

## **MANDATORY DOCUMENTS & NON-MANDATORY DOCUMENTS AS PRESCRIBED BY SEBI, EQUITY & COMMODITY EXCHANGES**

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- 7. MARGIN Trading Fund (MTF)**
- 8. Additional Risk Disclosure: Commodity Options Trading**
- 9. Rights And Obligations of Beneficial Owner and Depository Participant as Prescribed by Sebi and Depositories**



### **YES SECURITIES (INDIA) LIMITED**

Registered Address: 2nd Floor, North Side, YES BANK House, Off Western Express Highway, Santacruz East, Mumbai - 400055. Maharashtra, India.  
Correspondence Address: 4th Floor, AFL House, Lok Bharti Complex, Marol Maroshi Road, Andheri East, Mumbai – 400059. Maharashtra, India.

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## Part B

### MANDATORY DOCUMENTS

#### RIGHTS AND OBLIGATIONS OF STOCK BROKERS, AUTHORISED PERSON 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, authorised 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 to deal in securities and/or deal in derivatives contracts and wishes to execute its orders through the stock broker and the client shall from time to time continue to satisfy itself of such capability of the stock broker before executing orders through the stock broker.
4. The stock broker shall continuously satisfy itself about the genuineness and financial soundness of the client and investment objectives relevant to the services to be provided.
5. The stock broker shall take steps to make the client aware of the precise nature of the Stock broker's liability for business to be conducted, including any limitations, the liability and the capacity in which the stock broker acts.
6. The authorised person 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 authorised 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 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. The client/stock-broker understands that
26. 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, authorised 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.
29. In the event of demise/insolvency of the authorised person or the cancellation of his/its registration with the Board or/withdrawal of recognition of the authorised person by the stock exchange and/or termination of the agreement with the authorised person 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, authorised person 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 either a physical contract note to the client or an ECN through electronic instant messaging services 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, authorised person 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 conciliation report/settlement agreement/arbitration award passed by the conciliator/ Arbitrator(s) under the Arbitration and Conciliation Act, 1996. However, there is also a provision of appeal within the stock exchanges, if either party is not satisfied with the arbitration award
46. Words and expressions which are used in this document but which are not defined herein shall, unless the context otherwise requires, have the same meaning as assigned thereto in the Rules, Byelaws and Regulations and circulars/notices issued thereunder of the Exchanges/ SEBI.
47. All additional voluntary clauses/document added by the stock broker should not be in contravention with rules/regulations/notices/circulars of Exchanges/SEBI. Any changes in such voluntary clauses/document(s) need to be preceded by a notice of 15 days. Any changes in the rights and obligations which are specified by Exchanges/SEBI shall also be brought to the notice of the clients.
48. If the rights and obligations of the parties hereto are altered by virtue of change in Rules and regulations of SEBI or Bye-laws, Rules and Regulations of the relevant stock Exchanges where the trade is executed, such changes shall be deemed to have been incorporated herein in modification of the rights and obligations of the parties mentioned in this document.

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

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

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



## 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:

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

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

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

## 1.8 System/Network Congestion:

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

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

### 2.1 Effect of “Leverage” or “Gearing”:

In the derivatives market, the amount of margin is small relative to the value of the derivatives contract so the transactions are ‘leveraged’ or ‘geared’. Derivatives trading, which is conducted with a relatively small amount of margin, provides the possibility of great profit or loss in comparison with the margin amount. But transactions in derivatives carry a high degree of risk. You should therefore completely understand the following statements before actually trading in derivatives and also trade with caution while taking into account one’s circumstances, financial resources, etc. If the prices move against you, you may lose a part of or whole margin amount in a relatively short period of time. Moreover, the loss may exceed the original margin amount.

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



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

## **2.2 Currency specific risks:**

1. The profit or loss in transactions in foreign currency-denominated contracts, whether they are traded in your own or another jurisdiction, will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the contract to another currency.
2. Under certain market conditions, you may find it difficult or impossible to liquidate a position. This can occur, for example when a currency is deregulated or fixed trading bands are widened.
3. Currency prices are highly volatile. Price movements for currencies are influenced by, among other things: changing supply- demand relationships; trade, fiscal, monetary, exchange control programs and policies of governments; foreign political and economic events and policies; changes in national and international interest rates and inflation; currency devaluation; and sentiment of the market place. None of these factors can be controlled by any individual advisor and no assurance can be given that an advisor's advice will result in profitable trades for a participating customer or that a customer will not incur losses from such events.

## **2.3 Risk of Option holders:**

1. An option holder runs the risk of losing the entire amount paid for the option in a relatively short period of time. This risk reflects the nature of an option as a wasting asset which becomes worthless when it expires. An option holder who neither sells his option in the secondary market nor exercises it prior to its expiration will necessarily lose his entire investment in the option. If the price of the underlying does not change in the anticipated direction before the option expires, to an extent sufficient to cover the cost of the option, the investor may lose all or a significant part of his investment in the option.
2. The Exchanges may impose exercise restrictions and have absolute authority to restrict the exercise of options at certain times in specified circumstances.

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

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

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

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

## **4. GENERAL**

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

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

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

### **TRANSACTIONS AND SETTLEMENTS**

8. The stock broker may issue electronic contract notes (ECN) if specifically authorized by you in writing. You should provide your email id to the stock broker for the same. Don't opt for ECN if you are not familiar with computers.
9. Don't share your internet trading account's password with anyone.
10. Don't make any payment in cash to the stock broker.
11. Make the payments by account payee cheque in favour of the stock broker. Don't issue cheques in the name of authorised person. 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/authorised person 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/authorised 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.

## POLICIES AND PROCEDURES

YES Securities (India) Limited., (hereinafter referred to as YSL) as a SEBI registered intermediary is mandated to follow the rules regulations circulars of the exchanges and SEBI issued from time and operates through well-defined procedures and policies. The policies followed by a stock broker pertaining to dealing with clients in regards to points specified herein have been mandated by SEBI to be made available to the clients. It should not be construed that these are the only policies followed by YSL.

### (A) Refusal of orders for Penny Stocks:

YSL normally offers trading facility in most of the compulsory dematerialized stocks which are listed on the stock exchanges. The stocks offered by YSL are duly updated on [www.yesinvest.in](http://www.yesinvest.in) (hereinafter referred to as website). Please note that some of the stocks such as penny stocks, scrips not traded in compulsorily dematerialized mode or scrips which do not meet internal risk and surveillance criteria are not allowed by YSL for trading. Any existing scrip enabled for trading may be deactivated by YSL as and when such scrips meet the criteria as defined by YSL even if the Client had bought such scrips through YSL thereby restricting the Client's ability to sell such scrips. YSL cannot be held responsible for any losses, if any, arising due to deactivation of any of such scrips.

#### Further clarifications:

The exchange (NSE and BSE) releases a list of such scrips and they are termed as illiquid securities, however YSL retains the right to term a particular scrip as illiquid/penny stock based on the internal risk parameters it deems fit. These parameters may include, the past volume of the scrip, the volatility in the scrip among others, whether trading in a particular scrip falls within the purview of fraudulent trades or trades deemed to be fraudulent under the SEBI – prohibition of fraudulent and unfair trade practices relating to securities market regulation 2003. YSL reserves the right to facilitate clients for placing orders with regards to the penny stocks or illiquid scrips as described above. YSL is not under any obligation to push orders which are in the nature of penny stocks/ illiquid scrips. YSL does not encourage trading in penny stocks.

### (B) Setting Up Client's exposure Limits:

Setting Up Client's exposure Limits and margin information including short fall of margins available on website in the trading account or intimated through approved means to be constituted as a valid margin call. Exposure is allowed to the clients based on the margin available in form of funds or approved securities valued after deducting an appropriate haircut as per the rates prescribed by Exchange/YSL. Client is liable to pay applicable initial margins, withholding margins, special margins or such other margins as are considered necessary by the Exchange. Further YSL at its discretion may collect additional margin or may even reduce the margin even though not required by the Exchange. Clients are supposed to maintain sufficient balance with YSL pre-trade depending on the channel through which they trade. YSL may levy additional margins or relax the margins earlier imposed based on factors such as, client level positions, volatility in a particular stock or the market in general. Further, the client will have access to details pertaining to margin requirements, shortfall of margin on a real-time basis on the website itself where he can ascertain details of his existing margin blocked, margins required, MTM loss adjustment, margin percentage etc. The margin requirement specified on the website in the trading account of the online client will be construed as a valid demand for the additional margin required by YSL. Disseminating this information in the client account on the website will be considered as informing specific (one to one) clients about the margin requirements/margin top up calls/margin availability before the square off. Clients are bound to monitor and review their open positions and margin requirements all the times and furnish the additional margin to YSL. Though it shall be our endeavor to ensure that a proper notice may be sent to the clients, this may not always be possible taking into consideration the market scenario on a real time basis. Exposure allowed to clients may vary, basis the clients past trading performance, quality of collateral, market circumstances and dynamics and other such factors. Clients may trade themselves through the internet or may trade through the authorised person or branch. For clients who trade through the internet, the exposure limit may be ascertained by them on the trading portal. Clients executing trades through authorised person or branches may check their positions with the authorised person/Branch. YSL shall not be responsible for any variation, reduction or imposition or the Client's inability to route any order through the Stock broker's website on account of any such variation, reduction or imposition of limits. YSL 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 based on certain internal risk parameters. By use of Power of Attorney given by client, YSL shall execute 'margin pledge' on Client's securities on behalf of such client to the demat account of YSL to the extent of required margin, as per the regulations of SEBI and Exchanges issued from time to time.

### (C) Applicable Brokerage

The brokerage applicable shall be as agreed upon from time to time. Any modifications in relation to the brokerage rate will be prior informed to the client with reasonable time for client to act on the same. The client agrees to pay YSL, brokerage, Exchange related charges, statutory levies and any other charges (including but not limited to security handling charges on settlement) as are prevailing from time to time and as they apply to the client's account, transactions and to the services that member renders to the client as mutually agreed. YSL does not charge brokerage more than the maximum brokerage permissible as per the rules and regulations and bye laws of the Exchanges/SEBI. However, the minimum brokerage as stipulated by the Exchanges will be levied. The brokerage shall be charged as a percentage of the value of the trade or as a flat fee or otherwise, together with the statutory levies as may be applicable from time to time on the same.

Schedule of brokerage along with other applicable charges is specified as Brokerage Chart on page 29

**(D) Imposition of Penalty / Delayed payment charges, specifying the rate and period:**

Delayed payment charges are levied to clients for nonpayment or delay in payment of their fund obligation on time which may be due on account of charges, margins or any other sum due to YSL. Clients are required to pay margins before placing any trades. Clients are allowed to place margins in form of funds or securities, as per the discretion of YSL.

Exposure is given to the client based on the stocks submitted by the client towards margin to YSL. Appropriate haircut is applied on such stocks. They are then expected to make the full payment for the purchase on the settlement date. In case there is a debit balance in the clients account, the same shall be liable for the delayed payment charges. The calculation of these charges is an automated process. The charges to be levied would be up to 3 % per month or such other rates as may be communicated to the client from time to time. These charges have been introduced so that they act as a deterrent for delaying the payment of funds and it should not be construed as funding arrangement.

In case where any penalty / charges / fees / taxes etc. of whatever nature, is levied on YSL on account of trades or orders placed by clients, such penalty / charges / fees / taxes etc. shall be debited to the client's account. The client will not be entitled to any interest on the credit balance/excess margin available/kept with YSL.

**(E) Right to sell client's securities or close client's positions, without giving notice to the client on account of nonpayment of client's dues to the extent of settlement/ margin obligation:**

Margin collection - Margin is collected upfront from the clients i.e. prior to executing any trades. Based on the margin thus available with YSL - exposure is given to the client. The applicable margin may vary and the client may be asked to replenish the margin by tendering additional funds or securities.

In accordance with Exchange guidelines, YSL being primarily a web based broker retains the right to square off the position. Disseminating of the details regarding margin requirements and short fall in margin through an approved mode shall be considered as making a specific margin call to the client. Hence all clients are bound to log in to their trading account and keep themselves updated about their positions and margin requirements made available on real time basis.

The client agrees to pay for the shares purchased through YSL before the pay-in date in order to enable YSL to make the requisite pay-in to the Exchange. In case the client fails to make the payment, YSL may liquidate the securities in the clients account in order to ensure that adequate credit is received for the shares purchased. This square off may be done on or before the 5th day of the settlement date.

- The client also agrees to maintain adequate margin for the positions taken in any segment. However, in case the credit available is lower than the minimum margin required, the client's positions would be liquidated in a manner that there is no shortfall of margin.
- YSL shall endeavor to provide additional facility besides making available the margin details on website in the trading account to facilitate the clients towards ensuring adequate margin to avoid liquidation of open position. This information should be constituted as prior information given to the client before liquidation of their positions. YSL may endeavour to inform the client on the registered mobile number and or email id updated with YSL. For clients to whom a login and password is given to access their account on the website [www.yesinvest.in](http://www.yesinvest.in), or such other URL that may be provided and informed by YSL from time to time, where they are required to login and check the limit statement uploaded therein. It shall be the clients' responsibility to ensure that adequate credit balance is available in the account. The above guidelines may be changed based on the discretion of YSL and in terms of the market conditions. In cases where the market is volatile and there is a sudden spurt in scrip price then YSL may square off position without any notice due to the paucity of time and other such circumstances.
- Whenever YSL endeavors that the positions are to be liquidated, it shall not be responsible for any liabilities in case the same cannot be liquidated.
- The priority of the positions to be squared off, i.e. which positions to be squared off first, would be at the discretion of YSL. YSL may follow the following priority for squaring-off positions: -
  - a. Lower Margin scrip's will be squared off first.
  - b. Only futures position will be squared off (option position may be square off manually)
  - c. In case where there is a position in cash and derivative segment, options positions would be squared off first followed by futures positions and then cash positions would be square off in case shortfall still exist.
- In case of default by a client of YSL who has pledged securities with YSL, YSL shall invoke the pledge.
- In case of default by a client of YSL where the client's securities are re-pledged with the CM/ CC, the invocation request shall be made by the TM to CM and CM in turn will make request to CC as per the procedure laid down by the Depositories under their bye- laws.
- YSL reserves the right to liquidate the position as per its RMS policy as amended from time to time.



**(F) Shortages in obligations arising out of internal netting of trades Internal Shortage Policy**

In case of Internal shortage (Client to Client Shortage), the valuation price shall be higher of 2 % above the closing price on Auction date in the normal market segment of the Exchange or highest traded price between the trading day (transaction date) and the day of Auction. All the securities having a corporate action will be settled on cum basis.

All losses to the Client, on account of the above shall be borne solely by the Client and YSL shall not be responsible for the same. In case of any claim against YSL, the Client shall indemnify YSL in this regard.

**(G) Conditions under which a client may not be allowed to take a further position or the broker may close an existing position of a client /Temporary suspending or close a client's account at the client's request and Deregistering a client**

- a) In the event where overall position in any scrip or derivative contract has reached the limit prescribed by regulators or exchanges. For example, in case of NRI clients where the PIS Limits are prescribed by RBI are breached or in case of Exchange wise, scrip wise limit prescribed by Exchanges for derivative contracts are breached. In all such cases the client may not be permitted to take additional positions
- b) YSL has the right to stop or block the client to trade in case where there is a debit balance in his/her account.
- c) YSL retains the right to block the client from taking a position in certain specified scrips on the basis of the risk management systems of YSL.
- d) In case where YSL is apprehensive of the client to be an entity debarred by any regulatory authority, it shall retain the right to stop the trading activities of such a client.
- e) In case where YSL perceives risk with regards to any regulatory action or with regards to delay or non-payment of margin or any other lawful obligation YSL may temporarily block or suspend the trades of such clients.
- f) In case where suspicious transactions are observed, including but not limited to off market transactions.
- g) In case where clients are not reachable at their contact details mentioned in the client registration form or in the client master changes form.
- h) In case where unprofessional, or unruly behavior of the client is observed.
- i) Further in case of clients breaching the risk parameters mentioned in point E above we may close the clients' positions without any intimation.
- j) Client can initiate suspend/closure of his account by giving 30 days written notice duly acknowledged by YSL
- k) YSL has the sole discretion to dis-continue the relationship. The terms and conditions as specified in the AOF are applicable.
- l) Receipt of a binding order from the regulator/authority.
- m) Any of the covenant or warranty of the client is incorrect or untrue in any material aspects.

In the event of death or insolvency of the client, winding up or liquidation or the client otherwise becoming incapable of receiving and paying for or delivering or transferring securities which the client has ordered to be bought or sold, the Stock Broker may close out the transaction of the client and the client or his legal representative as the case shall be would be liable for any losses, costs and be entitled to any surplus which may result there from.

**(H) Inactive Client Accounts**

The clients trading account will be considered as dormant/inactive, wherein no trades have been carried out since last 12 (Twelve) months across all exchanges. Inactive/dormant clients shall be ascertained who have not traded even a single time or did not execute any financial transaction as mentioned above through YSL in the preceding 12 (Twelve) months will be considered as dormant / inactive. Funds/ Securities, if any available with YSL will be settled at the end of the quarter in which the trading account is made Inactive. Further, client may please note that no trading will be permitted and marked as "Inactive" in UCC database of the exchange. If client wish to activate trading account then need to submit KRA/ CKYC form along with require additional document such as PAN card, Address proof and Income proof (Required for FNO trading activation), and documents should be self - attested & bank attested (Original seen and verified). These policies and procedures may be amended/ changes from time to time by the stock broker depending on the change in rules, regulation and bye laws of SEBI / Exchange and process of stock broker, provided the change is informed to the client by email/post/online acceptance of the revised policies and procedures in the trading account by displaying it on the website or any other approved mode. These policies and procedures shall be compulsory referred to in case of any dispute/ differences / claim made before the appropriate court of law / adjudicating authority including arbitrator/ mediator or in case of any settlement arrived between the parties.

## INVESTORS CHARTER STOCK BROKER

### VISION:

“To follow highest standards of ethics and compliance while facilitating the trading by client’s insecurities in a fair and transparent manner, so as to contribute in creation of wealth for investors.”

### MISSION:

- i) To provide high quality and dependable service through innovation, capacity enhancement and use of technology.
- ii) To establish and maintain a relationship of trust and ethics with the investors
- iii) To observe highest standard of compliance and transparency
- iv) To always keep ‘protection of investors’ interest’ as goal while providing service

### SERVICES PROVIDED TO INVESTORS

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

### RIGHTS OF INVESTORS

- Ask for and receive information from a firm about the work history and background of the person handling your account, as well as information about the firm itself
- Receive complete information about the risks, obligations, and costs of any investment before investing
- Receive recommendations consistent with your financial needs and investment objectives
- Receive a copy of all completed account forms and agreements
- Receive account statements that are accurate and understandable
- Understand the terms and conditions of transactions you undertake
- Access your funds in a timely manner and receive information about any restrictions or limitations on access
- Receive complete information about maintenance or service charges, transaction or redemption fees, and penalties.
- Discuss your grievances with compliance officer of the firm and receive prompt attention to and fair consideration of your concerns.

## VARIOUS ACTIVITIES OF STOCK BROKERS WITH TIMELINES

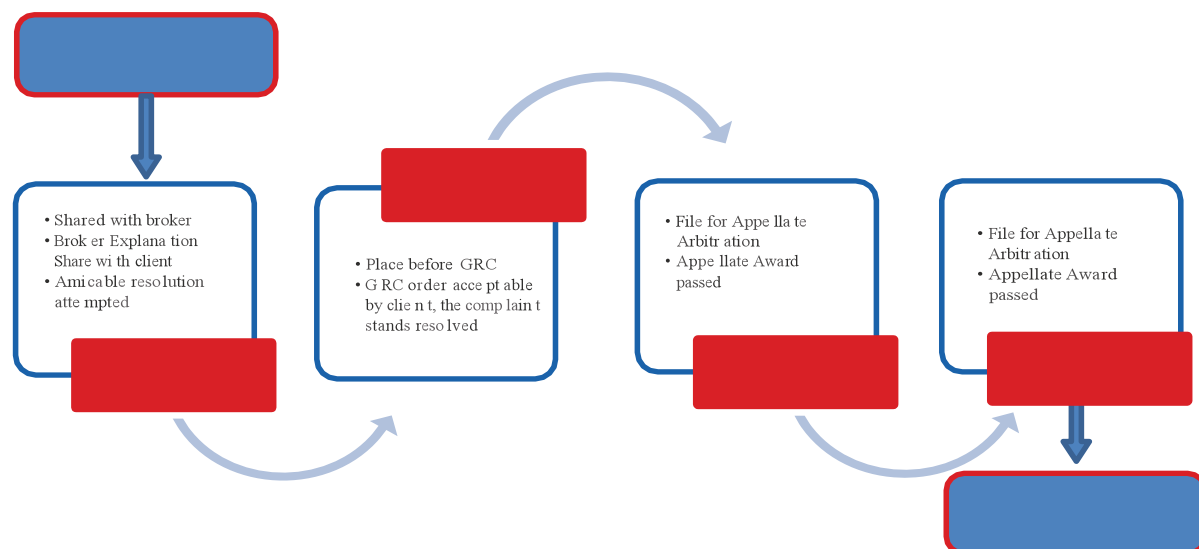
Sr. No.	Activities	Expected Timelines
1.	KYC entered into KRA System and CKYCR	10 days of account opening
2.	Client Onboarding	Immediate, but not later than one week
3.	Order execution	Immediate on receipt of order, but not later than the same day
4.	Allocation of Unique Client Code	Before trading
5.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

## GRIEVANCE REDRESSAL MECHANISM

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

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

## COMPLAINTS RESOLUTION PROCESS AT STOCK EXCHANGE EXPLAINED GRAPHICALLY:



Sr. No.	Type of Activity	Timelines for activity
1.	Receipt of Complaint	Day of complaint (T day)
2.	Additional information sought from the investor, if any, and provisionally forwarded to stock broker	C + 7 Working days
3.	Registration of the complaint and forwarding to the stock broker	C+S Working Days i.e. T day
4.	Amicable Resolution.	T+15 Working Days
5.	Refer to Grievance Redressal Committee (GRC), in case of no amicable resolution.	T+16 Working Days
6.	Complete resolution process post GRC	T + 30 Working Days
7.	In case where the GRC Member requires additional information, GRC order shall be completed within.	T + 45 Working Days.
8.	Implementation of GRC Order.	On receipt of GRC Order, if the order is in favour of the investor, debit the funds of the stock broker. Order for debit is issued immediately or as per the directions given in GRC order
9.	In case the stock broker is aggrieved by the GRC order, will provide intention to avail arbitration	Within 7 days from receipt of order
10.	If intention from stock broker is received and the GRC order amount is up to Rs. 20 lakhs	Investor is eligible for interim relief from Investor Protection Fund (IPF). The interim relief will be 50% of the GRC order amount or Rs.2 lakhs whichever is less. The same shall be provided after obtaining an Undertaking from the investor
11.	Stock Broker shall file for arbitration	Within 6 months from the date of GRC recommendation
12.	In case the stock broker does not file for arbitration within 6 months	The GRC order amount shall be released to the investor after adjusting the amount released as interim relief, if any

## GRIEVANCE REDRESSAL MECHANISM

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

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

## COMPLAINTS RESOLUTION PROCESS AT STOCK EXCHANGE EXPLAINED GRAPHICALLY:

11.	Stock Broker shall file for arbitration	Within 6 months from the date of GRC recommendation
12.	In case the stock broker does not file for arbitration within 6 months	The GRC order amount shall be released to the investor after adjusting the amount released as interim relief, if any

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

### DEFAULT OF TM/CM

Following steps are carried out by stock exchange for benefit of investor, in case stock broker defaults:

- Circular is issued to inform about declaration of Stock Broker as Defaulter
- Information of defaulter stock broker is disseminated on Stock Exchange website
- Public Notice is issued informing declaration of a stock broker as defaulter and inviting claims within specified period
- Intimation to clients of defaulter stock brokers via emails and SMS for facilitating lodging of claims within the specified period

Following information is available on stock exchange website for information of investors:

- Norms for eligibility of claims for compensation from IFF.
- Claim form for lodging claim against defaulter stock broker.
- FAQ on processing of investors' claims against Defaulter stock broker.
- Provision to check online status of client's claim.

**Level 3** -The complaint not redressed at Stock Broker/ Stock Exchange level, may be lodged with SEBI on SCORES (a web based centralized grievance redressal system of SEBI)

<https://www.scores.gov.in/scores/Welcome.html>



### Annexure - 3 (of KYC Document)

#### RIGHTS AND OBLIGATIONS OF MEMBERS, AUTHORIZED PERSONS AND CLIENTS

##### as prescribed by SEBI and Commodity Exchanges

1. The client shall invest/trade in those commodities /contracts/other instruments admitted to dealings on the Exchanges as defined in the Rules, Byelaws and Business Rules/ Regulations of Exchanges/SEBI and circulars/notices issued there under from time to time.
2. The Member, Authorized Person and the client shall be bound by all the Rules, Byelaws and Business Rules 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 himself of the capacity of the Member to deal in commodities and/or deal in derivatives contracts and wishes to execute its orders through the Member and the client shall from time to time continue to satisfy itself of such capability of the Member before executing orders through the Member.
4. The 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 Member shall take steps to make the client aware of the precise nature of the Member's liability for business to be conducted, including any limitations, the liability and the capacity in which the Member acts.
6. Requirements of professional diligence
  - a. The 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 Member would be reasonably expected to exercise towards a Client, commensurate with. honest market practice;
    - ii. the principle of good faith;
    - iii. 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 Member.

\*Commodity derivative contract
7. The Authorized Person shall provide necessary assistance and co-operate with the 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 member in "Account Opening Form" with supporting details, made mandatory by 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 Member shall be non-mandatory; therefore, subject to specific acceptance by the client.
10. The client shall immediately notify the 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 or any litigation which may have material bearing on his capacity. The client shall provide/update the financial information to the 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 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 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 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 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 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 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 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 Member is accurate, up to date and complete.
- b. A 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 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, unauthorized transactions or claims, if the 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 Member, including a person belonging to the same group as the Member.

14. A. Requirement of fair disclosure both initially and on continuing basis

- a. 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 Member, including its identity, regulatory status and affiliations;

- v. contact details of the Member and the methods of communication to be used between the 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. 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 or such other margins as are considered necessary by the 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 Member is permitted in its sole and absolute discretion to collect additional margins (even though not required by the Exchange 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 commodities derivatives contract in writing or in such form or manner, as may be mutually agreed between the client and the Member however ensuring the regulatory requirements in this regard are complied with. The 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 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 commodity exchange where the trade is executed.
- 19. The Member shall ensure that the money deposited by the client shall be kept in a separate account, distinct from his/its own count or account of any other client and shall not be used by the Member for himself/itself or for any other client or for any purpose other than the purposes mentioned in Rules, circulars, notices, guidelines of SEBI and/or Rules, Business Rules, Bye-laws, circulars and notices of Exchange.
- 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, Member shall be entitled to cancel the respective contract(s) with client(s).
- 21. The transactions executed on the Exchange are subject to Rules, Byelaws and Business Rules 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 Business Rules of the Exchanges where the trade is executed for the purpose of giving effect to the provisions of the Rules, Byelaws and Business Rules of the Exchanges and the circulars/notices issued thereunder.

## BROKERAGE

- 22. The Client shall pay to the 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 Member renders to the Client. The Member shall not charge brokerage more than the maximum brokerage permissible as per the Rules, Business Rules and Bye-laws of the relevant commodity exchanges and/or Rules of SEBI.

## LIQUIDATION AND CLOSE OUT OF POSITION

23. Without prejudice to the Member's other rights (including the right to refer a matter to arbitration), the client understands that the Member shall be entitled to liquidate/close out all or any of the client's positions for nonpayment 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 commodities which the client has ordered to be bought or sold, 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/commodities in favor of a Nominee shall be valid discharge by the Member against the legal heir.

## DISPUTE RESOLUTION

25. The Member shall co-operate in redressing grievances of the client in respect of all transactions routed through it.
26. The client and the Member shall refer any claims and/or disputes with respect to deposits, margin money, etc., to arbitration as per the Rules, Byelaws and Business Rules of the Exchanges where the trade is executed and circulars/notices issued thereunder as may be in force from time to time.
27. The client/Member understands that the instructions issued by an authorized representative for dispute resolution, if any, of the client/Member shall be binding on the client/Member in accordance with the letter authorizing the said representative to deal on behalf of the said client/Member.
28. Requirement for each Member to have an effective grievance redress mechanism which is accessible to all its Clients.
  - a. A Member must have in place an effective mechanism to receive and redress complaints from its Clients in relation to financial products or financial services provided by it, or on its behalf, in a prompt and fair manner.
  - b. A Member must inform a Client, at the commencement of relationship with the Client and at such other time when the information is likely to be required by the Client, of –
    - i. the Client's right to seek redress for any complaints; and
    - ii. the processes followed by the Member to receive and redress complaints from its Clients.
29. 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 Clients 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 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 Member that the available information regarding the relevant personal circumstances of a Client is incomplete or inaccurate, the 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 Member determines unsuitable for the Client, the 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 29.A.a and obtaining a written acknowledgement from the Client.
30. Dealing with conflict of interest

In case of any conflict between the interests of a Client and that of the Member, preference much be given to the Client interests.

  - a. A member must –
    - i. provide a Client with information regarding any conflict of interests, including any conflicted remuneration that the 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 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 Member and interests of the Client, in cases where the Member is a financial representative.
- b. The information under point 16a.i. must be given to the Client in writing and in a manner, that is likely to be understood by the Client and a written acknowledgement of the receipt of the information should be obtained from the Client.
- c. In this section, “conflicted remuneration” means any benefit, whether monetary or non-monetary, derived by a Member from persons other than Clients that could, under the circumstances, reasonably be expected to influence the advice given by the Member to a Client.

## TERMINATION OF RELATIONSHIP

- 31. This relationship between the Member and the client shall be terminated; if the Member for any reason ceases to be a member of the commodity exchange including cessation of membership by reason of the Member’s default, death, resignation or expulsion or if the certificate is cancelled by the Exchange.
- 32. The 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.
- 33. In the event of demise/insolvency of the Authorized Person or the cancellation of his/its registration with the Board or/withdrawal of recognition of the Authorized Person by the commodity exchange and/or termination of the agreement with the Authorized Person by the 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 Member and all clauses in the ‘Rights and Obligations’ document(s) governing the Member, Authorized Person and client shall continue to be in force as it is, unless the client intimates to the Member his/its intention to terminate their relationship by giving a notice in writing of not less than one month.

## ADDITIONAL RIGHTS AND OBLIGATIONS

- 34. The Member and client shall reconcile and settle their accounts from time to time as per the Rules, Business Rules, Bye Laws, Circulars, Notices and Guidelines issued by SEBI and the relevant Exchanges where the trade is executed.
- 35. The Member shall issue a contract note to his clients for trades executed in such format as may be prescribed by the Exchange from time to time containing records of all transactions including details of order number, trade number, trade time, trade price, trade quantity, details of the derivatives contract, client code, brokerage, all charges levied etc. and with all other relevant details as required therein to be filled in and issued in such manner and within such time as prescribed by the Exchange. The Member shall send contract notes to the investors within 24 hours of the execution of the trades in hard copy and/or in electronic form using digital signature.
- 36. The Member shall make pay out of funds or delivery of commodities as per the Exchange Rules, Bye-Laws, Business Rules and Circulars, as the case may be, to the Client on 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.
- 37. The Member shall send a complete ‘Statement of Accounts’ for both funds and 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 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.
- 38. The Member shall send margin statements to the clients on daily 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 etc.
- 39. The Client shall ensure that it has the required legal capacity to, and is authorized to, enter into the relationship with 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.
- 40. In case, where a member surrenders his/ her/ its membership, 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.
- 41. 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 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 41.B
  - ii. abusive conduct under point 41.C
  - iii. such other conduct as may be specified.

41. B.

- a. Conduct of a 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 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 41.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 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 Member, including its identity, regulatory status and affiliations; and
  - vi. the rights of the Client under any law or regulations.

41. C.

- a. A conduct of a 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 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 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 Member and
  - vii. a threat to take any action, depending on the circumstances in which the threat is made.

#### ELECTRONIC CONTRACT NOTES (ECN)

- 42. 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.
- 43. The Member 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.

44. The client shall note that non-receipt of bounced mail notification by the Member shall amount to delivery of the contract note at the e-mail ID of the client.
45. The Member 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/circulars/guidelines issued by SEBI/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 Member for the specified period under the extant rules/circulars/guidelines issued by SEBI/Commodity 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 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 issued by SEBI/Commodity exchanges.
46. The 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 Member shall send a physical contract note to the client within the stipulated time under the extant Regulations/ Rules, Bye-Laws, Business Rules and Circulars of SEBI/commodity exchanges and maintain the proof of dispatch and delivery of such physical contract notes.
47. In addition to the e-mail communication of the ECNs to the client, the 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.

#### **LAW AND JURISDICTION**

48. In addition to the specific rights set out in this document, the Member, Authorised Person and the client shall be entitled to exercise any other rights which the Member or the client may have under the Rules, Bye-laws and Business Rules of the Exchanges in which the client chooses to trade and circulars/notices issued thereunder or Rules of SEBI.
49. The provisions of this document shall always be subject to Government notifications, any rules, guidelines and circulars/notices issued by SEBI and Circulars, Rules, Business Rules and Bye laws of the relevant commodity exchanges, where the trade is executed, that may be in force from time to time.
50. The 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, if either party is not satisfied with the arbitration award.
51. 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/Business Rules and circulars/notices issued thereunder of the Exchanges/SEBI .
52. All additional voluntary/non-mandatory clauses/document added by the Member should not be in contravention with Rules/ Business Rules/ 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.
53. If the rights and obligations of the parties hereto are altered by virtue of change in Rules of SEBI or Bye-laws, Rules and Business Rules of the relevant 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.
54. Members are required to send account statement to their clients every month.

## INTERNET & WIRELESS TECHNOLOGY BASED TRADING FACILITY PROVIDED BY 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. Member is eligible for providing Internet based trading (IBT) and commodities 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 Member shall comply with all requirements applicable to internet based trading/- 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 commodities and for this purpose, the client is desirous of using either the internet based trading facility or the facility for commodities trading through use of wireless technology. The Member shall provide the Member's IBT Service to the Client, and the Client shall avail of the Member's IBT Service, on and subject to SEBI/Exchanges Provisions and the terms and conditions specified on the Member's IBT Web Site provided that they are in line with the norms prescribed by Exchanges/SEBI.
3. The Member shall bring to the notice of client the features, risks, responsibilities, obligations and liabilities associated with commodities trading through wireless technology/internet or any other technology should be brought to the notice of the client by the Member.
4. The Member shall make the client aware that the 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 whosoever through the 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 measures are required for the internet trading/ 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 Member
6. The Client shall immediately notify the Member in writing if he forgets his password, discovers security flaw in 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/ 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 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 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 Member and the Exchange do not make any representation or warranty that the 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 Member on account of any suspension, interruption, non-availability or malfunctioning of the 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/Members/Exchange end for any reason beyond the control of the Member/Exchanges.

## Annexure-2

### RISK DISCLOSURE DOCUMENT

The Exchange does not expressly or impliedly, guarantee nor make any representation concerning the completeness, the adequacy or accuracy of this disclosure documents nor has the Exchange endorsed or passed any merits of participating in the Commodity Derivatives /trading. This brief statement does not disclose all of the risks and other significant aspects of trading. You should, therefore, study derivatives trading carefully before becoming involved in it.

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

You must know and appreciate that investment in commodity futures contracts/ derivatives or other instruments traded on the Commodity Exchange(s), 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 the Exchange and suffer adverse consequences or loss, you shall be solely responsible for the same and the Exchange shall not be responsible, in any manner whatsoever, for the same and it will not be open for you to take the plea that no adequate disclosure regarding the risks involved was made or that you were not explained the full risk involved by the concerned member. The Client 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 commodity derivatives being traded on the Exchange.

It must be clearly understood by you that your dealings on the Exchange through a member shall be subject to your fulfilling certain formalities set out by the member, which, include your filing the know your client form and are subject to Rules, Byelaws and Business Rules of the Exchange guidelines prescribed by SEBI from time to time and circulars as may be issued by the Exchange from time to time.

The Exchange 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 member of the Exchange and/ or third party based on any information contained in this document. Any information contained in this document must not be construed as business advice/investment 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, you should be aware of or must get acquainted with the following: -

#### 1. **Basic Risks involved in the trading of Commodity Futures Contracts and another Commodity Derivatives Instruments on the Exchange.**

##### i. **Risk of Higher Volatility**

Volatility refers to the dynamic changes in price that commodity derivative contracts undergo when trading activity continues on the Commodity Exchange. Generally, higher the volatility of a commodity derivatives contract, greater is its price swings. There may be normally greater volatility in thinly traded commodity derivatives contracts than in actively traded commodities/ 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 real losses.

##### ii. **Risk of Lower Liquidity**

- a. Liquidity refers to the ability of market participants to buy and/ or sell commodity derivative contract expeditiously at a competitive price and with minimal price difference. Generally, it is assumed that more the number 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 commodity derivatives contracts swiftly and with minimal price difference and as a result, investors are more likely to pay or receive a competitive price for commodity derivative contracts purchased or sold. There may be a risk of lower liquidity in some commodity derivative contracts as compared to active commodity derivative contracts. As a result, your order may only be partially executed, or may be executed with relatively greater price difference or may be executed at all.
- b. Buying/ Selling without intention of giving and/ or taking delivery of certain commodities may also result into losses, because in such a situation, commodity 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 commodities.

##### iii. **Risk of Wider Spreads**

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



#### iv. Risk-reducing orders

- a. Most of the Exchanges have a facility for investors to place “limit orders”, “stop loss orders” etc. Placing of such 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.
- b. 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 commodity derivatives contract.
- c. A “limit” order will be executed only at the “limit” price specified for the order or a better price. However, while the client received price protection, there is a possibility that the order may not be executed at all.
- d. A stop loss order is generally placed “away” from the current price of a commodity derivatives contract, and such order gets activated if and when the 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 contract approaches 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 contract might penetrate the predetermine price, in which case, the risk of such order not getting executed arises, just as with a regular limit order.

#### v. Risk of News Announcements

- a. Traders/Manufacturers make news announcements that may impact the price of the commodities and/or commodity derivatives contracts. These announcements 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 commodity/ commodity derivatives contract.

#### vi. Risk of Rumours

- a. Rumours about the price of a commodity at times float in the market through word of mouth, newspaper, websites or news agencies, etc., the investors should be wary of and should desist from acting on rumours.

#### vii. System Risk

- a. 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.
- b. 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 execution of order and its confirmation.
- c. 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 commodity due to any action on account of unusual trading activity or price hitting circuit filters or for any other reason.

#### viii. System/ Network Congestion

- a. Trading on the Exchange is in electronic mode, based on satellite/ leased line 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 the control of 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 Futures Commodity Derivatives are concerned, please note and get yourself acquainted with the following additional features: -

### 2.1 Effect of “Leverage” or “Gearing”:

- a. The amount of margin is small relative to the value of the commodity derivatives contract so the transactions are ‘leveraged’ or ‘geared’. Commodity Derivatives trading, which is conducted with a relatively small amount of margin, provides the possibility of great profit or loss in comparison with the principal investment amount. But transactions in commodity derivatives carry a high degree of risk. You should therefore completely understand the following statements before actually trading in commodity derivatives contracts and also trade with caution while taking into account one’s circumstances, financial resources, etc.

- b. Trading in Futures Commodity Derivatives involves daily settlement of all positions. Every day the open positions are marked to market based on the closing price. If the closing price has moved against you, you will be required to deposit the amount of loss (notional) resulting from such movement. This margin will have to be paid within a stipulated time frame, generally before commencement of trading on the next day.
- c. If you fail to deposit the additional margin by the deadline or if an outstanding debt occurs in your account, the Member of the Exchange may liquidate/square-up a part of or the whole position. In this case, you will be liable for any losses incurred due to such square-up/ Close Outs.
- d. Under certain market conditions, an Investor may find it difficult or impossible to execute the 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.
- e. Steps, such as, changes in the margin rate, increase in the cash margin rate etc. may be adopted in order to maintain market stability. These new measures may be applied to the existing open interests. In such conditions, you will be required to put up additional margins or reduce your positions.
- f. You must ask your Member of the Exchange to provide the full details of the commodity derivatives contracts you plan to trade i.e. the contract specifications and the associated obligations.

### 3. TRADING THROUGH WIRELESS TECHNOLOGY OR ANY OTHER TECHNOLOGY:

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

### 4. General

- i. 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 Member of the Exchange, the same shall be subject to arbitration as per the Rules, Bye-laws and Business Rules of the Exchange.
- ii. 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.
- iii. For rights and obligations of the Members/Authorised Persons/ clients, please refer to *Annexure 3*
- iv. The term 'Constituent' shall mean and include a Client, a Customer or an Investor, who deals with a member for the purpose of trading in the commodity derivatives through the mechanism provided by the Exchange.
- v. The term 'member' shall mean and include a Trading Member or a Member/Broker, who has been admitted as such by the Exchange and got a registration certificate from SEBI.

## **Additional Risk Disclosure documents for Commodity Options Trading Risk of Option holders:**

### **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.

### **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 write 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.

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.

#### Annexure-4

### GUIDANCE NOTE - DO's AND DON'Ts FOR THE CLIENTS

#### Do's

1. Trade only through Registered Members of the Exchange. Check from the Exchange website at following link <https://www.mcxindia.com/membership/notice-board/Member-AP> -Details to see whether the 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 the Member, from the Member.
5. Cross check the genuineness of trades carried out at the Exchange through the trade verification facility available on the Exchange website at the following link <https://www.mcxindia.com/en/login>.
6. 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 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 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 Member.
11. Ask all relevant questions and clear your doubts with your Member before transacting.
12. Insist on receiving the bills for every settlement.
13. Insist on Monthly statements of your ledger account and report any discrepancies in the statement to your Member within 7 working days. In case of unsatisfactory response report the discrepancy to the Exchange within 15 working days from the date of cause of action.
14. Scrutinize minutely both the transaction & holding statements that you receive from your Depository Participant.
15. Keep Delivery Instruction Slips (DIS) book issued by DPs in safe possession.
16. Ensure that the DIS numbers are preprinted and your account number (UCC) is mentioned in the DIS book.
17. Freeze your Demat account in case of your absence for longer duration or in case of not using the account frequently.
18. Pay required margins in time and only by Cheque and ask for receipt thereof from the Member.
19. Deliver the commodities in case of sale or pay the money in case of purchase within the time prescribed.
20. Understand and comply with accounting standards for derivatives.
21. Ensure to read, understand and then sign the voluntary clauses, if any, agreed between you and the Member. Note that the clauses as agreed between you and the Member cannot be changed without your consent.
22. Get a clear idea about all brokerage, commissions, fees and other charges levied by the Member on you for trading and the relevant provisions/ guidelines specified by SEBI/Commodity exchanges.
23. Make the payments by account payee cheque in favour of the Member. Ensure that you have a documentary proof of your payment/deposit of commodities with the Member, stating date, commodity, quantity, towards which bank/ demat account such money or commodities (in the form of warehouse receipts) deposited and from which bank/ demat account.
24. The payout of funds or delivery of commodities (as the case may be) shall not be made to you within one working day from the receipt of payout from the Exchange, in case you have given specific authorization for maintaining running account to the member.
25. Thus, in this regard, the running account authorization provided by you to the Member shall be 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) You need to bring any dispute arising from the statement of account to the notice of the Member in writing preferably within 7 (seven) working days from the date of receipt of funds/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 Commodity exchanges without delay.
  - c) In case you have not opted for maintaining running account and pay-out is not received on the next working day of the receipt of payout from the exchanges, please refer the matter to the Member. In case there is dispute, ensure that you lodge a complaint in writing immediately with the Investors Grievance Cell of the relevant Commodity exchange.
  - d) Please register your mobile number and email id with the Member, to receive trade confirmation alerts/ details of the transactions through SMS or email, by the end of the trading day, from the commodity exchanges.
26. You should familiarize yourself with the protection accorded to the money or other property you may deposit with your member, particularly in the event of a default in the commodity derivatives or the member becomes insolvent or bankrupt.
27. Please ensure that you have a documentary proof of having made the deposit of such money or property with the member, stating towards which account such money or property deposited.
28. In case your problem/grievance/issue is not being sorted out by concerned Member/Authorised Person then you may take up the matter with the concerned Commodity Exchange. If you are not satisfied with the resolution of your complaint then you can escalate the matter to SEBI.

#### **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 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 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 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 commodities, deposits and/or keep them with Depository Participants (DP) or member 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.

## POLICIES AND PROCEDURES

YES Securities (India) Limited., (hereinafter referred to as YSL) as a SEBI registered intermediary is mandated to follow the rules regulations circulars of the exchanges and SEBI issued from time and operates through well-defined procedures and policies. The policies followed by a stock broker pertaining to dealing with clients in regard to points specified herein have been mandated by SEBI to be made available to the clients. It should not be construed that these are the only policies followed by YSL.

- (A) Refusal of orders for Penny Stocks: YSL normally offers trading facility in most of the compulsory dematerialized stocks & commodities which are listed on the stock exchanges. Please note that some of the stocks & commodities such as penny stocks, scrips (stocks & commodities) not traded in compulsorily dematerialized mode or scrips which do not meet internal risk and surveillance criteria are not allowed by YSL for trading. Any existing scrip (stocks & commodities) enabled for trading may be deactivated by YSL as and when such scrips (stocks & commodities) meet the criteria as defined by YSL even if the Client had bought such scrips (stocks & commodities) through YSL thereby restricting the Client's ability to sell such scrips (stocks & commodities). YSL cannot be held responsible for any losses, if any, arising due to deactivation of any of such scrips (stocks & commodities).

Further clarifications: The exchanges release a list of such scrips (stocks & commodities) and they are termed as illiquid securities & commodities, however YSL retains the right to term a particular scrip (stocks & commodities) as illiquid/penny stock based on the internal risk parameters it deems fit. These parameters may include, the past volume of the scrip (stocks & commodities), the volatility in the scrip (stocks & commodities) among others, whether trading in a particular scrip (stocks & commodities) falls within the purview of fraudulent trades or trades deemed to be fraudulent under the SEBI – prohibition of fraudulent and unfair trade practices relating to securities market regulation 2003. YSL reserves the right to facilitate clients for placing orders with regards to the penny stocks or illiquid scrips (stocks & commodities) as described above. YSL is not under any obligation to push orders which are in the nature of penny stocks/ illiquid scrips (stocks & commodities). YSL does not encourage trading in penny stocks.

- (B) Setting Up Client's exposure Limits: Setting Up Client's exposure Limits and margin information including short fall of margins available on website in the trading account or intimated through approved means to be constituted as a valid margin call.

Exposure is allowed to the clients based on the margin available in form of funds or approved securities or commodities valued after deducting an appropriate haircut as per the rates prescribed by Exchange/YSL. Client is liable to pay applicable initial margins, withholding margins, special margins or such other margins as are considered necessary by the Exchange. Further YSL at its discretion may collect additional margin or may even reduce the margin even though not required by the Exchange. Clients are supposed to maintain sufficient balance with YSL pre-trade depending on the channel through which they trade. YSL may levy additional margins or relax the margins earlier imposed based on factors such as, client level positions, volatility in a particular stock market or commodity market in general. Further, the client will have access to details pertaining to margin requirements, shortfall of margin on a real-time basis on the website itself where he can ascertain details of his existing margin blocked, margins required, MTM loss adjustment, margin percentage etc. The margin requirement specified on the website in the trading account of the online client will be construed as a valid demand for the additional margin required by YSL. Disseminating this information in the client account on the website will be considered as informing specific (one to one) clients about the margin requirements/margin top up calls/margin availability before the square off. Clients are bound to monitor and review their open positions and margin requirements all the times and furnish the additional margin to YSL. Though it shall be our endeavor to ensure that a proper notice may be sent to the clients, this may not always be possible taking into consideration the market scenario on a real-time basis. Exposure allowed to clients may vary, basis the clients past trading performance, quality of collateral, market circumstances and dynamics and other such factors.

Clients may trade themselves through the internet or may trade through the authorised person or branch. For clients who trade through the internet, the exposure limit may be ascertained by them on the trading portal. Clients executing trades through authorised person or branches may check their positions with the authorised person / Branch.

YSL shall not be responsible for any variation, reduction or imposition or the Client's inability to route any order through the Stock broker's website on account of any such variation, reduction or imposition of limits. YSL 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 based on certain internal risk parameters.

- (C) Applicable Brokerage: The brokerage applicable shall be as agreed upon from time to time. Any modifications in relation to the brokerage rate will be prior informed to the client with reasonable time for client to act on the same. The client agrees to pay YSL, brokerage, Exchange related charges, statutory levies and any other charges (including but not limited to security or commodity handling charges on settlement) as are prevailing from time to time and as they apply to the client's account, transactions and to the services that member renders to the client as mutually agreed. YSL does not charge brokerage more than the maximum brokerage permissible as per the rules and regulations and bye laws of the Exchanges/SEBI. However the minimum brokerage as stipulated by the Exchanges will be levied. The brokerage shall be charged as a percentage of the value of the trade or as a flat fee or otherwise, together with the statutory levies as may be applicable from time to time on the same. Schedule of brokerage along with other applicable charges is specified in Brokerage Chart on page 7. In case the brokerage rate is not selected by the client on the brokerage chart within the KYC booklet, the default brokerage as mentioned below will be applicable.

Default Brokerage



BROKERAGE TARIFF STRUCTURE				
Segment	Type	Invest First Fixed Plan	Invest Premia Plan	Invest Value Plan (YES Prosperity, YES Grace, YCOP)
Account Opening Charges (INR)		Nil	Nil	999
Cash Market	Delivery Buy/ Sell %	0.35%	0.40%	0.45%
	Delivery Square Off (same Day) %	0.035% (both Sides)	0.04% (both Sides)	0.05% (both Sides)
	Margin Intraday (First Leg) %	0.04%	0.04%	0.05%
	Margin Square off (same day) %	0.04%	0.04%	0.05%
Derivatives	Future (First Leg) %	0.04%	0.04%	0.05%
	Future Square Off (same Day) %	0.02%	0.02%	0.02%
	Options (First Leg) (Per Lot)	Rs. 75	Rs. 75	Rs. 75
	Options Square off (same day) (per lot)	Rs. 25	Rs. 25	Rs. 25
Currency Derivatives	Currency Futures (First Leg) %	0.04%	0.04%	0.05%
	Currency Futures Square Off (same Day) %	0.02%	0.02%	0.02%
	Currency Futures (First Leg) (Per Lot)	Rs. 75	Rs. 75	Rs. 75
	Currency Futures Square off (Same day) (per lot)	Rs. 25	Rs. 25	Rs. 25
Commodity Derivatives	Commodity Futures (First Leg) %	0.03%	0.04%	0.05%
	Commodity Futures Square Off (Same Day) %	0.02%	0.02%	0.02%
	Commodity Options (First Leg) Per Lot	Rs. 125	Rs. 125	Rs. 125
	Commodity Options Square Off (Same Day) Per Lot	Rs. 75	Rs. 75	Rs. 75
	Commodity Delivery	0.30%	0.40%	0.50%
<ul style="list-style-type: none"> <li>Minimum Brokerage Charged: Brokerage will be charged as per applicable rate per executed order and a maximum of 2.5% of Trade value. In case the minimum brokerage calculated comes to more than 2.5%, then the amount that will be charged as a brokerage will be limited to 2.5%.</li> <li>All statutory Taxes/charges, SEBI Turnover fees, STT, CTT, Goods &amp; Service Tax, Stamp Duty and Transaction charges will be levied separately from brokerage as applicable from Time to Time.</li> </ul>				

**(D) Imposition of Penalty / Delayed payment charges, specifying the rate and period:** Delayed payment charges are levied to clients for non-payment or delay in payment of their fund obligation on time which may be due on account of charges, margins or any other sum due to YSL. Clients are required to pay margins before placing any trades. Clients are allowed to place margins in form of funds or securities, as per the discretion of YSL. Exposure is given to the client based on the stocks or commodities submitted by the client towards margin to YSL. Appropriate haircut is applied on such stocks or commodities. They are then expected to make the full payment for the purchase or positions taken in derivatives on the settlement date. In case there is a debit balance in the clients account, the same shall be liable for the delayed payment charges. The calculation of these charges is an automated process. The charges to be levied would be up to 3 % per month. These charges have been introduced so that they act as a deterrent for delaying the payment of funds and it should not be construed as funding arrangement. In case where any penalty / charges /fees / taxes etc. of whatever nature, is levied on YSL on account of trades or orders placed by clients, such penalty /charges /fees / taxes etc. shall be debited to the client's account. The client will not be entitled to any interest on the credit balance/excess margin available/kept with YSL.

**(E) Right to sell or square-off client's securities/commodities or close client's positions, without giving notice to the client on account of non-payment of client's dues to the extent of settlement/ margin obligation:**

- Margin collection - Margin is collected upfront from the clients i.e. prior to executing any trades. Based on the margin thus available with YSL - exposure is given to the client. The applicable margin may vary and the client may be asked to replenish the margin by tendering additional funds or securities. In accordance with Exchange guidelines, YSL being primarily a web based broker retains the right to square off the position. Disseminating of the details regarding margin requirements and short fall in margin through an approved mode shall be considered as making a specific margin call to the client. Hence all clients are bound to log in to their trading account and keep themselves updated about their positions and margin requirements made available on real time basis. The client agrees to pay for the shares purchased or positions taken in commodity derivatives through YSL before the pay-in date in order to enable YSL to make the requisite pay-in to the Exchange. In case the client fails to make the payment, YSL may liquidate the securities or commodities position in the clients account in order to ensure that adequate credit is received for the shares purchased or positions taken in commodity derivatives. This square off may be done on or before the 5th day of the settlement date. - The client also agrees to maintain adequate margin for the positions taken in any segment or exchange. However, in case the credit available is lower than the minimum margin required, the client's positions would be liquidated in a manner that there is no shortfall of margin.
- YSL shall endeavor to provide additional facility besides making available the margin details on website in the trading account to facilitate the clients towards ensuring adequate margin to avoid liquidation of open position. This information should be constituted as prior information given to the client before liquidation of their positions. YSL may endeavour to inform the client on the registered mobile number and or email id updated with YSL. For clients to whom a login and password is given to access their account on the website [www.yesinvest.in](http://www.yesinvest.in), or such other URL that may be provided and informed by YSL from time to time, where they are required to login and check the limit statement uploaded therein. It shall be the clients' responsibility to ensure that adequate credit balance is available in the account. The above guidelines may be changed based on the discretion of YSL and in terms of the market
- conditions. In cases where the market is volatile and there is a sudden spurt in scrip price then YSL may square off position without any notice due to the paucity of time and other such circumstances
- Whenever YSL endeavors that the positions are to be liquidated, it shall not be responsible for any liabilities in case the same cannot be liquidated.
- The priority of the positions to be squared off, i.e. which positions to be squared off first, would be at the discretion of YSL. YSL may follow the following priority for squaring -off positions: -
  - a) Lower Margin scrip's (securities or commodities) will be squared off first.
  - b) Only futures position will be squared off (option position may be square off manually)
  - c) In case where there is a position in cash and derivative segment, options positions would be squared off first followed by futures positions and then cash positions would be square off (for all segment & exchange) in case shortfall still exist.

**(F) Shortages in obligations arising out of internal netting of trades Internal Shortage Policy:**

In case of Internal shortage (Client to Client Shortage), the valuation price shall be higher of 2 % above the closing price on Auction date in the normal market segment of the Exchange or highest traded price between the trading day (transaction date) and the day of Auction. All the securities having a corporate action will be settled on cum basis. All losses to the Client, on account of the above shall be borne solely by the Client and YSL shall not be responsible for the same. In case of any claim against YSL, the Client shall indemnify YSL in this regard.

**(G) Conditions under which a client may not be allowed to take a further position or the broker may close an existing position of a client /Temporary suspending or close a client's account at the client's request and Deregistering a client**

- a) In the event where overall position in any scrip (securities & commodities) or derivative contract has reached the limit prescribed by regulators or exchanges. For example, in case of NRI clients where the PIS Limits are prescribed by RBI are breached or in case of Exchange wise, scrip wise limit prescribed by Exchanges for derivative contracts are breached. In all such cases the client may not be permitted to take additional positions
- b) YSL has the right to stop or block the client to trade in case where there is a debit balance in his/her account.
- c) YSL retains the right to block the client from taking a position in certain specified scrips (securities & commodities) on the basis of the risk management systems of YSL.
- d) In case where YSL is apprehensive of the client to be an entity debarred by any regulatory authority, it shall retain the right to stop the trading activities of such a client.
- e) In case where YSL perceives risk with regards to any regulatory action or with regards to delay or non-payment of margin or any other lawful obligation YSL may temporarily block or suspend the trades of such clients.

- f) In case where suspicious transactions are observed, including but not limited to off market transactions.
  - g) In case where clients are not reachable at their contact details mentioned in the client registration form or in the client master changes form.
  - h) In case where unprofessional, or unruly behavior of the client is observed.
  - i) Further in case of clients breaching the risk parameters mentioned in point E above we may close the clients' positions without any intimation.
  - j) Client can initiate suspend/closure of his account by giving 30 days written notice duly acknowledged by YSL
  - k) YSL has the sole discretion to dis-continue the relationship. The terms and conditions as specified in the AOF are applicable.
  - l) Receipt of a binding order from the regulator/authority.
  - m) Any of the covenant or warranty of the client is incorrect or untrue in any material aspects. In the event of death or insolvency of the client, winding up or liquidation or the client otherwise be coming incapable of receiving and paying for or delivering or transferring securities which the client has ordered to be bought or sold, the Stock Broker may close out the transaction of the client and the client or his legal representative as the case shall be would be liable for any losses, costs and be entitled to any surplus which may result there from.
- (H) **Inactive Client Accounts:** The clients trading account will be considered as dormant/inactive, wherein no trades have been carried out since last 12 (Twelve) months across all exchanges. Inactive/dormant clients shall be ascertained who have not traded even a single time or did not execute any financial transaction as mentioned above through YSL in the preceding 12 (Twelve) months will be considered as dormant / inactive. Funds/ Securities, if any available with YSL will be settled at the end of the quarter in which the trading account is made Inactive. Further, client may please note that no trading will be permitted and marked as "Inactive" in UCC database of the exchange. If client wish to activate trading account then need to submit KRA/ CKYC form along with require additional document such as PAN card, Address proof and Income proof (Required for FNO trading activation), and documents should be self - attested & bank attested (Original seen and verified). These policies and procedures may be amended/changed from time to time by the stock broker depending on the change in rules, regulation and bye laws of SEBI / Exchange and process of Stock broker, provided the change is informed to the client by email/ post/online acceptance of the revised policies and procedures in the trading account by displaying it on the website or any other approved mode. These policies and procedures shall be compulsorily referred to in case of any dispute/difference/claim made before the appropriate court of law/ adjudicating authority including arbitrator/mediator or in case of any settlement arrived between the parties.

### SCHEDULE OF CHARGES FOR RESIDENTS, GLOBAL INDIANS & HUFs

Charge	Type	Resident Individual /HUF	Global Indian Banking (non-resident)	Corporate	Basic Services Demat Account (BSDA)		
A/C opening charges		Nil				Equity#	Debt^
Annual Maintenance charges (AMC)*		Rs. 500	Rs. 1000	Rs. 500	NIL AMC if Holding Value is between	0 to 50,000	0 to 1,00,000
					Rs. 100/- AMC if Holding Value between	50,001 to 2 Lac	1,00,001 to 2 Lac
					Rs. 500 AMC if Holding Value More than	2 Lac	2 Lac
Credit transaction (Buy: Market & Off Market)		Nil					
Debit Transaction (Market, Off Market, Inter-depository)	For instruction submitted through branches (% of transaction value of each ISIN)	0.04% (min Rs. 20)	0.04% (min Rs. 20)	0.04% (min Rs. 20)	0.06% (min Rs. 50)		
	Rejection/Fail	Rs. 30	Rs. 30	Rs. 30	Rs. 30		
	Extra charges for processing of instructions submitted on the execution date	Rs. 10 per ISIN	Rs. 10 per ISIN	Rs. 10 per ISIN	Rs. 10 per ISIN		
Dematerialization	Per request form	Rs. 30	Rs. 30	Rs. 30	Rs. 30		
	Per certificate	Rs. 2	Rs. 2	Rs. 2	Rs. 2		
Rematerialisation	Per request form	Rs. 20	Rs. 20	Rs. 20	Rs. 20		
Closure of Account		Nil					
Pledge	Creation/ closure/confirmation / Invocation (% of the value for each ISIN in each request)	0.04% (min Rs. 30; Max Rs. 50,000)	0.04% (min Rs. 30; Max Rs. 50,000)	0.04% (min Rs. 30; Max Rs. 50,000)	0.04% (min Rs. 30; Max Rs. 50,000)		
Additional account statements		Rs. 20	Rs. 20	Rs. 20	Rs. 20		
NDU	% of transaction value of each ISIN	0.02% (min Rs. 30; Max Rs. 50,000)	0.02% (min Rs. 30; Max Rs. 50,000)	0.02% (min Rs. 30; Max Rs. 50,000)	0.02% (min Rs. 30; Max Rs. 50,000)		

\*AMC discounts applicable to special customer segments like YES Respect (1<sup>st</sup> year waiver), YES Grace (1<sup>st</sup> year waiver), SMART Salary Exclusive (1<sup>st</sup> year 50% waiver), SMART Salary Platinum (1<sup>st</sup> year 100% waiver). All charges are waived off for YES First customer (except NSDL charges), YES Premia (1<sup>st</sup> year 100% waiver and 50% waiver from 2<sup>nd</sup> year onwards).

NSDL charges are chargeable extra at actuals. Present NSDL charges are

Sell: Market and Off- Market & Inter-depository	Rs. 5 per debit instruction
Rematerialisation	a) fee of Rs. 10 for every hundred securities or part there of subject to maximum fee of Rs. 5,00,000; or b) A flat fee of Rs.10 per certificate, whichever is higher
Reconversion of MF units into SoA	Rs. 10 per instruction
Redemption of units through Participants	Rs. 5 per instruction
Pledge Creation	Rs. 25 per instruction
NDU	0.01% of the transaction value subject to a minimum of Rs. 25 per transaction

Conditions: i. The value of shares and charges are calculated as per NSDL formula and rates. ii. There will be a charge of Rs. 100 for dishonour of any cheque or unsuccessful attempt to recover payment through direct debit or ECS. The depository services are liable to discontinuation if YES BANK is unable to recover charges from the customer, for any reason whatsoever. iii. Any service that is not indicated above will be charged separately as per the rates applicable from time to time. iv. YES BANK reserves the right to revise the tariff structure from time to time, with a notice of 30 days. The notice may be given by ordinary post or by an advertisement in a national daily. v. Annual Maintenance Charges are levied, in advance, for a period of one year at the beginning of the billing cycle. If the Demat Account is closed during the year, pro-rata refund of Annual Service Charge will be made. vi. Government levies / Taxes chargeable extra as per applicable rates. vii. Transaction charges will be payable monthly. viii. To evaluate the eligibility of Basic Services Demat Accounts (BSDA) the value of holding will be determined on a daily basis, as per the file sent by the NSDL. The AMC will be calculated at pro rata basis based on the value of holding of securities in the demat account. ix. In case the demat account with BSDA facility does not meet the listed eligibility criteria as per guidelines issued by SEBI or any such authority at any point of time, such BSDA accounts will be converted to standard demat account without further reference to respective customers and will be levied standard charges. x. Demat customers eligible for the BSDA facility need to register their mobile number for the SMS alert facility for debit instructions. xi. Operating instructions of the joint accounts must be signed by all the holders. xii. All instructions for transfer must be received at the designated DP servicing branches of the YES BANK at least 24 hours before the execution.

## PART C

### NON-MANDATORY DOCUMENTS

These additional clauses (hereinafter referred to as “Document”) shall be read in conjunction with the “Rights and Obligations” as prescribed by SEBI.

#### VERIFICATIONS:

YES Securities (India) Limited., (hereinafter referred to as “the Stock Broker” which term shall include its successors and assigns), may adopt any process or procedure to verify the genuineness of the Client and the documents and information submitted by the Client from time to time and the Client agrees to comply with such processes and procedures. The stock broker as per its documentation and verification parameters reserves the right to reject the KYC form of a client and the documents and form submitted for registering as a client will not be given back to the client.

#### 1. DESIGNATED ACCOUNTS:

- a) The Client states that he has opened / agrees to open one or more valid and subsisting depository and bank accounts with YES BANK Limited or any other depository or bank that the Stock Broker may designate from time to time.
- b) In the event of any change in the details of the Securities / Bank Account or any other relevant details, the Client shall first update such changes with the Stock Broker.

#### 2. TRADING HOURS:

Trading hours will be as stipulated by respective exchanges from time to time. Stock Broker may provide the facility to place orders in After Market Hours (“AMO”). This facility may be withdrawn without prior notice. Orders placed in AMO session may be placed with the exchange in the next available trading session.

#### 3. EXPOSURE LIMITS:

- a) In determining the exposure limits set for the Client, the Stock Broker shall be entitled to take into consideration such factors as it may deem fit, including such risk and other factors as it may deem fit and proper.
- b) The client may be allowed to take exposure as may be specified by the Stock Broker from time to time. The Client acknowledges that he may be allowed to carry forward such leveraged positions and that these are to be settled according to exchange guidelines, else the Stock Broker reserves the right to settle the transactions based on the exchange guidelines / Stock Broker’s policies. Any gain/ loss on such transactions shall be on account of the client. This facility of allowing exposure may be withdrawn at the discretion of the stock broker.
- c) The client may be allowed to meet the margin requirements in the form of funds, Securities, fixed deposits, guarantees post appropriate haircut as per the Exchange guidelines. Stock Broker may at its discretion change the inter se allocation of such margin placed / to be placed by the client or refuse to accept one form of margin.
- d) Margin charged by the Stock Broker may be in addition to the margin charged by the exchanges. This may be changed at the discretion of the Stock Broker.
- e) The Client shall maintain such Margin as may be stipulated and notified by the Stock forthwith furnish such replacement or additional Margin in the form and content as may be acceptable by the Stock Broker.
- f) In case the Client does not provide the required Margin within the time frame specified by the Stock Broker, the Stock Broker shall as a risk containment measure have the right to do the following:
  - i. Instruct as the client’s power of attorney holder the Designated Bank and/or the Designated DP to transfer to the Stock Broker all or any funds or Securities in the Client’s Bank Account and/or Security Account or lying to the order of the Client and/or the proceeds thereof as Margin. By use of Power of Attorney given by client, YSL shall execute ‘margin pledge’ on Client’s securities on behalf of such client to the demat account of YSL to the extent of required margin, as per the regulations of SEBI and Exchanges issued from time to time. The Stock Broker shall not be liable to the defaults in the client’s Bank Account/Demat Account subsequent to the above transfer if any;
  - ii. prevent any new or outstanding requests/orders from being placed or executed; or
  - iii. liquidate or close out all or any of the Client’s positions at the discretion of the Stock Broker; or
  - iv. take such other action as the Stock Broker may think fit and proper
  - v. The Stock Broker may exercise any or all of the rights contained herein towards risk containment measure without demand for any additional Margin, security or collateral, or advance notice.

- vi. The Stock Broker shall not be obliged to return any Margin to the Client until the Client has satisfactorily discharged all its payment obligations or other obligations.
- vii. Margin in derivative contracts: The Client shall be liable to pay an Initial Margin upfront on or before creating a position in derivative contracts. Such Margin shall be decided upon by the Stock Broker from time to time. Further, the Client is liable to pay or receive daily Mark to Market loss or profit depending on whether the price of the derivative contract moves in favor of or against the position undertaken. The Client may also be liable to pay withholding Margin, Special Margin or such other Margin as are considered necessary by the Stock Broker or the Exchange from time to time.
- viii. In case where the payment by the Client towards the Margin is made through cheques or demand drafts issued in favor of the Stock Broker, transactions may be executed by the Stock Broker only upon realization of the funds of the said cheques or demand drafts at the discretion of the Stock Broker.
- ix. In the event that Securities have been placed as Margin with the Stock Broker, all corporate benefits accruing to such Securities shall form part of the Margin. In the case of discretionary corporate benefits including without limitation, rights shares, convertible shares, the Client shall inform the Stock Broker prior to the record date and replace the said Securities with such other Securities as may be approved and accepted to the Stock Broker at least 10 days prior to the record date or within such other period as may be acceptable to the Stock Broker. In case the Stock Broker is satisfied with the actions initiated by the Client such Securities shall be transferred to the Securities Account or the Stock Broker may take the necessary actions to act as stated above, the Stock Broker shall have the discretion either to liquidate such Securities and replenish the Margin or decide not to avail such corporate benefit. In the event that the Stock Broker decides not to avail any such corporate benefit accruing on the Securities transferred by the Client to the Stock Broker as Margin, the Stock Broker shall not be liable for any consequences.
- x. Shortfall in Margin: If payment/ Securities towards the Margin or shortfall in Margin is not received instantaneously to enable restoration of sufficient Margin in the Client's account all or some of the positions of the Client as well as the Securities of the Client placed with the Stock Broker as Margin or other Securities in possession or control of the Stock Broker may be liquidated by the Stock Broker as a risk containment measure after the information of shortfall in margin is made available to client on the website and by other approved methods, however reasonable attempt may be taken to inform the client for such top up margin. The resultant or associated losses that may occur due to such squaring off or sale of such Securities shall be borne by the Client. Such liquidation or close out of positions shall apply to any segment in which the Client does business with the Stock Broker.
- xi. In the light of online web based facility provided, the margin information made available on the website will be constituted as the effective means of communication for short fall of margins by the stock broker. As an additional endeavor the stock broker may also inform through SMS, or tele-calling or through electronic delivery to the Client's e-mail address, with respect to requirement of top-up of such shortfall in the Margin which shall be deemed to be a reasonable notice to the Client.
- xii. The Client is responsible for all instructions given by him for execution of orders either via online or off line, including any orders that may be executed without the required Margin in the Client's account as permitted by Exchange. If the Client's order is executed despite a shortfall in the available Margin, the Client shall whether or not the Stock Broker intimates such shortfall in Margin to the Client, make up the shortfall either through delivery of Securities in the event of a sale, or credit the required funds in the Bank Account via net/wire transfer or personal cheques / bankers cheque or account transfer or any other mode as may be required by the Stock Broker.
- xiii. Any reference in these terms for sale or transfer of Securities by the Stock Broker shall be deemed to include sale of the Securities, which forms part of the Margin and/or such Securities of the Client, which are in possession, or in exercise of the Stock Broker's right to sell Securities, the Client agrees that the choice of specific Securities to be sold shall be solely at the Stock Broker's discretion.
- xiv. Any amendment in the percentage of Margin as required to be maintained shall be intimated by the Stock Broker primarily to the Client by posting the updated required percentage of margin on Stock Broker's Website. However other means as the Stock Broker may deem fit too may be utilized as additional measure to assist client, from time to time. The Client is required to replenish the shortfall in such Margin, if any, on demand of the same by the Stock Broker or otherwise, immediately.
- xv. All Margins placed by the Client may be invoked or utilized by the Stock Broker in such circumstances as may be permitted by the Exchange and/or by Regulations, Rules, Bye-laws or Circulars. In addition to the above all Margins may be appropriated or utilized in the event of any default by the Client and/or to set off against any liability of the Client to the Stock Broker or otherwise.
- xvi. Where Margin is to be provided in the nature of bank guarantees if so approved by the Stock Broker, the Stock Broker may require such bank guarantee to be in such form and manner as may be stipulated by the Stock Broker.
- xvii. Client position may be squared off by the stock broker at its sole discretion as a risk containment measure, without any further reference to Client, if at any time during the day the Additional margin / Mark to Market margin requirement of the Client



exceeds any such threshold that may be decided by the Stock Broker from time to time, of the value of funds and / or other securities (net of haircut) placed with the Stock Broker. As a risk containment measure in abnormal circumstances, the Stock Broker shall have the discretion to square off the Client's position even above or below the aforesaid threshold without any prior intimation to the Client. Further all outstanding / pending orders (if any) during such time may be cancelled by the stock broker at its sole discretion. The clients' duly acknowledges that such square off by the Stock broker shall be on a best effort basis only. Stock broker shall not be liable for delay, or for not squaring off of the clients' positions in risk.

#### 4. PRICE OF SECURITIES:

The Client understands that with respect to any transaction order/request, the price at which the order was actually executed in the market may be different from the price at which the Securities were trading when the Client's order was entered into the Stock Broker's system, which may arise due to dynamic price movements of the scrips. Accordingly, Client agrees that the Stock Broker shall not be liable for any loss both actual and consequential, if any, incurred by the Client.

#### 5. EXECUTION OF TRANSACTION REQUESTS:

- a. The Client shall instruct the Stock Broker in relation to placing each order or instructing the Stock Broker in relation to each transaction it wishes to undertake on his/ its behalf through the Stock Broker's representatives designated for this purpose, the call & trade facility, the online-trading facility, or at the various branch offices of the Stock Broker, or through kiosks installed by the Stock Broker or in such other manner as may be acceptable and approved by the Stock Broker from time to time.
- b. In the event of an authorized representative of the client being replaced it shall be the responsibility of the Client to inform the Stock Broker of the change, in writing, failing which the Client shall be responsible for the trade obligations arising out of the actions of the old representative, also.
- c. If any transaction(s) with the Stock Broker has / have been executed on behalf of the Client and the same has / have been reflected from time to time on the basis of the Contract Notes / bills / any other correspondence dispatched / communicated to the Client, the client shall bring to the notice of the Stock Broker, the discrepancies, if any, within the time period specified as per the regulations.
- d. As a precondition for the execution of purchase, subscription or sale or other orders which involves payment of Client's funds or delivery of Client's Securities, the Stock Broker may in its sole discretion Require the Client to instruct the Designated Bank or the Designated DP to block the required funds/securities in the Bank Account or Security Account, in order to secure the payment of the purchase value of Securities purchased or to be purchased by the Client or other amount payable by the Client on the execution of the order; to secure delivery of any Securities sold, or proposed to be sold or redeemed by the Client.
- e. Should a Client desire to engage in Intra-Day Trading, he/it may do so by placing orders either through the Stock Broker's Web Site or designated telephone numbers stipulated by the Stock Broker from time-to-time. The facility will be subject to such procedures and terms and conditions as the Stock Broker may stipulate from time to time in such approved form or manner or through such medium as the Stock Broker may decide at its discretion. The Client hereby specifically acknowledges that Intra-Day Trading may involve square-off of transactions executed for the Client before the closure of the market and that, the Stock Broker reserves the right to square off the trade at such time and in such approved manner as it deems fit, without any prior confirmation or instruction from the client. The Client understands that currently regulator does not allow intra – day trading facility in cash market segment for NRIs.
- f. The Stock Broker may at its discretion and to the extent permitted by the Exchange, be entitled to offset the purchase value of a purchase order/ transaction against the proceeds of the sale transaction executed by the Client through the Stock Broker and vice versa.
- g. The Client is aware that in respect of transactions undertaken in a trade to trade segment of the Exchange, no netting off may be permitted by the Exchange even if the transactions are undertaken in the same settlement cycle.
- h. The Client shall not be entitled to presume that any order transmitted by the Client has been received by the Stock Broker until the Stock Broker has confirmed receipt of such order. However, due to technical or other factors, a transaction order/request which has been received by the Stock Broker may not be immediately confirmed to the Client. Such delay in confirmation shall not entitle the Client to presume that the order has not been received by the Stock Broker and the principle mentioned in the first sentence of this clause shall apply.
- i. The Stock Broker shall not be liable for non-execution or any delay in the execution of any order due to system issues or due to any reason beyond the control of the Stock Broker or for any resultant loss on account of the delay.
- j. The Client agrees that the Stock Broker may, based on its risk perception, subject any order/request placed by a Client to manual review, which may cause delays in the processing and/or execution of the Client's order or may result in rejection of such order. The Stock Broker shall not be liable for any consequences thereof.
- k. The Stock Broker shall be entitled to rely upon, any instruction, transaction request/order which the Stock Broker and/ or its affiliates reasonably believe in good faith to be given by and/or on behalf of the Client. The Client consents to the recording by the Stock Broker

of all verbal communication done via phone with stock broker. However, recording of conversation would not be an obligation but discretion of the stock broker and the said recordings if any, will not be made available to client.

- l. The Stock Broker is entitled in its sole discretion as a risk containment measure to allow or disallow trading by the client in certain scrips / contracts / products / services offered by the Stock Broker.
- m. The Client agrees that orders, instructions and other communications given or made over the telephone may be recorded by the Stock Broker. The Client also agrees that such recording and the Stock Brokers' records of any orders, instructions and communications given or made by the Client or the Stock Broker by electronic mail, fax or other electronic means shall be admissible as evidence. If the Stock Broker so chooses to record the orders, instructions and communications, he shall be free to store the same for such period of time as the Stock Broker deems fit and the Stock Broker may overwrite, erase or destroy such records at such intervals as it may deem fit. However, the Stock Broker shall retain the records of mandate document till such period as specified by relevant regulations of regulator.
- n. The Client is aware that even after the entry of the order of the Client in the order matching module of the Exchange, it is not guaranteed that the order will be executed. Orders may remain unexecuted for a number of reasons, including without limitation the availability of a counter party willing to match the order. Hence orders may get executed after substantial delays. The Client is aware that under the present systems of the Exchange an unexecuted order is automatically cancelled at the end of the day and in the event the Client desires to recast the orders on the following day the Client shall be responsible for once again providing such order to the Stock Broker and in the absence of any such following request, the order/request shall be deemed cancelled.
- o. The Stock broker shall display Product specific terms & conditions on its website. The client will be bound by such terms & conditions if he transacts in that Product.

#### **6. PURCHASE OF SECURITIES:**

- a) For execution of any purchase transaction, the Client would be required to have sufficient buying limits in the Bank Account and/or the trading account with the Stock Broker which shall be blocked at the time of processing purchase order. In the absence of sufficient buying power in the Client's Account any purchase order placed by the Client through the Web site or Tele trading facility of the Stock Broker may be routed through the terminal of the Stock Broker only upon the Client's transfers from the payment gateway of the Designated Bank to the Stock Broker.
- b) Each request or order shall be authenticated by the Client by such means as the Stock Broker may require from time to time in its sole discretion.

#### **7. SALE OF SECURITIES:**

- a) For execution of any sale transaction under cash and carry delivery products, the Client would be required to have sufficient securities in the Securities Account with the Stock Broker or the Designated DP, which shall be blocked at the time of processing sale order.
- b) In case a sale order is placed through the system, the securities proposed to be sold may be blocked in the Securities Account/s of the Client and shall be transferred to specified Pool / beneficiary account of the Stock Broker before the scheduled Exchange settlement date.
- c) The Stock Broker may allow clients to place sale orders, after blocking requisite margin as may be decided by the Stock Broker from time to time, in stocks which are not held by the client or are not marked by clients for delivery. In such cases, it shall be the client's responsibility to either square off the transaction during the day or provide delivery of the shares by the end of the day to the Stock Broker. In case the client fails to do so, the Stock Broker shall not be responsible for any loss faced by the client. The Stock Broker may at its discretion accept such shares short sold by the client on T+1 day on a best effort basis. This facility may be withdrawn at the discretion of the stock broker.

#### **8. SETTLEMENT:**

- a) The Stock Broker's obligation to settle any transaction(s) or act on any requests/orders is conditional upon the Stock Broker having on or before the execution date and/or on due date for settlement, and/or as and when due to or demanded by the Stock Broker, all proper documentation and relevant Securities and/or funds in the Securities Account and/or the Bank Account, as the case may be, necessary to complete the transaction concerned or to act upon that request. The Client agrees to pay all amounts / funds / deliver Securities in respect of any transaction as they become due regardless of any right to set off or counterclaim and without withholding or deduction for any taxes of whatever nature, unless expressly required including without limitation, by applicable Exchange rules and regulations, laws, government authorities, courts, statutes, Bye-laws and Regulations as amended from time to time. All such amounts/funds/ Securities shall be free from any encumbrance or charges and the Client has a valid title on the same.
- b) In relation to each order / request, the Stock Broker may in accordance with a power of attorney granted to the Stock Broker by the Client instruct the Designated Bank and / or the Designated DP to, earmark such cash and / or Securities in the Client's Bank Account or Securities Account (as relevant) to cover:

1. The Client's order / request
  2. Any costs, taxes, levies or fees required in order to act on such request/order/or consequent to such request/order;
  3. Mark to market losses whether realized or unrealized
  4. Such amount as the Stock Broker considers necessary in its sole discretion to cover any price fluctuation in the Securities that are the subject of the order executed including all types of margin; and
  5. All such other amounts in relation to each order/request executed.
  6. The Client also confirms that the Client shall further instruct and authorize the Designated Bank/Designated DP to process, honor the required payment/transfer instruction
  7. Any obligation of the Stock Broker to deliver cash or Securities to the Client shall be conditional upon receipt by the Stock Broker of the sale proceeds or deliverable Securities, as applicable, from the Exchange.
  8. To execute 'margin pledge' on Client's securities on behalf of such client to the demat account of the Stock Broker to the extent of required margin, as per the regulations of SEBI and Exchanges issued from time to time
- c) Shortages: It is agreed that in case of purchase of Securities by the Client, if the Stock Broker is unable to deliver the Securities on the pay-out day due to non-receipt of the securities from the Exchange(s) the Stock Broker shall not be liable to the Client for such non- delivery and the procedure specified by the Exchange in this regard shall be followed.

#### **9. CLOSE OUT:**

- a) In case of purchase on behalf of Client, notwithstanding the margin position, the Client authorizes the Stock Broker at its discretion to close out the transactions by selling the securities in case the Client fails to make full payment to the Stock Broker for the execution of the contract within the time period prescribed by the exchanges, unless the Client already has an equivalent credit with the Stock Broker. The loss incurred in this regard, if any, will be to the account of the Client and may be met from the margin money of the Client. The Client agrees to make good the shortfall, if any, immediately on being intimated of the shortfall by the Stock Broker without any demur or protest.
- b) In case of a sale on behalf of the Client, notwithstanding the margin position, if the Client fails to deliver the securities sold with valid transfer documents on the next day or before the pay-in date of the trade execution or before delivery day (as fixed by Exchange authorities for concerned settlement period), the position may go for Exchange auction or the Stock Broker may close out the transactions in case of internal shortage. The cost of such transaction (i.e., close out), shall be deducted from the margin money of the Client and the Client agrees to make good the shortfall, if any, immediately on being intimated of the shortfall by the Stock Broker. The loss on any such transaction, if any, will be to the account of the Client.
- c) In case of lawful debit balance in the client account, the Client authorizes the Stock Broker to buy, sell or close out all or any part of the derivative contracts held in the Client's accounts as the Stock Broker may deem necessary as part of its risk containment measures at its sole discretion. Any and all such expenses incurred by the Stock Broker shall be to the account of the Client and shall be reimbursed to the Stock Broker.
- d) Notwithstanding anything to the contrary stated in this Document, the Client acknowledges that all intra-day trades shall be closed out by the Stock Broker on the same day and at such time as decided by the Stock Broker without prior instructions from the Client.

#### **10. FAILURE TO TAKE DELIVERY, INADVERTENT PROCESSING AND ERRORS:**

- a) In the event of an order or request being annulled by any Exchange, the Stock Broker shall have the right to cancel related order(s)/ requests placed by the Client.
- b) If, due to a merger, demerger, amalgamation, reorganization or other corporate action or bookkeeping or data entry error, the Client sells more Securities than he actually owns or different Securities from what he owns, the Stock Broker shall not be responsible for any losses that the Client may incur by reason thereof. It shall be the responsibility of the Client to keep itself fully informed of any such merger, demerger, amalgamation, reorganization or other corporate actions.
- c) The Client is aware of and acknowledges that the electronic trading systems either at the Exchange or in the Stock Broker's offices may be vulnerable to temporary disruptions or failures. At times, due to unforeseen circumstances the Stock Broker may not be able to execute the desired transactions (either the Client's own transactions or square off transactions for enforcing margins as provided in this Document on a timely basis). The Stock Broker does not accept responsibility for any losses that the Client may incur on such eventualities beyond the control of the Stock Broker.

#### **11. CANCELLATION / MODIFICATION OF ORDERS:**

- a) When the Client places a request to cancel/modify an order / transaction, the cancellation/modification of that order / transaction is

not guaranteed. The order / transaction request may be cancelled / modified if the Client's request for cancellation / modification of his/ her order / transaction request is received and the order / transaction request is successfully cancelled before it is executed. The same shall be subject to:

- i) the request/order not having been acted upon or executed by the Stock Broker and/or the Exchange and/or the Designated Bank and/or the Designated DP, as the case may be;
  - ii) the Stock Broker and/or the Exchange and/or the Designated Bank and/or the Designated DP, as the case may be, being able to make or allow any cancellation or modification to such order / transaction; and
  - iii) the Stock broker communicates a statement to the Client to the effect that it accepts such cancellation or modification.
- b) No order / transaction request shall be assumed to be executed / cancelled / modified until a transaction confirmation from the Stock Broker is received by the Client via the trading screen or telephone or any other mode.
  - c) Notwithstanding anything contained in this Document, any orders not executed at the end of Trading Hours will stand cancelled.
  - d) The Exchange concerned may cancel / annul a trade suo-moto without giving a reason thereof. In the event of such cancellation, the Stock Broker shall be entitled to cancel relative contract(s) with the Client.

## **12. CONFIRMATION:**

- a) Online trade confirmation, order cancellation confirmation will be made available to the Client on the system upon execution/cancellation of his order on the market or of an order placed by him through the Stock Broker's Internet trading system/ Securities Trading through use of Wireless Technology (STWT)/ Call & Trade/ branches. It is the responsibility of the Client to review upon first receipt whether delivered to him online, in the mail, SMS, web posting, by electronic mail or other electronic means. The Stock broker shall issue to the Client a Contract Note for purchase/sale of securities at the designated correspondence address and/or e-mail address provided by the Client as per client's request. It will be solely the clients responsibility to ensure that YSL and YES BANK and its group companies are being kept informed about the correct address for communication and all further changes if any in the communication address/ employment /residence details. Unless the Client informs the Stock Broker of the change of address for communication in writing, all notices, Circulars, communications or mail shall be sent to the address last known to the Stock Broker. The client/s will at all times keep YSL and YES BANK fully indemnified against any fraud, loss or damage or incapacity to deliver mandatory reports due to client providing any incorrect address and any failure on client/s behalf to communicate the change /alteration in the communication address/residence address/employment details .In the event of any trade confirmations, Statements or Contract Notes or any other Client communications are sent electronically, proper electronic log will be generated by the Stock Broker's System. In case the trade confirmations, statements or Contract Notes or any other Client communications are dispatched physically, then the proof of delivery issued by the courier company shall constitute a proof of delivery of the above. c) Unless specifically mandated to the contrary under Applicable Laws, the Stock Broker shall be entitled to send communications via electronic modes of communications. However, with respect to Contract notes the same shall be sent in electronic mode digitally signed, only if specifically agreed by the client. Further with respect to electronic communications, dispatch and receipt of the same, shall be governed by the provisions of the Information Technology Act, 2000 and any amendments to same, if any from time to time.
- d) The Client understands that it is his responsibility to review, upon first receipt whether delivered to the Client by mail, e-mail or other electronic means, all trade confirmations, failure notifications, Contract Notes (where electronic mode was agreed to), statements, notices, contracts, bills and other communications.
- e) The Client acknowledges that where trades or transactions are reported late to the Stock Broker on account of any problems at the Exchange or for whatsoever reason, the Stock Broker in turn will be late in reporting of transactions to the Client.

## **13. BROKERAGE COMMISSIONS AND FEES:**

- a) The Client agrees to pay the Stock Broker, brokerage, SEBI turnover fees, Goods and Service Tax (GST) and other taxes, transaction charges and fees as they exist from time to time and as they apply to his Trading account, on the transactions and services that he receives from the Stock Broker. The Brokerage and commission charges as may be applicable shall be communicated by the Stock Broker to the Client either individually by email or by the way of physical document and shall apply depending upon the facilities availed by Client.
- b) A schedule of brokerage, applicable taxes and other transaction expenses shall be provided by the Stock Broker to the Client from time to time upon request by the Client.
- c) The Brokerage shall be paid in the manner intimated by the Stock Broker to the Client from time to time, including as a percentage of the value of the trade or as a flat fee or otherwise, together with the Goods and Service Tax (GST) as may be applicable from time to time on the same.
- d) The Client hereby agrees to pay all costs, charges, expenses, damages, losses and other outgoings incurred or suffered by the Stock Broker as a result of the Client's default, including without limitation, all legal costs and expenses incurred by the Stock Broker.

- e) The Client agrees to pay the stamp duty payable on any instruments relating to any transaction executed including without limitation any stamp duty payable on Contract Notes issued. Without prejudice to the generality of the above clause, the Client also agrees to pay any and all additional stamp duty payable if Contract Notes issued for any transaction executed is received by the Client in any other state other than the state of Maharashtra.
- f) In respect of any monies payable and without prejudice to the absolute obligation of the Client to make payment of monies forthwith upon demand, the Client shall be liable to pay interest / delayed payment charges at the rate of upto 3% per month as may be decided by the Stock Broker from time to time accruing from the date on which the same falls due till the actual date of receipt of such monies by the Stock Broker.
- g) All payments to the Stock Broker shall be made clear and free of withholding and deduction, in Indian Rupees, in immediately available and freely transferable funds for same day settlement in Mumbai.
- h) Without prejudice to the absolute obligation of the Client to pay/reimburse monies to the Stock Broker as set-out above, the Stock Broker shall also be entitled to set-off and appropriate any monies that may be placed with or available with the Stock Broker for and/or on behalf of the Client towards any dues of the Client to the Stock Broker, arising howsoever.

#### 14. LIEN, NETTING AND SET-OFF:

- a) Without prejudice to the Stock Broker's other rights, the Stock Broker shall be entitled to liquidate / close out all or any of the Clients' positions for non-payment of Margin or other lawful 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 on account of such liquidation/ closing-out shall be charged to and borne by the Client.
- b) All the Securities in the Securities Account and all monies in the Bank Account or lying with the Stock Broker or in its possession or control, for any purpose, for the benefit of the Client, shall be subject to a lien in favor of the Stock Broker for the discharge of all the indebtedness of the Client and the Client's other lawful obligations to the Stock Broker, and are held by the Stock Broker as continuing security for the payment of any lawful liability or indebtedness of the Client to the Stock Broker. Without Stock Broker's prior written consent, the Client will not cause or allow any of such Securities or monies to be or become subject to any liens, interest, mortgages or encumbrances of any nature other than in favor of the Stock Broker.
- c) The Stock Broker may in accordance with the power of attorney granted, if any, to the Stock Broker by the Client instruct the Bank and/or the Depository Participant to transfer the Securities and other property so held from the Client's accounts in any of the following circumstances or circumstances similar thereto:
  - i. the Client commits a material breach.
  - ii. the Client fails to pay any monies due and payable within 24 (twenty four) hours or within such time of demand by the Stock Broker as may be determined by the Stock Broker;
  - iii. bankruptcy, insolvency, winding up, liquidation or cessation of business of the Client;
  - iv. an insolvency petition is filed against the Client;
  - v. where, in the judgment of the Stock Broker, it is considered that such transfer is necessary for the protection of the Stock Broker as a risk containment and surveillance measure.
  - vi. The Stock Broker shall have the right at its sole discretion, to determine which Securities and properties are to be sold and which contracts or positions are to be closed out and the order and stock exchange in which they are to be sold or closed out. The lien created hereunder will remain in full force and effect by way of continuing security and will not be affected in any way by any settlement of account or other matter. The Stock Broker shall be entitled to recover from the Client any costs incurred in enforcing the lien. The Stock Broker shall not be liable as a result of taking or refraining from taking any action in good faith in the circumstances contemplated by this clause.
  - vii. In case of default by a client of YSL who has pledged securities with YSL, YSL shall invoke the pledge.
  - viii. In case of default by a client of YSL where the clients securities are re- pledged with the CM/ CC, the invocation request shall be made by the TM to CM and CM in turn will make request to CC as per the procedure laid down by the Depositories under their bye-laws.
  - ix. YSL reserves the right to liquidate the position as per its RMS policy as amended from time to time.

#### 15. ACCOUNTS STATEMENT:

- a) It is the responsibility of the Client to review upon receipt, whether delivered electronically or in hard copy, all account statements / ledgers.



- b) Notices and other communications, including, but not limited to, margin and maintenance calls, shall be delivered or mailed to mailing address or the electronic mail address updated by the Client with Stock broker in its records or by way of a Short Message Service (SMS) to the mobile number or by any other approved mode available to YSL to update the Client.

**16. TRANSACTIONS IN CASH AND DERIVATIVE SEGMENT:**

- a) In case of the Client undertaking the transactions simultaneously in cash and derivative segments.
- b) The shares received from the Exchange in the pay out of cash segment may at the discretion of the Stock Broker be considered for the Client's derivatives margin account to be utilized as margin for the derivatives transactions that the client may undertake.
- c) The Stock Broker may transfer such shares purchased by the Client in the Cash Segment towards margin requirements for Clients derivative transactions as the Stock Broker may deem fit or expedient
- d) The funds or securities once blocked on the instructions of the Client or the Stock Broker in connection with a transaction entered into or to be entered into by the Client with or through the Stock Broker shall be released only with the express written consent of the Stock Broker to the Designated Bank or the Designated DP. The Client understands that the release of the shares deposited as margin with the clearing member and the transfer of the same back to the Clients designated Securities Account would take up to three working days
- e) The Client further agrees not to hold Stock Broker responsible for the delay in transfer of securities and funds that may occur due to the reasons beyond the reasonable control of the Stock Broker.

**17. TELEPHONE RECORDING:**

The Client is aware that the Stock Broker may record the conversations between the Client or its representative and the Stock Broker, either personally or over the telephone, and the Client hereby gives his consent to the Stock Broker to do so. The Stock Broker may rely upon such recordings as and when required to resolve disputes in connection with the trading transactions or for any other purpose whatsoever.

**18. CONFLICT OF INTEREST:**

- a) The Client agrees that the Stock Broker is entitled to enter into any transaction with or for the Client or provide any service to the Client notwithstanding that it and/or any affiliates may have a material interest in the transaction or any resulting transactions or a relationship which gives rise to a conflict of interest.
- b) In relation to investments in which the Client is dealing, the Stock Broker or any of its affiliates may:
  - i. act as adviser to other Clients on the same investments as part of its provision of broking, or other services;
  - ii. act as principal adviser to the issuer;
  - iii. have a holding, dealing (including as principal) or market making position or;
  - iv. underwrite or otherwise participate in the issue of such investments.

**19. LIMITATION OF LIABILITY:**

- a) Neither the Stock Broker, nor any of the affiliates of the Stock Broker nor their respective directors, officers, employees, agents shall in any circumstances be liable for any loss, cost, liability, expense or damage (including without limitation all legal fees and expenses) arising from:
  - i. any act or omission in the course of or relating to the activities described in this Document;
  - ii. any act or omission of any agent or third party including employees or directors of the Stock Broker who perform services;
  - iii. any use of or inability of the Client to avail of the services for any reason whatsoever;
  - iv. any non-execution of any order or request due to any suspension, interruption, non-availability or malfunctioning of the relevant Stock broker's system(s) or service or the Exchange system(s) or service(s) for any reasons whatsoever;
  - v. any failure, interruption error, omission or delay in performance of their obligations or in the transmission/delivery of information resulting from acts, events or circumstances not within their reasonable control including but not limited to war, acts of terrorism, civil disorder, industrial disputes, natural calamities, floods, fire and other natural disasters, legal restraints, faults in the telecommunication network or internet or network failure, software or hardware malfunctioning;
  - vi. incomplete/incorrect data or information provided to the Stock Broker over the phone/internet or any other medium; inadvertent failure to execute order(s)/request(s) placed by the Client;
  - vii. a third party placing a request(s) or order(s) pursuant to a breach in security of the confidentiality of the Client-ID and/or other personal identification details by the Client;



- viii. any variation or reduction of exposure or turnover limits by the Stock Broker.
  - ix. non-execution of any order or request, which in the sole opinion of the Stock Broker amounts to manipulative trade and/or price manipulation and/or artificial trades and or fraudulent trades and/or for any other breach of Applicable Laws or the Stock Broker's internal policies.
  - x. any error, omission, misrepresentation, non or inadequate disclosure in any report or other communication, prepared by the Stock Broker based on information obtained from public domain or any other sources believed by the Stock broker to be true and accurate
  - xi. unauthorized use of signatures of the Client by a third party;
  - xii. investments pursuant to any advice or research reports given by the Stock Broker;
  - xiii. any defects or imperfections or mechanical or other failure in relation to computer system, cable, telex, telephone or postal system or any other technological failures or defects;
  - xiv. any suspension, interruption, non-availability or malfunctioning of the relevant technology, systems and processes for any reasons whatsoever which may result in, inter alia, non-execution of orders or any other instructions;
  - xv. any circumstances beyond reasonable control of the Stock Broker or any Force Majeure.
- b) Notwithstanding anything to the contrary stated in the Document or otherwise, the Client shall, before placing any orders or requests through the Stock Broker, keep himself/itself updated of any restrictions imposed by any authority and shall immediately intimate the Stock Broker about such restrictions before placing such order or request. If the Stock Broker inadvertently executes an order or request in breach of any restrictions, which was not intimated by the Client to the Stock Broker prior to execution of such order or request, then all ensuing costs, damages, penalties, fees or other losses, arising out of such trade/transaction shall be entirely borne by the Client.
- c) In no event shall the Stock Broker, any affiliates of the Stock Broker or any of their respective directors, officers, employees or agents be liable for any indirect, incidental, special, consequential losses or damages, howsoever arising.
- d) The Client shall at all times continue to be responsible for any request or order placed.
- e) The Client affirms that the Client makes all trading decisions with reliance on its own judgment and the Stock Broker does not owe the Client any duty to provide advice on the merits or suitability of any investment/order/request. Any trading recommendations or market related or other information communicated to the Client is incidental to the provision of the services by the Stock Broker to the Client. The Stock Broker gives no representation, warranty or guarantee as to the accuracy or completeness of such information. Without limiting the generality of the foregoing, the Stock Broker will not provide the Client with any tax or legal advice of any kind and the Client will be responsible for obtaining its own advice from its advisors.
- f) In the event the Client receives or accesses any investment research reports, computerized on-line services or any investment or other recommendations or advice from the Stock Broker or any affiliates of the Stock Broker, the same is on a no-liability, no guarantee and no-obligation basis.
- g) The Client acknowledges that the Stock Broker may from time to time allow the Client or his authorized representative to place orders/instructions for services pertaining to Stock Broking through the Stock Broker's Website, telephonically, through electronic mode and / or facsimile transmissions and in such other manner as may be permitted under Applicable Laws and acceptable to the Stock Broker. The Client declares and confirms that the Client has, for the Client's convenience and after being fully aware of, and having duly considered the risks involved inter alia for routing orders over the telephone or the Stock Broker's Website/System, email or facsimile transmissions including the risk of misuse and unauthorized use of his/its Client ID and/or Username and the Password by a third party and the risk of a person hacking into the Client's Account on the Stock Broker's Website/System (which risks shall be borne fully by the Client) requested and authorized the Stock Broker to rely upon and act on such instructions. The Client agrees that he/it shall be fully liable and responsible for any and all unauthorized use and misuse of his/its Username/Client user identification number and the password. The Client is aware that the Stock Broker is agreeable to offer the Facility of transmitting the orders and instructions over the Stock Broker's Website/System only if the Stock Broker is not required to bear and only if the Client agrees to bear, the risk responsibility and liability of such misuse or unauthorized use. The Client further declares and confirms that the Client is aware that the Stock Broker is agreeing to act on the basis of /only by reason of, and relying upon, the Client indemnifying the Stock Broker and that the Stock Broker would not have done so in the absence thereof.

## 20. INDEMNITIES:

- a) The Client agrees to and shall indemnify and hold harmless each of the Stock Broker, its affiliates and any of their directors, officers, employees and agents (each, an "indemnified person") against all costs (including legal costs and lawyers' fees), direct or indirect losses, expenses, damages, liabilities, penalties, fines and the like, which are directly or indirectly suffered/incurred by the Stock Broker and/or any of the indemnified persons due to:

- i. breach of representations and warranties;
  - ii. misrepresentation or any of the representations and warranties becoming untrue
  - iii. Client's violation/ breach of any of the Client's obligations or any third party's right arising out of the services rendered by the Stock Broker on behalf of the Client.
  - iv. execution of incorrect / fraudulent instructions provided by the Client and / or his representative
  - v. any act or omission of the Stock Broker pursuant to any instructions received by the Stock Broker from the Client or any of his authorized representatives, in any form or manner, orally or in writing or through any facility provided by the Stock Broker, which the Stock Broker believes to have been sent by the Client or his authorized signatories;
  - vi. any act or omission of the Stock Broker due to any fraudulent instructions to the Stock Broker;
  - vii. the performance of the Stock Broker's duties or discretions (including but not limited to losses on account of acting upon and/ or execution of the instructions or requests placed over the phone, facsimile, internet or other electronic means, due to any reason whatsoever) in client's account;
  - viii. breach of any Applicable Laws by the Stock Broker arising out of any instructions given by the Client or his/its authorized representative to the Stock Broker;
  - ix. any non-disclosures or misrepresentation or false statement made by the Client to the Stock Broker under this Document or Client Registration Form;
  - x. breach of any Applicable Laws by the Client;
  - xi. any action taken against the Stock Broker, by any authority, issuer of third party products or any third party which is attributable, directly or indirectly to any act or omission of the Client.
- b) The Client acknowledges that he is fully aware of the risks involved in online trading activities, including the risk involved due to unauthorized access or any technical difficulties. The Client specifically agrees to hold the Stock Broker harmless from any and all the claims, and agrees that the Stock Broker shall not be liable for any loss, actual or perceived, caused directly or indirectly by government restrictions, exchange or market rulings / regulation, suspension of trading, war, earthquakes, flood, accident, power failure, strike, equipment failure, computer, communication line or telephone failure, system failure, equipment or software failure, security failure on the internet, unauthorized access, theft, or any problem, technological or otherwise or other conditions beyond the control of Stock Broker that might prevent the Client from entering an order or the Stock Broker, from executing an order. Client further agrees profit on buy /sell order which could not be executed. Furthermore, in a technical environment should an error occur with respect to the tracking of any account holding or order entry, then the true, actual and correct transaction or position is restored, it is the Client's responsibility to ensure account correctness and accuracy and to contact the Stock Broker, with respect to any discrepancy.

## 21. CONFIDENTIALITY:

- a) The Client acknowledges that the Stock Broker may receive confidential information about the Client. The Client hereby expressly consents that any such personal data/information and account information of the Client may be used by the Stock Broker and its affiliates/agents/group companies for any of the following limited purposes:
- i. the processing of applications for services provided by the Stock Broker; ii. the provision, operation, processing or administration of any services provided to the Client, and for data processing, statistical/risk analysis and other purposes;
  - iii. conducting credit checks/ anti-money laundering checks (if applicable);
  - iv. ensuring the Client's ongoing credit-worthiness (if applicable);
  - v. determining the amount of indebtedness owed by the Client or to the Client (if required);
  - vi. marketing services or related products or opportunities from the Stock Broker or any affiliate of the Stock Broker or any Group Companies of Stock Broker;
  - vii. all other incidental and associated purposes relating to the provision of services;
  - viii. for any other purpose deemed appropriate within the precincts of applicable law/regulations
  - ix. for meeting the requirements to make disclosures in order to comply with any Applicable Law (including applicable anti money laundering laws, rules, regulations and guidelines), orders, judgment, decree, requisition, summon, notice or inquiry of or by any authority, any investigation agency, police or by any court, administrative or regulatory agency or commission, requisitions made by any auditor of the Stock Broker.
  - x. For offering the products provided by the Stock Broker or any of its group companies or affiliates

- b) The Client acknowledges that the Stock Broker/its affiliates or agents or group companies may, release the Client's personal data and account information for the limited purposes set out above. Specifically, the Stock Broker may release the data and information limited for the purposes set out above, to certain individuals or entities, including but not limited to the following:
- i. to a Company/ Institute whose products are subscribed by the client through the stock broker;
  - ii. any agent, contractor or third-party service provider who offers services to the Stock Broker and any affiliate of the Stock Broker in connection with the operation of their businesses;
  - iii. any other person under a duty of confidentiality to the Stock Broker.
  - iv. any other financial services institution with which the Client has or proposes to have dealings, credit information bureaus or collection agencies;
  - v. any person or entity to whom the Stock Broker is under an obligation to make disclosure under the requirements of any law, regulation or court order binding on the Stock Broker;
  - vi. any actual or proposed assignee of the Stock Broker or transferee of any rights of the Stock Broker with client's consent; and
  - vii. to any regulator, police, investigation agencies, court or any other authority.
- c) The Client shall allow the Stock Broker to inform him/her/it about the various products being offered by the Stock Broker, its affiliate concerns, through phone, email SMS or any other such approved means. Client hereby acknowledges that this shall be irrespective of whether the client is registered under the Do Not Disturb (DND) facility being provided by the telecom service provider.
- d) The Stock Broker may use the Client's personal data/information and any other information to market products and services to the Client. The Client acknowledges that the Client has the right to request that the Stock Broker and any affiliate of the Stock Broker cease using such data or information for such marketing purposes.
- e) In connection with the Client providing such personal data and information, the Client hereby agrees that the Stock Broker may take such steps, as they deem reasonable and appropriate to verify information, which is provided to them.
- f) The Client shall not hold the Stock Broker, its directors, employees, agents or any of its affiliates or group companies, liable or responsible in any manner for any consequential loss or damage and shall keep the Stock Broker its directors, employees, agents or any of its affiliates or group companies, indemnified to the fullest extent, for the same.

## **22. FACILITIES OFFERED BY STOCK BROKER:**

- a) The Stock Broker shall provide various products and facilities to the customers from time to time.
- b) The Stock Broker may provide separate Terms and Conditions applicable for clients in order to avail of such products and facilities.
- c) Such terms and conditions specific to any product or facility offered shall prevail over these terms and conditions, in case there is a conflict in the two.
- d) The Stock Broker may, at its discretion and after providing reasonable notice to clients where possible, withdraw such products and facilities for further use. Any transaction undertaken till such withdrawal shall be binding on the client.

## **23. DEFAULT AND CONSEQUENCES THEREOF:**

- a) The Client agrees that he shall be deemed to have defaulted to the stock broker in circumstances including but not restricted to the following:
  - i). Any delay in payment of lawful dues, margins, charges or delivery of securities in respect of the transaction executed on behalf of the Client.
  - ii). Any contravention of the terms.
  - iii). Any misrepresentation or false statement or omission, or misleading information supplied by the Client to the Stock Broker.
  - iv). In the event of default by the Client, the Stock Broker shall be entitled to any or all of the following courses of action.
    - i). Take steps to immediately terminate the services.
    - ii). Other remedies as may be available in terms of the law in force, at that point of time.
    - iii). Charge of an amount that shall not exceed the losses incurred by the Stock Broker consequent to the default along with the interest at market rates.

- b) The Client agrees, that without prejudice to any other remedy or right prescribed in the presents, the Stock Broker may charge delayed payment charges upto the rate of 36% per annum or such other rate as may be communicated from time to time for any delay in payment of charges, margin or any other sum due to the Stock Broker as the case maybe.

#### **24. NOTICES AND COMMUNICATIONS:**

- a) All notices or communications issued shall be served in any one or more or all of the following ways and such notice or communication shall be served on the address stated on the Client registration form or as informed by the Parties to each other from time to time:
- by normal post
  - by registered post or courier
  - by express delivery post
  - by affixing it on the door of the last known business or residential address
  - by sending a message through trading system or including the same on the portal of the Broker
  - by electronic mail (e-mail)
  - fax
  - SMS on the mobile numbers registered with the Stock broker
  - by hand delivery or through courier

The client acknowledges that any changes to the terms and conditions would be uploaded by the Broker on the web portal, [www.yesinvest.in](http://www.yesinvest.in). The client shall be responsible to review the latest version of the terms and conditions.

- b) Further, if the Client experiences any difficulty in opening or viewing any electronic communications, the Client shall promptly inform the Stock Broker. The Stock Broker may at the request of the Client and at its discretion send a duplicate copy of such electronic communications in such other approved form and manner as the stock Broker may deem fit.
- c) Any legal notices to be given or mandate shall be in writing. Such notice shall be deemed to have been duly given or made when it shall be delivered by hand, post or email to the Parties at their respective addresses. If a Party changes any of the above referred addresses or information, it shall promptly advise the other Party.
- d) Unless the Client informs the Stock Broker of the change of address for communication in writing, all notices, Circulars, communications or email shall be sent to the address last known to the Stock Broker and thereafter it shall be presumed that such communications are actually delivered/received to/by the Client.

#### **25. GRIEVANCE REDRESSAL:**

All Client complaints may be directed to the grievance redressal department of the Stock Broker or to such other person or department or the designated email address as may be notified by the Stock Broker from time to time for this purpose.

#### **26. DISPUTE RESOLUTION:**

The Stock Broker and the Client are aware of the provisions of bye-laws, rules and regulations of the Exchange relating to resolution of disputes/differences through the mechanism of arbitration provided by the Exchange and agree to abide by the said provisions. Any claim, dispute or difference arising between the Parties hereto which are subject to the rules and regulations of the Exchange, in respect of this Document or any contracts, dealings or transactions pursuant hereto or any rights, obligations, terms or conditions pertaining to Stock Exchange transactions or the interpretation or construction shall be subject to the grievance redressal procedure of the Exchange and shall be subject to the arbitration procedure as prescribed by the Exchange Provisions.

#### **27. GOVERNING LAW & JURISDICTION:**

- a) In matters where the Exchange is a party to the dispute, the Civil Courts at Mumbai shall have exclusive jurisdiction and in all other matters pertaining to Stock Exchange transactions, proper courts within the area covered under the respective Regional Arbitration Centre shall have jurisdiction in respect of the arbitration proceedings falling / conducted in that Regional Arbitration Centre.
- b) In respect of any claims, disputes and differences arising out of internet trading between the client and Stock Broker, the seat of arbitration shall be the Regional Arbitration Centre within the area in which the client ordinarily resided at the time of relevant trading, provided however in respect of a nonresident Indian client, the seat of arbitration shall be the Regional Arbitration Centre in the area of which the correspondence office of the trading member is situated.
- c) All non-Exchange transactions shall be deemed to be and shall take effect as wholly made, entered into and to be performed in the city of Mumbai and the parties to such transactions shall be deemed to have submitted to the jurisdiction of the Courts in Mumbai with respect to all disputes arising between the parties. This Document shall be governed by and construed in all respects in accordance with the laws of the Republic of India.

- d) All contracts and Exchange transactions between the Stock Broker and the Client pursuant hereto shall be subject to the Exchange Provisions, the Rules, Bye-Laws, Regulations, and other provisions of its clearing house, if any, the provisions of the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act of 1956 and the rules and regulations made there under and as amended from time to time.

**28. FORCE MAJEURE:**

The Parties to this Document shall be released from their respective obligations under this document in the event of any force majeure events.

**29. TERMINATION:**

- a) The Parties shall be entitled to terminate the relationship without giving any reasons to the other Party, after giving notice in writing of not less than one month to the other Party.
- b) Upon termination, this Document and all writings supplementing this Document entered into by and between the Parties shall stand terminated.
- c) The termination of the relationship shall not affect any rights or obligations of either party which have accrued prior to the termination or which may arise out of or in connection with acts done or omitted prior to the termination and the same 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.

**30. SURVIVAL:**

The provisions relating to "Brokerage Commission and Fees", "Representations and Warranties of the Client", "Limitation of Liability", "Indemnities", "Termination", "Confidentiality", "Notices and Communications", "Dispute Resolution", "Governing Law & Jurisdiction", "Survival" and "Lien, Netting and Set-Off", in this Document shall survive the termination of this Document. For the avoidance of doubt, the termination of this Document for any reasons whatsoever shall not affect in any manner the rights, obligations and liabilities incurred by the Parties prior to such termination.

**31. SEVERABILITY:**

In the event of any provisions of this Document being held to be or becoming invalid, unenforceable or illegal for any reason, this Document shall remain otherwise in full force apart from the said provision, which will be deemed deleted. The parties shall however attempt to replace the deleted provision with a legally valid provision that reflects the same purpose as the deleted provision to the greatest extent possible.

**32. WAIVER:**

No forbearance, relaxation, delay or inaction by any party any time to exercise any right, power or privilege or to require the performance of any provision of this Document shall in any way affect, diminish, operate as a waiver of, or prejudice the right of such party to exercise any right, power or privilege or to require the performance of that or any other provision of this Document unless specifically agreed in writing.

**33. MODIFICATIONS:**

- a) All modifications to this Document shall be intimated to the Client by a notice in writing either by email or by the way of a physical document and by a suitable modification to the terms and conditions or other applicable section on the website or in any other manner. Such modifications shall be effective upon the expiry of 15 (Fifteen) days from such notifications.
- b) If the rights and obligations of the Parties are altered by virtue of any change in the Applicable Laws, such changes shall be deemed to have been incorporated herein in modification of the rights and obligations of the Parties mentioned in this document provided the modification is brought to the notice of client.

**34. OTHERS:**

- a) Nothing contained in this Document shall be construed to impose an obligation on the Stock Broker to perform any obligation under this Document, which is or may be in contravention of Applicable Laws or any binding judgment or order of any court or regulatory authority.
- b) This Document is personal to the Client and any non-signatory shall not have the right to enforce it.
- c) The Client authorizes the Stock Broker to exercise such powers for the purpose of this Document at such time and in such manner as it may in its discretion for the purpose of performing its duties and responsibilities set out hereunder, to do or omit to do all such things as the Stock Broker may in its discretion consider necessary or desirable in order to perform its duties hereunder or to comply with any Applicable Laws or any governmental or regulatory or other authorities.



### 35. PROPRIETARY TRADING:

The Stock Broker may carry out proprietary trading. The Stock broker will update the said information on the website and inform the client through other approved channels once it starts its proprietary trading. The Stock Broker shall ensure that there is no conflict of interest between the proprietary trading and the trading carried by the clients

### 36. APPLICATION STORE / OTHER SERVICES –

- a) The Stock Broker may offer various services on a subscription based facilities. These facilities would be provided based on the following terms and conditions –
  - i. These services may be offered by the Stock Broker or through a third party.
  - ii. The Stock Broker does not solicit that the client should avail of any such services. Availing of any such services / products is at his / its own discretion.
  - iii. The Stock Broker does not guarantee that any such product would be available for use at all points in time.
  - iv. The client acknowledges that such products are available on an “as is” basis only and the Stock Broker does not guarantee the viability / usefulness / availability of any such product / services. In case such products / services are being provided by any third party, the Stock broker would not be liable for any dispute between the client and such third party service provider.
  - v. The news / views / advise provided through these products / services need not necessarily be that of the Stock Broker.
  - vi. The client authorizes the broker to debit the account maintained with the designated bank or brokerage account maintained with the Stock Broker in case such client may opt to avail such products / services. The client agrees that any such fees once paid shall not be refunded. The client acknowledges that the Stock Broker may receive commissions from the third party service providers. This shall not make the Stock Broker liable for such services / products to the clients.
  - vii. The client acknowledges that the Stock Broker would not be liable to provide such services in case the third party service provider shall cease to provide such services or products. The Stock Broker shall not be liable for providing any refunds to the clients in case such services / products are not provided by the service providers.
  - viii. The client acknowledges that the services / products may not be suitable for the client. The client acknowledges that the Stock Broker does not solicit that the product / service shall be suitable for the client.

### 37. SMART ORDER ROUTING AND MOBILE TRADING FACILITIES:

The client hereby state that the client is interested to avail the Smart Order Routing facility & Securities Trading using Wireless technology (mobile trading) as and when introduced by the stock broker. Before using the said facility(ies), the client shall read and understand the relevant regulatory guidelines and the stock broker's terms and conditions applicable for the same. The client agrees to understand the possible risks, his responsibilities and liabilities associated with Securities Trading using wireless Technology and Smart Order routing facilities before making use of these facilities as and when offered by the stock broker as under Risks, Responsibilities & Liabilities associated with Securities Trading using wireless technology (Mobile Trading):

The client should also be conscious that using the Mobile Trading Service including sending instructions or messages and conducting transactions through Mobile Trading may carry extra risks and may not be as secure as using the Service including sending messages or instructions and conducting transactions via internet trading at [www.yesinvest.in](http://www.yesinvest.in). Specifically, information and instructions (including entering of password for Mobile Trading) sent to the stock broker and any message, information and confirmation that the client receive from the stock broker through Mobile Trading is subject to the risk of being read, interrupted, intercepted, or defrauded by third party or otherwise subject to manipulation by third party or involve delay in transmission. The stock broker does not accept any responsibility or liability to the client or any third party for the consequences arising out of or in connection with using, accessing and conducting transactions through Mobile Trading. The client should therefore fully consider all the risks relating to the Service, especially the additional risks that may be involved before the client proceed to logon to YES SECURITIES Mobile Trading. Other terms are as under:

- a) The Client agrees that the Stock Broker shall not be responsible for any variation, reduction or imposition of the terms or the Client's inability to route any order through Mobile Trading facility.
- b) The Stock broker shall be absolved of any liability in case of any failure or delay in the execution of any order or if the Stock broker is unable to receive or execute any of the requests from the client.
- c) The Client will be entitled to a Username and Password, which will enable him/her to access the Mobile Trading facility. The Client shall be responsible for keeping the Username and Password confidential and secure and will be responsible for all transactions.
- d) It will be the responsibility of the client to notify the Stock Broker immediately if he/ she suspects the misuse of the Mobile Trading in his/her account. If the mobile phone or SIM is lost, the client must immediately inform the stock broker and take action to deactivate the account.



- e) The use and storage of any information including, without limitation, the Password, transaction activity, account balances, securities balances and any other information or orders on the Client's Mobile shall be at the Client's sole risk.
- f) The Client undertakes to ensure that the Client remains the only user of the Username and Password and acknowledges and authorizes the Stock Broker to presume that any and all orders or instructions entered or communicated using such Username and Password are the Client's own orders and / or instructions.
- g) The client shall be liable and responsible for all legal compliance and adherence of all commercial terms and conditions in respect of the mobile connection/SIM card/mobile phone and the stock broker does not accept / acknowledge any responsibility in this regard

### 38. SUPPLEMENTAL TO RIGHTS AND OBLIGATIONS PRESCRIBED BY SEBI:

This document is supplemental to, and does not supersede, the Rights and Obligations as prescribed by SEBI. Save and except as modified expressly or by implication by this document, the Exchange Provisions or the terms of the Stock Broker's Internet Website, the provisions of the Rights and Obligations shall apply mutatis mutandis to the extent applicable to dealings between the Stock Broker and the Client pursuant to or otherwise relating to the Stock Broker's Internet Service.

### 39. DEFINITIONS:

In this Document (including the Recitals above), unless the context otherwise requires the following words shall have the following meanings: -

- a) **"Account(s)"** shall mean the Bank Account and / or the Securities Account and / or the Trading Account as the context may require.
- b) **"Account Application"** means application submitted by the Client to open a Trading Account or the Know Your Client (KYC) form. It may also be referred as Client Registration Form.
- c) **"Access Security Codes" or "ASC"** - mean the Client's user names, customer user identifications, Client logins, passwords, phone ids, T Pin, Digital signatures (by whatever name called) and such other identifications, codes, passwords, etc. including the revised or changed, that may be created by and for the Client to facilitate access to the trading system and availing of the services provided by the Stock Broker.
- d) **"Document"** means this Document that the Stock Broker enters into with the Client read in conjunction with the Rights and Obligations as prescribed by SEBI, authorizations and other writings appended hereto, as amended from time to time.
- e) **"Applicable Law(s)"** means applicable statutes, regulations, notifications, circulars, ordinances, requirements, directions, guidelines, announcements or other actions or requirements of an Authority including the Securities Contracts (Regulation) Act, 1956 and the rules there under, the Securities and Exchange Board of India Act, 1992 and all rules and regulations made there under, the rules, regulations and bye-laws of the Exchanges and all other relevant notifications / circulars issued by SEBI or the Exchanges as the case may be.
- f) **"YSL" or "YES SECURITIES"** means YES Securities (India) Limited a Company registered under the Companies Act, 1956 and a member of the BSE & NSE, having its Registered Office at, 19th Floor, Tower II, IFC, Elphinstone (W), Mumbai 400 013.
- g) **"YES BANK"** means YES BANK LIMITED a banking company within the meaning of section 5 (c) of the Banking Regulation Act, 1949 constituted under the Companies Act, 1956 and also a Depository Participant registered with SEBI having its registered office at YES BANK Tower, IFC 2, 7<sup>th</sup> floor, Senapati Bapat Marg, Elphinstone (W), Mumbai – 400 013
- h) **"Bank Account"** means one or more savings and/or current accounts assigned for the purpose of availing services by the Client.
- i) **"Brokerage"** means the amount charged by the Stock Broker to the Client as brokerage for a trade or transaction or for any other services.
- j) **"BSE"** means the Bombay Stock Exchange Limited and includes the various segments of the Exchange.
- k) **"Business Day"** means any day on which any of the Stock Exchanges, where the Stock Broker is authorized to trade, are operational.
- l) **"Celebrity"** means and includes persons from the film, television, theatre and entertainment industry, fashion industry, sportsman and artists.
- m) **"Client"** means and includes any person who has complied with the know your client formalities laid down by the Broker and has been informed by the broker about his acceptance as a client for availing the services of the Broker.
- n) **"Client Account /Account"** means an account opened by the Stock Broker in the name of the Client on its records and shall include the Bank Account and/or a Securities account in which the cash or securities of the Client are deposited in the name of the client.
- o) **"Contract Note"** means the confirmation sent by the Stock Broker to the Client stating the shares or securities purchased and/or sold pursuant to the Client's instructions as prescribed by the Applicable Laws, sent to clients through any form or media including through electronic mode.
- p) **"Designated Bank"** means bank designated by the Stock Broker and for which payment gateway is provided for facilitating Clients to transfer funds for their securities and other related transactions.

- q) **“Designated DP”** means YES Bank Limited as depository participant or any other depository participant as may be designated by YSL.
- r) **“Exchange”** means the BSE and / or the NSE as the context may require or any other exchanges as YSL may become member of.
- s) **“Exchange Provisions”** means the rules, byelaws, regulations, business requirement, specifications, handbooks, notices, circulars and resolutions of the Exchange or any segment of the Exchange in force from time to time and includes the Minimum Requirements Handbooks for ITORS prescribed by the BSE, as amended from time to time.
- t) **“Good Delivery”** means the successful and timely transfer of freely transferable securities (properly endorsed, registered and fully negotiable stock or depositories receipts in electronic format) from the specified Securities Account of the Clients to the designated Pool/other security account of the Stock Broker for settlement of sale transactions undertaken by the Client.
- u) **“Rights and Obligations”** refers to the Rights and Obligations document as prescribed by SEBI.
- v) **“NRI”** means a Non-Resident Indian as defined under Foreign Exchange Management Act, 2000.
- w) **“NSE”** means the National Stock Exchange of India Limited and includes the various segments of the Exchange.
- x) **“Password”** means codes used by the Client to validate his/her username and access the service.
- y) **“Politically Exposed Person”** are the individuals who are or have been entrusted with prominent public functions in a foreign country.
- z) **“Power of Attorney”** or **“POA”** means the power of attorney in respect of the Bank Account and/or the Securities Account provided by the Client to the stock broker.
- aa) **“RBI”** means the Reserve Bank of India.
- ab) **“SEBI”** means the Securities & Exchange Board of India.
- ac) **“Securities”** includes: -
- ad) **“securities”** as defined under the Securities Contracts (Regulation) Act, 1956;
- ae) shares, scrips, stocks, bonds, warrants, convertible and non-convertibles debentures, fixed return investments, equity linked instruments, money market instruments, treasury bills, units issued by the Unit Trust of India and/or by any mutual funds, mortgage backed or other asset backed securities, derivatives, derivative instruments, options, futures, foreign currency contracts, hedges, swaps and any other securities issued by any company or other body corporate, any trust, any entity, the Central Government, any State Government or any local or statutory authority and all money rights or property that may at any time be offered or accrue (whether by rights, bonus, redemption, preference, option or otherwise) and whether in physical or dematerialised form in respect of any of the foregoing or evidencing or representing rights or interest therein;
- af) **“Securities Account”** means one or more account with the Designated Depository Participant opened or assigned for the purpose of availing services pursuant to this Document.
- ag) **“Senior Public Figure”** means and includes current or former senior official in the executive, legislative, administrative, military or judicial branches of the government, whether or not elected; a senior executive of a government-owned or government funded corporation, institution, or charity; or any entity that has been formed by or on behalf of such person, is controlled by, or is for the benefit of such persons, including passive investments, relatives of such senior public figures including spouse, lineal antecedent and descendant
- ah) **“Specified Scrips”** means scrips as may be specified by the Stock Broker from time to time for the purpose of trading through its systems.
- ai) **“Stock broker”** means YES Securities (India) Limited
- aj) **“Stock Broker’s Internet/ITORS System”** means the web site hosted by the Stock Broker on the Internet through which the Stock Broker offers the ITORS/Internet Service and includes the hardware and software used for hosting and supporting the web site.
- ii) **“Stock Broker’s Web Site”** or **“website”** shall mean [www.yesinvest.in](http://www.yesinvest.in). or such other web site as may be hosted by the Stock Broker for providing access through the internet, through which the Stock Broker offers the services.
- aj) **“System”** means the system of web pages and ITORS/ Internet applications hosted by the Stock Broker through which the online Service is offered and also includes any other alternative systems for offering other investment products.
- ak) **“Tele Trading Facility”/“Call & Trade”** means a facility provided by the stock broker whereby transaction request(s)/order(s) can be made through the Stock Broker’s call centre or its dealing desk(s) across various branches.
- al) **“Trading Account”** means the trading account opened by the Client.

- am) **"Trading hours"** means such period of Business Day when the concerned exchange offers trading facility to its members including the Stock Broker.
- an) **"Username"** means an alpha/numeric login identification used by the Client for accessing the Service.
- ao) **"TPIN"** means the telephone personal identification number that is given to the Client upon acceptance of the application of the Client which number shall be quoted or entered by the Client for access to telephonic trading services.
- ap) **"Affiliate" or "Group"** of YES Securities (India) Limited shall mean and include any company which is the holding company or subsidiary of YES Securities (India) Limited, or any person under the control of or under common control with YES Securities (India) Limited or in more than 26% of the voting securities of which YES Securities (India) Limited has a direct or beneficial interest or control. For the purpose of this definition of Affiliate or Group, **"control"** together with grammatical variations when used with respect to any person, means the power to direct the management and policies of such person, directly or indirectly, whether through the ownership of the vote carrying securities, by contract or otherwise howsoever; and **"person"** means a company, corporation, a partnership, trust or any other entity or organization or other body whatsoever.
- aq) **"Authorised Representative"** means authority granted by the client to another person for operation of the account, subject to Exchange/SEBI guidelines from time to time.

#### 40. Representations and Warranties of Client:

The Client represents and warrants to the Stock Broker that:

- a) All the information provided and statements made orally or in writing through any means, including but not limited to the client registration form, are true and correct and are not misleading and the Client is aware that the Stock Broker has agreed to enter into this Document with the Client on the basis, inter alia, of the statements made by the Client and the Client also agrees that if any of the statement(s)/ declaration(s) made herein are found to be incorrect, then the Stock Broker (which term for this clause includes any of its affiliates or its employees, directors, agents and representatives or the employees, directors, agents and representatives of such affiliate), shall not be held liable for any direct or indirect loss or damage caused to the Client by such wrongful declaration or misrepresentation.
- b) The Services provided by the Stock Broker would be put into use only for bonafide transactions and shall not involve any violations of the provisions of any Government of India/ exchange control regulations or any other Applicable Laws or regulations in force in India or any other jurisdiction to which the Client is subject to.
- c) The Client registration form has been completed in all respects along with relevant documents and other related aspects as mentioned in the said client registration form.
- d) The Client has the required legal capacity to, and is authorized to, enter into this Document, is capable of performing his obligations and undertakings hereunder, shall continue to perform and shall take all steps necessary to continue performing his/its obligations and undertakings hereunder and is not in any manner prohibited from dealing in Securities.
- e) All actions required or desirable to be taken to ensure compliance with all the Applicable Laws also to enter into, exercise his rights and comply with his obligations in this Document have been taken or effected and are in full force and effect and will continue to be taken, including as to any approvals or Authorization required and as to disclosure requirements and regulatory reporting obligations and the Client will provide proof of the same to the Stock Broker as may reasonably be required
- f) By entering into each transaction or making each request or order, the Client will not violate its constituent documents, any Applicable Laws, binding order of a court or regulatory body applicable to it or any contract or other instrument binding on him or his assets.
- g) All actions required to be taken to ensure compliance of all the transactions, which the Client may enter into with all applicable laws, shall be completed by the Client prior to such transaction being entered into.
- h) There are no prior or pending criminal proceedings or proceedings related to financial crimes against the Client or investigations or enquiries or any negative reputation issues or any actions taken by SEBI, RBI, any exchange, any depository and / or any other authority involving the Client and in the event of any such issues or proceedings are commenced against him/it, he/it shall keep the Stock Broker informed of the same immediately without any delay.
- i) This Document and each transaction or order or request under the various services availed by the Client are the Client's valid and legally binding obligations, enforceable in accordance with the terms as stipulated in this Document; each person acting on behalf of the Client, including in making/placing orders or requests on behalf of the Client, is duly authorized by the Client to do so.
- j) Any instructions given by an authorized representative of the Client to the Stock Broker (or to the Stock Broker's representative) shall be binding on the Client.
- k) The Client hereby represents and agrees that he/it shall not initiate, promote or participate in any unfair or manipulative market practices.

- l) The Client agrees that he is trading for his own account as a principal and not as an agent on behalf of any other person, and shall not act as a Stock Broker or Authorised Person, without obtaining certificate of registration from the relevant authority as the case may be and informing the Stock Broker of any change in status.
- m) Though the document has been divided into sections governing transactions in various segments, services, the document shall be binding on the parties in its entirety. Entering into this document governing transactions for multiple segments/services shall not be a reason for disputing any transaction or account of Client with the Stock Broker.
- n) The Client agrees to provide and continue to provide all details about itself as may be required by the Stock Broker.
- o) The Client has adequate financial resources and trading experience to engage in trading in securities.
- p) The Client warrants that all or any securities deposited by him with the Stock Broker in respect of margin requirements or otherwise, are owned by him and that the title thereof is clear and free of encumbrances and that at the time of a transfer pursuant to any order or request and provision of any margin required, the Client will have the full and unqualified right and title to make such transfer or provide such margin and upon such transfer or provision of margin, the transferee will receive all right, title and interest in and to those investments, cash or Securities, free from any other interest. q) The Client shall not close or freeze either the Bank Account or the Securities Account designated for the purposes under this Relationship or for availing services offered by the Stock Broker, if there are any pending obligations or dues to the Stock Broker.
- r) The Client shall immediately furnish information to the Stock Broker in writing, including but not limited to any winding up/ insolvency petition or garnishee order passed against him/it and any other litigation/proceedings or circumstances/ investigation which may have material bearing on his/its capacity to perform his/its obligations under this Document and/or to invest.
- s) The Client has the necessary infrastructure and / or equipment needed to avail the Stock Broker's ITORS/ Internet System and the Client shall be responsible for any losses consequential and / or incidental caused due to the insufficient infrastructure and / or equipment to avail of the same.
- t) Clients hereby declare that he is the ultimate operator of the accounts and he is not related to or associated with any of the Stock Brokers employees and agree that if Clients become any of such employees, client shall promptly notify the Stock Broker of the existence and nature of such association and acknowledge and agree that the Stock Broker may, upon receipt of such notice, at the Stock Brokers absolute discretion, terminate the account/relationship after giving 30 days notice.
- u) The Client will ensure that in the event he / it seeks to engage in any form of trading including intra-day trading, he / it shall obtain adequate market techniques including an in-depth knowledge of the securities market, familiarity with the Stock Broker's business practices, including the operation of the order execution systems and procedures.
- v) The Client is aware and acknowledges that trading over the internet involves many uncertain factors and complex hardware, software, systems, communication lines, peripherals, etc. which are susceptible to interruptions and dislocations; and the Stock Broker's ITORS/ Internet Service may at any time be unavailable without further notice. The Stock Broker and the Exchange do not make any representation or warranty that the Stock Broker's ITORS/ Internet Service will be available to the Client at all times without any interruption. The Client agrees that he 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 ITORS/ Internet System or Service or the Exchange's service or systems for any reason whatsoever beyond the control of stock broker.
- w) The Client has read and understood and agrees that the Client shall from time to time regularly continue to read and understand, and abide by the terms and conditions and other information on Stock Broker's Website, the Exchange provisions, Rules, Regulations, government notifications etc.
- x) The Client is fully aware of and shall comply with applicable legal and regulatory requirements for investments in Securities and that it is the sole responsibility of the Client to keep informed of any changes, updates or addition to Applicable Law and that the Stock Broker shall not be liable or responsible for any loss suffered or expense incurred by the Client as a consequence of any failure to do so.
- y) The Client shall utilize the services offered by the Stock Broker solely for lawful purposes and will remain aware of and fully comply with, all Applicable Laws, rules and/or regulations including without limitation those relating to taxation, foreign exchange or capital control and reporting and filing requirements.
- z) The Client nor any member of the Client's family is a Politically Exposed Person, a senior Public Figure, connected to the Media in any manner, or a Celebrity and that in the event of a change in status, the Client shall promptly inform the Stock Broker of the same.
- aa) The Client has understood and agreed to be bound by the Stock Broker's internal auction and close-out policies and agrees to abide by the rate and quantity of margin and/or amount of monies debited and/or credited to the Client's account pursuant to the Stock Broker's internal policy.

- ab) The Client is aware that he/it has the option of not availing internet trading services and/or call & trade facility as are being offered by the Stock Broker, however being fully aware of all risks, the Client desires the convenience of such facility of transmitting orders and instructions over the Stock Broker's Website or telephone and has therefore opted for such service/facility of his / its own free choice and is willing and agreeable to bear all associated risks, responsibility and liability.
- ac) The Client shall, at all times, be responsible for the Client's investment decisions and/orders placed, or applications preferred by the Client, either electronically or otherwise. The Client shall not hold nor seek to hold, the stock broker and/or any of its officers, director, employees, agents, subsidiaries or affiliates, liable for any losses incurred by the Client. The Client understands that placing an order with Stock Broker, either electronically or otherwise, does not guarantee execution of the said order or acceptance of the application.
- ad) The Client agrees that Stock broker shall consider all transactions placed by the Client using the login id and password as authenticated transactions. It is absolutely the responsibility of Client to keep the secrecy regarding the password and not sharing it with anyone. Any misuse of the account due to same will not be the responsibility of the Stock broker.
- ae) The Client shall choose a password at his discretion (as per the standard password policies specified by Stock broker or regulator from time to time) and shall at all times keep the Client User ID and Password confidential. The Client shall be solely responsible for all orders and transactions that are entered and executed using the password whether or not such person was authorized to do so. In the event of an apprehension of unauthorized access, the Client shall immediately change the password. The Client shall at no time allow any unauthorized person to access his/her account and shall ensure that he logs off every time when not using the service. The Client shall forthwith intimate stock broker complete details of date, manner and transactions in case of unauthorized usage and indemnify stock broker against all losses or wrong acts done out of such unauthorised usage.
- af) The instructions issued by the authorized representative of the Client to the stock broker shall be binding on client in accordance of the letter of authority issued to the said representative to deal on behalf of Client.
- ag) The Client acknowledges that any advise if any informally sought from/ offered by the employees of the Stock Broker, in relation to any stock which is not under research coverage by the Stock Broker shall be deemed to be offered in personal capacity and the views need not reflect the views of the Stock Broker.
- ah) The Client is not a United States ("U.S.") person for purposes of U.S. federal income tax and that he/she/it is not acting for, or on behalf of, any U.S. person or a resident and / or citizen of any jurisdiction which restricts or prohibits sale of Indian Securities to its residents and/or citizens; that any false statement or misrepresentation of tax status by a U.S. person could lead to penalties under U.S. laws; and that the Client shall notify the Stock Broker of any change in status in the event that he / she becomes a U.S. citizen or a resident, immediately of such change in the status

#### 41. Stock Broker's Disclaimer:

The Client agrees, understands, acknowledges and confirms:

- a) That all decisions to avail services offered by the Stock Broker, making investments and divestments are based on the Client's own evaluation of his/its financial circumstances and objectives. This extends to any decision made by the Client on the basis of any information that may be made available by the Stock Broker through meetings with the Stock Broker's employees or personnel, research reports, the Stock Broker's Website or through any other media written or oral, online or otherwise. All decisions taken by the Client to invest or disinvest are independent of any advice, solicitation or information received by the Client from the Stock Broker and the Client assumes full responsibility with respect to all investment decisions and transactions.
- b) That any investment advice rendered by the Stock Broker may not be consistent with and may in fact be different from the advice or decision of any affiliate or any other group entity of the Stock Broker.
- c) That the Client shall not rely upon or make any investment decision based solely on recommendations, advice and research reports made available by the Stock Broker to the Client. The research reports are generic and are not designed for meeting specific Client objectives. Accordingly, if the Client desires to make an investment on the basis of any research report, howsoever available to him, the Client shall be bound to make appropriate inquiries to make an independent assessment as to whether the investment suits his investment objectives and risk appetite and shall seek independent professional advise and/or tax advice in relation to any investments. For the purpose of this clause and the following clauses, a research report shall be deemed to include any information that may be made available by the Stock Broker, its affiliates or any of their officers, employees or agents through any medium, including without limitation the Stock Broker's Website, E-mail, SMS, tele-trading Facility, or any other website as may be notified by the Stock Broker from time to time. All decisions taken by the Client to invest or disinvest are independent of any advise, solicitation or information received by the Client from the Stock Broker.
- d) That the Stock Broker, its officers, directors, employees, agents and affiliates will have no liability with respect to any investment decisions or transactions of the Client and that the Client shall neither hold nor seek to hold the Stock Broker or any of its officers, directors, employees, agents, subsidiaries, affiliates or business associates liable for any trading costs, losses or damage incurred by the Client consequent upon relying on material/information provided by the Stock Broker.



- e) That the Client is aware that any information provided by the Stock Broker through any medium based on the research of the Stock Broker or other external sources is subject to domestic and international market conditions and the Stock Broker does not guarantee the availability, performance or otherwise of any Securities or Third Party Products and such research reports are merely an estimation of certain investments, and the Stock Broker has not and shall not be deemed to have assumed any responsibility for any such information.
- f) That the Stock Broker is not liable to provide any legal, tax, investment or accounting advice or advice regarding the suitability or profitability of a security or investment and that the Client should seek independent professional advice and/or tax advice regarding the suitability of any investment decision whether based on any research reports/advice or information provided by the Stock Broker through the Stock Broker's Website or otherwise.
- g) That in the event the Client receives or accesses any investment research reports, computerized on-line services or any investment or other recommendations or advises from the Stock Broker or any employee or any official of the Stock Broker or affiliates, the same is on a no-liability, no-guarantee and no-obligation basis.
- h) That any research material or report received, accessed or made available to the Client is for information purposes only and does not and shall not in any manner constitute a recommendation /solicitation /advise to buy or sell any of the Securities or for purchase, subscription, sale or redemption of any Units/ Third Party Products or as investment advice.
- i) That the Client may not receive any research reports or information at the same time as other Clients or may not at all receive or be given access to any such research reports or information. Making any research reports or information available to the Client is entirely at the discretion of the Stock Broker. The Stock Broker is under no obligation to take account of any such reports or information when it deals with or for the Client and/or executes or acts upon any transaction request or order or any further act or deed required there under.
- j) That the client is aware that any and/or all research reports may be prepared by Third Parties and the Stock Broker may only make the same available for the information and interest of the Client. The Client shall hence not in any manner deem such reports as emanating directly or indirectly from the Stock Broker.
- k) That acceptance of any application and issuance of any third-party products shall be at the sole discretion of the issuer of such third-party products.
- l) That Securities and/or third-party products are provided on an "as available" basis without representations or warranties of any kind, either express or implied, including, without limitation, those of suitability, liquidity, merchantability and fitness for any particular purpose.
- m) The Stock Broker expects the client to read all the relevant offer documents, disclosure documents, term sheets and terms and conditions stipulated in the application forms of the issuers of the third-party products in which the Client is investing or proposing to invest, before making any investment decision or entering into any transactions.
- n) That Securities and/or third-party products may be subject to investment risks, market risks, lack of liquidity and possible loss of principal amount invested; past performance should not be considered as an indication or guarantee of future yields or results.
- o) That all investment decisions taken by the Client to purchase, subscribe, redeem or sell any units or third-party products shall be independent of any advise, solicitation or information received by the Client from the Stock Broker, which are rendered on a no liability, no-guarantee and no-obligation basis and the Client shall not hold the Stock Broker or any of its officers, directors, employees, agents, subsidiaries, affiliates or business associates liable in any manner whatsoever.
- p) That the Stock Broker is merely acting as a facilitator and is not responsible for the lack/shortfall in the expected returns, liquidity, credit or any other regulatory risk pertaining to third party products.
- q) That the Stock Broker does not in any manner provide any buy/sell recommendations; guarantee payments on any securities or units or third party products; guarantee liquidity of any securities or units or third party products; solicit to buy back any securities or units or third party products; guarantee redemption or repayment of any securities or units or third party products on maturity; guarantee payments of interest or dividend; promise, indicate or guarantee any returns; guarantee any good delivery; and make any representations of any nature whatsoever in relation to the securities or units or third party products.
- r) The Client agrees that in the event of the Stock Broker or any employee or official of the Stock Broker providing any information or recommendation to the Client on request of the client, the Client may act upon the same at the sole risk and cost of the Client, and the Stock Broker shall not be liable or responsible for the same.
- s) That none of the services available on the website or elsewhere or by E-mail or by SMS or through any literature/material or brochure issued by the Stock Broker shall amount to investment advice on the part of the Stock Broker.
- t) That the Stock Broker shall be providing inputs to the Clients on an arm's length and on principal to principal basis, and this arrangement is non-exclusive to both the Stock Broker and the Client, and creates no conflict of interest.



- u) That the Client understands that the Client is under no obligation to accept and act upon the suggestions/advises of the Stock Broker and the Stock Broker is under no obligation to provide suggestions/advise to the Clients.
- v) That the Stock Broker or its affiliates or any other group entity may sponsor, underwrite or otherwise participate in the issue of any such third-party products made available to the client by the Stock Broker.
- w) That the Client may communicate with the Stock Broker for any queries or service requests or any other instructions, which are not in the nature of or otherwise related to placing an order or instructions. Unless specifically mandated to the contrary by Applicable Laws, the Stock Broker may accept such communications, from the Client in the form, manner and medium as it deems fit from time to time. Correspondingly the Stock Broker may also communicate with the Client for such purposes as it deems necessary in such form, manner or medium as it deems fit, in accordance with Applicable Laws.
- x) That the Client shall engage in any form of trading solely at his/its discretion and judgment and shall have considered all risks and implications of tax before entering into such transactions. The Stock Broker does not provide any advice in relation to tax implications pertaining to income arising out of any form of trading. Further, the Client acknowledges the risk associated with speculation involved in such form of trading.
- y) That neither the Stock Broker nor any of its employees/agents shall in any circumstances be liable for any loss, cost, liability, expense or damage including without limitation legal fees and expenses arising from
  - a. any non-execution of any order or request due to any suspension, interruption, non-availability or malfunctioning of the relevant trading services or the Exchange system(s) or service(s) for any reasons whatsoever, beyond the control of stock broker.
  - b. any failure, interruption error, omission or delay in performance of their obligations or in the transmission/delivery of information resulting from acts, events or circumstances not within their reasonable control including but not limited to war, acts of terrorism, civil disorder, acts of god, industrial disputes, natural calamities, floods, fire and other natural disasters, legal restraints, faults in the telecommunication network or internet or network failure, software or hardware errors;
  - c. incomplete/incorrect data or information provided to the Stock Broker over the Stock Broker's Website / system.

**42. Terms & Conditions applicable only to clients availing of the Stock-Brokers Tele-Trading/ Trade on Phone facility:**

To avail the Tele-trading Facility, the Client will be required to call on the specific number notified from time to time by the Stock Broker for the said purpose in writing or by publishing on its website or in such other manner as may be determined by the Stock Broker. Such numbers will be subject to change at the Stock Broker's discretion, which change shall be notified to the Client either through the Stock Broker's Website or in such other manner as may be determined by the Stock Broker.

- a) The Client agrees to pay to the Stock Broker, an additional service fee as may be determined by the Stock Broker from time to time for using the Tele-trading Facility.
- b) The Client further agrees that the Stock Broker reserves the right to charge separate service fee for using the Tele-trading Facility, above certain number of transaction(s) done using the Tele-trading Facility.
- c) Before the commencement of the Tele-trading Facility, and except in the case of an individual or a sole proprietor applying in the capacity of an individual acting directly, the Client shall be required to provide details of the person(s) authorized on its behalf to operate the Client's account on behalf of the Client if permitted by the Stock Broker and if required by the Stock Broker, provide evidence, satisfactory to the Stock Broker in respect of the same.
- d) Before being given access to the Tele-trading Facility, the Client, or any authorized person acting on behalf of the Client, may be required to provide accurate answers to the questions (if any) asked by the Stock Broker's personnel or system providing the Tele-trading Facility, for ascertaining the authentication of the caller as the Client or Client's authorized representative. The Stock Broker shall execute the request/order for the Client only after the Client's identity has been verified to the satisfaction of the Stock Broker. The Client shall ensure that the user identification details and password provided by the Stock Broker are not misused. The Client agrees to indemnify and hold the Stock Broker harmless and defended for any unauthorized usage of these details.
- e) The Client hereby authorizes the Stock Broker to use the Client identification/ registered telephone number/ user identification number/TPIN as intimated by the Client/ Client's authorized representative as method of verification of the Client's identity as caller and accordingly for the purpose of taking instructions and executing the orders placed by such caller over the phone. All requests/ orders placed by the Stock Broker on behalf of the Client in the manner prescribed above shall be deemed to have been authorized and placed by the Client himself/itself and shall be valid and binding on the Client. The Client understands that all methods of identification need to be prompt and strictly confidential to prevent any misuse and the Client shall be bound by all such transactions irrespective of any misuse.

- f) In each request/order, the Client must indicate the Exchange on which the Client desires the order be executed. All day orders placed during market hours will be for the same day execution. Orders placed after market hours will be sent for execution to the Exchange on the next trading day.
- g) The Client agrees that orders, instructions and other communications given or made over the telephone, may be routed through the Stock Broker's interactive voice response or other telephone system and may be recorded by the Stock Broker.
- h) The Client acknowledges that trading through telephone may involve many uncertain factors and complex hardware, software systems, communication lines, etc. which are susceptible to interruptions and dislocations and the Stock Broker's services may at any time be unavailable without further notice. The Stock Broker makes no representation or warranty that the services will be available to the Client at all times without interruption. The services are provided on an "as available" basis without warranties of any kind, either express or implied, including, without limitation, those of merchantability and fitness for a particular purpose.
- i) The Client acknowledges that he/it is fully aware of and understands the risks associated with availing of the services for routing orders over the telephone including the risk of misuse and unauthorized use of his/its Client identification and/or username and/or TPIN by a third party. The Client agrees that he/it shall be fully liable and responsible for any and all unauthorized transactions and unauthorized use and misuse of his/its TPIN and/or username and/or user identification.
- j) The Client specifically acknowledges and confirms that: a. sending information by telephone is not a secure means of sending information and can be intercepted and tampered with;
  - a. the Client is aware of the nature of tele-communication services.
  - b. The Client is aware that he/it has the option of not availing such Facility. However, being fully aware of all risks, the Client desires the convenience of such Facility of transmitting orders and instructions using Tele-trading facility and has therefore opted for such Facility of his/its own free choice and is willing and agreeable to bear all associated risks, responsibility and liability;

**43. Terms & Conditions for the investor/client for using/availing the Mutual Fund Service System (MFSS) facility and BSE STARMUTUAL FUND offered by NSE and BSE respectively.**

a. Definitions:

In these Mutual fund related terms and conditions, the terms shall have the following meaning unless stated otherwise:

- i. "BSE" shall mean the Bombay Stock Exchange Limited
- ii. "NSE" shall mean the National Stock Exchange of India Limited
- iii. "Exchanges" shall mean NSE and BSE collectively.
- iv. "Client/ Investor" shall mean a client of YES Securities (India) Limited who has requested for registration for Mutual Fund Transaction Facilities.
- v. "Participant" shall mean YES Securities (India) Limited.
- vi. "Mutual Fund Transaction Facilities" shall mean BSE STAR FUND and MFSS collectively.

b. Pre-requisites for becoming Investor/ Client for the Mutual Fund Transaction Facilities.

- i. The Client is desirous of investing in units of mutual fund schemes through Mutual Fund Transaction Facilities.
- ii. The Client intends to execute his/her/its instruction for the subscription/redemption of units of Mutual Fund Schemes through YES Securities (India) Limited who is a Mutual Fund Intermediary (the Participant) of the Mutual Fund Transaction Facilities.
- iii. The Client has satisfied itself of the capacity of the Participant to deal in Mutual Fund units and wishes to execute its instruction through the Participant and the client shall from time to time continue to satisfy itself of such capability of the Participant before executing transacting through the Participant.
- iv. The Client has approached the Participant with the application for availing the Mutual Fund Transaction Facilities.
- v. The Client has submitted relevant KYC (Know Your Client) details to the Participants.

### Mutual Fund Transaction Charges

<b>Mutual Funds – Distribution (MFD)</b>	
Lumpsum Investment (Charge per transaction)	
Purchase	Redemption
Rs. 75/-	Nil
<b>SIP (Charge per transaction)</b>	
Purchase	
Redemption	
Rs. 25 or 1.5%, whichever is lower	NA
<b>Mutual Funds – Exchange (MFE)</b>	
Lumpsum Investment (Charge per transaction)	
Purchase	Redemption
Rs. 75/-	Nil

### Terms and Conditions:

- Applicable Goods and Service Tax (GST) will be charged in addition to the above charges on per transaction basis.
- Other statutory levies, if any, will be levied in addition to the above charges.
- The above fee structure applies to all Mutual Fund purchase transactions.
- YSL reserves the right to revise Mutual fund charge structure from time to time. No fee would be levied on purchase transactions (SIP & Lumpsum) in the liquid scheme.
- The above fee structure applies to all clients under various types of equity brokerage plans e.g. Fixed, variable etc.

## (OFFLINE MF Through Bank ARN)

### a. Terms and Conditions:

- i. The client shall be bound by circulars issued by Exchanges Rules, Regulations and notices/circulars issued there under by SEBI and the Exchanges and relevant notifications of Government authorities as may be in force from time to time.
- ii. The client shall notify the Participant in writing if there is any change in the information in the 'client registration form' provided by the client to the Participant at the time of registering as a client for participating in Mutual Fund Transaction Facilities or at any time thereafter.
- iii. The client shall submit to the Participant a completed application form in the prescribed format for the purpose of placing a subscription order with the Participant.
- iv. The client has read and understood the risks involved in investing in Mutual Fund Schemes.
- v. The client shall be wholly responsible for all his investment decisions and instruction.
- vi. The client shall ensure continuous compliance with the requirements of the NSE, BSE, SEBI and AMFI.
- vii. The Client shall pay to the Participant fees 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 Participant renders to the Client.
- viii. The client will furnish information to the Participant in writing, if any winding up petition or insolvency petition has been filed or any winding up or insolvency order or decree or award is passed against him or if any litigation which may have material bearing on his capacity has been filed against him.
- ix. In the event of non-performance of the obligation by the Participant, the client is not entitled to claim any compensation either from the Investor Protection Fund or from any fund of NSE or the National Securities Clearing Corporation Limited (NSCCL) or fund of BSE or its Clearing House.
- x. In case of any dispute between the Participants and the investors arising out of the Mutual Fund Transaction Facilities, NSE and / or NSCCL and BSE and/or its Clearing House shall extend the necessary support for the speedy redressal of the disputes.

### b. Important Points for Participant and Clients:-

- i. While entering order for depository settlement, Participant should ensure that client details should appear in same order as per depository record.
- ii. Redemption through depository settlement, client has to ensure that delivery instruction slip should be provided to their depository before the stipulated time.
- iii. In case of physical settlement, write the unique confirmation number on the application.
- iv. The Participant shall deposit / courier the completed application form along with the other documents submitted by the investor for each subscription / redemption order with option of physical settlement to the local / head office of the registrar and transfer agent (RTA) or asset management company.
- v. In case of physical settlement, if subscription application form has not reached the RTA, the redemption request for such subscription will not be taken by RTA and shall be rejected.
- vi. The subscription amount per transaction through Mutual Fund Transaction Facilities should be less than Rupees One Crore.

### 44. Terms & Conditions applicable to smart order routing:

Whereas the Stock broker is eligible to provide Smart Order Routing facility to clients as per the rules of the Exchanges & SEBI which allows the Trading Members' trading engines systematically choose the execution destination based on factors viz. price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order.

Whereas the client is desirous of investing / trading in those securities admitted for dealing on the Exchange as defined in the Bye-Laws of the Exchange and has read the Rights & Obligations as prescribed by SEBI. Further for this purpose, the CLIENT is desirous of using Smart Order Routing facility which allows Member's trading engines to systematically choose the best execution destination based on factors viz. price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order. Whereas the Stock broker shall establish & implement effective arrangement so as to ensure best execution for its clients taking into account factors viz. price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order.

**a. Basic features of SMART ORDER ROUTING facility:**

- i. Whereas Stock broker shall route orders in a neutral manner.
- ii. Whereas the Stock broker has explained the best execution policy and its features for SMART ORDER ROUTING facility to the client and the same is provided separately to the client.
- iii. Whereas client has understood the features of best execution policy and given their consent for executing orders by using SMART ORDER ROUTING facility.
- iv. Whereas the Stock broker shall carry out appropriate validation of all risk parameters before the orders are placed through the SMART ORDER ROUTING system.

**b. Obligations/Rights:**

- i. The Stock broker has formulated best execution policy in accordance with specifications provided by SEBI/Exchanges from time to time.
- ii. The Stock broker agrees to send copy of this SMART ORDER ROUTING Terms & Conditions to the client.
- iii. The Stock broker has brought the contents of best execution policy to the notice of client and made him aware of the significance of the said document. The client agrees that he has understood the contents of best execution policy.
- iv. The Stock broker shall notify to clients of any material changes in its order execution policy. Such change needs to be preceded by a notice of 15 days. The mode of notice could be by physical written notice or by email.
- v. The Stock broker shall demonstrate to their clients at their request, that it had ensured best execution of client orders in accordance with its best execution Policy.
- vi. The Stock broker and client agrees that in case the client has availed Smart Order Routing facility and does not want to use the same for a particular order, the same shall be well documented by the Stock broker.
- vii. The Stock broker shall ensure that alternative mode of trading system is available in case of failure of Smart Order Routing facility and client understands that in case of failure of Smart Order Routing facility alternative modes are available to him to place orders.
- viii. The Stock broker agrees to maintain logs of all activities to facilitate audit trail. Stock broker shall maintain record of orders, trades and data points for the basis of decision. The Stock broker and the Client are aware of the provisions of Bye-Laws, Rules and Regulations of the Exchange relating to resolution of disputes/differences through the mechanism of arbitration provided by the Exchange and agree to abide by the said provisions. The provisions of this document shall always be subject to Government notifications, any rules, regulations, byelaws, circulars and guidelines issued by SEBI and Stock Exchange rules, regulations and Bye-laws that may be in force from time to time.

The terms & conditions entered into between the Stock broker and the CLIENT shall stand terminated by mutual consent of the parties by giving at least one month written notice for the updated terms & conditions please refer to [www.yesinvest.in](http://www.yesinvest.in)

Dear Investor!!

**Subject: Prevention of Money Laundering Act**

Money laundering is a process of making dirty money clean. Money is moved around the financial system again and again in such manner that its origin gets hidden. It involves complex chain of activities whereby huge amount of money generated from illegitimate activities viz. selling of narcotic drugs, extortion, corruption, illicit dealing in weapons, human trafficking, etc. is put through a series of process so that it comes out at the other end as clean and legal money.

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

In order to fight against the money laundering and terrorist financing the Prevention of Money Laundering Act (PMLA) was brought into force w.e.f. July 1, 2005 in India. Guidelines were also issued in the context of the recommendations made by the Financial Action Task Force on anti-money laundering standards. Compliance with these standards has become imperative for international financial relations.

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

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

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



## MARGIN TRADING FACILITY (MTF)

### Rights & obligations / Terms & Conditions to avail MTF

YES Securities (India) Limited (hereinafter referred to as YSL), member of National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) is eligible to provide Margin Trading Facility (MTF) in NSE and BSE to its clients in accordance with prescribed guidelines, rules and circulars issued by SEBI / Stock Exchanges from time to time. The Rights & Obligations / Terms & Conditions for MTF prescribed hereunder form a part of account opening form, shall be read in conjunction with the rights and obligations as prescribed under SEBI circular no. CIR/ MIRSD/ 16/ 2011 dated August 22, 2011, SEBI Circular No. CIR/ MRD/ DP/54/2017 Dated June 13, 2017 and the Rules, Regulations, Bye laws, Rights and Obligations, Guidelines, circulars issued by respective Stock Exchanges from time to time. By accepting the same, the client hereby acknowledges that he/she is aware and will abide the rights and obligations, rules, regulations and guidelines relating to Margin Trading Facility as specified by the regulators and mentioned below which is indicative and not the exhaustive list.

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

1. Self-attested copy of PAN card is mandatory for all clients.
2. Copies of all the documents submitted by the applicant should be self attested and accompanied by originals for verification. In case the original of any document is not produced for verification, then the copies should be properly attested by entities authorized for attesting the documents, as per the below mentioned list.
3. If any proof of identity or address is in a foreign language, then translation into English is required.
4. Name & address of the applicant mentioned on the KYC form, should match with the documentary proof submitted.
5. If correspondence & permanent address are different, then proofs for both have to be submitted.
6. Sole proprietor must make the application in his individual name & capacity.
7. For non-residents and foreign nationals, (allowed to trade subject to RBI and FEMA guidelines), copy of passport / PIO Card / OCI Card and overseas address proof is mandatory.
8. For foreign entities, CIN is optional; and in the absence of DIN no. for the directors, their passport copy should be given
9. In case of Merchant Navy NRI's, Mariner's declaration or certified copy of CDC (Continuous Discharge Certificate) is to be submitted
10. YSL to hold and / or to appropriate the credit lying in the Client account and/or any unutilized/ unpledged shares/ securities lying in demat account along with all other demat accounts / Mutual Funds / IPO account of the Client towards the repayment of the outstanding dues thereof under MTF.
11. Treat the securities available in demat account/s linked to the trading account of the Client as margin towards the MTF availed.
12. YSL shall provide MTF only in respect of such shares, as may be

permitted by Stock Exchange/ SEBI.

13. The margin trading arrangement between the YSL and the client shall be terminated; if the Stock Exchange, for any reason, withdraws the margin trading facility provided to YSL or YSL surrenders the facility or the YSL ceases to be a member of the stock exchange.
14. The MTF facility may be withdrawn by YSL, in the event of client committing any breach of any terms or conditions therein or at anytime after due intimation to client allowing such time to liquidate the MTF position as per the agreed liquidation terms without assigning any reason. Similarly, client may opt to terminate the margin trading facility in the event of YSL committing any breach of any terms or conditions therein or for any other reason.
15. In the event of termination of this arrangement, the client shall forthwith settle the dues of the YSL. YSL shall be entitled to immediately adjust the Margin Amount against the dues of the client, and the client hereby authorizes the YSL to make such adjustment.
16. After such adjustment, if any further amount is due from the client to the YSL, the client shall settle the same forthwith. Upon full settlement of all the dues of the client to YSL, YSL shall release the balance amount to the client.
17. If the client opts to terminate the margin trading facility, YSL shall forthwith return to the client all the collaterals provided and funded securities retained on payment of all the dues by clients.
18. YSL will not use the funds of one client to provide MTF to another client, even if the same is authorized by the first client.
19. Any disputes arising between the client and YSL in connection with the margin trading facility shall have the same treatment as normal trades and should be covered under the investor grievance redressal mechanism, arbitration mechanism of the stock exchange. However, any losses suffered in connection with the margin trading facility availed by the client from YSL shall not be covered under IPF.
20. Client agrees to pay Interest at the rate as applicable. (plus taxes, if any applicable) on debit arising out of the exposure availed by the client (i.e. the amount financed by YSL), compounded daily and any changes as mutually agreed from time to time. GST will be levied on interest for Margin Trading Facility, if applicable as per prevalent regulatory norms.
21. Eligible Securities & Margin Required for MTF:  
Securities specified under "MTF Approved Category List" by YSL from time to time which must be a part of 'Group I security' as per Exchanges/SEBI shall be eligible for MTF. YSL reserves the right to include or exclude any Securities from its "MTF Approved Category List" as per the Risk Management policy.  
The client shall deposit the following initial margin, in order to avail MTF:

Category of Stock	Applicable Margin
Group 1 Stocks available for trading in the F&O Segment	VaR +3 times of applicable ELM or YSL MTF VaR (whichever is higher)
Group 1 Stocks other than F&O Stocks	VaR +5 times of applicable ELM or YSL MTF VaR (whichever is higher)

## 22. Rights of the Client

- Client shall receive all communications in a mode mutually agreed between YSL and the client regarding confirmation of orders/trades, margin calls, decision to liquidate the position / security.
- Free to take the delivery of the securities at any time from its MTF account to normal trading account by repaying the amount that was paid by YSL to the Exchange towards securities after paying all dues.
- May change the securities collateral offered for MTF at any time so long as the securities so offered are approved for MTF by YSL.
- Client may close / terminate the Margin Trading Account at any time after paying the dues

## 23. Obligations of the Client

- Client shall, in writing in his own hand or in any irrefutable electronic method, agree to avail of MTF in accordance with the terms and conditions of MTF offered by YSL, method of communication for confirmation of orders / trades, margin calls and calls for liquidation of collateral / security / position.
- Client shall inform YSL of its intent to shift the identified transaction under MTF within the time lines specified by YSL failing which the transaction will be treated under the normal trading facility
- Client shall place the margin amounts as YSL may specify to the client from time to time.
- On receipt of 'margin call', the client shall make good such deficiency in the amount of margin placed with the YSL within such time as the YSL may specify.
- By agreeing to avail MTF with YSL, client is deemed to have authorized YSL to retain and/or pledge the securities provided as collateral or purchased under the MTF till the amount due in respect of the said transaction including the dues to YSL is paid in full by the client.
- Client shall lodge protest or disagreement with any transaction done under the margin trading facility within the timelines as may be agreed between the client and YSL.

## 24. Rights of YSL

- YSL and client may agree between themselves the terms and condition including commercial terms if any before commencement of MTF.
- YSL may set up its own risk management policy that will be applicable to the transactions done under the MTF. YSL may make amendments there to at any time but give effect to such

policy after the amendments are duly communicated to the clients registered under the MTF.

- YSL has a right to retain and/or pledge the securities provided as collateral or the securities bought by the client under the MTF.
- YSL may liquidate the securities if the client fails to meet the margin call made by YSL as mutually agreed of liquidation terms but not exceeding 5 working days from the day of margin call. However, YSL, as per its Policies and Procedures, as agreed between YSL and the client at the time of account opening and any subsequent changes thereof (which are updated on the website from time to time), has the right to sell client's securities or close client's position, without giving any notice to the client in case when market is volatile and/or there are losses in the client's which are not paid by the client with immediate effect. YSL being a web based broker, disseminates all risk related information real time & online and all clients are bound to log in to their trading account and keep themselves updated about their positions and margin requirements made available on real time basis

## 25. Obligations of YSL

- Any transaction to be considered for exposure to MTF shall be determined as per the policy of YSL provided that such determination shall happen not later than T + 1 day. In case the determination happens after the issuance of contract, YSL shall issue appropriate records to communicate to Client the change in status of transaction from Normal to Margin trading and should include information like the original contract number and the margin statement and the changed data.
- Margin Trading Accounts where there were no transactions for 90 days shall be settled immediately.
- If securities are liquidated due to 'margin call', the contract note issued for such margin call related transactions shall carry an asterisk or identifier that the transaction has arisen out of margin call.
- The stocks deposited as collateral with YSL for availing margin trading facility (Collaterals) and the stocks purchased under the margin trading facility (Funded stocks) shall be identifiable separately and there shall not be any commingling for the purpose of computing funding amount.

## 26. Mode of Communication

- Accept all types communications including consent to the Terms and Conditions, order / trade confirmation, revision in margin, margin calls/ decision to liquidate the position / security / collateral, Margin statements, margin policies on hair-cuts / VAR margin, Risk management policies, Rights & obligations, allowable exposure, specific Security exposure etc herein through email / SMS from/to his email id / mobile number registered with YSL or by online mode by logging-in on the website of YSL in a secured manner or by physical mode, based on client's preference.
- Any communication done with any of the aforesaid means shall be deemed to have been received by the client. I have read and understood the above terms and hereby give my consent to abide the same and to enable the Margin Trading Facility in my trading account.

## PART D

### 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 ByeLaws/Operating Instructions/Business Rules of the Depositories.

#### Transfer of Securities

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

#### Statement of account

14. The DP shall provide statements of accounts to the beneficial owner in such form and manner and at such time as agreed with the Beneficial Owner and as specified by SEBI/depository in this regard.

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

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

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

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

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

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

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

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

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

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

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

#### **Authorized representative**

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

#### **Law and Jurisdiction**

27. In addition to the specific rights set out in this document, the DP and the Beneficial owner shall be entitled to exercise any other rights which

the DP or the Beneficial Owner may have under the Rules, Bye Laws and Regulations of the respective Depository in which the demat account is opened and circulars/notices issued there under or Rules and Regulations of SEBI.

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



## INVESTOR CHARTER FOR DEPOSITORIES AND DEPOSITORY PARTICIPANTS

### 1. Vision

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

### 2. Mission

To hold securities of investors in dematerialized form and facilitate its transfer, while ensuring safekeeping of securities and protecting interest of investors.

- To provide timely and accurate information to investors with regard to their holding and transfer of securities held by them.
- To provide the highest standards of investor education, investor awareness and timely services so as to enhance Investor Protection and create awareness about Investor Rights.

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

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

### 4. Description of services provided by the Depository through Depository Participants (DPs) to investors

#### (1) Basic Services

Sr no.	Brief about the Activity/ Service	Expected Timelines for processing by the DP after receipt of proper documents
1.	Dematerialization of securities	7 Days
2.	Rematerialization of securities	7 Days
3.	Mutual Fund Conversion/ Destatementization	7 Days
4.	Re-conversion / Restatementisation of Mutual fund units	7 Days
5.	Transmission of securities	7 Days
6.	Registering pledge request	15 Days
7.	Closure of demat account	30 Days
8.	Settlement Instruction	Depositories to accept physical DIS for pay-in of securities up to 4 p.m. and DIS in electronic form up to 6 p.m. on T+1 day

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

Sr. no.	Type of Activity /Service	Brief about the Activity/ Service
1.	Value Added Services	Depositories also provide value added services such as <ol style="list-style-type: none"> <li>Basic Services Demat Account (BSDA) [link to be provided by DPs]</li> <li>Transposition cum dematerialization [link to be provided by DPs]</li> <li>Linkages with Clearing System [link to be provided by DPs]</li> <li>Distribution of cash and non-cash corporate benefits (Bonus, Rights, IPOs etc.), stock lending, demat of NSC / KVP, demat of warehouse receipts etc.</li> </ol>
2.	Consolidated Account statement (CAS)	CAS is issued 10 days from the end of the month (if there were transactions in the previous month) or half yearly (if no transactions).
3.	Digitalization of services provided by the depositories	Depositories offer below technology solutions and e-facilities to their demat account holders through DPs: <ol style="list-style-type: none"> <li>E-account opening: Details available on the link [link to be provided by DPs]</li> <li>Online instructions for execution: Details available on the link [link to be provided by DPs]</li> <li>e-DIS / Demat Gateway: Details available on the link [link to be provided by DPs]</li> <li>e-CAS facility: Details available on the link [link to be provided by DPs]</li> <li>Miscellaneous services: Details available on the link [link to be provided by DPs]</li> </ol>



## 5. Details of Grievance Redressal Mechanism

### (1) The Process of investor grievance redressal

1.	Investor Complaint/ Grievances	<p>Investor can lodge complaint/ grievance the Depository /DP in the following ways:</p> <p>a. Electronic mode -</p> <p>(i) SCORES (a web based centralized grievance redressal system of SEBI) [<a href="https://www.scores.gov.in/scores/Welcome.html">https://www.scores.gov.in/scores/Welcome.html</a>]</p> <p>(ii) Respective Depository's web portal dedicated for the filing of complaint [<a href="https://www.cdsindia.com/Footer/grievances.aspx">https://www.cdsindia.com/Footer/grievances.aspx</a>]</p> <p>(iii) Emails to designated email IDs of Depository [<a href="mailto:complaints@cdslindia.com">complaints@cdslindia.com</a>]</p> <p>b. Offline mode [details of link to the form to be provided by DPs]</p> <p>The complaints/ grievances lodged directly with the Depository shall be resolved within 30 days.</p>
2.	Investor Grievance Redressal Committee of Depository	<p>If no amicable resolution is arrived, then the Investor has the option to refer the complaint/ grievance to the Grievance Redressal Committee (GRC) of the Depository. Upon receipt of reference, the GRC will endeavor to resolve the complaint/ grievance</p> <p>by hearing the parties and examining the necessary information and documents</p>
3.	Arbitration proceedings	<p>The Investor may also avail the arbitration mechanism set out in the Byelaws and Business Rules/Operating Instructions</p> <p>of the Depository in relation to any grievance, or dispute relating to depository services. The arbitration reference shall be concluded by way of issue of an arbitral award within 4 months from the date of appointment of arbitrator(s)</p>

## 6. Guidance pertaining to special circumstances related to market activities: Termination of the Depository Participant

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

## 7. Dos and Don'ts for Investors

For Do's and Don'ts please refer to the link [link to be provided by the DPs]

## 8. Rights of Investors

For rights, please refer to the link [link to be provided by the DPs]

## 9. Responsibilities of Investors

For responsibilities, please refer to the link [link to be provided by the DPs]

## ANNEXURE-B

### INFORMATION CONTAINED IN LINKS TO THE INVESTOR CHARTER FOR DEPOSITORIES AND DPS

This document contains the contents pertaining to the qualifier “[<https://www.cdslindia.com/Investors/InvestorCharter.html>]” in the Investor Charter main document. The same is to be made available by the Depositories on their websites and weblinks to the same is to be provided for incorporation in the Investor Charter.

For reasons of convenience, the contents in main Charter and this document have been mapped with the same superscript.

Para 4 (2) of Investor Charter (Description of Services provided by the Depository through Depository Participants (DPs) to Investors)

#### Point 1: Value Added Services

- a. Basic Services Demat Account (BSDA): The facility of BSDA with limited services for eligible individuals was introduced with the objective of achieving wider financial inclusion and to encourage holding of demat accounts. No Annual Maintenance Charges (AMC) shall be levied, if the value of securities holding is up to Rs. 50,000. For value of holdings between Rs. 50,001 - 2,00,000, AMC not exceeding Rs 100 is chargeable. In case of debt securities, there are no AMC charges for holding value up to Rs 1,00,000 and a maximum of Rs. 100 as AMC is chargeable for value of holdings between Rs 1,00,001 and Rs 2,00,000.
- b. Transposition cum dematerialization In case of transposition-cum-dematerialisation, client can get securities dematerialised in the same account if the names appearing on the certificates match with the names in which the account has been opened but are in a different order. The same may be done by submitting the security certificates along with the Transposition Form and Demat Request Form.
- c. Linkages with Clearing System for actual delivery of securities to the clearing system from the selling brokers and delivery of securities from the clearing system to the buying broker.

#### Point 3: Digitization of services provided by the Depositories

- a. E-account opening Account opening through digital mode, popularly known as “Online Account opening”, wherein investor intending to open the demat account can visit DP website, fill in the required information, submit the required documents, conduct video IPV and demat account gets opened without visiting DPs office.
- b. Online instructions for execution : internet-enabled services like Speed-e (NSDL) & Easiest (CDSL) empower a demat account holder in managing his/her securities ‘anytime anywhere’ in an efficient and convenient manner and submit instructions online without the need to use paper. These facilities allow Beneficial Owner (BO) to submit transfer instructions and pledge instructions including margin pledge from their demat account. The instruction facilities are also available on mobile applications through android, windows and IOS platforms.
- c. e-DIS / Demat Gateway: Investors can give instructions for transfer of securities through e DIS apart from physical DIS. Here, for on-market transfer of securities, investors need to provide settlement number along with the ISIN and quantity of securities being authorized for transfer. Client shall be required to authorize each e-DIS valid for a single settlement number/ settlement date, by way of OTP and PIN/password, both generated at Depositories end. Necessary risk containment measures are being adopted by Depositories in this regard.
- d. e-CAS facility : Consolidated Account Statements are available online and could also be accessed through mobile app to facilitate the investors to view their holdings in demat form.
- e. Miscellaneous services : Transaction alerts through SMS, e-locker facilities, chatbots for instantaneously responding to investor queries etc. have also been developed.

#### Para 5(1) of Investor Charter (Grievance Redressal Mechanism)

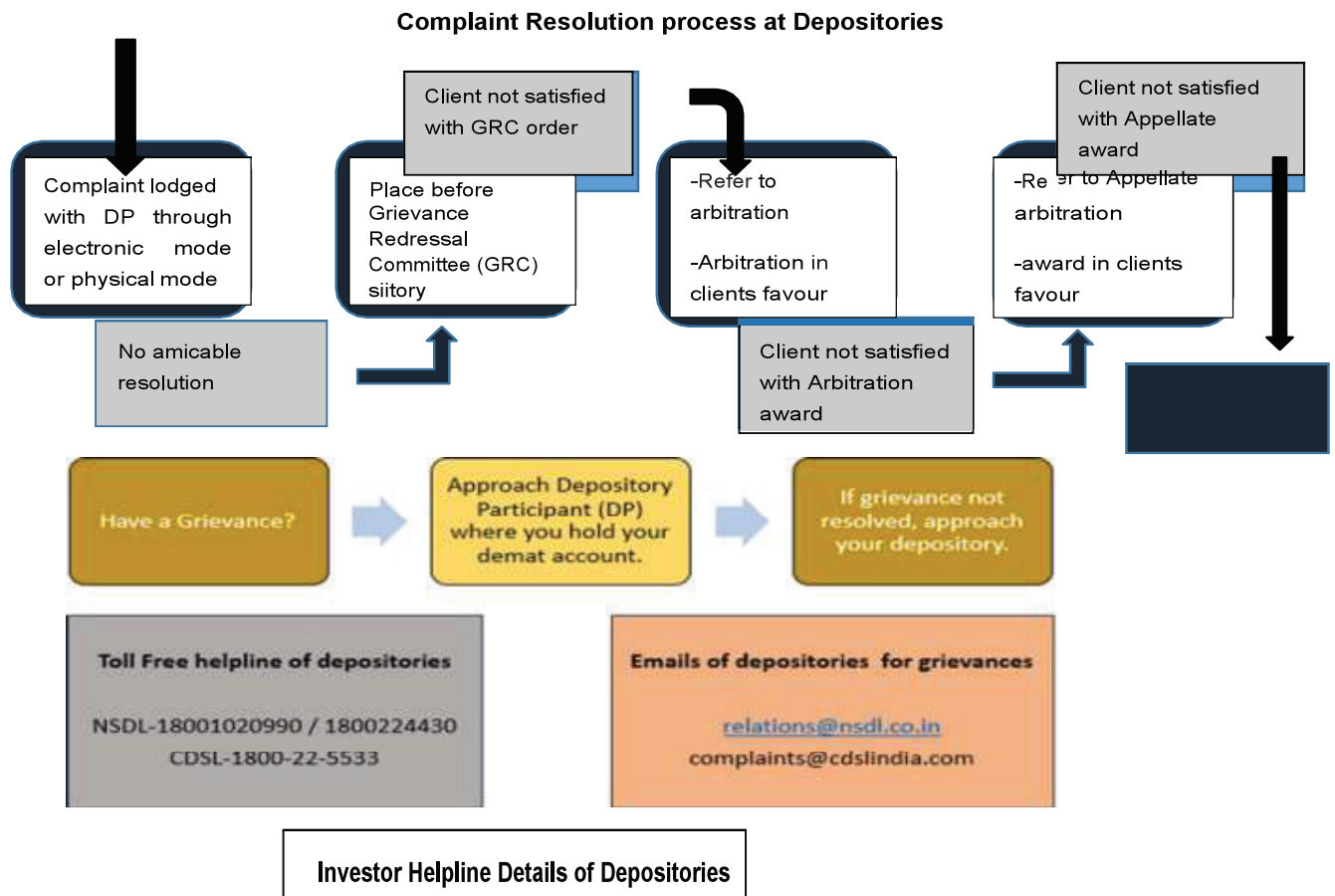
##### Point 2 (Investor Grievance Redressal Committee of Depository):

If no amicable resolution is arrived, then the Investor has the option to refer the complaint/grievance to the Grievance Redressal Committee (GRC) of the Depository. Upon receipt of reference, the GRC will endeavor to resolve the complaint/ grievance by hearing the parties and examining the necessary information and documents.

##### Point 3 (Arbitration proceedings):

The Investor may also avail the arbitration mechanism set out in the Byelaws and Business Rules/Operating Instructions of the Depository in relation to any grievance, or dispute relating to depository services. The arbitration reference shall be concluded by way of issue of an arbitral award within 4 months from the date of appointment of arbitrator(s).

## Para 5(2) of Investor Charter



## Para 7 of Investor Charter : Do's and Don'ts for Investors

Sr No	Guidance
1.	Always deal with a SEBI registered Depository Participant for opening a demat account.
2.	Read all the documents carefully before signing them.
3.	Before granting Power of attorney to operate your demat account to an intermediary like Stockbroker, Portfolio Management Services (PMS) etc., carefully examine the scope and implications of powers being granted.
4.	Always make payments to registered intermediary using banking channels. No payment should be made in name of employee of intermediary.
5.	<p>Accept the Delivery Instruction Slip (DIS) book from your DP only (pre-printed with a serial number along with your Client ID) and keep it in safe custody and do not sign or issue blank or partially filled DISslips.</p> <p>Always mention the details like ISIN, number of securities accurately. In case of any queries, please contact your DP or broker and it should be signed by all demat account holders.</p> <p>Strike out any blank space on the slip and Cancellations or corrections on the DIS should be initialed or signed by all the account holder(s).</p> <p>Do not leave your instruction slip book with anyone else. Do not sign blank DIS as it is equivalent to a bearer cheque.</p>
6.	Inform any change in your Personal Information (for example address or Bank Account details, email ID, Mobile number) linked to your demat account in the prescribed format and obtain confirmation of updation in system.
7.	Mention your Mobile Number and email ID in account opening form to receive SMS alerts and regular updates directly from depository.
8.	Always ensure that the mobile number and email ID linked to your demat account are the same as provided at the time of account opening/updation.

9.	Do not share password of your online trading and demat account with anyone.
10.	Do not share One Time Password (OTP) received from banks, brokers, etc. These are meant to be used by you only.
11.	Do not share login credentials of e-facilities provided by the depositories such as e DIS/ demat gateway, SPEED-e/ easiest etc. with anyone else.
12.	Demat is mandatory for any transfer of securities of Listed public limited companies with few exceptions.
13.	If you have any grievance in respect of your demat account, please write to designated email IDs of depositories or you may lodge the same with SEBI online at <a href="https://scores.gov.in/scores/Welcome.html">https://scores.gov.in/scores/Welcome.html</a>
14.	Keep a record of documents signed, DIS issued and account statements received.
15.	As Investors you are required to verify the transaction statement carefully for all debits and credits in your account. In case of any unauthorized debit or credit, inform the DP or your respective Depository.
16.	Appoint a nominee to facilitate your heirs in obtaining the securities in your demat account, on completion of the necessary procedures.
17.	Register for Depository's internet-based facility or download mobile app of the depository to monitor your holdings.
18.	Ensure that, both your holding and transaction statements are received periodically as instructed to your DP. You are entitled to receive a transaction statement every month if you have any transactions.
19.	Do not follow herd mentality for investments. Seek expert and professional advice for your investments.
20.	Beware of assured/ fixed returns.

#### **Para 8 of Investor Charter : Rights of Investors**

- Receive a copy of KYC, copy of account opening documents.
- No minimum balance is required to be maintained in a demat account.
- No charges are payable for opening of demat accounts.
- If executed, receive a copy of Power of Attorney. However, Power of Attorney is not a mandatory requirement as per SEBI / Stock Exchanges. You have the right to revoke any authorization given at any time.
- You can open more than one demat account in the same name with single DP/ multiple DPs.
- Receive statement of accounts periodically. In case of any discrepancies in
- statements, take up the same with the DP immediately. If the DP does not respond, take up the matter with the Depositories.
- Pledge and / or any other interest or encumbrance can be created on demat holdings.
- Right to give standing instructions with regard to the crediting of securities in demat account.
- Investor can exercise its right to freeze/ de-freeze his/her demat account or specific securities/ specific quantity of securities in the account, maintained with the DP.
- In case of any grievances, Investor has right to approach Participant or Depository or SEBI for getting the same resolved within prescribed timelines.
- Every eligible investor shareholder has a right to cast its vote on various resolutions proposed by the companies for which Depositories have developed an internet based 'e-Voting' platform.
- Receive information about charges and fees. Any charges/tariff agreed upon shall not increase unless a notice in writing of not less than thirty days is given to the Investor.

#### **Para 9 of Investor Charter Responsibilities of Investors**

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

