

This document from SREIL is mandatory as per SEBI Circular No. MIRSD/SE/Cir-19/2009 dated 03.12.2009 and requires your utmost care, attention and understanding.

1. POLICY FOR PENNY STOCKS:

SREIL shall have the absolute discretion to accept, refuse or partially accept any buy or sell order for execution from a client in respect of penny stocks, illiquid stocks, stocks having low liquidity, illiquid "options", far month "options", writing of "options", stocks in S, Z and B2 category and any other contracts which as per the perception of SREIL are extremely volatile or subject to Market manipulation and/or depending on the market conditions.

SREIL shall have the prerogative to place such restrictions, notwithstanding the fact that the client has adequate credit balance or margin available in his account and/or the client had previously purchased or sold such securities/contracts through SREIL itself. SREIL and/or any of its directors, employees, associates, sub brokers, will not be held responsible due to losses due to such refusal.

2. SETTING UP CLIENT'S EXPOSURE LIMITS:

SREIL may from time to time vary limits (exposure limits, turnover limits, limits as to the number, value and/or kind of securities in respect of which orders can be placed etc.) on the orders that the client can place through SREIL's trading system. The client is aware and agrees that SREIL may need to vary or reduce the limits or impose new conditions for limits urgently on the basis of SREIL's risk perception and other factors considered relevant by SREIL including but not limited to limits on account of exchange/SEBI directions/limits (such as broker level/market level limits in security specific/volume specific exposures etc.), and SREIL may be unable to inform the client of such variation, reduction or imposition in advance. The client agrees that SREIL shall not be responsible for such variation, reduction or imposition or the client's inability to route any order through SREIL's trading system on account of any such variation, reduction or imposition of limits.

The client further agrees that SREIL may at any time, at its sole discretion and without prior notice, prohibit or restrict the client's ability to place orders or trade in securities through SREIL, or it may subject any order placed by the client to a review before its entry into the trading systems and may refuse to execute/allow execution of orders due to but not limited to the reason of lack of margin/securities or the order being outside the limits set by SREIL/exchange/SEBI and any other reasons which SREIL may deem appropriate in the circumstances. The client agrees that the losses, if any on account of such refusal or due to delay caused by such review, shall be borne exclusively by the client alone.

SREIL has margin based RMS system. Total deposits of the clients (Funds and Securities lying with SREIL either as Margin or in running account) are uploaded in the system and client may take exposure on the basis of margin applicable for respective security as per VAR based margining system of the stock exchange and/or margin defined by RMS based on risk perception. Any failure on the client's part in payment of margins shall be viewed seriously and SREIL is authorized not to allow the client any further exposure and also authorized to square off client's existing position/s and/or sell the securities lying with SREIL as collateral.

3. APPLICABLE BROKERAGE RATE:

Brokerage will be charged at the rates being agreed between the client & SREIL within the limits prescribed by SEBI/exchange.

The slab rates of brokerage fixed by SREIL are function of the quality and cost of services provided to the client and the volume and revenue expected from an account. It shall be reviewed by SREIL from time to time.

The brokerage shall however be exclusive of DP Annual maintenance charges, DP transaction charges/Pledge/Re-pledge/Demat/Remat charges, DP Inter settlement charges, Account Opening charges, Delayed Payment charges, Penalties levied by Exchange, Research advisory charges, Courier charges, Bank charges towards the cheques received unpaid, DP, Bank and other processing charges towards periodic settlement of Funds/Securities on periodic basis, Statutory charges payable to Exchange/SEBI/Govt. Authorities etc., SEBI/Exchange/Clearing Member Turnover charges, Other out of pocket and service related charges.

4. IMPOSITION OF PENALTY/DELAYED PAYMENT CHARGES:

The client agrees that SREIL may impose fines/penalties for any orders/trades/deals/actions of the client which are contrary to this policies/rules/regulations/bye laws of the exchange or any other law for the time being in force, at such rates and in such form as it may deem fit. Further where SREIL has to pay any fine or bear any punishment from any authority in connection with/as a consequence of/in relation to any of the orders/trades/deals/actions of the client, the same shall be borne by the client.

SREIL is therefore authorized by the client to charge a delayed payment penalty, not exceeding 18% per annum, on account of delays/failure by the client in meeting the pay-in obligations on the scheduled date and also where the clients take exposure in F&O segment by depositing collaterals in a ratio which is disproportionate to the Cash versus collaterals ratios prescribed by the Exchanges. While levying delayed payment charges or interest on the debit balance in the running account of a client, SREIL may not consider any credit balance in the other family or group account of the client.

SREIL provides exposure against the upfront margin received in the form of cash/collateral from the client and the client also has the prerogative to demand withdrawal of cash and collaterals at his discretion, SREIL shall not pay any interest or other benefit to the client for maintaining cash balances or depositing collateral margins with SREIL.

5. SHORTAGES IN OBLIGATIONS ARISING OUT OF INTERNAL NETTING OF TRADES:

For internal shortages in BSE, the stocks are recovered by self auction at BSE on T+3 day and in NSE they are purchased from the market on T+3 day. The purchase consideration (inclusive of all statutory taxes & levies) is debited to the short delivering seller client.

6. THE RIGHT TO SELL CLIENT'S SECURITIES OR CLOSE CLIENTS' OPEN POSITIONS:

Without prejudice to SREIL's other right (Including the right to refer the matter to arbitration), SREIL shall be entitled to liquidate/close out all or any of the clients position without giving notice to the client for non payment of margins or other amounts including the pay in obligation, outstanding debts etc. and adjust the proceeds of such liquidation/close out, if any, against the clients liabilities/obligations. The client shall ensure timely availability of funds/securities in form and manner at designated time and in designated bank and depository account(s), for meeting his/her/its pay in obligation of funds and securities. Any and all losses and financial charges on account of such liquidations/closing out shall be charged to & born by the client.

7. RESTRICTIONS/PROHIBITION TO TAKE FURTHER POSITION OR CLOSING EXISTING POSITION:

Under following circumstances, the client may not be permitted to take any further position by SREIL and/or SREIL shall close existing position without any further intimation to the client:

- (a) Failure or delay to meet pay-in or margin obligation on time and/or to clear outstanding dues to SREIL.
- (b) Repeated bouncing of cheques of the client.
- (c) Unnecessary/unwarranted dispute from client with SREIL without any substantial cause/reason.
- (d) Client's attitude of not coming to an amicable settlement for any dispute that can be settled without involvement of Exchange and /or SEBI.
- (e) As per findings of Risk Management department of SREIL.
- (f) Any direction from SEBI/Exchange or such other authorities.
- (g) Under any such other circumstances as SREIL may think just and proper on case to case basis.

8. TEMPORARY SUSPENDING OR CLOSING CLIENT'S ACCOUNT:

Client's Account may be suspended or closed by SREIL from further dealing through SREIL in following circumstances:

- (a) As per Client's prior written request in prescribed format submitted to SREIL at its Mumbai H.O. (subject to clearance of entire outstanding/obligations).
- (b) Dormant or in-active status of client account beyond specified time limit as may be prescribed by SREIL and
- (c) Under any circumstances mentioned in point no. '7'.

9. DEREGISTERING A CLIENT:

Notwithstanding anything to the contrary stated in the agreement, SREIL shall be entitled to terminate the agreement with immediate effect in any of the following circumstances:

- (a) As per specific written request from client submitted to SREIL at its Mumbai H.O.;
- (b) Any direction from SEBI/Exchange or such other authorities;
- (c) If the action of the client are prima facie illegal/improper or such as to manipulate the price of any securities or disturb the normal/proper functioning of securities or disturb the normal/proper functioning of the market, either alone or in conjunction with others;
- (d) If there is any commencement of a legal proceeding, including arbitration against the client under any law in force;
- (e) On the death/lunacy or other disability of the Client;
- (f) If the client being a partnership firm, any steps taken by the Client and/or its partners for dissolution of the partnership;
- (g) If the Client suffers any adverse material change in his/her/its financial position or defaults in any other agreement with the Stock broker;
- (h) 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;
- (i) If the Client is in breach of any term, condition or covenant of Agreement;
- (j) If the Client has made any material misrepresentation of facts, including (without limitation) in relation to the Security;
- (k) 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;
- (l) If the Client have taken or suffered to be taken any action for its reorganization, liquidation or dissolution;
- (m) If the Client has voluntarily or compulsorily become the subject of proceedings under any bankruptcy or insolvency law or being a company, goes into liquidation or has a receiver appointed in respect of its assets or refers itself to the Board for Industrial and Financial Reconstruction or under any other law providing protection as a relief undertaking;
- (n) If any covenant or warranty of the Client is incorrect or untrue in any material respect;
- (o) Based on the recommendations made by the Branch Manager /Associate /Sub-broker (eg., excessive speculations, un-cleared balances,etc.)
- (p) If the client is unable to fulfill any and/or all obligations towards the exchange(s), SEBI, SREIL on time.
- (q) Non updation of communications details viz., email id, Mobile no, Land line details or it is found to be belonging to a third person.
- (r) Client lodges a compliant either directly with SREIL or through Exchange relating alleged unauthorized Trades being executed in the account.
- (s) On notices received from statutory, Government or Local authorities and Income Tax, Service Tax, a Judicial or a Quasi Judicial authority, etc.
- (t) SREIL may also close clients' account any time at its sole discretion by giving adequate Notice/intimation in advance.

10. POLICY FOR DORMANT/IN-ACTIVE ACCOUNT:

As per SREIL's policy, the account in which no transaction of any nature has taken place during last twelve months shall be considered as Dormant/in-active account. In case SREIL treats the account of client as Dormant/in-active account, the funds or securities lying with SREIL shall be refunded/returned to clients immediately on demand by the client. In case SREIL treats the account of client as dormant/in-active account, and if trade is executed in such account, then it is verified with client over telephone

In order to reactivate the inactive account, client needs to instruct SREIL in writing in prescribed format in advance at its Mumbai H.O. Such written request DULY SIGNED BY CLIENT may also be sent by way of Fax on 022-22884564 to Compliance Officer or by e-mail to compliance department at compliance@sre.co.in from client's own e-mail account registered with SREIL. SREIL shall reactivate the said account subject to fulfilment of such conditions as SREIL may consider fit and proper.

11. POLICY FOR CLIENT CODE MODIFICATION/ERROR ACCOUNT :

- (a) SREIL shall have the absolute discretion to accept, refuse or partially accept the client code Modification requests based on Risk Perception and other factors considered relevant by SREIL; SREIL and/or any of its directors, employees will not be held responsible for Damages/losses due to such refusal or due to delay caused by such review.
- (b) Client code modification requests will be strictly accepted only to rectify genuine error in entry of client code at the time of placing /modifying the related order; consequently dealers are expected to take utmost care/precaution while execution of client trades.
- (c) As per SEBI circular dated July 5, 2011 on client code modifications, penalty will be levied on all client code modifications w.e.f. August 1, 2011 (including genuine errors).
- (d) SREIL will allow Modifications in the client Codes of Non-Institutional clients only for the following objective Criteria provided there is no consistent pattern in such modifications: Error due to communication and/or punching or typing such that the original client code/name and the modified client code/name are similar to each other. Modification within relatives (Relative for this purpose would mean 'Relative' as defined under sec. 6 the Companies Act, 1956).
- (e) For easy identification of "ERROR ACCOUNT", SREIL have registered a fresh client code No. 1011 & ERROR as "ERROR ACCOUNT" in Back office & same has been uploaded in the UCC database of the Exchange.
- (f) Any transfer of trade (institutional or non-institutional) to "ERROR ACCOUNT" of SREIL would not be treated as modification of client code and would not attract any amount of penalty, provided the trades in "ERROR ACCOUNT" are subsequently liquidated in the market and not shifted to some other client code. However operational costs as applicable & Profit/Loss from the transaction will be transferred to the concerned Dealer/Associate.
- (g) Client Code Modification requests through "ERROR ACCOUNT" will be accepted only till 3:30 PM IST.
- (h) All cases of modification of client codes of non-institutional trades executed on the Exchange", shall be liable for a penalty as laid down by regulators from time to time [As per SEBI Circular No. CIR/DNPD/6/2011 dated July 5, 2011 a penalty of 1% of value of non-institutional trades modified will be levied if value of non-institutional trades modified as a percentage of total value of non-institutional trades executed is less than or equal to 5% and penalty of 2% if modification exceeds 5%, in a segment during a month].
- (i) In addition to above it is well within rights of SREIL to levy additional penalties in case concerned Dealer/Associate fails to submit any sufficiently valid reason for client code Modification.
- (j) SREIL will levy Penalties as applicable in relation to client code modification on next day of the Modification date, though Bills/Files in relation to same may be provided by exchange on a later date.
- (k) The SREIL shall conduct a special inspection of the concerned Dealer/Associate, if modification exceeds 1% of the value of trades executed during a month and take appropriate disciplinary action, if any deficiency is observed.

12. POLICY ON PRE-FUNDED INSTRUMENTS:

With reference to SEBI Circular No. CIR/MIRSD/03/2011 dated June 9, 2011 the drafted Organization policy on Pre-funded Instrument is as given hereunder:

- (a) As a general policy Prefunded Instruments are not accepted by SREIL & clients are advised to avoid use of pre-funded instruments for making payments. The clients are also educated about the Exchange and PMLA rules & byelaws.
- (b) The instrument received from clients are checked before depositing the same into bank. If the instrument is identified as Pay Order/DD, then a suitable Reason/clarification in requisite format is required to be obtained from the client.
- (c) If the aggregate value of pre-funded instruments is Rs. 50,000/- or more per client per day, we may accept the instruments only if the same is accompanied by the name of the bank account holder and number of the bank account debited for the purpose, duly certified by the issuing bank. The mode of certification may include the either of the following:
 - Certification from the issuing bank on its letterhead or on plain paper with the seal of the issuing bank.
 - Certified copy of the requisition slip (portion which is retained by the bank) to issue the instrument.
 - Certified copy of the passbook/bank statement for the account debited to issue the instrument.
 - Authentication of the bank account number debited and name of the account holder by the issuing bank on the reverse of the instrument.
- (d) The details of the instrument must be tallied with the detail provided by the clients in KYC before entering into back office software. In case of mismatch is identified, it should be reported to department head/ Management/ key personnel's for taking appropriate action.

13. POLICY ON UNAUTHENTIC NEWS CIRCULATION:

This policy is made in compliance with the SEBI Circular no. Cir/ISD/2011 dated 23rd March, 2011 in connection with unauthenticated news circulated by SEBI Registered Market Intermediaries through various modes of communication.

Accordingly, **No Employee /Representative Shall**

- (a) Communicate or counsel or procure, directly or indirectly, any unverified information or rumors related to securities, to any other person(s).
- (b) Encourage or circulate rumors or unverified information obtained from client, industry, any trade or any other source without verification.
- (c) Access to blogs, chat forum and other sites and if accessed shall either be restricted under supervision of director/compliance officer or should not be accessed at all.
- (d) Use any blogs/chat forums/ messenger sites for divulging any unverified information or for circulation any kind of rumors in the market.
- (e) Circulate any market related news received by him/her either in their official mail/personal mail/blog or in any other manner, and such information should be forwarded only after the same has been seen and approved by the Compliance Officer of the company.

However, notwithstanding anything contained in above mentioned clauses will be applicable to any sort of communication required by the employee for/or in relation to any assignment of the Company within ordinary course of business or for pursuing any research for the development or/in the interest of the company.

14. OTHER GENERAL POLICIES AND PROCEDURES FOR DEALING THROUGH SREIL:

- (a) SREIL reserves the right to accept an applicant as a client and is not obliged to disclose reasons for not accepting the applicant as a client. Once the account is activated, Client Registration Application Form will be maintained by SREIL.
- (b) SREIL reserves the right to make such changes to policies as may be considered necessary from time to time. Changes by Stock Exchanges/other Regulators shall be with immediate effect, other changes shall be effective from the time the client is notified thereof unless otherwise required by the Rules, Regulations & Bye - Laws of the Stock Exchange(s) or Rules & Regulations of SEBI.
- (c) All the orders placed by client with SREIL are on client's own account and not on behalf of his clients. The client shall not indulge in any sub-broking activities or issue bills/contracts/confirmation notes to anyone else for the trades done by the client. The client therefore will not require split confirmation memos for orders executed by SREIL on his behalf.
- (d) The securities sold through SREIL on client's account are belonging to client as legal, rightful and beneficial owner/s. The client takes full responsibility of any dispute regarding the title of the securities sold through SREIL and state that he will deal only in those securities that would be rightly owned by him.
- (e) Any queries related to securities delivered by SREIL, would be brought to the notice of SREIL or otherwise it can be presumed that the client has checked all the securities received by him & in case of physical delivery they are good as per the prevailing norms.
- (f) The client shall not sell any securities until he has confirmed clear balances of holding of the same in his demat account. Further in case he buys securities in one Exchange and sells the same on another Exchange, or if he buys securities and sells back the same before having received them in our demat account, the client hereby confirms that he shall be fully responsible in the event of any auctions happening of his sale obligation, due to the deliveries having been received short from the purchasing exchange and/or due to the operational/procedural delays for inter depository and time taken by depositories to execute the same and/or for any reason whatsoever. Also all such consequences, auctions, penalties or any other financial loss or charges will be purely and entirely on client's account and SREIL will in no way be responsible and/or liable for the same.
- (g) The Exchange may annul a trade suo-moto without giving a reason thereof. In the event of such annulment, SREIL shall be entitled to cancel the relative contract(s) with the Client.
- (h) In case of shares purchased being sold the next day or later on the same exchange or any other exchange it is hereby reconfirmed that the client will make the payments first and then receive the payments on payout of the sale transactions.
- (i) Client agrees that while making payout of the securities, as a RMS Policy SREIL will hold Securities equal to double the value of debit in client's account(Except Debit up to Rs.50); subject to Exchange Bye Laws relating to settlement of funds & securities; for this purpose credit in respect of any non-cleared cheque will not be considered.
- (j) The client agrees that it will not make any third party payment from any account (other than what is specified in the Account Opening Form). In case of such payment being made, the client agrees to intimate SREIL, in writing of the same and provide necessary documents as proof that the client holds the account in his/its name. The client also agrees that the broker may reject such third party cheques/payment and the client will not hold the broker responsible for any loss incurred in such cases.
- (k) The client hereby agrees that he shall not deposit post dated cheques, excess payment cheques, if any, received from the associate for any reason whatsoever and bring it to the notice of associate and SREIL. The client also agrees that he will not initiate legal proceedings against the associate and SREIL in such case.
- (l) SREIL will settle client's accounts in accordance with Exchange/SEBI guidelines on a Monthly/Quarterly basis as instructed by client; client agrees that SREIL shall retain an amount up to Rs. 10000 towards DP, KRA, ISB2P & to address the administrative/operational difficulties in accordance with Exchange rules/Circulars relating to settlement of funds & securities; Nevertheless client can anytime withdraw amount retained at the time of settlement by specific instruction to SREIL in this regard.

- (m) Stamp duty, Turnover fees, Service tax, any other charges may be levied by SREIL on contracts. The same is collected by SREIL from the clients and paid to the relevant government agencies, exchanges, the professional clearing members or to meet any specific expense of the organization. Any discrepancy regarding the same has to be brought to the knowledge of SREIL within reasonable time.

INVESTMENT ADVICE:

- (n) The client acknowledges that SREIL shall not be liable to provide him with any legal, tax, investment or accounting advice or advice regarding the suitability or profitability of a security or investment.
- (o) The client agrees that in the event of SREIL or any employee or official of SREIL providing any information to the client, the client may act upon the same at the sole risk and cost of the client and SREIL shall not be liable or responsible for the same.
- (p) The client assumes full responsibility with respect to his investment decisions and transaction.
- (q) SREIL, its officers, directors, agents and affiliates will have no liability with respect to any investment decisions or transactions with client.
- (r) SREIL does not intend to give and the client acknowledges that SREIL shall not be liable to provide to the client, any tax, legal or investment advice of any kind or any advice or opinion with respect to the nature, potential value or suitability of any particular securities trade, transaction, investment or investment strategy.
- (s) The client understands and agrees that in case the client receives or accesses any investment research reports or any investment or other recommendations or advice from SREIL/any associates/any employee/official of SREIL or associate/ on SREIL's website or that of any associates, the same is on a no-liability, no guarantee, no-solicitation and no-obligation basis. Any decision, action or omission thereon by the client shall be entirely at the client's risk and should be based solely on the client's own verification of all the relevant facts, financial and/or circumstantial and/or a proper evaluation thereof and/or the client's investment objectives. SREIL shall not be responsible or liable for the same for any reason whatsoever.

GENERAL:

- (t) The client may download his account statement / other documents from SREIL's website www.sre.co.in on regular basis and retain such records. (The client should take all the necessary steps to ensure confidentiality and secrecy of the login name and password. In case of his inability to access the system the client should lodge a complaint with SREIL; else it would be presumed that all the documents have been properly accessed.) Any discrepancy in the account statement sent shall be brought to the notice of SREIL by the client in the writing within thirty days of date of receipt of statements, failing which the account statement appearing in the books of SREIL shall be deemed to be correct and accepted by the client.
- (u) SREIL shall ensure due protection to the clients regarding client's right 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 clients. SREIL shall not be liable for any real/notional loss suffered by the clients, if the client fails to apply for such corporate benefits in time for the shares held by SREIL on behalf of the client. In some cases, SREIL at the client's request may apply on behalf of the client for the Rights issues/Open offer for the shares held by SREIL on behalf of client. SREIL shall not be liable for any loss/claim whatsoever incase such application is rejected by the Registrar/Company Manager to the issue for any reason.
- (v) SREIL reserves the sole and exclusive right to determine the Channels through which the client may access/receive the Services. SREIL reserves the right to, from time to time, discontinue the availability of any Channel to the client without any prior notice and without assigning any reasons whatsoever for such discontinuance.
- (w) The client/associate has read, understood and agrees to comply with the provision of Money Laundering Act 2002 applicable from 01.07.05. SREIL PMLA Policy along with self explanatory presentations is available on our website www.sre.co.in for your ready reference & understanding.
- (x) Under SCHEDULE II of the Securities and Exchange Board of India (Stock Brokers and Sub-brokers) Regulations, 1992, under CODE OF CONDUCT FOR STOCK BROKERS [Regulation 7] B. Duty to the Investor, as per Clause (5) Business of Defaulting Clients: "A stock-broker shall not deal or transact business knowingly, directly or indirectly or execute an order for a client who has failed to carry out his commitments in relation to securities with another stock-broker. The Client understands that he is required to provide SREIL with details of any dispute or default with any other stock broker/trading member and that he must keep that information updated as and when developments occur in that regard. In order to be able to fulfill this statutory requirement as well as to ensure that genuine investors are not put into increased risk of losing their funds or securities lying with SREIL due to a default by SREIL caused by any fraudulent or defaulting client who may habitually commit fraud or default on SREIL, the client hereby expressly authorizes SREIL to disclose/provide to any trade body, association of stock brokers/trading members including the Association of National Exchanges Members of India (ANMI), related website(s), or any organization which maintains such a dispute or default database for the purpose of sharing the information with stock brokers/trading members, his registration and identification details, his transactions and accounting details as well as any other details relating to any dispute with the client (sufficient if deemed as dispute by SREIL), or default by the client, in fulfilling his obligations to SREIL. The Client agrees and confirms that he shall not act or make any claim against any body or organization or database to whom such information is furnished and upon settlement with SREIL shall have the information removed through SREIL.

**RIGHTS AND OBLIGATIONS OF STOCK BROKERS, SUB-BROKERS AND CLIENTS as prescribed by
SEBI and Stock Exchanges**

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

CLIENT INFORMATION

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

MARGINS

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

TRANSACTIONS AND SETTLEMENTS

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

BROKERAGE

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

LIQUIDATION AND CLOSE OUT OF POSITION

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

DISPUTE RESOLUTION

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

TERMINATION OF RELATIONSHIP

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

ADDITIONAL RIGHTS AND OBLIGATIONS

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

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

ELECTRONIC CONTRACT NOTES (ECN)

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

LAW AND JURISDICTION

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

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

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

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

RISK DISCLOSURE DOCUMENT FOR CAPITAL MARKET AND DERIVATIVES SEGMENTS

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

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

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

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

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

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

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

1. BASIC RISKS:

1.1 Risk of Higher Volatility:

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

1.2 Risk of Lower Liquidity:

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

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

1.3 Risk of Wider Spreads:

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

1.4 Risk-reducing orders:

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

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

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

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

1.5 Risk of News Announcements:

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

1.6 Risk of Rumors:

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

1.7 System Risk:

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

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

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

1.8 System/Network Congestion:

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

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

2.1 Effect of "Leverage" or "Gearing":

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

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

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

- A. If you fail to deposit the additional amount by the deadline or if an outstanding debt occurs in your account, the stock broker may liquidate a part of or the whole position or substitute securities. In this case, you will be liable for any losses incurred due to such close-outs.
- B. 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.
- C. 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.
- D. You must ask your broker to provide the full details of derivatives contracts you plan to trade i.e. the contract specifications and the associated obligations.

2.2 Currency specific risks:

- A. 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.
- B. 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.
- C. 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:

- A. 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.
- B. 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:

- A. If the price movement of the underlying is not in the anticipated direction, the option writer runs the risks of losing substantial amount.
- B. 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.
- C. Transactions that involve buying and writing multiple options in combination, or buying or writing options in combination with buying or selling short the underlying interests, present additional risks to investors. Combination transactions, such as option spreads, are more complex than buying or writing a single option. And it should be further noted that, as in any area of investing, a complexity not well understood is, in itself, a risk factor. While this is not to suggest that combination strategies should not be considered, it is advisable, as is the case with all investments in options, to consult with someone who is experienced and knowledgeable with respect to the risks and potential rewards of combination transactions under various market circumstances.

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

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

4. GENERAL

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

GUIDANCE NOTE - DO'S AND DON'Ts FOR TRADING ON THE EXCHANGE(S) FOR INVESTORS**BEFORE YOU BEGIN TO TRADE**

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

TRANSACTIONS AND SETTLEMENTS

8. The stock broker may issue electronic contract notes (ECN) if specifically authorized by you in writing. You should provide your email id to the stock broker for the same. Don't opt for ECN if you are not familiar with computers.
9. Don't share your internet trading account's password with anyone.
10. Don't make any payment in cash to the stock broker.
11. Make the payments by account payee cheque in favour of the stock broker. Don't issue cheques in the name of sub-broker. Ensure that you have a documentary proof of your payment/deposit of securities with the stock broker, stating date, scrip, quantity, towards which bank/demat account such money or securities deposited and from which bank/demat account.
12. Note that facility of Trade Verification is available on stock exchanges' websites, where details of trade as mentioned in the contract note may be verified. Where trade details on the website do not tally with the details mentioned in the contract note, immediately get in touch with the Investors Grievance Cell of the relevant Stock exchange.
13. In case you have given specific authorization for maintaining running account, payout of funds or delivery of securities (as the case may be), may not be made to you within one working day from the receipt of payout from the Exchange. Thus, the stock broker shall maintain running account for you subject to the following conditions:
 - a) Such authorization from you shall be dated, signed by you only and contains the clause that you may revoke the same at any time.
 - b) The actual settlement of funds and securities shall be done by the stock broker, at least once in a calendar quarter or month, depending on your preference. While settling the account, the stock broker shall send to you a 'statement of accounts' containing an extract from the client ledger for funds and an extract from the register of securities displaying all the receipts/deliveries of funds and securities. The statement shall also explain the retention of funds and securities and the details of the pledged shares, if any.
 - c) On the date of settlement, the stock broker may retain the requisite securities/funds towards outstanding obligations and may also retain the funds expected to be required to meet derivatives margin obligations for next 5 trading days, calculated in the manner specified by the exchanges. In respect of cash market transactions, the stock broker may retain entire pay-in obligation of funds and securities due from clients as on date of settlement and for next day's business, he may retain funds/securities/margin to the extent of value of transactions executed on the day of such settlement in the cash market.
 - d) You need to bring any dispute arising from the statement of account or settlement so made to the notice of the stock broker in writing preferably within 7 (seven) working days from the date of receipt of funds/securities or statement, as the case may be. In case of dispute, refer the matter in writing to the Investors Grievance Cell of the relevant Stock exchanges without delay.
14. In case you have not opted for maintaining running account and pay-out of funds/securities is not received on the next working day of the receipt of payout from the exchanges, please refer the matter to the stock broker. In case there is dispute, ensure that you lodge a complaint in writing immediately with the Investors Grievance Cell of the relevant Stock exchange.
15. Please register your mobile number and email id with the stock broker, to receive trade confirmation alerts/details of the transactions through SMS or email, by the end of the trading day, from the stock exchanges.

IN CASE OF TERMINATION OF TRADING MEMBERSHIP

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

DISPUTES/COMPLAINTS

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