

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 the Exchange(s) cancels trade(s) *suo moto* all such trades including the trade/s done on behalf of the client shall ipso facto stand cancelled, stock broker shall be entitled to cancel the respective contract(s) with client(s).
17. The transactions executed on the Exchange are subject to Rules, Byelaws and Regulations and circulars/notices issued thereunder of the Exchanges where the trade is executed and all parties to such trade shall have submitted to the jurisdiction of such court as may be specified by the Byelaws and Regulations of the Exchanges where the trade is executed for the purpose of giving effect to the provisions of the Rules, Byelaws and Regulations of the Exchanges and the circulars/notices issued thereunder.

BROKERAGE

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

LIQUIDATION AND CLOSE OUT OF POSITION

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

DISPUTE RESOLUTION

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

TERMINATION OF RELATIONSHIP

27. This relationship between the stock broker and the client shall be terminated; if the stock broker for any reason ceases to be a member of the stock exchange including cessation of membership by

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

ADDITIONAL RIGHTS AND OBLIGATIONS

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

ELECTRONIC CONTRACT NOTES (ECN)

37. In case, client opts to receive the contract note in electronic form, he shall provide an appropriate e-mail id to the stock broker. The client shall communicate to the stock broker any change in the email-id through a physical letter. If the client has opted for internet trading, the request for change of email id may be made through the secured access by way of client specific user id and password.
38. The stock broker shall ensure that all ECNs sent through the e-mail shall be digitally signed, encrypted, non-tamperable and in compliance with the provisions of the IT Act, 2000. In case, ECN

is sent through e-mail as an attachment, the attached file shall also be secured with the digital signature, encrypted and non-tamperable.

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

LAW AND JURISDICTION

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

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

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

1. Stock broker is eligible for providing Internet based trading (IBT) and securities trading through the use of wireless technology that shall include the use of devices such as mobile phone, laptop with data card, etc. which use Internet Protocol (IP). The stock broker shall comply with all requirements applicable to internet based trading/securities trading using wireless technology as may be specified by SEBI & the Exchanges from time to time.

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

COMPANY POLICY AND PROCEDURE FOR AVAILING SECURITIES TRADING SERVICES

The client is desirous to open a trading account with Bajaj Financial Securities Limited ("**BFSL**") and has / have read and understood the Rights and Obligations, Risk Disclosure Document and Guidance Note as provided in this form. As required by the SEBI, the following are the policies and procedures, with respect to certain aspects / areas, for availing securities trading services through BFSL. The following policies and procedures are without prejudice to other terms and conditions, as specified and / or may be specified from time to time, by BFSL and agreed by the constituent in the voluntary documents.

- A) Refusal of Orders for Penny Stock:** BFSL may from time to time, limit / refuse orders in one or more securities which are not in the permitted list of securities of BFSL/ Stock Exchanges / SEBI or in the list of illiquid securities of the Stock Exchanges (hereinafter referred to as the "**Penny Stocks**"). BFSL may require the client for compulsory settlement / payment in advance of the estimated settlement value / securities prior to acceptance of orders for trading in such Penny Stocks. Further, the Stock broker shall not be liable to any loss, damage, expense which may occur to the client due to refusal to trade by BFSL in such Penny Stocks. Further, the Stock broker may require reconfirmation / explanation from the clients for orders of the securities which are larger than that specified by the risk management policy of BFSL. The execution of such orders shall be at the discretion of BFSL.
- B) Setting up of Clients Exposure Limit:** The Client agrees and confirms to abide by the exposure limits, if any, set by BFSL or by the Stock Exchange or Clearing Corporation or SEBI from time to time. BFSL may from time to time, at its sole discretion, impose and vary limits on the orders that the client can place through the BFSL's website (including but not limited to exposure limits, turnover limits, limits as to the number, value and/or kind of securities/ contracts in respect of which buy or sell orders can be placed etc). The Client is aware and agrees that BFSL may need to vary or reduce the limits or impose new limits urgently on the basis of BFSL's risk perception and other factors considered relevant by BFSL and BFSL may be unable to inform to the client of such variation, reduction, imposition in advance. The Client agrees that BFSL shall not be responsible for such variation, reduction and imposition of limits. The client understands and agrees that BFSL may, as a risk containment measure, at any time at its sole discretion and without prior notice prohibit or restrict the client's ability to place orders or trade in all of some of the securities/ contracts through BFSL. The Client further understands that BFSL may include such a feature in any of the products offered through the website for trading.
- C) Brokerage and other charges:**
- (i) The Client confirms and agrees that the brokerage shall be paid in the manner intimated by BFSL to the Client from time to time, including as a percentage of the value of the trade or as a flat fee or otherwise, together with the goods and services tax (GST) as may be applicable from time to time on the same. The Client further agrees to pay any applicable taxes including the securities transaction tax, duties and levies as may be levied on the transaction from time to time.
 - (ii) BFSL shall debit the charges of the depository participant for the trades and the bank charges for the realization of cheques etc. to the Client's account.
 - (iii) User Fees/ Other Charges: The Client agrees that BFSL or any of its affiliates may charge user fees for the use of any other services including but not restricted to Internet Trading ancillary services, use of the website platform and the call and trade services at rates mentioned on the website or otherwise intimated and as modified from time to time including but not limited to the following:

The Client agrees and confirms that BFSL shall have right to debit the following charges to the account of the Client:

- a. Trading account opening charges;
- b. Bank charges for clearance of cheque;
- c. Charges for availing research reports, whensoever provided;
- d. Charges of availing special facility for mobile broking, SMS facility;
- e. Inter-settlement charges;

- f. Auction charges;
- g. Penalties levied by the exchange for client limit violations or for any reason attributable to any error, omission or commission or any act, deed or thing omitted or committed by the client;
- h. Charges for dishonor of cheque(s) given by the client;
- i. Late payment charges, if any;
- j. Any other charges for the special services /facilities availed by the client.

D) Imposition of Penalty/Delayed Payment Charges: The Client confirms and agrees that any amounts which are overdue from the Client or a member of the Client's family towards trading either in the cash or derivative segments or on account of any other reason to BFSL or to any of the BFSL's group or associate companies, will be charged delayed payment charges at the rate of 2% per month or such other rate as maybe determined by BFSL. The Client hereby authorises BFSL to directly debit the same to the account of the Client at such periods as may deem fit by BFSL. The Client also authorises BFSL to debit charges for depository services availed from BFSL to the trading account. The Client also agrees that any amount overdue from him/it (including the interest on delayed payment) shall be adjusted by BFSL from dues owed to the Client by any group or associate company of BFSL. Conversely, any money owed by any group or associate company of BFSL to the Client shall be offset against the dues owed by BFSL to the Client. The Client consents to sharing information relating to his trading account with the Banks / Financial Institutions from which BFSL has borrowed funds to meet the pay-in obligations of the Client or Client's family, in case of delayed payment.

E) The right to sell Client's securities or close clients positions, without giving notice to the Client, on account of non-payment of Client's dues:

The Client shall ensure timely availability of funds / securities in designated form and manner on or before designated time and in designated bank and demat accounts at designated place for meeting his / her pay-in / margin obligations. BFSL shall not be responsible for any claim / loss / damage arising out of non-availability / shortage of funds / securities by the Client in designated accounts of BFSL for meeting the pay-in / margin obligation of either funds or securities. BFSL has the right but not the obligation, to cancel all pending orders and to sell / close out / liquidate all open positions / securities at the predefined square off time. In the event of such square off, the Client agrees to bear all the losses based on actual executed prices. In case open position gets converted into delivery due to non-square off, the Client agrees to provide securities / funds to fulfill pay-in / margin obligation failing which the Client will have to bear the cost / damage / loss or any other expense as result of auction or internal close outs; in addition to that the Client will have to pay penalties and charges, if any, levied by the Stock Exchange(s). BFSL is entitled to prescribe the date and time by which the margin / securities is to be made available and BFSL may refuse to accept any payments in any form after such deadline. Notwithstanding anything to the contrary in this document, if the Client fails to maintain or provide the required margin / fund / securities or to meet the funds / margin / securities pay-in obligation for any orders / trades on any Stock Exchange, BFSL shall have the right without any further notice or communication to the client to:

- a. Withhold any pay-out of funds / securities to the extent of default made by the Client;
- b. Withhold / disable the trading account of the Client; and
- c. Liquidate one or more positions / securities of the Client to the extent of default made by the Client.

F) Shortage in obligations arising out of internal netting of trades: BFSL has the following policy for settling transaction, which remains unsettled due to Internal Shortages. Internal Shortages means one client has failed to give the delivery of the securities sold, which has resulted into short delivery to other client(s) of BFSL. The transactions, which remain unsettled due to the Internal Shortage of securities shall be closed out on the day on which auction takes place, as per formula given below:

For securities, which are part of NIFTY or Sensex indices or traded in NSE Derivatives segment	The transaction will be closed out at [•]% above the closing rate of the security on the auction day.
For all other securities	The transaction will be closed out at [•]% above the closing rate of the security on the auction day.

Accordingly, if a Client fails to give the delivery of the securities sold, which if resulted into Internal Shortage, such client will be debited for the transaction at the rates prescribed above. Similarly, if BFSL is unable to give the delivery of the securities bought by any client due to the Internal Shortage, such client will receive the credit for the transaction at the rates prescribed above. BFSL may, at its sole discretion, choose to report Internal Shortage to the Exchange, if they provide any such window.

- G) Conditions under which a Client may not be allowed to take further position:** The same holds good when (i) ledger reflects continuous debit balance; (ii) inadequacy of margin; (iii) any other outstanding dues; and (iv) further position in the given scrip is prohibited by the Exchange.
- H) Temporarily suspending of Client's account:** The client may request the Stock broker to temporarily suspend his account, and BFSL may do so subject to the Client accepting / adhering to conditions imposed by BFSL, including but not limited to settlement of account and / or other obligation.
- I) Closure of client's account:** On receipt of specific written request from the client and settlement of all outstanding dues, a client's trading account can be closed. In case of retrieval of the same a written request along with all necessary updated documents are required.
- J) De-registration of the Client:** Without prejudice to BFSL's rights, BFSL may forthwith, at its sole and absolute discretion, de-register the client with/without prior notice/intimation in the following circumstances:
- (i) Where the client indulges in any irregular trading activities like synchronized trading, price manipulation, trading in illiquid securities/options/contracts, self trades, trading in securities at prices significantly away from market prices, etc.;
 - (ii) Any enquiry/investigation is initiated by the Exchanges/regulators against the client;
 - (iii) Any regulatory action taken/initiated against the client by the Exchanges/regulators including but not limited to debarring the client from accessing the capital market;
 - (iv) Where name of the client apparently resembles with the name appearing in the list of debarred entities published by SEBI/Exchanges (where no information other than name is available);
 - (v) Name of the client appears in database/websites of CIBIL, etc.;
 - (vi) The client having suspicious background or link with suspicious organization;
 - (vii) Where the client is non-traceable, has pending disputes with BFSL, possibility of a default by the client;
 - (viii) any other circumstances leading to a breach of confidence in the client for reasons like return of undelivered couriers citing reason of "No such person / Addressee left /Refusal to accept mails, etc.", continues cheque bouncing, or not furnishing the financial and other details as may be called for by BFSL from time to time, etc.;
 - (ix) Upon receipt of written information about the death of the client;
 - (x) Such other circumstances which in the sole opinion of BFSL warrants to de-register the client.

In all such case, BFSL shall have the right to close out the existing open positions/contracts, sell/liquidate the margin (in any form) to recover its dues, if any, before de-registering the client. Any action taken by BFSL in terms of this policy shall not be challenged by the client, and BFSL shall not be liable to the client for any loss or damage (actual/notional), which may be caused to the client as a result. Also while de-registering the client, BFSL may retain certain

amount/securities due/belonging to the client for meeting any future losses, liability, penalties, etc. arising out of dealing of the client with BFSL. In case if any securities retained by BFSL is sold/liquidated to recover any such losses, liability, penalties, etc., BFSL shall have the sole authority to decide the mode, manner and the price at which to effect the sale of securities and the client cannot raise any dispute as to the manner, mode and the price at which the securities are sold by BFSL.

In any of the above circumstances, if the client is able to justify his/her/its innocence either by producing any record, document or otherwise to the full satisfaction of BFSL, BFSL may reconsider its decision to de-register the client. However, in no circumstances any action taken by BFSL till the date of re-registration shall be challenged by the client and BFSL shall not be liable to the client for any loss or damage (actual/notional), which may be caused to the client as a result.

K) Termination of these terms & conditions: The Client may terminate this confirmation/document at any time by giving a written notice to BFSL. However, all the obligations of the Client prior to the termination of these terms and conditions shall continue to subsist.

L) Inactive and Dormant Client Account:

- I. Inactive client means those clients who is inactive in last 12 months immediately preceding the end of previous month;
- II. A list of inactive clients would be prepared by the back office software and will be submitted to the concerned department after approval of the management;
- III. A list of those inactive clients would be forwarded to the dealer who operate the BOLT and NEAT terminal;
- IV. The concerned department would mark such client as inactive or dormant in various front office or back office software;
- V. Dormant client has to update the KYC details at the time of fresh orders;
- VI. For Dormant clients actual settlement of funds and securities would be done as prescribed in the regulation and as per the consent of the client.

Client's Acceptance of Policies and Procedures stated hereinabove:

I/We have read and fully understood the policies and procedures stated hereinabove. I/We hereby agree to abide by the same. Further, I/We have taken note of the fact that these policies and procedures may be amended/changed/revised by BFSL at any time in future and such amended/changed/revised policy and procedures may be made available in my/our web login provided by BFSL on its website. Upon such amended/changed/revised policy and procedures made available in my/our web login provided by BFSL on its website or sent to me/us through e-mail or in physical form through post/courier/hand delivery the same shall be considered as delivered to me/us and I/We shall abide by the same.

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.

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

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

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

It must be clearly understood by you that your dealings on the 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 filing the know your client form, rights and obligations, do's and don'ts, etc. and are subject to Rules, Byelaws and Business Rules of the Stock Exchanges, its Clearing Corporation, guidelines prescribed by SEBI from time to time and Circulars as may be issued by the Stock Exchanges or its Clearing Corporation and in force from time to time.

The 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 the Stock Exchanges and/ or third party based on any information contained in this document. Any information contained in this document must not be construed as business advice/investment advice. No consideration to trade should be made without thoroughly understanding and reviewing the risks involved in such trading. If you are unsure, you must seek professional advice on the same.

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

1. Basic Risks:

- Risk of Higher Volatility:** Volatility refers to the dynamic changes in price that a security / derivative 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 actively traded 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 real losses.

2. **Risk of Lower Liquidity:**
 - a. 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 number of orders available in a market, greater is the liquidity. Liquidity is important because with greater liquidity, it is easier for investors to buy and/or sell 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.
 - b. Buying/ 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 position or obligation to deliver/ receive a security / derivatives contract.
3. **Risk of Wider Spreads:**
 - a. Spread refers to the difference in best buy price and best sell price. It represents the differential between the price of buying a 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.
4. **Risk-reducing orders:**
 - a. Most of the Stock Exchanges have a facility for investors to place "limit orders", "stop loss orders" etc. Placing of such orders (e.g. "stop loss" orders or "limit" orders) which are intended to limit losses to certain amounts may not be effective many a time because rapid movement in market conditions may make it impossible to execute such orders.
 - b. A "market" order will be executed promptly, subject to availability of orders on opposite side, without regard to price and that while the customer may receive a prompt execution of a "market" order, the execution may be at available prices of outstanding orders, which satisfy the order quantity, on price time priority. It may be understood that these prices may be significantly different from the last traded price or the best price in that security/derivatives contract.
 - c. A "limit" order will be executed only at the "limit" price specified for the order or a better price. However, while the client received price protection, there is a possibility that the order may not be executed at all.
 - d. A stop loss order is generally placed "away" from the current price of a stock/derivatives contract, and such order gets activated if and when the contract reaches, or trades through, the stop price. Sell stop orders are entered ordinarily below the current price, and buy stop orders are entered ordinarily above the current price. When the securities/derivatives contract reaches the predetermined 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/derivative contract might penetrate the predetermined price, in which case, the risk of such order not getting executed arises, just as with a regular limit order.
5. **Risk of News Announcements:**
 - a. Traders/Manufacturers make news announcements that may impact the price of the stock and/or derivatives contracts. These announcements may occur during trading and when combined with lower liquidity and higher volatility may suddenly cause an unexpected positive or negative movement in the price of the security/ derivatives contract.
6. **Risk of rumors:**
 - a. Rumors about the price of a stock/security at times float in the market through word of mouth, newspaper, websites or news agencies, etc. The investors should be wary of and should desist from acting on rumors.

7. **System risk:**
- a. High volume trading will frequently occur at the market opening and before market close. Such high volumes may also occur at any point in the day. These may cause delays in order execution or confirmation.
 - b. During periods of volatility, on account of market participants continuously modifying their order quantity or prices or placing fresh orders, there may be delays in execution of order and its confirmation.
 - c. Under certain market conditions, it may be difficult or impossible to liquidate a position in the market at a reasonable price or at all, when there are no outstanding orders either on the buy side or the sell side, or if trading is halted in a commodity due to any action on account of unusual trading activity or security/derivatives contract hitting circuit filters or for any other reason.

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

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

(i) **Effect of "Leverage" or "Gearing":**

- a. 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 principal investment amount. But transactions in commodity derivatives carry a high degree of risk. You should therefore completely understand the following statements before actually trading in commodity derivatives contracts and also trade with caution while taking into account one's circumstances, financial resources, etc.
- b. Trading in Futures Derivatives involves daily settlement of all positions. Every day the open positions are marked to market based on the closing price. If the closing price has moved against you, you will be required to deposit the amount of loss (notional) resulting from such movement. This margin will have to be paid within a stipulated time frame, generally before commencement of trading on the next day.
- c. If you fail to deposit the additional margin by the deadline or if an outstanding debt occurs in your account, the stock broker may liquidate a part of or the whole position or substitute securities. In this case, you will be liable for any losses incurred due to such close-outs.
- d. Under certain market conditions, an investor may find it difficult or impossible to execute the transactions. For example, this situation can occur due to factors such as illiquidity i.e. when there are insufficient bids or offers or suspension of trading due to price limit or circuit breakers etc.
- e. Steps, such as, changes in the margin rate, increase in the cash margin rate etc. may be adopted in order to maintain market stability. These new measures may be applied to the existing open interests. In such conditions, you will be required to put up additional margins or reduce your positions.
- f. You must ask your broker to provide the full details of the commodity derivatives contracts you plan to trade i.e. the contract specifications and the associated obligations.

(ii) **Currency specific risks:**

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

(iii) **Risk of Option holders:**

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

(iv) **Risks of Option Writers:**

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

3. Trading through wireless technology or any other technology:

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

4. General:

- (i) 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 Stock Exchanges.
- (ii) The term 'stock broker' shall mean and include a stock broker, a broker or a stock broker, who has been admitted as such by the Exchanges and who holds a registration certificate from SEBI.

GUIDANCE NOTE - DO'S AND DON'TS FOR TRADING ON THE EXCHANGE(S) FOR INVESTORS

BEFORE YOU BEGIN TO TRADE

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

TRANSACTIONS AND SETTLEMENTS

8. The stock broker may issue electronic contract notes (ECN) if specifically authorized by you in writing. You should provide your email id to the stock broker for the same. Don't opt for ECN if you are not familiar with computers.
9. If at all you have opted for online mode of transactions, on the website, please do not share your internet trading account's password with anyone.
10. Do not make any payment in cash to the stock broker or his authorized officials, attorneys, agents and such other intermediary appointed by the Stock Broker or representing to be so appointed by Stock Broker.
11. Make the payments by account payee cheque in favour of the stock broker. Don't issue cheques in the name of sub broker or other intermediary representing to be so appointed by Stock Broker.. Ensure that you have a documentary proof of your payment/deposit of securities with the stock broker, stating date, scrip, quantity, towards which bank/ demat account such money or securities deposited and from which bank/ demat account.
12. Note that facility of Trade Verification is available on stock exchanges' websites, where details of trade as mentioned in the contract note may be verified. Where trade details on the website do not tally with the details mentioned in the contract note, immediately get in touch with the Investors Grievance Cell of the relevant Stock exchange.
13. In case you have given specific authorization for maintaining running account, payout of funds or delivery of securities (as the case may be), may not be made to you within one working day from the receipt of payout from the Exchange. Thus, the stock broker shall maintain running account for you subject to the following conditions:
 - a) Such authorization from you shall be dated, signed by you only and contains the clause that you may revoke the same at any time.
 - b) The actual settlement of funds and securities shall be done by the stock broker, at least once in a calendar quarter or month, depending on your preference. While settling the account, the stock broker shall send to you a 'statement of accounts' containing an extract from the client ledger for funds and an extract from the register of securities displaying all the receipts/deliveries of funds and securities. The statement shall also explain the retention of funds and securities and the details of the pledged shares, if any.
 - c) On the date of settlement, the stock broker may retain the requisite securities/funds towards outstanding obligations and may also retain the funds expected to be required to meet derivatives margin obligations for next 5 trading days, calculated in the manner specified by the exchanges. In respect of cash market transactions, the stock broker may retain entire pay-in obligation of funds and securities due from clients as on date of settlement and for next day's business, he may retain funds/securities/margin to the extent of value of transactions executed on the day of such settlement in the cash market.

- d) You need to bring any dispute arising from the statement of account or settlement so made to the notice of the stock broker in writing preferably within 7 (seven) working days from the date of receipt of funds/securities or statement, as the case may be. In case of dispute, refer the matter in writing to the Investors Grievance Cell of the relevant Stock exchanges without delay.
14. In case you have not opted for maintaining running account and pay-out of funds/securities is not received on the next working day of the receipt of payout from the exchanges, please refer the matter to the stock broker. In case there is dispute, ensure that you lodge a complaint in writing immediately with the Investors Grievance Cell of the relevant Stock exchange.
15. Please register your mobile number and email id with the stock broker, to receive trade confirmation alerts/ details of the transactions through SMS or email, by the end of the trading day, from the stock exchanges.

IN CASE OF TERMINATION OF TRADING MEMBERSHIP

16. In case, a stock broker surrenders his membership, is expelled from membership or declared a defaulter; Stock exchanges 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.
17. Familiarize yourself with the protection accorded to the money and/or securities you may deposit with your stock broker, particularly in the event of a default or the stock broker's insolvency or bankruptcy and the extent to which you may recover such money and/or securities may be governed by the Bye-laws and Regulations of the relevant Stock exchange where the trade was executed and the scheme of the Investors' Protection Fund in force from time to time

DISPUTES / COMPLAINTS

18. Please note that the details of the arbitration proceedings, penal action against the brokers and investor complaints against the stock brokers are displayed on the website of the relevant Stock exchange.
19. In case your issue/problem/grievance is not being sorted out by concerned stock broker/sub-broker then you may take up the matter with the concerned Stock exchange. If you are not satisfied with the resolution of your complaint then you can escalate the matter to SEBI.
20. Note that all the stock broker/sub-brokers has/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.