



# SPFL SECURITIES LTD.

CIN : U74899DL1995PLC069581 | GSTIN (UP) : 09AABCS2452C1ZP

SEBI Registration No.:

NSE (Cash-FO-Currency), BSE (Cash-FO-Currency) : INZ000214237

NSDL DP ID : IN300556 | SEBI REGN. NO.: IN-DP-543-2021

CDSL DP ID : 12061200 | SEBI REGN. NO.: IN-DP-543-2021

**Corp. Office :** 15/63-L, Civil Lines, Kanpur-208001 | Mobile No.: +91-7376325889, +91-7376335889

**Regd. Office:** A-1662, Street No.15, G.F. Govind Puri, Kalka Ji, New Delhi-110019 | Ph.: 011-23270163

# CLIENT COPY

## INDEX

S.No.	Name of the Document	Brief Significance of the Documents	P. No.
1.	Additional information related to Demat Account (NSDL+CDSL)	A. Format of the Board Resolution B. Introduction C. Rights and Obligations of Beneficial Owner and Depository Participant as Prescribed By SEBI and Depositories D. Authorisation for Providing DP Transaction Statement by Email or on Website E. Declaration to be Given By HUF on the Letter Head of the HUF	1-4
2.	Rights and Obligations	Document stating the Rights & Obligations of Stock Broker/Trading Member, Sub-Broker and Client for trading on exchanges (including additional Rights & Obligations in case of Internet/Wireless Technology Based Trading).	5-8
3.	Risk Disclosure Document (RDD)	Document detailing risks associated with dealing in the securities market.	9-11
4.	Guidance Note	Document detailing do's and don'ts for trading on exchange, for the education of the investors.	13-13
5.	Policies and Procedures	Document describing significant policies and procedures of the Stock Broker.	14-18
6.	Addendum To The Client Registration Form / Key Information	Addendum	19
7.	Declaration	Declaration to be signed by all the members of HUF [applicable in case of 'HUF' Client]	

**FORMAT OF THE BOARD RESOLUTION**

**(on letter head of company)**

CERTIFIED TRUE COPY OF THE RESOLUTION PASSED BY THE BOARD OF DIRECTORS OF \_\_\_\_\_  
AT THEIR MEETING HELD ON \_\_\_\_\_ AT THEIR REGISTERED  
OFFICE \_\_\_\_\_

1. Resolved that a Corporate Beneficiary/ Clearing Member Account be opened for depository purpose with SPFL SECURITIES LIMITED , Registered Office : A-1662, Street No.15, G.F. Govind Puri, Kalka Ji, New Delhi-110019 & Corporate Office : 15/63-L, Civil Lines, Kanpur-208001.
2. Further Resolved that Mr. \_\_\_\_\_, and Mr. \_\_\_\_\_ Authorised Signatory of the company whose specimen signatures are attested below be jointly/severally authorised to sign on behalf of the company, all documents and forms relating to such account (in relation to debit or credit or otherwise) in such forms as may be required by SPFL SECURITIES LIMITED and further any instructions, indemnities and counter indemnities which may be required by SPFL SECURITIES LIMITED from the company in connection with the above mentioned account.
3. That this resolution be communicated to SPFL SECURITIES LIMITED and remain in force until notice in writing be given to SPFL SECURITIES LIMITED .

For : \_\_\_\_\_

Specimen Signature of :  
Mr. \_\_\_\_\_

Mr. \_\_\_\_\_

Director : \_\_\_\_\_

Attested by  
Director

**INTRODUCTION**

(by an existing account holder/applicant's bank)

DP-ID IN \_\_\_\_\_ Client ID \_\_\_\_\_ (In case  
of existing account holder.)

I confirm the identity and address of the applicant(s)

Name : \_\_\_\_\_  
Address : \_\_\_\_\_  
: \_\_\_\_\_

Signature of Introducer/Signature and  
Seal in case of Bank (To be verified by DP Official)

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

### General Clause

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

### Beneficial Owner information

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

### Fees/Charges/Tariff

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

### Dematerialization

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

### Separate Accounts

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

securities held in dematerialized form.

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

### Transfer of Securities

11. The DP shall effect transfer to and from the demat accounts of the Beneficial Owner only on the basis of an order, instruction, direction or mandate duly authorized by the Beneficial Owner and the DP shall maintain the original documents and the audit trail of such authorizations.
12. The Beneficial Owner reserves the right to give standing instructions with regard to the crediting of securities in his demat account and the DP shall act according to such instructions.
13. The stock broker / stock broker and depository participant shall not directly / indirectly compel the clients to execute Power of Attorney (PoA) or Demat Debit and Pledge Instruction (DDPI) or deny services to the client if the client refuses to execute PoA or DDPI.

### Statement of account

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

### Manner of Closure of Demat account

18. The DP shall have the right to close the demat account of the Beneficial Owner, for any reasons whatsoever, provided the DP has given a notice in writing of not less than thirty days to the Beneficial Owner as well as to the Depository. Similarly, the Beneficial Owner shall have the right to close his/her demat account held with the DP provided no charges are

payable by him/her to the DP. In such an event, the Beneficial Owner shall specify whether the balances in their demat account should be transferred to another demat account of the Beneficial Owner held with another DP or to rematerialize the security balances held.

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

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

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

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

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

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

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

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

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

#### **Authorized representative**

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

#### **Law and Jurisdiction**

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

### **ACKNOWLEDGEMENT**

I/We acknowledge the receipt of copy of 'Right and Obligations of Beneficial Owner and Depository Participant as prescribed by SEBI and Depositories'. I/We have read and understood the contents of these and agree to abide by them.

**AUTHORISATION FOR PROVIDING DP TRANSACTION STATEMENT BY EMAIL OR ON WEBSITE**

To,  
**SPFL SECURITIES LIMITED**  
 Registered Office : A-1662, Street No.15, G.F. Govind Puri, Kalka Ji, New Delhi-110019 | Ph.: 011-23270163  
 Corporate Office : 15/63-L, Civil Lines, Kanpur-208001 • Mobile No.: +91-7376325889, +91-7376335889 • Website: www.spfl.co.in

Dear Sir,  
 As per clause 6 of DP Client agreement you are required to provide me/us transaction statement including statement of account.

1. I/we understand that, I/we have the option to receive transaction statement by email or on website. in pursuance of the same, I/We hereby opt for receipt of transaction statement (including but not limited to statement of account holding statement or any other communication) through email .....or on website.
2. I/we is/are aware that I/we will not receive the transaction statement in paper form.
3. I/we will take all the necessary means to ensure confidentiality and secrecy of the login name and password of the internet/email account.
4. I/we, is/are aware that the transaction statement may be accessed by other entities in case the confidentiality/secrecy of the login name and password is compromised, in which case. I/we shall not hold you responsible in any manner.
5. I/we shall immediately inform the DP about change in email address if any, in case transaction statement are send by email.
6. I/we/you shall have the right to terminate this service by giving a 10 days written notice in advance.

Thanking you,

**DECLARATION TO BE GIVEN BY HUF ON THE LETTER HEAD OF THE HUF**

To,  
**SPFL SECURITIES LIMITED**  
 Registered Office : A-1662, Street No.15, G.F. Govind Puri, Kalka Ji, New Delhi-110019 | Ph.: 011-23270163  
 Corporate Office : 15/63-L, Civil Lines, Kanpur-208001 • Mobile No.: +91-7376325889, +91-7376335889 • Website: www.spfl.co.in  
 Dear Sir,

We, all the coparceners (members) detailed below of the Hindu Undivided Family having PAN No. ....do here by authorize Karta of the family Mr....., to open /operate in the name of this HUF a dealing / trading account and inter-alia to open and / or operate accounts with a Depository Participant and to issue notices and instructions relating to transfer , pledging , dematerializing or Rematerializing , orders , execute deals through you for and on behalf of the above named HUF and we state that we are and shall always be jointly and severally responsible for the dealings/ orders / trades / transactions that are executed by the karta Mr..... and all his orders /deals shall be binding on the HUF and all its members jointly as well as severally.

In the eventuality of change of Karta or change in the constitution of HUF we shall inform you in writing and understand that we are required to collect from you an acknowledgement of having taken the same on record.

The Specimen signature of the Karta Mr. .... is given below:

Specimen Signature in full.....

Thanking you,

Yours faithfully,

Name of the Co-Parceners	Sex	Date of Birth	Relationship with the Karta	Signature of the Co-Parceners

*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 cooperate 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, Byelaws, 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.

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.

## 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.nsedindia.com](http://www.nsedindia.com), [www.bseindia.com](http://www.bseindia.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 give a public notice inviting claims relating to only the "transactions executed on the trading system" of Stock exchange, from the investors. Ensure that you lodge a claim with the relevant Stock exchanges within the stipulated period and with the supporting documents.
17. Familiarize yourself with the protection accorded to the money and/or securities you may deposit with your stock broker, particularly in the event of a default or the stock broker's insolvency or bankruptcy and the extent to which you may recover such money and/or securities may be governed by the Bye-laws and Regulations of the relevant

Stock exchange where the trade was executed and the scheme of the Investors' Protection Fund in force from time to time.

#### **DISPUTES/ COMPLAINTS**

18. Please note that the details of the arbitration proceedings, penal action against the brokers and investor complaints against the stock brokers are displayed on the website of the relevant Stock exchange.
19. In case your issue/problem/grievance is not being sorted out by concerned stock broker/sub-broker then you may take up the matter with the concerned Stock exchange. If you are not satisfied with the resolution of your complaint then you can escalate the matter to SEBI.
20. Note that all the stock broker/sub-brokers have been mandated by SEBI to designate an e-mail ID of the grievance redressal division/compliance officer exclusively for the purpose of registering complaints.

## POLICIES &amp; PROCEDURES

**1. Refusal of orders for penny stocks,**

- a. The broker may from time to time limit (quantity/ value) / refuse orders in one or more securities due to various reasons including market liquidity, value of security (ies), the order being for securities which are not in the permitted list of the broker / exchange(s) / regulator. Provided further that broker may require compulsory settlement / advance payment of expected settlement value/delivery of securities for settlement prior to acceptance / placement of order(s) as well. The client agrees that the losses, if any on account of such refusal or due to delay caused by such limits, shall be borne exclusively by the client alone.
- b. The broker may require reconfirmation of orders, which are larger than that specified by the broker's risk management, and broker would have full discretion to reject the execution of such orders based on its risk perception.

**2. Setting up client's exposure limits and conditions under which a client may not be allowed to take further position or the broker may close the existing position of a client.**

- a. The broker may from time to time impose and vary limits on the orders that the client can place through the broker's trading system (including exposure limits, turnover limits, limits as to the number, value and/or kind of securities in respect of which orders can be placed etc.). The client is aware and agrees that the broker may need to vary or reduce the limits or impose new limits urgently on the basis of the broker's risk perception and other factors considered relevant by the broker including but not limited to limits on account of exchange/ regulatory directions/ limits (such as broker level/ market level limits in security specific / volume specific exposures etc.), and the broker may be unable to inform the client of such variation, reduction or imposition in advance. The broker shall not be responsible for such variation, reduction or imposition or the client's inability to route any order through the broker's trading system on account of any such variation, reduction or imposition of limits. Further the broker may at any time, at its sole discretion and without prior notice, prohibit or restrict the client's ability to place orders or trade in securities through the broker, or it may subject any order placed by the client to a review before its entry into the trading systems and may refuse to execute / allow execution of orders due to but not limited to the reason of lack of margin / securities or the order being outside the limits set by broker / exchange/ regulator and any other reasons which the broker may deem appropriate in the circumstances. The losses, if any on account of such refusal or due to delay caused by such review, shall be borne exclusively by the client alone.
- b. The client is not entitled to trade without adequate margin / security and that it shall be his / her / its responsibility to

ascertain beforehand the margin / security requirements for his / her /its orders / trades /deals and to ensure that the required margin / security is made available to the broker in such form and manner as may be required by the broker. If the client's order is executed despite a shortfall in the available margin, the client, shall, whether or not the broker intimates such short fall in the margin to the client, make up the shortfall suo moto immediately. The client further agrees that he /she /it shall be responsible for all orders (including any orders that may be executed without the required margin in the client's account) &/ or any claim / loss/ damage arising out of the non-availability /shortage of margin /security required by the broker & / or exchange &/or regulator.

- c. The broker is entitled to vary the form (i.e., the replacement of the margin / security in one form with the margin / security in any other form, say, in the form of money instead of shares) &/or quantum &/or percentage of the margin & / or security required to be deposited / made available, from time to time. The margin /security deposited by the client with the broker are not eligible for any interest unless specifically agreed to.
- d. The broker is entitled to include /appropriate any /all pay out of funds & / or securities towards margin / security without requiring specific authorizations for each pay out. The broker is entitled to transfer funds &/ or securities from his account for one exchange & / or one segment of the exchange to his / her / its account for another exchange & / or another segment of the same exchange whenever applicable and found necessary by the broker. The client also agrees and authorises the broker to treat / adjust his / her/ its margin / security lying in one exchange & / or one segment of the exchange / towards the margin / security / pay in requirements of another exchange & / or another segment of the exchange.
- e. The broker is entitled to disable / freeze the account & / or trading facility / any other service facility, if, in the opinion of the broker, the client has committed a crime / fraud or has acted in contradiction of this agreement or / is likely to evade / violate any laws, rules, regulations, directions of a lawful authority whether Indian or foreign or if the broker so apprehends.

**3. Applicable brokerage rate**

- a. The broker is entitled to charge brokerage within the limits imposed by exchange which at present is as under:
  - i. The maximum brokerage chargeable in relation to trades effected in the securities admitted to dealings on the Capital Market/ Futures/Currency and Interest rate futures segment of the Exchange shall be 2.5 % of the contract price exclusive of statutory levies. It is hereby further

*Continued on next page*

- clarified that where the sale / purchase value of a share is Rs.10/- or less in capital market segment, a maximum brokerage of 25 paise per share may be collected.
- ii. Brokerage for option contracts shall be charged on the premium amount at which the option contract was bought or sold and not on the strike price of the option contract. It is hereby further clarified that brokerage on options contracts shall not exceed 2.5% of the premium amount or Rs.100/- (per lot) whichever is higher.
- 4. Imposition of penalty/delayed payment charges by either party, specifying the rate and the period (This must not result in funding by the broker in contravention of the applicable laws)**
- a. Any amounts which are overdue from the client towards trading or on account of any other reason to the broker will be charged from the client with delayed payment charges at the rate of 18% P.A. The client should not indulge in trading activity which is against law, rules and regulations.
  - b. Clients trading activity should not be aimed at disturbing market equilibrium or manipulating market prices etc. If the client does so, the broker may keep in abeyance the Pay-out funds or securities till such time that the client has been able to clearly demonstrate that his actions were not mala fide in any manner.
  - c. The broker may impose fines / penalties for any orders / trades / deals / actions of the client which are contrary to this agreement / rules / regulations / bye laws of the exchange or any other law for the time being in force, at such rates and in such form as it may deem fit. Further where the broker has to pay any fine or bear any punishment from any authority in connection with / as a consequence of / in relation to any of the orders / trades / deals / actions of the client, the same shall be borne by the client. The client agrees to pay to the accept any payments in any form after such deadline for margin/security expires. Notwithstanding anything to the contrary in the agreement or elsewhere, if the client fails to maintain or provide the required margin/fund/ security or to meet the funds/margins/securities pay in obligations for the orders / trades / deals of the client within the prescribed time and form, the broker shall have the right without any further notice or communication to the client to take any one or more of the following steps:
    - i. To with hold any Pay-out of funds/ securities.
    - ii. To with hold /disable the trading / dealing facility to the client.
    - iii. To liquidate one or more security(s) of the client by selling the same in such manner and at such rate which the broker may deem fit in its absolute discretion. It is agreed and understood by the client that securities here includes securities which are pending delivery/receipt.
- iv. To liquidate / square off partially or fully the position of sale & / or purchase in any one or more securities / contracts in such manner and at such rate which the broker may decide in its absolute discretion.
  - v. To take any other steps which in the given circumstances, the broker may deem fit. The client agrees that the loss(s) if any, on account of any one or more steps as enumerated herein above being taken by the broker, shall be borne exclusively by the client alone and agrees not to question the reasonableness, requirements, timing, manner, form, pricing etc., which are chosen by the broker.
- 5. Shortages in obligations arising out of internal netting of trades**
- a. The broker shall not be obliged to deliver any securities or pay any money to the client unless and until the same has been received by the broker from the exchange, the clearing corporation/ clearing house or other company or entity liable to make the payment and the client has fulfilled his / her/ its obligations first. The policy and procedure for settlement of shortages in obligations arising out of internal netting of trades is as under:
    - b. The short delivering client is debited by an amount equivalent to 20% above of closing rate of day prior to Pay-in/Pay-out Day. The securities delivered short are purchased from market on T+3 day which is the Auction Day on Exchange, and the purchase consideration (inclusive of all statutory taxes & levies) is debited to the short delivering seller client along with reversal entry of provisionally amount debited earlier.
    - c. If securities cannot be purchased from market due to any force majeure condition, the short delivering seller is debited at the closing rate on T+3 day or Auction day on Exchange +10%. Where the delivery is matched partially or fully at the Exchange Clearing, the delivery and debits/credits shall be as per Exchange Debits and Credits.
    - d. In cases of securities having corporate actions all cases of short delivery of cum transactions which cannot be auctioned on cum basis or where the cum basis auction Pay-out is after the book closure /record date, would be compulsorily closed out at higher of 10% above the official closing price on the auction day or the highest traded price from first trading day of the settlement till the auction day.
- 6. Temporarily suspending or closing a client's account at the client's request, and**
- The client may request the broker to temporarily suspend his account, broker may do so subject to client accepting / adhering to conditions imposed by broker including but not limited to settlement of account and/ or other obligation. The broker can withhold the Pay-outs of client and suspend his trading account due to his surveillance action or judicial or / and regulatory order/action requiring client suspension.

*Continued on next page*



## 7. Deregistering a client.

Not with standing anything to the contrary stated in the client broker documents, the broker shall be entitled to suspend the account of client with immediate effect and if need be deregister the client in any of the following circumstances:

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

## 8. Other significant policies and procedures

### a. Proprietary Trading

The broker do undertake proprietary trading.

### b. Trading Related

- i. The relationship being established between the client and the broker shall be that of principal and agent and the

broker shall be the agent of the client. The client is required to make independent enquiries and satisfy himself that he is entitled to enter into the broker client relationship with the broker in the jurisdiction in which the client resides.

- ii. The broker recommends that client places orders in writing and takes acknowledgement as per the format available from the broker, so as to avoid any future disputes. The client may also choose to place orders verbally (by visiting the branch or through telephone), through e-mail, SMSs and /or through Internet based trading terminal which can be provided to the client upon requirement of client. The client may authorize his authorized representative to carry out the above whose orders shall be binding on the client.
- iii. The broker advises that it is preferable that client gives orders on the day the client desires trades, including orders for modification/cancellation, which the broker will punch in the trading system on a best efforts basis. However if client chooses to give orders in aftermarket hours than upon specific instruction of the client the broker may attempt to enter them in the trading system on the next trading day however it may not be possible in all instances to do so.
- iv. Orders given by client may or may not result in trades and the client should continuously monitor the final outcome of the order. Where orders have resulted in trades the same may or may not result in delivery and the client should continuously monitor his pay in / Pay-out obligations.
- v. No employee, sub broker, director or any other agent of the broker is authorized to give any assurances of profits, or to manage the account of the client in any discretionary manner. The client must make his own decisions regarding suitability of orders/investments and if need be rely upon his own independent advisers whether in matters of orders/trades or in the matters relating to taxation etc. Accordingly the client should not enter into any personal/private mutual understanding with any employee, sub broker, director or any other agent of the broker.
- vi. The broker uses trading platforms such as ODIN/ Fast Trade etc. which are exchange approved however there is no guarantee/warranty that these are bug / glitch free and the client may in rare occasions suffer losses which he should keep in mind while dealing through the broker.
- vii. Where prima-facie it appears that trading system is suffering from some problems such as incorrect positions being shown etc. the client should refrain from trading and immediately bring the problem to the notice of the broker and act only after the problem has been resolved. If broker or any other clients suffer on account of actions of the client in such situations the client will be liable to make good the losses suffered by broker or other clients.
- viii. The broker may tape record conversations of the client over telephone/in person however the broker shall not be

*Continued on next page*

obliged to do so and absence of availability of recordings shall not render any order/transaction unenforceable against the client, inasmuch as the orders can be placed over mobile phones, through visiting the branch and the recorded orders are also liable to damage/erasure on account of virus/capacity overrun of the machine.

- ix. As a measure of risk containment the broker may subject orders of the client to prior risk control assessment (such as checking availability of margin) before allowing the same to go into the trading system
- x. The broker may provide market research through e-mail, SMSs, website, printed material or through discussions however the same is provided without any warranty or guarantee or suitability for the client and is provided on an as is where is basis and broker recommends that client may get the same examined through his personal financial/legal advisers as deemed fit. The facilities/data/research shall be provided to client on as is where is basis only for personal use and all rights in the same shall exclusively rest with the broker, and client is not entitled to share it whether for consideration or otherwise with any third party without a formal written authorisation by the broker. In the event of a breach the broker shall be entitled to bring legal action against the client.
- xi. The broker issues contract notes with the order number and trade number and therefore shall not be providing order confirmation and trade confirmation slips to the client.
- xii. The broker may send various information such as, documents, bills, margin statements, statement of accounts etc., to the client through any one or more of the following means i.e. post, registered post, speed post, courier, telegram, , voice mail, SMS, telephone, messages on trading platform, through word of mouth by the agents of the broker, by displaying it on the website of the broker or making it available as a download from the website of the broker, displaying it on the notice board of the branch, newspaper advertisements or if circumstances so require, by broadcast over radio/television and where the client has provided email address, then these informations may also be sent by the broker through email. The service providers such as postal authorities, Courier Company, phone / SMS service providers etc., shall be agents of the client and the delivery of the information shall be complete when the broker delivers the communications to such service providers.
- xiii. The client should review all information sent to the client immediately upon the receipt of the same and revert the discrepancy if any (including if any trades in the account are not as per client directions/ orders) to allow the brokers to take remedial steps if any are possible.
- xiv. The broker may pledge the securities of client lying with it

as margin/collateral with third parties such as banks etc. to meet settlement / margin obligation.

- xv. The client shall forthwith cease trading and inform the broker in the event the client becomes ineligible to deal with the broker on account of any court, exchange or regulatory action.
- xvi. The broker shall be entitled to disseminate information about defaults made by the client to third parties.
- xvii. The client shall not work as a sub broker/authorised person without prior written permission of the broker and only after seeking appropriate registration with respective registering authorities.
- xviii. The client shall also not deal through the broker of an exchange of which the client himself is a member / Sub Broker / Authorised Person.
- xix. The broker shall be entitled to maintain combined/collective books of accounts of the client across exchanges and/or other services such as depositories etc.
- xx. The client shall maintain a regular watch on his account including on his margin/collateral and ensure payment well before the due dates so that the broker may not be required to liquidate/close out any margin/open positions.
- xxi. The records as provided by the broker through contract notes, bills, statement of accounts, statement of margin etc. shall be the official records to determine the obligations of broker and the client. Printouts taken from trading system or any such downloads etc. which are taken by the client from trading system may not give the correct picture and therefore shall not be the official record which bind the broker and the client.
- xxii. The client shall upgrade to the newer versions of trading software/back-office software etc. on account of changes made by the broker and/or any other service provider like depositories/Banks.
- xxiii. The existence of broker client relationship does not imply that broker is liable to provide each and every service to the client, and services may not be provided in case the client does not fulfill the necessary conditions for the same.
- xxiv. Where the client chooses to clear his trades through Professional Clearing Member (PCM) , then the broker shall revert such trades as are not confirmed by the PCM to the client who shall be then liable to not only pay all the margins on the same but to also settle the same.

#### **c. Payment Related**

- i. The broker may debit charges for other services such as depository, charges on account of dishonour of cheques, charges for issuance of demand drafts, NEFT/RTGS, SMS charges, research report charges, minimum processing fee charges etc. to the client's account.

*Continued on next page*

- ii. The broker does not accept cash and in no event should the client make any payments to the broker, broker's employees, broker's sub-broker/authorised persons and/or any agent of broker by cash.
- iii. The client must make payments from his own bank account through a bank instrument. The broker may demand a proof that the payments are being made by the client from his own account without which the Broker may not give credit to the client. In case of Demand Drafts, following may be required:
- iv. Certificate from the issuing bank on its letter head or on a plain paper with the seal of the issuing bank.
- v. Copy of the passbook/bank statement for the account debited to issue the instrument duly certified by the Bank. Please ensure that copy of the passbook/bank statement clearly reflects that amount has been debited for the purpose of issuing of prefunded instruments in favor of SPFL SECURITIES LIMITED.
- vi. The client should never leave any blank instrument(s) such as cheques / depository instruction slips (DIS) etc. with broker or broker's employees, broker's sub-broker/authorised persons and/or any agent of broker. The broker shall not be responsible for their misuse.
- vii. The broker shall make delivery of funds/securities to the client only after the same has been received from the exchange/clearing corporation/clearing house /the delivering client.

**d. Corporate Action**

- i. The client may keep securities with broker for ease of payments/margin, however, the broker shall not be liable to apply for and receive benefits of corporate action on the same and the client shall be solely responsible to get these transferred to his personal demat account to receive the corporate benefits. Broker, in exceptional circumstances, upon specific written request, may attempt to seek corporate benefits for and on behalf of the client while keeping the custody of securities with its own self, however the same shall be without any warranty/guarantee that the corporate benefits shall be received. The client shall also provide funds and application etc. well in time to allow the broker to take necessary action.
- ii. Where any corporate benefits come into the broker's account, upon any written request / agreed settlement procedures the same shall be held as part of existing margin/collateral, and shall be released to the client upon

written request.

- iii. The contract specifications may undergo changes because of corporate actions (such as shares split etc.) /directions by exchanges, and the client should actively monitor his open positions and take necessary actions to avoid any losses on account of any such changes.

**9. Policy regarding treatment of INACTIVE ACCOUNTS/ DORMANT ACCOUNTS**

**INACTIVE ACCOUNT:** Where no transaction has taken place in client's code during the last 6 months from the date of last transaction, then it will be considered as inactive / dormant account.

**CONSEQUENCES OF INACTIVE ACCOUNT:** On a client being declared inactive, the account of the client shall be locked and the client shall not be permitted to execute a fresh transaction in the account.

**CLIENT DECLARED INACTIVE VOLUNTARILY:**

A client may write to SPFL SECURITIES LIMITED stating that he wishes to transfer his account into an "inactive" status, based on which the account will be marked as such.

**CLIENT DECLARED INACTIVE BY LAW:**

Any client will be moved to the "inactive" category if required by law.

**PROCEDURE TO ACTIVATE THE LOCKED CLIENT ACCOUNT:**

- An e-mail request to reactive the account and process the transaction. Such e-mail request shall be sent only from the e-mail id of the Client registered with SPFL SECURITIES LIMITED or

- A written request to reactive the account and process the transaction duly signed by Client and submitted to SPFL SECURITIES LIMITED ; or

- A telephonic request to reactive the account and process the transaction. Such telephonic request shall be at the specified number of SPFL SECURITIES LIMITED for which voice recording is active. Further the request shall be processed only after the client provides additional identification as required.

If clients visit personally, we confirm in front. We check in back office system to trace out the dormant/inactive account.

Client confirms having read & accepted the terms & conditions of this document titled "**Policies and Procedure**" inter-alia comprising **clauses 1 to 9** and agrees to be bound by all of them including those excluding/limiting the broker's liabilities.

**ADDENDUM TO THE CLIENT REGISTRATION FORM / KEY INFORMATION**

In compliance with the provisions of Prevention of Money Laundering Act, 2002 and subsequent circulars issued by SEBI thereto, we hereby obliged to consider it as a part of client registration document: -

**PREVENTION OF MONEY LAUNDERING**

Prevention of Money Laundering Act, 2002 (herein refer to an "Act") came into affect July 1, 2005 vide notification No. GRE 436(E) dated July 1,2005 issued by Department of Revenue, Ministry of Finance, Govt. of India. Further SEBI vide Circular reference number ISD/CIR/RR/AML/1/06 dated January 18,2006 mandated that all the Stock Brokers should formulate and implement a proper policy framework as per the guidelines on anti money laundering measures and also to adopt a Know Your Client (KYC) policy. SEBI also issued another circular reference number ISD/CIR/RR/AML/2/06 dated March 23,2006 advising all the Stock Broker to take necessary steps to ensure compliance with the requirement of Sec12of the Act inter-alia, maintenance and preservation of records and reporting of information relating to cash and suspicious transactions to Financial Intelligence Unit-India (FIU-IND), New Delhi.

The constituents should ensure that the amount invested in the securities is through legitimate sources only and does not involve and is not designated for the purpose of contravention or evasion of the provision of the Income Tax Act, Prevention of Money Laundering Act, Prevention of corruption Act and/or any other law for the time being in force enacted by Govt. of India from time to time or any rules and regulations, notifications or directions issued there under.

To ensure appropriate identification of the constituents under its KYC policy and with view to monitor the transactions for the prevention of anti money laundering, the company has reserve the right to seek information, record constituents telephonic calls and/or obtained or retained documentation for establishing the identity of the constituents, proof of residence, source of funds, etc. It may re-verify identity and obtain any incomplete or additional information for this purpose.

The constituents or their attorney, if any, shall produce independent source documents, such as photographs, certified copies of ration card/passport/pan card/driving license or such other documents or produce such information as may be required from time to time for verification of the identity, residential address, financial information of the constituents by the company.

If the constituents refuses/fails to produce the required documents and information with in the period specified in the communication sent by company to the constituents, then the company after applying due diligence measures believes that the transaction is suspicious in nature within the purview of the Act and SEBI circulars issued from time to time or on account of deficiencies in the documentation shall have absolute discretion to report suspicious transaction to FIU-IND or to reject the application or to freeze the account of constituent. Thus the KYC documentation shall comply by all the constituents in its true spirit and word.

The Company, its Directors, its Employees and agents shall not be liable in any manner for any claim arising whatsoever on account of freezing of account or on rejection of application etc. due to non-compliance of the provisions of the Act, SEBI circulars and KYC policy and or where company believes that transaction is suspicious in nature within the purview of the Act or SEBI circulars and reporting the same to FIU-IND.

This document form an integral part of the client registration form as addendum or key information memorandum and will be subject to amendments from time to time.

Thanking you.

**Declaration to be signed by all the members of HUF [applicable in case of 'HUF' Client]**

To,  
**SPFL SECURITIES LIMITED**

**Registered Office :**

A-1662, Street No.15, G.F. Govind Puri, Kalka Ji, New Delhi-19

**Corporate Office :** 15/63-L, Civil Lines, Kanpur-208001

Dear Sir,

We confirm that the undersigned are all members of .....(HUF), and we have no objection to the Karta, Mr. ....operating a trading a/c with M/s. SPFL SECURITIES LIMITED

Yours truly,

Name of Karta : .....

Date of Birth of Karta : DD / MM / YYYY

PAN No. of Karta : | | | | | | | | | |

Name of Co-parcener/Karta	Date of Birth	Relationship with Karta	Signature
1.			
2.			
3.			
4.			
5.			