

## INSTRUCTIONS/CHECK LIST FOR FILLING KYC FORM

### A. IMPORTANT POINTS:

1. Self attested copy of PAN card is mandatory for all clients, including Promoters/Partners/Karta/Trustees and whole time directors and persons authorized to deal in securities on behalf of company/firm/others.
2. Copies of all the documents submitted by the applicant should be self-attested and accompanied by originals for verification. In case the original of any document is not produced for verification, then the copies should be properly attested by entities authorized for attesting the documents, as per the below mentioned list.
3. If any proof of identity or address is in a foreign language, then translation into English is required.
4. Name & address of the applicant mentioned on the KYC form, should match with the documentary proof submitted.
5. If correspondence & permanent address are different, then proofs for both have to be submitted.
6. Sole proprietor must make the application in his individual name & capacity.
7. For non-residents and foreign nationals, (allowed to trade subject to RBI and FEMA guidelines), copy of passport/PIO Card/OCI Card and overseas address proof is mandatory.
8. For foreign entities, CIN is optional; and in the absence of DIN no. for the directors, their passport copy should be given.
9. In case of Merchant Navy NRI's, Mariner's declaration or certified copy of CDC (Continuous Discharge Certificate) is to be submitted.
10. For opening an account with Depository participant or Mutual Fund, for a minor, photocopy of the School Leaving Certificate/Mark sheet issued by Higher Secondary Board/Passport of Minor/Birth Certificate must be provided.
11. Politically Exposed Persons (PEP) are defined as individuals who are or have been entrusted with prominent public functions in a foreign country, e.g., Heads of States or of Governments, senior politicians, senior Government/ judicial/ military officers, senior executives of state owned corporations, important political party officials, etc.

### B. Proof of Identity (POI): - *List of documents admissible as Proof of Identity:*

1. Unique Identification Number (UID) (Aadhaar)/ Passport/ Voter ID card/ Driving license.
2. PAN card with photograph.
3. Identity card/ document with applicant's Photo, issued by any of the following: Central/State Government and its Departments, Statutory/Regulatory Authorities, Public Sector Undertakings, Scheduled Commercial Banks, Public Financial Institutions, Colleges affiliated to Universities, Professional Bodies such as ICAI, ICWAI, ICSI, Bar Council etc., to their Members; and Credit cards/Debit cards issued by Banks.

### C. Proof of Address (POA): - *List of documents admissible as Proof of Address:*

*(\*Documents having an expiry date should be valid on the date of submission.)*

1. Passport/ Voters Identity Card/ Ration Card/ Registered Lease or Sale Agreement of Residence/ Driving License/ Flat Maintenance bill/ Insurance Copy.
2. Utility bills like Telephone Bill (only land line), Electricity bill or Gas bill - Not more than 3 months old.
3. Bank Account Statement/Passbook - Not more than 3 months old.
4. Self-declaration by High Court and Supreme Court judges, giving the new address in respect of their own accounts.
5. Proof of address issued by any of the following: Bank Managers of Scheduled Commercial Banks/Scheduled Co-Operative Bank/Multinational Foreign Banks/Gazetted Officer/Notary public/Elected representatives to the Legislative Assembly/Parliament/Documents issued by any Govt. or Statutory Authority.
6. Identity card/document with address, issued by any of the following: Central/State Government and its Departments, Statutory/Regulatory Authorities, Public Sector Undertakings, Scheduled Commercial Banks, Public Financial Institutions, Colleges affiliated to Universities and Professional Bodies such as ICAI, ICWAI, ICSI, Bar Council etc., to their Members.
7. For FII/sub account, Power of Attorney given by FII/sub-account to the Custodians (which are duly notarized and/or apostilled or consularised) that gives the registered address should be taken.
8. The proof of address in the name of the spouse may be accepted.

### D. Exemptions/clarifications to PAN

*(\*Sufficient documentary evidence in support of such claims to be collected.)*

1. In case of transactions undertaken on behalf of Central Government and/or State Government and by officials appointed by Courts e.g. Official liquidator, Court receiver etc.
2. Investors residing in the state of Sikkim.
3. UN entities/multilateral agencies exempt from paying taxes/filing tax returns in India.
4. SIP of Mutual Funds upto Rs 50,000/- p.a.
5. In case of institutional clients, namely, FIIs, MFs, VCFs, FVCIs, Scheduled Commercial Banks, Multilateral and

Bilateral Development Financial Institutions, State Industrial Development Corporations, Insurance Companies registered with IRDA and Public Financial Institution as defined under section 4A of the Companies Act, 1956, Custodians shall verify the PAN card details with the original PAN card and provide duly certified copies of such verified PAN details to the intermediary.

**E. List of people authorized to attest the documents:**

1. Notary Public, Gazetted Officer, Manager of a Scheduled Commercial/ Co-operative Bank or Multinational Foreign Banks (Name, Designation & Seal should be affixed on the copy).
2. In case of NRIs, authorized officials of overseas branches of Scheduled Commercial Banks registered in India, Notary Public, Court Magistrate, Judge, Indian Embassy /Consulate General in the country where the client resides are permitted to attest the documents.

**F. In case of Non-Individuals, additional documents to be obtained from non-individuals, over & above the POI & POA, as mentioned below:**

Types of entity	Documentary requirements
<b>Corporate</b>	<input type="checkbox"/> Copy of the balance sheets for the last 2 financial years (to be submitted every year). <input type="checkbox"/> Copy of latest share holding pattern including list of all those holding control, either directly or indirectly, in the company in terms of SEBI takeover Regulations, duly certified by the company secretary/Whole time director/MD (to be submitted every year). <input type="checkbox"/> Photograph, POI, POA, PAN and DIN numbers of whole time directors/two directors in charge of day to day operations. <input type="checkbox"/> Photograph, POI, POA, PAN of individual promoters holding control - either directly or indirectly. <input type="checkbox"/> Copies of the Memorandum and Articles of Association and certificate of incorporation. <input type="checkbox"/> Copy of the Board Resolution for investment in securities market. <input type="checkbox"/> Authorised signatories list with specimen signatures.
<b>Partnership Firm</b>	<input type="checkbox"/> Copy of the balance sheets for the last 2 financial years (to be submitted every year). <input type="checkbox"/> Certificate of registration (for registered partnership firms only). <input type="checkbox"/> Copy of partnership deed. <input type="checkbox"/> Authorised signatories list with specimen signatures. <input type="checkbox"/> Photograph, POI, POA, PAN of Partners.
<b>Trust</b>	<input type="checkbox"/> Copy of the balance sheets for the last 2 financial years (to be submitted every year). <input type="checkbox"/> Certificate of registration (for registered trust only). <input type="checkbox"/> Copy of Trust deed. <input type="checkbox"/> List of trustees certified by managing trustees/CA. <input type="checkbox"/> Photograph, POI, POA, PAN of Trustees.
<b>HUF</b>	<input type="checkbox"/> PAN of HUF. <input type="checkbox"/> Deed of declaration of HUF/ List of coparceners. <input type="checkbox"/> Bank pass-book/bank statement in the name of HUF. <input type="checkbox"/> Photograph, POI, POA, PAN of Karta.
<b>Unincorporated association or a body of individuals</b>	<input type="checkbox"/> Proof of Existence/Constitution document. <input type="checkbox"/> Resolution of the managing body & Power of Attorney granted to transact business on its behalf. <input type="checkbox"/> Authorized signatories list with specimen signatures.
<b>Banks/Institutional Investors</b>	<input type="checkbox"/> Copy of the constitution/registration or annual report/balance sheet for the last 2 financial years. <input type="checkbox"/> Authorized signatories list with specimen signatures.
<b>Foreign Institutional Investors (FII)</b>	<input type="checkbox"/> Copy of SEBI registration certificate. <input type="checkbox"/> Authorized signatories list with specimen signatures.
<b>Army/ Government Bodies</b>	<input type="checkbox"/> Self-certification on letterhead. <input type="checkbox"/> Authorized signatories list with specimen signatures.
<b>Registered Society</b>	<input type="checkbox"/> Copy of Registration Certificate under Societies Registration Act. <input type="checkbox"/> List of Managing Committee members. <input type="checkbox"/> Committee resolution for persons authorised to act as authorised signatories with specimen signatures. <input type="checkbox"/> True copy of Society Rules and Bye Laws certified by the Chairman/Secretary.

KNOW YOUR CLIENT (KYC) APPLICATION FORM - INDIVIDUAL/NON INDIVIDUAL										MANDATORY	
Please fill this form in <b>ENGLISH</b> and in <b>BLOCK LETTERS</b> .										Affix your photo & sign across the Photograph  <b>1</b> <b>19</b>	
IDENTITY DETAILS											
TYPE OF ACCOUNT & RESIDENTIAL STATUS (for Demat Account)											
<input type="checkbox"/> Ordinary Resident <input type="checkbox"/> NRI Repatriable <input type="checkbox"/> NRI Non Repatriable <input type="checkbox"/> Margin <input type="checkbox"/> Promoter <input type="checkbox"/> Others (specify) _____											
Name of the Applicant (Mr. / Mrs. / Ms.)		_____ (Name) (Middle Name) (Surname)									
Father / Spouse Name		_____									
Marital Status		Single / Married		Gender		Male / Female		Nationality			
Status for Individual		<input type="checkbox"/> Resident Individual <input type="checkbox"/> Non Resident <input type="checkbox"/> Foreign National									
Name of the HUF / Company / Firm		_____									
Status for Non - Individual		<input type="checkbox"/> Private Limited Co. <input type="checkbox"/> Public Ltd. Co. <input type="checkbox"/> Body Corporate <input type="checkbox"/> Bank <input type="checkbox"/> Trust <input type="checkbox"/> Government Body <input type="checkbox"/> Non-Government Organization <input type="checkbox"/> Defense Establishment <input type="checkbox"/> BOI <input type="checkbox"/> HUF <input type="checkbox"/> FI <input type="checkbox"/> FII <input type="checkbox"/> Charities <input type="checkbox"/> Society <input type="checkbox"/> NGO's <input type="checkbox"/> LLP <input type="checkbox"/> Partnership <input type="checkbox"/> OCB <input type="checkbox"/> AOP <input type="checkbox"/> Others (please specify) _____									
Date of Birth		/ /		PAN NUMBER							
Unique ID No./ Aadhaar, if any								IT Circle/ward/District No			
Specify the proof of Identity submitted											
ADDRESS DETAILS											
Correspondence Address: <input type="checkbox"/> Residence / <input type="checkbox"/> Office						<input type="checkbox"/> Permanent Address: (if different from Corr. Add. or Overseas Add. Mandatory for Non-Resident Applicant)					
_____						_____					
_____						_____					
City:		Pin:		_____		City:		Pin:		_____	
State:		Country:		Mobile:		State:		Country:		Mobile:	
Tel(Off):		Tel (Res):		Fax:		Tel(Off):		Tel (Res):		Fax:	
SMS Facility for Trading & Demat Account Yes No						E-mail ID:					
Specify the proof of Add. submitted for Corr. Add.				_____				Specify the proof of Add. submitted for Perm. Add.			
_____				_____				_____			
OTHER DETAILS											
Gross Annual Income Details (Please specify)				Income Range Per Annum    < 1 Lac    < 5 Lacs    < 10 Lacs    < 25 Lacs    > Rs. 25 Lacs							
Networth as on Date		_____		Rs. _____ (Net worth should not be older than 1 year)							
Occupation: (Please tick any one & give brief details)		<input type="checkbox"/> Private Sector <input type="checkbox"/> Public Sector <input type="checkbox"/> Government Service <input type="checkbox"/> Business <input type="checkbox"/> Student <input type="checkbox"/> Professional <input type="checkbox"/> Agriculturist <input type="checkbox"/> Retired <input type="checkbox"/> Housewife <input type="checkbox"/> Others _____									
Please tick, if applicable		<input type="checkbox"/> Politically Exposed Person (PEP)				<input type="checkbox"/> Related to a Politically Exposed Person (PEP)					
Any other information		_____									
DECLARATION											
I hereby declare that the details furnished above are true and correct to the best of my knowledge and belief and I undertake to inform you of any changes therein, immediately. In case any of the above information is found to be false or untrue or misleading or misrepresenting, I am aware that I may be held liable for it.											
<b>2</b> <b>19</b>		<b>2nd Holder</b>				<b>3rd Holder</b>					
Date :				Place:							
FOR OFFICE USE ONLY											
<input type="checkbox"/> (Originals verified) True copies of documents received <input type="checkbox"/> (Self-Attested) Self Certified Document copies received											
Signature of the Authorised Signatory				Date				Seal/Stamp of the intermediary			

TRADING ACCOUNT RELATED DETAILS - Annexure - 3				for Individuals & Non-individuals		MANDATORY	
<b>BANK ACCOUNT DETAILS</b> [Tick Only One As Main Bank ( Otherwise First Bank will be considered as Default)]							
Bank Name	Address		Bank A/c No.	A/c type	MICR Code	IFSC Code	
<b>DEMAT ACCOUNT DETAILS</b> [Tick only one as main Demat A/c (or else First Demat A/c will be considered as Default)]							
Depository (DP) Name	Participant	Depository Name	Beneficiary Name		DP ID	Beneficiary ID (BO ID)	
In case of NRI	RBI Reference No.			RBI Approval Date:			
<b>Office details if Salaried / Employed / Professional / Business / Self-employed / Other</b>							
Office Name:				Nature of Business:			
Address:							
				City:		Pin code:	
State:		Country:		Tel No:		Fax No:	
<b>TRADING PREFERENCES</b> *Please sign in the relevant boxes where you wish to trade. The segment not chosen should be struck off by the client.							
Exchange / Segment		CASH		F & O		CURRENCY DERIVATIVES	
NSE	<b>3A 11</b>			<b>3B</b>		<b>3C</b>	
BSE	<b>3D 11</b>			<b>3E</b>		<b>3F</b>	
MCX-SX						<b>3G</b>	
# If, in future, the client wants to trade on any new segment / new exchange, separate authorization / letter should be taken from the client by the stock broker.							
<b>PAST ACTIONS</b>							
Details of any action/proceedings initiated/pending/ taken by SEBI/Stock Exchange/ any other authority against the applicant/constituent or its Partners/promoters/whole time directors/authorized persons in charge of dealing in Securities during the last 3 years:						(if YES kindly provide details)	
<b>DEALINGS THROUGH SUB-BROKERS AND OTHER STOCK BROKERS</b>							
<input type="checkbox"/> if client is dealing through the sub-brokers, provide the following details:							
Sub-broker's Name:				SEBI REGN. Nos.			
Regd. Off Add:					Signature		
					<b>S1</b>		
Tel No:		Fax No:		Web site:			
<input type="checkbox"/> Whether dealing with any other Stock Broker / Sub-broker (if case dealing with multiple stock brokers/ sub-brokers, provide details of all)							
Name of the Broker:		Name of the Sub Broker:		Client Code		Exchange:	
Details of disputes / dues pending from / to such stock broker / sub-broker:							
<b>ADDITIONAL DETAILS</b>							
<input type="checkbox"/> Whether you wish to receive physical contract note or Electronic Contract Note (ECN) (please specify): _____ <input type="checkbox"/> Specify your Email id, if applicable: _____ <input type="checkbox"/> Whether you wish to avail of the facility of internet trading/ wireless technology (please specify): _____ <input type="checkbox"/> Number of years of Investment/Trading Experience: _____ <input type="checkbox"/> In case of non-individuals, name, designation, PAN, UID, signature, residential address and photographs of persons authorized to deal in securities on behalf of company/firm/others: _____ <input type="checkbox"/> Any other information: _____							

**MANDATORY****INTRODUCER DETAILS (optional)**

<b>Name</b>			<b>1</b>
<b>Status of the Introducer</b>	<input type="checkbox"/> Sub-broker <input type="checkbox"/> Remisier <input type="checkbox"/> Authorised Person <input type="checkbox"/> Existing Client <input type="checkbox"/> Others, Please specify _____		
<b>Address &amp; Phone No. of Introducer</b>			

**Signature of the Introducer****NOMINATION DETAILS (for Individuals only)**

<input type="checkbox"/> I \We wish to nominate		<input type="checkbox"/> I \We do not wish to nominate	
<b>Name of Nominee</b>		<b>Relationship with Nominee</b>	
<b>Address of the Nominee</b>			<b>Phone No.</b>
<b>Pan of Nominee</b>		<b>Date of Birth</b>	
<b>If Nominee is a minor, details of Guardian:</b>			
<b>Name of Guardian</b>			<b>Phone No.</b>
<b>Address of Guardian:</b>			<b>Signature of Guardian</b>

**Witnesses (Only applicable in case the account holder has made nomination)**

<b>Name (1)</b>		<b>Name (2)</b>	
<b>Address</b>		<b>Address</b>	
<b>Signature with date</b>		<b>Signature with date</b>	

**DECLARATION**

1. I/We hereby declare that the details furnished above are true and correct to the best of my/our knowledge and belief and I/we undertake to inform you of any changes therein, immediately. In case any of the above information is found to be false or untrue or misleading or misrepresenting, I am/we are aware that I/we may be held liable for it.
2. I/We confirm having read/been explained and understood the contents of the document on policy and procedures of the stock broker and the tariff sheet.
3. I/We further confirm having read and understood the contents of the 'Rights and Obligations' document(s) and 'Risk Disclosure Document'. I/We do hereby agree to be bound by such provisions as outlined in these documents. I/We have also been informed that the standard set of documents has been displayed for Information on stock broker's designated website, if any.

**4 | 19****Date** \_\_\_\_\_ **Place** \_\_\_\_\_ **Signature of Client/ (all) Authorized Signatory (ies)****FOR OFFICE USE ONLY**

UCC Code allotted to the Client: _____		<b>DP ID – IN 303374</b>	Demat Client Code: _____
	Documents verified with Originals	Client Interviewed By	In-Person Verification done by
Name of the Employee			
Employee Code			
Designation			
Date			
Signature			

I/ We undertake that we have made the client aware of 'Policy and Procedures', tariff sheet and all the non-mandatory documents. I/We have also made the client aware of 'Rights and Obligations' document (s), RDD and Guidance Note. I/We have given/sent him a copy of all the KYC documents. I/We undertake that any change in the 'Policy and Procedures', tariff sheet and all the non-mandatory documents would be duly intimated to the clients. I/We also undertake that any change in the 'Rights and Obligations' and RDD would be made available on my/our website, if any, for the information of the clients.

**5 | 19****1SH | 10SH****1TH | 10TH****Signature of the Clients / Applicant (s)****Date** \_\_\_\_\_ **Seal/Stamp of the Stock Broker** \_\_\_\_\_ **Signature of the Authorised Signatory**

**MANDATORY****INSTRUCTIONS/ CHECK LIST****1. Additional documents in case of trading in derivatives segments - illustrative list:**

Copy of ITR Acknowledgement	Copy of Annual Accounts
In case of salary income – salary Slip, Copy of Form 16	Net worth certificate
Copy of demat account holding Statement	Bank account statement for last 6 months
Any other relevant documents substantiating ownership of assets.	Self declaration with relevant supporting documents.

\* In respect of other clients, documents as per risk management policy of the stock broker need to be provided by the client from time to time.

2. Copy of cancelled cheque leaf/ pass book/bank statement specifying name of the constituent, MICR Code or/and IFSC Code of the bank should be submitted.
3. Demat master or recent holding statement issued by DP bearing name of the client.
4. For individuals:
  - a. Stock broker has an option of doing 'in-person' verification through web camera at the branch office of the stock broker/sub-broker's office.
  - b. In case of non-resident clients, employees at the stock broker's local office, overseas can do in-person' verification. Further, considering the infeasibility of carrying out 'In-person' verification of the non-resident clients by the stock broker's staff, attestation of KYC documents by Notary Public, Court, Magistrate, Judge, Local Banker, Indian Embassy / Consulate General in the country where the client resides may be permitted.
5. For non-individuals:
  - a. Form need to be initialized by all the authorized signatories.
  - b. Copy of Board Resolution or declaration (on the letterhead) naming the persons authorized to deal in securities on behalf of company/firm/others and their specimen signatures.

**BROKERAGE AND STATUTORY CHARGES** Further, I agree to the following terms of doing business

NSE/BSE/MCX-SX	Sq off %		Sq. off min (ps)		Settlement %		Settlement Min (ps)	Delivery %	Delivery Min (ps)
Segment	Buy	Sell	Buy	Sell	Buy	Sell			
CASH SEGMENT	0.10	0.05	0.10	0.05	0.10	0.10	0.10	0.50	0.10
F & O & CURRENCY	0.10	0.05	0.10	0.05	0.10	0.10	0.10	–	–
OPTIONS F & O & CURRENCY	2.5 of premium		Rs.150 per Cont	0.05	2.5 of premium	2.5 of premium		–	–

**Note:**

1. Inter settlement / DP transaction charges arising out of purchase / sell transactions effected by constituents and DP bill for Annual Maintenance etc. will be debited to Trading account of the Constituent.
2. Service Tax, STT, Stamp Duty & Other Levies (NSE Transaction charges, Demat charges , SEBI Transaction Charges, Clearing Charges in Derivatives & Currency by Clearing Member, and Misc. charges) shall be payable as in force from time to time, in addition to the brokerage charges as above.
3. The above charges are subject to change by the regulatory authorities or Government agencies.
4. The Broker may do downward revision of brokerage in favour of client for which no permission from client is necessary however, any upward revision of brokerage than that mentioned and agreed as above should be mutually agreed from time to time subject to 15 days notice period to the client.

Name:

**6 19**

Date: / / 201

Place:

Signature of the Client

FOR NON INDIVIDUAL ACCOUNT ONLY			MANDATORY
Please fill this form in <b>ENGLISH</b> and in <b>BLOCK LETTERS</b> .			
<b>Name of the Company/ Firm</b>			
<b>Nature of Business</b>		<b>Registration No. (e.g. CIN)</b>	
<b>Date of Incorporation and Date of Commencement</b>	/      / /      /	<b>Place of Incorporation</b>	
<b>Name, Pan No., DIN/UID No. and Residential Address of Promoters / Partners / Karta.</b>			
1. _____ Pan No. _____ DIN/UID No.: _____ Address. _____			
2. _____ Pan No. _____ DIN/UID No.: _____ Address. _____			
3. _____ Pan No. _____ DIN/UID No.: _____ Address. _____			
<b>Name, Pan No., DIN/UID No. and Residential Address of Whole Time Directors</b>			
1. _____ Pan No. _____ DIN/UID No.: _____ Address. _____			
2. _____ Pan No. _____ DIN/UID No.: _____ Address. _____			
3. _____ Pan No. _____ DIN/UID No.: _____ Address. _____			
<b>Name, Designation , Pan No., DIN/UID No. and Residential Address of persons authorized to deal in securities on behalf of the company / firm/others</b>			
1. _____ Pan No. _____ DIN/UID No.: _____ Address. _____ Designation _____			
2. _____ Pan No. _____ DIN/UID No.: _____ Address. _____ Designation _____			
3. _____ Pan No. _____ DIN/UID No.: _____ Address. _____ Designation _____			

Affix your photo  
& sign across  
the Photograph

1<sup>st</sup> Auth. Sign.

Affix your photo  
& sign across  
the Photograph

2<sup>nd</sup> Auth. Sign.

Affix your photo  
& sign across  
the Photograph

3<sup>rd</sup> Auth. Sign.

#### DECLARATION

I hereby declare that the details furnished above are true and correct to the best of my knowledge and belief and I undertake to inform you of any changes therein, immediately. In case any of the above information is found to be false or untrue or misleading or misrepresenting, I am aware that I may be held liable for it.

**1<sup>st</sup> Auth. Sign.**

**2<sup>nd</sup> Auth. Sign.**

**3<sup>rd</sup> Auth. Sign.**

Date :

Place:

#### FOR OFFICE USE ONLY

☐ (Originals verified) True copies of documents received      ☐ (Self-Attested) Self Certified Document copies received

**Signature of the Authorised Signatory**

**Date**

**Seal/Stamp of the intermediary**

**RIGHTS AND OBLIGATIONS of Stock Brokers, Sub-Brokers & Clients as prescribed by SEBI and Stock Exchanges**

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

**CLIENT INFORMATION**

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

**MARGINS**

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

**TRANSACTIONS AND SETTLEMENTS**

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



**BROKERAGE**

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

**LIQUIDATION AND CLOSE OUT OF POSITION**

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

**DISPUTE RESOLUTION**

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

**TERMINATION OF RELATIONSHIP**

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

**ADDITIONAL RIGHTS AND OBLIGATIONS**

30. The stock broker shall ensure due protection to the client regarding client's rights to dividends, rights or bonus shares, etc. in respect of transactions routed through it and it shall not do anything which is likely to harm the interest of the client with whom and for whom they may have had transactions in securities.
31. The stock broker and client shall reconcile and settle their accounts from time to time as per the Rules, Regulations, Bye Laws, Circulars, Notices and Guidelines issued by SEBI and the relevant Exchanges where the trade is executed.
32. The stock broker shall issue a contract note to his constituents for trades executed in such format as may be prescribed by the Exchange from time to time containing records of all transactions including details of order number, trade number, trade time, trade price, trade quantity, details of the derivatives contract, client code, brokerage, all charges levied etc. and with all other relevant details as required therein to be filled in and issued in such manner and within such time as prescribed by the Exchange. The stock broker shall send contract notes to the investors within one working

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

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

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

37. In case, client opts to receive the contract note in electronic form, he shall provide an appropriate e-mail id to the stock broker. The client shall communicate to the stock broker any change in the email-id through a physical letter. If the client has opted for internet trading, the request for change of email id may be made through the secured access by way of client specific user id and password.
38. The stock broker shall ensure that all ECNs sent through the e-mail shall be digitally signed, encrypted, non-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.

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Signature of the Client

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

A. Futures trading involve daily settlement of all positions. Every day the open positions are marked to market based on the closing level of the index / derivatives contract. If the contract has moved against you, you will be required to deposit the amount of loss (notional) resulting from such movement. This amount will have to be paid within a stipulated time frame, generally before commencement of trading on next day.

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

losses incurred due to such close-outs.

- C. Under certain market conditions, an investor may find it difficult or impossible to execute transactions. For example, this situation can occur due to factors such as illiquidity i.e. when there are insufficient bids or offers or suspension of trading due to price limit or circuit breakers etc.
- D. In order to maintain market stability, the following steps may be adopted: changes in the margin rate, increases in the cash margin rate or others. These new measures may also be applied to the existing open interests. In such conditions, you will be required to put up additional margins or reduce your positions.
- E. You must ask your broker to provide the full details of derivatives contracts you plan to trade i.e. the contract specifications and the associated obligations.

## **2.2 Currency specific risks:**

- 1. The profit or loss in transactions in foreign currency-denominated contracts, whether they are traded in your own or another jurisdiction, will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the contract to another currency.
- 2. Under certain market conditions, you may find it difficult or impossible to liquidate a position. This can occur, for 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.

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**Signature of the Client**

**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.

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\_\_\_\_\_  
**Signature of the Client**

**DISCLOSURE REGARDING PROPRIETARY TRADING**

**To,**

**Date:**

**Client Code:** \_\_\_\_\_ **Client Name:** \_\_\_\_\_

**SUBJECT: DISCLOSURE REGARDING PROPRIETARY TRADING**

As required under Circular No. SEBI / MRD/ SE /Cir-42/2003 dated 19.11.2003 issued by the Securities and exchange board of India. We hereby disclose that in addition to client-based business, we are also doing proprietary trading.

**For VFC Securities Private Limited**

**B1**

**Director**

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\_\_\_\_\_  
**Signature of the client**



## POLICIES AND PROCEDURES

- A) Policy For Penny Stock:** A stock that trades at a relatively low price or may have low market capitalization or which is specified under the illiquid list released by the exchange from time to time, or does not have sound Fundamentals will be considered as penny stock. These types of stocks are generally considered to be highly speculative and high risk because of their lack of liquidity, large bid-ask spreads & small capitalization. Depending on the market condition and RMS policy of the company RMS reserve the right to refuse to provide the limit in penny stocks without assigning any reason for the same and losses if any on account of such refusal shall be borne by client only.
- Even if inadvertently limit for the particular script is available to the client, any trade in large quantity in any of the shares falling in above category should first be referred to the Head Office before punching the order for the same.
- It is the responsibility of the client to ensure that trading any "Penny Stock" does not result or help in the Market Manipulation by Creating a) Artificial Volumes, b) False or Misleading appearance of Trading, c) artificially inflates/deflates/fluctuates the prices. In short Client should take utmost care that his/her/its trade in penny stock should not help in adding or abetting the market manipulation of the said scrip.
- On a specific request of a client, the member may use its discretion and permit the client to trade in the above referred groups securities with conditions/ restrictions / limitations.
- B) Exposure Limits:** Exposure limits of each client are determined by the Risk Assessment Department of the company. Exposure limits for the trading will be based on Client's Net Worth Information, Financial Capacity, Prevailing Market Condition and Margin Deposited by the Client in the form of Funds/Securities or any other acceptable mode and also the Past Payment history of the client with VFC Securities Pvt. Ltd. in any of the segments of any Exchange.
- Risk Assessment Department of VFC retains the right to set, modify, cancel the Exposure limit of the client from time to time and is not in any way bound to give reasoning of giving or not giving the exposure limit to a particular client.
- Exposure limit multiples are subject to change and may vary depending on prevailing market conditions, client's profile or other factors. The member can alter/change it with or without intimation to Clients at its sole discretion.
- Due to volatility or fluctuation of the market if VFC needs additional margin based on the Exposure limit set on the previous day, VFC reserves the right to call for immediate additional margin from the client. Failure of the client to pay such additional Margin may result in squaring off his/her/its existing position and VFC shall under no circumstances liable for the actual or Notional losses incurred by the client, if any, by such act of the VFC.
- C) Brokerage:** The Brokerage is mutually agreed between the client and VFC and informed to the client in the KYC form. Client has already signed after understanding the same. The said brokerage is much lower than the maximum brokerage allowed to be charged by the broker.
- Capital 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 Rs.20/- or less, a maximum brokerage of 25 paise per share may be collected.
- Futures and Options Segment:** The maximum brokerage chargeable in relation to trades effected in the securities admitted to dealings on the Futures & Options segment of the Exchange shall be 2.5 % of the contract price exclusive of statutory levies. It is hereby further clarified that 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 clarified that brokerage charged on options contracts shall not exceed 2.5% of the premium amount or Rs 100/- per lot whichever is higher.
- D) Imposition Of Penalty / Delayed Payment & Other Charge:** Penalty / Delayed payment and other charges levied by the Exchanges pertaining to the trading of the client would be recovered from the client. Any amounts overdue from the client towards trading and investment in any segments of any Exchanges, maybe charged with delayed payment charges at a rate not more than 2% per month or part thereof or at such rates as mutually decided between the Broker and the Client.
- Above Charges will be recovered by debiting the account of the Client as may be decided by the Broker.
- No interest or charges will be paid by the Stock Broker to the Client in respect of retention of funds and securities to meet future settlement obligations or running account maintenance as opted by the client or any amount paid as Margin.
- E) Right To Sell Shares And Close Positions Without Giving Notice To The Client:** VFC Securities Private Limited is entitled to and has full right to sell/liquidate/square off/close out, all or any of the Client's open position including any collateral in any form, whether securities, share or otherwise for non payment of margin or other amounts, outstanding debt etc. in the clients account. VFC Securities Private Limited will adjust the proceeds of such liquidation / close out, if any against the liabilities/ obligations in Client's own account.
- The member reserves the right to decide upon the threshold limits for liquidation of Clients positions. The Client understands and agrees to VFC Securities Private Limited Communicating such threshold limits periodically, orally, and/ or through email, written correspondences through its trading terminals, branch representative, website, etc.
- However, in the event of extreme volatility and/or Client's open (outstanding) position resulting in marked to market losses beyond member's threshold any time during a trading session, and/or Client's positions or collateral being un

salable, thereby forcing the member to liquidate any of the Client's available positions and collateral, same shall be done by member during the course of a trading session without recourse to the Client.

- F) Internal Netting Of Trades:** Member has the right to allocate securities/credits among the Client and other Clients of member in a manner and form that the member deems fit. Where the member has a net purchase obligation with the exchange but receives short delivery from the exchange or the exchange is able to deliver only in part after the auction settlement or is settled by close out as per exchange rules, the same should be passed on to the client, as the case may be.

In the event of the selling Client is unable to deliver securities against his/her/it sale obligation, the member shall inform the exchange relating to the short fall for further action by the exchange or if in the same settlement there is a internal position of the said scrip in VFC shall endeavor to collect the securities from the selling client or VFC shall attempt to purchase the security from the market and deliver it to the purchasing client. The purchase cost as well as all the incidental charges shall be debited to the account of the defaulting client. If VFC, for any reason, is not able to procure the securities from the market than the transaction will be closed out as per the auction rate prescribed by the Exchange for that scrip and the closing amount will be credited to the purchasing client and debited to the selling client.

- G) Conditions Under Which A Client May Not Be Allowed To Take Further Position Or The Broker May Close Existing Positions:** VFC Securities Pvt Ltd shall have the absolute discretion and authority to reduce the volume of business of the Client or to close existing positions of the client without any prior notice to the client under following conditions:

- 1) Extreme volatility in the market or particular scrip or Derivatives value.
- 2) In view of impending price sensitive announcements or insider trading restrictions on the client.
- 3) Any restrictions in relation to volume of trading outstanding positions of contracts or Margins or penalties or Orders as imposed by the Exchange or Regulators or the member.
- 4) Failure by the client to maintain the applicable collateral/margin and/or delay by the client in meeting his/her obligations/ dues relating to the business/ dealings done under Client Broker Agreements and authorizations between the client and broker.
- 5) Unforeseen adverse market conditions and natural calamities affecting the working of the markets.
- 6) Illegal trade practices undertaken by the client or money laundering activities seen in client's dealings.

The above restrictions specified are only illustrative and does not restrict the broker to add any additional instances that may be required to be added considering the market situations.

- H) Temporarily Suspension Closing Of Account On Client's Request:** For following conditions, Client's account will be temporarily suspended and will be reactivated on written request by the client.

- i) On receipt of a written request from the client.
- ii) Account has been inoperative for a period of 12 months
- iii) Discrepancies found by surveillance department
- iv) On account of non compliance of any requirement
- v) Any grievance raised by / against the client

Additionally the account of the client will be closed on receipt of a written request from the client

- I) De-Registering A Client**

- i) On a written request from the client
- ii) SEBI or any other regulatory body or Government has passed an order against such client, prohibiting or suspending such client from Government has passed an order against such client, prohibiting or suspending such client from participating in the securities Market. Including for market manipulation or Insider trading or any other case for violating the prevailing laws, rules, regulations or guidelines.
- iii) Such client is suspected of indulging in illegal or criminal activities including money laundering.
- iv) Clients name appear in UN list of prohibitive entities.
- v) Clients account is lying dormant for a long time and is not traceable.
- vi) Client is declared Insolvent or any proceeding for Insolvency is initiated against the client.
- vii) Client is irregular in fulfilling his obligations towards margin or settlement dues.
- viii) Client has a tainted reputation and any business relationship with such client is likely to tarnish image/ reputation of VFC or may act as detrimental to the interest of VFC Securities Private Limited.

- J) Inactive Client Account:** Clients account will be considered as inactive if any client has not done a single transaction with VFC Securities Pvt Ltd in the last 12 (Twelve) Months in any of the segment of the any of the exchange where VFC Securities Pvt Ltd is a Member. The said account will be reactivated only with the written request of the client and his submitting the recent proofs required for opening the account as per SEBI norms.

## ADDITIONAL CLAUSES WITH RESPECT TO SMOOTH FUNCTIONING

- 1.** The client hereby agrees to update the requisite financial information periodically/as and when required.
- 2.** The client is aware that the broker may record the conversations between client, its representative and the broker, either personally or over the telephone, and hereby specifically permits the broker to do so. Such recordings may be relied upon by the broker as and when required to resolve disputes in connection with the trading transactions
- 3.** The client shall not, acting alone or in concert with others, directly or indirectly exceed the limits of open interests as specified by the Stock Exchanges(s) from time to time
- 4.**
  - a) The Client also agree that none of the above overrides broker's right to set-off any funds & securities credits lying in my/our account against my/our debits and dues, settlement or otherwise and also it's right to levy penalty and / or charge interest on debit outstanding in my /our account.
  - b) All Fines/ penalties and charges levied on Broker due to client transactions/deeds/actions may also be recovered by Broker by debiting client account.
- 5.** The Stock Broker may, at its sole discretion, reject any order placed on the web-site or in any other manner due to any reason, including but not limited to the non-availability of funds in the trading account of the client, non availability of securities in the Demat account of the client with a designated depository participant, insufficient of margin amount if the clients opts for margin trading, suspension of scrip-specific trading activities by or on an Exchange and the applicability of circuit breaker to a scrip in which orders are placed.
- 6.**
  - a) The client is aware that the electronic trading system either at the Exchange or in the Stock Broker's offices is vulnerable to temporary disruptions, breakdowns or failure. In the event of non-execution of trade orders or trade cancellation due to happening of such events or vulnerabilities due to failure / disruption/ breakdown of system or link, Stock Broker shall be entitled to cancel relative contract(s) with the client and shall not be able to execute the desired transactions of the client's. In such event the Stock Broker does not accept responsibility for any losses incurred/ that may be incurred by the client due to such eventualities which are beyond the control of the Stock Broker.
  - b) I/We shall not indulge in any sub-broking activities without proper registration as required nor issue bills/contracts/confirmation notes to anyone else for the trades done on the any of the Exchange.
  - c) I/We am/are aware and have noted that you trade on your PRO/OWN account.
- 7.** The client has read and understood risk management policy of the broker completely and agrees to abide by it. The client agrees that it will be sole discretion of broker to allocate exposure limits based on the collaterals deposited with broker. The client agrees that securities accepted by broker or adjusted from my/our credits with broker towards purposes referred above shall stand guided by broker terms & conditions of acceptance of collateral. Securities shall be valued with a haircut on the current market price. Broker shall have the discretion on the securities acceptable and also on the ratio of cash and non-cash deposits made by me/us. The client further agrees that any sale of securities by me/us, already appropriated by broker towards providing me/us with any trading/exposure limits/ margins, shall be duly intimated by me to broker, at least 48 hours prior to the scheduled settlement date of such sale obligation at the exchange. Securities/Monies already appropriated as mentioned above shall be released to me/ us or to meet any exchange obligation only on my/ our replenishment of any resultant shortfall in my/our margins.
- 8.** Client and broker hereby agree and confirm that all rights, liabilities and obligations pertaining to the pledged securities shall be subject to the rights of the exchanges, in whose favour pledge has been created by broker. I/We shall raise no objection to any action taken by exchanges, against broker pursuant to the aforesaid pledge.
- 9. Authorisation on orders and trade slips:** Client understands that as per the present stock exchange regulations, it is required that a broker seek order instructions from its Clients in writing. Further, the broker is required to provide order confirmation, modification, cancellation and trade confirmation slips to its Clients. Client assesses that this exchange of written confirmation and slips between him/ her and broker would be time consuming, resumably leading to delayed execution of orders, besides practically inconveniencing him/her in his/ her trading operations, especially while transacting over the telephone. Client hereby authorises broker to accept orders from the client and / or any of the clients authorised representative, orally and/or through any other accepted mode of communication including e-mails etc., and the client further confirms that receipt of confirmation sheets or oral confirmation from the office of broker at the end of the trading day or contracts and bills from broker would be sufficient for towards the confirmation of his / her / it orders placed and trades executed thereof. Client shall not be requiring the order and trade slips and also agrees to inform broker on any discrepancy observed in the contracts and bills issued to him/ her/it within time period as permitted under rules, regulation and bye law of the Stock exchanges. Client takes into consideration the fact that broker agrees to provide him/her/it with suitable documents to his/her/it complete satisfaction, while addressing any discrepancy notified. Client also agrees to receive the trade confirmation by SMS at the end of the day by the broker.
- 10. Authorisation for debiting charges and dues of depository:** Client hereby authorises broker to debit charges and

dues of depository in the trading a/c maintained with broker for the purpose of transacting on any segment of the stock exchanges in which broker holds a membership.

**11. Authorisation for Subscription / Application for securities (NFO / IPO / Rights issue):** The Client hereby agrees and authorizes the broker to subscribe on his/her behalf, Securities and Units of Mutual Funds, available through the Initial Public Offer and New Fund Offer route, besides applying for Rights Shares (entitlement) as and when the Client is eligible/entitled. The Client understands that the broker is hereby authorised to act upon any Power of Attorney drawn by the Client in favour of the broker and/or oral instructions issued to the broker by me/us. With regard to above acts of subscription/ application, the broker shall adjust from available ledger credits at my/us end. I/We further agree to indemnify the broker from any claims of loss/damages arising out of the broker's act of subscribing / applying on my/our behalf.

The investment decisions are the sole responsibility of me/us and the broker is just a facilitator for such subscriptions / applications.

**12. Interruption in service:** The broker does not warrant that the service will be uninterrupted or error free. The service is provided in an "as in" and "as available" basis without warranties of any kind, either express or implied, including, without limitation, those of merchantability and fitness for a particular purpose. I/We agree that the broker shall not be held responsible for delays in transmission of orders/non execution due to breakdown of the system or failure of confiscation facilities either due to the fault of the systems of the broker or of the Exchanges or otherwise or for any other delay beyond the reasonable control of the broker.

**13. SMS Alerts:** Client agrees to receive SMS alerts from broker with regard to account opening, ledger balances, margin, corporate benefits, products and related services on mobile phone no. as mentioned in 'Know Your client' or any subsequent changes made thereafter.

**14. Restrictions on Access to web Site and trading:** Client can view the transaction on the web site and agrees that the broker may at any time, at its sole discretion and without prior notice to client, prohibit or restrict his/ her/their access to the use of the web site or related services and his/her/their ability to trade based on any suspicion as part of its surveillance activity. Client agrees to bear any loss that may be faced with due to inability to execute hereby agrees and authorises the broker to further trades on account of such restriction.

#### **15. TRADING, SETTLEMENT AND ACCOUNTS**

- a) The Stock Broker shall not be responsible for the non-receipt of the trade confirmation due to any change in the E-mail address/correspondence address of the client not intimated to the Stock Broker in writing. The Client is aware that it is his responsibility to review the trade confirmations, the contract notes, the bills or statements of account immediately on their receipt. All information contained therein shall be binding upon the client, if the client does not object in writing to any of the contents of such trade confirmation/ intimation within twenty four hours to the broker.
- b) The Client is aware and agrees 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.
- c) The Stock Broker may allow/disallow client from trading in any security or cases of securities or derivatives contracts and impose such conditions for trading as it may deem fit from time to time.

#### **16. MARGINS :**

- a) **Margin on Purchase:** The Stock Broker at its discretion may require that the Client to deposit interest-free margin of 30% on the price of the securities proposed to be purchased, unless the Client already has an equivalent credit with the Stock Broker.
- b) **Margin on Sales:** The Stock Broker at its discretion may require the Client to deposit interest free margin of 30% of the price of securities proposed to be sold, to be sold, unless the Stock Broker has received the securities to be sold with valid transfer documents to the Stock Broker's satisfaction prior to such sale.
- c) **Margins in Derivatives Trading:** In the derivatives segment, the Client is liable to pay an initial margin up- front on or before creating a position. Such margin shall be decided upon by the Stock Broker or the Exchange from time to time. Further more, the Client is liable to pay (or receive) daily margins depending on whether the price of the Derivatives contract moves for or against the position undertaken. The Client may also be liable to pay withholding margins, special margins or such other margins as are considered necessary by the Stock Broker or the Exchange from time to time. The Stock Broker is permitted in its sole and absolute discretion to collect additional margins even though not imposed by the Derivatives Segment, the Clearing House or SEBI and the Client shall be obliged to pay such margins.
- d) **Mark to Market Margin in Derivatives:** For derivatives contracts, the Client agrees that the Stock Broker shall raise bills on daily basis. The Client also agrees to pay an upfront margin that will be sufficient to cover the daily margins for the entire day. If at any time during the day, the cumulative Mark to Market (MTM) margin falls short of the margin available in the Client's account, the Client agrees to heed the Stock Broker's additional margin calls. As the upfront margin calls are purely for operational convenience, the Client will ensure that margins are adequate at all times and will immediately make good any shortfall that the Stock Broker may communicate.
- e) **Margin in form of Securities:** The Client may place margin with the Stock Broker in the form of securities as approved by the Stock Broker. Such securities may at the discretion of the Stock Broker be marked as lien in favour

of the Stock Broker from the depository account of the Client or such securities may be placed in the depository account of the Stock Broker. The Client agrees and authorises the Stock Broker to determine the market value of securities placed as Margin after applying a haircut that the Stock Broker deems appropriate. The Client's positions are valued at the latest market price available ("marked to market") on a continuous basis by the Stock Broker. The Client undertakes to monitor the adequacy of the collateral and the market value of such securities on a continuous basis. If due to price fluctuations, there is erosion in the value of the margins, the Client agrees to replenish any shortfall in the value of the Margins immediately, whether or not the Stock Broker intimates such shortfall.

**f) Shortfall in margins :**

- f i.** If payment / securities towards the Margin or short-fall in Margin is not received instantaneously to enable restoration of sufficient Margin in the Client's account, all or some of the positions of the Client as well as the securities placed as Margin may be liquidated by the Stock Broker at its sole discretion, without any reference or prior notice to the Client. The resultant or associated losses that may occur due to such squaring off or sale of securities shall be borne by the Client, and the Stock Broker is hereby fully indemnified and held harmless by the Client in this behalf. Such liquidation or close out of positions shall apply to any segment in which the Client does business with the Stock Broker.
- f ii.** The Client is responsible for all orders, including any orders that may be executed without the required Margin in the Client's account. If the Client's order is executed despite a shortfall in the available Margin, the Client shall, whether or not the Stock Broker intimates such shortfall in Margin to the Client, instantaneously make up the shortfall either through delivery of shares in the event of a sale or credit the required funds in the bank account via wire personal cheque, casher's cheque or money order or account transfer or any other mode.
- f iii.** Any reference in these terms to sale or transfer of securities by the Stock Broker shall be deemed include sale of the securities, which form part of the Margin, maintained by the Client with the Stock Broker. In exercise of the Stock Broker's right to sell securities under the Agreement, the Client agrees that the choice of specific securities to be sold shall be solely at the Stock Broker's discretion.
- f iv.** Any amendment in the percentage of margins as required to be maintained under this agreement, shall be intimated by the Stock Broker to the Client over telephone or in writing. The Client is required to make replenish the shortfall in such margins, if any, on demand of the same by the Client.

**17. LIEN / SET-OFF:**

- a)** Notwithstanding anything contrary contained in this agreement, the Stock Broker shall have the unrestricted right of lien and set-off as provided in this agreement.
- b)** All the funds of the client in the bank account (for online clients) shall be subject to lien for the discharge of any or all payments due to the Stock Broker from the client, or in respect of any other obligation that client may have to the Stock Broker.
- c)** All securities in the demat account opened in terms of this agreement with the depository participant, shall be subject to lien for the discharge of any or all payments due to the Stock Broker or to the depository participant for the client or any other obligation that the client may have to the Stock Broker or to the depository participant and may be held by the Stock Broker as a security against default by the client in respect of the services already availed of by the client.
- d)** The enforcement of the lien aforementioned in this clause shall be at the sole and complete discretion of the Stock Broker and the Stock Broker alone may decide the securities to be sold, if any.
- e)** The client authorises the Stock Broker to block securities against pending order or pledge securities in favour of the Stock Broker against any of his dues, provided that this requirement may be waived by the Stock Broker, at its discretion, by suitable modification to the terms and conditions.

**18. FORCE MAJEURE :** The Stock Broker shall not be responsible for any losses, costs, or damages resulting directly or indirectly from:

- (i)** any action, omission, suspension or trading, decision or ruling of any exchange or regulatory, governmental or other body or of any other person which is beyond the Stock Broker's control (including floor broker, exchange, dealing or clearing house).
- (ii)** any war, strike, lock-out, national disaster, act of terrorism, delay in postal service or any other delay or inaccuracy in the transmission of orders or other information, or any breakdown, failure or malfunction beyond the control of the Stock Broker of any telecommunication or computer system; The above Force Major events do not exempt the client to fulfill the obligations in his account with the client.

**19.** In This agreement, unless the context specific other-wise, reference to the singular includes a reference to the plural and vice versa and reference to any gender includes a reference to all other gender.

**20. INVESTMENTS OR ANY OTHER ADVICE:**

- a)** The Client agrees that the Stock Broker shall not be required to provide the client with any form of legal, tax, investment or accounting related advice or advice regarding the suitability or profitability of a security or investment.
- b)** The client agrees that none of these services available on the web-site or through any literature or brochure issued by the Stock Broker shall amount to investments advice on the part of the Stock Broker.

- c) The client also acknowledges that the Stock Broker's employees are not authorized to give any such advice and that the client will not solicit or rely upon any such advice from the Stock Broker or any of its employees.
  - d) The client agrees that in the event of the Stock Broker or any employee or official of the Stock Broker providing any information, recommendation or advice to the client, the client may act upon the same at the sole risk and cost of the client and the Stock Broker shall not be liable or responsible for the same.
  - e) The Stock Broker, its officers, directors, partners, employee's agents and affiliates will have no liability with respect to any investment decision or transaction of the client.
- 21.** The broker may from time to time amend the agreement if required, for complying with any change in Statute, Regulations or with the requirements of any competent authority or if required under corporate policies. The same shall be intimated to the client by the broker. In case the client continues to deal with the broker subsequent to the intimation of such amend-ments, it shall be deemed that the client is agreeable to the new clauses. However, the client has the right to terminate the agreement through communication in writing subject to the meeting of the financial and other obligations under this agreement.
- 22.** No failure or delay by either party to exercise any right, power or privilege hereunder shall operate as a waiver nor shall any single or partial exercise of any right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege as herein provided.

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**Signature of the Client**

## AUTHORIZATION FOR RUNNING ACCOUNT &amp; ADJUSTMENT OF BALANCES

To,  
M/S VFC Securities Private Limited,  
Opera House,  
Mumbai – 400004.

Date:        /        /

REF: My Unique Client Code No. : \_\_\_\_\_

Dear Sir,

I/we hereby authorize you to maintain my ledger accounts for funds and securities on a running basis. The ledger account may be treated as open, mutual and current.

I/we hereby authorize you to maintain running account for transactions executed through VFC Securities Private Limited (VFC) on any of the stock exchanges / segments and set off/ settle/ adjust/ appropriate any outstanding debits on account of initial margin /exposure margin/ mark-to-market and / or other settlement accounts against any credits lying in the above mentioned accounts or any other accounts maintained by you on any of the Exchange or any of the segment of any of the exchange.

I/we hereby authorize you, to effect transfer by Journal entry or otherwise, of my/our credit balances in the Cash market segment of NSE and/or BSE to the ledger / credit of the Derivatives segment of NSE and/or BSE, Currency Derivative segments of NSE and/or BSE and/or MCX-SX and vice-versa to meet the margin and/or settlement obligations on my/our accounts as may be necessitated subject to the rules, regulations and circulars of SEBI or the Exchanges.

As and when I/we require the funds/ securities, I/we will be informing you of the same and on receipt of the instructions from me/us, same may be released within one working day of the request after verification and if the amount is due as per VFC.

I/we confirm you that i/we will bring to your notice in writing any dispute arising from the statement of account or statement of securities/settlement received by us, within 30(Thirty) days of the receipt of statement. I/we fully understand that after the said 30 days, we shall have no right to dispute any of the entries existing in any of the statements as mentioned above.

I/we have noted that as per SEBI circular MIRSD/ SE /Cir-19/2009 DATED December 3, 2009

a) I/we hereby authorised you for Actual settlement of my/our funds / securities account on either

Monthly basis ☐ or Quarterly basis ☐.

b) This authorization shall be signed by me only

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c) I/we can revoke this authorization at any time during the existence of the authorisation.

Yours faithfully,

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\_\_\_\_\_  
Signature of the Client

## CLIENT AUTHORISATION LETTER

To,  
VFC Securities Private Limited,  
Opera House, Mumbai - 400 004.

Date:        /        /

Dear Sir / Madam:

I/we, Mr./Ms./M/s. \_\_\_\_\_ do hereby state that I/we am/are registered as a client with M/s. VFC SECURITIES PRIVATE LIMITED, member of The National Stock Exchange of India Limited, Bombay Stock Exchange and MCX Stock Exchange of India in Cash, Derivatives & Currency Derivatives Segment having Client Code No. \_\_\_\_\_.

I/we, further confirm that I/we have authorised following person(s) to give and Modify Order(s) and To receive Trade confirmation / Ledger Statement / Stock Statement and any other Regulatory Requirements existing in force or updated /modified by the regulatory Agency and/or Respective Exchanges from time to time on my behalf to M/s VFC Securities Private Limited, and any Order placed or transaction entered by the following person(s) on my behalf with M/s VFC Securities Private Limited Shall be binding on me/us.

	Name of the person	Relation	Specimen Signature
1.			
2.			
3.			

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I/we, further confirm that my/our contract / bills/ cheques / other Statements & documents delivered to the above referred person or any of the employees of the above referred person at the time of delivery shall also be binding on me /us and shall be deemed to be subject to the Bye Laws, Rules and Regulation of the Exchange from time to time.

Thanking You,  
Yours faithfully,

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\_\_\_\_\_  
Signature of the Client

Place:



# CONSENT FOR ELECTRONIC COMMUNICATION

To,  
M/S VFC Securities Private Limited  
1<sup>st</sup> Floor, Nusser House,  
Opp. Roxy Theatre, Opera House,  
Mumbai – 400004.

Date: \ \

Dear Sir/Madam,

## **SUB: DIGITAL CONFIRMATION FOR CONTRACT /BILL/ LEDGER / STOCK / HOLD STOCK / MARGIN AND ANY OTHER REGULATORY CONFIRMATION REAQUIRED.**

I/we, Mr./Ms./M/s. \_\_\_\_\_, hereby agree and give consent to accept the following Documents / Statements in the Electronic form on the any of the E-Mail id's given to you below. The Said Delivery in electronic form, within the time frame of Exchange/SEBI shall be binding on me and you as my broker shall have complied and fulfilled your Legal/Exchange/SEBI regulations on delivering the same to my E-mail id. The Said Authority and consent is given to you for all the exchange i.e. (NSE/ BSE / MCX-SX) and all the segments (CASH / CURRENCY / DERIVATIVES) of any exchange, where we trade and do business with you.

### **DOCUMENTS / STATEMENT TO BE SENT TO ME IN ELECTRONIC FORM**

- 1) Contract & Contract cum bill for all the segments & all the exchange.
- 2) Margin Statements in Cash, F&O & Currency Segments of all the exchange.
- 3) Monthly / Quarterly Ledger Balance Statement & Confirmations.
- 4) HOLD Statement of the Shares Held by you, if any, in any of the segments.
- 5) Monthly / Quarterly Security Statement of the delivery transaction done.
- 6) Any other important notices and communications including changes in the terms and conditions.
- 7) Any other Statements / Form / Documents / Paper which are required to be sent by you as a compliance to the Rules, Regulations and Bye-Laws of NSE/BSE/MCX-SX/SEBI existing at present or introduced at any time in future during the existence of my contract and business with you.

The Future authority is given to you as the Rules and Bye-Laws of the market is ever evolving for the benefit of both of us and doing paper work time and again is very tedious and cumbersome process. Please note that in case we wish to discontinue the said consent/ authority given to you, we shall communicate to you in writing.

### **I/We am/are hereby giving my/our email ID for this purpose**

My Email ID is: \_\_\_\_\_ & alternative E-mail ID is: \_\_\_\_\_

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I/We undertake to check the contract notes and bring the discrepancies to your notice within 24 hours of such issuance of contract notes.

My/our non-verification or not accessing the contract notes on regular basis shall not be a reason for disputing the contract note at any time. This instruction to issue digital contract note is applicable with immediate effect. Digital Contract Notes / any Statement / Circular / notice issued and sent to the above mentioned email id by VFC Securities Private Limited are subject to the terms and conditions specified below.

### **Digital Contract Notes**

1. The Digital Contract notes will be issued in digital form in compliance with the guidelines issued by SEBI / Stock Exchange from time to time.
2. Digital Contract notes will be mailed to the E-mail address provided to us in the format as many as prescribed by the Stock Exchange.
3. Digital contract notes will also be available at your web site www.vfc.co.in which can be viewed by me/us by using the username and password.
4. The Digital Contract notes will be archived at an interval of 30 days. If a client intends to view the digital notes for a period prior to 30 days, client may request for the same in writing.
5. In case of any failure in system or errors in digital contract notes, contract notes will be issued in physical form, which shall be binding on the Client.
6. Discrepancies, if any, should be sent by E-mail to vfc@vfc.co.in within 24 hours of issuance of digital contract notes.

**Other Communications(such as Daily Margin Statement, Statement of Funds & Securities, Account Confirmations, DP transactions statements cum bill, notices, etc)**

7. The various documents as are required to be given by the member to the Client like Daily Margin Statement, Statement of Funds & Securities, Account Confirmations, notices, etc shall be e-mailed to client at the e-mail id give by the client.
8. In case of Statement of Funds and Securities, Clients will have time to report the discrepancies within 30 days of the issuance of the Statement.
9. In case of important Announcement and Notices, the Client will have to raise the query within the time specified in the respective communication. If the client is not able to respond with in time specified, it shall be assumed that client has taken note of the communication and he does not have any objection and/or query on the said communication.
10. Feedback or objections may be raised by sending an e-mail to vfc@vfc.co.in or any other specified e-mail id mentioned in the communication.

**Other Clauses**

11. Any change in the above terms and conditions shall be intimated to client from time to time through by an email or letter.
12. Non bouncing of e-mail shall be considered as a valid delivery to the client and VFC Securities Private Limited shall not be responsible for consequences thereof.
13. Kindly note that non receipt of bounced mail notification by the member, shall tantamount to delivery of the contract notes.

We hereby agree to confirm to verify the information/documents that are sent on email and/or upload on the said website regularly and the same shall be deemed to be received by me/us (vide SEBI) circular ref. no. SEBI/SMD/SE/15/2003/29/04 dated April 29, 2003, regarding issuance of contract notes/bills, statements of ledger/accounts in digital/electronic form and also to disseminate the same on the website for easy access to the Investor and also the additional conditions conveyed by SEBI vide its circular No. MRD/DOP/SE/Cir-20/2005 dated September 8, 2005.

If there is any change in the name & in my / our email ID or in the residential / correspondence address, the same shall be intimated to you in writing within reasonable period of time.

Yours faithfully,

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\_\_\_\_\_  
Signature of the Client

Client Code : \_\_\_\_\_

Place:

## LITERATURE FOR AML INFORMATION

As per the requirements of SEBI, implementation of Anti Money Laundering (AML)/ Combating Financing of Terrorism requires trading members as intermediaries to demand certain information from investors which may be of personal nature or has hitherto never been called for. Such information can include documents evidencing source of funds/income tax returns/bank records etc. This can sometimes lead to raising of questions with regard to the motive and purpose of collecting such information. To, sensitize about these requirements as the ones emanating from AML and CFT framework, General FAQs as published by The Financial Action Task Force (FATF), an inter-governmental body whose purpose is the development and promotion of policies, both at national and international levels, to combat money laundering and terrorist financing.. Kindly feel free to visit the websites of <http://www.fatf-gafi.org> / and <http://fiuindia.gov.in> for more information on the subject.

**What is Money Laundering?**

The goal of a large number of criminal acts is to generate money an individual or group of individuals that carries out the act. Money laundering is the processing of these criminal proceeds to disguise their illegal origin. This process is of critical importance, as it enables the criminals to enjoy these profits without jeopardizing their source.

Illegal arms sales, smuggling, and the activities of organised crime, for example drug trafficking, prostitution rings, etc. Embezzlement, insider trading, bribery and computer fraud schemes can also produce large profits and create the incentive to “legitimize” the ill-gotten gains through money laundering.

When a criminal activity generates substantial profits, the individual or group involved must find a way to control the funds without attracting attention to the underlying activity or the persons involved. Criminals do this by disguising the sources, changing the form, or moving the funds to a place where they are less likely to attract attention.

In response to mounting concern over money laundering, the FATF was established by the G-7 Summit in Paris in 1989 to develop a coordinated international response. The FATF has developed recommendations, 40 in all, which set out the measures national government should take to implement effective anti-money laundering programme.

**How is money laundered?**

In the initial - or placement - stage of money laundering, the launderer introduces his illegal profits into the financial system. This might be done by breaking up large amounts of cash into less conspicuous smaller sums that are then deposited directly into a bank account, or by purchasing a series of monetary instruments (cheque, money orders, etc.) that are then collected and deposited into accounts at another location.

After the funds have entered the financial system, the second – or layering – stage takes place. In this phase, the launderer engages in a series of conversions or movements of the funds to distance them from their source. The funds might be channeled through the purchase and sales of investment instruments, or the launderer might simply wire the funds through a series of accounts at various banks across the globe. This use of widely scattered accounts for laundering is especially prevalent in those jurisdictions that do not co-operate in anti-money laundering investigations. In some instances, the launderer might disguise the transfers as payments for goods or services, thus giving them a legitimate appearance.

Having successfully processed his criminal profits through the first two phases the launderer then moves them to the third stage – integration – in which the funds re-enter the legitimate economy. The launderer might choose to invest the funds into real estate, luxury assets, or business ventures.

**Where does money laundering occur?**

As money laundering is a consequence of almost all profit generating crime, it can occur practically anywhere in the world. Generally, money launderers tend to seek out countries or sectors in which there is a low risk of detection due to weak or ineffective anti-money laundering programme. Because the objective of money laundering is to get the illegal funds back to the individual who generated them, launderers usually prefer to move funds through stable financial systems

Money laundering activity may also be concentrated geographically according to the stage the laundered funds have reached. At the placement stage, for example, the funds are usually processed relatively close to the under-lying activity; often, but not in every case, in the country where the funds originate.

With the layering phase, the launderer might choose an offshore financial centre, a large regional business centre, or a world banking centre – any location that provides an adequate financial or business infrastructure. At this stage, the laundered funds may also only transit bank accounts at various locations where this can be done without leaving traces of their source or ultimate destination.

Finally, at the integration phase, launderers might choose to invest laundered funds in still other locations if they were

generated in unstable economies or locations offering limited investment opportunities.

### **How does money laundering affect business?**

The integrity of the banking and financial services market- place depends heavily on the perception that it functions within a framework of high legal, professional and ethical standards. A reputation for integrity is the one of the most valuable assets of a financial institution. If funds from criminal activity can be easily processed through a particular institution – either because its employees or directors have been bribed or because the institution turns a blind eye to the criminal nature of such funds – the institution could be drawn into active complicity with criminals and become part of the criminal network itself.

Evidence of such complicity will have a damaging effect on the attitudes of other financial intermediaries and of regulatory authorities, as well as ordinary customers.

As for the potential negative macroeconomic consequences of unchecked money laundering, one can cite inexplicable changes in money demand, prudential risks to bank soundness, contamination effects on legal financial transactions, and increased volatility of international capital flows and exchange rates due to unanticipated cross-border asset transfers. Also, as it rewards corruption and crime, successful money laundering damages the integrity of the entire society and undermines democracy and the rule of the law.

### **What is the connection with society at large?**

The possible social and political costs of money laundering, if left unchecked or dealt with ineffectively, are serious. Organised crime can infiltrate financial institutions, acquire control of large sectors of the economy through investment, or offer bribes to public officials and indeed governments.

The economic and political influence of criminal organisations can weaken the social fabric, collective ethical standards, and ultimately the democratic institutions of society. In countries transitioning to democratic systems, this criminal influence can undermine the transition. Most fundamentally, money laundering is inextricably linked to the underlying criminal activity that generated it. Laundering enables criminal activity to continue.

### **How does fighting money laundering help fight crime?**

Money laundering is a threat to the good functioning of a financial system; however, it can also be the Achilles heel of criminal activity.

In law enforcement investigations into organised criminal activity, it is often the connections made through financial transaction records that allow hidden assets to be located and that establish the identity of the criminals and the criminal organisation responsible.

When criminal funds are derived from robbery, extortion, embezzlement or fraud, a money laundering investigation is frequently the only way to locate the stolen funds and restore them to the victims.

Most importantly, however, targeting the money laundering aspect of criminal activity and depriving the criminal of his ill-gotten gains means hitting him where he is vulnerable. Without a usable profit, the criminal activity will not continue.

### **What should individual governments be doing about it?**

A great deal can be done to fight money laundering, and, indeed, many governments have already established comprehensive anti-money laundering regimes. These regimes aim to increase awareness of the phenomenon – both within the government and the private business sector – and then to provide the necessary legal or regulatory tools to the authorities charged with combating the problem.

Some of these tools include making the act of money laundering a crime; giving investigative agencies the authority to trace, seize and ultimately confiscate criminally derived assets; and building the necessary framework for permitting the agencies involved to exchange information among themselves and with counterparts in other countries.

It is critically important that governments include all relevant voices in developing a national anti-money laundering programme. They should, for example, bring law enforcement and financial regulatory authorities together with the private sector to enable financial institutions to play a role in dealing with the problem. This means, among other things, involving the relevant authorities in establishing financial transaction reporting systems, customer identification, record keeping standards and a means for verifying compliance.

## **Acknowledgement**

Dear Sir,

I / we have opened my Trading and Demat Account with your company for following Exchanges.

Exchange / Segment	CASH	F & O	CDX	
NSE				
BSE				
MCX-SX				

I / we hereby confirm that I / we have received a copy of the following documents executed by me/us at the time of opening of the above mentioned trading and demat account.

1. Account Opening Form (KYC Registration form).
2. Tariff Sheet
3. Rights and Obligations Documents
4. Combined risk disclosure document (RDD) for the above exchanges.
5. Guidance Note
6. Policy & Procedures of M/s VFC Securities Private Limited.
7. Copy of all voluntary documents signed by me as per your KYC Form from page no. 41 to 50.

\_\_\_\_\_  
**Signature of the Client**

Trading code no. \_\_\_\_\_

Client ID for DP: \_\_\_\_\_

Date:

Place: