SIGNIFICANT POLICIES AND PROCEDURES OF KARVY STOCK BROKING LIMITED
PURSUANT TO SEBI'S CIRCULAR MIRSD/SE/CIR-19/2009 DATED DECEMBER 3, 2009

1. Refusal of order:
   - KSBL shall have the absolute discretion to accept, refuse or partially accept any buy or sell order for execution from a client in respect of penny stocks, illiquid stocks, stocks having low liquidity, illiquid “options”, far month “options”, writing of “options”, stocks in S,Z and B2 category and any other contracts which as per the perception of KSBL are extremely volatile or subject to Market manipulation.
   - KSBL may permit restrictive acceptance of orders in such scrips/contracts in controlled environments like asking clients to place orders at a centralized desk at HO instead of allowing trading in such scrips/Contracts at branch level or through Online trading platform. KSBL shall not be responsible for delay in execution of such orders and consequential opportunity loss or financial loss to the client.
   - KSBL may cancel orders in such scrips received from clients before execution or after partial execution without assigning any reasons thereof. KSBL may seek appropriate declarations from the clients before accepting such orders.
   - KSBL shall have the prerogative to place such restrictions, notwithstanding the fact that the client has adequate credit balance or margin available in his account and/or the client had previously purchased or sold such securities / contracts through KSBL itself.
   - KSBL has the discretion to refuse orders, if in its opinion, these orders may result into trades which are manipulative in nature and/or against the regulatory directives and/ or might result in regulatory query/ scrutiny at a later date. This is part of the due-diligence being undertaken by KSBL.
   - KSBL shall have the discretion to stop accepting orders for both sale and purchase or only for sale or purchase of any of the scrips(s) during the market hours depending upon its risk perception. Client shall not question the wisdom of KSBL in denying trading in such securities and shall also not claim any opportunity or other loss or damage due to denial of trading by KSBL.

2. Risk Management Policy:
   - Setting up client’s Exposure limits:
     - Client-wise differential Limits:
       KSBL shall have the prerogative to allow differential purchase limits and sell limits varying from client to client, depending upon credit worthiness, integrity and track record of each client.
       KSBL shall have the prerogative to determine and prescribe rules for exposure limits for trading in “CM”, “F&O” and other products. The client cannot claim any minimum level of exposure, as a matter of right.
     - Purchase Limit: KSBL may provide a exposure limit for intraday and delivery based purchases by a client which would be a multiple (varying between one to four times) of the clear ledger balance in the account of the client plus value of paid up collaterals computed after appropriate haircut. The value of the “multiple” and the “haircut” is decided by KSBL based on Market Volatility and quality of collaterals.
     - Sell Limit: KSBL may provide a sell limit to the client equivalent to the value of securities held by the client in his POA enabled Demat account plus the collateral held by KSBL on behalf of the client in its Beneficiary and Margin Pool account after making appropriate adjustments for the unsettled delivery positions of the client.
     - Exposure for DERIVATIVE: KSBL may provide exposure for Derivative trading on availability of initial margin (SPAN + Exposure) in the form of cash and approved securities (with appropriate hair cut).
     - KSBL has the discretion to decide whether the client will be taken in cash or in stocks and/or whether to consider uncleared cheques/ bank drafts / pay-orders deposited by the client with KSBL as margin until KSBL receives clear proceeds in its bank account. Even though the client might be having adequate margins in the form of stocks, KSBL may demand the margins in cash, depending on market conditions and/or track record of the client.
IMPOSITION OF PENALTY / DELAYED PAYMENT CHARGES BY EITHER PARTY, SPECIFYING THE RATE AND THE PERIOD

4. Applicable Brokerage Rates

Brokerage shall be applied as per the rates agreed upon with the client in the KYC at the time of registration of the client and/or subsequently through a written agreement between the client and KSBL. The rate of Brokerage shall not exceed the maximum brokerage permissible under Exchange bye-laws.

The slab rates of brokerage fixed by KSBL are function of the quality and cost of services provided to the client and the volume and revenue expected from an account. It shall be reviewed by the KSBL from time to time and may be increased with prospective effect at a notice of 15 days sent to the E-mail address or postal address of the client registered with KSBL.

The following fees/charges are in addition to the brokerage: DP Annual maintenance fees, DP transaction charges, Pledge / Re-pledge / Demat / Remat charges, DP Inter settlement charges, Inter segment charges (minimum of Rs 10 per scrip per transaction), Account Opening charges, Delayed Payment Penalty (DPP) charges, Penalties levied by Exchange Research advisory charges, Courier charges.

Handling charges, Bank charges towards the cheques received unpaid, DP, Bank and other processing charges towards periodic settlement of Funds/Securities on periodic basis, Statutory charges payable to Exchange/SEBI/Govt. Authorities, etc., SEBI/Exchange/Clearing Member Turnover charges and Other out of pocket and service related charges.
Minimum Brokerage per Scrip

KSBL offers its clients brokerage rates in percentage term, with a minimum brokerage charged per scrip, which is defined in terms of paise per scrip. Value of brokerage per scrip is worked out on both formulae and higher of the two is applied to arrive at final brokerage levied on a transaction.

Illustration on computation of Brokerage charged in the Contract note for a given scrip X

<table>
<thead>
<tr>
<th>Applicable Brokerage</th>
<th>Delivery</th>
<th>Intra day</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1%</td>
<td>0.50%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Minimum per share</th>
<th>Delivery Based</th>
<th>Intra day</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 paise per scrip</td>
<td>5 paise per scrip</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NARRATION</th>
<th>Formula/ values</th>
<th>Delivery Based</th>
<th>Intra day</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Rate per scrip</td>
<td>Mkt Rate</td>
<td>Scrip value &lt; Rs 10</td>
<td>Scrip value &gt; Rs 10</td>
</tr>
<tr>
<td>Number of shares</td>
<td>In Qty</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Value of Trade</td>
<td></td>
<td>30</td>
<td>5000</td>
</tr>
<tr>
<td>Brokerage per Scrip on Percentage Basis</td>
<td>Mkt Rate x Applicable Brokerage</td>
<td>0.003</td>
<td>0.50</td>
</tr>
<tr>
<td>Brokerage per Scrip on minimum paise Basis</td>
<td>Minimum per share</td>
<td>0.10</td>
<td>0.10</td>
</tr>
<tr>
<td>Higher of the two mentioned above</td>
<td></td>
<td>0.10</td>
<td>0.500</td>
</tr>
<tr>
<td>Hence brokerage applied for 100 shares in Rs.</td>
<td>Qty x brokerage per share</td>
<td>10</td>
<td>50</td>
</tr>
</tbody>
</table>

Handling charges:
Where clients place orders of very small value resulting in brokerage accrued there upon less than Rs. 25 per contract, the handling charges shall be levied as follows:

1) The clients generating brokerage less than Rs. 25 per contract, per exchange segment, would be levied handling charges such that sum of brokerage plus handling charges becomes equal to Rs. 25.

2) Details of brokerage, Handling Charges and Administrative Charges will be reflected separately in the statement of accounts.

3) Service tax will also be levied on the “handling charges” at the applicable rates.

Illustration of a case where clients has made a delivery based and Intra-day trade and where Handling charges are applicable

<table>
<thead>
<tr>
<th>ILLUSTRATION</th>
<th>Formula/ values</th>
<th>Delivery Based</th>
<th>Intra day</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Rate per scrip</td>
<td>Mkt Rate</td>
<td>20</td>
<td>8</td>
</tr>
<tr>
<td>Number of shares</td>
<td>In Qty</td>
<td>50</td>
<td>100</td>
</tr>
<tr>
<td>Brokerage per Scrip on Percentage Basis</td>
<td>Mkt Rate x Applicable Brokerage</td>
<td>0.2</td>
<td>0.05</td>
</tr>
<tr>
<td>Brokerage per Scrip on minimum paise Basis</td>
<td>Minimum per share</td>
<td>0.1</td>
<td>0.05</td>
</tr>
<tr>
<td>Higher of the two mentioned above</td>
<td></td>
<td>0.20</td>
<td>0.05</td>
</tr>
<tr>
<td>Hence brokerage applied for 50/100 shares in Rs.</td>
<td>Qty x brokerage per share</td>
<td>10</td>
<td>5</td>
</tr>
<tr>
<td>Brokerage Charges as per contract</td>
<td></td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>Handling Charges as per contact</td>
<td></td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Brokerage and Handling charges</td>
<td></td>
<td>25</td>
<td></td>
</tr>
</tbody>
</table>
5. **The right to sell clients’ securities or close clients’ positions, without giving notice to the client, on account of non-payment of client’s dues**

KSBL shall have right to sell client’s securities, both unpaid securities as well as collaterals deposited towards margins, or close out client’s open positions, without giving notice to the client where there is a delay/ failure of the client to meet the pay-in obligations and/or there is a failure of the client to bring additional margins to cover the increase in risk in the dynamic market conditions.

**a. Unpaid Securities in Capital Market:**

i. In case of unpaid obligation on T+5, KSBL may sell the unpaid/ partially paid securities. In addition KSBL may sell the collaterals deposited by the client towards margins and/or paid securities purchased by the client in earlier settlements where the sale of proceeds of unpaid securities are inadequate to cover the pay-in obligations and/or where the unpaid securities appear to be comparatively illiquid and cannot be sold at reasonable rates to the extent required.

ii. KSBL may follow the LIFO method for liquidation of securities but it shall not be binding on KSBL to follow this method in all cases where some of the unpaid positions are not liquid.

**b. The margin shortfall in F&O:**

i. Positions of the client may be closed out to the extent of margin shortfall on the T+1 basis.

ii. While computing margin shortfall, value of unapproved securities shall not be considered.

iii. As per the current Exchange requirements, the Member Broker is required to maintain a specified ratio between cash component and collaterals margin deposited with the Exchange. KSBL shall therefore have the prerogative to insist for 50% of margin in cash and may not consider the value of securities over and above the cash component for the purpose of calculating margins shortfall and close the “F&O” position where it finds the deviation. However, sales made in Capital Market segment are not considered while closing F&O positions on T+1 basis due to margin shortfall.

**c. Intra-day Positions:**

KSBL shall have right, without any obligation on its part, to close any intra-day positions taken by the client after a defined “Cutoff” time (Presently 20 minutes before the close of the market).

**d. General Rules for closing Positions :**

i. While selling the securities/ closing the clients positions, KSBL may take into account the sales made by the client, positions closed by the client or collections received from the client till a cut-off time (presently 12.45pm).

ii. If client has placed any limit orders, which are not executed by 12:45 pm, the client must cancel pending orders as otherwise it may lead to double sale of same securities leading to short sale and consequential loss due to auction or close out.

iii. While selling the securities/ closing the client’s positions, KSBL may not take into consideration Cheques/Bank drafts/Pay orders deposited by the client with KSBL until clear proceeds of such instruments are received by KSBL in its bank account.

iv. KSBL has the right to sell client's securities or close out client's open positions but it shall not be under any obligations to undertake this exercise compulsorily. KSBL is therefore under no obligation to compensate/ or provide reasons of any delay or omission on its part to sell client’s securities or close open positions of the client.

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

KSBL shall have the right to adopt a policy of its choice for internal auctions arising out of internal netting of trades and charge to the defaulter seller and compensate the impacted purchaser as per the said policy, which may be amended from time to time with prospective effect after publishing the same on the corporate website.

**Current Internal Auction Rules:** Shares delivered short by a client are auctioned at the Exchange, if KSBL has net obligation to the Exchange. In case shares delivered short by a client are adjusted against the delivery to be received from the Exchange on behalf of another client of KSBL, then the short delivery is closed as per internal auction rules. Internal auction price is calculated on the basis of Trading day weighted average price and auction day closing price, whichever is higher, which is further marked up by the following percentages:

- Scrip Value Rs. 0.00 to 20.00 : 10% | Scrip Value Rs. 20.05 to 250.00: 5% | Scrip Value Rs. 250.05 and above : 2%.
- Trading day weighted average price = Total Traded Volume / Total Traded Qty

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

The following are the conditions, in which KSBL may, not allow the client to take further position or may close client’s existing positions.

**a. All Markets:**

Where client is not having adequate margins as per conditions defined in Risk Management policy under Section 2.

**b. Capital Market:**

i. Where the client has not able to meet his pay-in obligation in cash by the schedule date of pay in irrespective of the value of collaterals available with KSBL.

ii. Clear proceeds of the cheque deposited by the client to meet the pay-in obligations have not yet been received by KSBL.

iii. Where the client is trading in “illiquid” scrips and volumes in his account exceed internal cut off limit fixed by KSBL.

iv. Where KSBL’s exposure at “house level” in a specific scrip / contract exceeds the internal limits fixed by KSBL.
c. Derivative Segment
   i. Where the client has not met Market to Market loss in cash
   ii. Where the "open" positions in a contract exceed or are close to market wide cut-off limits
   iii. Where the client's position is close to client-wise permissible "open" positions
   iv. Where there is shortfall in Clients margin.

d. Intra-day:
   Clients will not be able to place intra-day orders after a cut-off time fixed by KSBL. (Presently 20 minutes prior to close of market)

e. Event Based:
   Where based on happening of an event, KSBL has the risk perception that further trading in a particular or group of securities/ contracts may not be interest of its clients and/or the market irrespective of the fact whether the clients have taken position in the given securities/contracts during earlier part of the day through KSBL itself.

8. Temporarily Suspending or Closing a Client's Account at the Client's request

KSBL may carry a periodic review of the client accounts and may suspend the accounts from Trading in the following circumstances, after the closing/squaring off open positions:
   i. Where the client is inactive for more than six months
   ii. Where the client has not cleared the naked or uncovered debits which are more than 7 days' old.
   iii. Where the account is under investigation by any regulatory body.
   iv. Based on the recommendations made by the Branch Manager due to excessive speculations, un-cleared balances.
   v. Where Physical contract notes are received back undelivered due to reasons like "no such person", "addressee left", refusal of client to accept mails, POD's signed by the third persons, signature mismatch on POD's or other reasons which may create suspicion.
   vi. DCN failed (Bounced email) on more than 3 instances until client submits and registers new email id.
   vii. Statement of Account sent on periodic basis.
   viii. Non updation of communications details viz., email id, Mobile no, Land line details or it is found to be belonging to a third person.
   ix. Client lodges a compliant either directly with KSBL or through Exchange relating alleged unauthorized Trades being executed in client's account, which is under investigation and found to be false.
   x. On notices received from statutory, Government or Local authorities and Income Tax, Service Tax, a Judicial or a Quasi Judicial authority, etc
   xi. Where a client is reported to or known to have expired.
   xii. KSBL may also suspend or close the account on receipt of written request received from the client.

Inactive accounts policy:
Dormant/Inactive account: Any individual or non-individual account where transaction or any of the activity as mentioned in the Dormant/Inactive account policy have not been carried out for a period of 2 years.

Consequence of becoming Dormant/Inactive: Client will be restrained from trading until reactivation request from the client is processed as per specified procedure.

Procedure for reactivation:

<table>
<thead>
<tr>
<th>Client details to be modified</th>
<th>No change in client details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Execute CKYC/ KYC-KRA</td>
<td>Client/ authorized person for non-individual to undertake the prescribed form confirming the status quo.</td>
</tr>
<tr>
<td>In case of change in details not captured in CKYC/KYC-KRA, such as Bank details, nomination, mandate etc. then accordingly required form to be undertaken.</td>
<td>Documents to be collected for Individual Account: i. Self certified Pan Card or, ii. Self certified Aadhar Card or both. iii. Updated financials such as Bank Statement and ITR.</td>
</tr>
<tr>
<td>Requisite supporting documents to be collected and verified.</td>
<td>Documents to be collected for Non-Individual Account: Documents enclosed: i. Latest Financials such as Annual report, networth certificate and Bank Statement ii. Latest Board resolution. iii. Self certified proof of identity of authorised person.</td>
</tr>
</tbody>
</table>

If there is substantial change in details then full KYC can be undertaken.
Deregistering a client
KSBL may de-register a client without notice based on action taken by SEBI/NSE/BSE/MSEI or being part of list of debarred entities published by SEBI. KSBL may also initiate action for deregistering a client on basis of information found on the sites of CIBIL, Watch-out Investors, World Check or client having suspicious background, link with suspicious organization, etc. KSBL may freeze the assets of the client where it deems prudent, at time of de-registering a client. KSBL shall have right to close out the existing positions, sell the collaterals to recover its dues, if any, before de-registering the client. KSBL shall have the right to deregister a client after serving a 30 days written notice without assigning any reason thereof.

Re-activation by Credit:
All client account can be reactivated by credit transfer of minimum Rs. 500 or to the extent of outstanding debit in the account, whichever is higher.
Conditions to be satisfied:
• Transfer only from Designated Bank Account of the client.
• Deemed to be transfer only upon clearing of cheque/NEFT.
• Credit by way of corporate action or ledger transfer does not qualify as transfer.

Return of Client Assets:
Clients who have opted for running account facility are settled as per their Quarterly/Monthly in accordance to Exchange/SEBI guidelines. Whenever a client becomes Dormant/Inactive as per the conditions stated above, assets of the client such as Rs. 10,000 retained under running account authorization, Bank Guarantee, Fixed Deposit or any other asset as provided by the client for margin to be returned to client as per clients request or upon confirmation with the client.

9. Deregistering a client
KSBL may de-register a client without notice based on action taken by SEBI/NSE/BSE/MSEI or being part of list of debarred entities published by SEBI.
KSBL may also initiate action for deregistering a client on basis of information found on the sites of CIBIL, Watch-out Investors, World Check or client having suspicious background, link with suspicious organization, etc.
KSBL may freeze the assets of the client where it deems prudent, at time of de-registering a client.
KSBL shall have right to close out the existing positions, sell the collaterals to recover its dues, if any, before de-registering the client.
KSBL shall have the right to deregister a client after serving a 30 days written notice without assigning any reason thereof.
Annexure – 4

RIGHTS AND OBLIGATIONS OF STOCK BROKERS, SUB-BROKERS AND CLIENTS

as prescribed by SEBI and Stock Exchanges

1. The client shall invest/trade in those securities/contracts/other instruments admitted to dealings on the Exchanges as defined in the Rules, Byelaws and Regulations of Exchanges/Securities and Exchange Board of India (SEBI) and circulars/notices issued there under from time to time.

2. The stock broker, sub-broker and the client shall be bound by all the Rules, Byelaws and Regulations of the Exchange and circulars/notices issued there under and Rules and Regulations of SEBI and relevant notifications of Government authorities as may be in force from time to time.

3. The client shall satisfy itself of the capacity of the stock broker to deal in securities and/or deal in derivatives contracts and wishes to execute its orders through the stock broker and the client shall from time to time continue to satisfy itself of such capability of the stock broker before executing orders through the stock broker.

4. The stock broker shall continuously satisfy itself about the genuineness and financial soundness of the client and investment objectives relevant to the services to be provided.

5. The stock broker shall take steps to make the client aware of the precise nature of the Stock broker's liability for business to be conducted, including any limitations, the liability and the capacity in which the stock broker acts.

6. The sub-broker shall provide necessary assistance and co-operate with the stock broker in all its dealings with the client(s).

CLIENT INFORMATION

7. The client shall furnish all such details in full as are required by the stock broker in "Account Opening Form" with supporting details, made mandatory by stock exchanges/SEBI from time to time.

8. The client shall familiarize himself with all the mandatory provisions in the Account Opening documents. Any additional clauses or documents specified by the stock broker shall be non-mandatory, as per terms & conditions accepted by the client.

9. The client shall immediately notify the stock broker in writing if there is any change in the information in the ‘account opening form’ as provided at the time of account opening and thereafter; including the information on winding up petition/insolvency petition or any litigation which may have material bearing on his capacity. The client shall provide/update the financial information to the stock broker on a periodic basis.

10. The stock broker and sub-broker shall maintain all the details of the client as mentioned in the account opening form or any other information pertaining to the client, confidentially and that they shall not disclose the same to any person/authority except as required under any law/regulatory requirements. Provided however that the stock broker may so disclose information about his client to any person or authority with the express permission of the client.

MARGINS

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

TRANSACTIONS AND SETTLEMENTS

13. The client shall give any order for buy or sell of a security/derivatives contract in writing or in such form or manner, as may be mutually agreed between the client and the stock broker. The stock broker shall ensure to place orders and execute the trades of the client, only in the Unique Client Code assigned to that client.

14. The stock broker shall inform the client and keep him apprised about trading/settlement cycles, delivery/payment schedules, any changes therein from time to time, and it shall be the responsibility in turn of the client to comply with such schedules/procedures of the relevant stock exchange where the trade is executed.

15. The stock broker shall ensure that the money/securities deposited by the client shall be kept in a separate account, distinct from his/its own account or account of any other client and shall not be used by the stock broker for himself/itself or for any other client or for any purpose other than the purposes mentioned in Rules, Regulations, circulars, notices, guidelines of SEBI and/or Rules, Regulations, Bye-laws, circulars and notices of Exchange.

16. Where the Exchange(s) cancels trade(s) suo moto all such trades including the trade/s done on behalf of the client shall ipso facto stand cancelled, stock broker shall be entitled to cancel the respective contract(s) with client(s).

17. The transactions executed on the Exchange are subject to Rules, Byelaws and Regulations and circulars/notices issued thereunder of the Exchanges where the trade is executed and all parties to such trade shall have submitted to the jurisdiction of such court as may be specified by the Byelaws and Regulations of the Exchanges where the trade is executed for the purpose of giving effect to the provisions of the Rules, Byelaws and Regulations of the Exchanges and the circulars/notices issued thereunder.

BROKERAGE

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

LIQUIDATION AND CLOSE OUT OF POSITION

19. Without prejudice to the stock broker's other rights (including the right to refer a matter to arbitration), the client understands that the stock broker shall be entitled to liquidate/close out all or any of the client's positions for non-payment of margins or other amounts, outstanding debts, etc. and adjust the proceeds of such liquidation/close out, if any, against the client's liabilities/obligations. Any and all losses and financial charges on account of such liquidation/closing-out shall be charged to and borne by the client.

20. In the event of death or insolvency of the client or his/its otherwise becoming incapable of receiving and paying for or delivering or transferring securities which the client has ordered to be bought or sold, stock broker may close out the transaction of the client and claim losses, if any, against the estate of the client. The client or his nominees, successors, heirs and assignee shall be entitled to any surplus which may result there from. The client shall note that transfer of funds/securities in favor of a Nominee shall be valid discharge by the stock broker against the legal heir.

21. The stock broker shall bring to the notice of the relevant Exchange the information about default in payment/delivery and related aspects by a client. In case where defaulting client is a corporate
entity/partnership/proprietary firm or any other artificial legal entity, then the name(s) of Director(s)/Promoter(s)/Partner(s)/Proprietor as the case may be, shall also be communicated by the stock broker to the relevant Exchange(s).

DISPUTE RESOLUTION

22. The stock broker shall provide the client with the relevant contact details of the concerned Exchanges and SEBI.

23. The stock broker shall co-operate in redressing grievances of the client in respect of all transactions routed through it and in removing objections for bad delivery of shares, rectification of bad delivery, etc.

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

25. The stock broker shall ensure faster settlement of any arbitration proceedings arising out of the transactions entered into between him vis-à-vis the client and he shall be liable to implement the arbitration awards made in such proceedings.

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

TERMINATION OF RELATIONSHIP

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

28. The stock broker, sub-broker and the client shall be entitled to terminate the relationship between them without giving any reasons to the other party, after giving notice in writing of not less than one month to the other parties. Notwithstanding any such termination, all rights, liabilities and obligations of the parties arising out of or in respect of transactions entered into prior to the termination of this relationship shall continue to subsist and vest in/be binding on the respective parties or his/its respective heirs, executors, administrators, legal representatives or successors, as the case may be.

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

ADDITIONAL RIGHTS AND OBLIGATIONS

30. The stock broker shall ensure due protection to the client regarding client’s rights to dividends, rights or bonus shares, etc. in respect of transactions routed through it and it shall not do anything which is likely to harm the interest of the client with whom and for whom they may have had transactions in securities.

31. The stock broker and client shall reconcile and settle their accounts from time to time as per the Rules, Regulations, Bye Laws, Circulars, Notices and Guidelines issued by SEBI and the relevant Exchanges where the trade is executed.
32. The stock broker shall issue a contract note to his constituents for trades executed in such format as may be prescribed by the Exchange from time to time containing records of all transactions including details of order number, trade number, trade time, trade price, trade quantity, details of the derivatives contract, client code, brokerage, all charges levied etc. and with all other relevant details as required therein to be filled in and issued in such manner and within such time as prescribed by the Exchange. The stock broker shall send contract notes to the investors within one working day of the execution of the trades in hard copy and/or in electronic form using digital signature.

33. The stock broker shall make pay out of funds or delivery of securities, as the case may be, to the Client within one working day of the payout from the relevant Exchange where the trade is executed unless otherwise specified by the client and subject to such terms and conditions as may be prescribed by the relevant Exchange from time to time where the trade is executed.

34. The stock broker shall send a complete ‘Statement of Accounts’ for both funds and securities in respect of each of its clients in such periodicity and format within such time, as may be prescribed by the relevant Exchange, from time to time, where the trade is executed. The Statement shall also state that the client shall report errors, if any, in the Statement within such time as may be prescribed by the relevant Exchange from time to time where the trade was executed, from the receipt thereof to the Stock broker.

35. The stock broker shall send daily margin statements to the clients. Daily Margin statement should include, inter-alia, details of collateral deposited, collateral utilized and collateral status (available balance/due from client) with break up in terms of cash, Fixed Deposit Receipts (FDRs), Bank Guarantee and securities.

36. The Client shall ensure that it has the required legal capacity to, and is authorized to, enter into the relationship with stock broker and is capable of performing his obligations and undertakings hereunder. All actions required to be taken to ensure compliance of all the transactions, which the Client may enter into shall be completed by the Client prior to such transaction being entered into.

**ELECTRONIC CONTRACT NOTES (ECN)**

37. In case, client opts to receive the contract note in electronic form, he shall provide an appropriate e-mail id to the stock broker. The client shall communicate to the stock broker any change in the email-id through a physical letter. If the client has opted for internet trading, the request for change of email id may be made through the secured access by way of client specific user id and password.

38. The stock broker shall ensure that all ECNs sent through the e-mail shall be digitally signed, encrypted, non-tamperable and in compliance with the provisions of the IT Act, 2000. In case, ECN is sent through e-mail as an attachment, the attached file shall also be secured with the digital signature, encrypted and non-tamperable.

39. The client shall note that non-receipt of bounced mail notification by the stock broker shall amount to delivery of the contract note at the e-mail ID of the client.

40. The stock broker shall retain ECN and acknowledgement of the e-mail in a soft and non-tamperable form in the manner prescribed by the exchange in compliance with the provisions of the IT Act, 2000 and as per the extant rules/regulations/circulars/guidelines issued by SEBI/Stock Exchanges from time to time. The proof of delivery i.e., log report generated by the system at the time of sending the contract notes shall be maintained by the stock broker for the specified period under the extant regulations of SEBI/stock exchanges. The log report shall provide the details of the contract notes that are not delivered to the client/e-mails rejected or bounced back. The stock broker shall take all possible steps to ensure receipt of notification of bounced mails by him at all times within the stipulated time period under the extant regulations of SEBI/stock exchanges.
41. The stock broker shall continue to send contract notes in the physical mode to such clients who do not opt to receive the contract notes in the electronic form. Wherever the ECNs have not been delivered to the client or has been rejected (bouncing of mails) by the e-mail ID of the client, the stock broker shall send a physical contract note to the client within the stipulated time under the extant regulations of SEBI/stock exchanges and maintain the proof of delivery of such physical contract notes.

42. In addition to the e-mail communication of the ECNs to the client, the stock broker shall simultaneously publish the ECN on his designated web-site, if any, in a secured way and enable relevant access to the clients and for this purpose, shall allot a unique user name and password to the client, with an option to the client to save the contract note electronically and/or take a print out of the same.

LAW AND JURISDICTION

43. In addition to the specific rights set out in this document, the stock broker, sub-broker and the client shall be entitled to exercise any other rights which the stock broker or the client may have under the Rules, Bye-laws and Regulations of the Exchanges in which the client chooses to trade and circulars/notices issued thereunder or Rules and Regulations of SEBI.

44. The provisions of this document shall always be subject to Government notifications, any rules, regulations, guidelines and circulars/notices issued by SEBI and Rules, Regulations and Bye laws of the relevant stock exchanges, where the trade is executed, that may be in force from time to time.

45. The stock broker and the client shall abide by any award passed by the Arbitrator(s) under the Arbitration and Conciliation Act, 1996. However, there is also a provision of appeal within the stock exchanges, if either party is not satisfied with the arbitration award.

46. Words and expressions which are used in this document but which are not defined herein shall, unless the context otherwise requires, have the same meaning as assigned thereto in the Rules, Byelaws and Regulations and circulars/notices issued thereunder of the Exchanges/SEBI.

47. All additional voluntary clauses/document added by the stock broker should not be in contravention with rules/regulations/notices/circulars of Exchanges/SEBI. Any changes in such voluntary clauses/document(s) need to be preceded by a notice of 15 days. Any changes in the rights and obligations which are specified by Exchanges/SEBI shall also be brought to the notice of the clients.

48. If the rights and obligations of the parties hereto are altered by virtue of change in Rules and regulations of SEBI or Bye-laws, Rules and Regulations of the relevant stock Exchanges where the trade is executed, such changes shall be deemed to have been incorporated herein in modification of the rights and obligations of the parties mentioned in this document.
INTERNET & WIRELESS TECHNOLOGY BASED TRADING FACILITY PROVIDED BY STOCK BROKERS TO CLIENT
(All the clauses mentioned in the ‘Rights and Obligations’ document(s) shall be applicable. Additionally, the clauses mentioned herein shall also be applicable.)

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

2. The client is desirous of investing/trading in securities and for this purpose, the client is desirous of using either the internet based trading facility or the facility for securities trading through use of wireless technology. The Stock broker shall provide the Stock broker's IBT Service to the Client, and the Client shall avail of the Stock broker's IBT Service, on and subject to SEBI/Exchanges Provisions and the terms and conditions specified on the Stock broker's IBT Web Site provided that they are in line with the norms prescribed by Exchanges/SEBI.

3. The stock broker shall bring to the notice of client the features, risks, responsibilities, obligations and liabilities associated with securities trading through wireless technology/internet/smart order routing or any other technology should be brought to the notice of the client by the stock broker.

4. The stock broker shall make the client aware that the Stock Broker's IBT system itself generates the initial password and its password policy as stipulated in line with norms prescribed by Exchanges/SEBI.

5. The Client shall be responsible for keeping the Username and Password confidential and secure and shall be solely responsible for all orders entered and transactions done by any person whosoever through the Stock broker’s IBT System using the Client’s Username and/or Password whether or not such person was authorized to do so. Also the client is aware that authentication technologies and strict security measures are required for the internet trading/securities trading through wireless technology through order routed system and undertakes to ensure that the password of the client and/or his authorized representative are not revealed to any third party including employees and dealers of the stock broker.

6. The Client shall immediately notify the Stock broker in writing if he forgets his password, discovers security flaw in Stock Broker’s IBT System, discovers/suspects discrepancies/ unauthorized access through his username/password/account with full details of such unauthorized use, the date, the manner and the transactions effected pursuant to such unauthorized use, etc.

7. The Client is fully aware of and understands the risks associated with availing of a service for routing orders over the internet/securities trading through wireless technology and Client shall be fully liable and responsible for any and all acts done in the Client’s Username/password in any manner whatsoever.

8. The stock broker shall send the order/trade confirmation through email to the client at his request. The client is aware that the order/trade confirmation is also provided on the web portal. In case client is trading using wireless technology, the stock broker shall send the order/trade confirmation on the device of the client.

9. The client is aware that trading over the internet involves many uncertain factors and complex hardware, software, systems, communication lines, peripherals, etc. are susceptible to interruptions and dislocations. The Stock broker and the Exchange do not make any representation or warranty that the Stock broker’s IBT Service will be available to the Client at all times without any interruption.

10. The Client shall not have any claim against the Exchange or the Stock broker on account of any suspension, interruption, non-availability or malfunctioning of the Stock broker’s IBT System or Service or the Exchange’s service or systems or non-execution of his orders due to any link/system failure at the Client/Stock brokers/Exchange end for any reason beyond the control of the stock broker/Exchanges.
Annexure – 5

RISK DISCLOSURE DOCUMENT FOR CAPITAL MARKET AND DERIVATIVES SEGMENTS

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

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

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

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

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

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

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

1. BASIC RISKS:

1.1 Risk of Higher Volatility:
Volatility refers to the dynamic changes in price that a security/derivatives contract undergoes when trading activity continues on the Stock Exchanges. Generally, higher the volatility of a security/derivatives contract, greater is its price swings. There may be normally greater volatility in thinly traded securities / derivatives contracts than in active securities /derivatives contracts. As a result of volatility, your order may only be partially executed or not executed at all, or the price at which your order got executed may be substantially different from the last traded price or change substantially thereafter, resulting in notional or real losses.
1.2 Risk of Lower Liquidity:
Liquidity refers to the ability of market participants to buy and/or sell securities / derivatives contracts expeditiously at a competitive price and with minimal price difference. Generally, it is assumed that more the numbers of orders available in a market, greater is the liquidity. Liquidity is important because with greater liquidity, it is easier for investors to buy and/or sell securities / derivatives contracts swiftly and with minimal price difference, and as a result, investors are more likely to pay or receive a competitive price for securities / derivatives contracts purchased or sold. There may be a risk of lower liquidity in some securities / derivatives contracts as compared to active securities / derivatives contracts. As a result, your order may only be partially executed, or may be executed with relatively greater price difference or may not be executed at all.

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

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

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

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

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

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

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

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

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

1.7.1 During periods of volatility, on account of market participants continuously modifying their order quantity or prices or placing fresh orders, there may be delays in order execution and its confirmations.
1.7.2 Under certain market conditions, it may be difficult or impossible to liquidate a position in the market at a reasonable price or at all, when there are no outstanding orders either on the buy side or the sell side, or if trading is halted in a security/derivatives contract due to any action on account of unusual trading activity or security/derivatives contract hitting circuit filters or for any other reason.

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

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

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

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

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

B. If you fail to deposit the additional amount by the deadline or if an outstanding debt occurs in your account, the stock broker may liquidate a part of or the whole position or substitute securities. In this case, you will be liable for any losses incurred due to such close-outs.

C. Under certain market conditions, an investor may find it difficult or impossible to execute transactions. For example, this situation can occur due to factors such as illiquidity i.e. when there are insufficient bids or offers or suspension of trading due to price limit or circuit breakers etc.

D. In order to maintain market stability, the following steps may be adopted: changes in the margin rate, increases in the cash margin rate or others. These new measures may also be applied to the existing open interests. In such conditions, you will be required to put up additional margins or reduce your positions.

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

2.2 Currency specific risks:
1. The profit or loss in transactions in foreign currency-denominated contracts, whether they are traded in your own or another jurisdiction, will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the contract to another currency.
2. Under certain market conditions, you may find it difficult or impossible to liquidate a position. This can occur, for example when a currency is deregulated or fixed trading bands are widened.

3. Currency prices are highly volatile. Price movements for currencies are influenced by, among other things: changing supply-demand relationships; trade, fiscal, monetary, exchange control programs and policies of governments; foreign political and economic events and policies; changes in national and international interest rates and inflation; currency devaluation; and sentiment of the market place. None of these factors can be controlled by any individual advisor and no assurance can be given that an advisor's advice will result in profitable trades for a participating customer or that a customer will not incur losses from such events.

2.3 Risk of Option holders:
1. An option holder runs the risk of losing the entire amount paid for the option in a relatively short period of time. This risk reflects the nature of an option as a wasting asset which becomes worthless when it expires. An option holder who neither sells his option in the secondary market nor exercises it prior to its expiration will necessarily lose his entire investment in the option. If the price of the underlying does not change in the anticipated direction before the option expires, to an extent sufficient to cover the cost of the option, the investor may lose all or a significant part of his investment in the option.

2. The Exchanges may impose exercise restrictions and have absolute authority to restrict the exercise of options at certain times in specified circumstances.

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

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

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

4. GENERAL

4.1 The term ‘constituent’ shall mean and include a client, a customer or an investor, who deals with a stock broker for the purpose of acquiring and/or selling of securities / derivatives contracts through the mechanism provided by the Exchanges.

4.2 The term ‘stock broker’ shall mean and include a stock broker, a broker or a stock broker, who has been admitted as such by the Exchanges and who holds a registration certificate from SEBI.
### BEFORE YOU BEGIN TO TRADE

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

### TRANSACTIONS AND SETTLEMENTS

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

d) You need to bring any dispute arising from the statement of account or settlement so made to the notice of the stock broker in writing preferably within 7 (seven) working days from the date of receipt of funds/securities or statement, as the case may be. In case of dispute, refer the matter in writing to the Investors Grievance Cell of the relevant Stock exchanges without delay.

14. In case you have not opted for maintaining running account and pay-out of funds/securities is not received on the next working day of the receipt of payout from the exchanges, please refer the matter to the stock broker. In case there is dispute, ensure that you lodge a complaint in writing immediately with the Investors Grievance Cell of the relevant Stock exchange.

15. Please register your mobile number and email id with the stock broker, to receive trade confirmation alerts/ details of the transactions through SMS or email, by the end of the trading day, from the stock exchanges.

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<th><strong>IN CASE OF TERMINATION OF TRADING MEMBERSHIP</strong></th>
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<tr>
<td>16. In case, a stock broker surrenders his membership, is expelled from membership or declared a defaulter; Stock exchanges gives a public notice inviting claims relating to only the &quot;transactions executed on the trading system&quot; of Stock exchange, from the investors. Ensure that you lodge a claim with the relevant Stock exchanges within the stipulated period and with the supporting documents.</td>
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<tr>
<td>17. Familiarize yourself with the protection accorded to the money and/or securities you may deposit with your stock broker, particularly in the event of a default or the stock broker’s insolvency or bankruptcy and the extent to which you may recover such money and/or securities may be governed by the Bye-laws and Regulations of the relevant Stock exchange where the trade was executed and the scheme of the Investors’ Protection Fund in force from time to time.</td>
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<th><strong>DISPUTES/ COMPLAINTS</strong></th>
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<td>18. Please note that the details of the arbitration proceedings, penal action against the brokers and investor complaints against the stock brokers are displayed on the website of the relevant Stock exchange.</td>
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<tr>
<td>19. In case your issue/problem/grievance is not being sorted out by concerned stock broker/sub-broker then you may take up the matter with the concerned Stock exchange. If you are not satisfied with the resolution of your complaint then you can escalate the matter to SEBI.</td>
</tr>
<tr>
<td>20. Note that all the stock broker/sub-brokers have been mandated by SEBI to designate an e-mail ID of the grievance redressal division/compliance officer exclusively for the purpose of registering complaints.</td>
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Rights and Obligations of Beneficial Owner and Depository Participant

General Clause

1. The Beneficial Owner and the Depository participant (DP) shall be bound by the provisions of the Depositories Act, 1996, SEBI (Depositories and Participants) Regulations, 1996, Rules and Regulations of Securities and Exchange Board of India (SEBI), Circulars / Notifications / Guidelines issued there under, Bye Laws and Business Rules / Operating Instructions issued by the Depositories and relevant notifications of Government Authorities as may be in force from time to time.

2. KSBL shall open / activate demat account of the Client (beneficial owner) in the depository system only after receipt of complete Account opening form, KYC and supporting documents as specified by SEBI from time to time.

Beneficial Owner information

3. The DP (KSBL) shall maintain all the details of Client (Beneficial Owner) as mentioned in the account opening form, supporting documents submitted by Client (Beneficial Owner) and/or any other information pertaining to Client (Beneficial Owner) confidentially and shall not disclose the same to any person except as required by any statutory, legal or regulatory authority in this regard.

4. The Client (Beneficial Owner) shall immediately notify the KSBL (DP) in writing, if there is any change in details provided in the account opening form as submitted to KSBL (DP) at the time of opening the demat account or furnished to KSBL (DP) from time to time.

Fees/Charges/Tariff

5. The Client (Beneficial Owner) shall pay charges as per Tariff Sheet to KSBL (DP) for the purpose of holding and transfer of securities in dematerialized form and for availing depository services as may be agreed to from time to time between the DP and the Beneficial Owner as set out in the Tariff Sheet provided by the DP.

6. In case of Basic Services Demat Accounts, KSBL (DP) shall adhere to the charge structure as laid down under the relevant SEBI and / or Depository circulars / directions / notifications issued from time to time.

7. KSBL (DP) shall not increase any charges/tariff agreed upon unless it has given a notice in writing of not less than thirty days to the Beneficial Owner regarding the same.

Dematerialization

8. The Client (Beneficial Owner) shall have the right to get the securities, which have been admitted on the Depositories, dematerialized in the form and manner laid down under the Bye Laws, Business Rules and Operating Instructions of the depositories.

Separate Accounts

9. KSBL (DP) shall open separate accounts in the name of each of the beneficial owners and securities of each beneficial owner shall be segregated and shall not be mixed up with the securities of other beneficial owners and/or KSBL DP’s own securities held in dematerialized form.

10. KSBL (DP) shall not facilitate to the Client (Beneficial Owner) to create or permit any pledge and / or hypothecation or any other interest or encumbrance over all or any of such securities submitted for dematerialization and / or held in demat account except in the form and manner prescribed in the Depositories Act, 1996, SEBI (Depositories and Participants) Regulations, 1996 and Bye-Laws / Operating Instructions / Business Rules of the Depositories.

Transfer of Securities

11. KSBL (DP) shall effect transfer to and from the demat accounts of the Client (Beneficial Owner) only on the basis of an order, instruction, direction or mandate duly authorized by the Beneficial Owner and KSBL (DP) shall maintain the original documents and the audit trail of such authorizations.

12. The Client (Beneficial Owner) reserves the right to give standing instructions with regard to the crediting of securities in his demat account and the DP shall act according to such instructions.

Statement of account

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

14. However, if there is no transaction in the demat account, or if the balance has become Nil during the year, KSBL (DP) shall send one physical statement of holding annually to such Clients (BOs) and shall resume sending the transaction statement as and when there is a transaction in the account.

15. KSBL (DP) may provide the services of issuing the statement of demat accounts in an electronic mode if the Client (Beneficial Owner) so desires. KSBL (DP) will furnish to the Client (Beneficial Owner) the statement of demat accounts under its digital signature, as governed under the Information Technology Act, 2000. However if the DP does not have the facility of providing the statement of demat account in the electronic mode, then the Participant shall be obliged to forward the statement of demat accounts in physical form

16. In case of Basic Services Demat Accounts, KSBL (DP) shall send the transaction statements as mandated by SEBI and/or Depository from time to time.
Manner of Closure of Demat account

17. KSBL (DP) shall have the right to close the demat account of the Client (Beneficial Owner), for any reasons whatsoever, provided KSBL (DP) has given a notice in writing of not less than thirty days to the Client (Beneficial Owner) as well as to the Depository. Similarly, the Client (Beneficial Owner) shall have the right to close his/her demat account held with KSBL (DP) provided no charges are payable by him/her to the KSBL (DP). In such an event, KSBL (Beneficial Owner) shall specify whether the balances in their demat account should be transferred to another demat account of the Client (Beneficial Owner) held with another DP or to rematerialize the security balances held.

18. Based on the instructions of the Client (Beneficial Owner), KSBL (DP) shall initiate the procedure for transferring such security balances or rematerialize such security balances within a period of thirty days as per procedure specified from time to time by the depository. Provided further, closure of demat account shall not affect the rights, liabilities and obligations of either the Client (Beneficial Owner) or the KSBL (DP) and shall continue to bind the parties to their satisfactory completion.

Default in payment of charges

19. In event of the Client (Beneficial Owner) committing a default in the payment of any amount provided in Clause 5 & 6 within a period of thirty days from the date of demand, without prejudice to the right of the KSBL (DP) to close the demat account of the Client (Beneficial Owner), KSBL (DP) may charge interest at a rate as specified by the Depository from time to time for the period of such default.

20. In case the Client (Beneficial Owner) has failed to make the payment of any of the amounts as provided in Clause 5&6 specified above, KSBL (DP) after giving two days notice to the Client (Beneficial Owner) shall have the right to stop processing of instructions of the Beneficial Owner till such time he makes the payment along with interest, if any.

Liability of the Depository

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

Freezing / Defreezing of accounts

22. The Client (Beneficial Owner) may exercise the right to freeze/defreeze his/her demat account maintained with KSBL (DP) in accordance with the procedure and subject to the restrictions laid down under the Bye Laws and Business Rules/Operating Instructions.

23. KSBL (DP) or the Depository shall have the right to freeze/defreeze the accounts of the Clients (Beneficial Owners) on receipt of instructions received from any regulator or court or any statutory authority.

Redressal of Investor grievance

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

Authorized representative

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

Law and Jurisdiction

26. In addition to the specific rights set out in this document, KSBL (DP) and the Client (Beneficial owner) shall be entitled to exercise any other rights which KSBL(DP) or the Client (Beneficial Owner) may have under the Rules, Bye Laws and Regulations of the respective Depository in which the demat account is opened and circulars/notices issued there under or Rules and Regulations of SEBI.

27. The provisions of this document shall always be subject to Government notification, any rules, regulations, guidelines and circulars/ notices issued by SEBI and Rules, Regulations and Bye-laws of the relevant Depository, where the Client (Beneficial Owner) maintains his/ her account, that may be in force from time to time.

28. KSBL (Beneficial Owner) and the Client (DP) shall abide by the arbitration and conciliation procedure prescribed under the Bye-laws of the depository and that such procedure shall be applicable to any disputes between KSBL (DP) and the Client (Beneficial Owner).

29. Words and expressions which are used in this document but which are not defined herein shall unless the context otherwise requires, have the same meanings as assigned thereto in the Rules, Bye-laws and Regulations and circulars/notices issued there under by the depository and / or SEBI.

30. Any changes in the rights and obligations which are specified by SEBI / Depositories shall also be brought to the notice of the clients at once.

31. If the rights and obligations of the parties hereto are altered by virtue of change in Rules and regulations of SEBI or Bye-laws, Rules and Regulations of the relevant Depository, where the Beneficial Owner maintains his/her account, such changes shall be deemed to have been incorporated herein in modification of the rights and obligations of the parties mentioned in this document.