

# CLIENT HANDBOOK

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

### **General Clause**

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

### **Beneficial Owner information**

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

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

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

### **Dematerialization**

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

### **Separate Accounts**

9. The DP shall open separate accounts in the name of each of the beneficial owners and securities of each beneficial owner shall be segregated and shall not be mixed up with the securities of other beneficial owners and/or DP's own securities held in dematerialized form.

10. The DP shall not facilitate the Beneficial Owner to create or permit any pledge and /or hypothecation or any other interest or encumbrance over all or any of such securities submitted for dematerialization and/ or held in demat account except in the form and manner prescribed in the Depositories Act, 1996, SEBI (Depositories and Participants) Regulations, 1996 and Bye-Laws/ Operating Instructions / Business Rules of the Depositories.

### **Transfer of Securities**

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

### **Statement of account**

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

### **Manner of Closure of Demat account**

17. The DP shall have the right to close the demat account of the Beneficial Owner, for any reasons whatsoever, provided the DP has given a notice in writing of not less than thirty days to the Beneficial Owner as well as to the Depository. Similarly, the Beneficial Owner shall have the right to close his/her demat account held with the DP provided no charges are payable by him/her to the DP. In such an event, the Beneficial Owner shall specify whether the balances in their demat account should be transferred to another demat account of the Beneficial Owner held with another DP or to rematerialize the security balances held.
18. Based on the instructions of the Beneficial Owner, the DP shall initiate the procedure for transferring such security balances or rematerialize such security balances within a period of thirty days as per procedure specified from time to time by the depository. Provided further, closure of demat account shall not affect the rights, liabilities and obligations of either the Beneficial Owner or the DP and shall continue to bind the parties to their satisfactory completion.

**Default in payment of charges**

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

**Liability of the Depository**

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

**Freezing/ Defreezing of accounts**

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

**Redressal of Investor grievance**

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

**Authorized representative**

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

**Law and Jurisdiction**

26. In addition to the specific rights set out in this document, the DP and the Beneficial owner shall be entitled to exercise any other rights which the DP or the Beneficial Owner may have under the Rules, Bye Laws and Regulations of the respective Depository in which the demat account is opened and circulars/ notices issued there under or Rules and Regulations of SEBI.

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

## **RIGHTS AND OBLIGATIONS OF STOCK BROKERS, SUB-BROKERS AND CLIENTS FOR TRADING ON EXCHANGES**

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

### **CLIENT INFORMATION**

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



## **MARGINS**

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

## **TRANSACTIONS AND SETTLEMENTS**

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

## **BROKERAGE**

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

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

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

## **DISPUTE RESOLUTION**

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



## **TERMINATION OF RELATIONSHIP**

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

## **ADDITIONAL RIGHTS AND OBLIGATIONS**

30. The stock broker shall ensure due protection to the client regarding client's rights to dividends, rights or bonus shares, etc. in respect of transactions routed through it and it shall not do anything which is likely to harm the interest of the client with whom and for whom they may have had transactions in securities.
31. The stock broker and client shall reconcile and settle their accounts from time to time as per the Rules, Regulations, Bye Laws, Circulars, Notices and Guidelines issued by SEBI and the relevant Exchanges where the trade is executed.
32. The stock broker shall issue a contract note to his clients for trades executed in such format as may be prescribed by the Exchange from time to time containing records of all transactions including details of order number, trade number, trade time, trade price, trade quantity, details of the derivatives contract, client code, brokerage, all charges levied etc. and with all other relevant details as required therein to be filled in and issued in such manner and within such time as prescribed by the Exchange. The stock broker shall send contract notes to the investors within one working day of the execution of the trades in hard copy and/or in electronic form using digital signature.
33. The stock broker shall make pay out of funds or delivery of securities, as the case may be, to the Client within one working day of receipt of the payout from the relevant Exchange where the trade is executed unless otherwise specified by the client and subject to such terms and conditions as may be prescribed by the relevant Exchange from time to time where the trade is executed.

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

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

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

ECNs have not been delivered to the client or has been rejected (bouncing of mails} by the e-mail ID of the client, the stock broker shall send a physical contract note to the client within the stipulated time under the extant regulations of SEBI/stock exchanges and maintain the proof of delivery of such physical contract notes.

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

## **LAW AND JURISDICTION**

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

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

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

1. Stock broker is eligible for providing Internet based trading (IBT) and securities trading through the use of wireless technology that shall include the use of devices such as mobile phone, laptop with data card, etc. which use Internet Protocol (IP). The stock broker shall comply with all requirements applicable to internet based trading/securities trading using wireless technology as may be specified by SEBI & the Exchanges from time to time.
2. The client is desirous of investing/ trading in securities and for this purpose, the client is desirous of using either the internet based trading facility or the facility for securities trading through use of wireless technology. The Stock broker shall provide the Stock broker's IBT Service to the Client, and the Client shall avail of the Stock broker's IBT Service, on and subject to SEBI/ Exchanges Provisions and the terms and conditions specified on the Stock broker's IBT Web Site provided that they are in line with the norms prescribed by Exchanges/ SEBI.
3. The stock broker shall bring to the notice of client the features, risks, responsibilities, obligations and liabilities associated with securities trading through wireless technology/ internet/smart order routing or any other technology should be brought to the notice of the client by the stock broker.
4. The stock broker shall make the client aware that the Stock Broker's IBT system itself generates the initial password and its password policy as stipulated in line with norms prescribed by Exchanges/SEBI.
5. The Client shall be responsible for keeping the Username and Password confidential and secure and shall be solely responsible for all orders entered and transactions done by any person whosoever through the Stock broker's IBT System using the Client's Username and/ or Password whether or not such person was authorized to do so. Also the client is aware that authentication technologies and strict security measures are required for the internet trading/securities trading through wireless technology through order routed system and undertakes to ensure that the password of the client and/or his authorized representative are not revealed to any third party including employees and dealers of the stock broker.
6. The Client shall immediately notify the Stock broker in writing if he forgets his password, discovers security flaw in Stock Broker's IBT System, discovers/suspects discrepancies/ unauthorized access through his username/password/account with full details of such unauthorized use, the date, the manner and the transactions effected pursuant to such unauthorized use, etc.
7. The Client is fully aware of and understands the risks associated with availing of a service for routing orders over the internet/securities trading through wireless technology and Client shall be fully liable and responsible for any and all acts done in the Client's Username/ password in any manner whatsoever.

8. The stock broker shall send the order/trade confirmation through email to the client at his request. The client is aware that the order/ trade confirmation is also provided on the web portal. In case client is trading using wireless technology, the stock broker shall send the order/trade confirmation on the device of the client.
9. The client is aware that trading over the internet involves many uncertain factors and complex hardware, software, systems, communication lines, peripherals, etc. are susceptible to interruptions and dislocations. The Stock broker and the Exchange do not make any representation or warranty that the Stock broker's IBT Service will be available to the Client at all times without any interruption.
10. The Client shall not have any claim against the Exchange or the Stock broker on account of any suspension, interruption, non-availability or malfunctioning of the Stock broker's IBT System or Service or the Exchange's service or systems or non-execution of his orders due to any link/system failure at the Client/ Stock brokers/Exchange end for any reason beyond the control of the stock broker/Exchanges.

## **UNIFORM RISK DISCLOSURE DOCUMENT FOR CAPITAL MARKET AND DERIVATIVES SEGMENTS**

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

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

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

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

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

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

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



## **1. BASIC RISKS:**

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

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

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

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

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

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

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

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

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

**1.4.1** A "marker order will be executed prompt, subject to availability of orders on opposite side, without regard to price and that, while the customer may receive a prompt execution of a "market• order, the execution may be at available prices of outstanding

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

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

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

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

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

## **1.6 Risk of Rumors:**

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

## **1.7 System Risk:**

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

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

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

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

Trading on exchanges is in electronic mode, based on satellite/leased line based communications, combination of technologies and computer systems to place and route

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

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

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

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

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

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

## **2.2 Currency specific risks:**

1. The profit or loss in transactions in foreign currency-denominated contracts, whether they are traded in your own or another jurisdiction, will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the contract to another currency.
2. Under certain market conditions, you may find it difficult or impossible to liquidate a position. This can occur, for 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 trading through wireless technology/ smart order routing or any other technology should be brought to the notice of the client by the stock broker.

### **4. GENERAL**

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

Constituent is aware of all risk mentioned above. Constituent is aware that above details are indicative and not exhaustive and there may be other risks involved. Constituent shall be sole responsible for any consequences out of it and broker shall not be liable / indemnify constituents for such risk.

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

### **TRANSACTIONS AND SETTLEMENTS**

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



- a) Such authorization from you shall be dated, signed by you only and contains the clause that you may revoke the same at any time.
  - b) The actual settlement of funds and securities shall be done by the stock broker, at least once in a calendar quarter or month, depending on your preference. While settling the account, the stock broker shall send to you a 'statement of accounts' containing an extract from the client ledger for funds and an extract from the register of securities displaying all the receipts/deliveries of funds and securities. The statement shall also explain the retention of funds and securities and the details of the pledged shares, if any.
  - c) On the date of settlement, the stock broker may retain the requisite securities/funds towards outstanding obligations and may also retain the funds expected to be required to meet derivatives margin obligations for next 5 trading days, calculated in the manner specified by the exchanges. In respect of cash market transactions, the stock broker may retain entire pay-in obligation of funds and securities due from clients as on date of settlement and for next day's business, he may retain funds/ securities/margin to the extent of value of transactions executed on the day of such settlement in the cash market.
  - d) You need to bring any dispute arising from the statement of account or settlement so made to the notice of the stock broker in writing preferably within 7 (seven) working days from the date of receipt of funds/securities or statement, as the case may be. In case of dispute, refer the matter in writing to the Investors Grievance Cell of the relevant Stock exchanges without delay.
14. In case you have not opted for maintaining running account and pay-out of funds/securities is not received on the next working day of the receipt of payout from the exchanges, please refer the matter to the stock broker. In case there is dispute, ensure that you lodge a complaint in writing immediately with the Investors Grievance Cell of the relevant Stock exchange.
  15. Please register your mobile number and email id with the stock broker, to receive trade confirmation alerts/ details of the transactions through SMS or email, by the end of the trading day, from the stock exchanges.

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

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

## **DISPUTES/ COMPLAINTS**

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

## POLICIES AND PROCEDURES

This document outlines various policies and procedures framed and followed by Airan Finstocks Private Limited (AFPL) with respect to its dealing with its constituents as a stock broker on National Stock Exchange of India Ltd. ("NSE"), Bombay Stock Exchange Ltd. (BSE), Multi Commodity Exchange of India Ltd. (MCXR) and Metropolitan Stock Exchange of India Limited (MSEI) (collectively hereinafter referred as the Exchanges). The policies and procedures as stated herein below are subject to change from time to time at the sole discretion of AFPL, depending upon regulatory changes, its risk management framework, other market conditions etc. The said policies and procedures and any revision/updation in the same from time to time is/will be available in the Constituent's web login provided by AFPL on its web site and/or shall be communicated through email/writing. The Constituent can access and refer to such policies and procedures by using user id and password provided by AFPL.

### A. Refusal of orders for Penny Stocks and/or Illiquid Stocks/Contracts/ Options

In View of the risks associated in dealing with Penny Stocks and/or Illiquid Stocks /Contracts / Options, AFPL would generally advice its constituents to desist from trading in them. Further, SEBI, Exchanges or AFPL may issue circulars or guidelines necessitating exercising additional due diligence by the constituents, for dealing in such securities.

A Security may be treated as Penny Stocks/Illiquid Stock/ Contracts/ Options if it falls in any one category as mentioned herein below:

- list of Illiquid securities issued by the Exchanges periodically.
- Trade-to-Trade settlement.
- "Z" group.
- Illiquid options / far month options /long dated options.
- Any other securities / Contracts / Options as may be decided by AFPL, which may be considered by AFPL in its sole discretion as volatile or have concentration risk at constituent level or at the security level or any other reason.

Trading in such securities will be allowed to the constituent at the sole and absolute discretion of AFPL such securities may be blocked in normal trading system and any dealing in such securities will be allowed only on the approval of the Risk team as it may deem fit. AFPL may restrict the quantity of such funds/securities before allowing trades in such securities.

Under no circumstances, AFPL shall be responsible for non-execution/delay in execution of such orders and consequential opportunity loss or financial loss to the constituent.

The above list of criteria is an indicative list. AFPL may at its sole and absolute discretion define from time to time other category/criteria to treat a security as Penny Stocks/Illiquid Stock/ Contracts/ Options.

### B. Setting up the Constituents exposure limits While setting up the exposure limits for and on behalf of the constituents, AFPL broadly takes into consideration the regulatory requirement, constituent profile, internal risk management policy, market conditions, etc. Considering the said parameters the exposure limit for a constituent would be set up as follows:

- Exposure limits to the constituent will be provided based on the available margin in the constituent's braking account maintained with AFPL.

- The exposure limit will be a certain multiple of the available margin. Such multiplier will be as decided by AFPL from time to time and may vary from constituent to constituent and the same will be intimated to client.
- On a case-to-case basis AFPL, at its sole and absolute discretion, may allow higher exposure limits to the constituent.
- In case of cash segment, AFPL may at its sole and absolute discretion allow clean exposure limits up to certain amount to the constituent without insisting for any credit balance and/or margin. The quantum of clean exposure limit shall be decided by AFPL. On a case-to-case basis AFPL may, at its sole and absolute discretion, give higher clean exposure limits to certain set of the constituents. AFPL reserves the right to withdraw clean exposure limit granted to the constituent at any point of time at its sole and absolute discretion.

The constituent cannot raise any concern/dispute for the same.

- Available margin for the purpose of granting exposure is calculated as a sum of free credit balance of the constituent in AFPL's books, margin in the form of funds, securities, of the constituent available with AFPL, and the value of securities held in the constituent's demat account for which power of attorney is granted in favor of AFPL.
- The choice of the securities to be considered as margin shall be determined by AFPL at its sole discretion from time to time and the constituent shall abide by the same.
- While granting the exposure limit, margin in the form of securities will be valued as per the latest available closing price on NSE or BSE after applying appropriate haircut as may be decided by AFPL at its sole discretion.
- AFPL may from time to time depending on market conditions, profile and history of the constituent, types and nature of scrip, etc. at its sole discretion charge/change the rate of haircut applicable on the securities given as margin, multiplier for granting exposure in Cash/ F&O segments and take such steps as AFPL may deem fit and appropriate.
- The Constituent will have to abide by the exposure limit set by AFPL.

### **C. Applicable Brokerage Rate**

For rendering the braking services, AFPL charges brokerage to the constituent. The Brokerage rate will be as per the terms agreed with the constituent at the time of constituent registration.

The brokerage rate may be varied in future as agreed between the constituent and AFPL in writing.

The brokerage rate at no point of time will exceed the rates as may be specified by the Exchanges/SEBI from time to time.

- **For Cash Market Segment:**

The maximum brokerage chargeable in relation to trades effected in the securities admitted to dealings on the Capital Market segment of the Exchange shall be 2.5% of the contract price exclusive of statutory levies. It is hereby further clarified that where the sale / purchase value of a share is ₹ 10/- or less, a maximum brokerage of 25 paise per share may be collected.

- **For Option Contracts.**

Brokerage for option contracts shall be charged on the premium amount at which the option contract was bought or sold and not on the strike price of the option contract.

It is hereby further clarified that brokerage on option contracts shall not exceed 2.5% of the premium amount or ₹ 100/- (per lot) which is higher.

The brokerage will be exclusive of the following except in cases where it is agreed otherwise:

- Service Tax and Education Cess
- SEBI / Exchange charges
- Stamp duty
- Statutory charges payable to Exchange / SEBI / Govt. Authorities etc.
- Any other charges towards customized / specialized service only if client specifically consents.

**D. Imposition of Penalty / delayed payment charges by either party, specifying the rate and the period.**

- **Imposition of Penalties**

The Exchange / Clearing Corporation / SEBI levies penalties on the broker for irregularities observed by them during the course of business. AFPL shall recover such imposed penalties / levies, if any, by the Exchange / regulators, from the constituent which arise on account of dealings by such constituent. Few of the examples of violations for which penalties may be levied are as follows:

- Auction of securities pursuant to short deliveries by the constituent;
- Short margin reporting in F&O Segment;
- Any other reasons which may be specified by the Exchanges / Clearing Corporation/ SEBI from time to time.

Such recovery would be by way of debit in the ledger of the constituent and amounts would be adjusted against the dues.

- **Delayed payment charges**

While dealing with AFPL it is a responsibility of the constituent to ensure that the required margins (including but not limited to initial margin, mark to market and / or other margins), any outstanding settlement obligations and/or any other dues payable to AFPL are paid within the time period stipulated by the Exchanges or AFPL, whichever is earlier.

In the event if the constituent defaults in meeting its above said obligations towards AFPL and maintain any debit balance in AFPL's books beyond the stipulated time period, AFPL shall have absolute discretion to charge and recover from the constituent's account, delayed payment charges at 18% p.a. Delayed payment charges are only a penal measure. The constituent should not construe it as funding arrangement. The constituent cannot demand continuation of service on a permanent basis citing levy of delayed payment charges.

The constituent will not be entitled to any interest on the credit balance / surplus margin available / kept with AFPL.

- E. The Right to sell constituents' securities or close constituents' positions after giving margin call and prior notice and in case of failure in short margin fulfilment of constituent on account of non-payment of constituent's dues.

The constituent needs to furnish adequate margin as specified by AFPL from time to time from its sole and absolute discretion. It shall be the constituent's responsibility to ascertain in advance the margin requirement for his/her/its order/ trades/deals and to ensure that the required margin is made available to AFPL in such form and manner as may be required by AFPL. Limits/ exposures will be available as per available requisite margin.

The Constituent shall fulfill all his/her/ its settlement obligations to AFPL within the time frame stipulated by the AFPL or the Exchanges, whichever is earlier.

The margin will have to be paid within the time frame stipulated by the Exchanges or AFPL, generally in case of fresh positions upfront, in case of mark to market and/or any other additional margins before the commencement of trading on next trading day and in case where the Exchanges levy and/or increase any margin required during the day, immediately upon levy and/or increase in any such margin.

'Without prejudice to its other rights and remedies available under the member constituent document(s) executed/to be executed by and between the constituent and AFPL (hereinafter referred to as "the Document") or at law, AFPL shall be entitled, in its sole and absolute discretion, to liquidate/close out all or any of the constituent's open/outstanding position, sell the constituent's securities (whether approved by AFPL or not) available with AFPL and/or held in the constituent's demat account for which power of attorney is granted in favor of AFPL at any time to recover its dues without giving any notice to the constituent in the following circumstances."

- a. If the constituent fails to pay any margin, settlement obligations and/or other liabilities (including but not limited to DP charges) due to AFPL within the stipulated time frame;
- b. In the event that the market value of the constituent's securities, lying as margin or bought by the constituent for which payment is not made by the constituent, for any reason of fall or is anticipated to fall, or circumstances arise or are likely to arise which may in the sole opinion of AFPL jeopardize its interest and expose it or is likely to expose it to any financial loss or damage.
- c. In case of Constituent breaching 85% threshold limit of ledger debit (all segment ledger balances) compared to total stock valuation.
- d. In case of margin shortfall on open F&O positions, positions may be closed.
- e. All intra day positions (Cash and F&O) shall be squared off at pre specified time from the HO after intimated to client.

The AFPL reserves the right to set the threshold limits for liquidation of constituents positions. Such threshold limits will be communicated from time to time orally, and or through emails, or through its trading terminals, branch representatives etc. However in the event of extreme volatility and or constituents open (outstanding) position resulting in mark to market losses beyond AFPL's threshold anytime during the trading session, and or constituents positions or collateral being not saleable, thereby forcing AFPL liquidate any of the constituents available positions and collateral, same shall be done by AFPL during the course of a trading session without recourse to the constituent.



Any and all losses (actual), financial charges, damages on account of such liquidation/sell/ closing- out shall be borne by the constituent only.

**F. Shortages in obligations arising out of internal netting of trades**

AFPL has right to allocate securities / credits amongst the constituents and other constituents of AFPL in a manner and form that AFPL deems fit where AFPL has net purchase obligations with the exchange but receives short delivery from the exchange and the exchange is able to deliver to the AFPL only in part after the auction settlement and part is closed out by the exchange as per exchange rules.

In the event of the constituent unable to deliver securities against his/her/its sale obligation, the AFPL shall have the express authority to close out the transaction of the said securities in question to meet the obligation of the AFPL to the exchange or the AFPL's other constituents arising out of such failure of the constituents, without further reference to the constituent. The constituent shall be fully responsible for any losses/ charges sustained by AFPL, as a result of above failure.

**G. Conditions under which the constituent may not be allowed to take further position or AFPL may close the existing position of the constituent.**

An illustrative list of circumstances in which AFPL may not allow the constituent to take further positions or may close/liquidate a part of or whole of the existing position of the constituent are as follows:

- Failure by the constituent in providing sufficient/adequate margin (s) and/or insufficient inadequate free credit balance available in constituents' braking account with AFPL;
- If the constituent fails to deposit the margin/additional margin by the deadline or if an outstanding debt occurs in the Constituents' brokerage account with AFPL beyond the stipulated time period;
- It the constituent fails to maintain the requisite margin in such form and manner as may be specified by AFPL from time to time;
- Settlement obligations are not paid by the constituent within the time frame allowed by the Exchanges or as per the norms specified by AFPL from time to time as its sole and absolute discretion;
- Securities falling in the category of Penny Stocks/Illiquid Stocks/ Contract/ Options as described in policy (b) above;
- Trades which apparently in the sole and absolute discretion of AFPL seems to be Synchronized trades/ Circular trading/ Artificial trading/ manipulative in nature, etc.;
- Securities/F&O contracts banned by the regulatory authorities; Any ban imposed on the constituent by the regulatory authorities;
- Where name of the constituent apparently resembles with the name appearing in the list of debarred entities published by SEBI/Exchanges (where the information available for the debarred entity {other than name) is not sufficient enough to establish that the constituent and such debarred entity are one and the same);

- The constituent fails to furnish documents/information as may be called for by AFPL from time to time as per regulatory requirement and/or as per its internal policy.
- In the event of death or insolvency of the constituent otherwise becoming incapable of receiving and paying for or delivering or transferring securities which the constituent has ordered to be bought or sold;
- Depending on the market circumstances if AFPL is of the view that the positions of the constituents are at risk then AFPL may close the existing position without waiting for the pay-in schedule of the Exchanges. AFPL may take the action under this policy with/without giving any notice or intimation to the constituent. AFPL will not be responsible for any opportunity loss or financial loss to the constituent in the event any action taken by it under this policy.

#### **H. Temporary suspending or closing constituent's broking account at constituent's request**

A Constituent who wishes to temporarily suspend or close his/her/its broking account can do so by submitting a written request or by email (through email id registered with AFPL) in the form and format as may be prescribed by AFPL. The request has to be submitted to the head office of AFPL. Constituent may be temporarily / permanently suspended on account of gravity of grievance raised by / against constituent.

Prior to submission of such request the constituent should ensure that all amounts due and payable to AFPL are paid. Requests from a constituent where no dues are outstanding would be processed within 3 working days from the date of receipt of the request.

#### **I. Dormant Account Policy**

Any constituent who has not traded in any segment of any of the Exchanges with AFPL for the last 12 months would be termed as a Dormant/Inactive Constituent.

Constituents accounts will be closed on receipt of a written request of the constituent and after settlement of all dues debits/credits.

Re-activation of such accounts will require a written request from the constituent in the prescribed format with latest proof of address / any other KYC related documents.

#### **J. De-registering a Constituent**

Without prejudice to AFPL's and remedies available Document, AFPL may at its sole and absolute discretion, de-register the constituent with/without prior notice/intimation in the following circumstances:

- Where the constituent indulges in any irregular trading like synchronized trading, manipulation, trading securities/options/contracts, trades, trading in securities at prices significantly away from market prices, etc.;
- Any enquiry/investigation initiate by the Exchanges/regulators against the constituent; Any regulatory action initiated against the constituent the Exchanges/regulators but not limited to debarring constituent from accessing the capital market;
- Where name of the constituent apparently resembles with the name appearing in the list of entities published by SEBI/Exchanges (where no information name is available);
- Name of the constituent appears in database/websites of CIBIL, Watch Out Investors, World check, etc;

- The constituent having suspicious background or link with suspicious organization;
- Where the constituent is non-traceable, has pending disputes with AFPL, possibility of a default by the constituent;
- Any other circumstances leading to a breach of confidence in the constituent for reasons like return of undelivered couriers citing reason of "No such person / Addressee left / Refusal to accept mails etc.", continues cheque bouncing or not furnishing the financial and other details as may be called for by AFPL from time to time, etc.;
- Upon receipt of written information about the death of the constituent;
- Such other circumstances which in the sole opinion of AFPL warrants to de-register the constituent.

In all such case, AFPL shall have the right to close out the existing open positions/ contracts, sell/Liquidate the margin (in any form) to recover its dues, if any, before de-registering the constituent. Any action taken by AFPL in terms of this policy shall not be challenged by the constituent, and AFPL shall not be liable to the constituent for any loss or damage (actual), which may be caused to the constituent as a result. Also while de-registering the constituent, AFPL may retain certain amount/securities due / belonging to the constituent for meeting any penalties etc. arising out of dealing of the constituent with AFPL. In case if any securities retained by AFPL is sold/liquidated to recover any such losses, etc., AFPL shall have the sole authority to decide the mode, manner and the price at which to effect the sale of securities and the constituent cannot raise any disputes as to the manner, mode and the price at which the securities are sold by AFPL.

In any of the above circumstances, if the constituent is able to justify his/her/ its innocence either by producing any record, document or otherwise to the full satisfaction of AFPL, AFPL may reconsider its decision of de-registering the constituent. However in no circumstances any action taken by AFPL till the date of re-registration shall be challenged by the constituent and AFPL shall not be liable to the constituent for any loss or damage (actual), which may be caused to the constituent as a result.

### **General**

AFPL shall have the right at its sole and absolute discretion to amend/change/revise any of the above said policies and procedure at time in future and the same shall be binding on the constituent forthwith. AFPL shall also intimate such changes to the constituent by writing/ email.

Constituent's acceptance of Policies and Procedures stated herein above:

I/We have read and fully understood the policies and procedures stated hereinabove. I/We hereby agree to abide by the same. Further, I/We have taken note of the fact that these policies and procedures may be amended/changed/revise by AFPL at any time in future and such amended/changed/ revised policy and procedures will be made available in my/ our web login provided by AFPL on its website.

## POLICIES AND PROCEDURES FOR CLIENT DEALINGS - AND ALL EXCHANGES

### MANDATORY

(as required by SEBI circular MIRSD / SE / Cir – 19/2009 dated December 3, 2009)

**1. Penny / Illiquid Stocks or contracts;** The Client Understands and agrees that the trading member may at any time at its sole discretion and without prior notice, refuse, prohibit or restrict the client's ability to place orders or trades in penny / illiquid stocks or derivative contracts. For this purpose penny / illiquid stock means stocks which are appearing in the list of illiquid securities issued by the exchanges every month and derivative contract means, the contracts which becomes illiquid during some time of its existence validity time period.

**2. Setting up exposure Limit:** The client is aware & agrees that the trading member may need to vary or reduce the exposures limit or impose new limits urgently on the basis of trading members risk perception and other factors considered relevant by the stock brokers. The trading member may be unable to inform the client of such variation, reduction or imposition in advance.

**3. Brokerage rate:** The client understands and agrees that the trading member charge brokerage and other statutory charges and levies as per the rates mentioned in the schedule of charges of the client registration form.

**4. Delayed payment charges / Penalty:** The Client agrees that without prejudice to any other remedy or right prescribed in the present, the trading member may charge delayed payment / penalty charges on the debit balance of the client which is not settled as per exchange norms, @ 18% per annum.

**5. Position Square off:** The client is aware and agrees that in case of debit balance in client account, non-payment of margin or client's dues as per exchange norms, the trading member may sell client securities or close client's position, without giving any notice to the client and loss / profit arise on such transaction will be treated as normal profit / loss of the client.

**6. Internal Shortage:** In case of internal shortage of securities, any entry passed to the account of the client in accordance with the practice consistently followed by the trading member across all its client shall be binding on the client. Further in case of shortage of securities, the client agrees and authorize trading member to buy shares on behalf of the client and debit the amount for the same to the client trading account maintained with the trading member.

**7. Restrictions on further position or close out:** The client is aware and agrees that in case of insufficient balance in his trading account on account of pay in / MTM margin obligation or non payment of client's dues as per the exchange norms, the trading member may refuse to take further position and / or close the existing position of the client to make client account good.

**8. Temporary Suspension or closing:** The client shall be entitled to temporarily suspend/close his account without giving any reason to the trading member, after giving notice in writing. Notwithstanding any such termination, all rights, liabilities and obligations of the parties arising

out of or in respect of transactions entered in to prior to the termination of this agreement shall continue to subsist and vest in /be binding on the respective parties.

9. **Deregistering:** In the event of default under this agreement by the client, the trading member shall be entitled to any or all of the following course of action:
- I. Immediate termination of this agreement and termination of the provisions of services in terms of this agreement.
  - II. Other remedies as may be available in terms of law in force, at that point of time.
  - III. Arbitration in terms of this agreement.

## NOTE ON PMLA

Dear Investor !!

Subject: Prevention of Money Laundering

Money laundering is a process of making dirty money clean. Money is moved around the financial system again and again in such manner that its origin gets hidden.

It involves complex chain of activities whereby huge amount of money generated from illegitimate activities viz. selling of narcotic drugs, extortion, corruption, illicit dealing in weapons, human trafficking, etc. is put through a series of process so that it comes out at the other end as clean and legal money. Terrorist organizations encourage money laundering to support their illegal acts.

It is important to note that due to increased vigilance in the wake of threats emanating from increasing terrorism, any failure on our part to discharge the duties cast on us under the applicable laws or we becoming an instrumental or a part of the chain, even if unknowingly or ignorantly, may invite the trouble.

In order to fight against the money laundering and terrorist financing the Prevention of Money Laundering Act (PMLA) was brought into force w.e.f. July 1, 2005 in India.

Guidelines were also issued in the context of the recommendations made by the Financial Action Task Force on anti-money laundering standards. Compliance with these standards has become imperative for international financial relations.

PMLA is applicable to every intermediary registered with Securities & Exchange Board of India (SEBI), which includes a stockbroker, depository participant, portfolio manager, sub-broker and any other intermediary associated with securities market.

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

In light of the above, you are requested to provide the information or documents evidencing source of funds, income tax returns, bank records, demat holding, etc. at the time of registration as a client with us or subsequently whenever asked for during the course of your dealings with us.



### **AUTHORISATION FOR DEBITING VARIOUS DEPOSITORY CHARGES**

- a) I hereby give my consent/authority to debit/recover all types of depository charges viz annual maintenance charges, inter settlement charges, any type of transaction charges as is levied on me for the transactions carried out in my demat account including any statutory levies, or any other tax/charges/ fees in/from my trading ledger having the captioned client code as maintained with AFPL. I understand and agree that such depository charges will be debited in my trading ledger maintained with AFPL irrespective of the ledger balance on periodically and/or as per the details provided by AFPL.
- b) I instruct AFPL to provide the requisite information periodically and/or on occasion basis of such charges levied on me.
- c) I understand and consent that AFPL shall have the right to recover the depository charges like any other trade dues payable by me from my trading ledger. I hereby further authorize AFPL to set off a part or whole of the collateral/ledger balances/ securities in my demat account i.e. by way of appropriation of the relevant amount of cash or by way of sell or transfer or liquidation/close out positions of all or some of the securities placed as collateral or lying in my demat account as stated above for the purpose of clearing any outstanding amount related to the aforesaid demat account maintained with AFPL. Any and all losses and financial charges on account of such liquidation/ close-out shall be borne by me.

### **AUTHORISATION FOR ADJUSTMENT OF AMOUNTS/ BALANCES AND RETAINING OF FUNDS**

I/We hereby authorise Airan Finstocks Private Limited (hereinafter referred as AFPL) for adjusting Debits/Credits with regards to my/our broking account,

for transactions in the Capital market, Derivatives market (F&O) and Commodity Segment of NSE, BSE, MCX and MSEI where AFPL holds membership.

## RIGHTS & OBLIGATIONS / TERMS & CONDITIONS TO AVAIL MARGIN TRADING FACILITY (MTF)

AFPL Airan Finstocks Pvt. Ltd (AFPL), member of National Stock Exchange of India Limited (NSE), BSE Limited (BSE) and Metropolitan Stock Exchange of India Limited (MSEI) is eligible to provide Margin Trading Facility (MTF) in NSE and BSE Multi Commodity Exchange of India Ltd. ("MCX") to its clients in accordance with prescribed guidelines, rules and circulars issued by SEBI/ Stock Exchanges from time to time. The Rights & Obligations / Terms & Conditions for MTF prescribed hereunder form part of account opening form, shall be read in conjunction with the rights and obligations as prescribed under SEBI circular no. CIRI MIRSD/16/2011 dated August 22, 2011, SEBI Circular No. CIR/ MRD/DP/54/2017 Dated June 13, 2017 and the Rules, Regulations, Bye laws, Rights and Obligations, Guidelines, circulars issued by respective Stock Exchanges from time to time.

### **A. The Client undertakes, authorizes, confirms and agrees to/that:**

1. Avail MTF in accordance with the terms and conditions of MTF offered by AFPL.
2. AFPL at all times shall have the liberty to exercise its right in its sole discretion to determine the extent to which the MTF to be made available to the Client.
3. The Initial Margin payable shall be in the form of cash, cash equivalent, or Group /Equity securities with appropriate haircut.
4. If the transaction is entered under MTF, there will not be any further confirmation that it is margin trading transaction other than contract note or statement sent on T+1 day in case client confirms MTF trade after issuance of contract note.
5. AFPL shall have discretion to allocate available securities/funds as collateral against MTF.
6. AFPL shall not be bound to grant MTF to the Client (which decision shall be at the sole and exclusive discretion of AFPL) and AFPL shall not be required to provide any reasons thereof nor shall AFPL be liable for any damages (whether direct or consequential or whether financial or non-financial) to the Client by reason of AFPL's refusal to grant MTF to the Client.
7. Client includes Individual, Company, Partnership Firm, Trust, Hindu Undivided Family, Association of Persons and Body of Individuals etc.
8. The terms / conditions / Obligations of the Client as amended from time to time shall be irrevocable and shall not be revoked by the death/dissolution/ winding up of the Client.
9. AFPL to retain and / or pledge the securities and its corporate benefits, if any, with AFPL utilized for availing MTF till the amount due in respect of the said transaction including the dues to AFPL is paid in full by the Client.
10. AFPL to hold and / or to appropriate the credit lying in the Client account and/or any unutilized/ unpledged shares/ securities lying in demat account along with all other demat accounts / Mutual Funds / IPO account of the Client towards the repayment of the outstanding dues thereof under MTF.
11. Treat the securities available in demat account/s linked to the trading account of the Client as margin towards the MTF availed.

12. AFPL may release/ unpledge / transfer the securities utilized for MTF within 5 working days from the date of clearing the dues to AFPL.

### **Rights of the Client**

1. Free to take the delivery of the securities at any time from its MTF account to normal trading account by repaying the amount that was paid by AFPL to the Exchange towards securities after paying all dues.
2. May change the securities collateral offered for MTF at any time so long as the securities so offered are approved for MTF by AFPL.

### **Obligations of the Client**

1. Transaction/s to be considered for exposure to MTF shall be informed to AFPL in writing or in any other irrefutable mode of communication not later than T+1 day, else the same shall be considered under normal trading facility.
2. By agreeing to avail MTF with AFPL, client is deemed to have authorized AFPL to retain and/or pledge the securities provided as collateral or purchased under the MTF till the amount due in respect of the said transaction including the dues to AFPL is paid in full by the client.

### **B. AFPL undertakes, authorizes, confirms and agrees to/that:**

1. AFPL shall monitor and review on a continuous basis the client's positions with regard to MTF.
2. Additional exposure over debit balance (arising out of trade executed under normal trading facility), beyond fifth trading day reckoned from pay-in date, may be granted under MTF to the extent the Client is eligible and subject to availability of required margin. In such event, AFPL in its discretion may identify the eligible/excess securities available with the client and mark as collateral towards MTF. All credit arising out of sale transaction under MTF shall be first adjusted towards the debit under normal trading facility, if any and subject to adequate margin being maintained for the outstanding MTF debit.

### **Rights of AFPL**

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

### **Obligations of AFPL**

1. AFPL shall not use the funds and securities of one client to provide MTF to another client, even on the authority of the client.

2. The Securities deposited as collateral for availing MTF (Collaterals) and the Securities purchased under the MTF (Funded Securities) shall be identifiable separately and no comingling shall be permitted for the purpose of computing funding amount.
3. The daily margin statements sent by AFPL to the client shall identify the margin/collateral for Margin Trading separately.
4. In case the client determines to convert a normal trade into MTF after the issuance of contract note, AFPL shall issue appropriate records to communicate to the Client, the change in status of transaction from Normal to Margin trading and should include information like the original contract number and the margin statement and the changed data.
5. AFPL when makes a 'margin call' to the client, shall clearly indicate the additional/deficient margin to be made good.
6. Whenever securities are liquidated by AFPL, the contract note issued for such margin call related transactions shall carry an asterisk or identifier that the transaction has arisen out of margin call.
7. AFPL shall close/terminate the account of the client forthwith upon receipt of request from the client subject to the condition that the client has paid the dues under MTF.
8. The Client may opt to terminate the MTF in the event of AFPL committing any breach of any terms or conditions herein or for any other reason.

#### **Mode of Communication**

1. Accept all types communications including consent to the Terms and Conditions, order / trade confirmation, revision in margin, margin calls / decision to liquidate the position / security / collateral, Margin statements, margin policies on haircuts / VAR margin, Risk management policies, Rights & obligations, allowable exposure, specific Security exposure etc. herein through email/ SMS from his email id / mobile number registered with AFPL or by online mode by logging-in on the website of AFPL in a secured manner or by physical mode, based on client's preference.
2. Any communication done with any of the aforesaid means shall be deemed to have been received by the client.

#### **Eligible Securities & Margin Required for MTF:**

1. Securities specified under "MTF Approved Category List" by AFPL from time to time which must be a part of 'Group I security' as per Exchanges /SEBI shall be eligible for MTF. AFPL reserves the right to include or exclude any Securities from its "MTF Approved Category List" as per the discretion of Risk Management Committee without any prior intimation.
2. AFPL reserves the right to transfer any of the trades done in the normal market in the "MTF Approved Category List" to MTF trades at its discretion.
3. The client shall deposit the following initial margin, in order to avail MTF:

<b>Category of Stock</b>	<b>Applicable Margin</b>
Group I stocks available for trading in the F & O Segment	VaR + 3 times of applicable ELM or AFPL MTF VaR (whichever is higher)
Group I stocks other than F&O stocks	VaR + 5 times of applicable ELM or AFPL MTF VaR (whichever is higher)

4. The Initial Margin payable by the client shall be in the form of cash, cash equivalent, or Group I Equity securities with appropriate haircut. Where the margin is made available by way of securities, AFPL is empowered to decline its acceptance of any securities as margin and/or to accept it at such reduced value as AFPL may deem fit by applying haircuts or by valuing it by marking it to market or by any other method as AFPL may deem fit in its absolute discretion.
5. Applicable Margin on the securities purchased i.e. "Funded Securities" under MTF shall be computed by grossing applicable margin i.e. minimum initial margin plus maintenance margin, if any, on each security and accordingly shortage shall be computed by deducting available margin from gross margin. Collateral shares at AFPL Collateral VaR and Funded Shares at AFPL MTF VaR shall be marked to market daily for the purpose of computing the margin/shortage of margin.
6. AFPL at its sole and absolute discretion may increase / revise the limit of initial margin and maintenance margin, minimum transaction amount from time to time, subject to SEBI / Exchange / AFPL requirements in this respect. The Client shall abide by such revision, and where there is an upward revision of such margin amount, the client agrees to make up the revised margin immediately, not later than 3 working days from the day of margin call, failing which AFPL may exercise its discretion / right to liquidate the Collaterals and / or Funded Securities immediately.
7. The Client shall maintain the Maintenance Margin (70% of the Initial Margin) with AFPL at all the times.

### **Margin Call**

1. If the Client is intimated about the Margin shortage through any of the mutually agreed mode of communication, then the client shall make good such deficiency in the amount of margin placed with AFPL. Margin call will be made if Margin available falls below 70 % of the margin required.

### **Liquidation / Squaring-off of MTF Collaterals / Funded Securities by AFPL**

MTF Collaterals / Funded Securities of client may be liquidated / squared off immediately in case of any of the following situations/conditions, without any further notice / intimation and all the losses and financial charges on account of such liquidation shall be charged and borne by the client:

1. If the value of the Collaterals / Margin deposited by client with AFPL to purchase Securities under MTF (Funded Securities), falls below the 60 % of the margin required;
2. If the shortage of the Maintenance margin (70 % of Margin required) continued for 3 trading days;
3. If the client fails to meet the margin call and margin shortage continued for 5 trading days from the day of margin call.
4. If any instrument for payment of Margin Money / Monies is / are dishonored;
5. If the Client violates/breaches any provision of this Arrangement or provides any incorrect or misleading information;

6. If the Client has voluntarily or compulsorily become the subject of any proceedings under any bankruptcy or insolvency law or winding up or liquidation proceedings or has a receiver or liquidator appointed in respect of itself or its assets or makes an application or refers itself to any authority for being declared as a "sick company", relief undertaking, bankrupt or insolvent or seeking financial reconstruction or any other like scheme (by whatever name called) or is dissolved or there is a change in the constitution whether on account of the admission of a new partner or the retirement, death or insolvency of any partner or otherwise;
7. The death, lunacy or other disability of the Client;
8. If there is reasonable apprehension that the Client is unable to pay its outstanding dues or has admitted its inability to pay its dues, as they become payable;
9. If the Client is convicted under any criminal law in force;
10. If any Asset or any Security is seized or made subject to any distress, execution, attachment, injunction or other process order or proceeding or is detained or taken into custody for any reason;
11. Default under any other arrangement or facility with any Stock Broker is made by the Client;
12. There exists any other circumstance, which in the sole opinion of AFPL, is prejudicial to the interests of AFPL;
13. Order passed by any regulatory, courts, statutory bodies etc.

### **Charges**

1. Brokerage, Statutory Charges and Other Charges will be charged as mutually agreed between the client & AFPL within the prescribed limits as specified by SEBI Exchanges.
2. All outstanding dues under MTF shall carry Interest upto 0.07% per day unless mutually agreed otherwise.
3. The dues, wherever mentioned herein, includes but not limited to outstanding balances, interest, statutory taxes, duties, charges, penalties etc. in respect of MTF availed by the Client.

### **Settlement of MTF Account**

1. Margin Trading Accounts where there was no transaction for 90 days shall be settled immediately provided there are no dues outstanding in the MTF account. Debit balance, if any, in the normal trading account shall be first adjusted against the MTF account and the remaining amount shall be paid to the Client.
2. Client's balances in any other segment / exchange can be adjusted / recovered against dues in MTF account.

### **Dispute Resolution**

1. Client shall lodge protest or disagreement with any transaction done under MTF within 24 hours from the date of receipt of such document / statements / contract notes/ any other communications.



2. Any disputes arising between the client and AFPL in connection with the MTF shall be resolved through the investor grievance redressal mechanism and/or arbitration mechanism of the stock exchanges as in the case of normal trades.

### **Termination of Relationship**

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

## FEMA DECLARATION

(To be submitted by NRI applicant)

To

**AIRAN FINSTOCKS PRIVATE LIMITED**

**REGISTERED OFFICE:** 1214-1216, 12<sup>th</sup> floor, DSCCSL (53E), Road 5E, Block 53, Nr. Grand Mercure Hotel, ZONE 5, DTA, Gift City, Gandhinagar, Gujarat-382355

**CORPORATE OFFICE:** 407, The Grand Mall, Opp. SBI Zonal Office, Ambawadi, Ahmedabad, GUJARAT-380015

I/We hereby declare that all transactions, as may be entrusted by us to Airan Finstocks Private Limited from time to time will be in strict conformity with the prevailing provisions of Foreign Exchange Management Act, 1999 (FEMA) and regulations/directions issued by Reserve Bank of India at the time the transactions are put through.

I/we declare that all the securities held by me / us and to be purchased were / will be, subject to necessary approvals and compliances under FEMA and any other applicable law.

I/we undertake to indemnify Airan Finstocks Private Limited against any actual loss incurred by Airan Finstocks Private Limited.

Limited due to non compliance by me / us with FEMA or any other regulations in place.

I/we also hereby agree and undertake to give such information/documents as will satisfy you about transaction(s) in terms of the above declaration as may be require from time to time.

I/we also understand that if I/We refuse to comply with any such requirement or make only unsatisfactory compliance therewith, Airan Finstocks Private Limited may refuse to undertake the transaction and shall if it has reason to believe that any contravention/evasion is contemplated by me/us report the matter to relevant authority/Reserve Bank of India.

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## ACKNOWLEDGEMENT RECEIPT

**Name of Applicant:** \_\_\_\_\_

**Client Signature:** \_\_\_\_\_

**Most Important Terms and Conditions (MITC)**  
**(For non-custodial settled accounts)**

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 similar nature are prohibited by law. You will not have any protection/recourse from SEBI/stock exchanges for participation in such schemes.

## **Investor Charter for Depositories and Depository Participants**

### **1. Vision**

Towards making Indian Securities Market - Transparent, Efficient, & Investor friendly by providing safe, reliable, transparent and trusted record keeping platform for investors to hold and transfer securities in dematerialized form.

### **2. Mission**

- To hold securities of investors in dematerialised form and facilitate its transfer, while ensuring safekeeping of securities and protecting interest of investors.
- To provide timely and accurate information to investors with regard to their holding and transfer of securities held by them.
- To provide the highest standards of investor education, investor awareness and timely services so as to enhance Investor Protection and create awareness about Investor Rights.

### **3. Details of business transacted by the Depository and Depository Participant (DP)**

A Depository is an organization which holds securities of investors in electronic form. Depositories provide services to various market participants - Exchanges, Clearing Corporations, Depository Participants (DPs), Issuers and Investors in both primary as well as secondary markets. The depository carries out its activities through its agents which are known as Depository Participants (DP). Details available on the link *[link to be provided by Depositories]*

### **4. Description of services provided by the Depository through Depository Participants (DP) to Investors**

#### **(1) Basic Services**

<b>Sr. No.</b>	<b>Brief about the Activity / Service</b>	<b>Expected Timelines for processing by the DP after receipt of proper documents</b>
1	Dematerialization of securities	7 days
2.	Rematerialization of securities	7 days
3.	Mutual Fund Conversion / Destatementization	5 days
4.	Re-conversion / Restatementisation of mutual fund units	7 days
5.	Transmission of securities	7 days

Sr. No.	Brief about the Activity / Service	Expected Timelines for processing by the DP after receipt of proper documents
6.	registering pledge request	15 days
7.	Closure of demat account	30 days
8.	Settlement Instruction	<p>For T+1 day settlements, Participants shall accept instructions from the Clients, in physical form up to 4 p.m. (in case of electronic instructions up to 6.00 p.m.) on T day for pay-in of securities.</p> <p>For T+0 day settlements, Participants shall accept EPI instructions from the clients, till 11:00 AM on T day.</p> <p>Note: 'T' refers 'Trade Day'</p>

- (2) **Depositories provide special services like pledge, hypothecation, internet based services etc. in addition to their core services and these include**

Sr. No.	Type of Activity /Service	Brief about the Activity / Service
1.	Value Added Services	<p>Depositories also provide value added services such as</p> <ul style="list-style-type: none"> <li>a. Basic Services Demat Account (BSDA) <i>[link to be provided by Depositories]<sup>1</sup></i></li> <li>b. Transposition cum dematerialization <i>[link to be provided by Depositories]<sup>2</sup></i></li> <li>c. Linkages with Clearing System <i>[link to be provided by Depositories]<sup>3</sup></i></li> <li>d. Distribution of cash and non-cash corporate benefits (Bonus, Rights, IPOs etc.), stock lending, demat of NSC / KVP, demat of warehouse receipts etc.</li> </ul>
2.	Consolidated Account statement (CAS)	CAS is issued 10 days from the end of the month (if there were transactions in the previous month) or half yearly (if no transactions) .
3.	Digitalization of services	Depositories offer below technology solutions and

	provided by the depositories	<p>e-facilities to their demat account holders through DPs:</p> <ol style="list-style-type: none"> <li><b><u>E-account opening:</u></b> Details available on the link <i>[link to be provided by Depositories]</i><sup>4</sup></li> <li>Online instructions for execution: Details available on the link <i>[link to be provided by Depositories]</i><sup>5</sup></li> <li><b><u>e-DIS / Demat Gateway :</u></b> Details available on the link <i>[link to be provided by Depositories]</i><sup>6</sup></li> <li>e-CAS facility: Details available on the link <i>[link to be provided by Depositories]</i><sup>7</sup></li> <li>Miscellaneous services: Details available on the link <i>[link to be provided by Depositories]</i><sup>8</sup></li> </ol>
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## 5. Details of Grievance Redressal Mechanism

The Process of investor grievance redressal

1.	Investor Complaint / Grievances	<p>investor can lodge complaint / grievance against the Depository/DP in the following ways :</p> <ol style="list-style-type: none"> <li>Electronic mode –           <ol style="list-style-type: none"> <li>SCORES 2.0 (a web based centralized grievance redressal system of SEBI) <i>[link to be provided by Depositories]</i></li> <li><u>Two Level Review for complaint/grievance against DP:</u> <ul style="list-style-type: none"> <li>First review done by designated Body</li> <li>Second review done by SEBI</li> </ul> </li> <li>Respective Depository's web portal dedicated for the filling of complaint (link to be provided by Depositories)</li> <li>Email to designated email IDs of Depository <i>[link to be provided by Depositors]</i></li> </ol> </li> <li>Offline mode <i>[details of link to the form to be provided by Depositories]</i></li> </ol> <p>The complaints/ grievances lodged directly with the Depository shall be resolved within 21 days.</p>
2	Online Dispute Resolution (ODR) platform for online Conciliation and Arbitration	<p>If the Investor is not satisfied with the resolution provided by DP or other Market Participants, then the Investor has the option to file the complaint/ grievance on SMARTODR platform for its resolution through by online conciliation or arbitration. <i>[SMARTODR link to be provided by Depositories]</i></p>



3	Steps to be followed in ODR for Review, Conciliation and Arbitration	<ul style="list-style-type: none"> <li>➤ Investor to approach Market Participant for redressal of complain</li> <li>➤ If investor is not satisfied with response of Market Participant, he/she can escalate the complaint on SEBI SCORES portal.</li> <li>➤ Alternatively, the investor may also file a complaint on SMARTODR portal for its resolution through online conciliation and arbitration.</li> <li>➤ Upon receipt of complaint on SMARTODR portal, the relevant MII will review the matter and endeavour to resolve the matter between the Market Participant and investor within 21 days.</li> <li>➤ If the matter could not be amicably resolved, then the Investor may request the MII to refer the matter case for conciliation.</li> <li>➤ 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.</li> <li>➤ If the conciliation is unsuccessful, then the investor may request to refer the matter for arbitration.</li> <li>➤ The arbitration process to be concluded by arbitrator(s) within 30 days, which is extendable by 30 days.</li> </ul>
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**6. Guidance pertaining to special circumstances related to market activities:**  
**Termination of the Depository Participant**

Sr. No.	Type of special circumstances	Timelines for the Activity/ Service
1.	<ul style="list-style-type: none"> <li>• Depositories to terminate the participation in case a participant no longer meets the eligibility criteria and/or any other grounds as mentioned in the bye laws like suspension of trading member by the Stock Exchanges.</li> <li>• Participant surrenders participation by its own wish.</li> </ul>	Client will have a right to transfer all its securities to any other Participant of its choice without any charges for the transfer within 30 days from the date of intimation by way of letter/email.

## 7. Dos and Don'ts for Investors *[Link to be provided by the Depositories]*

Sr. No.	Guidance
i.	Always deal with a SEBI registered Depository Participant for opening a demat account.
ii.	Read all the documents carefully before signing them.
iii.	Before granting Power of attorney to operate your demat account to an intermediary like Stock Broker, Portfolio Management Services (PMS) etc., carefully examine the scope and implications of powers being granted.
iv.	Always make payments to registered intermediary using banking channels. No payment should be made in name of employee of intermediary.
v.	<p>Accept the Delivery Instruction Slip (DIS) book from your DP only (pre-printed with a serial number along with your Client ID) and keep it in safe custody and do not sign or issue blank or partially filled DIS slips.</p> <p>Always mention the details like ISIN, number of securities accurately. In case of any queries, please contact your DP or broker and it should be signed by all demat account holders.</p> <p>Strike out any blank space on the slip and Cancellations or corrections on the DIS should be initialed or signed by all the account holder(s).</p> <p>Do not leave your instruction slip book with anyone else.</p> <p>Do not sign blank DIS as it is equivalent to a bearer cheque.</p>
vi.	Inform any change in your Personal Information (for example address or Bank Account details, email ID, Mobile number) linked to your demat account in the prescribed format and obtain confirmation of updation in system.
vii.	Mention your Mobile Number and email ID in account opening form to receive SMS alerts and regular updates directly from depository.
viii.	Always ensure that the mobile number and email ID linked to your demat account are the same as provided at the time of account opening/updation.
ix.	Do not share password of your online trading and demat account with anyone.
X.	Do not share One Time Password (OTP) received from banks, brokers, etc. These are meant to be used by you only.
xi.	Do not share login credentials of a-facilities provided by the depositories such as e-DIS/demat gateway. SPEED-a/easiest etc. with anyone else.

Sr. No.	Guidance
xii.	Demat is mandatory for any transfer of securities of Listed public limited companies.
xiii.	If you have any grievance in respect of your demat account, please write to designated email IDs of depositories or you may lodge the same with SEBI online at <a href="https://scores.sebi.gov.in">https://scores.sebi.gov.in</a>
xiv.	Keep a record of documents signed, DIS issued and account statements received.
xv.	As Investors you are required to verify the transaction statement carefully for all debits and credits in your account. In case of any unauthorized debit or credit, inform the DP or your respective Depository.
xvi.	Appoint a nominee to facilitate your heirs in obtaining the securities in your demat account, on completion of the necessary procedures.
xvii.	Register for Depository's internet based facility or download mobile app of the depository to monitor your holdings.
xviii.	Ensure that, both, your holding and transaction statements are received periodically as instructed to your DP. You are entitled to receive a transaction statement every month if you have any transactions.
xix.	Do not follow herd mentality for investments. Seek expert and professional advice for your investments
xx.	Beware of assured/fixed returns.

#### **8. Rights of investors** *[link to be provided by the Depositories]*

- i. Receive a copy of KYC, copy of account opening documents.
- ii. No minimum balance is required to be maintained in a demat account.
- iii. No charges are payable for opening of demat accounts.
- iv. If executed, receive a copy of Power of Attorney. However, Power of Attorney is not a mandatory requirement as per SEBI/ Stock Exchanges. You have the right to revoke any authorization given at any time.
- v. You can open more than one demat account in the same name with single DP/ multiple DPs.
- vi. Receive statement of accounts periodically. In case of any discrepancies in statements, take up the same with the DP immediately. If the DP does not respond, take up the matter with the Depositories.
- vii. Pledge and /or any other interest or encumbrance can be created on demat holdings.
- viii. Right to give standing instructions with regard to the crediting of securities in demat account.
- ix. Investor can exercise its right to freeze/defreeze his/her demat account or specific securities / specific quantity of securities in the account, maintained with the DP.
- x. In case of any grievances, Investor has right to approach Participant or Depository or SEBI for getting the same resolved within prescribed timelines.

- xi. Every eligible investor shareholder has a right to cast its vote on various resolutions proposed by the companies for which Depositories have developed an internet based 'e-Voting' platform.
- xii. Receive information about charges and fees. Any charges/tariff agreed upon shall not increase unless a notice in writing of not less than thirty days is given to the Investor.
- xiii. Right to indemnification for any loss caused due to the negligence of the Depository or the participant.
- xiv. Right to opt out of the Depository system in respect of any security.

## **9. Responsibilities of Investors** *[link to be provided by the Depositories]*

- i. Deal with a SEBI registered DP for opening demat account, KYC and Depository activities.
- ii. Provide complete documents for account opening and KYC (Know Your Client). Fill all the required details in Account Opening Form / KYC form in own handwriting and cancel out the blanks.
- iii. Read all documents and conditions being agreed before signing the account opening form.
- iv. Accept the Delivery Instruction Slip (DIS) book from DP only (preprinted with a serial number along with client ID) and keep it in safe custody and do not sign or issue blank or partially filled DIS.
- v. Always mention the details like ISIN, number of securities accurately.
- vi. Inform any change in information linked to demat account and obtain confirmation of updation in the system.
- vii. Regularly verify balances and demat statement and reconcile with trades / transactions.
- viii. Appoint nominee(s) to facilitate heirs in obtaining the securities in their demat account.
- ix. Do not fall prey to fraudsters sending emails and SMSs luring to trade in stocks / securities promising huge profits.

## **10. Code of Conduct for Depositories** *[link to be provided by the Depositories]*

### **(Part D of Third Schedule of SEBI (D & P) regulations, 2018)**

A Depository shall:

- (a) always abide by the provisions of the Act, Depositories Act, 1996, any Rules or Regulations framed thereunder, circulars, guidelines and any other directions issued by the Board from time to time.
- (b) adopt appropriate due diligence measures.
- (c) take effective measures to ensure implementation of proper risk management framework and good governance practices.

- (d) take appropriate measures towards investor protection and education of investors.
- (e) treat all its applicants/members in a fair and transparent manner.
- (f) promptly inform the Board of violations of the provisions of the Act, the Depositories Act, 1996, rules, regulations, circulars, guidelines or any other directions by any of its issuer or issuer's agent.
- (g) take a proactive and responsible attitude towards safeguarding the interests of investors, integrity of depository's systems and the securities market.
- (h) endeavor for introduction of best business practices amongst itself and its members.
- (i) act in utmost good faith and shall avoid conflict of interest in the conduct of its functions.
- (j) not indulge in unfair competition, which is likely to harm the interests of any other Depository, their participants or investors or is likely to place them in a disadvantageous position while competing for or executing any assignment.
- (k) segregate roles and responsibilities of key management personnel within the depository including
  - a. Clearly mapping legal and regulatory duties to the concerned position
  - b. Defining delegation of powers to each position
  - c. Assigning regulatory, risk management and compliance aspects to business and support teams
- (l) be responsible for the acts or omissions of its employees in respect of the conduct of its business.
- (m) monitor the compliance of the rules and regulations by the participants and shall further ensure that their conduct is in a manner that will safeguard the interest of investors and the securities market.

**11. Coda of Conduct for Participants [link to be provided by the Depositories]**  
**(Part A of Third Schedule of SEBI (D & P) regulations, 2018)**

- 1. A participant shall make all efforts to protect the interests of investors.
- 2. A participant shall always endeavour to-
  - (a) render the best possible advice to the clients having regard to the client's needs and the environments and his own professional skills;
  - (b) ensure that all professional dealings are effected in a prompt, effective and efficient manner;
  - (c) inquiries from investors are adequately dealt with;
  - (d) grievances of investors are redressed without any delay.
- 3. A participant shall maintain high standards of integrity in all its dealings with its clients and other intermediaries, in the conduct of its business.
- 4. A participant shall be prompt and diligent in opening of a beneficial owner account, dispatch of the dematerialisation request form, rematerialisation request form and

execution of debit instruction slip and in all the other activities undertaken by him on behalf of the beneficial owners.

5. A participant shall endeavour to resolve all the complaints against it or in respect of the activities carried out by it as quickly as possible, and not later than one month of receipt.
6. A participant shall not increase charges/fees for the services rendered without proper advance notice to the beneficial owners.
7. A participant shall not indulge in any unfair competition, which is likely to harm the interests of other participants or investors or is likely to place such other participants in a disadvantageous position while competing for or executing any assignment.
8. A participant shall not make any exaggerated statement whether oral or written to the clients either about its qualifications or capability to render certain services or about its achievements in regard to services rendered to other clients.
9. A participant shall not divulge to other clients, press or any other person any information about its clients which has come to its knowledge except with the approval/authorisation of the clients or when it is required to disclose the information under the requirements of any Act, Rules or Regulations.
10. A participant shall co-operate with the Board as and when required.
11. A participant shall maintain the required level of knowledge and competency and abide by the provisions of the Act, Rules, Regulations and circulars and directions issued by the Board. The participant shall also comply with the award of the Ombudsman passed under the Securities and Exchange Board of India (Ombudsman) Regulations, 2003.
12. A participant shall not make any untrue statement or suppress any material fact in any documents, reports, papers or information furnished to the Board.
13. A participant shall not neglect or fail or refuse to submit to the Board or other agencies with which it is registered, such books, documents, correspondence, and papers or any part thereof as may be demanded/requested from time to time.
14. A participant shall ensure that the Board is promptly informed about any action, legal proceedings, etc., initiated against it in respect of material breach or non-compliance by it, of any law, Rules, regulations, directions of the Board or of any other regulatory body.
15. A participant shall maintain proper inward system for all types of mail received in all forms.
16. A participant shall follow the maker-Checker concept in all of its activities to ensure the accuracy of the data and as a mechanism to check unauthorised transaction.
17. A participant shall take adequate and necessary steps to ensure that continuity in data and record keeping is maintained and that the data or records are not lost or destroyed. It shall also ensure that for electronic records and data, up-to-date back up is always available with it.
18. A participant shall provide adequate freedom and powers to its compliance officer for



the effective discharge of his duties.

19. A participant shall ensure that it has satisfactory internal control procedures in place as well as adequate financial and operational capabilities which can be reasonably expected to take care of any losses arising due to theft, fraud and other dishonest acts, professional misconduct or omissions.
20. A participant shall be responsible for the acts or omissions of its employees and agents in respect of the conduct of its business.
21. A participant shall ensure that the senior management, particularly decision makers have access to all relevant information about the business on a timely basis.
22. A participant shall ensure that good corporate policies and corporate governance are in place.

## Investor Charter – Stock Brokers

### 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.

### 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.

### **Services provided to Investors**

- Execution of trades on behalf of investors.
- Issuance of Contract Notes.
- Issuance of intimations regarding margin due payments.
- Facilitate execution of early pay-in obligation instructions.
- Settlement of clients funds.
- Intimation of securities held in Client Unpaid Securities Account (CUSA) Account.
- Issuance of retention statement of funds.
- Risk management systems to mitigate operational and market risk.
- Facilitate client profile changes in the system as instructed by the client
- Information sharing with the client w.r.t. exchange circulars.
- Redressal of Investor's grievances.

### **Rights of Investors**

- **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.
- **Receive** complete information about the risks, obligations, and costs of any investment before investing.
- **Receive** recommendations consistent with your financial needs and investment objectives.
- **Receive** a copy of all completed account forms and agreements.
- **Receive** account statements that are accurate and understandable. Understand the terms and conditions of transactions you undertake.
- **Access** your funds in a timely manner and receive information about any restrictions or limitations on access.

- **Receive** complete information about maintenance or service charges, transaction or redemption fees, and penalties.
- **Discuss** your grievances with compliance officer of the firm and receive prompt attention to and fair consideration of your concerns.

#### Various activities of Stock Brokers with timelines

S.No.	Activities	Expected Timelines
1.	KYC entered into KRA System and CKYCR	10 days of account opening
2.	Client Onboarding	Immediate, but not later than one week
3.	Order execution	Immediate on receipt of order, but not later than the same day
4.	Allocation of Unique Client Code	Before trading
5.	Copy of duly completed Client Registration Documents to clients	7 days from the date of upload of Unique Client Code to the Exchange by the trading member
6.	Issuance of contract notes	24 hours of execution of trades
7.	Collection of upfront margin from client	Before initiation of trade
8.	Issuance of intimations regarding other margin due payments	At the end of the T day
9.	Settlement of client funds	30 days /90 days for running account settlement (RAS) as per the preference of client. If consent not given for RAS -within 24 hours of pay-out
10.	'Statement of Accounts' for Funds, Securities and Commodities	Weekly basis (Within four trading days of following week)
11.	Issuance of retention statement of funds/commodities	5 days from the date of settlement
12.	Issuance of Annual Global Statement	30 days from the end of the financial year
13.	Investor grievances redressal	30 days from the receipt of the complaint

#### DOs and DON'Ts for Investors

DOs	DON'Ts
1. Read all documents and conditions being agreed before signing the account opening form.	1. Do not deal with unregistered stock broker.
2. Receive a copy of KYC, copy of account opening documents and Unique Client Code.	2. Do not forget to strike off blanks in your account opening and KYC.
3. Read the product / operational framework / timelines related to various Trading and Clearing & Settlement processes.	3. Do not submit an incomplete account opening and KYC form.
4. Receive all information about brokerage, fees and other charges levied.	4. Do not forget to inform any

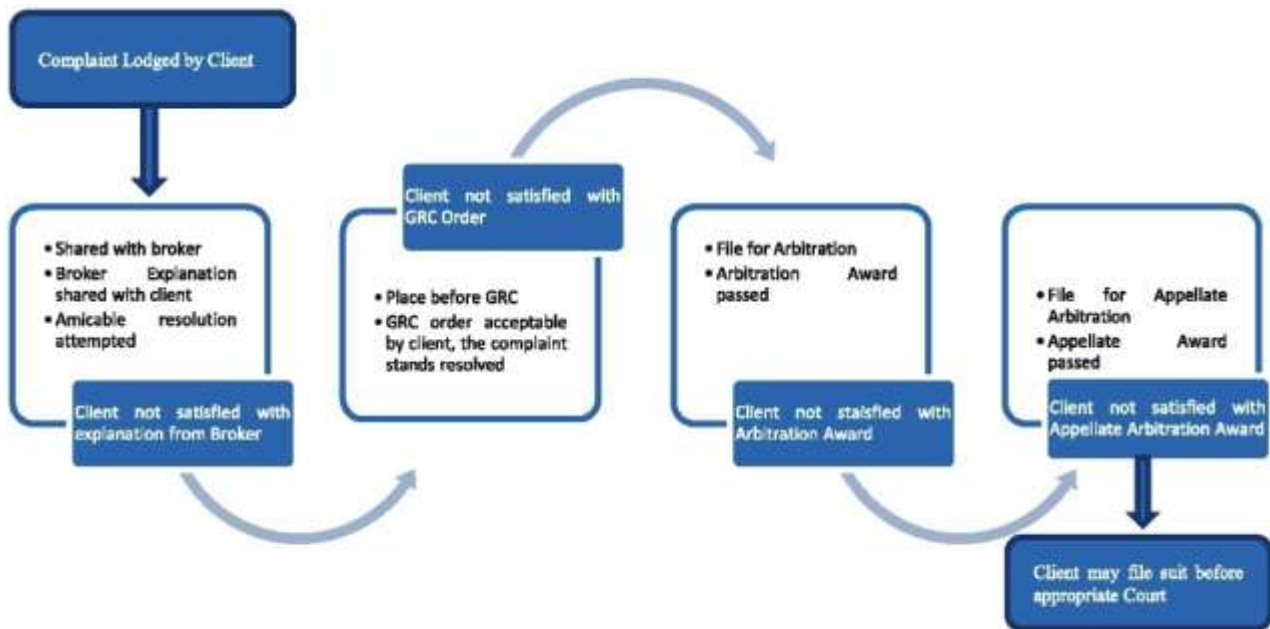
<p>5. Register your mobile number and email ID in your trading, demat and bank accounts to get regular alerts on your transactions.</p> <p>6. If executed, receive a copy of Power of Attorney. However, Power of Attorney is not a mandatory requirement as per SEBI / Stock Exchanges. Before granting Power of Attorney, carefully examine the scope and implications of powers being granted.</p> <p>7. Receive contract notes for trades executed, showing transaction price, brokerage, GST and STT etc. as applicable, separately, within 24 hours of execution of trades.</p> <p>8. Receive funds and securities / commodities on time within 24 hours from pay-out.</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 (30 or 90 days).</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>change in information linked to trading account and obtain confirmation of updation in the system.</p> <p>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.</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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## Grievance Redressal Mechanism

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

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

Complaints Resolution Process at Stock Exchange explained graphically:



### Timelines for complaint resolution process at Stock Exchanges against stock brokers

S.No.	Type of Activity	Timelines for activity
1.	Receipt of Complaint	Day of complaint (C Day).
2.	Additional information sought from the investor, if any, and provisionally forwarded to stock broker.	C + 7 Working days.
3.	Registration of the complaint and forwarding to the stock broker.	C+8 Working Days i.e. T day.
4.	Amicable Resolution.	T+15 Working Days.
5.	Refer to Grievance Redressal Committee (GRC), in case of no amicable resolution.	T+16 Working Days.
6.	Complete resolution process post GRC.	T + 30 Working Days.
7.	In case where the GRC Member requires additional information, GRC order shall be completed within.	T + 45 Working Days.
8.	Implementation of GRC Order.	On receipt of GRC Order, if the order is in favour of the investor, debit the funds of the stock broker. Order for debit is issued immediately or as per the directions given in GRC order.
9.	In case the stock broker is aggrieved by the GRC order, will provide intention to avail arbitration	Within 7 days from receipt of order

S.No.	Type of Activity	Timelines for activity
10.	If intention from stock broker is received and the GRC order amount is upto Rs.20 lakhs	Investor is eligible for interim relief from Investor Protection Fund (IPF). The interim relief will be 50% of the GRC order amount or Rs.2 lakhs whichever is less. The same shall be provided after obtaining an Undertaking from the investor.
11.	Stock Broker shall file for arbitration	Within 6 months from the date of GRC recommendation
12.	In case the stock broker does not file for arbitration within 6 months	The GRC order amount shall be released to the investor after adjusting the amount released as interim relief, if any.

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

#### **Default of TM/CM**

Following steps are carried out by Stock Exchange for benefit of investor, incase 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.

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

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