

### Take note on Important Changes

With effect from **08-05-2025** All clients trading on any interface (Mobile, Laptop based or At broker's end or at HO) are required to Put their buy and sell order/stop loss carefully by accepting new revised RMS Policy.

Policy applicable W.e.f **08-05-2025** across all Segments & Exchange.

#### **For Capital Market Segments on BSE & NSE**

Punch all your Intraday buy & sell orders by choosing Product Type as **MARGIN** on all trading interface or application offered by PWAPL & select Product Type as **DELIVERY** for all delivery based trades.

Kindly note at **15:20:00** all trades carried out using Product Type **MARGIN** will get auto squared off by the system irrespective of any profit or loss. Trades carried out using Product Type **DELIVERY** will have no impact of auto square off. PWAPL reserve right to change or alter Auto Squared Off Mechanism Time & M2M % limit, at its own discretion by flashing pop up notification on mobile trading app or website interface.

At any point of time **M2M (Mark to Market losses) loss value of client cross 80%** of the total credit balance (Including Pledged Securities Benefit after haircut value), PWAPL reserve rights to auto square off position without any further intimation. In such case all pending orders will be auto cancelled by the system & position will be squared off at market rate. Clients are requested to take note of the same as well. All pending orders entered using Product Type **MARGIN** will get cancelled by the system automatically at the time of auto square off (For both Time Based Or M2M Based auto squared off). All pending orders entered using Product Type **DELIVERY** will remain as it is as it won't have any impact of auto square off mechanism.

Once Position gets auto squared off by the system, Client won't be able to punch any further new orders using **MARGIN** option after M2M or Timer based auto squared off. Client will be able to punch fresh order using **DELIVERY** option based on their available credit balance.

If any client/trader wants to carry forward his/her position for the next day then he/she needs to convert all such trades into **DELIVERY** mode from **MARGIN** mode. Client will be able to convert trades into **DELIVERY** mode based on actual effective ledger balance available with PWAPL at the time of Market Starts (09:00:00 Hours) on T day.

Auto Square off charges will be levied at Rs. 50/Order/Exchange/Segment in case of client is not squaring off his/her position and system do on its own. This is flat charges applicable for the auto square off trades and have no upper case limitation towards charges. Call & Trade charges to be levied at current prevailing rate in a continued manner and have no change on it.

For your easy understanding below is the Explanation on Product Type **MARGIN & DELIVERY**.

Example	Qty	Closing Price	Trade Value	VAR Margin %	Margin Blocked for product MARGIN	Margin Blocked For product DELIVERY
Reliance	100	2,000	2,00,000	20 %	40,000	2,00,000
Tata Steel	500	1,200	6,00,000	22 %	1,32,000	6,00,000
Wipro	3000	500	15,00,000	35 %	5,25,000	15,00,000

*\* data value shown on table are approximate and for illustration purpose only.*

### For Derivative Segments (Future & Options) on BSE & NSE

Punch all your Intraday buy & sell orders by choosing Product Type as **INTRADAY** on all trading interface or application offered by PWAPL & select Product Type as **CARRY FORWARD** for all such positions you wish to carry for the next trading sessions.

Kindly note at **15:20:00** all trades of Future & Option segment carried out using Product Type **INTRADAY** will get auto squared off by the system irrespective of any profit or loss. Trades carried out using Product Type **CARRY FORWARD** will have no impact of auto square off.

All pending orders entered using Product Type **INTRADAY** will get cancelled by the system automatically at the time of auto square off. All pending orders entered using Product Type **CARRY FORWARD** will remain as it is as it won't have any impact of auto square off mechanism.

At any point of time **M2M(Mark to Market losses) loss value of client cross 80%** of the total credit balance (Including Pledged Securities Benefit after haircut value), PWAPL reserve rights to auto square off position without any further intimation. In such case all pending orders will be auto cancelled by the system & position will be squared off at any market rate. Clients are requested to take note of the same as well.

If any client/trader wants to carry forward his/her position for the next day then he/she needs to convert all such trades into **CARRY FORWARD** mode from **INTRADAY** mode. Client will be able to convert trades into **CARRY FORWARD** mode based on actual effective ledger balance available with PWAPL at the time of Market Start (09:00:00 Hours) on T day.

**OPT OUT OF AUTO SQUARED OFF PRODUCT**

To,  
Patel Wealth Advisors Pvt. Ltd.  
"Oxygen", Gaurav Park,  
Opp. Vasant Kunj,  
Off Kalawad Road,  
Pushkar Dham Main Road,  
Rajkot - 360005.  
Gujarat - India.

Sub : **Opt out request from Auto Squared Off Product Mechanism**

Myself, \_\_\_\_\_ having Trading client code as \_\_\_\_\_ with Patel Wealth Advisors Pvt. Ltd. & Here by I request you to opt my above mentioned trading code from the Auto Squared Off product. I will manage and maintain my trades during market time at my level and I will be solely responsible for all intraday and carry forward trades.

Thanks & Regards,

**Client Name :** \_\_\_\_\_

**Trading Client Code :** \_\_\_\_\_

**Date :** \_\_\_\_\_

**Place :** \_\_\_\_\_

**For office use only**

	Date	Verified by	Processed by
Form received on			
Form processed on			

## **Annexure – 4 : RIGHTS AND OBLIGATIONS OF MEMBERS, AUTHORISED PERSONS AND CLIENTS**

as prescribed by SEBI , Stock Exchanges, and Commodity Exchanges

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

\*Commodity derivative contract
7. The authorised person shall provide necessary assistance and co-operate with the member in all its dealings with the client(s).
- CLIENT INFORMATION**
  8. The client shall furnish all such details in full as are required by the member in "Account Opening Form" with supporting details, made mandatory by stock exchanges/SEBI from time to time.
  9. The client shall familiarize himself with all the mandatory provisions in the Account Opening documents. Any additional clauses or documents specified by the member shall be non-mandatory, as per terms & conditions accepted by the client.
  10. The client shall immediately notify the member in writing if there is any change in the information in the 'account opening form' as provided at the time of account opening and thereafter; including the information on winding up petition/insolvency petition or any litigation which may have material bearing on his capacity. The client shall provide/update the financial information to the member on a periodic basis.
- 11. A**  
Protection from unfair terms in financial contracts\*\*
  - a. An unfair term of a non-negotiated contract will be void.
  - b. A term is unfair if it –
    - i. causes a significant imbalance in the rights and obligations of the parties under the financial contract, to the detriment of the Client; and
    - ii. is not reasonably necessary to protect the legitimate interests of the Member.
  - c. The factors to be taken into account while determining whether a term is unfair, include –
    - i. the nature of the financial product or financial service dealt with under the financial contract;
    - ii. the extent of transparency of the term;
    - iii. the extent to which the term allows a Client to compare it with other financial contracts for similar financial products or financial services; and
    - iv. the financial contract as a whole and the terms of any other contract on which it is dependent.

\*\*contracts offered by commodity exchanges
  - d. A term is transparent if it –
    - i. is expressed in reasonably plain language that is likely to be understood by the Client;
    - ii. is legible and presented clearly; and
    - iii. is readily available to the Client affected by the term.
  - e. If a term of a financial contract is determined to be unfair under point 11.A.c, the parties will continue to be bound by the remaining terms of the financial contract to the extent that the financial contract is capable of enforcement without the unfair term.
- 11.B**
  - a. "Non-negotiated contract" means a contract whose terms, other than the terms contained in point 11.C. (given below) are not negotiated between the parties to the financial contract and includes –
    - i. a financial contract in which, relative to the Client, the Member has a substantially greater bargaining power in determining terms of the financial contract; and
    - ii. a standard form contract.
  - b. "Standard form contract" means a financial contract that is substantially not negotiable for the Client, except for the terms contained in point 11.C.
  - c. Even if some terms of a financial contract are negotiated in form, the financial contract may be regarded as a non-negotiated contract if so indicated by –
    - i. an overall and substantial assessment of the financial contract; and
    - ii. the substantial circumstances surrounding the financial contract
  - d. In a claim that a financial contract is a non-negotiated contract, the onus of demonstrating otherwise will be on the Member.
- 11. C.**
  - a. The above does not apply to a term of a financial contract if it –
    - i. defines the subject matter of the financial contract;
    - ii. sets the price that is paid, or payable, for the provision of the financial product or financial service under the financial contract and has been clearly disclosed to the Client; or
    - iii. is required, or expressly permitted, under any law or regulations.
  - b. The exemption under point 11.C does not apply to a term that deals with the payment of an amount which is contingent on the occurrence or non-occurrence of any particular event.
  - c. The member and authorised person shall maintain all the details of the client as mentioned in the account opening form or any other information pertaining to the client, confidentially and that they shall not disclose the same to any person/authority except as required under any law/regulatory requirements. Provided however that the member may so disclose information about his client to any person or authority with the express permission of the client.
- 12.A**  
Protection of personal information and confidentiality
  - a. "Personal information" means any information that relates to a Client or allows a Client's identity to be inferred, directly or indirectly, and includes –
    - i. name and contact information;
    - ii. Biometric information, in case of individuals
    - iii. Information relating to transactions in, or holdings of, financial products
    - iv. Information relating to the use of financial services; or
    - v. such other information as may be specified.
- 12. B**
  - a. A Member must –
    - i. not collect personal information relating to a Client in excess of what is required for the provision of a financial product or financial service;
    - ii. maintain the confidentiality of personal information relating to Clients and not disclose it to a third party, except in a manner expressly permitted under point 13.B.b.;
    - iii. make best efforts to ensure that any personal information relating to a Client that it holds is accurate, up to date and complete;
    - iv. ensure that Clients can obtain reasonable access to their personal information, subject to any exceptions that the Regulator may specify; and
    - v. allow Clients an effective opportunity to seek modifications to their personal information to ensure that the personal information held by the Member is accurate, up to date and complete.
  - c. A Member may disclose personal information relating to a Client to a third



party only if –

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

#### **14. A.**

Requirement of fair disclosure both initially and on continuing basis

- a. Member must ensure fair disclosure of information that is likely to be required by a Client to make an informed transactional decision.
- b. In order to constitute fair disclosure, the information must be provided –
  - i. sufficiently before the Client enters into a financial contract, so as to allow the Client reasonable time to understand the information;
  - ii. in writing and in a manner that is likely to be understood by a Client belonging to a particular category; and
  - iii. in a manner that enables the Client to make reasonable comparison of the financial product or financial service with other similar financial products or financial services.
- c. The types of information that must be disclosed to a Client in relation to a financial product or financial service, which may include information regarding –
  - i. main characteristics of the financial product or financial service, including its features, benefits and risks to the Client;
  - ii. consideration to be paid for the financial product or financial service or the manner in which the consideration is calculated;
  - iii. existence, exclusion or effect of any term in the financial product or financial contract;
  - iv. nature, attributes and rights of the Member, including its identity, regulatory status and affiliations;
  - v. contact details of the Member and the methods of communication to be used between the Member and the Client;
  - vi. rights of the Client to rescind a financial contract within a specified period; or
  - vii. rights of the Client under any law or regulations.

#### **14. B.**

- a. Member must provide a Client that is availing a financial product or financial service provided by it, with the following continuing disclosures –
  - i. any material change to the information that was required to be disclosed under point 14.A at the time when the Client initially availed the financial product or financial service;
  - ii. information relating to the status or performance of a financial product held by the Client, as may be required to assess the rights or interests in the financial product or financial service; and
  - iii. any other information that may be specified.
- b. A continuing disclosure must be made –
  - i. within a reasonable time-period from the occurrence of any material change or at reasonable periodic intervals, as applicable; and
  - ii. in writing and in a manner that is likely to be understood by a Client belonging to that category.

#### **MARGINS**

15. The client shall pay applicable initial margins, withholding margins, special margins or such other margins as are considered necessary by the member or the Exchange or as may be directed by SEBI from time to time as applicable to the segment(s) in which the client trades. The member is permitted in its sole and absolute discretion to collect additional margins (even though not required by the Exchange, Clearing House/Clearing

Corporation or SEBI) and the client shall be obliged to pay such margins within the stipulated time.

16. The client understands that payment of margins by the client does not necessarily imply complete satisfaction of all dues. In spite of consistently having paid margins, the client may, on the settlement of its trade, be obliged to pay (or entitled to receive) such further sums as the contract may dictate/require.

#### **TRANSACTIONS AND SETTLEMENTS**

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

#### **BROKERAGE**

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

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

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

#### **DISPUTE RESOLUTION**

25. The Member shall co-operate in redressing grievances of the client in respect of all transactions routed through it.

26. The client and the Member shall refer any claims and/or disputes with respect to deposits, margin money, etc., to arbitration as per the Rules, Byelaws and Business Rules of the Exchanges where the trade is executed and circulars/notices issued thereunder as may be in force from time to time.

27. The Client/Member understands that the instructions issued by an authorized representative for dispute resolution, if any, of the client/Member shall be binding on the client/Member in accordance with the letter authorizing the said representative to deal on behalf of the said client/Member.

28. Requirement for each Member to have an effective grievance redress mechanism which is accessible to all its Clients.

- a. A Member must have in place an effective mechanism to receive and redress complaints from its Clients in relation to financial products or financial services provided by it, or on its behalf, in a prompt and fair manner.
- b. A Member must inform a Client, at the commencement of relationship with the Client and at such other time when the information is likely to be required by the Client, of –
  - i. the Client's right to seek redress for any complaints; and
  - ii. the processes followed by the Member to receive and redress complaints from its Clients.

#### **29. A. Suitability of advice for the Client**

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

- a. A Member must –
  - i. make all efforts to obtain correct and adequate information about the relevant personal circumstances of a Client; and
  - ii. ensure that the advice given is suitable for the Client after due consideration of the relevant personal circumstances of the Client.
- b. If it is reasonably apparent to the Member that the available information regarding the relevant personal circumstances of a Client is incomplete or inaccurate, the Member must warn the Client of the consequences of proceeding on the basis of incomplete or inaccurate information.
- c. If a Client intends to avail of a financial product or financial service that the Member determines unsuitable for the Client, the Member –
  - i. must clearly communicate its advice to the Client in writing and in a manner that is likely to be understood by the Client; and
  - ii. may provide the financial product or financial service requested by the Client only after complying with point 29.A.a and obtaining a written acknowledgement from the Client.

#### **30. DEALING WITH CONFLICT OF INTEREST**

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

- a. A member must –
  - i. provide a Client with information regarding any conflict of interests, including any conflicted remuneration that the Member has received or expects to receive for making the advice to the Client; and
  - ii. give priority to the interests of the Client if the Member knows, or reasonably ought to know, of a conflict between –
    1. its own interests and the interests of the Client; or
    2. the interests of the concerned Member and interests of the Client, in cases where the Member is a financial representative.
- b. The information under point 16a.i. must be given to the Client in writing and in a manner that is likely to be understood by the Client and a written acknowledgement of the receipt of the information should be obtained from the Client.
- c. In this section, "conflicted remuneration" means any benefit, whether monetary or non-monetary, derived by a Member from persons other than Clients that could, under the circumstances, reasonably be expected to influence the advice given by the Member to a Client.

#### **TERMINATION OF RELATIONSHIP**

31. This relationship between the Member and the client shall be terminated; if the Member for any reason ceases to be a member of the commodity exchange including cessation of membership by reason of the Member's default, death, resignation or expulsion or if the certificate is cancelled by the Exchange.

32. The Member, Authorized Person and the client shall be entitled to terminate the relationship between them without giving any reasons to the other party, after giving notice in writing of not less than one month to the

other parties. Notwithstanding any such termination, all rights, liabilities and obligations of the parties arising out of or in respect of transactions entered into prior to the termination of this relationship shall continue to subsist and vest in/be binding on the respective parties or his/its respective heirs, executors, administrators, legal representatives or successors, as the case may be.

33. In the event of demise/insolvency of the Authorized Person or the cancellation of his/its registration with the Board or/withdrawal of recognition of the Authorized Person by the commodity exchange and/or termination of the agreement with the Authorized Person by the Member, for any reason whatsoever, the client shall be informed of such termination and the client shall be deemed to be the direct client of the Member and all clauses in the 'Rights and Obligations' document(s) governing the Member, Authorized Person and client shall continue to be in force as it is, unless the client intimates to the Member his/its intention to terminate their relationship by giving a notice in writing of not less than one month.

#### **ADDITIONAL RIGHTS AND OBLIGATIONS**

35. The member shall ensure due protection to the client regarding client's rights to dividends, rights or bonus shares, etc. in respect of transactions routed through it and it shall not do anything which is likely to harm the interest of the client with whom and for whom they may have had transactions in securities/commodities.
36. The Member and client shall reconcile and settle their accounts from time to time as per the Rules, Business Rules, Bye Laws, Circulars, Notices and Guidelines issued by SEBI and the relevant Exchanges where the trade is executed.
- 36.A. The Member shall issue a contract note to his clients for trades executed in such format as may be prescribed by the Exchange from time to time containing records of all transactions including details of order number, trade number, trade time, trade price, trade quantity, details of the derivatives contract, client code, brokerage, all charges levied etc. and with all other relevant details as required therein to be filled in and issued in such manner and within such time as prescribed by the Exchange. The Member shall send contract notes to the investors within 24 hours of the execution of the trades in hard copy and/or in electronic form using digital signature.
37. The Member shall make pay out of funds or delivery of commodities as per the Exchange Rules, Bye-Laws, Business Rules and Circulars, as the case may be, to the Client on receipt of the payout from the relevant Exchange where the trade is executed unless otherwise specified by the client and subject to such terms and conditions as may be prescribed by the relevant Exchange from time to time where the trade is executed.
38. The Member shall send a complete 'Statement of Accounts' for both funds and commodities in respect of each of its clients in such periodicity and format within such time, as may be prescribed by the relevant Exchange, from time to time, where the trade is executed. The Statement shall also state that the client shall report errors, if any, in the Statement within such time as may be prescribed by the relevant Exchange from time to time where the trade was executed, from the receipt thereof to the Member.
39. The Member shall send margin statements to the clients on daily basis. Margin statement should include, inter-alia, details of collateral deposited, collateral utilized and collateral status (available balance/due from client) with break up in terms of cash, Fixed Deposit Receipts (FDRs), Bank Guarantee, warehouse receipts, securities/commodities etc.
40. The Client shall ensure that it has the required legal capacity to, and is authorized to, enter into the relationship with Member and is capable of performing his obligations and undertakings hereunder. All actions required to be taken to ensure compliance of all the transactions, which the Client may enter into shall be completed by the Client prior to such transaction being entered into.
41. In case, where a member surrenders his/ her/ its membership, Member gives a public notice inviting claims, if any, from investors. In case of a claim relating to transactions executed on the trading system of the Exchange, ensure that client lodge a claim with the Exchange within the stipulated period and with the supporting documents.
- 42.A. Protection from unfair conduct which includes misleading conduct & abusive conduct.
  - a. Unfair conduct in relation to financial products or financial services is prohibited.
  - b. "Unfair conduct" means an act or omission by a Member or its financial representative that significantly impairs, or is likely to significantly impair,



the ability of a Client to make an informed transactional decision and includes

- i. misleading conduct under point 41.B
- ii. abusive conduct under point 41.C
- iii. such other conduct as may be specified.

**42. B.**

- a. Conduct of a Member or its financial representative in relation to a determinative factor is misleading if it is likely to cause the Client to take a transactional decision that the Client would not have taken otherwise, and the conduct involves –
  - i. providing the Client with inaccurate information or information that the Member or financial representative does not believe to be true; or
  - ii. providing accurate information to the Client in a manner that is deceptive
- b. In determining whether a conduct is misleading under point 41.B.a, the following factors must be considered to be “determinative factors” –
  - i. the main characteristics of a financial product or financial service, including its features, benefits and risks to the Client;
  - ii. the Client's need for a particular financial product or financial service or its suitability for the Client;
  - iii. the consideration to be paid for the financial product or financial service or the manner in which the consideration is calculated;
  - iv. the existence, exclusion or effect of any term in a financial contract, which is material term in the context of that financial contract;
  - v. the nature, attributes and rights of the Member, including its identity, regulatory status and affiliations; and
  - vi. the rights of the Client under any law or regulations.

**42. C.**

- a. A conduct of a Member or its financial representative in relation to a financial product or financial service is abusive if it –
  - i. involves the use of coercion or undue influence; and
  - ii. causes or is likely to cause the Client to take a transactional decision that the Client would not have taken otherwise.
- b. In determining whether a conduct uses coercion or undue influence, the following must be considered –
  - i. the timing, location, nature or persistence of the conduct;
  - ii. the use of threatening or abusive language or behavior;
  - iii. the exploitation of any particular misfortune or circumstance of the Client, of which the Member is aware, to influence the Client's decision with regard to a financial product or financial service;
  - iv. any non-contractual barriers imposed by the Member where the Client wishes to exercise rights under a financial contract, including –
    - v. the right to terminate the financial contract;
    - vi. the right to switch to another financial product or another Member and
    - vii. a threat to take any action, depending on the circumstances in which the threat is made.

**ELECTRONIC CONTRACT NOTE (ECN)**

43. In case, client opts to receive the contract note in electronic form, he shall provide an appropriate e-mail id (created by the client) to the Member (Kindly refer Appendix A of Annexure 3). Member shall ensure that all the rules/Business Rule/Bye-Laws/ circulars issued from time to time in this regard are complied with. The client shall communicate to the Member any change in the email-id through a physical letter. If the client has opted for internet trading, the request for change of email id may be made through the secured access by way of client specific user id and password.
44. The Member shall ensure that all ECNs sent through the e-mail shall be digitally signed, encrypted, non-tamperable and in compliance with the provisions of the IT Act, 2000. In case, ECN is sent through e-mail as an attachment, the attached file shall also be secured with the digital signature, encrypted and non-tamperable.
45. The client shall note that non-receipt of bounced mail notification by the Member shall amount to delivery of the contract note at the e-mail ID of the client.
46. The Member shall retain ECN and acknowledgement of the e-mail in a soft and non-tamperable form in the manner prescribed by the exchange in compliance with the provisions of the IT Act, 2000 and as per the extant rules/circulars/guidelines issued by SEBI/Commodity exchanges from time to time. The proof of delivery i.e., log report generated by the system at the time of sending the contract notes shall be maintained by the Member for the specified period under the extant rules/circulars/guidelines issued by SEBI/Commodity exchanges. The log report shall provide the details of the contract notes that are not delivered to the client/e-mails rejected or bounced back. The Member shall take all possible steps to ensure receipt of notification of bounced mails by him at all times within the stipulated time period under the extant rules/circulars/guidelines issued by SEBI/Commodity exchanges.

47. The Member shall continue to send contract notes in the physical mode to such clients who do not opt to receive the contract notes in the electronic form. Wherever the ECNs have not been delivered to the client or has been rejected (bouncing of mails) by the e-mail ID of the client, the Member shall send a physical contract note to the client within the stipulated time under the extant Regulations/ Rules, Bye-Laws, Business Rules and Circulars of SEBI/commodity exchanges and maintain the proof of dispatch and delivery of such physical contract notes.

48. In addition to the e-mail communication of the ECNs to the client, the Member shall simultaneously publish the ECN on his designated website, 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.

49. The Electronic Contract Note (ECN) declaration form obtained from the Client who opts to receive the contract note in electronic form. This declaration will remain valid till it is revoked by the client.

**LAW AND JURISDICTION**

50. In addition to the specific rights set out in this document, the Member, Member and the client shall be entitled to exercise any other rights which the Member or the client may have under the Rules, Bye-laws and Business Rules of the Exchanges in which the client chooses to trade and circulars/notices issued thereunder or Rules of SEBI.
51. The provisions of this document shall always be subject to Government notifications, any rules, guidelines and circulars/notices issued by SEBI and Circulars, Rules, Business Rules and Bye laws of the relevant commodity exchanges, where the trade is executed, that may be in force from time to time.
52. The Member and the client shall abide by any award passed by the Arbitrator(s) under the Arbitration and Conciliation Act, 1996. However, there is also a provision of appeal, if either party is not satisfied with the arbitration award.
53. Words and expressions which are used in this document but which are not defined herein shall, unless the context otherwise requires, have the same meaning as assigned thereto in the Rules, Byelaws and Regulations/ Business Rules and circulars/notices issued thereunder of the Exchanges/SEBI.
54. All additional voluntary/non-mandatory clauses/document added by the Member should not be in contravention with Rules/ Business Rules/Notices/Circulars of Exchanges/SEBI. Any changes in such voluntary clauses/document(s) need to be preceded by a notice of 15 days. Any changes in the rights and obligations which are specified by Exchanges/SEBI shall also be brought to the notice of the clients.
55. If the rights and obligations of the parties hereto are altered by virtue of change in Rules of SEBI or Bye-laws, Rules and Business Rules of the relevant commodity exchanges where the trade is executed, such changes shall be deemed to have been incorporated herein in modification of the rights and obligations of the parties mentioned in this document.
56. Members are required to send account statement to their clients every month.

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

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

1. Member is eligible for providing Internet based trading (IBT) and 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 member 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 Member shall provide the Member's IBT Service to the Client, and the

- Client shall avail of the Member's IBT Service, on and subject to SEBI/Exchanges Provisions and the terms and conditions specified on the Member's IBT Web Site provided that they are in line with the norms prescribed by Exchanges/SEBI.
- The member 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 member.
  - The member shall make the client aware that the Member's IBT system itself generates the initial password and its password policy as stipulated in line with norms prescribed by Exchanges/SEBI.
  - The Client shall be responsible for keeping the Username and Password confidential and secure and shall be solely responsible for all orders entered and transactions done by any person whosoever through the Member's IBT System using the Client's Username and/or Password whether or not such person was authorized to do so. Also the client is aware that authentication technologies and strict security measures are required for the internet trading/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 member
  - The Client shall immediately notify the Member in writing if he forgets his password, discovers security flaw in Member's IBT System, discovers/suspects discrepancies/ unauthorized access through his username/password/account with full details of such unauthorized use, the date, the manner and the transactions effected pursuant to such unauthorized use, etc.

- 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.
- The member shall send the order/trade confirmation through email to the client at his request. The client is aware that the order/ trade confirmation is also provided on the web portal. In case client is trading using wireless technology, the member shall send the order/trade confirmation on the device of the client.
- The client is aware that trading over the internet involves many uncertain factors and complex hardware, software, systems, communication lines, peripherals, etc. are susceptible to interruptions and dislocations. The Member and the Exchange do not make any representation or warranty that the Member's IBT Service will be available to the Client at all times without any interruption.
- The Client shall not have any claim against the Exchanges or the Member on account of any suspension, interruption, non-availability or malfunctioning of the Member's IBT System or Service or the Exchange's service or systems or non-execution of his orders due to any link/system failure at the Client/Members/Exchange end for any reason beyond the control of the member/Exchange.

## **Annexure-2 RISK DISCLOSURE DOCUMENT FOR CAPITAL MARKET, DERIVATIVES AND COMMODITY DERIVATIVES SEGMENTS**

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

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

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

You must acknowledge and accept that there can be no guarantee of profits or no exception from losses while executing orders for purchase and/or sale of a commodity derivatives being traded on the Exchange.

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

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

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

### **1. BASIC RISKS INVOLVED IN THE TRADING OF COMMODITY FUTURES CONTRACTS AND OTHER COMMODITY DERIVATIVES INSTRUMENTS ON THE EXCHANGE.**

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

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

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

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

b. Buying/ Selling without intention of giving and/ or taking delivery of certain commodities may also result into losses, because in such a situation, commodity derivative contracts may have to be squared-off at a low/ high prices, compared to the expected price levels. So as not to have any obligation to deliver/ receive such commodities.

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

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

#### **iv. Risk-reducing orders**

a. Most of the Exchanges have a facility for investors to place



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

- b. A "market" order will be executed promptly, subject to availability of orders on opposite side, without regard to price and that while the customer may receive a prompt execution of a "market" order, the execution may be at available prices of outstanding orders, which satisfy the order quantity, on price time priority. It may be understood that these prices may be significantly different from the last traded price or the best price in that commodity derivatives contract.
- c. A "limit" order will be executed only at the "limit" price specified for the order or a better price. However, while the client received price protection, there is a possibility that the order may not be executed at all.
- d. A stop loss order is generally placed "away" from the current price of a commodity derivatives contract, and such order gets activated if and when the contract reaches, or trades through, the stop price. Sell stop orders are entered ordinarily below the current price, and buy stop orders are entered ordinarily above the current price. When the contract approaches pre-determined price, or trades through such price, the stop loss order converts to a market/limit order and is executed at the limit or better. There is no assurance therefore that the limit order will be executable since a contract might penetrate the pre-determined price, in which case, the risk of such order not getting executed arises, just as with a regular limit order.

#### **v. Risk of News Announcements**

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

#### **vi. Risk of Rumours**

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

#### **vii. System Risk**

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

#### **viii. System/ Network Congestion**

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

### **2. AS FAR AS FUTURES COMMODITY DERIVATIVES ARE CONCERNED, PLEASE NOTE AND GET YOURSELF ACQUAINTED WITH THE FOLLOWING ADDITIONAL FEATURES:-**

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

- a. The amount of margin is small relative to the value of the commodity derivatives contract so the transactions are 'leveraged' or 'geared'. Commodity Derivatives trading, which is conducted with a relatively small amount of margin, provides the possibility of great profit or loss in comparison with the principal investment amount. But transactions in commodity derivatives carry a high degree of risk. You should therefore completely understand the following statements before actually trading in commodity derivatives contracts and also trade with caution while taking into account one's circumstances, financial resources, etc.
- b. Trading in Futures Commodity Derivatives involves daily settlement of all positions. Every day the open positions are marked to market based on the closing price. If the closing price has moved against you, you will be required to deposit the amount of loss (notional) resulting from such

movement. This margin will have to be paid within a stipulated time frame, generally before commencement of trading on the next day.

- c. If you fail to deposit the additional margin by the deadline or if an outstanding debt occurs in your account, the Member of the Exchange may liquidate/square-up a part of or the whole position. In this case, you will be liable for any losses incurred due to such square-up/ Close Outs.
- d. Under certain market conditions, an Investor may find it difficult or impossible to execute the transactions. For example, this situation can occur due to factors such as illiquidity i.e. when there are insufficient bids or offers or suspension of trading due to price limit or circuit breakers etc.
- e. Steps, such as, changes in the margin rate, increase in the cash margin rate etc. may be adopted in order to maintain market stability. These new measures may be applied to the existing open interests. In such conditions, you will be required to put up additional margins or reduce your positions.
- f. You must ask your Member of the Exchange to provide the full details of the commodity derivatives contracts you plan to trade i.e. the contract specifications and the associated obligations.

#### **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 e.g. 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 OR ANY OTHER TECHNOLOGY:**

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

#### 4. General

##### i. Deposited cash and property:

You should familiarize yourself with the protections accorded to the money or other property you deposit particularly in the event of a firm become insolvent or bankrupt. The extent to which you may recover your money or property may be governed by specific legislation or local rules. In some jurisdictions, property, which has been specifically identifiable as your own, will be pro-rated in the same manner as cash for purposes of distribution in the event of a shortfall. In case of any dispute with the Member of the Exchange, the same shall be subject to arbitration as per the Rules, Bye-laws and Business Rules of the Exchange.

##### ii. Commission and other charges:

Before you begin to trade, you should obtain a clear explanation of all

commissions, fees and other charges for which you will be liable. These charges will affect your net profit (if any) or increase your loss.

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

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

#### Do's

1. Trade only through Registered Members of the Exchange. Check from the Exchange website [www.exchange.com](http://www.exchange.com) and SEBI website [www.sebi.gov.in](http://www.sebi.gov.in)
2. Insist on filling up a standard 'Know Your Client (KYC)' form before you commence trading
3. Insist on getting a Unique Client Code (UCC) and ensure all your trades are done under the said UCC.
4. Insist on reading and signing a standard 'Risk Disclosure Agreement'.
5. Obtain a copy of your KYC and/ or other documents executed by you with the Member, from the Member.
6. Cross check the genuineness of trades carried out at the Exchange through the trade verification facility available on the Exchange website [www.exchange.com](http://www.exchange.com). The trades can be verified online where trade information is available up to 5 working days from the trade date.
7. Insist on a duly signed Contract Note in specified format for every executed trade within 24 hours of trade, highlighting the details of the trade along with your UCC.
8. Ensure that the Contract Note contains all the relevant information such as Member Registration Number, Order No., Order Date, Order time, Trade No., Trade rate, Quantity, Arbitration Clause, etc.
9. Obtain receipt for collaterals deposited with the Member towards margins.
10. Go through the Rules, Bye-laws, Regulations, Circulars, Directives, Notifications of the Exchange as well as of the Regulators, Government and other authorities to know your rights and duties vis-à-vis those of the Member.
11. Ask all relevant questions and clear your doubts with your Member before transacting.
12. Insist on receiving the bills for every settlement.
13. Insist on Monthly statements of your ledger account and report any discrepancies in the statement to your Member within 7 working days. In case of unsatisfactory response report the discrepancy to the Exchange within 15 working days from the date of cause of action.
14. Scrutinize minutely both the transaction & holding statements that you receive from your Depository Participant.
15. Keep Delivery Instruction Slips (DIS) book issued by DPs in safe possession.
16. Ensure that the DIS numbers are pre-printed and your account number (UCC) is mentioned in the DIS book.
17. Freeze your Demat account in case of your absence for longer duration or in case of not using the account frequently.
18. Pay required margins in time and only by Cheque and ask for receipt thereof from the Member.
19. Deliver the commodities in case of sale or pay the money in case of purchase within the time prescribed.
20. Understand and comply with accounting standards for derivatives.
21. Ensure to read, understand and then sign the voluntary clauses, if any, agreed between you and the Member. Note that the clauses as agreed between you and the Member cannot be changed without your consent.
22. Get a clear idea about all brokerage, commissions, fees and other charges levied by the Member on you for trading and the relevant provisions/ guidelines specified by SEBI/Commodity exchanges.
23. Make the payments by account payee cheque in favour of the Member. Ensure that you have a documentary proof of your payment/deposit of commodities with the Member, stating date, commodity, quantity, towards which bank/ demat account such money or commodities (in the form of warehouse receipts) deposited and from which bank/ demat account.
24. The payout of funds or delivery of commodities (as the case may be) shall

not be made to you within one working day from the receipt of pay-out from the Exchange, in case you have given specific authorization for maintaining running account to the member. Thus, in this regard, the running account authorization provided by you to the Member shall be subject to the following conditions:

- a) Such authorization from you shall be dated, signed by you only and contains the clause that you may revoke the same at any time.
- b) You need to bring any dispute arising from the statement of account to the notice of the Member in writing preferably within 7 (seven) working days from the date of receipt of funds/commodities or statement, as the case may be. In case of dispute, refer the matter in writing to the Investors Grievance Cell of the relevant Commodity exchange without delay.
- c) In case you have not opted for maintaining running account and pay-out is not received on the next working day of the receipt of pay-out from the exchanges, please refer the matter to the Member. In case there is dispute, ensure that you lodge a complaint in writing immediately with the Investors Grievance Cell of the relevant Commodity exchange.
- d) Please register your mobile number and email id with the Member, to receive trade confirmation alerts/ details of the transactions through SMS or email, by the end of the trading day, from the commodity exchanges.
- 25. You should familiarize yourself with the protection accorded to the money or other property you may deposit with your member, particularly in the event of a default in the commodity derivatives or the member becomes insolvent or bankrupt.
- 26. Please ensure that you have a documentary proof of having made the deposit of such money or property with the member, stating towards which account such money or property deposited.
- 27. In case your problem/grievance/issue is not being sorted out by concerned Member/Authorised Person then you may take up the matter with the concerned Commodity Exchange. If you are not satisfied with the resolution of your complaint then you can escalate the matter to SEBI.

#### Don'ts

1. Do not deal with any unregistered intermediaries.
2. Do not undertake off-market transactions as such transactions are illegal and fall outside the jurisdiction of the Exchange.
3. Do not enter into assured returns arrangement with any Member
4. Do not get carried away by luring advertisements, rumours, hot tips, explicit/ implicit promise of returns, etc.
5. Do not make payments in cash/ take any cash towards margins and settlement to/ from the Member.
6. Do not start trading before reading and understanding the Risk Disclosure Agreement.
7. Do not neglect to set out in writing, orders for higher value given over phone.
8. Do not accept unsigned/duplicate contract note/confirmation memo.
9. Do not accept contract note/confirmation memo signed by any unauthorized person.
10. Don't share your internet trading account's password with anyone
11. Do not delay payment/deliveries of commodities to Member.
12. Do not forget to take note of risks involved in the investments.
13. Do not sign blank Delivery Instruction Slips (DIS) while furnishing commodities, deposits and/or keep them with Depository Participants (DP) or member to save time.
14. Do not pay brokerage in excess of that rates prescribed by the Exchange
15. Don't issue cheques in the name of Authorized Person.



## **POLICIES & PROCEDURES OF PWAPL**

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

PWAPL 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(es), the order being for securities which are not in the permitted list of the PWAPL/exchange/SEBI. Provided further that PWAPL may require compulsory settlement/advance payment of expected settlement value/delivery of securities for settlement prior to acceptance / placement of order(s) as well. 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. PWAPL may require reconfirmation of orders, which are larger than that specified by PWAPL's Risk Management, and is also aware that PWAPL has the discretion to reject the execution of such orders based on its risk perception. PWAPL also reserves the right to publish its own list of illiquid/penny stocks. Such refusal by PWAPL to place orders in illiquid/penny stock shall not constitute violation of code of conduct prescribed by SEBI/Exchange for stock brokers.

### **2. Setting up of Client's Exposure Limits:**

Setting up client's exposure limits and conditions under which a client may not be allowed to take further position or PWAPL may close the existing position of a client. PWAPL may from time to time impose and vary limits on the orders that the client can place through PWAPL's trading system (including exposure limits, turnover limits, limits as to the number, value and/or kind of securities in respect of which orders can be placed etc). The client is aware and agrees that PWAPL may need to vary or reduce the limits or impose new limits urgently on the basis of the PWAPL's risk perception and other factors considered relevant by PWAPL including but not limited to limits on account of exchange/SEBI directions/limits (such as broker level/market level limits in security specific/volume specific exposure etc.), and PWAPL may be unable to inform the client of such variation, reduction or imposition in advance. The client agrees that PWAPL shall not be responsible for such variation, reduction or imposition or the client's inability to route any order through the PWAPL's trading system on account of any such variation, reduction or imposition of limits. The client further agrees that PWAPL may at any time, at its sole discretion and without prior notice, prohibit or restrict the client's ability to place orders or trade in securities through PWAPL trading system or it may subject any order placed by the client to a review before its entry into the trading system and may refuse to execute/allow execution of orders due to but not limited to the reason of lack of margin/securities or the order being outside the limits set by PWAPL/exchange/SEBI and any other reasons which PWAPL may deem appropriate in the circumstances.

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. PWAPL is required only to communicate/advise the parameters for the calculation of the margin/security requirements as rate(s)/percentage(s) of the dealing, through anyone or more approved means or methods such as post/speed post/courier/registered post/registered A.D./facsimile/e-mail/voicemails/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 PWAPL; by publishing/displaying it on the website of PWAPL/making it available as a download from the website of PWAPL; by displaying it on the notice board of the branch/office through which the client trades or if the circumstances, so required, by radio broadcast/television broadcast/newspaper advertisements etc; or any other suitable or applicable mode or manner.

The client agrees that the postal department/the courier company/newspaper company and the e-mail/voice mail service provider and such other service providers shall be the agent of the client. 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 PWAPL in such form and manner as may be required by PWAPL. 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 non availability/shortage of margin/security required by PWAPL&/or exchange &/or SEBI.

PWAPL 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 PWAPL are not eligible for any interest. PWAPL is entitled to include/appropriate any/all payout of funds &/or securities towards margin/security without requiring specific authorizations for each payout.

PWAPL 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 PWAPL.

The client also agrees and authorize PWAPL 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.

PWAPL is entitled to disable/freeze the account &/or trading facility/any other service facility, if in the opinion of PWAPL, 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, regulation, direction of a lawful authority whether Indian or foreign or if the stock broker so apprehends.

In case of client being granted exposure limit as a multiple of available collateral value, the same is granted on client undertaking that

(I) The client will square off open positions which is in excess of available collateral value etc. at least 15-20 minutes prior to end of trading hours for those derivative contract and/or cash segment position of client, to the extent such as to reduce his open position to such level on which margin applicable is equal or less to the value of collateral etc. If client failed to square off his position, it will be automatically squared off by the system.

(ii) Upon the MTM loss on open position reaching 70% of the available collateral value or at discretion of PWAPL depending the client's risk profile, client's open position shall be squared off.

### **3. Delayed payment charges/Imposition of penalty:**

The client agrees that any amount, which are overdue from the client towards trading or an account of any other trade related reason to the PWAPL will be charged with delayed payment charges at 2% per month or 24% per annum or such other rates as may be specified by PWAPL from time to time. The client agrees that PWAPL may impose fines/penalties at above rate for any orders/trades/deals/actions of the client which are contrary to the Mandatory and Voluntary Client Registration Documents/ rules/regulations/bye laws of the exchange or any other law for the time being in force. Further where PWAPL 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 PWAPL brokerage, commission, fees, all taxes, duties levies imposed by any authority including but not limited to the stock exchanges. The client agrees that he/she/it shall be liable for penal interest on T+1 basis. Any client's debit after T+2 day from the date of trading shall result in client's securities (either received as delivery or as collateral) being liquidated. The client shall have no right to plead or expect that his/her/its debit should be allowed to remain unpaid on an infinite basis as it is anyway subject to penalty rate. This delayed payment charges will be levied for the actual period for which the debit has remain unpaid/non cleared after it has become due. Any delay in payment of M2M loss on any segment shall also result in client's securities (either received as delivery in cash segment or as collateral) and also all such other collaterals of the client being liquidated by us, to the extent of such Mark-to-Market loss. Further all outstanding position of the client in all segment shall also be liable to be closed out in the market and costs, consequences, loss etc. if any arising out of such close-out shall be for client to bear. Further PWAPL shall be at liberty to prescribe such higher margin percentage at its own discretion for such defaulting clients. PWAPL. If it so desires, can also close the accounts both trading and demat of such defaulting clients.

### **4. Applicable Brokerage Rate:**

The client shall be subject to brokerage slab as agreed by client, evidenced by the client having duly signed the tariff sheet after mentioning the tariff rates therein.

PWAPL discloses that it shall charge a brokerage at the rate being agreed by the client with broker (including its branches and sub brokers) as may be prescribed in the tariff sheet. However, PWAPL shall adhere to the maximum permissible limit (presently not to exceed 2.5%) as may be prescribed by SEBI/Exchanges from time to time. It is hereby further clarified that brokerage on options contracts shall not exceed 2.5% of the premium amount or Rs. 100/- (per lot) whichever is higher.

PWAPL charges minimum Rs.25/- per contract note issued in case of brokerage chargeable on cash market transactions. This minimum limit may be revised upwards depending on regulatory dispensations and cost of environment. PWAPL may waive off minimum contract charges for certain clients at its own discretion. The brokerage rate may be varied in future as agreed between the client and PWAPL either in writing or orally from time to time. In case of oral agreement, if the brokerage is charged at such revised rate in contract note subsequent to revision and the client does not raise any dispute on such brokerage within the time period stipulated on the contract note then the same will be considered as consented by the client.

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

PWAPL 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 accounts(s) at designated place, for meeting his/her/its pay in obligation of funds and securities. PWAPL 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 PWAPL 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 payout 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 of 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 an 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 PWAPL responsible for the same in any form or manner whatsoever. In case the payment of the margin/security is made by the client through a bank instrument, PWAPL shall be at liberty to give the benefit/credit for the same only on the realization of the funds from the said bank instrument etc. at the absolute discretion of the PWAPL. Where the margin/security is made available by way of securities or any other property, PWAPL is empowered to decline its acceptance as margin/security &/or to accept it at such reduced value as the PWAPL may deem fit by applying haircuts or by valuing it by marking it to market or by any other method as PWAPL may deem fit in its absolute discretion.

PWAPL has the right but not the obligation, to cancel all pending orders and to sell/close/liquidate all open positions/securities /shares when Mark to Market (M2M) percentage reaches or crosses stipulated margin percentage mentioned on the margin sheet whichever is earlier. PWAPL will have sole discretion to referred stipulated margin or M2M percentage depending upon the market condition. In the event of such square off, the client agrees to bear all the trade related losses based on actual executed prices.

If 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 fulfill 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).

PWAPL is entitled to prescribe the date and time by which the margin/security is to be made available and PWAPL 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, PWAPL shall have the right without any further notice or communication to the client to take any one or more of the following steps:

- i) To withhold any payout of funds/securities.
- ii) To withhold/disable the trading/dealing facility to the client.
- iii) To liquidate one or more security(s) of the client by selling the same in such manner and at such rate which PWAPL may deem fit in its absolute discretion. It is agreed and understood by the client that securities here includes securities which are pending delivery/receipt.
- iv) 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 PWAPL may decide in its absolute discretion.
- v) To take any other steps which in the given circumstances, PWAPL 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 PWAPL, 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 PWAPL.

#### **6. Auction Policy :**

As per the Exchange Settlement Norms the Pay in Obligation is paid in to the exchange. If Client fails to deliver the relevant securities, Auction of Securities will be arise. It could be internal Auction or Exchange Auction. There is different process for both cases.

#### **Internal Auction:**

As per the Exchange Settlement Norms the Pay in Obligation for securities are adjusted at Member level. It could be possible that within the member's client, there could be opposite positions in the same scrip, which then, necessitates the internal adjustment.

The price of securities will be considered as highest price of the scrip prevailing in the NSE/BSE from the first day of the relevant trading shortage day till the day of closing out on the auction day whichever is higher.

#### **Exchange Auction:**

In case of default in security pay in by the Client and the shortage is at Exchange level, the member shall be procuring the price defaulting securities from the Exchange. The price of securities will be considered as provided by Exchange + 6% penalty and other

statutory charges.

(Above defined parameters are subject to change from time to time)

#### **7. Conditions under which a client may not be allowed to take further position or PWAPL may close the existing position of a client:**

Client may take exposure up to the amount of margin available with us. Client may not be allowed to take position in case of non-availability/shortage or margin as per our RMS policy of the company. The existing position of the client is also liable to square off/close out without giving notice due to shortage of margin/non making of payment for their pay-in obligation/outstanding debts.

#### **8. De-registering a client not with standing anything to the contrary stated in the Mandatory and Voluntary Client Registration Documents PWAPL shall be entitled to terminate the Mandatory and Voluntary Client Registration Documents with immediate effect in any of the following circumstances:**

- i) If the action of the client are prima facie illegal/improper or such as to manipulate the price of any securities or disturb the normal/proper functioning of the market, either alone or in conjunction with others.
- ii) If there is any commencement of a legal process against the Client under any law in force.
- iii) On the death/lunacy or other disability of the Client.
- iv) 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.
- v) 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 received appointed in respect of its assets or refers itself to the Board for Industrial and Financial Reconstruction or under any other law providing protection as a relief undertaking.
- vi) If the Client being a partnership firm, has any steps taken by the Client and/or its partners for dissolution of the partnership.
- viii) If the Client have taken or suffered to be taken any action for its reorganization, liquidation or dissolution.
- viii) If the Client has made any material misrepresentation of facts, including (without limitation) in relation to the Security.
- ix) If there is reasonable apprehension that the Client is unable to pay its debts or Client has admitted its inability to pay its debts as they become payable.
- x) If the Client suffers any adverse material change in his/her/its financial position or defaults in any other agreement with the stock broker.
- xi) If the Client is in breach of any term, condition or covenant of this Mandatory and Voluntary Client Registration Documents.

However notwithstanding any termination of the Mandatory and Voluntary Client Registration Documents, all transactions made under/pursuant to this Mandatory and Voluntary Client Registration Documents shall be subject to all terms and conditions of this Mandatory and Voluntary Client Registration



Documents and parties to this Mandatory and Voluntary Client Registration Documents submit to exclusive jurisdiction of courts of law at the place of execution of this Mandatory and Voluntary Client Registration Documents by Stock Broker. Client Acceptance of Policies and Procedures stated here in above:

I/We have fully understood the same and do hereby sign the same. These policies and procedures may be amended/changed by the broker provided the change is informed to me/us with through anyone or more approved means or methods such as post/speed post/courier/registered post/registered AD/telegram/e-mail/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 PWAPL; by publishing/displaying it on the website of PWAPL/ making it available as a download from the website of PWAPL; by displaying it on the notice board of the branch/office through which the client trades or if the circumstances, so require, by radio broadcast/television broadcast/newspapers advertisement etc; or any other approved suitable or applicable mode or manner by an advance notice of 15 days.

I/We agree that the postal department/the courier company/ newspaper company and the e- mail/voice mail service provider and such other service providers shall be my/our agent. These policies and Procedures shall always be read along with the Mandatory and Voluntary Client Registration Document and shall be compulsorily referred to while deciding any dispute/difference or claim between me/us and PWAPL before any court of law/ judicial/adjudicating authority including arbitrator/mediator etc.

#### **9. Temporarily suspending or closing client's account at Client's request**

On the written request of the client, the client account can be suspended temporarily and can be re- activated on the written request of the client only. During suspension period, the market transaction will be prohibited. However client's pending settlement can take place. PWAPL can withhold the payout of client and suspend his trading account due to surveillance action or judicial or/and regulatory order/action requiring client suspension. On the written request of the client, the client account can be closed provided the client adheres to formalities for account closure including settlement of all dues in the account and closing of all open position. If the client wishes to again open a broking account then the client shall have to complete the KYC and account opening formalities once again. PWAPL also reserve rights to suspend client's account if client's PAN or UID has been asked for latest financial documents updates from exchange or any regulatory body and client is not supporting for submission of the said documents.

#### **10. Policy for Dormant Accounts:**

A Trading Account (Irrespective whether having debit or credit balance) shall be classified as dormant account in case there are no transactions for a period in excess of 365 days from the last transaction date. A dormant account can be re-activated on receipt of a request for reactivation along with valid proof of identity or Client can also send mail from his/her registered email id.