



WELCOME TO SMC

DOCKET-B

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4.	Policies and Procedures	Document describing significant policies and procedures of the stock broker.	B13 – B17
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Detail of member and SEBI registration number		
EXCHANGE/DEPOSITORY	MEMBERSHIP ID	SEBI REGISTRATION NUMBER
NSE	07714	INZ000199438
BSE	470	INZ000199438
MSEI	1002	INZ000199438
NCDEX	00021	INZ000199438
MCX	10515	INZ000199438
ICEX	1010	INZ000199438
CDSL & NSDL	19101, 19103, 27000, IN303665	IN-DP-130-2015
MUTUAL FUND	29345	NA

For any grievance / dispute please contact SMC at the address or email ID or phone numbers given below	
Registered Office Address	11/6B, Shanti Chamber, Pusa Road, New Delhi-110005
Phone Numbers	+91-11-30111444 / 1800-11-0909 (Toll Free)
Fax	+91-11-25754365
E-mail	igc@smcindiaonline.com
Website	www.smcindiaonline.com www.smctradeonline.com

Compliance Officer Details :

Name : Mr. Ashok Kumar Aggarwal
Phone No. : +91-11-30111000
E-mail : compliance@smcindiaonline.com

CEO Details :

Name : Mr. Ajay Garg
Phone No. : +91-11-30111000
E-mail : ceo@smcindiaonline.com

In case not satisfied with the response, please contact the concerned exchange(s)		
Phone	Email ID	Exchange
National Stock Exchange of India Ltd.	ignse@nse.co.in	1800-266-0058
Bombay Stock Exchange Ltd.	mahesh.ghadi@bseindia.com	022-22728517
Metropolitan Stock Exchange of India Ltd.	investorcomplaints@msei.in	022-61129000 Ext. 9028
National Commodity & Derivatives Exchange Ltd.	askus@ncdex.com	022-66406084
Multi Commodity Exchange of India Ltd.	grievance@mcxindia.com	022-67318888/022-66494000
India Commodity Exchange Ltd.	grievance@icexindia.com	022-40381456
CDSL	complaints@cdslindia.com	1800-200-5533
NDSL	relations@nsdl.co.in	1800-222-080

You can also lodge your grievances with SEBI at <http://scores.gov.in>

Filing of complaints on SEBI Complaint Redress System (SCORES) – Easy & quick

- Register on SCORES portal : <https://scores.gov.in/scores/Welcome.html>
- Mandatory details required for filing complaints on SCORES:
 - Name
 - PAN
 - Address
 - Mobile Number
 - Email ID
- Benefits:

- Effective communication
- Speedy redressal of the grievances

For any queries, feedback or assistance related to SCORES, please contact SEBI office or toll free Helpline at 1800-22-7575 / 1800-266-7575

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 receipt of the payout from the relevant Exchange where the trade is executed unless otherwise specified by the client and subject to such terms and conditions as may be prescribed by the relevant Exchange from time to time where the trade is executed.

34. The stock broker shall send a complete 'Statement of Accounts' for both funds and securities in respect of each of its clients in such periodicity and format within such time, as may be prescribed by the relevant Exchange, from time to time, where the trade is executed. The Statement shall also state that the client shall report errors, if any, in the Statement within such time as may be prescribed by the relevant Exchange from time to time where the trade was executed, from the receipt thereof to the Stock broker.
35. The stock broker shall send daily margin statements to the clients. Daily Margin statement should include, inter-alia, details of collateral deposited, collateral utilized and collateral status (available balance/due from client) with break up in terms of cash, Fixed Deposit Receipts (FDRs), Bank Guarantee and securities.
36. The Client shall ensure that it has the required legal capacity to, and is authorized to, enter into the relationship with stock broker and is capable of performing his obligations and undertakings hereunder. All actions required to be taken to ensure compliance of all the transactions, which the Client may enter into shall be completed by the Client prior to such transaction being entered into.
37. The stock broker / stock broker and depository participant shall not directly / indirectly compel the clients to execute Power of Attorney (PoA) or Demat Debit and Pledge Instruction (DDPI) or deny services to the client if the client refuses to execute PoA or DDPI.

ELECTRONIC CONTRACT NOTES (ECN)

38. 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.
39. The stock broker shall ensure that all ECNs sent through the e-mail shall be digitally signed, encrypted, non-tamper able and in compliance with the provisions of the IT Act, 2000. In case, ECN is sent through e-mail as an attachment, the attached file shall also be secured with the digital signature, encrypted and non-tamperable.
40. 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.
41. 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.
42. 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.
43. 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

44. 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.
45. 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.
46. 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.
47. 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.
48. 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.
49. 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.

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

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

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.

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

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

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

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

It must be clearly understood by you that your dealings on the Exchange through a member shall be subject to your fulfilling certain formalities set out by the member, which 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.

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.

BEFORE YOU BEGIN TO TRADE

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

TRANSACTIONS AND SETTLEMENTS

8. The stock broker may issue electronic contract notes (ECN) if specifically authorized by you in writing. You should provide your email id to the stock broker for the same. Don't opt for ECN if you are not familiar with computers.
9. 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, 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 may maintain a running account for you subject to the following conditions:
 - a) Such authorization from you shall be dated, signed by you only and contains the clause that you may revoke the same at any time.
 - b) The actual settlement of funds and securities shall be done by the stock broker, at least once in a calendar quarter or month, depending on your preference. While settling the account, the stock broker shall send to you a 'statement of accounts' containing an extract from the client ledger for funds and an extract from the register of securities displaying all the receipts/deliveries of funds and securities. The statement shall also explain the retention of funds and securities and the details of the pledged shares, if any.
 - c) On the date of settlement, the stock broker may retain the requisite securities/funds towards outstanding obligations and may also retain the funds expected to be required to meet derivatives margin obligations for next 5 trading days, calculated in the manner specified by the exchanges. In respect of cash market transactions, the stock broker may retain entire pay-in obligation of funds and securities due from clients as on date of settlement and for next day's business, he may retain funds/securities/margin to the extent of value of transactions executed on the day of such settlement in the cash market.
 - d) You need to bring any dispute arising from the statement of account or settlement so made to the notice of the stock broker in writing preferably within 7 (seven) working days from the date of receipt of funds/securities or statement, as the case may be. In case of dispute, refer the matter in writing to the Investors Grievance Cell of the relevant Stock exchanges without delay.

14. In case you have not opted for maintaining running account and pay-out of funds/securities is not received on the next working day of the receipt of payout from the exchanges, please refer the matter to the stock broker. In case there is dispute, ensure that you lodge a complaint in writing immediately with the Investors Grievance Cell of the relevant Stock exchange.
15. Please register your mobile number and email id with the stock broker, to receive trade confirmation alerts/ details of the transactions through SMS or email, by the end of the trading day, from the stock exchanges.

IN CASE OF TERMINATION OF TRADING MEMBERSHIP

16. In case, a stock broker surrenders his membership, is expelled from membership or declared a defaulter; Stock exchanges gives a public notice inviting claims relating to only the "transactions executed on the trading system" of Stock exchange, from the investors. Ensure that you lodge a claim with the relevant Stock exchanges within the stipulated period and with the supporting documents.
17. Familiarize yourself with the protection accorded to the money and/or securities you may deposit with your stock broker, particularly in the event of a default or the stock broker's insolvency or bankruptcy and the extent to which you may recover such money and/or securities may be governed by the Bye-laws and Regulations of the relevant Stock exchange where the trade was executed and the scheme of the Investors' Protection Fund in force from time to time.

DISPUTES/ COMPLAINTS

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

Penny Stocks

Clients may note that all the stocks and securities listed on the Stock Exchange are not actively traded. In other words, there are no readily available sellers or buyers in some securities and/or there are not sufficient trades or volumes from which the market price may be arrived at with some reliability. Such stocks are called 'illiquid securities' or 'Penny stocks'. They are comparatively more vulnerable to market manipulation and / price rigging. The spread, i.e., the difference between the offer price and bid price is usually wide and their purchase or sale at a given time may be difficult and in any case uncertain. Exchanges bring out monthly list of such securities based on the volume during the last calendar month.

We do not encourage trading in penny stocks. We may impose higher margin percentage and/or fix small exposure limits in respect of Penny Stocks and not permit the client to concentrate in such stocks. We may impose further restrictions as to Penny Stocks through the RMS policy. Client's instructions for trading in illiquid securities may be rejected without assigning any reason.

Setting up Client's Exposure Limit

We may impose and vary limits (including exposure limits, turnover limits, margin limits, securities/commodities wise limits in respect of which orders can be placed etc.) on the orders that the client can place through us. We may vary or reduce the limits or impose new limits on the basis of the risk perception and other factors considered relevant by us and not limited to the limits as per the Exchange / SEBI directions. We may subject any order placed by the client to review before its entry into the trading system and may refuse to execute/allow execution of any order due to but not limited to the reason of lack of Margin/securities or the order exceeding limits set by our surveillance/Exchange/SEBI and any other reason which may be deemed appropriate in the circumstances. The losses, if any, on account of such refusal or due to delay caused by such refusal or due to delay caused by such review shall be borne exclusively by the client.

We have margin based RMS System in which, total deposit (excluding over-concentration value of the securities/commodities) of the client is uploaded in the trading system and the client may take exposure on the basis of applicable margin for the intended security/commodity as per the VAR based margining system of the Stock Exchange and margin defined by the company on security/commodity wise Risk perception. Client may take the benefit of "credit for sale" i.e., benefit of shares held in margin by selling the same by selecting delivery option through order entry window in Capital Market trading system, whereby the value of the shares sold will be added with the value of deposit and on the basis of aggregate, client may take exposure. In case of exposure taken on the basis of shares margin, the payment is required to be made before the pay-in date otherwise it will be liable to square off any time due to shortage of margin. Further, in the derivative segments, if some special margin is imposed by exchange, the same must be met on the same day before closing of trading otherwise position of the client will be liable to square off due to shortage of margin.

In the sole discretion of the Company, a client may be allowed to trade beyond exposure limit or the limit may be increased. A client having availed such indulgence shall not be heard to complain about his trades only on this account and shall meet the margin shortfall at the earliest without waiting for reminder. The golden rule is Limit your exposure so as to limit your risk to your means.

Brokerage Rate

We do not charge any brokerage in excess of the rate(s) provided by the SEBI / Exchange. The agreed rates of brokerage are part of this book-let and the clients are advised to fully satisfy themselves about the same before signing. The brokerage is charges on both Buy & Sell, except otherwise indicated in the schedule of brokerage. Brokerage rates may be changed from time to time but shall not be increased without prior 15 (fifteen) days' notice. Only Head Office and concerned Zonal Head are competent to reduce the rates of brokerage and no employee or officer at Branches is authorized to do so. Any reduction in rate should not be taken as effective unless reflected in the contract notes.

Client Ledger Debit Balance

Clients are required and expected to meet their fund obligations immediately, when due, as per SEBI / Exchange requirements and ensure that their ledger account will always be in credit. If there is debit balance in their client ledger account at any time after posting of all obligations, we may levy interest on such debit balance at a rate upto 24% per annum calculated on daily basis during the continuation of any debit balance.

We do not pay interest on the clients' funds received towards margin. In exceptional cases, considering the amount of margin, its utilization and the client's past history, we may agree to deduct the interest on debit balance from the interest on any part of the unutilized margin at such rate as determined from time to time but not exceeding the rate of interest on debit balance.

Penalties

We may impose reasonable penalties for bouncing of cheques, bad deliveries, non-delivery, auction on failure of payment, non-payment of margin money, excess margin or any trades, actions or omissions contrary to the Rules, Regulations and Byelaws of the SEBI or Exchange, to discourage such violations and recover the same from the Client's Account directly.

Where the Company has to pay or suffer any penalty from any authority as a consequence of / in relation to / in connection with any orders/ instructions/ trades/ deals or actions of a client, the same shall be borne by the client.

Right of Sale of client's securities or closing the client's open position without giving notice

We do not believe in selling clients' securities or closing out their positions without sufficient notice to them. On the other hand, we expect our esteemed clients to be regular and punctual in meeting their fund obligations. The requirement of margin and the value of any security given/treated as Margin varies and multiplies with market volatility.

Higher is the margin deficit, shorter would be the time to make it up. However, in case the available margin falls below the given percentage, informed in advance, we reserve the right to sell a client's securities or to close out his all or some open positions without notice to prevent escalation of risk. The client may, however, have no grievance if SMC does not take such action and waits for the client's margin/response.

We would have the discretion to square off the position of Client/s in following circumstances:

- (a) In case of Margin Trades, if the open position is neither squared off nor converted to Delivery by Client/s within the stipulated time or where Mark to Market Loss on the open position has reached the stipulated percentage of the margins placed with us.
- (b) In all other cases where the margin or security placed by the Client falls short of the requirement or where the limits given to the Client have been breached or where the Client has defaulted on his existing obligation within the stipulated time.

All the losses based on actual executed prices, brokerage, charges and penalties levied by the Exchange relating to the Square off shall be borne by the client.

Shortages in obligations (arising out of internal netting of trades or otherwise)

Where a client fails to meet his securities pay-in obligations as due for any settlement and auction is not made by the Exchange because of reasons like internal netting of trades, then either auction takes place in the exchange or if the delivery is client to client, then the client's account is debited for such short delivery at "valuation price or the average of auction rate", whichever is higher. The buyer client shall be credited with the same amount as debited to seller client. In case, no auction price is available in a particular instance, the above mentioned debit/credit shall take place at closing price on the auction day plus 10% and trading day to auction day high price, whichever is higher. If the buyer-client requires delivery of the said shares, he is advised to buy the same next day from the market on his own.

Where a client buys securities in one settlement, and sells the same in a subsequent settlement, without having received the payout of the securities, any resulting auction / losses will be the sole responsibility of the client.

In the terms of the provisions of the Bye-Laws and Business Rules of the Exchanges, no netting of commodity delivery is permissible at Member level, hence no policy is required w.r.t Shortages in obligations arising out of internal netting of delivery trades.

Conditions under which a client may not be allowed to take further position or his existing position may be closed

Subject to a client's KYC verification and his meeting initial margin and other margin requirements, a client may take positions. However, he may not be allowed to take further position and/or the open positions may be squared off by us under any of the following circumstances:

- a. SEBI or Exchange imposing restrictions on further exposures in cases of extreme volatility in the market or in a security/commodity or group of securities/commodities or the client's margin falling short due to volatility or otherwise.
- b. Client or the Broker exceeding or touching exposure limits set by the Exchange in the particular security/commodity.
- c. Reasonable doubt as to bona fide of the transaction or identity of the client in the light of the financial status and objectives as disclosed in the KYC form.
- d. Reasonable doubt as to the transaction being cross trade, circular trade, fraudulent practice or connected with price manipulation or market rigging.
- e. SEBI or other competent authority issuing a debarment order against the client from buying, selling or dealing in securities/commodities, unless the order is vacated.

Temporary Suspension or Closing of Account at Client's Request

The client may, at times, like to suspend his account for some time due to reasons like – illness, holidaying or pilgrimage. SMC may note the instruction to suspend the transactions in an account on receipt of a written request by the client. However, the client will be responsible for all his positions till that time and shall make arrangements for due discharge of his obligations in respect of such transactions.

A suspended account may be made active by another instruction in writing by the client.

The client, subject to his meeting all obligations regarding pending positions, may seek closure of his account by a letter in writing duly signed by him. Such request shall be effective from the time it has been noted in SMC's computer system and the client shall be liable to meet all his obligations.

The request for suspension, re-activation or closure of account should be made by the client and not by his Power of Attorney Holder (POA). The Company may also withhold any payouts of client or suspend his trading account due to any surveillance action or judicial/regulatory direction or in the circumstances it would be reasonable to do so.

De-registering a Client

SMC may de-register a client in any of the following events:

- a. Death of a client who is a natural person;
- b. Liquidation or winding up of a client who is a corporate;
- c. Insolvency or bankruptcy of the client;
- d. The client being debarred from dealing in securities/commodities by an order of SEBI, other Regulatory Authority or Court;
- e. The client is convicted of fraud or other offence in relation to securities/commodities and the said conviction is not stayed by that authority or court or superior thereto.

The client, to the reasonable belief of SMC, has defaulted in payment of its debts to any other financial institution or intermediary, or admitted its inability or is unable to pay its debts as they become payable.

De-registering of a client will not absolve him from his obligations for transactions at the time of de-registration.

Policy for Inactive Accounts

Inactive clients are more vulnerable to fraud or manipulation and the clients are advised to be careful not to let their account to be inactive. An inactive account is such account wherein no trades have been carried out since last 12 (Twelve) months across all Exchanges. Such client shall be marked as 'inactive' in the Back office as well as in the UCC database of all the respective exchanges. Any further trading by such client shall be allowed only after undertaking sufficient due diligence and obtaining the updated information related to KYC from the concerned Client.

Payment Gateway

The Payment Gateway facility, when provided, shall depend upon the working of the Payment Gateway owned/controlled by the concerned bank/service provider. The Member shall not be responsible for any delay, defect or discontinuity of service of any Payment Gateway.

Orders & Limits

The Clients' instructions are recorded by the Member. Such record shall be admissible as evidence and binding. However, any transaction or instruction shall not be nonbinding merely because no recording is made / maintained / kept / provided.

The Member may subject any order placed by Client to manual review and entry, which may cause delays in processing of the order or may result in rejection of such order.

The Member may reject any order for reasons including, but not limited to, non-availability of funds in the Client's trading account, non-availability of securities/commodities in the Client's Demat Account, insufficiency of margin, suspension of trades by the concerned Exchange or application of circuit breaker.

The Member may, in its wisdom, permit execution of orders in spite of insufficiency of margin or in excess of trading limits. The trades, when executed, shall bind the Client and the Client shall provide such sums as may be required, to meet his liability under such trade.

Authority by Client

Any and all instructions issued by an authorized representative of the client shall be binding on the client in accordance with the letter authorizing the said representative to deal on behalf of the client. All authentication of the authority of a client to instruct the Member to deal on behalf of the client shall be determined by the terms in this regard mentioned in the authorization document.

Clients' Online Access to Reports

The online clients are provided User ID and Internet Access to see their accounts online. Off-line clients may be given Back Office Access Code to see their accounts and upto-date positions. All offline clients are also provided User ID and password through which they can access various back office reports, account information and other useful information anytime. The clients are advised to make full use of the facility and report, discrepancy, if any, in their account at the earliest.

Auto Square Off

The Member may auto square-off (without separate authority from Client) the Clients' positions in the following circumstances:

- (a) In case of Margin Trades, if the open buy position is neither squared off nor converted to Delivery by Client/s within the stipulated time.
- (b) In case of Margin Trades, if the open sell position is neither squared off nor converted to Delivery by Client/s within the stipulated time.
- (c) In case of Margin Trades, where Mark to Market Loss on the open position has reached the stipulated % of the margins placed with us.
- (d) In all other cases where the margin or security placed by the Client/s falls short of the requirement or where the limits given to the Client/s have been breached or where the Client/s have defaulted on their existing obligation

The actual execution of square off can happen at a price different from the trade bound, due to execution time lag and any loss based on actual execution price shall be borne by the Client. In case the Auto Square off does not take place due to certain reasons like price band, etc. then the Member may convert the open positions to Delivery. If the conversion also fails due to non-availability/ shortage of Demat shares, then for the open sale position, the Client/s will have to face auction or close out as per the rules of the concerned Exchange. Consequently, client/s will be responsible for any resulting losses and all associated costs including penalty levied by the Exchange. If the conversion also fails due to insufficient funds/no funds, then for the open buy position, the shares will not be delivered to the client/s and the Member will liquidate the shares anytime and the Client/s will be liable for any resulting losses and all associated costs incurred by the member.

Client has the sole responsibility to monitor his positions throughout the day and take necessary /appropriate actions, for which responsibility cannot be transferred to SMC.

Cancellation or Modification of orders

Cancellation or modification of an order pursuant to the client's request in that behalf is not guaranteed. The order will be cancelled or modified only if the clients request for cancellation and modification is received and the order is successfully cancelled or modified before it is executed. Market orders are subject to immediate execution wherever possible. The client should not presume an order having been executed, cancelled or modified until a confirmation from the Member is received by the client. However due to technical or other factors the confirmation may not be immediately transmitted to or received by the client and such a delay should not entitle the client to presume that the order has not been executed, cancelled or modified unless and until the Member has so confirmed in writing.

Margins

The Member determines the market value of securities/commodities placed / deemed as margin after applying an appropriate hair-cut which may, in accordance with its risk perception, be higher than that prescribed by the Exchange. Further, the Member fixes from time

to time concentration limits on value of individual security/commodity accepted for margin. Clients should monitor the market value of such securities/commodities on a continuous basis and to replenish any shortfall in the value of the margin consequent to a fall in the market value of such securities/commodities whether or not the member intimates such shortfall.

The Member shall communicate / advise the method of calculation of margin or the security requirement as rate (s) or perception (s) of dealing and the Client should self monitor their dealings, margin deposits and margin requirements and provide, the required / deficit margin/security as required from time to time, forthwith whether or not any margin call or separate communication to that effect is sent by the Member and/or received by a client. The clients should ascertain the adequacy of margin / security in acceptable form and manner beforehand prior to making any trade / order / deal, to ensure that the margin / security is adequate at all times during an open position and to make up forthwith in acceptable form and manner any deficiency or shortfall therein. If a client's order is executed and/or maintained despite shortfall in margin / security the client shall be responsible for all orders including orders executed without sufficient / non-available margin / security required by the Member / Exchange / SEBI and shall make up the shortfall suo motu at the earliest.

The Member is entitled to consider any sum or money or security lying to the credit of the client as margin received.

Policy for Value at Risk (VaR) Margin for Equity Segment

- If the SMC VaR margin as per company policy is less than 60%, position may be squared off without prior intimation to the client.
- If the debit amount is more than 25 lacs, if payment is not cleared up to T+2 then, position may be squared off without prior intimation to the client
- If the debit amount is less than 25 lacs and the payment is not cleared within 5 days then position may be squared off without prior intimation to the client.

Policy for Value at Risk (VaR) Margin for Commodity Segment

- If the SMC VaR margin as per company policy is less than 70%, position may be squared off without prior intimation to the client.
- If the debit amount is not cleared within 5 days then position may be squared off without prior intimation to the

Maintenance Of Trading Account

Funds pay-in to Member: The client shall ensure that all payments due to the Member will be made within the specified time and in the event of any delay, the Member may refuse, at their discretion, to carry out transactions or closeout the position and the costs/losses if any, thereof shall be borne solely and completely by the client. All payments made to the Member shall be from the Bank account of the client and shall not to be from any third party.

Securities/Commodities pay in to Member: All delivery to be effected to the Member for a trade, must be made minimum one day before the pay-in date. Losses, if any, that may accrue in the event of default in completing the delivery on the exchange by the Member as a result of any delay in the delivery by the client, shall be borne solely and completely by the client. Losses for the purposes of this clause shall include auction debits/penalty charges, if any incurred as a result of non delivery of securities on the settlement date on the exchange. No third party shares will be sold through the Member nor third party payment should be made to Member and client will be solely responsible for any violation. If the client anticipates availability of securities for pay in through pay out of earlier settlements or borrowings or otherwise, which does not materialize prior to the time fixed for the same for any reason whatsoever, all losses to the client for such shortage (including auction, square off or closing out) shall be solely to the client's account and the client shall not hold the Member responsible in any manner or form.

Securities/Commodities shortages in pay-in and pay-out: The Client shall be bound by the guidelines, including the rules pertaining to the adjustment of shortages in the client's position in securities transacted on behalf of the client, by the Member, In case of internal shortage of securities, any entry passed to the account of client in accordance with practice consistently followed by the Member across all its clients shall be binding on the client. Further in case of shortage of securities/commodities, the Member may borrow shares on behalf of the client and debit the charges for the same to the client's account mentioned with the Member.

Corporate Benefits on Securities held with Member.

Member will pass to the clients whatever corporate benefits are received from the companies directly like dividends and bonus shares, for other corporate benefits/actions like Rights issues/Open offers etc. where shareholders are required to apply to the company, it is the Client's responsibility to track announcements of such corporate benefits and then apply to the member/company if Client so desires. Member shall not be liable for any real/notional loss suffered by the Client, if a client fails to apply for such corporate benefits in time for the shares held by the Member on behalf of the Client.

Lien/Set-off

All funds of the client in the bank account with designated bank shall be subject to lien for the discharge of any or all payments to the Member from the client. All securities/commodities in the demat account opened in terms of the agreement with the depository participant, shall be subject to lien for the discharge of any or all payments due to the Member or to the depository participant from the client and may be held by the Member as a security against default by the client in respect of the services already availed of by the client. The Member has authority to block securities/commodities against pending order or pledge securities/commodities in favour of the Member against any of his dues. The Member shall have the right of set-off amongst all trading account maintained by the client with the Member.

Return of Excess Securities

This is with reference to SEBI Circular CIR/HO/MIRSD/DOP/CIR/P/2019/75 dated June 20, 2019 and FAQ issued by the Exchanges on the said Circular, Client may transfer the securities in "Client Collateral Account"/"Collateral Account" towards the margin obligations. Excess securities of the clients, if any, held in "Client Collateral/Collateral" account shall be released to clients along with their funds'

settlement (i.e. once in every 30/90 days) after making necessary retention in accordance with NSE circular NSE/INSP/36889 dated 02-Feb-2018

Liquidation of Securities in case of Non-fulfilment of client's funds obligation

In compliance with SEBI Circular CIR/HO/MIRSD/DOP/CIR/P/2019/75 dated June 20, 2019 and FAQ issued by the Exchanges on the said Circular, if the client is not able to fulfill Funds Obligations, then the unpaid securities shall be transferred to "client unpaid securities account" either to be disposed-off within 5 trading days from the date of pay-out or may be transferred to client's demat account as per the Risk Management (RMS) Policy of the "SMC".

Payment terms

As per the SEBI Circular CIR/HO/MIRSD/DOP/CIR/P/2019/75 dated June 20, 2019 and FAQ issued by the Exchanges on the said Circular, The client is required to fulfill the pay-in obligations on or before T+2 day. If the client fails to meet its funds pay-in obligation on T+2 day, then the securities shall be liquidated within 5 days from the Pay-out date or returned to the client as per the RMS policy of the SMC. Profit/loss on the liquidation of the unpaid securities, if any, shall be transferred to/adjusted from the respective client account. The losses, if any, incurred due to liquidation of the unpaid securities shall be adjusted from the other collaterals of the client deposited with SMC.

Indemnity

The Member should be indemnified by the client in case of any action initiated against the Member by any party not privy to this contract, and it shall be the duty of the client to bear out of their funds, all costs, losses and expenses which any such Member may incur or become liable to pay, by reason of any event in the course of the use of the said services of the client.

Notices to The Member

All communications by, from or on behalf of client to the Member should be addressed to its Customer Care Department at the following destinations and may be sent by hand delivery, post, courier or electronic mail.

SMC GLOBAL SECURITIES LTD.

11/6B, Shanti Chamber,

Pusa Road, New Delhi 110005

E-mail : smc.care@smcindiaonline.com

The Rights & Obligation / Terms & Conditions for Margin Trading Facility (MTF) prescribed hereunder form part of account opening form, shall be read in conjunction with the rights and obligations as prescribed under SEBI circular no. CIR/MIRSD/ 16/ 2011 dated August 22, 2011, SEBI Circular No. CIR/MRD/DP/54/2017 Dated June 13, 2017, SEBI/HO/MIRSD/DOP/CIR/P/2020/28 Dated February 25, 2020 and the Rules, Regulations, Bye laws, Rights and Obligation, Guidelines, circulars issued by respective Stock Exchanges from time to time.

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

1. Avail MTF in accordance with the terms and conditions of MTF offered by SMC Global Securities Limited (SMC).
2. Consent the Terms and Conditions herein through email / SMS from his email id / mobile number registered with SMC or by online mode by logging-in on the website of SMC in a secured manner or by physical mode.
3. SMC at all times shall have the liberty to exercise its right in its sole discretion to determine the extent to which the MTF to be made to the Client.
4. All outstanding dues under MTF shall carry Interest @ 0.07% per day unless mutually agreed otherwise.
5. Pay Brokerage, Statutory Charges and Other Charges as mutually agreed between the client & SMC within the prescribed limits as specified by SEBI / Exchanges.
6. If the transaction is entered under MTF, there will not be any further confirmation that it is margin trading transaction other than contract note.
7. Transaction/s to be considered for exposure to MTF shall be informed to SMC in writing or in any other irrefutable mode of communication not later than T+1 day, else the same shall be considered under normal trading facility. Additional exposure over debit balance (arising out of trade executed under normal trading facility), beyond fifth trading day reckoned from pay-in date, may be granted under MTF to the extent the Client is eligible and subject to availability of required margin. In such event, SMC in its discretion may identify the eligible/excess securities available with the client and mark as collateral towards MTF. All credit arising out of sale transaction under MTF shall be first adjusted towards the debit under normal trading facility, if any and subject to adequate margin being maintained for the outstanding MTF debit.
8. SMC shall not be bound to grant MTF to the Client (which decision shall be at the sole and exclusive discretion of SMC) and SMC shall not be required to provide any reasons thereof nor shall SMC be liable for any damages (whether direct or consequential or whether financial or non-financial) to the Client by reason of SMC refusal to grant MTF to the Client.
9. Client includes Individual, Company, Partnership firm, Trust, Hindu Undivided Family, Association of Person and Body of Individuals etc.
10. The dues, wherever mentioned herein, includes but not limited to outstanding balances, interest, statutory taxes, duties, charges, penalties etc in respect of MTF availed by the Client.
11. The terms / conditions / Obligations of the Client as amended from time to time shall be irrevocable and shall not be revoked by the death/dissolution/ winding up of the Client.
12. Accept all types of communications including order / trade confirmation, revision in margin, margin calls / decision to liquidate the position / security / collateral, Margin statements, margin policies on haircuts / VAR margin, Risk management policies, Rights & obligations, allowable exposure, specific stock exposure etc through the Client's E-mail / SMS, at the email id / mobile number of the Client registered with SMC or by way of logging-in on website of SMC in a secured manner or physical mode, based on client's preference.
13. The MTF shall be provided only in respect of Shares permitted by the SEBI/ Exchanges / SMC from time to time.
14. SMC may retain pledge of securities with SMC for availing MTF till the amount due in respect of the said transaction including the dues to SMC is paid in full by the Client.
15. SMC to hold and / or to appropriate the credit lying in the Client account/ Mutual Funds / IPO account of the Client towards the repayment of the outstanding dues thereof under MTF.
16. Ensure required margin is maintained for MTF at all point of time as specified by SEBI / Exchanges / SMC from time to time.
17. SMC at its sole and absolute discretion may increase / revise the limit of initial margin and maintenance margin, minimum transaction amount from time to time, subject to SEBI / Exchange / SMC requirements in this respect. The Client shall abide by such revision, and where there is an upward revision of such margin amount, the client agrees to make up the revised margin immediately, not later than 3 working days from the day of margin call, failing which SMC may exercise its discretion / right to liquidate the security / collateral and / or close out the position immediately.
18. Make good deficient margin / margin call by placing the further margin immediately, failing which SMC may exercise its discretion / right to liquidate the security / collateral and / or close out the position immediately depending upon the market conditions and / or the volatility.
19. Notwithstanding anything contained in clauses 17 and 18 above, SMC may, in its sole discretion, determine the time of sell / Securities to be liquidated, and / or which contract(s) is / are to be closed.
20. All losses and financial charges on account of such liquidation/closing out shall be charged to and borne by the client.
21. SMC may immediately without any notice liquidate the security / collateral and or close out the position in the happening of the following events:
 - a. if any instrument for payment of Margin Money / Monies is / are dishonored;
 - b. if the Client violates/breach any provision of this Arrangement or provides any incorrect or misleading information;
 - c. if the Client has voluntarily or compulsorily become the subject of any proceedings under any bankruptcy or insolvency law or winding up or liquidation proceedings or has a receiver or liquidator appointed in respect of itself or its assets or makes an application or refers itself to any authority for being declared as a "sick company", relief undertaking, bankrupt or

insolvent or seeking financial reconstruction or any other like scheme (by whatever name called) or is dissolved or there is a change in the constitution whether on account of the admission of a new partner or the retirement, death or insolvency of any partner or otherwise;

- d. the death, lunacy or other disability of the Client;
 - e. if there is reasonable apprehension that the Client is unable to pay its outstanding dues or has admitted its inability to pay its dues, as they become payable;
 - f. if the Client is convicted under any criminal law in force;
 - g. if any Asset or any Security is seized or made subject to any distress, execution, attachment, injunction or other process order or proceeding or is detained or taken into custody for any reason;
 - h. default under any other arrangement or facility with any Stock Broker is made by the Client;
 - i. there exists any other circumstance, which in the sole opinion of SMC, is prejudicial to the interests of SMC;
 - j. Order passed by any regulatory, courts, statutory bodies etc.
22. The MTF facility may be withdrawn by SMC, in the event of client committing any breach of any terms or conditions herein or at any time after due intimation to the client allowing such time to liquidate the MTF position as agreed herein, without assigning any reason.
23. In the event of termination of this arrangement, the client shall forthwith settle the dues of SMC. SMC shall be entitled to immediately adjust the Margin Amount against the dues of the client, and the client hereby authorizes SMC to make such adjustment. After such adjustment, if any further amount is due from the client to SMC, the client shall settle the same forthwith. Upon full settlement of all the dues of the client to SMC, SMC shall release the balance amount to the client.
24. SMC may release/ unpledged / transfer the securities utilized for MTF within 5 working days from the date of clearing the dues to SMC.
25. Lodge protest or disagreement with any transaction done under MTF within 24 hours from the date of receipt of such document / statements / contract notes/ any other communications.
26. Close / terminate the MTF at any time after clearing the dues of SMC.
27. Any dispute arising between the client and SMC in connection with the MTF, shall be referred to the investor grievance redressal mechanism, arbitration mechanism of the respective stock exchange.

B. SMC undertakes, authorizes, confirms and agrees to/that:

1. Client shall be free to take the delivery of the securities from its MTF a/c to normal trading a/c by repaying the amounts that was paid by SMC to the Exchange towards securities after paying all dues.
2. Client has a right to change the securities collateral offered for MTF at any time so long as the securities so offered are approved for margin trading facility.
3. SMC shall monitor and review on a continuous basis the client's positions with regard to MTF.
4. Additional exposure over debit balance (arising out of trade executed under normal trading facility), beyond fifth trading day reckoned from pay-in date, may be granted under MTF to the extent the Client is eligible and subject to availability of required margin. In such event, SMC in its discretion may identify the eligible/excess securities available with the client and mark as collateral towards MTF. All credit arising out of sale transaction under MTF shall be first adjusted towards the debit under normal trading facility, if any and subject to adequate margin being maintained for the outstanding MTF debit.
5. In case the client determines to convert a normal trade into MTF after the issuance of contract note, SMC shall issue appropriate records to communicate to the Client, the change in status of transaction from Normal to Margin trading and should include information like the original contract number and the margin statement and the changed data.
6. SMC when makes a 'margin call' to the client, shall clearly indicate the additional / deficient margin to be made good.
7. Whenever securities are liquidated by SMC, the contract note issued for such margin call related transactions shall carry an asterisk or identifier that the transaction has arisen out of margin call.
8. The daily margin statements sent by SMC to the client shall identify the margin/collateral for Margin Trading separately.
9. Margin Trading Account where there is no transaction for 90 days and no dues outstanding from the client shall be settled immediately.
10. The stocks deposited as collateral with SMC for availing MTF (Collaterals) and the stocks purchased under the MTF (Funded stocks) shall be identifiable separately and there shall not be any commingling for the purpose of computing funding amount.
11. SMC shall close/terminate the account of the client forthwith upon receipt of request from the client subject to the condition that the client has paid the dues under MTF.
12. The margin trading arrangement between SMC and the client shall be terminated; if the Stock Exchange, for any reason, withdraws the MTF provided to SMC or SMC surrenders the facility or SMC ceases to be a member of the stock exchange.
13. The Client may opt to terminate the MTF in the event of SMC committing any breach of any terms or conditions herein or for any other reason.
14. If the client opts to terminate the MTF, SMC shall return to the client all the collaterals provided and funded securities retained forthwith, but not later than 5 working days from the date of termination, on payment of all the dues by the client.
15. SMC shall not use the funds of one client to provide MTF to another client, even if the same is authorized by the first client.
16. SMC has opened separate demat account for MTF funded stock which is tagged as 'Client Securities under Margin Funding Account'. Such funded stocks shall be held by the SMC only by way of pledge in the said account from the BO account of the respective client. The funded stock pledged in 'Client Securities under Margin Funding Account' shall not be available for pledge with any other Bank/ NBFC. The funded stock shall be unpledged by the SMC, to the extent of the payment made by the client, within one working day of the receipt of the payment. In case of multiple funded stocks, the stocks to be unpledged can be identified in terms of the internal policy of the SMC (which has been informed to the client) or as per the instruction of the

client.

17. Stocks bought under MTF will have to be pledged compulsorily and will be tagged as Margin Funding Pledge.
18. On T+1 (Trading day +1 day), SMC will initiate a pledge request at Beginning of the day. A link will be sent by the depository on the registered mobile/e-mail id.
19. Client need to accept this pledge request by authorizing it via OTP latest by 12 PM (Noon) on T+2 (settlement date).
20. SMC may keep the securities pledged as collateral/margin for availing margin trading facility and normal trades under the same "Client Securities Margin Pledge Account" opened for the purpose of margin pledge/repledge. However, SMC shall record the securities pledged as collateral for transactions undertaken under Margin Trading facility (MTF) in the MTF books.
21. SMC collect the upfront margin as per the Margin Trading facility guidelines issued by SEBI/Exchange from time to time even if the upfront margin amount in such case is more than the margin requirement in cash market segment of clearing corporation i.e. 20% of the transaction value.
22. Investor Protection Fund (IPF) shall not be available for transactions done on the Stock Exchange, through MTF, in case of any losses suffered in connection with the MTF availed by the client.

C. Margin Required & Eligible Securities for MTF:

1. Securities specified under "MTF Approved Category List" by SMC from time to time which must be a part of 'Group I security' as per Exchanges /SEBI shall be eligible for margin trading facility. SMC reserves the right to include or exclude any Securities from its "MTF Approved Category List" as per the discretion of Risk Management Committee without any prior intimation.
2. SMC reserves the right to transfer any of the trades done in the normal market in the "MTF Approved Category List" to MTF trades at its discretion.
3. The client shall maintain the following initial margin, in order to avail margin trading:

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

4. The Client shall maintain the Maintenance Margin with the member at all the times.
5. The Initial Margin payable by the client shall be in the form of cash, cash equivalent, or Group I Equity securities with appropriate hair cut. Where the margin is made available by way of securities, the SMC is empowered to decline its acceptance of any securities as margin and/or to accept it at such reduced value as the SMC may deem fit by applying haircuts or by valuing it by marking it to market or by any other method as the stock broker may deem fit in its absolute discretion.
6. Applicable Margin on the securities purchased i.e. "Funded Securities" under MTF shall be computed by grossing applicable margin i.e. minimum initial margin plus maintenance margin, if any, on each security and accordingly shortage shall be computed by deducting available margin from gross margin. Collateral shares and Funded Shares shall be marked to market daily for the purpose of computing the margin/shortage of margin.

Margin Call

7. If the Client is intimated about the Margin shortage through any of the mutually agreed mode of communication, then the client shall make good such deficiency in the amount of margin placed with SMC. Margin call will be made if Margin available falls below 70 % of the margin required.

Liquidation/Squaring-off of MTF Securities/Positions by SMC

8. MTF Securities/Position may be liquidated/squared off immediately in case of any of the following situations/conditions, without any further intimation:
 - a) If the value of the Margin deposited by client with SMC to purchase stocks under MTF (Funded stocks), falls below the 60 % of the margin required.
 - b) If the shortage of the Maintenance margin (70% of Margin required) continued for 5 trading days.
 - c) If the client fails to meet the margin call and margin shortage continued for 3 trading days from the day of margin call.
 - d) Failing to authenticate OTP for MTF stock pledging, his/her MTF Pending Purchase may squared off on T+3 day by giving message and e-mail on client's registered mobile number and e-mail ID.
 - e) In case of funded position which were categorised as Group-1 at the time of purchase moves out of Group-1 category due to transferred in T2T segment, ASM/GSM category or any other reason specified by the exchanges, SMC will liquidate such funded position not later than 20 days from the date of notification by exchange. In case of suspension, SMC will initiate liquidation of such funded position with immediate effect from the date of notice of suspension so that the position is liquidated fully before the date of such suspension respectively.

D. All records Maintained by SMC for MTF:-

- a) SMC maintain the separate client wise ledgers for funds and register of securities (collateral and funded stocks) of clients availing margin trading facility.
- b) Separate record of details of the funds used and sources of funds for the purpose of margin trading.
- c) Books of accounts, maintained by the SMC, with respect to the margin trading facility offered by it, shall be audited on a half-yearly basis and SMC shall submit an auditor's certificate to the exchange within one month from the date of the half year ending 31st March and 30th September of a year certifying, inter alia, the extent of compliance with the conditions of margin trading facility.

RIGHTS AND OBLIGATIONS OF BENEFICIAL OWNER AND DEPOSITORY PARTICIPANT AS PRESCRIBED BY SEBI AND DEPOSITORIES

General Clause

1. The Beneficial Owner and the Depository participant (DP) shall be bound by the provisions of the Depositories Act, 1996, SEBI (Depositories and Participants) Regulations, 1996, Rules and Regulations of Securities and Exchange Board of India (SEBI), Circulars/Notifications/Guidelines issued there under, Bye Laws and Business Rules/Operating Instructions issued by the Depositories and relevant notifications of Government Authorities as may be in force from time to time.
2. The DP shall open/activate demat account of a beneficial owner in the depository system only after receipt of complete Account opening form, KYC and supporting documents as specified by SEBI from time to time.

Beneficial Owner information

3. The DP shall maintain all the details of the beneficial owner(s) as mentioned in the account opening form, supporting documents submitted by them and/or any other information pertaining to the beneficial owner confidentially and shall not disclose the same to any person except as required by any statutory, legal or regulatory authority in this regard.
4. The Beneficial Owner shall immediately notify the DP in writing, if there is any change in details provided in the account opening form as submitted to the DP at the time of opening the demat account or furnished to the DP from time to time.

Fees/Charges/Tariff

5. The Beneficial Owner shall pay such charges to the DP for the purpose of holding and transfer of securities in dematerialized form and for availing depository services as may be agreed to from time to time between the DP and the Beneficial Owner as set out in the Tariff Sheet provided by the DP. It may be informed to the Beneficial Owner that "no charges are payable for opening of demat accounts"
6. In case of Basic Services Demat Accounts, the DP shall adhere to the charge structure as laid down under the relevant SEBI and/or Depository circulars/directions/notifications issued from time to time.
7. The DP shall not increase any charges/tariff agreed upon unless it has given a notice in writing of not less than thirty days to the Beneficial Owner regarding the same.

Dematerialization

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

Separate Accounts

9. The DP shall open separate accounts in the name of each of the beneficial owners and securities of each beneficial owner shall be segregated and shall not be mixed up with the securities of other beneficial owners and/or DP's own securities held in dematerialized form.
10. The DP shall not facilitate the Beneficial Owner to create or permit any pledge and /or hypothecation or any other interest or encumbrance over all or any of such securities submitted for dematerialization and/or held in demat account except in the form and manner prescribed in the Depositories Act, 1996, SEBI (Depositories and Participants) Regulations, 1996 and Bye-Laws/Operating Instructions/Business Rules of the Depositories.

Transfer of Securities

11. The DP shall effect transfer to and from the demat accounts of the Beneficial Owner only on the basis of an order, instruction, direction or mandate duly authorized by the Beneficial Owner and the DP shall maintain the original documents and the audit trail of such authorizations.
12. The Beneficial Owner reserves the right to give standing instructions with regard to the crediting of securities in his demat account and the DP shall act according to such instructions.

Statement of account

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

Manner of Closure of Demat account

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

Default in payment of charges

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

Liability of the Depository

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

Redressal of Investor grievance

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

Law and Jurisdiction

26. In addition to the specific rights set out in this document, the DP and the Beneficial owner shall be entitled to exercise any other rights which the DP or the Beneficial Owner may have under the Rules, Bye Laws and Regulations of the respective Depository in which the demat account is opened and circulars/notices issued there under or Rules and Regulations of SEBI.
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 Beneficial Owner maintains his/her account, that may be in force from time to time.
28. The Beneficial Owner and the DP shall abide by the arbitration and conciliation procedure prescribed under the Bye-laws of the depository and that such procedure shall be applicable to any disputes between the DP and the Beneficial Owner.
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.

Dos –

1. Register your email ID in your demat account by approaching your Depository Participant. You will receive email alerts for all transactions in your demat account.
2. Register your mobile number for CDSL's free of cost SMS Alert facility - SMART and obtain alerts on your mobile for any debit transaction or credits due to corporate action or demographic changes in your demat account.
3. Register for 'easi', CDSL's free of cost internet based facility to access your demat account and check the details of your holdings and/or transactions, anytime anywhere. You can easily register for easi by accessing the link - <https://web.cdslindia.com/myeasi/home/login>
4. Ensure that your holding and transaction statements are received periodically. You are entitled to receive a transaction statement every month if you have any transactions and once every six months if there have been no transactions in your account.
5. Check your demat account statement on receipt. In case you notice any unauthorized debits or credits, contact your Depository Participant. If not satisfied with the response, contact CDSL. You may email to complaints@cdslindia.com
6. Accept the Delivery Instruction Slip (DIS) book from your DP only if each slip has been pre-printed with a serial number along with your demat account number and keep it in safe custody.
7. Before granting Power of Attorney (PoA) to operate your demat account to anyone, carefully examine the scope & implications of powers being granted
8. POA is not mandatory for opening a demat account.
9. Update change in details like email id, mobile number, address etc. immediately.
10. The demat account has a nomination facility and it is advisable to appoint a nominee, especially in case of sole account holders.

Don'ts –

1. Do not leave your DIS book with anyone else
2. Do not sign blank DIS as it is equivalent to a bearer cheque
3. Avoid over-writing, cancellations, misspellings, changing of the name and quantity of securities on DIS
4. Do not share your easi / easiest login id and password with any other person



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