or any other charges for the services provided by the Participant. The Participant agrees that it shall not charge processing charges / fees beyond the maximum limit permissible under the SEBI Scheme, Circulars of SEBI, SLBS and the Circulars issued thereunder from time to time.

26. Change in Client Registration Form:

The Client agrees to immediately notify the Participant in writing whenever there is any change of information in the details provided by the Client to the Participant at the time of its registration with the

Participant and also as provided in the said relevant documentation/s required for participating in SLBS.

27. Authorised Representative:

The Client agrees to be bound by the instructions issued by its authorized representative, if any, in accordance with the letter authorizing the said representative to deal on its behalf.

28. Return of Securities:

The Client shall return the equivalent number of securities of the same type and class borrowed by it within the time specified by the AI in the Circulars issued from time to time.

29. Payment of Margins:

The Client agrees to pay such margins as may be specified by the Participant in accordance with the requirement of AI or SEBI from time to time.

30. Exposure / Position Limits:

The Client agrees to abide by the exposure / position limits, if any, set by the Participant or the AI or SEBI from time to time.

31. Securities lent to be Unencumbered:

The Client agrees and warrants that the securities lent are free from lien, charge, pledge or any encumbrance(s) of whatsoever nature.

32. Collateral:

At the discretion of the Participant, where the Client deposits the required collateral with the Participant, the same shall be free from any encumbrance(s) of whatsoever nature or defect in the title. If any encumbrance(s) or defect in the title is found subsequently, such collateral shall be immediately replaced by the Client.

33. Insolvency:

The Client agrees to immediately furnish information to the Participant 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 it or if any litigation which may have material adverse bearing on its net worth has been filed against it.

34. Cancellation of Transactions:

Notwithstanding anything contained in the said Agreement, the AI shall be entitled to cancel transactions under the SLBS, either on an application by a Participant or Suo moto or under regulatory directions, and in such event, the transactions done on behalf of the Client shall ipso facto stand cancelled, and neither the AI nor the Participant shall be liable to compensate the Client for any loss whatsoever (including opportunity loss) arising out of such cancellation.

35. Discontinuation of SLBS and Participation in SLBS:

The AI shall be entitled to discontinue the SLBS or the participation of the Participant in the SLBS at any time at its discretion. Such discontinuation may be subject to such terms and conditions as may be specified by the AI from time to time.

36. ARBITRATION:

- i. The Participant and the Client shall co-operate with each other and / or the AI in redressing their grievances in respect of transactions under the SLBS.
- ii. All disputes and differences or questions arising out of or in relation to this agreement including obligations, failure or breach thereof by any of the parties and/or of any matter whatsoever arising out of this agreement shall in the first instance be resolved mutually by the parties. If the parties fail to resolve

the same mutually, then the same shall be referred to and decided by arbitration in accordance with the procedures as prescribed by the AI under the SLBS and the Circulars issued thereunder.

**38. GOVERNING LAW AND JURISDICTION:**

- i. In relation to any legal action or proceedings to which the AI is a party, the Participant as well as the Client irrevocably submit to the exclusive jurisdiction of the courts of Mumbai, India and waive any objection to such proceedings on grounds of venue or on the grounds that the proceedings have been brought in an inconvenient forum.
- ii. In relation to any legal action or proceedings to which AI is not a party, the parties irrevocably submit to the jurisdiction of any competent court of law where the Client ordinarily resides at the time of execution of the transactions under the SLBS.

## TERMS AND CONDITIONS OF BROKER FOR SECURITIES LENDING AND BORROWING SCHEME.

- ❖ M/s Edel Investments Limited, a company registered under The Companies Act, 1956, having its registered office at 5<sup>th</sup> Floor, Edelweiss House, Windsor Lane, Kalina, Santacruz East, Mumbai – 400 098. (hereinafter referred to as the “EIL”).
- ❖ These terms and conditions shall be read in conjunction with the terms and conditions forming part of mandatory and non-mandatory documents duly acknowledged by the applicant (existing client of EIL) to have received, read, understood, and agreed during account opening with EIL. I/We are aware that the standard set of documents has been displayed for Information on the website of EIL website i.e. <https://eil.edelweissfin.com/>
- ❖ I/We confirm having received, read, and understood the contents of the Rights and Obligations of Clearing Member/Participant and its client in relation to the Securities Lending and Borrowing Scheme (SLBM) document(s) and ‘Risk Disclosure Document’. I/We do hereby agree to be bound by such provisions as outlined in these documents. I/We have also been informed that the standard set of documents has been displayed for Information on the website of EIL website i.e. <https://eil.edelweissfin.com/>
- ❖ This Facility shall be offered to the Clients at the sole discretion of EIL. EIL reserves the right to refuse to offer this Facility to any Client or group of Clients and/or may withdraw the Facility at any time without prior notice or assigning any reason therefore.
- ❖ EIL shall offer this facility only if the client's account is active in the Exchange.
- ❖ The SLB facility offered by EIL shall be available for the stocks eligible under SLBM Scheme/Segment of the National Stock Exchange Limited (NSE)/BSE Ltd. (BSE).
- ❖ The client who intends to lend the shares should have the required number of shares in his/her/its trading linked demat account before initiating the order placement, otherwise the order will get rejected.
- ❖ Client who wish to borrow the shares should have 100% of lending price, Value at Risk margins, Extreme Loss Margins and any margin as applicable from time to time to the Equity Segment for buying or selling a security in his/her trading linked EIL account before placing an order. In case the demat account linked to the trading account is with another Broker than EIL, the Client should upfront have 100% of lending price, Value at Risk margins, Extreme Loss Margins and any margin as applicable from time to time to the Equity Segment for buying or selling a security in his/her trading account. The borrowing Client can also maintain the required margin in the other form/s as acceptable to EIL, including pledge of securities in favor of EIL. The borrower agrees to maintain sufficient margin at all point in time during the period when he has borrowed the securities. However, in case the borrower fails to maintain the sufficient margin, EIL shall close the borrowers position and shall also liquidate the collaterals to recover the debit (if any).
- ❖ The Lender agrees to credit the securities lent in the SLB to the pool account of EIL by the settlement date.
- ❖ EIL will levy processing fees on the transactions carried out for SLBM as per the company policy which will be abided by the said client. In addition to the processing fees / brokerage, SLB transaction shall also attract regulatory and statutory charges / tax at the rates as applicable from time to time.
- ❖ I/We have read, understood and accept all the terms and conditions. I / We request Broker to enable SLB services / segment for my / our Trading Account with it.

## DECLARATION & CONFIRMATION BY CLIENT TO STOCK BROKER

I/ We hereby declare and confirm:

- 1) That I/We hereby agree that the ledger statement in respect of transactions entered into on the Cash, Equity Derivatives & Options, Currency Derivatives & Options, Commodity Derivatives & Options segments of the Exchanges will be combined for the purpose of convenience of the stockbroker. I/We hereby authorize you to transfer, make adjustments and/or to set off a part of whole of the securities placed as margin and/or any surplus funds in any of my/our account/(s) maintained with Broker against the lawful outstanding dues payable if any, by me/us in any of my/our account(s) maintained with or vice versa. Broker shall have right of lien on the credit balance in any of my/our accounts for the dues of any exchange & segments.
- 2) That I/We hereby agree to pay all the amount due to the Broker on its due date. The amount due to the Broker shall include all types of margin and pay in obligation. In case if I/We do not make payment by due date I/We understand and agree to pay penal interest chargeable on the amount remaining outstanding as levied by the Stockbroker and / or sell the securities lying with the stock Broker. In case of debit balance in my account, I /We authorize you to charge Debit instruction charges for transfer of securities from your beneficiary account to my beneficiary account.
- 3) That I/We hereby declare that there has been no adverse action whatsoever, such as enquiry/adjudication (penalty imposed) / suspension / cancellation / prosecution/de-barring from security market / commodity market, initiated against me/us or against my /our or any of my/our associated entities by SEBI or any other Regulatory authority during last 3 year. I/We undertake to update/inform in case any enquiry or action is initiated by SEBI / regulatory authorities
- 4) That I / We are fully understand and am/are aware that giving false declaration is an offence and can result in certain action including the rejection of application for opening the account and/or deactivation/freezing of my/ our account.
- 5) 'Electronic Payout : I/We hereby, irrevocable, authorize Broker to credit my/our bank account electronically i.e. through Net Banking, RTGS, NEFT etc. for all the funds pay out due to me/us. I/We confirm that I/We am/are the first holder and Bonafide owner of the given bank account/s. I/We am/are enclosing documentary proof in this regard for your reference and record. I/We am/are aware and understand the risks associated with electronic transfer of funds and hereby indemnify Broker from all liabilities losses resulting either from delay in crediting of pay out amount and / or non execution of such electronic pay out instruction for any reasons beyond the controlled of Broker. I/We have provided Cancelled Cheque /Bank Statement with IFSC Code for you to do the needful.'
- 6) I/We, the undersigned, have taken cognizance of circular of commodity exchanges and on the guidelines for calculation of net open positions permitted in any commodity and I/we hereby undertake to comply with the same.
- 7) I/We hereby declare and undertake that we will not exceed the position limits prescribed from time to time by commodity exchanges or SEBI and such position limits will be calculated in accordance with the contents of above stated circular of commodity exchanges as modified from time to time.
- 8) I/We undertake to inform you and keep you informed if I/any of our partners/directors/karta/trustee or any of the partnership firms/companies/HUFs/ Trusts in which I or any of above such person is a partner/director/karta/trustee, takes or holds any position in any commodity forward contract/commodity derivative through you or through any other member(s) of commodity exchanges, to enable you to restrict our position limit as prescribed by the above referred circular of commodity exchanges as modified from time to time.
- 9) I/We confirm that you have agreed to enter orders in commodity forward contracts/commodity derivatives for me/us as your clients on commodity exchanges only on the basis of our above assurances and undertaking.
- 10) I/We hereby further declare that I /We am I are aware of the provisions of the Prevention of Money Laundering Act, 2002 (PMLA) as far as they concern me/us as an investor / client and I/We declare that I am /We are never convicted /barred from dealing in commodities market / securities market in the past under the said Act.
- 11) I/We confirm that I am / We are in compliance with the "Know Your Client" (KYC) guidelines including conducting due diligence required for Anti Money Laundering (AML) checks as prescribed by the FIU / SEBI. I /We further confirm that all KYC and due diligence process has been followed on a continuous basis as long as our account continues to be held with Trading Member. Further I/ We agree to submit / provide all the

statutory documents / other compliance details pertaining to my / our trading account whenever required, to fulfill my / our obligation under PMLA also.

- 12) I / We hereby further declare that I / We will not indulge either directly or indirectly in any of the above mentioned fraudulent or unfair trade practices either individually or in concert with other persons / entities. In the event of any of the above fraudulent or unfair trade practices noticed by the Commodity Exchange or Stock Exchange or Regulatory Authorities, then I/We shall be solely responsible for such acts as noticed and you shall not be responsible for my illegal and fraudulent and unfair trade practices in the commodities Market / securities markets segment and future and Options segment of the exchanges.
- 13) I/We hereby give this declaration to you without any coercion, with sound mind and voluntarily to you herein.
- 14) I / We are aware that I/We will be liable to bear the penalties / imposition of fines and other charges on non-payments of monies, cheque bounce, increase in open position or any order/trades/deals/action of me /our which are contrary to the agreement/rules/regulation/bye-laws of the exchanges or SEBI from time to time.
- 15) All fines/penalties and charges levied due to me / our acts / deeds or transaction will be debited to my/our trading account directly by the trading member.
- 16) Commodity trading are in electronic form and are generally squared off at the expiry of Contracts series. I / We confirm you that if wish to take physical delivery of any commodity then I /We hereby confirm that it will be at our own risk and initiative. Further, I/We confirm that Broker's responsibility shall end with conveying physical delivery instructions to the concerned commodity Exchange and Broker shall not be responsible for any delay in issue of ware house receipt from the exchange, any non-delivery of goods by the ware house for whatever reason or Damage or defective goods delivered by the ware house.
- 17) I/We authorize you not to provide me/ us Order Confirmation/ Modification/ Cancellation Slips and Trade Confirmation Slips to avoid unnecessary paper work. I/ We shall get the required details from contracts issued by you.
- 18) I/We hereby authorize you to undertake any transfer inter-se of funds, securities, debits & credits available between various exchanges.
- 19) Authorization on pay out to pay out basis and to release the funds & or deliveries (if any) due to me/us on my / our specific request only. I / we also agree that you shall not be liable for any claim for loss or profit, or for any consequential, incidental, special or exemplary damages, caused by retention of such deliveries/funds under this agreement or otherwise.
- 20) Pledge / deposit my / our deliveries & / or funds, whether deposited as collateral /margin or permitted by us to be retained in the running account etc. by you with any bank or any other institution including but not limited to the Exchanges (s) /Clearing Corporation / Clearing House for the purposes of raising funds, bank guarantees, etc., or towards Margin/collateral as also to meet shortfall in my / our fund/ deliveries, pay in obligation/ auctions or assignment of contracts or any other liability arising out of my/our dealings with you/ through you I/ we authorize you to do all such acts deeds and things as may be necessary and expedient for placing such deliveries with the Exchanges/banks/institutions as margin. You are further authorized to sell/ liquidate these deliveries at the time and manner of your Broker, as & when deemed fit by you in your absolute discretion to meet any shortfalls in my/our accounts or any other liability of mine/ ours without any reference to me/ us.
- 21) I/We authorize you to liquidate/ close out all or any of my/ our positions for non-payment of margins or other account, outstanding debts etc. I/We agree to bear any and all losses and financial charges on account of such liquidation/ closeout.
- 22) I/We agree that you may refuse to execute any particular transaction without assigning any reason therefor.
- 23) I/We agree not to hold you liable or responsible for delay or default in performance of your obligations due to contingencies beyond your control such as fire, flood, civil commotion, earthquake, riots, war, strikes, failure of systems, failure of internet links, Government/ regulatory actions or any such other contingencies which may be beyond your control.
- 24) I / We the holder of Aadhaar Number or Virtual Id hereby state that I / We have no objection in giving or sharing my Aadhaar number or Aadhaar copy or Virtual Id with Broker for opening of trading and demat account and giving my / our consent with a sound mind.
- 25) Further, Edel Investments Limited has informed me / us that my / our Aadhaar Number or Aadhaar copy or Virtual Id and KYC information would only be used for KYC verification for Broking / Commodity / Mutual Funds / Portfolio Management Services, wherein few of these facilities are provided from their group

companies and if I / We want to avail the services of the group companies and I / We do not have any objection on the same.

- 26) I / We am /are aware and accept that Broker does not sell or share any personally identifiable information volunteered with Broker to any third party (public or private). Any information provided to Broker will be protected from loss, misuse, unauthorized access or disclosure, alteration, or destruction.
- 27) Further, I / We agree with the terms / condition of the Broker and agree to abide with the same and give Broker authority of consent to use the above mentioned information of limited purpose for on boarding of account opening with BSE/NSE/MCX exchanges or any other intermediary respectively.

Name:

Date:

Place:

X Authorised Signatory

### **Most Important Terms and Conditions (MITC)**

1. Your trading account has a “Unique Client Code” (UCC), different from your demat account number. Do not allow anyone (including your own stock broker, their representatives and dealers) to trade in your trading account on their own without taking specific instruction from you for your trades. Do not share your internet/mobile trading login credentials with anyone else.
2. You are required to place collaterals as margins with the stock broker before you trade. The collateral can either be in the form of funds transfer into specified stock broker bank accounts or margin pledge of securities from your demat account. The bank accounts are listed on the stock broker website. Please do not transfer funds into any other account. The stock broker is not permitted to accept any cash from you.
3. The stock broker’s Risk Management Policy provides details about how the trading limits will be given to you, and the tariff sheet provides the charges that the stock broker will levy on you.
4. All securities purchased by you will be transferred to your demat account within one working day of the payout. In case of securities purchased but not fully paid by you, the transfer of the same may be subject to limited period pledge i.e. seven trading days after the pay-out (CUSPA pledge) created in favor of the stock broker. You can view your demat account balances directly at the website of the Depositories after creating a login.
5. The stock broker is obligated to deposit all funds received from you with any of the Clearing Corporations duly allocated in your name. The stock broker is further mandated to return excess funds as per applicable norms to you at the time of quarterly/ monthly settlement. You can view the amounts allocated to you directly at the website of the Clearing Corporation(s).
6. You will get a contract note from the stock broker within 24 hours of the trade.
7. You may give a one-time Demat Debit and Pledge Instruction (DDPI) authority to your stock broker for limited access to your demat account, including transferring securities, which are sold in your account for pay-in.
8. The stock broker is expected to know your financial status and monitor your accounts accordingly. Do share all financial information (e.g. income, networth, etc.) with the stock broker as and when requested for. Kindly also keep your email Id and mobile phone details with the stock broker always updated.
9. In case of disputes with the stock broker, you can raise a grievance on the dedicated investor grievance ID of the stock broker. You can also approach the stock exchanges and/or SEBI directly.
10. Any assured/guaranteed/fixed returns schemes or any other schemes of a similar nature are prohibited by law. You will not have any protection/recourse from SEBI/stock exchanges for participation in such schemes.

Name:

Date:

Place:

X Authorised Signatory

## **Investor Charter – Stock Brokers**

### **1. VISION**

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. MISSION**

- i) To provide high quality and dependable service through innovation, capacity enhancement and use of technology.
- ii) To establish and maintain a relationship of trust and ethics with the investors.
- iii) To observe highest standard of compliances and transparency.
- iv) To always keep 'protection of investors' interest' as goal while providing service.
- v) To ensure confidentiality of information shared by investors unless such information is required to be provided in furtherance of discharging legal obligations or investors have provided specific consent to share such information.

### **3. Services provided to Investors by stockbrokers include**

- I. Execution of trades on behalf of investors.
- II. Issuance of Contract Notes.
- III. Issuance of intimations regarding margin due payments.
- IV. Facilitate execution of early pay-in obligation instructions.
- V. Periodic Settlement of client's funds.
- VI. Issuance of retention statement of funds at the time of settlement.
- VII. Risk management systems to mitigate operational and market risk.
- VIII. Facilitate client profile changes in the system as instructed by the client.
- IX. Information sharing with the client w.r.t. relevant Market Infrastructure Institutions (MII) circulars.
- X. Provide a copy of Rights & Obligations document to the client.
- XI. Communicating Most Important terms and Conditions (MITC) to the client.
- XII. Redressal of Investor's grievances.

### **4. Rights of Investors**

- I. 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 (including website providing mandatory information).
- II. Receive complete information about the risks, obligations, and costs of any investment before investing.
- III. Receive a copy of all completed account forms and rights & obligation document.
- IV. Receive a copy of 'Most Important Terms & Conditions' (MITC).

- V. Receive account statements that are accurate and understandable.
- VI. Understand the terms and conditions of transactions you undertake.
- VII. Access your funds in a prescribed manner and receive information about any restrictions or limitations on access.
- VIII. Receive complete information about maintenance or service charges, transaction or redemption fees, and penalties in form of tariff sheet.
- IX. Discuss your grievances with compliance officer / compliance team / dedicated grievance redressal team of the firm and receive prompt attention to and fair consideration of your concerns.
- X. Close your zero balance accounts online with minimal documentation
- XI. Get the copies of all policies (including Most Important Terms and Conditions) of the broker related to dealings of your account
- XII. Not be discriminated against in terms of services offered to equivalent clients
- XIII. Get only those advertisement materials from the broker which adhere to Code of Advertisement norms in place
- XIV. In case of broker defaults, be compensated from the Exchange Investor Protection Fund as per the norms in place
- XV. Trade in derivatives after submission of relevant financial documents to the broker subject to brokers' adequate due diligence.
- XVI. Get warnings on the trading systems while placing orders in securities where surveillance measures are in place
- XVII. Get access to products and services in a suitable manner even if differently abled
- XVIII. Get access to educational materials of the MIs and brokers
- XIX. Get access to all the exchanges of a particular segment you wish to deal with unless opted out specifically as per Broker norms
- XX. Deal with one or more stockbrokers of your choice without any compulsion of minimum business
- XXI. Have access to the escalation matrix for communication with the broker
- XXII. Not be bound by any clause prescribed by the Brokers which are contravening the Regulatory provisions.

##### 5. Various activities of Stock Brokers with timelines

S.No.	Activities	Expected Timelines
1.	KYC entered into KRA System and CKYCR	3 working 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	First Friday/Saturday of the month / quarter as per Exchange pre-announced schedule
10.	'Statement of Accounts' for Funds, Securities and Commodities	Monthly basis
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	21 calendar days from the receipt of the complaint

## 6. **DOs 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 / timelines 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 and</li> </ol>	<ol style="list-style-type: none"> <li>1. 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> </ol>

<p>bank accounts to get regular alerts on your transactions.</p> <p>6. If executed, receive a copy of Demat Debit and Pledge Instruction (DDPI) However, DDPI is not a mandatory requirement as per SEBI / Stock Exchanges. Before granting DDPI, carefully examine the scope and implications of powers being granted.</p> <p>7. Receive contract notes for trades executed, showing transaction price, brokerage, GST and STT/CTT etc. as applicable, separately, within 24 hours of execution of trades.</p> <p>8. Receive funds and securities/ commodities on time, as prescribed by SEBI or exchange from time to time.</p> <p>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.</p> <p>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 (Monthly or Quarterly).</p> <p>11. In case of any grievances, approach stock broker or Stock Exchange or SEBI for getting the same resolved within prescribed timelines.</p> <p>12. Retain documents for trading activity as it helps in resolving disputes, if they arise.</p>	<p>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.</p> <p>7. Do not opt for digital contracts, if not familiar with computers.</p> <p>8. Do not share trading password.</p> <p>9. Do not fall prey to fixed / guaranteed returns schemes.</p> <p>10. Do not fall prey to fraudsters sending emails and SMSs luring to trade in stocks / securities promising huge profits.</p> <p>11. Do not follow herd mentality for investments. Seek expert and professional advice for your investments</p>
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Additionally, Investors may refer to Dos and Don'ts issued by MIIs on their respective websites from time to time.

## 7. Grievance Redressal Mechanism

The process of investor grievance redressal is as follows:

1.	Investor complaint/Grievances	<p>Investor can lodge complaint/grievance against stock broker in the following ways:</p> <p><u>Mode of filing the complaint with stock broker</u></p> <p>Investor can 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 21 days of the receipt of the grievance</p> <p><u>Mode of filing the complaint with stock exchanges</u></p> <p>i. SCORES 2.0 (a web based centralized grievance redressal system of SEBI) (<a href="https://scores.sebi.gov.in">https://scores.sebi.gov.in</a>)</p> <p><u>Two level review for complaint/grievance against stock broker:</u></p> <ul style="list-style-type: none"> <li>• First review done by Designated body/Exchange</li> <li>• Second review done by SEBI</li> </ul> <p>ii. Emails to designated email IDs of Exchange</p>
2.	Online Dispute Resolution (ODR) platform for online Conciliation and Arbitration	If the Investor is not satisfied with the resolution provided by the Market Participants, then the Investor has the option to file the complaint/grievance on SMARTODR platform for its resolution through online conciliation or arbitration.
3.	Steps to be followed in ODR for Review, Conciliation and Arbitration	<p>1. Investor to approach Market Participant for redressal of complaint</p> <p>2. If investor is not satisfied with response of Market Participant, he/she has either of the following 2 options:</p>

		<p>i. May escalate the complaint on SEBI SCORES portal.</p> <p>ii. May also file a complaint on SMARTODR portal for its resolution through online conciliation and arbitration.</p> <p>3. Upon receipt of complaint on SMARTODR portal, the relevant MII will review the matter and endeavor to resolve the matter between the Market Participant and investor within 21 days.</p> <p>4. If the matter could not be amicably resolved, then the matter shall be referred for conciliation.</p> <p>5. During the conciliation process, the conciliator will endeavor for amicable settlement of the dispute within 21 days, which may be extended with 10 days by the conciliator with consent of the parties to dispute.</p> <p>6. If the conciliation is unsuccessful, then the investor may request to refer the matter for arbitration.</p> <p>7. The arbitration process to be concluded by arbitrator(s) within 30 days, which is extendable by 30 days with consent of the parties to dispute.</p>
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**8. 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:

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

Following information is available on Stock Exchange website for information of investors:

- Norms for eligibility of claims for compensation from IPF.
- Claim form for lodging claim against defaulter stock broker.
- FAQ on processing of investors' claims against Defaulter stock broker.
- Provision to check online status of client's claim.
- Standard Operating Procedure (SOP) for handling of Claims of Investors in the Cases of Default by Brokers
- Claim processing policy against Defaulter/Expelled members
- List of Defaulter/Expelled members and public notice issued