

## REGISTRATION DETAILS

<b>EQUITY CASH &amp; FNO SEGMENT</b>	<b>NSE: SEBI Regn. No: INZ000190431 Member ID :90087</b> <b>BSE : SEBI Regn. No: INZ000190431 Member ID :6214</b>
<b>COMMODITY DERIVATIVES SEGMENT</b>	<b>MCX : SEBI Regn. No : INZ000190431 Member ID : 8220</b> <b>NCDEX : SEBI Regn. No : INZ000190431 Member ID : 00922</b>
<b>DEPOSITORY PARTICIPANT</b>	<b>SEBI Regn. No : IN-DP-122-2015 CDSL-DP-ID : 12082000</b>
	<b>CLEARING MEMBER</b>
SMC Global Securities Ltd. (INZ000199438)	NSE FNO, BSE FNO
SMC Comtrade Ltd. (INZ000035839)	MCX Commodity, NCDEX Commodity

**CIN Number: U67120RJ2009PTC029006**

For any grievance/dispute please contact Asnani Stock Broker Private Limited at the given registered address or following officer

Designation	Name	Telephone/Mobile	EMAIL ID
Director	Kamal Asnani	01472-244973	kamal@asnanionline.com
Compliance Officer	Vinod Asnani	01472-246343	vinod@asnanionline.com
Grievances/Dispute/Suggestion			asnani@asnanionline.com

**In case not satisfied with the response, please contact the exchange**

<b>NSE</b> at <a href="mailto:ignse@nse.co.in">ignse@nse.co.in</a> and Phone no. 022-26598190 Fax No.:022-26598191.	<b>MCX</b> at <a href="mailto:grievance@mcxindia.com">grievance@mcxindia.com</a> Tel: 022 6731 8888
<b>BSE</b> at: <a href="mailto:is@bseindia.com">is@bseindia.com</a> ,Phone No.:022-22728097, Fax No.:022-22723677	<b>NCDEX</b> at <a href="mailto:askus@ncdex.com">askus@ncdex.com</a> Tel : (+91-22) - 6640 6084,
<b>MSEI</b> at: <a href="mailto:investorcomplaints@msei.in">investorcomplaints@msei.in</a> , Phone No.:022- 61129000	<b>ICEX</b> at <a href="mailto:grievance@icexindia.com">grievance@icexindia.com</a> Tel: (+91-22) - 3084 9700
<b>CDSL</b> : <a href="mailto:complaints@cdslindia.com">complaints@cdslindia.com</a> , phone no.22723333, Fax No.: 022-22723199	<b>NSDL</b> at <a href="mailto:relations@nsdl.co.in">relations@nsdl.co.in</a> Tel: 1800-222-990

You can also lodge your grievances with SEBI at <http://scores.gov.in>. For any Queries or Feedback or Assistance please contact SEBI on toll free helpline at 1800227575/18002667575

## INDEX

### MANDATORY DOCUMENTS AS PRESCRIBED BY SEBI & EXCHANGES

Sr. No.	Name of the Document	Brief Significance of the Document	Pages From-To
1.	<b>Rights &amp; Obligations</b>	Documents stating the Rights & Obligation of stock broker/trading member/ Authorised Person and client for the trading on exchanges including additional rights & obligation in case of Internet/Wireless technology based trading.	1-11
2.	<b>Risk Disclosure Document ( RDD )</b>	Document detailing risks associated with dealing in securities / commodities market .	12-15
3.	<b>Guidance Note</b>	Document detailing DO's and DON'T's for trading on exchange, for the education of the investors.	16-19
4.	<b>Rights &amp; Obligations ( DP )</b>	Documents stating the Rights & Obligation of Beneficial Owner and Depository Participant	20-22
5.	<b>Policies and Procedures</b>	Document describing significant policies and procedures of the stock broker / Member	23-27



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

1. The client shall invest/trade in those securities / commodities / contracts/other instruments admitted to dealings on the Exchanges as defined in the Rules, Byelaws and Regulations of Exchanges/ Securities and Exchange Board of India (SEBI) and circulars/notices issued there under from time to time.
  2. The Stock Broker / Member, Authorized Person 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 / Member to deal in securities / commodities and/or deal in derivatives contracts and wishes to execute its orders through the Stock Broker / Member and the client shall from time to time continue to satisfy itself of such capability of the Stock Broker / Member before executing orders through the Stock Broker / Member.
  4. The Stock Broker / Member shall continuously satisfy itself about the genuineness and financial soundness of the client and investment objectives relevant to the services to be provided.
  5. The Stock Broker / Member shall take steps to make the client aware of the precise nature of the Stock broker's / Member's liability for business to be conducted, including any limitations, the liability and the capacity in which the Stock Broker / Member acts.
  6. Requirements of professional diligence
    - a. The Stock Broker / Member must exercise professional diligence while entering into a financial contract or discharging any obligations under it.
    - b. "Professional Diligence" means the standard of skill and care that a Stock Broker / Member would be reasonably expected to exercise towards a Client, commensurate with
      - i. honest market practice;
      - ii. the principle of good faith;
      - iii. the level of knowledge, experience and expertise of the Client;
      - iv. the nature and degree of risk embodied in the financial product\* or financial service being availed by the Client; and
      - v. the extent of dependence of the Client on the Stock Broker / Member.
- \* Securities/Commodities / derivative contracts.
7. The Authorized Person shall provide necessary assistance and co-operate with the Stock Broker / Member in all its dealings with the client(s).

### CLIENT INFORMATION:

8. The client shall furnish all such details in full as are required by the Stock Broker / Member in "Account Opening Form" with supporting details, made mandatory by stock / commodity exchanges / SEBI from time to time.
9. The client shall familiarize himself with all the mandatory provisions in the Account Opening documents. Any additional clauses or documents specified by the Stock Broker / Members shall be non-mandatory, as per terms & conditions accepted by the client.
10. The client shall immediately notify the Stock Broker / Member in writing if there is any change in the information in the 'account opening form' as provided at the time of account opening and thereafter; including the information on winding up petition/insolvency petition account or any litigation which may have material bearing the capacity. The client shall provide/update the financial information to the Stock Broker / Member on a periodic basis.
11. A. Protection from unfair terms in financial contracts\*\*
  - a. An unfair term of a non-negotiated contract will be void.

- b. A term is unfair if it –
    - i. causes a significant imbalance in the rights and obligations of the parties under the financial contract, to the detriment of the Client; and
    - ii. is not reasonably necessary to protect the legitimate interests of the Stock Broker / Member.
  - c. The factors to be taken into account while determining whether a term is unfair, include –
    - i. The nature of the financial product or financial service dealt with under the financial contract;
    - ii. The extent of transparency of the term  
\*\*contracts offered by securities / commodity exchanges
    - iii. The extent to which the term allows a Client to compare it with other financial contracts for similar financial products or financial services; and
    - iv. The financial contract as a whole and the terms of any other contract on which it is dependent.
  - d. A term is transparent if it –
    - i. is expressed in reasonably plain language that is likely to be understood by the Client;
    - ii. is legible and presented clearly; and;
    - iii. is readily available to the Client affected by the term.
  - e. If a term of a financial contract is determined to be unfair under point 11.A.c, the parties will continue to be bound by the remaining terms of the financial contract to the extent that the financial contract is capable of enforcement without the unfair term.
11. B. a. “Non-negotiated contract” means a contract whose terms, other than the terms contained in point 11.C. (given below) are not negotiated between the parties to the financial contract and includes –
- i. a financial contract in which, relative to the Client, the Stock Broker / Member has a substantially greater bargaining power in determining terms of the financial contract; and
  - ii. a standard form contract.
- b. “Standard form contract” means a financial contract that is substantially not negotiable for the Client, except for the terms contained in point 11.C.
- c. Even if some terms of a financial contract are negotiated in form, the financial contract may be regarded as a non-negotiated contract if so indicated by –
- i. an overall and substantial assessment of the financial contract; and
  - ii. the substantial circumstances surrounding the financial contract
- d. In a claim that a financial contract is a non-negotiated contract, the onus of demonstrating otherwise will be on the Stock Broker / Member.
11. C. a. The above does not apply to a term of a financial contract if it –
- i. defines the subject matter of the financial contract;
  - ii. sets the price that is paid, or payable, for the provision of the financial product or financial service under the financial contract and has been clearly disclosed to the Client; or
  - iii. is required, or expressly permitted, under any law or regulations.
- b. The exemption under point 11.C does not apply to a term that deals with the payment of an amount which is contingent on the occurrence or non-occurrence of any particular event.
12. The Stock Broker / Member and Authorized person shall maintain all the details of the client as mentioned in the account opening form or any other information pertaining to the client, confidentially and that they shall not disclose the

same to any person/authority except as required under any law/regulatory requirements. Provided however that the Stock Broker / Member may so disclose information about his client to any person or authority with the express permission of the client.

13. A. Protection of personal information and confidentiality

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

13. B. a. A Stock Broker / Member must –

- i. not collect personal information relating to a Client in excess of what is required for the provision of a financial product or financial service;
- ii. maintain the confidentiality of personal information relating to Clients and not disclose it to a third party, except in a manner expressly permitted under point 13.B.b.
- iii. make best efforts to ensure that any personal information relating to a Client that it holds is accurate, up to date and complete;
- iv. ensure that Clients can obtain reasonable access to their personal information, subject to any exceptions that the Regulator may specify; and
- v. allow Clients an effective opportunity to seek modifications to their personal information to ensure that the personal information held by the Stock Broker / Member is accurate, up to date and complete.

b. A Stock Broker / Member may disclose personal information relating to a Client to a third party only if –

- i. it has obtained prior written informed consent of the Client for the disclosure, after giving the Client an effective opportunity to refuse consent;
- ii. the Client has directed the disclosure to be made;
- iii. the Regulator has approved or ordered the disclosure, and unless prohibited by the relevant law or regulations, the Client is given an opportunity to represent under such law or regulations against such disclosure;
- iv. the disclosure is required under any law or regulations, and unless prohibited by such law or regulations, the Client is given an opportunity to represent under such law or regulations against such disclosure;
- v. the disclosure is directly related to the provision of a financial product or financial service to the Client, if the Stock Broker / Member –
  1. informs the Client in advance that the personal information may be shared with a third party; and
  2. makes arrangements to ensure that the third party maintains the confidentiality of the personal information in the same manner as required under this Part; or
- vi. the disclosure is made to protect against or prevent actual or potential fraud, unauthorised transactions or claims, if the Stock Broker / Member arranges with the third party to maintain the confidentiality of the personal information in the manner required under this Part.-

- c. "Third party" means any person other than the concerned Stock Broker / Member, including a person belonging to the same group as the Stock Broker / Member.

14. A Requirement of fair disclosure both initially and on continuing basis
- a. The Stock Broker / Member must ensure fair disclosure of information that is likely to be required by a Client to make an informed transactional decision.
  - b. In order to constitute fair disclosure, the information must be provided –
    - i. sufficiently before the Client enters into a financial contract, so as to allow the Client reasonable time to understand the information;
    - ii. in writing and in a manner that is likely to be understood by a Client belonging to a particular category; and
    - iii. in a manner that enables the Client to make reasonable comparison of the financial product or financial service with other similar financial products or financial services.
  - c. The types of information that must be disclosed to a Client in relation to a financial product or financial service, which may include information regarding –
    - i. main characteristics of the financial product or financial service, including its features, benefits and risks to the Client;
    - ii. consideration to be paid for the financial product or financial service or the manner in which the consideration is calculated;
    - iii. existence, exclusion or effect of any term in the financial product or financial contract.
    - iv. nature, attributes and rights of the Stock Broker / Member, including its identity, regulatory status and affiliations;
    - v. contact details of the Stock Broker / Member and the methods of communication to be used between the Stock Broker / Member and the Client;
    - vi. rights of the Client to rescind a financial contract within a specified period; or
    - vii. rights of the Client under any law or regulations.
14. B. a. The Stock Broker / Member must provide a Client that is availing a financial product or financial service provided by it, with the following continuing disclosures –
- i. any material change to the information that was required to be disclosed under point 14.A at the time when the Client initially availed the financial product or financial service;
  - ii. information relating to the status or performance of a financial product held by the Client, as may be required to assess the rights or interests in the financial product or financial service; and
  - iii. any other information that may be specified.
- b. A continuing disclosure must be made –
- i. within a reasonable time-period from the occurrence of any material change or at reasonable periodic intervals, as applicable; and
  - ii. in writing and in a manner that is likely to be understood by a Client belonging to that category.

**MARGINS:**

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

## **TRANSACTIONS AND SETTLEMENTS:**

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

## **BROKERAGE:**

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

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

23. Without prejudice to the stock broker's / members other rights (including the right to refer a matter to arbitration), the client understands that the stock / commodity 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.
24. In the event of death or insolvency of the client or his/its otherwise becoming incapable of receiving and paying for or delivering or transferring securities / commodities which the client has ordered to be bought or sold, Stock Broker / Member may close out the transaction of the client and claim losses, if any, against the estate of the client. The client or his nominees, successors, heirs and assignee shall be entitled to any surplus which may result there from. The client shall note that transfer of funds/securities / commodities in favor of a Nominee shall be valid discharge by the Stock Broker / Member against the legal heir.
25. The Stock Broker / Member shall bring to the notice of the relevant Exchange the information about default in payment / delivery and related aspects by a client. In case where defaulting client is a corporate entity / partnership / proprietary firm or any other artificial legal entity, then the name(s) of Director(s) / Promoter(s) / Partner(s) / Proprietor as the case may be, shall also be communicated by the Stock Broker / Member to the relevant Exchange(s).

## **DISPUTE RESOLUTION:**

26. The Stock Broker / Member shall provide the client with the relevant contact details of the concerned Exchanges and SEBI.
27. The Stock Broker / Member 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
28. The client and the Stock Broker / Member shall refer any claims and/or disputes with respect to deposits, margin money, etc., to arbitration as per the Rules, Byelaws and Regulations of the Exchanges where the trade is executed and



circulars/notices issued thereunder as may be in force from time to time.

29. The Stock Broker / Member shall ensure faster settlement of any arbitration proceedings arising out of the transactions entered into between him vis-à-vis the client and he shall be liable to implement the arbitration awards made in such proceedings.
30. The client/ Stock Broker / Member understands that the instructions issued by an authorized representative for dispute resolution, if any, of the client/ Stock Broker / Member shall be binding on the client/ Stock Broker / Member in accordance with the letter authorizing the said representative to deal on behalf of the said client/ Stock Broker / Member.

31. A. Suitability of advice for the Client

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

- a. A Stock Broker / Member must –
- i. make all efforts to obtain correct and adequate information about the relevant personal circumstances of a Client; and
  - ii. ensure that the advice given is suitable for the Client after due consideration of the relevant personal circumstances of the Client.
- b. If it is reasonably apparent to the Stock Broker / Member that the available information regarding the relevant personal circumstances of a Client is incomplete or inaccurate, the Stock Broker / Member must warn the Client of the consequences of proceeding on the basis of incomplete or inaccurate information.
- c. If a Client intends to avail of a financial product or financial service that the Stock Broker / Member determines unsuitable for the Client, the Stock Broker / Member –
- i. must clearly communicate its advice to the Client in writing and in a manner that is likely to be understood by the Client; and
  - ii. may provide the financial product or financial service requested by the Client only after complying with point 31. A.a and obtaining a written acknowledgment from the Client.

**32. Dealing with conflict of interest**

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

- a. A Stock Broker / Member must –
- i. provide a Client with information regarding any conflict of interests, including any conflicted remuneration that the Stock Broker / Member has received or expects to receive for making the advice to the Client; and
  - ii. give priority to the interests of the Client if the Stock Broker / Member knows, or reasonably ought to know, of a conflict between –
    1. its own interests and the interests of the Client; or
    2. the interests of the concerned Stock Broker / Member and interests of the Client, in cases where the Stock Broker / Member is a financial representative.
- b. The information under must be given to the Client in writing and in a manner that is likely to be understood by the Client and a written acknowledgment of the receipt of the information should be obtained from the Client.
- b. In this section, “conflicted remuneration” means any benefit, whether monetary or non-monetary, derived by a Stock Broker / Member from persons other than Clients that could, under the circumstances, reasonably be expected to influence the advice given by the Stock Broker / Member to a Client.

## **TERMINATION OF RELATIONSHIP:**

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

## **ADDITIONAL RIGHTS AND OBLIGATIONS:**

36. The Stock Broker / Member shall ensure due protection to the client regarding client's rights to dividends, rights or bonus shares, etc. in respect of transactions routed through it and it shall not do anything which is likely to harm the interest of the client with whom and for whom they may have had transactions in securities.
37. The Stock Broker / Member and client shall reconcile and settle their accounts from time to time as per the Rules, Regulations, Bye Laws, Circulars, Notices and Guidelines issued by SEBI and the relevant Exchanges where the trade is executed.
38. The Stock Broker / Member shall issue a contract note to his constituents for trades executed in such format as may be prescribed by the Exchange from time to time containing records of all transactions including details of order number, trade number, trade time, trade price, trade quantity, details of the derivatives contract, client code, brokerage, all charges levied etc. and with all other relevant details as required therein to be filled in and issued in such manner and within such time as prescribed by the Exchange. The Stock Broker / Member shall send contract notes to the investors within 24 hours or one working day of the execution of the trades in hard copy and/or in electronic form using digital signature.
39. The Stock Broker / Member shall make pay out of funds or delivery of securities / commodities, as the case may be, to the Client within one working day of receipt of the payout from the relevant Exchange where the trade is executed unless otherwise specified by the client and subject to such terms and conditions as may be prescribed by the relevant Exchange from time to time where the trade is executed.
40. The Stock Broker / Member shall send a complete 'Statement of Accounts' for both funds and securities / commodities in respect of each of its clients in such periodicity and format within such time, as may be prescribed by the relevant Exchange, from time to time, where the trade is executed. The Statement shall also state that the client shall report errors, if any, in the Statement immediately but not later than 30 calendar days of receipt thereof, to the Stock Broker / Member. A detailed statement of accounts must be sent every month to all the clients in physical form. The proof of delivery of the same should be preserved by the Stock Broker / Member.
41. The Stock Broker / Member shall send margin statements to the clients on monthly basis. Margin statement should include, inter-alia, details of collateral deposited, collateral utilized and collateral status (available balance/due from client) with break up in terms of cash, Fixed Deposit Receipts (FDRs), Bank Guarantee, warehouse receipts, securities / commodities etc.
42. The Client shall ensure that it has the required legal capacity to, and is authorized to, enter into the relationship with Stock Broker / Member and is capable of performing his obligations and undertakings hereunder. All actions required to be taken to ensure compliance of all the transactions, which the Client may enter into shall be completed by the Client



prior to such transaction being entered into.

43. In case, where a Stock Broker / Member surrenders his/ her/ its Stock Broker / Membership, Stock Broker / Member gives a public notice inviting claims, if any, from investors. In case of a claim relating to transactions executed on the trading system of the Exchange, ensure that client lodge a claim with the Exchange within the stipulated period and with the supporting documents.
44. A. Protection from unfair conduct which includes misleading conduct & abusive conduct
- a. Unfair conduct in relation to financial products or financial services is prohibited.
  - b. “Unfair conduct” means an act or omission by a Stock Broker / Member or its financial representative that significantly impairs, or is likely to significantly impair, the ability of a Client to make an informed transactional decision and includes –
    - i. misleading conduct under point 44.B
    - ii. abusive conduct under point 44.C
    - iii. such other conduct as may be specified.
45. B. a. Conduct of a Stock Broker / Member or its financial representative in relation to a determinative factor is misleading if it is likely to cause the Client to take a transactional decision that the Client would not have taken otherwise, and the conduct involves –
  - i. providing the Client with inaccurate information or information that the Stock Broker / Member or financial representative does not believe to be true; or
  - ii. providing accurate information to the Client in a manner that is deceptive.
- b. In determining whether a conduct is misleading under point 44.B. a, the following factors must be considered to be “determinative factors” –
  - i. the main characteristics of a financial product or financial service, including its features, benefits and risks to the Client;
  - ii. the Client's need for a particular financial product or financial service or its suitability for the Client;
  - iii. the consideration to be paid for the financial product or financial service or the manner in which the consideration is calculated;
  - iv. the existence, exclusion or effect of any term in a financial contract, which is material term in the context of that financial contract;
  - v. the nature, attributes and rights of the Stock Broker / Member, including its identity, regulatory status and affiliations; and
  - vi. the rights of the Client under any law or regulations.
45. C. a. A conduct of a Stock Broker / Member or its financial representative in relation to a financial product or financial service is abusive if it –
  - i. involves the use of coercion or undue influence; and
  - ii. causes or is likely to cause the Client to take a transactional decision that the Client would not have taken otherwise.
- b. In determining whether a conduct uses coercion or undue influence, the following must be considered –
  - i. the timing, location, nature or persistence of the conduct;
  - ii. the use of threatening or abusive language or behavior;
  - iii. the exploitation of any particular misfortune or circumstance of the Client, of which the Stock Broker / Member is aware, to influence the Client's decision with regard to a financial product or financial service;
  - iv. any non-contractual barriers imposed by the Stock Broker / Member where the Client wishes to exercise

- rights under a financial contract, including –
- v. the right to terminate the financial contract;
  - vi. the right to switch to another financial product or another Stock Broker / Member and
  - vii. a threat to take any action, depending on the circumstances in which the threat is made.

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

46. In case, client opts to receive the contract note in electronic form, he shall provide an appropriate e-mail id ( created by himself ) to the Stock Broker / Member( Kindly refer Appendix A of in the KYC Form. The Stock Broker / Member shall ensure that all the rules/Business Rule/Bye-Laws/ circulars issued from time to time in this regard are complied with. The client shall communicate to the Stock Broker / Member any change in the email-id through a physical letter. If the client has opted for internet trading, the request for change of email id may be made through the secured access by way of client specific user id and password.
47. The Stock Broker / Member shall ensure that all ECNs sent through the e-mail shall be digitally signed, encrypted, non-tamper able and in compliance with the provisions of the IT Act, 2000. In case, ECN is sent through e-mail as an attachment, the attached file shall also be secured with the digital signature, encrypted and non-tamper able.
48. The client shall note that non-receipt of bounced mail notification by the Stock Broker / Member shall amount to delivery of the contract note at the e-mail ID of the client.
49. The Stock Broker / Member shall retain ECN and acknowledgment of the e-mail in a soft and non- tamper able form in the manner prescribed by the exchange in compliance with the provisions of the IT Act, 2000 and as per the extant rules / regulations/circulars/ guidelines issued by SEBI/Stock / Commodity Exchanges from time to time. The proof of delivery i.e., log report generated by the system at the time of sending the contract notes shall be maintained by the stock broker / member for the specified period under the extant regulations of SEBI/stock exchanges. The log report shall provide the details of the contract notes that are not delivered to the client/e-mails rejected or bounced back. The Stock Broker / Member shall take all possible steps to ensure receipt of notification of bounced mails by him at all times within the stipulated time period under the extant rules / circulars / guidelines / regulations issued by SEBI/stock / commodity exchanges.
50. The Stock Broker / Member shall continue to send contract notes in the physical mode to such clients who do not opt to receive the contract notes in the electronic form. Wherever the ECNs have not been delivered to the client or has been rejected (bouncing of mails) by the e-mail ID of the client, The Stock Broker / Member shall send a physical contract note to the client within the stipulated time under the extant regulations of SEBI/stock / commodity exchanges and maintain the proof of delivery of such physical contract notes.
51. In addition to the e-mail communication of the ECNs to the client, The Stock Broker / Member shall simultaneously publish the ECN on his designated web-site, if any, in a secured way and enable relevant access to the clients and for this purpose, shall allot a unique user name and password to the client, with an option to the client to save the contract note electronically and/or take a print out of the same.
52. The Electronic Contract Note (ECN) declaration form will be obtained from the Client who opts to receive the contract note in electronic form. This declaration will remain valid till it is revoked by the client.

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

53. In addition to the specific rights set out in this document, the Stock Broker / Member / Authorized Person and the client shall be entitled to exercise any other rights which the Stock Broker / Member or the client may have under the Rules, Bye-laws and Regulations of the Exchanges in which the client chooses to trade and circulars/notices issued thereunder or Rules and Regulations of SEBI.
54. The provisions of this document shall always be subject to Government notifications, any rules, regulations, guidelines and circulars/notices issued by SEBI and Rules, Regulations and Bye laws of the relevant stock / commodity exchanges, where the trade is executed, that may be in force from time to time.
55. The Stock Broker / Member and the client shall abide by any award passed by the Arbitrator(s) under the Arbitration and Conciliation Act, 1996. However, there is also a provision of appeal within the stock / commodity exchanges, if

either party is not satisfied with the arbitration award.

56. Words and expressions which are used in this document but which are not defined herein shall, unless the context otherwise requires, have the same meaning as assigned thereto in the Rules, Byelaws and Regulations and circulars/notices issued thereunder of the Exchanges/SEBI.
57. All additional voluntary clauses/document added by the stock / commodity broker should not be in contravention with rules / regulations / notices / circulars of Exchanges /SEBI. Any changes in such voluntary clauses/document(s) need to be preceded by a notice of 15 days. Any changes in the rights and obligations which are specified by Exchanges/SEBI shall also be brought to the notice of the clients.
58. If the rights and obligations of the parties hereto are altered by virtue of change in Rules and regulations of SEBI or Byelaws, Rules and Regulations of the relevant stock / commodity Exchanges where the trade is executed, such changes shall be deemed to have been incorporated herein in modification of the rights and obligations of the parties mentioned in this document.
59. The Stock Broker / Members are required to send account statement to their clients every month in physical form.

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

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

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

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

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

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

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

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

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

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

1.1 Risk of Higher Volatility:

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

1.2 Risk of Lower Liquidity:

Liquidity refers to the ability of market participants to buy and/or sell securities / commodities derivatives contracts expeditiously at a competitive price and with minimal price difference. Generally, it is assumed that more the numbers of orders available in a market, greater are the liquidity. Liquidity is important because with greater liquidity, it is easier for investors to buy and/or sell securities / commodities derivatives contracts swiftly and with minimal price difference, and as a result, investors are more likely to pay or receive a competitive price for securities / commodities



derivatives contracts purchased or sold. There may be a risk of lower liquidity in some securities / commodities derivatives contracts as compared to active securities / commodities derivatives contracts. As a result, your order may only be partially executed, or may be executed with relatively greater price difference or may not be executed at all.

1.2.1 Buying or selling securities / commodities / derivatives contracts as part of a day trading strategy may also result into losses, because in such a situation, securities / commodities derivatives contracts may have to be sold / purchased at low / high prices, compared to the expected price levels, so as not to have any open position or obligation to deliver or receive a securities / commodities derivatives contract. Further, buying/ selling without intention of giving and/ or taking delivery of certain securities / commodities may also result into losses, because in such a situation, securities / commodities derivative contracts may have to be squared-off at a low/ high prices, compared to the expected price levels, so as not to have any obligation to deliver/ receive such securities / commodities.

### 1.3 Risk of Wider Spreads:

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

### 1.4 Risk-reducing orders:

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

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

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

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

### 1.5 Risk of News Announcements:

Traders / Manufactures make news announcements that may impact the price of shares / commodities and or securities / commodities derivatives contract may occur during trading, and when combined with lower liquidity and higher volatility, may suddenly cause an unexpected positive or negative movement in the price of the securities / commodities contracts.

### 1.6 Risk of Rumors:

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

### 1.7 System Risk:

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

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

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

commodities derivatives contract hitting circuit filters or for any other reason.

#### 1.8 System/Network Congestion:

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

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

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

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

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

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

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

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

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

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

##### 2.2 Currency specific risks:

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

2. Under certain market conditions, you may find it difficult or impossible to liquidate a position. This can occur, for example when a currency is deregulated or fixed trading bands are widened.

3. Currency prices are highly volatile. Price movements for currencies are influenced by, among other things: changing supply-demand relationships; trade, fiscal, monetary, exchange control programs and policies of governments; foreign political and economic events and policies; changes in national and international interest rates and inflation; currency devaluation; and sentiment of the market place. None of these factors can be controlled by any individual advisor and no assurance can be given that an advisor's advice will result in profitable trades for a participating customer or that a customer will not incur losses from such events.

##### 2.3 Risk of Option holders:

1. An option holder runs the risk of losing the entire amount paid for the option in a relatively short period of time. This risk reflects the nature of an option as a wasting asset which becomes worthless when it expires. An option holder who

neither sells his option in the secondary market nor exercises it prior to its expiration will necessarily lose his entire investment in the option. If the price of the underlying does not change in the anticipated direction before the option expires, to an extent sufficient to cover the cost of the option, the investor may lose all or a significant part of his investment in the option.

2. The Exchanges may impose exercise restrictions and have absolute authority to restrict the exercise of options at certain times in specified circumstances.

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

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

#### **3. TRADING THROUGH WIRELESS TECHNOLOGY / SMART ORDER ROUTING OR ANY OTHER TECHNOLOGY:**

Any additional provisions defining the features, risks, responsibilities, obligations and liabilities associated with securities / commodities trading through wireless technology/ smart order routing or any other technology should be brought to the notice of the client by the stock broker / member.

#### **4. GENERAL:**

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

You should familiarize yourself with the protections accorded to the money or other property you deposit particularly in the event of a firm become insolvent or bankrupt. The extent to which you may recover your money or property may be governed by specific legislation or local rules. In some jurisdictions, property, which has been specifically identifiable as your own, will be pro-rated in the same manner as cash for purposes of distribution in the event of a shortfall. In case of any dispute with the Stock Broker / Member of the Exchange, the same shall be subject to arbitration as per the Rules, Bye-laws and Business Rules of the Exchange.
- 4.4 Commission and other charges:
  - Before you begin to trade, you should obtain a clear explanation of all commissions, fees and other charges for which you will be liable. These charges will affect your net profit (if any) or increase your loss.
  - For rights and obligations of the Stock Broker / Members /Authorised Persons/ clients, please refer to Annexure.
  - The term “Constituent” shall mean and include a Client, a Customer or an Investor, who deals with a stock broker / member for the purpose of trading in the securities / commodities derivatives through the mechanism provided by the Exchange.
  - The term “Stock broker / Member” shall mean and include a Trading Member or a Member/Stock Broker, who has been admitted as such by the Exchange and got a Unique Member Code from SEBI.

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

### BEGIN TO TRADE

- 1) Ensure that you deal with and through only SEBI registered intermediaries. You may check their SEBI registration certificate number from the list available on the Stock exchanges [www.nseindia.com](http://www.nseindia.com) / [www.bseindia.com](http://www.bseindia.com) / [www.mcx-sx.com](http://www.mcx-sx.com) / [www.useindia.com](http://www.useindia.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 / Member offering with Tariff Sheet.
- 4) Ensure to read, understand and then sign the voluntary clauses, if any, agreed between you and the Stock Broker / Member. Note that the clauses as agreed between you and the stock / commodity broker cannot be changed without your consent.
- 5) Get a clear idea about all brokerage, commissions, fees and other charges levied by Stock Broker / Member on you for trading and the relevant provisions/ guidelines specified by SEBI/Stock / Commodity Exchanges respectively.
- 6) Obtain a copy of all the documents executed by you from the stock / commodity broker are free of charge.
- 7) In case you wish to execute Power of Attorney (POA) in favour of the Stock / Commodity broker, authorizing it to operate your bank and demat account, please refer to the guidelines issued by SEBI/Exchanges in this regard.

### TRANSACTIONS AND SETTLEMENTS

- 8) The Stock Broker / Member may issue electronic contract notes (ECN) if specifically authorized by you in writing. You should provide your email id to the Stock Broker / Member for the same. Don't opt for ECN if you are not familiar with computers.
- 9) Don't share your internet trading account's password with anyone.
- 10) Don't make any payment in cash or kind to the Stock Broker / Member.
- 11) Make the payments by account payee cheque in favour of the stock / commodity broker. Don't issue cheques in the name of authorized person. Ensure that you have a documentary proof of your payment/deposit of securities / commodities with the stock / commodity broker, stating date, scrip, commodity, quantity, towards which bank/ demat / repository account such money or securities or commodities deposited and from which bank/ demat / repository account (in the form of warehouse receipts).
- 12) Note that facility of Trade Verification is available on stock / commodity exchanges' websites, where details of trade as mentioned in the contract note may be verified. Where trade details on the website do not tally with the details mentioned in the contract note, immediately get in touch with the Investors Grievance Cell of the relevant Stock / Commodity exchange.
- 13) In case you have given specific authorization for maintaining running account, payout of funds or delivery of securities / commodities (as the case may be), may not be made to you within one working day from the receipt of payout from the Exchange. Thus, the Stock Broker / Member 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 / commodities shall be done by the Stock Broker / Member, at least once in a calendar quarter or month, depending on your preference. While settling the account, the Stock Broker / Member 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 / commodities displaying all the receipts/deliveries of funds and securities / commodities. The statement shall also explain the retention of funds and securities / commodities and the details of the pledged shares / commodities, if any.

- c) On the date of settlement, the Stock Broker / Member may retain the requisite securities/ commodities / funds towards outstanding obligations and may also retain the funds expected to be required to meet derivatives margin obligations for next 5 trading days, calculated in the manner specified by the exchanges. In respect of cash market or commodity market or any other market transactions, the Stock Broker / Member may retain entire pay-in obligation of funds and securities/ commodities due from clients as on date of settlement and for next day's business, he may retain funds/securities/ commodities margin to the extent of value of transactions executed on the day of such settlement in the cash market or any other market.
  - d) You need to bring any dispute arising from the statement of account or settlement so made to the notice of the Stock Broker / Member in writing preferably within 7 (seven) working days from the date of receipt of funds/securities / commodities or statement, as the case may be. In case of dispute, refer the matter in writing to the Investors Grievance Cell of the relevant Stock / Commodity Exchanges without delay.
- 14) In case you have not opted for maintaining running account and pay-out of funds/securities/commodities is not received on the next working day of the receipt of payout from the exchanges, please refer the matter to the stock broker/ member. In case there is dispute, ensure that you lodge a Complaint in writing immediately with the Investors Grievance Cell of the relevant Stock / Commodity exchange.
- 15) Please register your mobile number and email id with the Stock Broker / Member , to receive trade confirmation alerts/ details of the transactions through SMS or email, by the end of the trading day, from the stock / commodity exchanges.

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

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

#### **DISPUTES/ COMPLAINTS**

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



## **Do's**

1. Trade only through Registered Stock Broker / Members of the Exchange. Check from the Exchange website at link mention in Annexure on page no. 19 to see whether the Stock Broker / Member is registered with the Exchange.
2. Insist on filling up a standard 'Know Your Client (KYC)' form before you commence trading
3. Insist on getting a Unique Client Code (UCC) and ensure all your trades are done under the said UCC.
4. Insist on reading and signing a standard 'Risk Disclosure Agreement'.
5. Obtain a copy of your KYC and/or other documents executed by you with from the Stock Broker / Member.
6. Cross check the genuineness of trades carried out at the Exchange through the trade verification facility available on the Exchange website at the link mention in Annexure on page no. 19 . The trades can be verified online where trade information is available up to 5 working days from the trade date.
7. Insist on a duly signed Contract Note in specified format for every executed trade within 24 hours of trade, highlighting the details of the trade along with your UCC.
8. Ensure that the Contract Note contains all the relevant information such as Stock Broker / Member Registration Number, Order No., Order Date, Order time, Trade No., Trade rate, Quantity, Arbitration Clause, etc.
9. Obtain receipt for collaterals deposited with the Stock Broker / Member towards margins.
10. Go through the Rules, Bye-laws, Regulations, Circulars, Directives, Notifications of the Exchange as well as of the Regulators, Government and other authorities to know your rights and duties vis-à-vis those of the Stock Broker / Member.
11. Ask all relevant questions and clear your doubts with your Stock Broker / Member before transacting.
12. Insist on receiving the bills for every settlement.
13. Scrutinize minutely both the transaction & holding statements that you receive from your Depository Participant.
14. Keep Delivery Instruction Slips (DIS) book issued by DPs in safe possession.
15. Ensure that the DIS numbers are preprinted and your account number (UCC) is mentioned in the DIS book.
16. Freeze your Demat account in case of your absence for longer duration or in case of not using the account frequently.
17. Pay required margins in time and only by Cheque and ask for receipt thereof from the Stock Broker / Member.
18. Deliver the securities / commodities in case of sale or pay the money in case of purchase within the time prescribed.
19. Understand and comply with accounting standards for derivatives.
20. Get a clear idea about all brokerage, commissions, fees and other charges levied by the Stock Broker / Member on you for trading and the relevant provisions/ guidelines specified by SEBI/Commodity exchanges.

## **Don'ts**

1. Do not deal with any unregistered intermediaries.
2. Do not undertake off-market transactions as such transactions are illegal and fall outside the jurisdiction of the Exchange.
3. Do not enter into assured returns arrangement with any Stock Broker / Member
4. Do not get carried away by luring advertisements, rumours, hot tips, explicit/ implicit promise of returns, etc.
5. Do not make payments in cash/ take any cash towards margins and settlement to/ from the Stock Broker / Member.
6. Do not start trading before reading and understanding the Risk Disclosure Agreement.
7. Do not neglect to set out in writing, orders for higher value given over phone.
8. Do not accept unsigned/duplicate contract note/confirmation memo.

9. Do not accept contract note/confirmation memo signed by any unauthorized person.
10. Don't share your internet trading account's password with anyone
11. Do not delay payment/deliveries of commodities to Stock Broker / Member.
12. Do not forget to take note of risks involved in the investments.
13. Do not sign blank Delivery Instruction Slips (DIS) while furnishing securities / commodities, deposits and/or keep them with Depository Participants (DP) or Stock Broker / Repository to save time.
14. Do not pay brokerage in excess of that rates prescribed by the Exchange
15. Don't issue cheques in the name of Authorized Person.

**ANNEXURE**

<b>EXCHANGE</b>	<b>LINK TO SEE WHETHER THE STOCK BROKER / MEMBER IS REGISTERED WITH THE EXCHANGE</b>	<b>LINK FOR TRADE VERIFICATION FACILITY AVAILABLE ON THE EXCHANGE WEBSITE</b>
MCX	<a href="https://www.mcxindia.com/Stock%20Broker%20Membership/notice-board/Stock%20Broker%20Member-AP">https://www.mcxindia.com/Stock Broker / Membership/notice-board/Stock Broker / Member-AP</a>	<a href="https://www.mcxindia.com/en/login">https://www.mcxindia.com/en/login</a>
NCDEX	<a href="https://www.ncdex.com/Stock%20Broker%20Membership/MemDirectory.aspx">https://www.ncdex.com/Stock Broker / Membership/MemDirectory.aspx</a>	<a href="https://www.ncdex.com/MarketData/tradeverification.aspx">https://www.ncdex.com/MarketData/tradeverification.aspx</a>
ICEX	<a href="https://www.icexindia.com/static/Stock%20Broker%20Membership-find-member.aspx">https://www.icexindia.com/static/Stock Broker / Membership-find-member.aspx</a>	<a href="https://www.icexindia.com/MarketData/trade-verification.aspx">https://www.icexindia.com/MarketData/trade-verification.aspx</a>

**ANNEXURE**

<b>EXCHANGE</b>	<b>LINK TO SEE WHETHER THE STOCK BROKER / MEMBER IS REGISTERED WITH THE EXCHANGE</b>	<b>LINK FOR TRADE VERIFICATION FACILITY AVAILABLE ON THE EXCHANGE WEBSITE</b>
BSE	<a href="https://www.bseindia.com/members/MembershipDirectory.aspx#">https://www.bseindia.com/members/MembershipDirectory.aspx#</a>	<a href="https://www.bseindia.com/investors/trade_check.aspx#">https://www.bseindia.com/investors/trade_check.aspx#</a>
NSE	<a href="https://www.nseindia.com/membership/dynaContent/find_a_broker.htm">https://www.nseindia.com/membership/dynaContent/find_a_broker.htm</a>	<a href="https://www.nseindia.com/registration/tv/trades/newStructure/TVLogin.jsp">https://www.nseindia.com/registration/tv/trades/newStructure/TVLogin.jsp</a>

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

### General Clause:

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

### Beneficial Owner information:

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

### Fees/Charges/Tariff:

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

### Dematerialization:

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

### Separate Accounts:

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

### Transfer of Securities:

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

**Statement of account:**

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

**Manner of Closure of Demat account:**

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

**Default in payment of charges:**

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

**Liability of the Depository:**

21. As per Section 16 of Depositories Act, 1996,:
  - 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.
  - Where the loss due to the negligence of the participant under Clause (1) above, is indemnified by the depository, the depository shall have the right to recover the same from such participant.

**Freezing/ Defreezing of accounts:**

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

**Redressal of Investor grievance:**

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

**Authorized representative:**

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

**Law and Jurisdiction:**

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



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

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

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

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

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

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

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

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

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

## **BROKERAGE ON DEALINGS**

### **Brokerage Philosophy**

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

Brokerage

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

Underwriting Commission and Brokerage

3. Unless otherwise determined and restricted by the relevant authority, ASBPL may, in its discretion, charge such brokerage or commission for underwriting or placing or acting as a broker / member / securities / commodities or entering into any preliminary arrangement in respect of any floatation or new Issues or Offer for Sale of any security as it may agree upon with the issuer or offerer or with the principal underwriters or brokers engaged by such issuer or offerer, subject to limits stipulated under the relevant

statutory provisions as may be applicable from time to time.

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

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

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

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

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

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

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

Without prejudice to ASBPL's other rights including the right to refer a matter to arbitration, ASBPL shall be entitled to liquidate / close all or any of the Client's position with oral intimation to the Client either directly or through any of its Branches or Authorised Person or Remisers who have introduced the client for non-payment of margins, other lawful amounts due from the Client to ASBPL, Exchange, or any other lawful outstanding debts, etc. Any and all losses, financial charges and or incidentals expenses incurred by ASBPL on account of such liquidation/closing out shall be recovered from the Client and / or charged to and borne by the Client and/or deductible by ASBPL from the monies and/or collateral margin of the Client available with ASBPL.

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

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

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

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

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

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

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

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

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

1. the volatility in the market;
2. in view of impending price sensitive announcements;

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

However the Stock Broker / Member in its absolute discretion may considers it prudent to increase its exposure towards the Client.

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

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

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

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

#### **DEREGISTERING A CLIENT**

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

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

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

ASBPL will not be liable for losses caused directly or indirectly by government restriction, Exchange rulings, suspension of trading, computer, communication, telephone or system failure, war, earthquakes, flood, accident, power failure, equipment or software malfunction, lack of connectivity, congestion or disruption of communication network or links, software glitches or corruption, low processing speed, strikes or any other conditions beyond ASBPL's control resulting in non-execution, partial or incomplete execution of orders and the resulting financial loss, if any ASBPL may at any time terminate, discontinue or temporarily suspend trading facility provided to the Client in the event of any such extraordinary event occurring without giving prior notice to the Client.



## **INACTIVE / DORMAT ACCOUNT POLICY**

Client account will be considered as inactive if the client does not trade for a continuous period of 6 months. Time Calculation shall be done at the beginning of every month and those clients who have not traded even a single time will be considered as inactive. The client has to make request for reactivation of their account. Funds / Securities / Commodities of the Client shall be returned back to the client within reasonable time.

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

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

## **Proprietary Trading**

The Stock Broker / Member (Asnani Stock Broker Pvt Ltd) hereby informs and declares to the client that, in addition to the client level trading, the stock broker / member, undertakes proprietary trading.

Mode of payment to and from the clients:

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

Other charges:

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

## **RECORDING OF CONVERSATION:-**

The client is aware and agrees that ASBPL may tape record the conversation between the client/client's representative and ASBPL, whether over the telephone or in person. ASBPL may produce before competent authorities, voluntarily or on such production being required by such authorities, recorded conversation or transcript thereof or both as valid evidence of the content of the conversation so recorded.

## **PMLA POLICY**

**Asnani Stock Broker Private Limited** has resolved that it would, as an internal policy, take adequate measures to prevent money laundering and shall put in place a framework to report cash and suspicious transactions to Financial Intelligence Unit (FIU) as per the guidelines of PMLA Rules, 2002.

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

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

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

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

the client's background/financial status, its activities and risk profile.

The Customer Due Diligence Process includes three specific parameters:

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

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

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

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