

# KREDENT BROKERAGE SERVICES PRIVATE LIMITED

## CLIENT REGISTRATION FORM

CLIENT NAME: \_\_\_\_\_

CLIENT CODE: \_\_\_\_\_

**Registered Office:**

4, Brabourne Road, 4<sup>th</sup> Floor, Kolkata – 700001

Phone: (033) 40002300/01

Email: info@kredent.com

## ACCOUNT OPENING KIT

### INDEX OF DOCUMENTS

Sl. No.	Name of the document	Brief Significance of the document	Page No. From To
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#### MANDATORY DOCUMENTS AS PRESCRIBED BY SEBI & EXCHNAGE

1.	Account Opening Form	1. KYC form- Document captures the basic information about the constituent and an instruction/check list.  2. Document captures the additional information about the constituent relevant to trading account and an instruction/ checklist.	3-6  7-12
2.	Rights and Obligation	Documents stating the Rights & Obligation of the broker/trading member, sub-broker and client for trading on exchanges (including additional rights and obligations in case of internet/wireless technology based trading).	13-17
3.	Risk Disclosure Document (RDD)	Documents detailing risk associated with dealing in the securities market.	18-21
4.	Guidance Note	Document detailing do's and don'ts for trading on exchange, for the education of the investors.	22-23
5.	Policies and Procedures	Document describing significant policies and procedures of the stock broker.	24-28
6.	Tariff Sheet	Documents detailing the rate/amount of brokerage and other charges levied on the client for trading on the stock exchange(s)	29

#### VOLUNTARY DOCUMENTS AS PROVIDED BY THE STOCK BROKER

7.	Running Account Authorisation	Contains authorization for maintenance of accounts (Both Funds & Securities) on Running account basis.	32
8.	Letter stating preference for settlement	Contains authorization by Client to settle account in calendar month or quarter.	33
9.	Letter of understanding	Contain various authorization and standing instructions given by Client.	34-35
10	Authorisation for issue of Contract Notes, Margin Analysis Report, Statement of Funds & Securities & other documents in digitally signed electronic mode	By signing this document the client is agreeing to receive Contract Notes, Daily Margin Analysis Report, Statement of Funds & Securities & other documents in digitally signed electronic mode over e-mail as provided in KYC form.	36
11	PMLA Brochure	Contents guidance note on PMLA	37
12	ECN Declaration	Contains Authorization to issue Electronic Contract Note at Email Id provided	38
13	SMS declaration	Contains Authorisation to issue SMS Services at Mobile No. provided	39
14	Proprietary Trading	Contains Disclosure from Member about PRO Trading	40
15	Acknowledgement	Acknowledgement	41

<b>Kredent Brokerage Services Private Limited</b>		
<b>Exchange/Segment</b>	<b>SEBI Registration No.</b>	<b>Date</b>
NSE (CM)	INB231118036	27-07-2000
NSE (FO)	INF231118036	28-01-2004
NSE (CD)	INE231118036	25-08-2008
BSE (CM)	INB011118032	26-12-2005
BSE (FO)	INF011118032	19-02-2007
BSE (CD)	INE011118032	04-09-2013
MCX-SX (CM)	INB261118039	10-12-2012
MCX-SX (FO)	INF261118039	10-12-2012
MCX-SX (CD)	INE261118036	30-09-2008

<b>Registered Office Address:</b>	<b>Correspondence Address</b>
<p>4, Brabourne Road, 4<sup>th</sup> Floor Kolkata- 700001 Ph. No. 033 40002300 Website: <a href="http://www.kredent.com">www.kredent.com</a></p>	<p>4, Brabourne Road, 4<sup>th</sup> Floor Kolkata- 700001 Ph. No. 033 40002300 Website: <a href="http://www.kredent.com">www.kredent.com</a></p>

<b>Compliance Officer Name, Phone No. &amp; email id:</b>	<b>CEO Name, Phone No. &amp; email id:</b>
<p>Mr. Vivek Bajaj Ph. 033 40002300 Email- <a href="mailto:vivek@kredent.com">vivek@kredent.com</a></p>	<p>Mr. Vivek Bajaj Ph. 033 40002300 Email- <a href="mailto:vivek@kredent.com">vivek@kredent.com</a></p>

For any grievance/dispute please contact Kredent Brokerage Services Private Limited at the above address or email id [ig@kredent.com](mailto:ig@kredent.com) and phone no.033-40002300.

In case not satisfied with the response please contact the concerned exchange(s) at:

<b>Exchange</b>	<b>Email</b>	<b>Phone No.</b>
<b>NSE</b>	<a href="mailto:ignse@nse.co.in">ignse@nse.co.in</a>	022 26598190
<b>BSE</b>	<a href="mailto:is@bseindia.com">is@bseindia.com</a>	022 22728097
<b>MCX-SX</b>	<a href="mailto:investorcomplaints@mcx-sx.com">investorcomplaints@mcx-sx.com</a>	022 67318933/9000

## **INSTRUCTIONS/CHECK LIST FOR FILLING KYC FORM**

### **A. IMPORTANT POINTS:**

1. Self attested copy of PAN card is mandatory for all clients, including Promoters/Partners/Karta/Trustees and whole time directors and persons authorized to deal in securities on behalf of company/firm/others.
2. Copies of all the documents submitted by the applicant should be self-attested and accompanied by originals for verification. In case the original of any document is not produced for verification, then the copies should be properly attested by entities authorized for attesting the documents, as per the below mentioned list.
3. If any proof of identity or address is in a foreign language, then translation into English is required.
4. Name & address of the applicant mentioned on the KYC form, should match with the documentary proof submitted.
5. If correspondence & permanent address are different, then proofs for both have to be submitted.
6. Sole proprietor must make the application in his individual name & capacity.
7. For non-residents and foreign nationals, (allowed to trade subject to RBI and FEMA guidelines), copy of passport/PIO Card/OCI Card and overseas address proof is mandatory.
8. For foreign entities, CIN is optional; and in the absence of DIN no. for the directors, their passport copy should be given.
9. In case of Merchant Navy NRI's, Mariner's declaration or certified copy of CDC (Continuous Discharge Certificate) is to be submitted.
10. For opening an account with Depository participant or Mutual Fund, for a minor, photocopy of the School Leaving Certificate/Mark sheet issued by Higher Secondary Board/Passport of Minor/Birth Certificate must be provided.
11. Politically Exposed Persons (PEP) are defined as individuals who are or have been entrusted with prominent public functions in a foreign country, e.g., Heads of States or of Governments, senior politicians, senior Government/judicial/military officers, senior executives of state owned corporations, important political party officials, etc.

### **B. Proof of Identity (POI): - List of documents admissible as Proof of Identity:**

1. Unique Identification Number (UID) (Aadhaar)/ Passport/ Voter ID card/ Driving license.
2. PAN card with photograph.
3. Identity card/ document with applicant's Photo, issued by any of the following: Central/State Government and its Departments, Statutory/Regulatory Authorities, Public Sector Undertakings, Scheduled Commercial Banks, Public Financial Institutions, Colleges affiliated to Universities, Professional Bodies such as ICAI, ICWAI, ICSI, Bar Council etc., to their Members; and Credit cards/Debit cards issued by Banks.

### **C. Proof of Address (POA): - List of documents admissible as Proof of Address:**

*(\*Documents having an expiry date should be valid on the date of submission.)*

1. Passport/ Voters Identity Card/ Ration Card/ Registered Lease or Sale Agreement of Residence/ Driving License/ Flat Maintenance bill/ Insurance Copy.
2. Utility bills like Telephone Bill (only land line), Electricity bill or Gas bill - Not more than 3 months old.
3. Bank Account Statement/Passbook -- Not more than 3 months old.
4. Self-declaration by High Court and Supreme Court judges, giving the new address in respect of their own accounts.
5. Proof of address issued by any of the following: Bank Managers of Scheduled Commercial Banks/Scheduled Co-Operative Bank/Multinational Foreign Banks/Gazetted Officer/Notary public/Elected representatives to the Legislative Assembly/Parliament/Documents issued by any Govt. or Statutory Authority.
6. Identity card/document with address, issued by any of the following: Central/State Government and its Departments, Statutory/Regulatory Authorities, Public Sector Undertakings, Scheduled Commercial Banks, Public Financial Institutions, Colleges affiliated to Universities and Professional Bodies such as ICAI, ICWAI, ICSI, Bar Council etc., to their Members.
7. For FII/sub account, Power of Attorney given by FII/sub-account to the Custodians (which are duly notarized and/or apostilled or consularised) that gives the registered address should be taken.
8. The proof of address in the name of the spouse may be accepted.

### **D. Exemptions/clarifications to PAN**

*(\*Sufficient documentary evidence in support of such claims to be collected.)*

1. In case of transactions undertaken on behalf of Central Government and/or State Government and by officials appointed by Courts e.g. Official liquidator, Court receiver etc.
2. Investors residing in the state of Sikkim.
3. UN entities/multilateral agencies exempt from paying taxes/filing tax returns in India.

4. SIP of Mutual Funds upto Rs 50, 000/- p.a.

5. In case of institutional clients, namely, FIIs, MFs, VCFs, FVCIs, Scheduled Commercial Banks, Multilateral and Bilateral Development Financial Institutions, State Industrial Development Corporations, Insurance Companies registered with IRDA and Public Financial Institution as defined under section 4A of the Companies Act, 1956, Custodians shall verify the PAN card details with the original PAN card and provide duly certified copies of such verified PAN details to the intermediary.

**E. List of people authorized to attest the documents:**

1. Notary Public, Gazetted Officer, Manager of a Scheduled Commercial/ Co-operative Bank or Multinational Foreign Banks (Name, Designation & Seal should be affixed on the copy).
2. In case of NRIs, authorized officials of overseas branches of Scheduled Commercial Banks registered in India, Notary Public, Court Magistrate, Judge, Indian Embassy /Consulate General in the country where the client resides are permitted to attest the documents.

**F. In case of Non-Individuals, additional documents to be obtained from non-individuals, over & above the POI & POA, as mentioned below:**

**Types of entity**

**Corporate**

**Documentary requirements**

Copy of the balance sheets for the last 2 financial years (to be submitted every year).  
Copy of latest share holding pattern including list of all those holding control, either directly or indirectly, in the company in terms of SEBI takeover Regulations, duly certified by the company secretary/Whole time director/MD (to be submitted every year).  
Photograph, POI, POA, PAN and DIN numbers of whole time directors/two directors in charge of day to day operations.  
Photograph, POI, POA, PAN of individual promoters holding control - either directly or indirectly.  
Copies of the Memorandum and Articles of Association and certificate of incorporation.  
Copy of the Board Resolution for investment in securities market.  
Authorised signatories list with specimen signatures.

**Partnership firm**

Copy of the balance sheets for the last 2 financial years (to be submitted every year).  
Certificate of registration (for registered partnership firms only).  
Copy of partnership deed.  
Authorised signatories list with specimen signatures.  
Photograph, POI, POA, PAN of Partners.

**Trust**

Copy of the balance sheets for the last 2 financial years (to be submitted every year).  
Certificate of registration (for registered trust only).  
Copy of Trust deed.  
List of trustees certified by managing trustees/CA.  
Photograph, POI, POA, PAN of Trustees.

**HUF**

PAN of HUF.  
Deed of declaration of HUF/ List of coparceners.

Bank pass-book/bank statement in the name of HUF.  
Photograph, POI, POA, PAN of Karta.

**Unincorporated association or a body of individuals**

Proof of Existence/Constitution document.  
Resolution of the managing body & Power of Attorney granted to transact business on its behalf.  
Authorized signatories list with specimen signatures.

**Banks/Institutional Investors**

Copy of the constitution/registration or annual report/balance sheet for the last 2 financial years.  
Authorized signatories list with specimen signatures.

**Foreign Institutional Investors (FII)**

Copy of SEBI registration certificate.  
Authorized signatories list with specimen signatures.

**Army/ Government Bodies**

Self-certification on letterhead.  
Authorized signatories list with specimen signatures.

**Registered Society**

Copy of Registration Certificate under Societies Registration Act.  
List of Managing Committee members.  
Committee resolution for persons authorised to act as authorised signatories with specimen signatures.  
True copy of Society Rules and Bye Laws certified by the Chairman/Secretary.

**ADDITIONAL INSTRUCTIONS/CHECK LIST**

1. Additional documents in case of trading in derivatives segments-illustrative list:
  - [ ] Copy of ITR Acknowledge
  - [ ] Copy of Annual Accounts
  - [ ] In case of Salary Income – Salary Slip, Copy of Form 16
  - [ ] Networth certificate
  - [ ] Copy of demat account holding statement
  - [ ] Bank account statement for last 6 months
  - [ ] Any other relevant documents substantiating ownership of assets.
  - [ ] Self declaration with relevant supporting documents.
2. Copy of cancelled cheque leaf/pass book/bank statement specifying name of the constituent, MICR Code or/and IFSC Code of the bank should be submitted.
3. Demat master or recent holding statement issued by DP bearing name of the client.
4. For individuals:
  - a. Stock Broker has an option of doing 'in-person' verification through web camera at the branch office of the stock broker/sub broker's office.
  - b. In case of non-resident clients, employees at the stock broker's local office, overseas can do 'in-person' verification. Further, considering the infeasibility of carrying out 'in-person' verification of the non-resident clients by the stock broker's staff, attestation of KYC documents by Notary Public, Court, Magistrate, Judge, Local Banker, Indian Embassy/Consulate general in the country where the client resides may be permitted.
5. For non-individuals:
  - a. Form need to be initialized by all the authorized signatories.
  - b. Copy of Board Resolution or declaration (on the Letter Head) naming the persons authorized to deal in Securities on behalf of Company/Firm/Others and their specimen signatures.



Please affix your recent passport size Photograph & sign across

ACCOUNT OPENING FORM FOR INDIVIDUAL

Please fill this form in ENGLISH and in BLOCK LETTERS.

A. IDENTITY DETAILS

- 1. Name of the Applicant:
2. Father's/ Spouse Name:
3. a. Gender: Male/ Female b. Marital status: Single/ Married c. Date of birth:
4. a. Nationality: b. Status: Resident Individual/ Non Resident/ Foreign National
5. a. PAN: b. Aadhaar Number, if any:
6. Specify the proof of Identity submitted:

B. ADDRESS DETAILS

- 1. Residence Address:
City/town/village: Pin Code: State: Country:
2. Contact Details: Tel. (Off.) Tel. (Res.) Fax:
Mobile No.: Email id:
3. Specify the proof of address submitted for correspondence address:
4. Permanent Address (if different from above or overseas address, mandatory for Non-Resident Applicant):
City/town/village: Pin Code: State: Country:

DECLARATION

I hereby declare that the details furnished above are true and correct to the best of my knowledge and belief and I undertake to inform you of any changes therein, immediately. In case any of the above information is found to be false or untrue or misleading or misrepresenting, I am aware that I may be held liable for it.

Signature of the Applicant

Date: (dd/mm/yyyy)

FOR OFFICE USE ONLY

Originals verified and Self-Attested Document copies received

Signature of the Authorized Signatory
Date

Seal/Stamp of the intermediary



Please affix your recent passport size Photograph & sign across

ACCOUNT OPENING FORM FOR NON-INDIVIDUAL

Please fill this form in ENGLISH and in BLOCK LETTERS.

A. IDENTITY DETAILS

- 1. Name of the Applicant:
2. Date of incorporation: (dd/mm/yyyy) & Place of incorporation:
3. Date of commencement of business: (dd/mm/yyyy)
4. a. PAN: b. Registration No. (e.g. CIN):
5. Status (please tick any one): Private Limited Co./Public Ltd. Co./Body Corporate/Partnership/Trust/Charities/NGO's/FI/FII/HUF/AOP/ Bank/ Government Body/Non-Government Organization/Defense Establishment/BOI/Society/LLP/Others (please specify)

B. ADDRESS DETAILS

- 1. Address for correspondence: City/town/village: Pin Code: State: Country:
2. Contact Details: Tel. (Off.) Tel. (Res.) Fax: Mobile No.: Email id:
3. Specify the proof of address submitted for correspondence address:
4. Registered Address (if different from above): City/town/village: Pin Code: State: Country:

C. OTHER DETAILS

- 1. Name, PAN, residential address and photographs of Promoters/Partners/Karta/Trustees and whole time directors: As per Annexure A
2. a) DIN of whole time directors: As per Annexure - A
b) Aadhaar number of Promoters/Partners/Karta, if any:

DECLARATION

I/We hereby declare that the details furnished above are true and correct to the best of my/our knowledge and belief and I/we undertake to inform you of any changes therein, immediately. In case any of the above information is found to be false or untrue or misleading or misrepresenting, I am/we are aware that I/we may be held liable for it.

Name & Signature of the Authorised Signatory (dd/mm/yyyy)

Date:

FOR OFFICE USE ONLY

Originals verified and Self-Attested Document copies received

Signature of the Authorised Signatory Date

Seal/Stamp of the intermediary



**ANNEXURE – A**

**Details of Promoters/Partners/Karta/Trustees/Whole Time Directors/Directors/Persons authorized to deal on behalf of Company/Firm**

<b>Photograph</b>	<b>PHOTOGRAPH</b> <b>Please affix your recent</b> <b>Passport size photograph</b> <b>and sign across it</b>	<b>PHOTOGRAPH</b> <b>Please affix your recent</b> <b>Passport size photograph</b> <b>and sign across it</b>	<b>PHOTOGRAPH</b> <b>Please affix your recent</b> <b>Passport size photograph</b> <b>and sign across it</b>
<b>Name</b>			
<b>Designation</b> <b>(Promoters/Partners/Karta/</b> <b>Trustees/Whole Time</b> <b>Directors/Persons authorized to</b> <b>deal on behalf of Company/Firm)</b>			
<b>Residential Address</b> <b>(Proof of Address is required)</b>			
<b>PAN</b> <b>(Copy of PAN is required)</b>			
<b>DIN/UID</b> <b>(Copy of DIN/UID is required)</b>			
<b>Signature</b>			
<b>Date</b>			

**TRADING ACCOUNT RELATED DETAILS**

For Individuals & Non-Individuals

**A. BANK ACCOUNT(S) DETAILS**

Bank Name	Branch Address	Bank Account No.	Account Type: Saving/Current/ Others in case of NRI/NRE/NRO	MICR No.	IFSC Code

**B. DEPOSITORY ACCOUNT DETAILS**

Depository Participant Name	Depository Name (NSDL/CDSL)	Beneficiary Name	DP ID	Beneficiary ID (BO ID)

**C. TRADING Preferences**

\* Please sign in the relevant boxes where you wish to trade. The segment not chosen should be struck off by the client.

Exchange	Segments		
NSE	CM <input type="checkbox"/>	FO <input type="checkbox"/>	CD <input type="checkbox"/>
BSE	CM <input type="checkbox"/>	FO <input type="checkbox"/>	CD <input type="checkbox"/>
MCX-SX	CM <input type="checkbox"/>	FO <input type="checkbox"/>	CD <input type="checkbox"/>

CM = Cash Market Segment, FO = Futures & Options Segment, CD = Currency Derivatives Segment

*# If, in future, the client wants to trade on any new segment/new exchange, separate authorization/letter should be taken from the client by the stock broker*

**D. PAST ACTIONS**

Details of any action/proceedings initiated/pending/taken by SEBI/Stock Exchange/any other authority against the applicant/constituent or its Partners/promoters/whole time directors/authorized persons in charge of dealing in securities during the last 3 years: \_\_\_\_\_

**E. DEALINGS THROUGH SUB-BROKERS AND OTHER STOCK BROKERS**

If client is dealing through the sub-broker, provide the following details:

Sub-brokers Name: \_\_\_\_\_ SEBI Registration Number: \_\_\_\_\_

Registered Office Address: \_\_\_\_\_

Ph: \_\_\_\_\_ Fax: \_\_\_\_\_ Website: \_\_\_\_\_

Whether dealing with any other stock broker/sub-broker (if case dealing with multiple stock brokers/sub-brokers, provide details of all)

Name of stock broker: \_\_\_\_\_ Name of Sub-Broker, if any: \_\_\_\_\_

Client Code: \_\_\_\_\_ Exchange: \_\_\_\_\_

Details of disputes/dues pending form/to such stock broker/sub-broker: \_\_\_\_\_



**DECLARATION**

1. I/We hereby declare that the details furnished above are true and correct to the best of my/our knowledge and belief and I/we undertake to inform you of any changes therein, immediately. In case any of the above information is found to be false or untrue or misleading or misrepresentative, I am/we are aware that I/we may be held liable for it.
2. I/We confirm having read/been explained and understood the content of the document on policy and procedures of the stock broker and the tariff sheet.
3. I/We further confirm having read and understood the content of the 'Rights and Obligation' document(s) and 'Risk Disclosure Documents'. I/We do here by agree to be bound by such provisions as outlined in these documents. I/We have also been informed that the standard set of documents have been displayed for information on stock brokers' designated website, if any.

Place \_\_\_\_\_ ( \_\_\_\_\_ )

Date \_\_\_\_\_ Signature of Client/ (all) Authorized Signatory (ies)

**FOR OFFICE USE ONLY**

UCC Code allotted to the Client: \_\_\_\_\_ Branch Code: \_\_\_\_\_

	Documents verified with Originals	Client Interviewed By	In-Person verification done by
Name of the Employee			
Employee Code			
Designation of the Employee Date			
Signature			

I/We undertake that we have made the client aware of 'Policy and Procedures', tariff sheet and all the non-mandatory documents. I/We have also made the client aware of 'Rights and Obligations' document (s), RDD and Guidance Note. I/We have given/sent him a copy of all the KYC documents. I/We undertake that any change in the 'Policy and Procedures', tariff sheet and all the non-mandatory documents would be duly intimated to the clients. I/We also undertake that any change in the "Rights and Obligations' and RDD would be made available on my/our website, if any, for the information of the clients.

\_\_\_\_\_  
Signature of the Authorised Signatory

Date \_\_\_\_\_

Seal/Stamp of the stock broker

**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 there under as may be in force from time to time.

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

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

#### **TERMINATION OF RELATIONSHIP**

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

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

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

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

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

31. The stock broker and client shall reconcile and settle their accounts from time to time as per the Rules, Regulations, Bye Laws, Circulars, Notices and Guidelines issued by SEBI and the relevant Exchanges where the trade is executed.

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

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

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

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

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

## **ELECTRONIC CONTRACT NOTES (ECN)**

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

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

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

40. The stock broker shall retain ECN and acknowledgement of the e-mail in a soft and non-tamperable form in the manner prescribed by the exchange in compliance with the provisions of the IT Act, 2000 and as per the extant rules/regulations/circulars/guidelines issued by SEBI/Stock

Exchanges from time to time. The proof of delivery i.e., log report generated by the system at the time of sending the contract notes shall be maintained by the stock broker for the specified period under the extant regulations of SEBI/stock exchanges. The log report shall provide the details of the contract notes that are not delivered to the client/e-mails rejected or bounced back. The stock broker shall take all possible steps to ensure receipt of notification of bounced mails by him at all times within the stipulated time period under the extant regulations of SEBI/stock exchanges.

41. The stock broker shall continue to send contract notes in the physical mode to such clients who do not opt to receive the contract notes in the electronic form. Wherever the ECNs have not been delivered to the client or has been rejected (bouncing of mails) by the e-mail ID of the client, the stock broker shall send a physical contract note to the client within the stipulated time under the extant regulations of SEBI/stock exchanges and maintain the proof of delivery of such physical contract notes.

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

## **LAW AND JURISDICTION**

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

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

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

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

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

48. If the rights and obligations of the parties hereto are altered by virtue of change in Rules and regulations of SEBI or Bye-laws, Rules and Regulations of the relevant stock Exchanges where the trade is executed, such changes shall be deemed to have been incorporated herein in modification of the rights and obligations of the parties mentioned in this document.



**INTERNET & WIRELESS TECHNOLOGY BASED TRADING FACILITY PROVIDED BY STOCK BROKERS TO CLIENT**  
**(All the clauses mentioned in the 'Rights and Obligations' document(s) shall be applicable. Additionally, the clauses mentioned herein shall also be applicable.)**

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

## RISK DISCLOSURE DOCUMENT FOR CAPITAL MARKET AND DERIVATIVES SEGMENTS

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

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

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

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

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

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

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

### **1. BASIC RISKS:**

#### **1.1 Risk of Higher Volatility:**

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

#### **1.2 Risk of Lower Liquidity:**

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

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

**1.3 Risk of Wider Spreads:**

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

**1.4 Risk-reducing orders:**

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

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

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

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

**1.5 Risk of News Announcements:**

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

**1.6 Risk of Rumors:**

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

**1.7 System Risk:**

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

**1.7.1** During periods of volatility, on account of market participants continuously modifying their order quantity or prices or placing fresh orders, there may be delays in order execution and its confirmations.

**1.7.2** Under certain market conditions, it may be difficult or impossible to liquidate a position in the market at a reasonable price or at all, when there are no outstanding orders either on the buy side or the sell side, or if trading is halted in a security / derivatives contract due to any action on account of unusual trading activity or security / derivatives contract hitting circuit filters or for any other reason.

**1.8 System/Network Congestion:**

Trading on exchanges is in electronic mode, based on satellite/leased line based communications, combination of technologies and computer systems to place and route orders. Thus, there exists a possibility of communication failure or system problems or slow or delayed response from system or trading halt, or any such other problem/glitch whereby not

being able to establish access to the trading system/network, which may be beyond control and may result in delay in processing or not processing buy or sell orders either in part or in full. You are cautioned to note that although these problems may be temporary in nature, but when you have outstanding open positions or unexecuted orders, these represent a risk because of your obligations to settle all executed transactions.

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

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

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

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

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

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

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

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

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

**2.2 Currency specific risks:**

1. The profit or loss in transactions in foreign currency-denominated contracts, whether they are traded in your own or another jurisdiction, will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the contract to another currency.

2. Under certain market conditions, you may find it difficult or impossible to liquidate a position. This can occur, for example when a currency is deregulated or fixed trading bands are widened.

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

**2.3 Risk of Option holders:**

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

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

**2.4 Risks of Option Writers:**

1. If the price movement of the underlying is not in the anticipated direction, the option writer runs the risks of losing substantial amount.

2. The risk of being an option writer may be reduced by the purchase of other options on the same underlying interest and thereby assuming a spread position or by acquiring other types of hedging positions in the options markets or other markets. However, even where the writer has assumed a spread or other hedging position, the risks may still be significant. A spread position is not necessarily less risky than a simple 'long' or 'short' position.

3. Transactions that involve buying and writing multiple options in combination, or buying or writing options in combination with buying or selling short the underlying interests, present additional risks to investors. Combination transactions, such as option spreads, are more complex than buying or writing a single option. And it should be further noted that, as in any area of investing, a complexity not well understood is, in itself, a risk factor. While this is not to suggest that combination strategies should not be considered, it is advisable, as is the case with all investments in options, to consult with someone who is experienced and knowledgeable with respect to the risks and potential rewards of combination transactions under various market circumstances.

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

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

**4. GENERAL**

**1.1** 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.

**1.2** 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.

## **GUIDANCE NOTE - DO's AND DON'Ts FOR TRADING ON THE EXCHANGE(S) FOR INVESTORS**

### **BEFORE YOU BEGIN TO TRADE**

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

### **TRANSACTIONS AND SETTLEMENTS**

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

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

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

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

#### **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

## POLICIES & PROCEDURES

This document outlines various policies and procedures framed and followed by Kredent Brokerage Services Pvt. Ltd. (KBSPL) with present to its dealing with its clients as a stock broker on National Stock Exchange of India Ltd. ("NSE"), Bombay Stock Exchange Ltd. ("BSE") and MCX Stock exchange Ltd. ("MCX SX") (collectively hereinafter referred as "the Exchanges").

The policies and procedures as stated herein below are subject to change from time to time depending upon regulatory changes, its risk management framework, other market conditions, etc. The said policies and procedures and any revision/updating in the same from time to time is/will be available in the Client's web login provided by KBSPL on its web site. The client can access and refer to such policies and procedures by using use Id and password provided by KBSPL.

### 1. Refusal of orders for Penny Stocks and / or illiquid Stocks/Contracts/Options

In view of the risks associated in dealing with Penny Stocks and / or Illiquid Stocks/ Contracts/ options, KBSPL would generally advise its clients to desist from trading in them. Further, SEBI, Exchanges or KBSPL may issue circulars or guidelines necessitating exercising additional due diligence by the clients for dealing in such securities.

A security may be treated as Penny Stocks/ Illiquid Stock/ Contracts/ Options if it falls in anyone category as mentioned herein below:

- Securities (with face value of Rs.10/- and above) traded at less than Rs.10/- on any of the Exchanges.
- Securities appearing in the list of illiquid securities issued by the Exchanges periodically.
- Securities forming part of Trade-to-Trade settlement.
- Securities forming part of Z group.
- Securities on which Exchange VaR is more than 50%.
- Scrip whose average daily volume in last seven days is less than 20,000 shares or
- Rs.20 lacs in value which ever is higher (collectively for all Exchanges).
- Illiquid options / far month options /long dated options.
- Any other securities/ contracts/options as may be decided by KBSPL, which may be considered by KBSPL as volatile or subject to market manipulation or have concentration risk at client level or at the security level or any other reason.

Trading in such securities will be allowed to the client at the discretion of KBSPL such securities may be blocked in normal trading system and any dealing in such securities will be allowed only on the approval of the Risk team as it may deem fit. KBSPL may restrict the quantity of such securities if the client is allowed to buy/sell. KBSPL may further insist upto 100% advance pay-in of funds/securities before allowing trades in such securities.

Under no circumstances, KBSPL shall be responsible for non-execution / delay in execution of such orders and consequential opportunity loss or financial loss to the client.

The above list of criteria is an indicative list, KBSPL may define from time to time other category/ criteria to treat a security as Penny Stocks/ illiquid Stock/ Contracts/ Options.

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

While setting up the exposure limits for and on behalf of the clients, KBSPL broadly takes into consideration the regulatory requirement, client profile, internal risk management policy, market conditions, etc. Considering the said parameters the exposure limit for a client would be set up as follows:

- Exposure limits to the client will be provided based on the available margin in the client's broking account maintained with KBSPL.
- The exposure limits will be depending upon the category of the scrip in which the Client will transact and will be as decided by KBSPL from time to time and may vary from client to client.
- On a case-to-case basis KBSPL, at its discretion, may allow exposure limits to the client.
- In case of cash segment, KBSPL may at its discretion allow clean exposure limit up to certain amount to the client without insisting for any credit balance and /or margin. The quantum of clean exposure limit shall be decided by KBSPL. On a case-to-case basis KBSPL may, at its discretion, give higher clean exposure limits to certain set of the clients. KBSPL reserves the right to withdraw clean exposure limit granted to the client at any point of time at its discretion. The client cannot raise any concern/ dispute for the same.
- Available margin for the purpose of granting exposure is calculated as a sum of free credit balance of the client in KBSPL's books, margin in the form of funds, securities, bank fixed deposit, bank guarantees, etc. of the client available with KBSPL.



- The choice of the securities to be considered as margin shall be determined by KBSPL at its discretion from time to time and the client shall abide by the same.
- While granting the exposure limit, margin in the form of securities will be valued as per the latest available closing price on NSE or BSE after applying appropriate haircut as may be decided by KBSPL at its discretion.
- KBSPL may from time to time depending on market conditions, profile and history of the client, type and nature of scrip, etc., at its discretion charge/change the rate of haircut applicable on the securities given as margin, multiplier for granting exposure in Cash/F&O segments and take such steps as KBSPL may deem appropriate.
- The Client will have to abide by the exposure limit set by KBSPL.

### **3. Applicable Brokerage Rate**

For rendering the broking services, KBSPL charges brokerage to the client. The Brokerage rate will be as per the terms agreed with the client at the time of client registration. The brokerage rate agreed in Tariff Sheet by client will be communicated to the client by way of Welcome letter sent to him. The client shall verify the welcome kit and revert within 30 days in case the brokerage rate is not as per the terms agreed.

The brokerage rate may be varied in future as agreed between the client and KBSPL either in writing or orally from time to time. In case of oral agreement, if the brokerage is charged at such revised rate in contract note subsequent to revision and the client does not raise any dispute on such brokerage within the time period stipulated on the contract note then the same will be considered as consented by the client.

The brokerage rate at no point of time will exceed the rates as may be specified by the exchanges/ SEBI from time to time.

The brokerage will be exclusive of the following except in cases where it is agreed otherwise:

- Service Tax and Education Cess
- SEBI/ Exchange/Clearing member charges stamp duty
- Statutory charges payable to Exchange/ SEBI/Govt. Authorities etc.

### **4. Imposition of penalty/delayed payment charges, specifying the rate and the period.**

#### **Imposition of penalty**

The exchange/clearing corporation/SEBI levies penalties on the broker for irregularities observed by them during the course of business. KBSPL shall recover such imposed penalties/levies, if any, by the Exchange/regulators, from the client which arise on account of dealings by such client. Such recovery would be by way of debit in the ledger of the client and amounts would be adjusted against the dues owed by KBSPL to the client.

#### **Delayed payment charges**

While dealing with KBSPL it is the responsibility of the client to ensure that the required margins(including but not limited to initial margin, mark to market and/or other margins),any outstanding settlement obligations and/or any other dues payable to KBSPL are paid within the time period stipulated by the Exchanges or KBSPL, whichever is earlier.

Delayed payment charge is only a penal measure. The client should not construe it as funding arrangement. The Client can't demand continuation of service on a permanent basis citing levy of delayed payment charges.

The client will not be entitled to any interest on the credit balance/surplus margin available/kept with KBSPL.

However, as per management decisions as of now we do not charge any interest on delayed payment.

### **5. The right to sell clients securities or close client's positions, without giving notice to the client, on account of non-payment of client's dues.**

The client needs to furnish adequate margin as specified by KBSPL from time to time at its sole and absolute discretion. It shall be the client's responsibility to ascertain in advance the margin requirement for his/her/its order/trades/deals and to ensure that the required margin is made available to KBSPL in such form and manner as may be required by KBSPL.

Without prejudice to its other rights and remedies available under the Rights and Obligations of Stock Brokers, Sub Brokers and Clients, Risk Disclosure Document for Capital Market and Derivatives Segments, Guidance Note – Do's and Don'ts for Trading on the Exchange(s) for Investors and any other documents as may be prescribed by SEBI/ Exchange time to time, executed/to be executed by and between client and KBSPL or at law, KBSPL shall be entitled, in its discretion, to liquidate/close out all or any of the client's open/outstanding position, sell the client's securities available with KBSPL at any time to recover its dues without giving any notice to the client in the following circumstances:

- If the client fails to pay any margin, settlement obligations and/or other liabilities due to KBSPL within the stipulated time frame
- In the event that the market value of the client's securities, lying as margin or bought by the client for which payment is not made by the client, for any reason fall or is anticipated to fall, or circumstances arise or are likely to arise which may in the opinion of KBSPL jeopardize its interest and expose it or is likely to expose it to any financial loss or damage.

Any and all losses (actual or notional), financial charges, damages on account of such liquidation/sell/closing out shall be borne by the client only.

**However our internal control is such that the position of client squaring of due to Short fall in margin, pay in does not arises. If such incidence arises, we, immediately contacts the client and asked the client to make up the shortfall & the client obliged.**

#### **6. Shortage in obligation arising out of internal netting of trades**

In case of internal shortage of securities, we inform the clients to whom delivery is pending about internal shortage. Then we give them option of either taking delivery later or square the transaction in markets and receive difference if any. In case of internal shortage of funds, we pay to clients as soon as due to them from our resources and collects from other clients in course of time.

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

An illustrative list of circumstances on which KBSPL may not allow the client to take further positions or may close/liquidate a part of or whole of the existing position of the client are as follows:

- Failure by the client in providing sufficient/adequate margin(s) and /or insufficient/inadequate free credit balance available in clients broking account with KBSPL;
- If the client fails to deposit the margin /additional margin by the deadline or if an outstanding debt occurs in the Client's brokerage account with KBSPL beyond the stipulated time period;
- If the client fails to maintain the requisite margin in such form and manner as may be specified by KBSPL from time to time;
- Settlement obligations are not paid by the client within the time frame allowed by the Exchanges or as per the norms specified by KBSPL from time to time;
- Securities falling in the category of Penny Stocks/illiquid stocks/Contracts/Options.
- Trades which apparently in the discretion of KBSPL seems to be synchronized trades/circular trading /artificial trading /manipulative in nature, etc.;
- Securities /F&O contracts banned by the regulatory authorities;
- Any ban imposed on the client by the regulatory authorities
- Where name of the client apparently resembles with the name appearing in the list of debarred entities published by SEBI/Exchanges (where the information available for the debarred entity (other than name) is not sufficient enough to establish that the client and such debarred entity are one and the same);
- The client fails to furnish documents / information as may be called for by KBSPL from time to time as per regulatory requirements and / or as per its internal policy.
- In the event of death or insolvency of the client or the client otherwise becoming incapable of receiving and paying for or delivering or transferring securities which the client has ordered to be bought or sold;

- Where due to adverse movement in the prices of stocks in which the client has position , in (CM or F&O ) or given as collaterals, the chances of the accounts of the client going uncovered or unsecured i.e. Not backed by any kind of security arises.

KBSPL may take the action under this policy with/without giving any notice or intimation to the client. KBSPL will not be responsible for any opportunity loss or financial loss the client in the event any action taken by it under this policy.

#### **8. Temporary suspending or closing client's broking account at client request**

A client who wishes to temporarily suspend or close his/her/its broking account can do so by submitting a written request or by email (through email id registered with KBSPL) in the form and format as may be prescribed by KBSPL. The request can be submitted to the servicing branch or sub-broker or the head office of KBSPL. Prior to submission of such request the client should ensure that all amounts due and payable to KBSPL are paid. Requests from a client where no dues are outstanding would be processed within 10 working days from the date of receipt of the request.

If the client wants to activate the broking account then a request for reactivating the broking account should be sent in writing/via email (through email id registered with KBSPL) to KBSPL along with such documentary evidence as may be specified by KBSPL from time to time.

#### **9. Deregistering a client**

Without prejudice to KBSPL's rights and remedies available under the agreement, KBSPL may forthwith, at its discretion, de-register the client with/without prior notice/intimation in the following circumstances:

- (i) Where the client indulges in any irregular trading activities like synchronized trading, price manipulation, trading in illiquid securities/ options/contracts, self trades, trading in securities at prices significantly away from market prices, etc.;
- (ii) Any enquiry/investigation is initiated by the Exchanges/regulators against the client;
- (iii) Any regulatory action taken/initiated against the client by the Exchanges/regulators including but not limited to debarring the client from accessing the capital market;
- (iv) Where name of the client apparently resembles with the name appearing in the list of debarred entities published by SEBI/Exchanges (where no information other than name is available);
- (v) On the death/lunacy or other disability of the Client;
- (vi) If a receiver, administrator or liquidator has been appointed or allowed to be appointed of all or any part of the undertaking of the Client;
- (vii) If the client has voluntarily or compulsorily become the subject of proceedings under any bankruptcy or insolvency law or being a company, goes into liquidation or has a receiver appointed in respect of its assets or refers itself to the Board for industrial and financial reconstruction or under any other law providing protection as a relief undertaking.
- (viii) If the client being a partnership firm, any steps has been taken by the client and/or its partners for dissolution of the partnership;
- (ix) Name of the Client appears in database/websites of CIBIL, Watch Out Investor, Word check etc;
- (x) The client having suspicious background or link with suspicious organization; where the client is non-traceable, has pending disputes with KBSPL, possibility of a default by the client;
- (xi) any other circumstances leading to a breach of confidence in the client for reasons like return of undelivered couriers citing reasons of "No such persons/Addressee left/Refusal to accept mails, etc.", continuous cheque bouncing , or not furnishing the financial and other details as may be called for by KBSPL from time to time , etc.;
- (xii) Such other circumstances which in the opinion of KBSPL warrants to de-register the client.

In all such case, KBSPL shall have the right to close out the existing open positions/contracts, sell/liquidate the margin (in any form) to recover its dues, if any, before de-registering the client. Any action taken by KBSPL in terms of this policy shall not be challenged by the client, and KBSPL shall not be liable to the client for any loss or damaged (actual /notional), which may be caused to the client as a result. Also while deregistering the client, KBSPL may retain certain amount/securities due/belonging to the client for meeting any future losses, liability, penalties, etc. arising out of dealing of the client with KBSPL. In case if any securities retained by KBSPL are sold/liquidated to recover any such losses, liability, penalties, etc. KBSPL shall have the authority to decide the mode, manner and the price at which to effect the sale of securities and the client can not raise any dispute as to the manner, mode and the price at which the securities are sold by KBSPL.

In any of the above circumstances, if the client is able to justify his/her/its innocence either by producing any record, document or otherwise to the full satisfaction of KBSPL, KBSPL may reconsider its decision of de-registering the client. However in no circumstances any action taken by KBSPL till the date of re-registration shall be challenged by the client and

KBSPL shall not be liable to the client for any loss or damaged (actual/notional), which may be caused to the client as a result.

**10. Policy for inactive client**

Any client who has not traded in any segment of any of the Exchange with KBSPL for last 6 months calculated from the beginning of every financial year or such pother period as may be decided by KBSPL at its discretion then such client would be termed as Dormant/Inactive Client.

The broking account of such client may be deactivated / suspended temporarily by KBSPL. If the client wants to activate the broking account then a request for reactivating the broking account shall be sent in writing /via email (through email id registered with KBSPL) to KBSPL or may convey the same over recorded telephone line followed with written request. Such request for reactivation for should be accompanied along with such documentary evidence as may be specified by KBSPL from time to time.

If the client is tagged as a Dormant/inactive client, then the funds/securities lying with KBSPL may be refunded /returned to the clients at his/her/its last bank account/DP account or sent at last known address of the client as per KBSPL record.

**Client acceptance of policies and procedures stated herein above:-**

I/we have fully understood the same and do hereby sign the same and agree not to call into question the validity, enforceability and applicability of any provision/clauses of this document under any circumstances what so ever. These policies and procedures may be amended/changed by the broker, provided the change is informed to me/us through anyone or more means or methods such as post/speed post/courier/registered post/facsimile/telegram/cable/e-mail/voice mails/telephone including SMS on the mobile phone/by messaging on the computer screen of the client's computer or any other similar device.

Client's Signature: \_\_\_\_\_

**TARIFF SHEET**

<b>Particulars</b>	<b>Delivery (CM Segment)</b>	<b>Square off (CM Segment)</b>	<b>Future (Equity)</b>	<b>Option (Equity)</b>	<b>Future (CDS)</b>	<b>Option (CDS)</b>
<b>Brokerage</b>						
<b>Minimum Brokerage (Application in case of low value scrip)</b>						

(other charges like STT, Service tax, Stamp & SEBI charges, Transaction Charges & other charges if any shall be levied as per the stipulation of the concerned authorities.)

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

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

\_\_\_\_\_  
**Signature of Client (Authorised Signatory)**

# **NON-MANDATORY SECTION**

Date:

To  
**Kredent Brokerage Services Pvt. Ltd.,**  
**4, Brabourne Road, 4<sup>th</sup> Floor**  
**Kolkata - 700 001, India**

Dear Sir,

I/We hereby confirm that I/We have read all the pages, clauses etc. of the document and understood that:-

- (a) Page No. 1 to Page No. 29 are mandatory in nature and I/We have signed these pages only after reading and understanding the implication of the same.
- (b) Page No. 32 to page No. 40 are non- mandatory in nature and the signature to these pages are optional at my/our discretion. I/We have read and understood the clauses contained in these pages and I/We have signed only those pages which I/We have thought appropriate to sign.

Thanking You,

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

Unique Client Code : \_\_\_\_\_

Signature of the client : \_\_\_\_\_

**NON-MANDATORY SECTION**

**This document is non mandatory in nature and signature to this document is optional:**

Date:

To  
Kredent Brokerage Services Private Limited,  
4, Brabourne Road, 4<sup>th</sup> Floor,  
Kolkata - 700 001, India

**Maintenance of my/our Funds & Securities on running account basis**

Dear Sir,

I/We understand the below mentioned points and authorize KBSPL to:-

**(A) Maintain Funds on running account basis**

I/We hereby authorize KBSPL to retain credit balances in my/our account till further instruction (written or verbal) from my/our side or instruction for settlement interval given by me/us (monthly/quarterly as the case may be) whichever is earlier

**(B) Maintain Securities on running account basis**

I/We hereby authorize KBSPL to retain securities in my/our account till further instruction (written or verbal) from my/our side or instruction for settlement interval given by me/us (monthly/quarterly as the case may be) whichever is earlier.

**(C) Revocation/Renewal of authority**

I/We understand that this authority for maintenance of funds & securities on running account basis may be revoked by me/us at any time by giving instruction in writing and shall remain in force until revoked by me/us in writing.

Thanking you,

Yours Faithfully

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

Unique Client Code : \_\_\_\_\_

Signature of the client : \_\_\_\_\_



**This document is non mandatory in nature and signature to this document is optional:**

Date:

To  
**Kredent Brokerage Services Private Limited,  
4, Brabourne Road, 4<sup>th</sup> Floor  
Kolkata-700 001, India**

Dear Sir

**Sub:- Actual Settlement of Funds & Securities**

This has reference to my/our trading account with you. I/We have understood the SEBI circular no. MIRSD/SE/Cir-19/2009 dated 3<sup>rd</sup> Dec '09 & further clarification thereto. I/We understand that as per the aforesaid circular trading member shall make actual settlement of funds & securities at least once in a calendar month or Calendar Quarter as per my/our preference.

I/We hereby authorize the trading member to make actual settlement of funds & securities in respect of my/our above referred trading account at least once in a

Calendar Quarter

Calendar Month

I/We further understand that while settling the account, the broker shall send to me/us a statement of funds & securities and in case there will be any dispute in the statement of accounts or settlement so made, I/We shall intimate the same within 30 working days from the date of receipt of funds/Securities or Statement as the case may be.

I also understand that I can revoke the above authorization at any time by intimating the Member in writing.

Thanking You,

Yours Faithfully,

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

Unique Client Code : \_\_\_\_\_

Signature of the client : \_\_\_\_\_

**This document is non mandatory in nature and signature to this document is optional:**

Date:

To

**Kredent Brokerage Services Private Limited,  
4, Brabourne Road, 4<sup>th</sup> Floor  
Kolkata-700 001, India**

**Sub:- Letter of Understanding**

Dear Sir,

1. I/We hereby authorize you to maintain records/books of accounts for me/us collectively for different exchanges/segments of the exchanges and/or any other service which I/We may be availing.
2. **I/We understand that KBSPL also does proprietary trading and I/We have noted the same and hereby state that I/We have no objection to KBSPL doing the proprietary trading.**
3. I/We agree and acknowledge that it is advised and preferred that I/We give instructions for order placement/modification and cancellation in writing to avoid dispute.
4. I/We shall not be entitled to disown orders and consequent trades (if any) under the plea that the same was not under mine/our instruction.
5. I/We authorize to instruct KBSPL to issue detailed Contract Note.
6. I/We hereby declare that I/We do not have any link directly or indirectly with promoters of the any of the companies as far as these transactions are concerned. Also I/We do not have any involvement, whatsoever, with regard to increase or decrease in the price of share dealt by me/us.

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

Unique Client Code : \_\_\_\_\_

Signature of the client : \_\_\_\_\_

**This document is non mandatory in nature and signature to this document is optional:**

I/We hereby declare that:-

- (A) I/We have never defaulted to any other broker/exchange.
- (B) I/We have never been suspended/expelled/defaulted member of any exchange.
- (C) I/We have never been declared bankrupt/insolvent.
- (D) I am not an employee of any other broker/exchange.
- (E) I am working with \_\_\_\_\_ (the broker/exchange) and the NOC of the broker/exchange is enclosed.
- (F) I/We have never been prohibited for dealing in securities market by any authority.
- (G) I am an employee of Kredent Group and the name of my relative is \_\_\_\_\_ who is working in \_\_\_\_\_.
- (H) I am relative of an employee of Kredent group and the name of my relative is \_\_\_\_\_ who is working in \_\_\_\_\_.
- (I) Please tick mark the additional information, if applicable, to you as required under PMLA (Client of special category):-
- Non resident client
  - High net-worth client
  - Civil Servant or family member or close relative of civil servant
  - Bureaucrat or family member or close relative of bureaucrat
  - Current of Former MP or MLA or MLC or their family member or close relative
  - Politician or their family member or close relative
  - Current of Former Head of State or of government or their family member or close relative
  - Senior government/judicial/military officers or their family member or close relative
  - Senior executive of state-owned corporation or the family member or close relative

Thanking You,

Yours Faithfully

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

Unique Client Code : \_\_\_\_\_

Signature of the client : \_\_\_\_\_

**This document is non mandatory in nature and signature to this document is optional:**

Date:

To  
Kredent Brokerage Services Private Limited,  
4, Brabourne Road, 4<sup>th</sup> Floor  
Kolkata-700 001, India

**Sub:-Mandate to issue Contract Note, Margin Reports Statement of funds & Securities & other documents in Digital Format**

We hereby agree and give our consent to you to issue Contract Note, Margin Reports Statement of funds & Securities, notices, circulars, amendments & other relevant documents related to our trading account in Digitally signed electronic mode as specified in the Information technology Act, 2000 and the rules made there under over my/our below mentioned e-mail id.

We shall accept all the documents sent by you in digitally signed electronic mode to our specified e-mail id subject to following terms & conditions:-

1. The Contract Note, Margin Reports Statement of funds & Securities & other documents will be issued in Digital Form in compliance with the guidelines issued by SEBI/Exchange from time to time.
2. Digitally signed electronic Contract Note, Margin Reports Statement of funds & Securities & other documents will be mailed to our specified e-mail id i.e.

(1) \_\_\_\_\_

3. We can view the digitally signed electronic Contract Note on Company website by using the user name & password provided to us.
4. The digitally signed contract note will be archived at an interval of 15 days. If I/We intend to view the digital contract notes for a period prior to 15 days We request for the same in writing.
5. In case of failure of sending of digitally signed Contract Note, Margin Reports Statement of funds & Securities & other documents, you will arrange to send the documents in physical form through registered post, speed post, under certificate of posting (UCOP), courier or any other similar mode of communication.
6. We agree to inform you in case of any discrepancies, within 24 hours of issue of the digitally signed Contract Note, Margin Reports Statement of funds & Securities & other documents.
7. The non-receipt of bounced mail notification by you shall amount to delivery of Contract Note, Margin Reports Statement of funds & Securities & other documents at our above E-mail id.
8. I shall communicate any Charge in the E-mail through a Physical Letter immediately.
9. We confirm that the email id provided herein above in point number 2 belongs to us and We regularly access the same. The digitally signed electronic Contract Note, Margin Reports Statement of funds & Securities & other documents sent to my/our above email id shall be constructed as an excuse for non-acceptance of aforesaid documents.
10. **I am aware that by giving prior notice to the member, I can at any time withdraw the above mandate.**

Thanking You,  
Yours Faithfully

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

Unique Client Code : \_\_\_\_\_

Signature of the client : \_\_\_\_\_

## **Prevention of Money Laundering Act, 2002 (PMLA)**

The Prevention of Money Laundering Act, 2002 came into effect from 1<sup>st</sup> July, 2005.

### **Applicability of PMLA Act**

- a) Banking Company
- b) Financial Institution
- c) Intermediary (which includes a stock broker, sub-broker, share transfer agent, portfolio manager; other intermediaries associated with securities market and registered under section 12 of the SEBI Act, 1992)

### **Objectives**

The Act is intended to supplement the law enforcement authorities activities, to detect proceeds derived from serious crimes and help to effectively prevent money laundering, terrorist financing, and recycling of illegally obtained money. In brief the objectives of AML are as follows:-

- a. To prevent financial intermediaries from being used as a channel for the purpose of Money laundering & terrorist financing.
- b. To preserve the integrity/stability of the financial system
- c. To work hand in hand with the regulators to flush money laundering and terrorist financing activities out of our financial system.

### **What is Money Laundering?**

Money Laundering is the process by which criminals attempt to hide and disguise the true origin and ownership of the proceeds of their criminal activities.

Through money laundering, the launderer transforms the monetary proceeds from criminal activity into funds with an apparent legal source. Money Laundering is a process of making dirty money look clean.

### **Steps taken by Kredent Brokerage Services Private Limited**

Kredent Brokerage Services Private Limited is fulfilling objective of AML program in 3 steps:-

- a) Identification of clients
- b) Monitoring of clients transactions
- c) Reporting of suspicious transactions

### **Obligation of the Client**

Implementation of AML/CFT measures requires of certain information from investors which may be of personal nature or has hitherto never been called for. Such information can include documents evidencing source of funds/income tax returns/bank records etc.. This can sometimes lead to raising of questions of client with regard to the motive and purpose of collecting such information. This document has therefore been prepared to sensitize the client about requirement emanating from AML and CFT framework.

Clients are required to provide complete detail at the time of account opening:-

- 1) Address proof
- 2) Identity proof
- 3) PAN
- 4) Income details

Clients are required to periodically update

- 1) Contact details
- 2) Financial details
- 3) Occupational details

The transaction executed by the clients need to be commensurate with the disclosed income details.

Clients are required to provide requested explanation/details for suspicious transaction.

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

Unique Client Code : \_\_\_\_\_

Signature of the client : \_\_\_\_\_

**Electronic Contract Note [ECN] – DECLARATION  
(VOLUNTARY)**

To,  
**Kredent Brokerage Services Private Limited**  
**4, Brabourne Road, 4<sup>th</sup> Floor**  
**Kolkata-700 001, India**

Dear Sir,

I/We, \_\_\_\_\_ a client with Member M/s. **Kredent Brokerage Services Private Limited** of \_\_\_\_\_ Exchange undertake as follows:

- I am aware that the Member has to provide physical contract note in respect of all the trades placed by me unless I myself want the same in the electronic form.
- I am aware that the Member has to provide electronic contract note for my convenience on my request only.
- Though the Member is required to deliver physical contract note, I find that it is inconvenient for me to receive physical contract notes. Therefore, I am voluntarily requesting for delivery of electronic contract note pertaining to all the trades carried out / ordered by me.
- I have access to a computer and am a regular internet user, having sufficient knowledge of handling the email operations.
- My email id is \_\_\_\_\_. This has been created by me and not by someone else.
- I am aware that this declaration form should be in English or in any other Indian language known to me.
- **I am aware that by giving prior notice to the member, I can at any time withdraw this mandate of ECN.**

**[The above declaration has been read and understood by me. I am aware of the risk involved in dispensing with the physical contract note, and do hereby take full responsibility for the same]**

**(The above lines must be reproduced in own handwriting of the client)**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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

Unique Client Code : \_\_\_\_\_

Signature of the client: \_\_\_\_\_

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

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

[SMS/Mail] – DECLARATION  
(VOLUNTARY)

To,  
**Kredent Brokerage Services Private Limited**  
4, Brabourne Road, 4<sup>th</sup> Floor  
Kolkata-700 001, India

Dear Sir,

I/We, \_\_\_\_\_ a client with Member M/s. **Kredent Brokerage Services Private Limited**, Member of NSE, BSE, MCX-SX undertake as follows:

- I am aware that the SEBI has strongly recommended the Member to obtain email id and Mobile number of the Clients in order to enable the relevant Exchanges to sent SMS & mail to the client regarding trade done in the respective Stock Exchanges. So I hereby furnish the details as required above.
- I am aware that the Member can provide SMS facility for my convenience on my request only.
- I have access to a mobile and mail id and I am a regular mobile and internet user, having sufficient knowledge of handling the mobile phone and internet.
- My Mobile No. is \_\_\_\_\_.
- My email id is .....
- I am aware that this declaration form should be in English or in any other Indian language known to me.
- **I am aware that by giving prior notice to the member, I can at any time withdraw this mandate of SMS.**

**[The above declaration has been read and understood by me. I am aware of the risk involved in not providing the details for SMS/MAIL Alerts, and do hereby take full responsibility for the same]**

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

Unique Client Code : \_\_\_\_\_

Signature of the client : \_\_\_\_\_

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

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

**DISCLOSURE OF PROPRIETARY TRADING**

To  
**All Clients**

**SUB: DISCLOSURE OF PROPRIETARY TRADING**

In pursuance of the SEBI Circular No. SEBI/MRD/SI/Cir -42 /2003 dated 19<sup>th</sup> Nov 2003, and relevant circulars of the Exchanges of which we are the member, with a view to increase transparency in the dealings between KBSPL as a trading member and you as a Client, we do hereby disclose that we, apart from trading on account of our clients, also do trading on our proprietary account

**You are requested to please take a note of the above.**

Thanking You,  
Yours Faithfully  
For Kredent Brokerage Services Pvt. Ltd.

Authorised Signatory

I/We have noted the above and confirm my/our acceptance.

\_\_\_\_\_  
Signature of the client

Date: .....



**ACKNOWLEDGEMENT LETTER**

Date:

To  
**Kredent Brokerage Services Private Limited**  
**4, Brabourne Road, 4<sup>th</sup> Floor**  
**Kolkata-700 001, India**

**Ref.: Trading Code:** \_\_\_\_\_

Dear Sir,

This has reference to my/our aforesaid trading account with you. In this connection I/We hereby acknowledge the receipt of the following:

Account Opening Form, Rights & Obligations, Risk Disclosure Document, Guidance Note, Policies & Procedures, Tariff Sheet, PMLA Brochure and other Voluntary Documents.

Thanking You,

Yours Faithfully

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

Unique Client Code : \_\_\_\_\_

Signature of the client : \_\_\_\_\_