

## Annexure A - Standard Documents

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

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

### CLIENT INFORMATION

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

### MARGINS

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

### TRANSACTIONS AND SETTLEMENTS

13. The client shall give any order for buy or sell of a security/derivatives contract in writing or in such form or manner, as may be mutually agreed between the client and the stock broker. The stock broker shall ensure to place orders and execute the trades of the client, only in the Unique Client Code assigned to that client.
14. The stock broker shall inform the client and keep him apprised about trading/settlement cycles, delivery/payment schedules, any changes therein from time to time, and it shall be the responsibility in turn of the client to comply with such schedules/ procedures of the relevant stock exchange where the trade is executed.

15. The stock broker shall ensure that the money/securities deposited by the client shall be kept in a separate account, distinct from his/its own account or account of any other client and shall not be used by the stock broker for himself/itself or for any other client or for any purpose other than the purposes mentioned in Rules, Regulations, circulars, notices, guidelines of SEBI and/or Rules, Regulations, Bye-laws, circulars and notices of Exchange.
16. Where 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 favour 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 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-a-vis the client and he shall be liable to implement the arbitration awards made in such proceedings.
26. The client/stock-broker understands that the instructions issued by an authorized representative for dispute resolution, if any, of the client/stockbroker shall be binding on the client/stock-broker in accordance with the letter authorizing the said representative to deal on behalf of the said client/stock-broker

## TERMINATION OF RELATIONSHIP

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

## ADDITIONAL RIGHTS AND OBLIGATIONS

30. The stock broker shall ensure due protection to the client regarding client's rights to dividends, rights or bonus shares, etc. in respect of transactions routed through it and it shall not do anything which is likely to harm the interest of the client with whom and for whom they may have had transactions in securities.
31. The stock broker and client shall reconcile and settle their accounts from time to time as per the Rules, Regulations, Bye Laws, Circulars, Notices and Guidelines issued by SEBI and the relevant Exchanges where the trade is executed.
32. The stock broker shall issue a contract note to his constituents for trades executed in such format as may be prescribed by the Exchange from time to time containing records of all transactions including details of order number, trade number, trade time, trade price, trade quantity, details of the derivatives contract, client code, brokerage, all charges levied etc. and with all other relevant details as required therein to be filled in and issued in such manner and within such time as prescribed by the Exchange. The stock broker shall send contract notes to the investors within one working day of the execution of the trades in hard copy and/or in electronic form using digital signature.
33. The stock broker shall make pay out of funds or delivery of securities, as the case may be, to the Client within one working day of receipt of the pay-out from the relevant Exchange where the trade is executed unless otherwise specified by the client and subject to such terms and conditions as may be prescribed by the relevant Exchange from time to time where the trade is executed.
34. The stock broker shall send a complete Statement of Accounts for both funds and securities in respect of each of its clients in such periodicity and format within such time, as may be prescribed by the relevant Exchange, from time to time, where the trade is executed. The Statement shall also state that the client shall report errors, if any, in the Statement within such time as may be prescribed by the relevant Exchange from time to time where the trade was executed, from the receipt thereof to the Stock broker.
35. The stock broker shall send daily margin statements to the clients. Daily Margin statement should include, inter-alia, details of collateral deposited, collateral utilized and collateral status (available balance/due from client) with break up in terms of cash, Fixed Deposit Receipts (FDRs), Bank Guarantee and securities.
36. The Client shall ensure that it has the required legal capacity to, and is authorized to, enter into the relationship with stock broker and is capable of performing his obligations and undertakings hereunder. All actions required to be taken to ensure compliance of all the transactions, which the Client may enter into shall be completed by the Client prior to such transaction being entered into ELECTRONIC CONTRACT NOTES (ECN)
37. In case, client opts to receive the contract note in electronic form, he shall provide an appropriate e-mail Id to the stock broker. The client shall communicate to the stock broker any change in the email-id through a physical

letter. If the client has opted for internet trading, the request for change of email id may be made through the secured access by way of client specific user id and password.

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

#### LAW AND JURISDICTION

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

Internet & wireless technology-based trading facility provided by stockbroker to the 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 datacard, 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 website 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 is as stipulated in line with norms prescribed by Exchanges/SEBI.
5. The Client shall be responsible for keeping the Username and Password confidential and secure and shall be solely responsible for all orders entered and transactions done by any person whatsoever through the Stock broker's IBT System using the Client's Username and/or Password whether or not such a 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 Stockbroker 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 nonexecution of his orders due to any link / system failure at the Client/Stock brokers/Exchange end for any reason beyond the control of the stockbroker/Exchange.

### 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.

#### Default in payment of charges

22. As per Section 16 of Depositories Act, 1996,
  - A. 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.
  - B. 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.

#### Default in payment of charges

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 Bye-laws 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.

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.

#### 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.

- A. 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.

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

Rumours 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 rumours.

### 1.7 System Risk:

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

- A. 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. 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. 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 closeouts.
- 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

- A. 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.
- B. 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

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 [www.nseindia.com](http://www.nseindia.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

1. 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.
2. Don't share your internet trading account's password with anyone.
3. Don't make any payment in cash to the stock broker.
4. Make the payments by account payee cheque in favour of the stock broker. Don't issue cheques in the name of sub-broker. Ensure that you have a documentary proof of your payment/deposit of securities with the stock broker, stating date, scrip, quantity, towards which bank/demat account such money or securities deposited and from which bank/demat account.
5. 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.
6. In case you have given specific authorization for maintaining running account, pay-out 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 pay-out from the Exchange. Thus, the stock broker shall maintain running account for you subject to the following conditions:
  7. Such authorization from you shall be dated, signed by you only and contains the clause that you may revoke the same at any time.
    - a. 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.
    - b. 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.
    - c. 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.
8. 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 pay-out 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.
9. 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

1. In case, a stock broker surrenders his membership, is expelled from membership or declared a defaulter; Stock exchanges gives a public notice inviting claims relating to only the "transactions executed on the trading system" of Stock exchange, from the investors. Ensure that you lodge a claim with the relevant Stock exchanges within the stipulated period and with the supporting documents.

2. 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

1. 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.
2. In case your issue/problem/grievance is not being sorted out by concerned stock broker/sub-broker then you may take up the matter with the concerned Stock exchange. If you are not satisfied with the resolution of your complaint then you can escalate the matter to SEBI.
3. Note that all the stock broker/sub-brokers have been mandated by SEBI to designate an e-mail ID of the grievance redressal division/compliance officer exclusively for the purpose of registering complaints.

#### POLICIES AND PROCEDURES

##### 1. Refusal of orders for penny / illiquid stock

The stock broker may from time-to-time limit (quantity/ value)/refuse orders in one or more securities due to various reasons including market liquidity, value of security(ies), the order being for securities which are not in the permitted list of the stock broker / exchange(s) / SEBI. Clients may note that PPWB shall have right to reject the orders placed by the Client and/or put circuit breakers to discourage trades getting executed at unrealistic prices from the current market price of the security or prohibit the Client from trading in penny / illiquid securities which creates artificial liquidity or manipulates prices or to discourage Client from cross/ synchronized trading and PPWB shall not be liable for any loss arising out of non-acceptance or rejection of the Client orders for any such reason if the Client fails to give sufficient reason for placing such orders. The client agrees that the trade related losses, if any on account of such refusal or due to delay caused by such limits, shall be borne exclusively by the client alone. The stock broker may require reconfirmation of orders, which are larger than that specified by the stock broker's risk management, and is also aware that the stock broker has the discretion to reject the execution of such orders based on its risk perception.

##### 2. Setting up client's exposure limits

PPWB may from time to time at its sole discretion, impose and vary the limits on the orders that client can place through it (including but not limited to exposure limits, turnover limits, limits as to number, value and/kind of securities/ contracts in respect of which buy or sell orders can be placed). PPWB may need to vary or reduce the limits or impose new limits urgently on the basis of its risk perception and other factors considered relevant and PPWB will make all necessary attempts to inform clients of such changes. Further PPWB may as risk containment measure at any time at its sole discretion and without prior notice, prohibit or restrict the client's ability to place the orders or trade in all of some of securities/ contracts through member. The exposure limits are generally based on the availability of the margin in the client's account. Margin may be in the form of funds and /or in the form of securities with PPWB. The client shall be permitted to trade up to a predetermined number of times of the margin (the Multiple) and the quantum of the Multiple on the margin shall be decided at sole discretion of PPWB. The client agrees that trade related losses, if any on account of such refusal or due to delay caused by such review, shall be borne exclusively by the client alone.

The stock broker is required only to communicate / advise the parameters for the calculation of the margin / security requirements as rate(s) /percentage(s) of the dealings, through anyone or more approved means or methods such as courier /facsimile / email

/ voice mails /telephone (telephone includes such devices as mobile phones etc.) including SMS on the mobile phone or any other similar device; by messaging on the computer screen of the client's computer; by informing the client through employees

/ agents of the stock broker; by publishing /displaying it on the website of the stock broker / making it available as a download from the website of the stock broker or if the circumstances, so require, by radio broadcast / television broadcast /newspapers advertisements etc; or any other suitable or applicable mode or manner. Once parameters for margin / security requirements are so communicated, the client shall monitor his / her / its position (dealings / trades and valuation of security) on his / her / its own and provide the required / deficit margin / security forthwith as required from time to time. The client is not entitled to trade without adequate margin/security and that it shall be his/her/its responsibility to ascertain beforehand the margin/ security requirements for his/her/its orders/trades/deals and to ensure that the required margin/security is made available to the stock broker in such form and manner as may be required by the stock broker. If the client's order is executed despite a shortfall in the available margin, the client shall make up the shortfall immediately. The client further agrees that he/she/it shall be responsible for all orders (including orders that may be executed without the required margin in the client's account) &/or any trade related claim/loss/ damage arising out of the nonavailability/shortage of margin /security required by the stock broker & / or exchange & / or SEBI.

The stock broker is entitled to vary the form (Le., the replacement of the margin / security in one form with the margin / security in any other form, say, in the form of funds instead of shares) & / or quantum & / or percentage of the margin & / or security required to be deposited / made available, from time to time. The margin / security deposited by the client with the stock broker are not eligible for any interest. The stock broker is entitled to include / appropriate any / all pay-out of funds & / or securities towards margin / security without requiring specific authorizations for each pay-out.

The stock broker is entitled to transfer funds &/ or securities from his account for one exchange & / or one segment of the exchange to his / her / its account for another exchange & / or another segment of the same exchange whenever applicable and found necessary by the stock broker. The client also agrees and authorises the stock broker to treat / adjust his/ her / its margin / security lying in one exchange & / or one segment of the exchange / towards the margin / security / pay in requirements of another exchange & / or another segment of the exchange. The stock broker is entitled to disable/freeze the account &/or trading facility/ any other service. facility, if, in the opinion of the stock broker, the client has committed a crime/fraud or has acted in contradiction of the Mandatory and Voluntary Client Registration Documents or / is likely to evade / violate any laws, rules, regulations, directions of a lawful authority whether Indian or foreign or if the stock broker so apprehends.

3. Applicable brokerage rate : The stock broker is entitled to charge brokerage within the limits imposed by exchange which at present is as under:

Brokerage will be charged to the client based on the brokerage rates specified in the account opening form or as per the product/ scheme opted by the client from time to time. Brokerage chargeable to the client will also be communicated to the client through the welcome letter sent at time of account opening. However, any increase in brokerage rate either be done with the consent of the client in writing or at the discretion of PPWB by giving 15 days advance notice to the clients.

- A. For Cash Market Segment: The maximum brokerage chargeable in relation to trades effected in the securities admitted to dealings on the Capital Market segment of the Exchange shall be 2.5 % of the contract price exclusive of statutory levies. It is hereby further clarified that where the sale / purchase value of a share is Rs.10/- or less, a maximum brokerage of 25 paise per share may be collected.
- B. For Option contracts: Brokerage for option contracts shall be charged on the premium amount at which the option contract was bought or sold and not on the strike price of the option contract. It is hereby clarified that brokerage charged on options contracts shall not exceed 2.5% of the premium amount or Rs 100/- (per lot) whichever is higher.

4. Imposition of penalty / delayed payment charges

PPWB requires all its clients to make the payment towards outstanding arising out of trades and/ or ancillary services availed by the client on or before due date. In case of outstanding in account, penal interest will be levied on the client to deter them from delaying the payment in future. The company may charge delay payment charges at 0.05% per day.

Margins provided by the client in the form of funds and or securities shall be interest free and PPWB shall not be liable to pay any interest on the same. Further where the stock broker has to pay any fine or bear any punishment from any authority in connection with / as a consequence of / in relation to any of the orders / trades / deals / actions of the client, the same shall be borne by the client. The client agrees to pay to the stock broker brokerage, commission, fees, all taxes, duties, levies imposed by any authority including but not limited to the stock exchanges.

5. The right to sell clients' securities or close clients' positions, without giving notice to the client, on account of non-payment of client's dues. (Limited to Margin/ Settlement Obligations)

The stock broker maintains centralized banking and securities handling processes and related banking and depository accounts at designated place. The client shall ensure timely availability of funds / securities in designated form and manner at designated time and in designated bank and depository account(s) at designated place, for meeting his/her/its pay in obligation of funds and securities. The stock broker shall not be responsible for any claim/loss/damage arising out of non-availability/short availability of funds/securities by the client in the designated account(s) of the stock broker for meeting the pay in obligation of either funds or securities. If the client gives orders / trades in the anticipation of the required securities being available subsequently for pay in through anticipated pay-out from the exchange or through borrowings or any off market delivery(s) or market delivery(s) and if such anticipated availability does not materialize in actual availability of securities / funds for pay in for any reason whatsoever including but not limited to any delays / shortages at the exchange or stock broker level / non release of margin by the stock broker etc., the losses which may occur to the client as a consequence of such shortages in any manner such as on account of auctions / square off / closing outs etc., shall be solely to the account of the client and the client agrees not to hold the stock broker responsible for the same in any form or manner whatsoever. In case the payment of the margin / security is made by the client, the stock broker shall be at liberty to give the benefit / credit of the same. In case open position (Le. short/long) gets converted into delivery due to non-square off because of any reason whatsoever, the client agrees to provide securities/funds to fulfil the pay in obligation failing which the client will have to face auctions or internal close outs; in addition to this the client will have to pay penalties and charges levied by exchange in actual and losses, if any. Without prejudice to the foregoing, the client shall also be solely liable for all and any penalties and charges levied by the exchange(s) as applicable and prescribed in the regulations. The stock broker is entitled to prescribe the date and time by which the margin / security is to be made available and the stock broker may refuse to accept any payments in any form after such deadline for margin / security expires. Notwithstanding anything to the contrary in the Mandatory and Voluntary Client Registration Documents or elsewhere, if the client fails to maintain or provide the required margin/ fund / security or to meet the funds/margins/ securities pay in obligations for the orders / trades / deals of the client within the prescribed time and form, the stock broker shall have the right without any further notice or communication to the client to take any one or more of the following steps:

- A. For To withhold any pay-out of funds / securities.
- B. To withhold / disable the trading / dealing facility to the client.
- C. To liquidate one or more security(s) of the client by selling the same in such manner and at such rate which the stock broker may deem fit in its absolute discretion. It is agreed and understood by the client that securities here include securities which are pending delivery / receipt.
- D. To liquidate / square off partially or fully the position of sale & / or purchase in anyone or more securities / contracts in such manner and at such rate which the stock broker may decide in its absolute discretion.
- E. To take any other steps which in the given circumstances, the stock broker may deem fit. The client agrees that the trade related loss(s) if any, on account of anyone or more steps as enumerated herein above being taken by the stock broker, shall be borne exclusively by the client alone and agrees not to question the reasonableness, requirements, timing, manner, form, pricing etc., which are chosen by the stock broker.



#### 6. Shortages in obligations arising out of internal netting of trades.

The client may not receive shares on T+1 in case there is an internal shortage situation with PPWB i.e. the buyer and seller are both PPWB clients and the seller defaults in delivery due to which the buyer may not receive the shares.

- A. The defaulting seller would be debited with the Exchange auction price in case auction price of the scrip is provided by the Exchange otherwise, closing price of the scrip on the T day or T+1 day whichever is higher plus upto 30% on closing price. The Buyer would be credited with either the auction price as decided by the Exchange otherwise, closing price of the scrip on the T day or T+1 day whichever is higher plus upto 30% on closing price as received from the seller.
  - B. Additionally brokerage, statutory costs and other incidental charges including penalty for non-delivery may be debited to the client.
  - C. In case of internal Shortage of physically settled Derivatives contracts, there will be compulsory close out price +10% of the closing price of the pay-in date. The amount will be debited to seller and credit will be given to Buyer. PPWB may also levy charges on the defaulting seller for non-delivery of stocks within the stipulated time.
6. Conditions under which a client may not be allowed to take further position or the broker may close the existing position of a client.

Under following circumstances a client may not be allowed to take further position and if required the existing position in his account may be also be closed:

- A. If there is a continuous debit Balance in client's account.
- B. If there is insufficient margin in client's account required to maintain his open position.
- C. PPWB retains the right to block the client to take a position in certain specified scrips basis the risk management systems of PPWB.
- D. If client is not responding satisfactorily to the Company / regulatory enquiry on trades undertaken by him explaining the rationale for transactions or fails to provide documents to prove beneficial ownership of shares, submit proof of income/ Net worth etc.
- E. If there is an order by SEBI or any other appropriate authority debarring the client from dealing in securities market or an order to suspend/seize client's account.
- F. In case the scrip or member limits are breached or likely to be breached in the Derivatives Market Segment.
- G. In case where suspicious transactions are observed, including but not limited to off market transactions.
- H. In case of dormant/inactive account and
- I. At the discretion of the company by giving written notice to the client.

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 liable for any losses, costs and be entitled to any surplus which may result there from.

#### 8. Deregistering a client :

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

- A. If the action of the client are prima facie illegal improper or such as to manipulate the price of any securities or disturb the normal/proper functioning of securities either alone or in conjunction with others;
- B. If there is commencement of any legal proceedings against the client under any law in force;
- C. On the death/lunacy or other disability of the client;
- D. If the client being a partnership firm, steps taken by the client and/or its partners for dissolution of the partnership;
- E. If the client suffers any adverse material change in his/her/ its financial position or defaults in any other/arrangement with PPWB;
- F. If there is reasonable apprehension that the client is unable to pay its debts or the client has admitted its inability to pay its debts, as they become payable;

- G. If the client is in breach of any terms, condition or covenant of this arrangement;
  - H. If the client has made any material misrepresentation of facts, including (without limitation) in relation to the security;
  - I. If a receiver, administrator or liquidator has been appointed or allowed to be appointed of all or any part of the undertaking of the client;
  - J. If the client have taken or suffered to be taken any action for its reorganization, liquidation or dissolution;
  - K. If the client has voluntarily or compulsorily become the subject of proceedings under any bankruptcy or insolvency law or being a company, goes into liquidation or has a receiver appointed in respect of its assets or refers itself to the Board of Industrial and Financial Reconstruction or under any other law providing protection as a relief undertaking;
  - L. If the covenant or warranty of the client is incorrect or untrue in any material respect;
  - M. On the order from the appropriate authority;
  - N. In accordance with the provisions of arrangement entered into with the client
9. Temporarily suspending or closing a client's account at the client's request:

A client can request for temporary suspending or for permanent closing his account. For permanent closure, client has to give a notice of one month and clear the dues, if any, in his account. Client account may be suspended by the company at any time:

- A. On directions received from any regulatory authorities.
- B. If client is not responding to the queries raised by the company related to his trade activities.
- C. If there is not a single active demat account linked to trading account.
- D. Due to any other non-compliance observed in the account.

10. Policy on inactive (dormant) Account:

For Trading Accounts: The term In-active/dormant trading account refers to such trading account where no transaction have been carried out in the client's trading account for a period of last 12 months from the date of last transaction across all exchanges or from account opening date:

The following process shall be followed for inactive accounts.

Situation	Action to be taken
No trades carried out by the client in the last 12 (Twelve) months across all Exchanges	Mark/Flag the client as 'Inactive' in back office and UCC records of Exchange.
Client approaches for activation within one year of the client being marked/flagged as 'Inactive'	<p>We shall ensure that the basic details of such client like Address, Mobile number, Email ID, Bank/DP account are updated in the records as well in the UCC records of the Exchange.</p> <p>In case there is a change in details, fresh documents to be submitted by the client. Account will be activated after receiving confirmation from client to activate the account.</p>
After completion of a period of 1 year of the client being flagged as 'Inactive'	<p>Fresh documentation, due diligence and IPV to be undertaken.</p> <p>In case of transactions in IPO/MF and DP, fresh documentation, due diligence, and IPV will not be required.</p>

For Demat Accounts:

The Demat accounts wherein no transaction had taken place for a continuous period of 12 (Twelve) months shall be flagged as Dormant accounts.

Additional due diligence would be observed over and above the normal verification procedure while processing debit transactions in such accounts. The transaction shall also be verified with the Beneficial owner in case of high value debits and the details of the process, date, time, etc., of the verification on the instruction slip shall be recorded under the signature of the depository official.

## Annexure-A

### Investor Charter Stock Brokers

#### VISION

To follow highest standards of ethics and compliances while facilitating the trading by clients in securities 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 compliances 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 funds.
- 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

S.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

#### DOs and DON'Ts for Investors

DOs	DON'Ts
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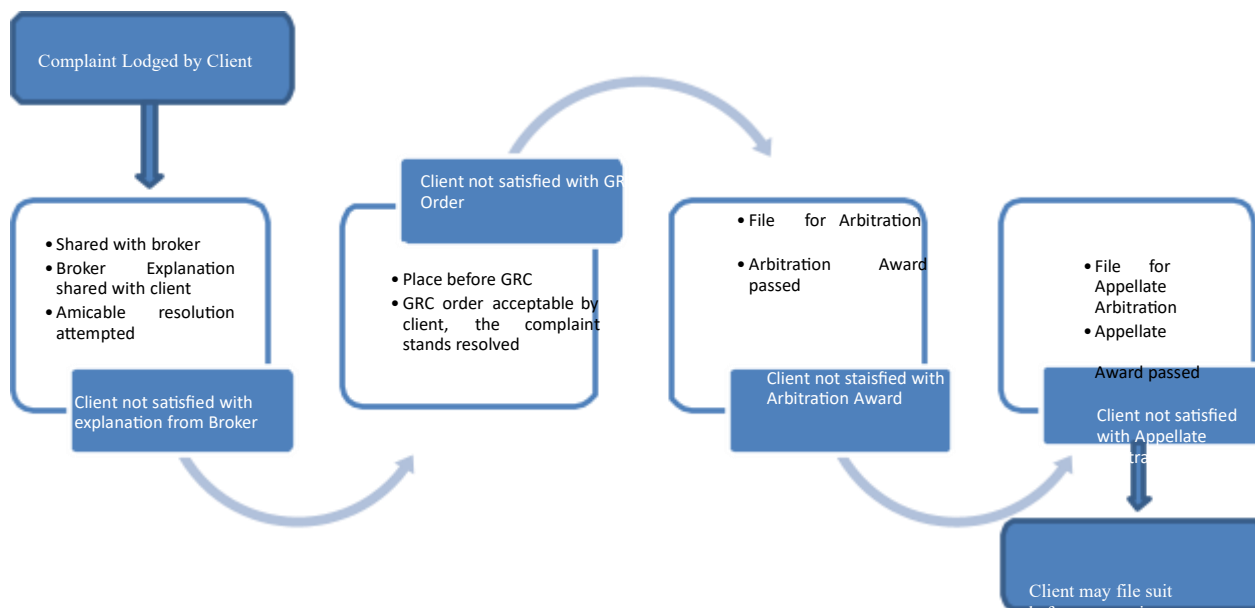
<ol style="list-style-type: none"> <li>1. Read all documents and conditions being agreed before signing the account opening form.</li> <li>2. Receive a copy of KYC, copy of account opening documents and Unique Client Code.</li> <li>3. Read the product / operational framework / timelines related to various Trading and Clearing &amp; Settlement processes.</li> </ol>	<ol style="list-style-type: none"> <li>1. Do not deal with unregistered stock broker.</li> <li>2. Do not forget to strike off blanks in your account opening and KYC.</li> <li>3. Do not submit an incomplete account opening and KYC form.</li> </ol>
<ol style="list-style-type: none"> <li>4. Receive all information about brokerage, fees and other charges levied.</li> <li>5. Register your mobile number and email ID in your trading, demat and bank accounts to get regular alerts on your transactions.</li> <li>6. If executed, receive a copy of Power of Attorney. However, Power of Attorney is not a mandatory requirement as per SEBI / Stock Exchanges. Before granting Power of Attorney, carefully examine the scope and implications of powers being granted.</li> <li>7. Receive contract notes for trades executed, showing transaction price, brokerage, GST and STT etc. as applicable, separately, within 24 hours of execution of trades.</li> <li>8. Receive funds and securities / commodities on time within 24 hours from pay-out.</li> <li>9. Verify details of trades, contract notes and statement of account and approach relevant authority for any discrepancies. Verify trade details on the Exchange websites from the trade verification facility provided by the Exchanges.</li> <li>10. Receive statement of accounts periodically. If opted for running account settlement, account has to be settled by the stock broker as per the option given by the client (30 or 90 days).</li> <li>11. In case of any grievances, approach stock broker or Stock Exchange or SEBI for getting the same resolved within prescribed timelines.</li> </ol>	<ol style="list-style-type: none"> <li>4. Do not forget to inform any change in information linked to trading account and obtain confirmation of updation in the system.</li> <li>5. Do not transfer funds, for the purposes of trading to anyone other than a stock broker. No payment should be made in name of employee of stock broker.</li> <li>6. Do not ignore any emails / SMSs received with regards to trades done, from the Stock Exchange and raise a concern, if discrepancy is observed.</li> <li>7. Do not opt for digital contracts, if not familiar with computers.</li> <li>8. Do not share trading password.</li> <li>9. Do not fall prey to fixed / guaranteed returns schemes.</li> <li>10. Do not fall prey to fraudsters sending emails and SMSs luring to trade in stocks / securities promising huge profits.</li> <li>11. Do not follow herd mentality for investments. Seek expert and professional advice for your investments.</li> </ol>

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:



Timelines for complaint resolution process at Stock Exchanges against stock brokers

S. No.	Type of Activity	Timelines for activity
1.	Receipt of Complaint	Day of complaint (C 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+8 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 upto 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.

### **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 IPF.
- 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://scores.sebi.gov.in/>



## Investor Charter for Depository Participant-

Annexure-A

**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 dematerialised 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>].

**4. Description of services provided by the Depository through Depository Participants (DP) 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 / <u>D</u> estatementization	5 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	<p>For T+1 day settlements, Participants shall accept instructions from the Clients, in physical form up to 4 p.m. (in case of electronic instructions up to 6.00 p.m.) on T day for pay-in of securities.</p> <p>For T+0 day settlements, Participants shall accept EPI instructions from the clients, till 11:00 AM on T day.</p> <p>Note: 'T' refers 'Trade Day'</p>

**(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	<p>Depositories also provide value added services such as</p> <ol style="list-style-type: none"> <li>Basic Services Demat Account (BSDA)<sup>1</sup> (Refer to Annexure B of Investor charter of Depository Participant- CDSL)</li> <li>Transposition cum dematerialization<sup>2</sup> (Refer to Annexure B of Investor charter of Depository Participant- CDSL)</li> <li>Linkages with Clearing System<sup>3</sup> (Refer to Annexure B of Investor charter of Depository Participant- CDSL)</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	<p>Depositories offer below technology solutions and e-facilities to their demat account holders through Dps:</p> <ol style="list-style-type: none"> <li>E-account opening<sup>4</sup> (Refer to Annexure B of Investor charter of Depository Participant- CDSL)</li> <li>Online instructions for execution<sup>5</sup> (Refer to Annexure B of Investor charter of Depository Participant- CDSL)</li> <li>e-DIS / Demat Gateway<sup>6</sup> (Refer to Annexure B of Investor charter of Depository Participant- CDSL)</li> <li>e-CAS facility<sup>7</sup> (Refer to Annexure B of Investor charter of Depository Participant- CDSL)</li> <li>Miscellaneous services<sup>8</sup> (Refer to Annexure B of Investor charter of Depository Participant- CDSL)</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 against the Depository/DP in the following ways:</p> <ol style="list-style-type: none"> <li>Electronic mode - <ol style="list-style-type: none"> <li>SCORES 2.0 (a web based centralized grievance redressal system of SEBI) [<a href="https://scores.sebi.gov.in/">https://scores.sebi.gov.in/</a>]</li> <li><u>Two Level Review for complaint/grievance against DP:</u> <ul style="list-style-type: none"> <li>- First review done by Designated Body</li> <li>- Second review done by SEBI</li> </ul> </li> <li>Respective Depository's web portal dedicated for the filing of complaint [<a href="https://www.cdslindia.com/Footer/grievances.aspx">https://www.cdslindia.com/Footer/grievances.aspx</a>]</li> <li>Emails to designated email IDs of Depository [<a href="mailto:complaints@cdslindia.com">complaints@cdslindia.com</a>]</li> </ol> </li> <li>Offline mode : <p>For tracking of your grievance, we request you to submit the same online through the portal.</p> </li> </ol>
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		The complaints/grievances lodged directly with the Depository shall be resolved within 30 days.
2.	Online Dispute Resolution (ODR) platform for online Conciliation and Arbitration	If the Investor is not satisfied with the resolution provided by DP or other Market Participants, then the Investor has the option to file the complaint/ grievance on SMARTODR platform for its resolution through by online conciliation or arbitration. ( <a href="https://smartodr.in/login">https://smartodr.in/login</a> )
3.	Steps to be followed in ODR for Review, Conciliation and Arbitration	Investor to approach Market Participant for redressal of complaint If investor is not satisfied with response of Market Participant, he/she can escalate the complaint on SEBI SCORES portal. Alternatively, the investor may also file a complaint on SMARTODR portal for its resolution through online conciliation and arbitration. Upon receipt of complaint on SMARTODR portal, the relevant MII will review the matter and endeavour to resolve the matter between the Market Participant and investor within 21 days. If the matter could not be amicably resolved, then the Investor may request the MII to refer the matter case for conciliation. During the conciliation process, the conciliator will endeavor for amicable settlement of the dispute within 21 days, which may be extended with 10 days by the conciliator. If the conciliation is unsuccessful, then the investor may request to refer the matter for arbitration. The arbitration process to be concluded by arbitrator(s) within 30 days, which is extendable by 30 days.

- (2) For the Multi-level complaint resolution mechanism available at the Depositories<sup>9</sup> (Refer to Annexure B of Investor charter of Depository Participant- CDSL)

#### 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 (<https://www.cdslindia.com/Investors/InvestorCharter.html#>)

Sr. No.	Guidance
i.	Always deal with a SEBI registered Depository Participant for opening a demat account.
ii.	Read all the documents carefully before signing them.
iii.	Before granting Power of attorney to operate your demat account to an intermediary like Stock Broker, Portfolio Management Services (PMS) etc., carefully examine the scope and implications of powers being granted.
iv.	Always make payments to registered intermediary using banking channels. No payment should be made in name of

	employee of intermediary.
v.	<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 DIS slips.</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.</p> <p>Do not sign blank DIS as it is equivalent to a bearer cheque.</p>
vi.	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
vii.	Mention your Mobile Number and email ID in account opening form to receive SMS alerts and regular updates directly from depository.
viii.	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.
ix.	Do not share password of your online trading and demat account with anyone.
x.	Do not share One Time Password (OTP) received from banks, brokers, etc. These are meant to be used by you only.
xi.	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.
xii.	Demat is mandatory for any transfer of securities of Listed public limited companies.
xiii.	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.sebi.gov.in">https://scores.sebi.gov.in</a>
xiv.	Keep a record of documents signed, DIS issued and account statements received.
xv.	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.
xvi.	Appoint a nominee to facilitate your heirs in obtaining the securities in your demat account, on completion of the necessary procedures.
xvii.	Register for Depository's internet based facility or download mobile app of the depository to monitor your holdings.
xviii.	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.
xix.	Do not follow herd mentality for investments. Seek expert and professional advice for your investments.
xx.	Beware of assured/fixed returns.

#### 8. **Rights of investors** (<https://www.cdslindia.com/Investors/InvestorCharter.html#>)

- i. Receive a copy of KYC, copy of account opening documents.
- ii. No minimum balance is required to be maintained in a demat account.
- iii. No charges are payable for opening of demat accounts.
- iv. 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.
- v. You can open more than one demat account in the same name with single DP/ multiple DPs.
- vi. 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.
- vii. Pledge and /or any other interest or encumbrance can be created on demat holdings.
- viii. Right to give standing instructions with regard to the crediting of securities in demat account.

- ix. Investor can exercise its right to freeze/defreeze his/her demat account or specific securities / specific quantity of securities in the account, maintained with the DP.
- x. In case of any grievances, Investor has right to approach Participant or Depository or SEBI for getting the same resolved within prescribed timelines.
- xi. 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.
- xii. 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.
- xiii. Right to indemnification for any loss caused due to the negligence of the Depository or the participant.
- xiv. Right to opt out of the Depository system in respect of any security.

**9. Responsibilities of Investors (<https://www.cdslindia.com/Investors/InvestorCharter.html#>)**

- i. Deal with a SEBI registered DP for opening demat account, KYC and Depository activities.
- ii. 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.
- iii. Read all documents and conditions being agreed before signing the account opening form.
- iv. 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.
- v. Always mention the details like ISIN, number of securities accurately.
- vi. Inform any change in information linked to demat account and obtain confirmation of updation in the system.
- vii. Regularly verify balances and demat statement and reconcile with trades / transactions.
- viii. Appoint nominee(s) to facilitate heirs in obtaining the securities in their demat account.
- ix. Do not fall prey to fraudsters sending emails and SMSs luring to trade in stocks / securities promising huge profits.

**10. Code of Conduct for Depositories (Part D of Third Schedule of SEBI (D & P) regulations, 2018)**

A Depository shall:

- a) always abide by the provisions of the Act, Depositories Act, 1996, any Rules or Regulations framed thereunder, circulars, guidelines and any other directions issued by the Board from time to time.
- b) adopt appropriate due diligence measures.
- c) take effective measures to ensure implementation of proper risk management framework and good governance practices.
- d) take appropriate measures towards investor protection and education of investors.
- e) treat all its applicants/members in a fair and transparent manner.
- f) promptly inform the Board of violations of the provisions of the Act, the Depositories Act, 1996, rules, regulations, circulars, guidelines or any other directions by any of its issuer or issuer's agent.
- g) take a proactive and responsible attitude towards safeguarding the interests of investors, integrity of depository's systems and the securities market.
- h) endeavor for introduction of best business practices amongst itself and its members.
- i) act in utmost good faith and shall avoid conflict of interest in the conduct of its functions.
- j) not indulge in unfair competition, which is likely to harm the interests of any other Depository, their participants or investors or is likely to place them in a disadvantageous position while competing for or executing any assignment.
- k) segregate roles and responsibilities of key management personnel within the depository including

- a. Clearly mapping legal and regulatory duties to the concerned position
- b. Defining delegation of powers to each position
- c. Assigning regulatory, risk management and compliance aspects to business and support teams
- l) be responsible for the acts or omissions of its employees in respect of the conduct of its business.
- m) monitor the compliance of the rules and regulations by the participants and shall further ensure that their conduct is in a manner that will safeguard the interest of investors and the securities market.

#### **11. Code of Conduct for Participants (Part A of Third Schedule of SEBI (D & P) regulations, 2018)**

1. A participant shall make all efforts to protect the interests of investors.
2. A participant shall always endeavour to—
  - a) render the best possible advice to the clients having regard to the client’s needs and the environments and his own professional skills;
  - b) ensure that all professional dealings are effected in a prompt, effective and efficient manner;
  - c) inquiries from investors are adequately dealt with;
  - d) grievances of investors are redressed without any delay.
3. A participant shall maintain high standards of integrity in all its dealings with its clients and other intermediaries, in the conduct of its business.
4. A participant shall be prompt and diligent in opening of a beneficial owner account, dispatch of the dematerialisation request form, rematerialisation request form and execution of debit instruction slip and in all the other activities undertaken by him on behalf of the beneficial owners.
5. A participant shall endeavour to resolve all the complaints against it or in respect of the activities carried out by it as quickly as possible, and not later than one month of receipt.
6. A participant shall not increase charges/fees for the services rendered without proper advance notice to the beneficial owners.
7. A participant shall not indulge in any unfair competition, which is likely to harm the interests of other participants or investors or is likely to place such other participants in a disadvantageous position while competing for or executing any assignment.
8. A participant shall not make any exaggerated statement whether oral or written to the clients either about its qualifications or capability to render certain services or about its achievements in regard to services rendered to other clients.
9. A participant shall not divulge to other clients, press or any other person any information about its clients which has come to its knowledge except with the approval/authorisation of the clients or when it is required to disclose the information under the requirements of any Act, Rules or Regulations.
10. A participant shall co-operate with the Board as and when required.
11. A participant shall maintain the required level of knowledge and competency and abide by the provisions of the Act, Rules, Regulations and circulars and directions issued by the Board. The participant shall also comply with the award of the Ombudsman passed under the Securities and Exchange Board of India (Ombudsman) Regulations, 2003.
12. A participant shall not make any untrue statement or suppress any material fact in any documents, reports, papers or information furnished to the Board.
13. A participant shall not neglect or fail or refuse to submit to the Board or other agencies with which it is registered, such books, documents, correspondence, and papers or any part thereof as may be demanded/requested from time to time.
14. A participant shall ensure that the Board is promptly informed about any action, legal proceedings, etc., initiated against it in respect of material breach or non-compliance by it, of any law, Rules, regulations, directions of the Board or of any other regulatory body.
15. A participant shall maintain proper inward system for all types of mail received in all forms.
16. A participant shall follow the maker—Checker concept in all of its activities to ensure the accuracy of the data and as a

mechanism to check unauthorised transaction.

17. A participant shall take adequate and necessary steps to ensure that continuity in data and record keeping is maintained and that the data or records are not lost or destroyed. It shall also ensure that for electronic records and data, up-to-date back up is always available with it.
18. A participant shall provide adequate freedom and powers to its compliance officer for the effective discharge of his duties.
19. A participant shall ensure that it has satisfactory internal control procedures in place as well as adequate financial and operational capabilities which can be reasonably expected to take care of any losses arising due to theft, fraud and other dishonest acts, professional misconduct or omissions.
20. A participant shall be responsible for the acts or omissions of its employees and agents in respect of the conduct of its business.
21. A participant shall ensure that the senior management, particularly decision makers have access to all relevant information about the business on a timely basis.
22. A participant shall ensure that good corporate policies and corporate governance are in place.

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#### **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 web-links 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**

##### Point 1: Value Added Services

- a. Basic Services Demat Account (BSDA)<sup>1</sup>: 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 upto 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 upto 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<sup>2</sup>: 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<sup>3</sup>: 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. Basic E-account opening<sup>4</sup>: Account opening through digital mode, popularly known as “On-line 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<sup>5</sup>: 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 allows 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<sup>6</sup>: 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<sup>7</sup>: 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.
- Miscellaneous services<sup>8</sup>: Transaction alerts through SMS, e-locker facilities, chatbots for instantaneously responding to investor queries etc. have also been developed.