

# **UKS FOREX PVT LTD**

## **Application Form for Trading in Currencies**

*For Individuals*

**Client Name-**

**Client Code-**

**CKYC No.-**

## SET OF ACCOUNT OPENING DOCUMENT

*(Individual)*

**Name of member:** UKS Forex Private Limited

**SEBI Registration No.:** INZ000212432

**Trading Member ID for NSE:** 10080

**Trading Member ID for MSEI:** 56000

**Registered office address:** Plot no.119, Flat No. 402, IVY Terrace, Kavuri Hills, Madhapur, Hyderabad- 500081, Telangana, India.

**Ph:** +91 40 42004019/ 4134

**E-mail:** [info@leocommodities.com](mailto:info@leocommodities.com)

**Website:** [www.leoglobalindia.com](http://www.leoglobalindia.com)

**Correspondence office address:** Plot no.119, Flat No. 402, IVY Terrace, Kavuri Hills, Madhapur, Hyderabad- 500081, Telangana, India.

**Ph:** +91 40 42004019/ 4134

**E-mail:** [info@leocommodities.com](mailto:info@leocommodities.com)

**Website:** [www.leoglobalindia.com](http://www.leoglobalindia.com)

**Compliance officer name, phone no. & email id:** Ramakant Singhal, +91 9866305165, [ramakant@leocommodities.com](mailto:ramakant@leocommodities.com)

**CEO name, phone no. & email id:** Uttam Singhal, +91 9849012283, [uttam@leocommodities.com](mailto:uttam@leocommodities.com)

## LIST OF DOCUMENTS REQUIRED FOR INDIVIDUAL ACCOUNT

S.No.	Documents Required
1	Pan Card Copy
2	Aadhar Card Copy
3	Proof of Address
4	Latest Bank Statement for 3 months
5	IT Returns for last 2yrs
6	Cancelled Cheque
7	2 Photographs

**All supporting documents should be Self-Attested by client.**

Please provide the following details-

Contact number:

Mobile number:

Email id:

## INDEX

S. No.	Name of the Document	Brief Significance of the Document	Page No
<b>MANDATORY DOCUMENTS AS PRESCRIBED BY SEBI&amp; EXCHANGES</b>			
1	KYC (Account Opening) application form and other documents	KYC form - Document captures the basic information about the constituent and an instruction/check list.	1-10
2	Agreement Between Trading Member & Client	Document detailing the agreement between the Member and the Client	11-15
3	Uniform Risk Disclosure Document (RDD)	Document detailing risks associated with dealing in the currencies market.	16-22
4	Rights and Obligations of Members, Authorized Persons and Clients	Document stating the Rights & Obligations of member, Authorized Person and client for trading on exchanges (including additional rights & obligations in case of internet/wireless technology-based trading).	23-37
5	Do's and Don'ts for the Investors	Document detailing do's and don'ts for trading on exchange, for the education of the investors.	38-40
6	Policies and Procedures	Document detailing significant policies and procedures of the currency broker	41-43
7	Tariff sheet	Document detailing the rate/amount of brokerage and other charges levied on the client for trading on the Currency Exchange(s) <i>(to be added by the member)</i> .	44
<b>VOLUNTARY DOCUMENTS AS PROVIDED BY THE MEMBER *</b>			
8	Intimation for Pro- account Trading, PMLA Policy Declaration	Member informing client about proprietary trading, Declaration in relation to Prevention of Money Laundering Act	45
9	ECN Declaration	Electronic Contract Note Declaration for receiving contract notes by mail.	46
10	Registration of Mobile No. and E-mail, Client Defaulter Declaration	Registration and verification of client mobile no. and e-mail, Client declaration for not being involved in defaults	47
11	Letter for Running Account	Required for maintaining clients account on a running account basis and for other authorisation.	48
12	Letter of Authority	Standard instructions given by client	49
13	Acknowledgement	Acknowledgement letter	50
14	FATCA Declaration	Foreign Account Tax Compliance Act	51-52

- For any grievance/dispute please contact UKS Forex Pvt Ltd at the above address or email id- info@leocommodities.com and phone no. +91 40 42004019/4134. In case not satisfied with the response, please contact the concerned exchanges- NSE: +91 22 26598100-114. MSEI: +91 22 61129000
- \*Following documents should not form part of either mandatory or Voluntary documents:
  - 1) Authorization letter for any inter family / group company / related accounts adjustment
  - 2) Authorization of adjustment of funds among securities exchange.

## ANNEXURE 1

### A. OTHER DETAILS

**1. Gross annual income details (please specify):**

Income Range per annum

<input type="radio"/> Below Rs. 1 lac	<input type="radio"/> Rs. 10- 25 lac
<input type="radio"/> Rs. 1-5 lac	<input type="radio"/> Rs. 25 lacs- Rs. 1 crore
<input type="radio"/> Rs. 5-10 lac	<input type="radio"/> > Rs. 1 crore

**2. Net-worth as on date (Net Worth Should Not be Older than 1 Year):**

**3. Occupation (please tick any one and give brief details):**

<input type="radio"/> Private Sector	<input type="radio"/> Professional	<input type="radio"/> Student
<input type="radio"/> Public Sector	<input type="radio"/> Agriculturist	<input type="radio"/> Others.....
<input type="radio"/> Government Service	<input type="radio"/> Retired	
<input type="radio"/> Business	<input type="radio"/> Housewife	

**4. Please tick, as applicable:**

<input type="radio"/> Politically Exposed Person (PEP)	<input type="radio"/> Related to a Politically Exposed Person (PEP)
<input type="radio"/> Not a Politically Exposed Person (PEP)	<input type="radio"/> Not Related to a Politically Exposed Person (PEP)

### B. BANK ACCOUNT DETAILS

Bank Name	
Bank A/C Number*	
Bank Branch Address	
MICR	
RTGS/NEFT/IFSC Code	
Bank A/C Type	<input type="radio"/> Savings <input type="radio"/> Current <input type="radio"/> Others in case of NRI/NRE/ NRO

*Note : Provide a copy of cancelled cheque leaf / pass book/bank statement specifying name of the client, MICR Code or/and IFSC Code of the bank.*

### C. DEPOSITORY ACCOUNT DETAILS

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

*Note: Provide a copy of either Demat Master or a recent holding statement issued by DP bearing name of the client.*

**D. TRADING PREFERENCES**

S.No	Name of the National Currency Exchanges	Date of consent for trading on concerned Exchange	Signature of the Client
1	NSE- Futures		
2	NSE- Options		
3	MSEI- Futures		
4	MSEI- Options		

**E. INVESTMENT/ TRADING EXPERIENCE**

No of Years of Prior Experience	No of Years of Experience in Currencies	No. of Years of Experience in other investment related fields

**F. SALES TAX REGISTRATION DETAILS**

Local Sales Tax State Registration Number: \_\_\_\_\_ Validity Date: \_\_\_\_\_ State: \_

Central Sales Tax Registration Number: \_\_\_\_\_ Validity Date: \_\_\_\_\_

Other Sales Tax State Registration Number: \_\_\_\_\_ Validity Date: \_\_\_\_\_ State: \_\_\_\_\_

**G. VAT DETAILS**

Local VAT Registration Number: \_\_\_\_\_ Validity Date: \_\_\_\_\_ State: \_\_\_\_\_

Other VAT Registration Number: \_\_\_\_\_ Validity Date: \_\_\_\_\_ State: \_\_\_\_\_

**H. GST REGISTRATION DETAILS**

GST registration no. \_\_\_\_\_ State: \_\_\_\_\_

**I. PAST REGULATORY ACTIONS**

Details of any action/proceedings initiated/pending/ taken by FMC / SEBI / Stock exchange / Currency exchange/ any other authority against the client during the last 3 years:	<input type="radio"/> <b>Yes</b> <input type="radio"/> <b>No</b>

**J. DEALINGS THROUGH OTHER MEMBERS**

If client is dealing through the Member, provide the following details (In case dealing with Multiple Members, provide details of all in a separate sheet containing all the information as mentioned below):

Member's / Authorized Person Name	Exchange & Exchange's Registration No.	Concerned Member's Name With whom the AP is registered	Registered Office Address Phone / Fax / Email /Web Details	Client Code

Details of disputes/dues pending from / to such Member/AP:

**K. INTRODUCER DETAILS (Optional)**

Name of the Introducer			
Status of the Introducer	<input type="radio"/> <b>Authorized Person</b>	<input type="radio"/> <b>Existing Client</b>	<input type="radio"/> <b>Others, please specify:</b>
Address of the Introducer			
Phone no. of the Introducer			
Signature of the Introducer			

**L. ADDITIONAL DETAILS**

Whether you wish to receive communication from Member in electronic form on your Email-id: { If Yes then please fill in Appendix-A }	<input type="radio"/> <b>Yes</b>	<input type="radio"/> <b>No</b>
Wish to receive Copy of Standard Documents like Rights & Obligations, Uniform Risk Disclosure Documents, Guidance Note detailing Do's and Don'ts & Policies and procedures.	<input type="radio"/> <b>Electronic</b>	<input type="radio"/> <b>Physical</b>
Whether you wish to avail of the facility of internet trading/ wireless technology (please specify):		

**M. NOMINATION DETAILS (For Individuals only)**

I /WE WISH TO NOMINATE

I /WE DO NOT WISH TO NOMINATE

Name of the Nominee	
Relationship with the Nominee	
PAN of Nominee	
Address & Phone No of the Nominee	

IF NOMINEE IS A MINOR, DETAILS OF GUARDIAN	
Name of Guardian	
Address & Phone No. of the Guardian	
Signature of the Guardian	

WITNESSES (Only applicable in case the account holder has made nomination)

Name..... Signature..... Address.....  
 Name..... Signature..... Address.....

**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 change 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.
2. I/We confirm having read/been explained and understood the contents of the tariff sheet and all voluntary/non mandatory documents.
3. I/We further confirm having read and understood the contents of the “Rights and Obligations” document(s), “Risk Disclosure” document and “Do’s and Don’ts” document. I/We do hereby agree to be bound by such provisions as outlined in these documents. I/We have also been informed that the standard set of documents has been displayed for information on Member’s designated website, if any.

Place: .....

Client Name:

Date: .....

Signature:

**FOR OFFICE USE ONLY**

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

	Documents verified with Originals
Name of the Employee	
Employee Code	
Designation of the employee	
Date	
Signature	

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

For UKS Forex Pvt Ltd

Authorised Signatory

Seal/Stamp of the Member

Date:

## ANNEXURE 2

### AGREEMENT BETWEEN TRADING MEMBER & CLIENT

This agreement is made and executed at ..... this ..... day of ..... 20\_\_  
between:

M/s. UKS Forex Pvt Ltd a body corporate, registered / incorporated under the provisions of the Companies Act, 1956, being a member of the National Stock Exchange (hereinafter called “the Exchange”), and having his / her / its registered office at Plot no.119, Flat No. 402, IVY Terrace, Kavuri Hills, Madhapur, Hyderabad- 500081, Telangana, India. (hereinafter called “the trading member”) which expression shall, unless repugnant to the context or meaning thereof, be deemed to mean and include himself in the capacity of a trading member while trading in the Currency Derivatives Segment, his/her heirs, executors, administrators and legal representatives/the partners for the time being of the said firm, the survivor or survivors of them and their respective heirs, executors, administrators and legal representatives/its successors, as the case may be, of the One Part;

**And**

Mr./Ms/M/s....., an individual/a sole proprietary concern/a partnership firm/a body corporate, registered/incorporated, under the provisions of the Indian Partnership Act, 1932/the Companies Act, 1956, having his/her/its residence/ registered office at ..... (hereinafter called “the client”) which expression shall, unless repugnant to the context or meaning thereof, be deemed to mean and include his/her heirs, executors, administrators and legal representatives/the partners for the time being of the said firm, the survivor or survivors of them and their respective heirs, executors, administrators and legal representatives/its successors, as the case may be, of the Other Part;

Whereas the trading member is registered as the trading member of the Exchange with SEBI registration number INE231008033 in the Currency Derivatives Segment.

Whereas the client is desirous of investing/trading in those securities/ F&O contracts / currency derivatives contracts other instruments admitted to dealings on the Exchange as defined in the Rules, Byelaws and Regulations of the Exchange and circulars issued there under from time to time.

Whereas the client has satisfied itself of the capacity of the trading member to deal in securities and / or F&O contracts / currency derivatives contracts and wishes to execute its orders through the trading member and the client shall from time to time continue to satisfy itself of such capability of the trading member before executing orders through the trading member.

Whereas the trading member has satisfied and shall continuously satisfy itself about the genuineness and financial soundness of the client and investment / trading objectives relevant to the services to be provided; and

Whereas the trading member has taken steps and shall take steps to make the client aware of the precise nature of the trading member's liability for business to be conducted, including any limitations, the liability and the capacity in which the trading member acts.

Whereas the trading member and the client agree to be bound by all the Rules, Byelaws and Regulations of the Exchange and circulars issued there under and Rules and Regulations of SEBI and relevant notifications of Government authorities as may be in force from time to time.

Now, therefore, in consideration of the mutual understanding as set forth in this agreement, the parties thereto have agreed to the following terms and conditions:

1. The client agrees to immediately notify the trading member in writing if there is any change in the information in the 'client registration form' provided by the client to the trading member at the time of opening of the account or at any time thereafter.

2. The trading member declares that it has brought the contents of the risk disclosure document to the notice of client and made him aware of the significance of the said document. The client agrees that:

a. He has read and understood the risks involved in trading on a stock exchange.

b. He shall be wholly responsible for all his decisions and trades.

c. The failure of the client to understand the risks involved shall not render a contract as void or voidable and the client shall be and shall continue to be responsible for all the risks and consequences for entering into trades in the segment

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

e. 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 closing of its trade, be obliged to pay (or entitled to receive) such further sums as the contract may dictate / require.

3. The Client agrees to pay to the trading member brokerage and statutory levies as are prevailing from time to time and as they apply to the Client's account, transactions and to the services that trading member renders to the Client. The trading member agrees that it shall not charge brokerage more than the maximum brokerage permissible as per the rules, regulations and byelaws of the relevant stock exchange / SEBI.

4. The client agrees to abide by the exposure limits, if any, set by the trading member or by the Exchange or Clearing Corporation or SEBI from time to time.
5. Without prejudice to the trading member's other rights (including the right to refer a matter to arbitration), the trading member shall be entitled to liquidate / close out all or any of the client's positions for non-payment of margins or other amounts, outstanding debts, etc. and adjust the proceeds of such liquidation / close out, if any, against the client's liabilities / obligations. Any and all losses and financial charges on account of such liquidation/closing-out shall be charged to and borne by the client.
6. The trading member agrees 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 trading member for himself / itself or for any other client or for any purpose other than the purposes mentioned in SEBI Rules and Regulations circulars / guidelines / Exchange's Rules / Regulations / Byelaws and circulars.
7. The client agrees to immediately furnish information to the trading member in writing , if any winding up petition or insolvency petition has been filed or any winding up or insolvency order or decree or award is passed against him or if any litigation which may have material bearing on his capacity has been filed against him.
8. The trading member agrees to 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 stock exchange.
9. In the event of death or insolvency of the client or his / its otherwise becoming incapable of receiving and paying for any contracts which the client has ordered to be bought or sold, or of delivering or transferring securities, the trading member may close out the transaction of the client and claim losses, if any, against the estate of the client. The client or his successors, heirs and assigns shall be entitled to any surplus which may result there from.
10. The trading member agrees that it shall co-operate in redressing grievances of the client in respect of transactions routed through it and in removing objections for bad delivery of shares, rectification of bad delivery, etc. in respect of shares and securities delivered/to be delivered or received/to be received by the client.
11. The trading member shall continue to be responsible for replacing bad deliveries of the client in accordance with applicable "Good & bad delivery norms" even after termination of the agreement and shall be entitled to recover any loss incurred by him in such connection from the client.
12. The trading member shall ensure due protection to the client regarding client's rights to dividends, rights or bonus shares, etc. in respect of transactions routed through it and it shall not do anything which is likely to harm the interest of the client with whom and for whom it may have had transactions in securities.

13. The client and the trading member agree to refer any claims and / or disputes to arbitration as per the Rules, Byelaws and Regulations of the Exchange and circulars issued there under as may be in force from time to time.
14. The trading member hereby agrees that he shall ensure faster settlement of any arbitration proceedings arising out of the transactions entered between him and the client and that he shall be liable to implement the arbitration awards made in such proceedings.
15. Information about default in payment / delivery and related aspects by a client shall be brought to the notice of the relevant stock Exchange(s). 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 to the relevant stock exchange(s).
16. The trading member and the client agree to reconcile their accounts at the end of each quarter with reference to all the settlements where pay-outs have been declared during the quarter.
17. The trading member and the client agree to abide by any award passed by the Ombudsman under the SEBI (Ombudsman) Regulations, 2003.
18. The trading member and the client declare and agree that the transactions executed on the Exchange are subject to Rules, Byelaws and Regulations and circulars issued there under of the Exchange 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 Exchange for the purpose of giving effect to the provisions of the Rules, Byelaws and Regulations of the Exchange and the circulars issued there under.
19. The instructions issued by an authorized representative, if any, of the client shall be binding on the client in accordance with the letter authorizing the said representative to deal on behalf of the said client.
20. Where the Exchange cancels trade(s) Suo-moto all such trades including the trade/s done on behalf of the client shall ipso facto stand cancelled.
21. This agreement shall forthwith terminate; if the trading member for any reason ceases to be a member of the stock exchange including cessation of membership by reason of the trading member's default, death, resignation or expulsion or if the certificate issued by the Board is cancelled.
22. The trading member and the client shall be entitled to terminate this agreement 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 agreement 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.

23. In addition to the specific rights set out in this Agreement, the trading member and the client shall be entitled to exercise any other rights which the trading member or the client may have under the Rules, Bye-laws and Regulations of the Exchange and circulars issued there under or Rules and Regulations of SEBI.

24. Words and expressions which are used in this Agreement, 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 of the Exchange and circulars issued there under.

25. The provisions of this agreement shall always be subject to Government notifications, any rules, regulations, guidelines and circulars issued by SEBI and Rules, Regulations and Bye laws of the relevant stock exchange that may be in force from time to time.

26. The trading member hereby undertakes to maintain the details of the client as mentioned in the client registration form or any other information pertaining to the client in confidence and that it shall not disclose the same to any person / authority except as required under any law / regulatory requirements; Provided however that the trading member may so disclose information about its his client to any person or authority with the express permission of the client.

This agreement can be altered, amended and /or modified by the parties mutually in writing without derogating from the contents of this Agreement.

Provided however, 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 Exchange, such changes shall be deemed to have been incorporated herein in modification of the rights and obligations of the parties mentioned in this agreement.

IN WITNESS THEREOF the parties to the Agreement have caused these presents to be executed as of the day and year first above written.

The client's Signature /

The trading member's Signature /

Authorised Signatory:

Authorised Signatory:

Signed by:

Signed by:

Title:

Title:

Name of the client:

Name of the trading member:

Witness:

Witness:

1.

1.

2.

2.

Note: All references to the specific quantity/rate/fee mentioned in this agreement are subject to change from time to time, as so agreed to in writing between the parties.

## ANNEXURE – 3

### **RISK DISCLOSURE DOCUMENT**

This document is issued by the member of the National Stock Exchange of India (NSE) which has been formulated by the Exchange in coordination with the Securities and Exchange Board of India (hereinafter referred to as "SEBI") and contains important information on trading in Equities / F&O / Currency Derivatives Segments of NSE. All prospective constituents should read this document before trading in Equities / F&O / Currency Derivatives Segments of the Exchange.

NSE /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 has NSE /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 contractual relationship into which you are entering and the extent of your exposure to risk.

You must know and appreciate that trading in Equity shares, F&O contracts, Currency 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 NSE and suffer adverse consequences or loss, you shall be solely responsible for the same and NSE, 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 member. 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 currency derivative contract being traded on NSE.

It must be clearly understood by you that your dealings on NSE through a member shall be subject to your fulfilling certain formalities set out by the member, which may inter alia include your filling the know your client form, client registration form, execution of an agreement, etc., and are subject to the Rules, Byelaws and Regulations of NSE and its Clearing Corporation, guidelines prescribed by SEBI and in force from time to time and Circulars as may be issued by NSE or its Clearing Corporation and in force from time to time.

NSE 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 trading member of NSE 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 / F&O contract / currency derivatives contract undergoes when trading activity continues on the Stock Exchange. Generally, higher the volatility of a security / F&O contract / currency derivatives contract, greater is its price swings. There may be normally greater volatility in thinly traded securities / F&O contracts / currency derivatives contracts than in active securities / F&O contracts / currency 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 / F&O contracts / currency 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 / F&O contracts / currency 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 / F&O contracts / currency derivatives contracts purchased or sold. There may be a risk of lower liquidity in some securities / F&O contracts / currency derivatives contracts as compared to active securities / F&O contracts / currency 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 / F&O contracts / currency derivatives contracts as part of a day trading strategy may also result into losses, because in such a situation, securities / F&O contracts / currency 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 / F&O contract / currency 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 / F&O contract / currency 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 / F&O contracts / currency 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 23 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 / F&O contract / currency 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 / F&O contract / currency derivatives contract, and such order gets activated if and when the security / F&O contract / currency 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 / F&O contract / currency 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 / F&O contract / currency 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 / F&O contract / currency 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 Rumours:**

Rumours 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 rumours.

### **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 / F&O contract / currency derivatives contract due to any action on account of unusual trading activity or security / F&O contract / currency derivatives contract hitting circuit filters or for any other reason.

### **1.8 System/Network Congestion:**

Trading on NSE 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 24 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 Futures and Options segment and Currency 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 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 involves daily settlement of all positions. Every day the open positions are marked to market based on the closing level of the index / F&O contract / currency

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 broker/member 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 F&O contracts/ currency 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 25 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 Exchange 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. GENERAL**

#### **3.1 Commission and other charges**

Before you begin to trade, you should obtain a clear explanation of all commission, fees and other charges for which you will be liable. These charges will affect your net profit (if any) or increase your loss.

#### **3.2 Deposited cash and property**

You should familiarise yourself with the protections accorded to the money or other property you deposit particularly in the event of a firm insolvency or bankruptcy. The extent to which you may recover your money or property may be governed by specific legislation or local rules. In some jurisdictions, property which has been specifically identifiable as your own will be pro-rated in the same manner as cash for purposes of distribution in the event of a shortfall. In case of any dispute with the member, the same shall be subject to arbitration as per the byelaws/regulations of the Exchange.

3.3 For rights and obligations of the clients, please refer to Annexure-1 enclosed with this document.

3.4 The term 'constituent' shall mean and include a client, a customer or an investor, who deals with a member for the purpose of acquiring and/or selling of currency derivatives contracts through the mechanism provided by NSE.

3.5 The term 'member' shall mean and include a trading member, a broker or a stockbroker, who has been admitted as such by NSE and who holds a registration certificate from SEBI.

I hereby acknowledge that I have received and understood this risk disclosure statement and the annexure containing my rights and obligations.

**Customer Signature:**

*(If Partner, Corporate, or other Signatory, then attest with company seal)*

**Date:**

## ANNEXURE 4

### **INVESTORS' RIGHTS AND OBLIGATIONS:**

1.1 You should familiarise yourself with the protection accorded to the money or other property you may deposit with your member, particularly in the event of a default in the Cash Market / F&O market / Currency Derivatives market or the broking firm's insolvency or bankruptcy.

1.1.1 Please ensure that you have a documentary proof of your having made deposit of such money or property with the member, stating towards which account such money or property deposited.

1.1.2 Further, it may be noted that the extent to which you may recover such money or property may be governed by the Byelaws and Regulations of NSE and the scheme of the Investors' Protection Fund in force from time to time.

1.1.3 Any dispute with the member with respect to deposits, margin money, etc., and producing an appropriate proof thereof, shall be subject to arbitration as per the Rules, Byelaws/Regulations of NSE or its Clearing Corporation.

1.2 Before you begin to trade, you should obtain a clear idea from your member of all brokerage, commissions, fees and other charges which will be levied on you for trading. These charges will affect your net cash inflow or outflow.

1.3 You should exercise due diligence and comply with the following requirements of the NSE and/or SEBI:

1.3.1 Please deal only with and through SEBI registered members of the Stock Exchange and are enabled to trade on the Exchange. All SEBI registered members are given a registration no., which may be verified from SEBI. The details of all members of NSE and whether they are enabled to trade may be verified from NSE website ([www.nseindia.com](http://www.nseindia.com)).

1.3.2 Demand any such information, details and documents from the member, for the purpose of verification, as you may find it necessary to satisfy yourself about his credentials.

1.3.3 Furnish all such details in full as are required by the member as required in "Know Your Client" form, which may also include details of PAN or Passport or Driving License or Voters Id, or Ration Card, bank account and depository account, or any such details made mandatory by NSE/ SEBI at any time, as is available with the investor.

1.3.4 Execute a broker-client agreement in the form prescribed by SEBI and/or the Relevant Authority of NSE or its Clearing Corporation from time to time, because this may be useful as a proof of your dealing arrangements with the member.

1.3.5 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. Giving instructions in writing ensures that you have proof of your intent, in case of disputes with the member.

1.3.6 Ensure that a contract note is issued to you by the member which contains minute records of every transaction. Verify that the contract note contains details of order number, trade number, trade time, trade price, trade quantity, details of the currency derivatives contract, client code allotted to you and showing the brokerage separately. Contract notes are required to be given/ sent by the member to the investors latest on the next working day of the trade. Contract note can be issued by the member either in electronic form using digital signature as required, or in hard copy. In case you do not receive a contract note on the next working day or at a mutually agreed time, please get in touch with the Investors Grievance Cell of NSE, without delaying.

1.3.7 Facility of Trade Verification is available on NSE website ([www.nseindia.com](http://www.nseindia.com)), where details of trade as mentioned in the contract note may be verified from the trade date up to five trading days. 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 NSE.

1.3.8 Ensure that payment of funds against settlement is given to the concerned member within one working day prior to the date of pay-in announced by NSE or its Clearing Corporation. Payments should be made only by account payee cheque in favour of the firm/company of the trading member and a receipt or acknowledgement towards what such payment is made be obtained from the member.

1.3.9 In case pay-out of funds is not received on the next working day after date of pay-out announced by NSE or its Clearing Corporation, please follow-up with the concerned member for its receipt. In case pay-out is not received as above from the member within five working days, ensure that you lodge a complaint immediately with the Investors' Grievance Cell of NSE.

1.3.10 Every member is required to send a complete 'Statement of Accounts', for both settlements and margins, to each of its constituents, at such periodicity as may be prescribed from time to time. You should report errors, if any, in the Statement immediately, but not later than 30 calendar days of receipt thereof, to the member. In case the error is not rectified or there is a dispute, ensure that you refer such matter to the Investors Grievance Cell of NSE, without delaying.

1.3.11 In case of a complaint against a member, you should address the complaint to the Office as may be specified by NSE from time to time.

1.4 In case where a member surrenders his membership, NSE gives a public notice inviting claims, if any, from investors. In case of a claim, relating to "transactions executed on the trading system" of NSE, ensure that you lodge a claim with NSE /Clearing Corporation within the stipulated period and with the supporting documents.

1.5 In case where a member is expelled from trading membership or declared a defaulter, NSE gives a public notice inviting claims, if any, from investors. In case of a claim, relating to "transactions executed on the trading system" of NSE, ensure that you lodge a claim with NSE within the stipulated period and with the supporting documents.

1.6 Claims against a defaulter/expelled member found to be valid as prescribed in the relevant Rules/Bye -laws and the scheme under the Investors' Protection Fund (IPF) may be payable as prescribed by SEBI.

Notes:

1. The term 'constituent' shall mean and include a client, a customer or an investor, who deals with a trading member of NSE for the purpose of buying and / or selling of securities / F&O contracts / currency derivatives contracts through the mechanism provided by NSE.
2. The term 'member' shall mean and include a trading member or a broker or a stock broker, who has been admitted as such by NSE and who holds a registration certificate from SEBI.
3. The term 'contract' refers to a F&O / currency derivatives contract and the term 'underlying' refers to the underlying index / stock / currency of such contract.

#### **RIGHTS AND OBLIGATIONS OF MEMBERS, AUTHORIZED PERSONS AND CLIENTS as prescribed by SEBI and Commodity Exchanges**

1. The client shall invest/trade in those currencies /contracts/other instruments admitted to dealings on the Exchanges as defined in the Rules, Byelaws and Business Rules/ Regulations of Exchanges/SEBI and circulars/notices issued there under from time to time.

2. The Member, Authorized Person and the client shall be bound by all the Rules, Byelaws and Business Rules 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 himself of the capacity of the Member to deal in currencies and/or deal in derivatives contracts and wishes to execute its orders through the Member and the client shall from time to time continue to satisfy itself of such capability of the Member before executing orders through the Member.

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

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

6. Requirements of professional diligence

a. The Member must exercise professional diligence while entering into a financial contract or discharging any obligations under it.

b. "professional diligence" means the standard of skill and care that a Member would be reasonably expected to exercise towards a Client, commensurate with-

i. honest market practice;

ii. the principle of good faith;

iii. level of knowledge, experience and expertise of the Client;

iv. the nature and degree of risk embodied in the financial product\* or financial service being availed by the Client; and

v. the extent of dependence of the Client on the Member.

\*Currency derivative contract

7. The Authorized Person shall provide necessary assistance and co-operate with the Member in all its dealings with the client(s).

## **CLIENT INFORMATION**

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

9. The client shall familiarize himself with all the mandatory provisions in the Account Opening documents. Any additional clauses or documents specified by the Member shall be non-mandatory; therefore, subject to specific acceptance by the client.

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

11. A. Protection from unfair terms in financial contracts\*\*

a. An unfair term of a non-negotiated contract will be void.

- b. A term is unfair if it –
  - i. causes a significant imbalance in the rights and obligations of the parties under the financial contract, to the detriment of the Client; and
  - ii. is not reasonably necessary to protect the legitimate interests of the Member.
  
- c. The factors to be taken into account while determining whether a term is unfair, include –
  - i. the nature of the financial product or financial service dealt with under the financial contract;
  - ii. the extent of transparency of the term;  
\*\*contracts offered by currency exchanges
  - iii. the extent to which the term allows a Client to compare it with other financial contracts for similar financial products or financial services; and
  - iv. the financial contract as a whole and the terms of any other contract on which it is dependent.
  
- d. A term is transparent if it –
  - i. is expressed in reasonably plain language that is likely to be understood by the Client;
  - ii. is legible and presented clearly; and
  - iii. is readily available to the Client affected by the term.
  
- e. If a term of a financial contract is determined to be unfair under point 11.A.c, the parties will continue to be bound by the remaining terms of the financial contract to the extent that the financial contract is capable of enforcement without the unfair term.

11.B.

- a. “Non-negotiated contract” means a contract whose terms, other than the terms contained in point 11.C. (given below) are not negotiated between the parties to the financial contract and includes –
  - i. a financial contract in which, relative to the Client, the Member has a substantially greater bargaining power in determining terms of the financial contract; and
  - ii. a standard form contract.
- b. “Standard form contract” means a financial contract that is substantially not negotiable for the Client, except for the terms contained in point 11.C.
- c. Even if some terms of a financial contract are negotiated in form, the financial contract may be regarded as a non-negotiated contract if so indicated by –
  - i. an overall and substantial assessment of the financial contract; and
  - ii. the substantial circumstances surrounding the financial contract
- d. In a claim that a financial contract is a non-negotiated contract, the onus of demonstrating otherwise will be on the Member.

11. C.

- a. The above does not apply to a term of a financial contract if it –
  - i. defines the subject matter of the financial contract;

- ii. sets the price that is paid, or payable, for the provision of the financial product or financial service under the financial contract and has been clearly disclosed to the Client; or
  - iii. is required, or expressly permitted, under any law or regulations.
- b. The exemption under point 11.C does not apply to a term that deals with the payment of an amount which is contingent on the occurrence or non- occurrence of any particular event.

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

13. A. Protection of personal information and confidentiality

- a. “Personal information” means any information that relates to a Client or allows a Client’s identity to be inferred, directly or indirectly, and includes –
  - i other information as may be specified.

13. B.

- a. A Member must –
  - i. not collect personal information relating to a Client in excess of what is required for the provision of a financial product or financial service;
  - ii. maintain the confidentiality of personal information relating to Clients and not disclose it to a third party, except in a manner expressly permitted under point 13.B.b.;
  - iii. make best efforts to ensure that any personal information relating to a Client that it holds is accurate, up to date and complete;
  - iv. ensure that Clients can obtain reasonable access to their personal information, subject to any exceptions that the Regulator may specify; and
  - v. allow Clients an effective opportunity to seek modifications to their personal information to ensure that the personal information held by the Member is accurate, up to date and complete.
- b. A Member may disclose personal information relating to a Client to a third party only if –
  - i. it has obtained prior written informed consent of the Client for the disclosure, after giving the Client an effective opportunity to refuse consent;
  - ii. the Client has directed the disclosure to be made;
  - iii. the Regulator has approved or ordered the disclosure, and unless prohibited by the relevant law or regulations, the Client is given an opportunity to represent under such law or regulations against such disclosure;

- iv. the disclosure is required under any law or regulations, and unless prohibited by such law or regulations, the Client is given an opportunity to represent under such law or regulations against such disclosure;
- v. the disclosure is directly related to the provision of a financial product or financial service to the Client, if the Member –
  - 1. informs the Client in advance that the personal information may be shared with a third party; and
  - 2. makes arrangements to ensure that the third party maintains the confidentiality of the personal information in the same manner as required under this Part; or
- vi. the disclosure is made to protect against or prevent actual or potential fraud, unauthorised transactions or claims, if the Member arranges with the third party to maintain the confidentiality of the personal information in the manner required under this Part.-

c. “Third party” means any person other than the concerned Member, including a person belonging to the same group as the Member.

14. A. Requirement of fair disclosure both initially and on continuing basis

a. Member must ensure fair disclosure of information that is likely to be required by a Client to make an informed transactional decision.

- b. In order to constitute fair disclosure, the information must be provided –
- i. sufficiently before the Client enters into a financial contract, so as to allow the Client reasonable time to understand the information;
  - ii. in writing and in a manner that is likely to be understood by a Client belonging to a particular category; and
  - iii. in a manner that enables the Client to make reasonable comparison of the financial product or financial service with other similar financial products or financial services.

c. The types of information that must be disclosed to a Client in relation to a financial product or financial service, which may include information regarding –

- i. main characteristics of the financial product or financial service, including its features, benefits and risks to the Client;
  - ii. consideration to be paid for the financial product or financial service or the manner in which the consideration is calculated;
  - iii. existence, exclusion or effect of any term in the financial product or financial contract;
  - iv. nature, attributes and rights of the Member, including its identity, regulatory status and affiliations;
  - v. contact details of the Member and the methods of communication to be used between the Member and the Client;
  - vi. rights of the Client to rescind a financial contract within a specified period;
- or

vii. rights of the Client under any law or regulations.

14. B.

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

## **MARGINS**

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

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

## **TRANSACTIONS AND SETTLEMENTS**

17. The client shall give any order for buy or sell of currencies derivatives contract in writing or in such form or manner, as may be mutually agreed between the client and the Member however ensuring the regulatory requirements in this regard are complied with. The Member shall ensure to place orders and execute the trades of the client, only in the Unique Client Code assigned to that client.

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

19. The Member shall ensure that the money deposited by the client shall be kept in a separate account, distinct from his/its own account or account of any other client and shall not be used by the Member for himself/itself or for any other client or for any purpose other than

the purposes mentioned in Rules, circulars, notices, guidelines of SEBI and/or Rules, Business Rules, Bye-laws, circulars and notices of Exchange.

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

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

### **BROKERAGE**

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

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

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

24. 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 currencies which the client has ordered to be bought or sold, Member may close out the transaction of the client and claim losses, if any, against the estate of the client. The client or his nominees, successors, heirs and assignee shall be entitled to any surplus which may result there from. The client shall note that transfer of funds/ currencies in favor of a Nominee shall be valid discharge by the Member against the legal heir.

### **DISPUTE RESOLUTION**

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

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

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

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

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

29. A. Suitability of advice for the Client

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

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

30. Dealing with conflict of interest

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

- a. A member must –

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

#### **TERMINATION OF RELATIONSHIP**

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

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

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

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

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

35. The Member shall issue a contract note to his clients for trades executed in such format as may be prescribed by the Exchange from time to time containing records of all transactions

including details of order number, trade number, trade time, trade price, trade quantity, details of the derivatives contract, client code, brokerage, all charges levied etc. and with all other relevant details as required therein to be filled in and issued in such manner and within such time as prescribed by the Exchange. The Member shall send contract notes to the investors within 24 hours of the execution of the trades in hard copy and/or in electronic form using digital signature.

36. The Member shall make pay out of funds or delivery of currencies as per the Exchange Rules, Bye-Laws, Business Rules and Circulars, as the case may be, to the Client on receipt of the payout from the relevant Exchange where the trade is executed unless otherwise specified by the client and subject to such terms and conditions as may be prescribed by the relevant Exchange from time to time where the trade is executed.

37. The Member shall send a complete 'Statement of Accounts' for both funds and currencies 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.

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

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

40. In case, where a member surrenders his/ her/ its membership, Member gives a public notice inviting claims, if any, from investors. In case of a claim relating to transactions executed on the trading system of the Exchange, ensure that client lodge a claim with the Exchange within the stipulated period and with the supporting documents.

41. A. Protection from unfair conduct which includes misleading conduct & abusive conduct

a. Unfair conduct in relation to financial products or financial services is prohibited.

b. "Unfair conduct" means an act or omission by a Member or its financial representative that significantly impairs, or is likely to significantly impair, the ability of a Client to make an informed transactional decision and includes –

i. misleading conduct under point 41.B

ii. abusive conduct under point 41.C

iii. such other conduct as may be specified.

41. B.

a. Conduct of a Member or its financial representative in relation to a determinative factor is misleading if it is likely to cause the Client to take a transactional decision that the Client would not have taken otherwise, and the conduct involves –

- i. providing the Client with inaccurate information or information that the Member or financial representative does not believe to be true; or
    - ii. providing accurate information to the Client in a manner that is deceptive.
  - b. In determining whether a conduct is misleading under point 41.B.a, the following factors must be considered to be “determinative factors” –
    - i. the main characteristics of a financial product or financial service, including its features, benefits and risks to the Client;
    - ii. the Client’s need for a particular financial product or financial service or its suitability for the Client;
    - iii. the consideration to be paid for the financial product or financial service or the manner in which the consideration is calculated;
    - iv. the existence, exclusion or effect of any term in a financial contract, which is material term in the context of that financial contract;
    - v. the nature, attributes and rights of the Member, including its identity, regulatory status and affiliations; and
    - vi. the rights of the Client under any law or regulations.
- 41. C.
  - a. A conduct of a Member or its financial representative in relation to a financial product or financial service is abusive if it –
    - i. involves the use of coercion or undue influence; and
    - ii. causes or is likely to cause the Client to take a transactional decision that the Client would not have taken otherwise.
  - b. In determining whether a conduct uses coercion or undue influence, the following must be considered –
    - i. the timing, location, nature or persistence of the conduct;
    - ii. the use of threatening or abusive language or behavior;
    - iii. the exploitation of any particular misfortune or circumstance of the Client, of which the Member is aware, to influence the Client’s decision with regard to a financial product or financial service;
    - iv. any non-contractual barriers imposed by the Member where the Client wishes to exercise rights under a financial contract, including –
    - v. the right to terminate the financial contract;
    - vi. the right to switch to another financial product or another Member and
    - vii. a threat to take any action, depending on the circumstances in which the threat is made.

**ELECTRONIC CONTRACT NOTES (ECN)**

42. In case, client opts to receive the contract note in electronic form, he shall provide an appropriate e-mail id (created by the client) to the Member (Kindly refer Appendix A of Annexure 3). Member shall ensure that all the rules/Business Rule/Bye-Laws/ circulars issued from time to time in this regard are complied with. The client shall communicate to the Member any change in the email-id through a physical letter. If the client has opted for

internet trading, the request for change of email id may be made through the secured access by way of client specific user id and password.

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

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

45. The Member shall retain ECN and acknowledgement of the e-mail in a soft and non-tamperable form in the manner prescribed by the exchange in compliance with the provisions of the IT Act, 2000 and as per the extant rules/circulars/guidelines issued by SEBI/ Currency exchanges from time to time. The proof of delivery i.e., log report generated by the system at the time of sending the contract notes shall be maintained by the Member for the specified period under the extant rules/circulars/guidelines issued by SEBI/ Currency exchanges. The log report shall provide the details of the contract notes that are not delivered to the client/e-mails rejected or bounced back. The Member shall take all possible steps to ensure receipt of notification of bounced mails by him at all times within the stipulated time period under the extant rules/circulars/guidelines issued by SEBI/ Currency exchanges.

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

47. In addition to the e-mail communication of the ECNs to the client, the Member 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.

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

#### **LAW AND JURISDICTION**

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

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

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

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

53. All additional voluntary/non-mandatory clauses/document added by the Member should not be in contravention with Rules/ Business Rules/Notices/Circulars of Exchanges/SEBI. Any changes in such voluntary clauses/document(s) need to be preceded by a notice of 15 days. Any changes in the rights and obligations which are specified by Exchanges/SEBI shall also be brought to the notice of the clients.

54. If the rights and obligations of the parties hereto are altered by virtue of change in Rules of SEBI or Bye-laws, Rules and Business Rules of the relevant currency 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.

55. Members are required to send account statement to their clients every month.

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

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

1. Member is eligible for providing Internet based trading (IBT) and currencies trading through the use of wireless technology that shall include the use of devices such as mobile phone, laptop with data card, etc. which use Internet Protocol (IP). The Member shall comply with all requirements applicable to internet based trading/- currencies 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 currencies and for this purpose, the client is desirous of using either the internet based trading facility or the facility for currencies trading through use of wireless technology. The Member shall provide the Member's IBT Service to the Client, and the Client shall avail of the Member's IBT Service, on and subject to SEBI/Exchanges Provisions and the terms and conditions specified on the Member's IBT Web Site provided that they are in line with the norms prescribed by Exchanges/SEBI.

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

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

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 Member's IBT System using the Client's Username and/or Password whether or not such person was authorized to do so. Also the client is aware that

authentication technologies and strict security measures are required for the internet trading/ currencies trading through wireless technology through order routed system and undertakes to ensure that the password of the client and/or his authorized representative are not revealed to any third party including employees and dealers of the Member

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

7. The Client is fully aware of and understands the risks associated with availing of a service for routing orders over the internet/ currencies 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 Member shall send the order/trade confirmation through email to the client at his request. The client is aware that the order/ trade confirmation is also provided on the web portal. In case client is trading using wireless technology, the Member shall send the order/trade confirmation on the device of the client.

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 Member and the Exchange do not make any representation or warranty that the Member's IBT Service will be available to the Client at all times without any interruption.

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

## ANNEXURE-5

### GUIDANCE NOTE - DO's AND DON'Ts FOR THE CLIENTS

#### **DO's**

- 1) Trade only through SEBI registered members and exchanges. You may check their SEBI registration certificate number from the list available on the Exchange website and SEBI website [www.sebi.gov.in](http://www.sebi.gov.in).
- 2) Insist on filling up a standard 'Know Your Client (KYC)' form before you commence trading
- 3) Insist on getting a Unique Client Code (UCC) and ensure all your trades are done under the said UCC.
- 4) Insist on reading and signing a standard 'Risk Disclosure Agreement'.
- 5) Obtain a copy of your KYC and/ or other documents executed by you with the Member, from the Member.
- 6) Cross check the genuineness of trades carried out at the Exchange through the trade verification facility available on the Exchange website. The trades can be verified online where trade information is available up to 5 working days from the trade date. The time may be different for different Exchanges.
- 7) Insist on a duly signed Contract Note in specified format for every executed trade within 24 hours of trade, highlighting the details of the trade along with your UCC.
- 8) Ensure that the Contract Note contains all the relevant information such as Member Registration Number, Order No., Order Date, Order time, Trade No., Trade rate, Quantity, Arbitration Clause, etc.
- 9) Obtain receipt for collaterals deposited with the Member towards margins.
- 10) Go through the Rules, Bye-laws, Regulations, Circulars, Directives, Notifications of the Exchange as well as of the Regulators, Government and other authorities to know your rights and duties vis-à-vis those of the Member.
- 11) Ask all relevant questions and clear your doubts with your Member before transacting.
- 12) Insist on receiving the bills for every settlement.
- 13) Insist on Monthly statements of your ledger account and report any discrepancies in the statement to your Member within 7 working days. In case of unsatisfactory response report the discrepancy to the Exchange within 15 working days from the date of cause of action.
- 14) Scrutinize minutely both the transaction & holding statements that you receive from your Depository Participant.
- 15) Keep Delivery Instruction Slips (DIS) book issued by DPs in safe possession.
- 16) Ensure that the DIS numbers are preprinted and your account number (UCC) is mentioned in the DIS book.
- 17) Freeze your Demat account in case of your absence for longer duration or in case of not using the account frequently.
- 18) Pay required margins in time and only by Cheque and ask for receipt thereof from the Member.
  
- 19) Deliver the currencies in case of sale or pay the money in case of purchase within the time prescribed.
- 20) Understand and comply with accounting standards for derivatives.

- 21) Ensure to read, understand and then sign the voluntary clauses, if any, agreed between you and the Member. Note that the clauses as agreed between you and the Member cannot be changed without your consent.
- 22) Get a clear idea about all brokerage, commissions, fees and other charges levied by the Member on you for trading and the relevant provisions/ guidelines specified by SEBI/ Currency exchanges.
- 23) Make the payments by account payee cheque in favour of the Member. Ensure that you have a documentary proof of your payment/deposit of currencies with the Member, stating date, currency, quantity, towards which bank/ demat account such money or currencies (in the form of warehouse receipts) deposited and from which bank/ demat account.
- 24) The payout of funds or delivery of currencies (as the case may be) shall not be made to you within one working day from the receipt of payout from the Exchange, in case you have given specific authorization for maintaining running account to the member. Thus, in this regard, the running account authorization provided by you to the Member shall be subject to the following conditions:
  - a. Such authorization from you shall be dated, signed by you only and contains the clause that you may revoke the same at any time.
  - b. You need to bring any dispute arising from the statement of account to the notice of the Member in writing preferably within 7 (seven) working days from the date of receipt of funds/currencies or statement, as the case may be. In case of dispute, refer the matter in writing to the Investors Grievance Cell of the relevant Currency exchanges without delay.
  - c. In case you have not opted for maintaining running account and pay-out is not received on the next working day of the receipt of payout from the exchanges, please refer the matter to the Member. In case there is dispute, ensure that you lodge a complaint in writing immediately with the Investors Grievance Cell of the relevant Currency exchange.
  - d. Please register your mobile number and email id with the Member, to receive trade confirmation alerts/ details of the transactions through SMS or email, by the end of the trading day, from the currency exchanges.
- 25) You should familiarize yourself with the protection accorded to the money or other property you may deposit with your member, particularly in the event of a default in the currency derivatives or the member becomes insolvent or bankrupt.
- 26) Please ensure that you have a documentary proof of having made the deposit of such money or property with the member, stating towards which account such money or property deposited.
- 27) In case your problem/grievance/issue is not being sorted out by concerned Member/Authorised Person then you may take up the matter with the concerned Currency Exchange. If you are not satisfied with the resolution of your complaint then you can escalate the matter to SEBI.

## **DON'Ts**

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

## ANNEXURE 6

### **POLICIES & PROCEDURE**

#### **a) Setting up client's exposure limits**

The broker may from time to time impose and vary limits on the orders that the client can place through the broker's trading system (including exposure limits, turnover limits, limits as to the number, value and/or kind of Currencies in respect of which orders can be placed etc.). The client is aware and agrees that the broker may need to vary or reduce the limits or impose new limits urgently on the basis of the broker's risk perception and other factors considered relevant by the broker including but not limited to limits on account of exchange/SEBI directions/limits (such as broker level/market level limits in Currency specific/volume specific exposures etc.), and the broker may be unable to inform the client of such variation, reduction or imposition in advance.

The client agrees that the broker shall not be responsible for such variation, reduction or imposition or the client's inability to route any order through the broker's trading system on account of any such variation, reduction or imposition of limits.

The client further agrees that the broker may at any time, at its sole discretion and without prior notice, prohibit or restrict the client's ability to place orders or trade in Currencies through the broker, or it may subject any order placed by the client to a review before its entry into the trading systems any may refuse to execute/allow execution of orders due to but not limited to the reason of lack of margin/Currencies or the order being outside the limits set by broker/exchange/SEBI and any other reasons which the broker may deem appropriate in the circumstances. The client agrees that the losses, if any on account of such refusal or due to delay caused by such review, shall be borne exclusively by the client alone.

#### **b) Applicable brokerage rate**

Brokerage will be charged within the limits prescribed by SEBI/Exchange.

#### **c) Imposition of penalty / delayed payment charges**

Clients will be liable to pay late pay in/delayed payment charges for not making payment of their payin/margin obligation on time as per the exchange requirement/schedule at the rate of 2% per month. Similarly the broker will also be liable to pay delayed payment charges to the client for not making payment of their obligation on time, as per the exchange requirement/schedule at the rate of 2% p.m., except in the cases covered by the "Running Account Authorisation" given by the client to the currency broker which will be levied after 5 working days from the date of obligation.

The client agrees that the broker may impose fines / penalties for any orders / trades / deals / actions of the client which are contrary to this agreement / rules / regulations / bye laws of the exchange or any other law for the time being in force, at such rates and in such form as it may deem fit. Further where the broker has to pay any fine or bear any punishment from any authority in connection with / as a consequence of / in relation to any of the orders / trades / deals / actions of the client, the same shall be borne by the client.

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

Without prejudice to the brokers other right (Including the right to refer the matter to arbitration), the broker shall be entitled to liquidate/close out all or any of the clients position without giving notice to the client for non payment of margins or other amounts including the pay in obligation, outstanding debts etc and adjust the proceeds of such liquidation/close out, if any, against the clients liabilities/obligations. The client shall ensure timely availability of funds in form and manner at designated time and in designated bank and depository account(s), for meeting his/her/its pay in obligation of funds. Any and all losses and financial charges on account of such liquidations/ closing out shall be charged to & born by the client.

**e) Shortages in obligations arising out of internal netting of trades**

The broker shall not be obliged to deliver any currencies or pay any money to the client unless and until the same has been received by the broker from the exchange, the clearing corporation/clearing house or other company or entity liable to make the payment and the client has fulfilled his/her/its obligations first.

The broker shall have the right to adopt a policy of its choice for internal auctions arising out of internal netting of trades and charge to default seller and compensate the impacted purchaser as per the policy. The current procedure for internal auction may be amended from time to time with prospective effect and will be published on the website.

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

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

**g) Temporarily suspending or closing a client's account at the client's request**

If an account is inactive for 12 months and more, the accounts are designed as dormant accounts. Also the request of the client in writing, the client account can be suspended temporarily and same can be activated on the written request of the client only. During the period client account is suspended, the market transaction in the client account will be prohibited. However client shares/ledger balance settlement can take place. On the request of the client in writing, the client account can be closed provided the client account is settled. If the client wants to reopen the account in that case client has to again complete the KYC requirement. Same procedure is followed for reactivation of dormant accounts.

**h) Deregistering a client**

Notwithstanding anything to the contrary stated in the agreement, the broker shall be entitled to terminate the agreement with immediate effect in any of the following circumstances:

- (i) If the action of the client are prima facie illegal / improper or such as to manipulate the price of any currencies or disturb the normal/proper functioning of currencies or disturb the normal/proper functioning of the market, either alone or in conjunction with others.
- (ii) If there is any commencement of a legal process against the client under any law in force;
- (iii) On the death/lunacy or other disability of the Client;

- (iv) If the client being a partnership firm, has any steps taken by the Client and/or its partners for dissolution of the partnership;
- (v) If the Client suffers any adverse material change in his/her/its financial position or defaults in any other agreement with the broker;
- (vi) If there is reasonable apprehension that the Client is unable to pay its debts or the Client has admitted its inability to pay its debts, as they become payable;
- (vii) If the Client is in breach of any term, condition or covenant of this Agreement;
- (Viii) If the Client has made any material misrepresentation of facts, including (without limitation) in relation to the currency;
- (ix) 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;
- (x) If the Client have taken or suffered to be taken any action for its reorganization, liquidation or dissolution;
- (xi) 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;
- (xii) If any covenant or warranty of the Client is incorrect or untrue in any material respect;

**i) Inactive Client account:**

Client account will be considered as inactive if the client does not trade for period of six months. Calculation will be done at the beginning of every month and those clients who have not traded even a single time will be considered as inactive, the currencies/ credit ledger balance if any will be transferred to the client within one week of the identifying the client as inactive. The client has to make written request for reactivation of their account.

**ANNEXURE 7**

**TARIFF SHEET**

**Unique Client Code:**

**1. BROKERAGE RATES**

<b>NSE/ MSEI</b>		<b>Brokerage in %</b>	<b>Flat/ Lot</b>
Currency Futures	Carry forward		
	Intraday		
Currency Options	Carry forward		
	Intraday		

**2. OTHER CHARGES**

Transaction charges, Stamp duty, GST, Transaction Tax and any other Statutory charges / levies as applicable

Verified by:

Signature:

Date:

Authorized and Approved By:

Signature:

Date:

Client Signature:

**VOLUNTARY DOCUMENTS**

**INTIMATION FOR UNDERTAKING PRO ACCOUNT TRADING**

To,  
All Clients

This is to inform you that we do trades for our Own (Proprietary) Account as well as on behalf of our clients in NSE/ MSEI currencies futures/ options market. Kindly take the note of the same

Thanking you,

UKS Forex Private Limited

Client Name:

Signature

**PMLA POLICY DECLARATION**

I / We \_\_\_\_\_ having the trading code no . \_\_\_\_\_ with **UKS Forex Private Limited** confirm and declare that I / We had read and understood the contents and the provisions of the PMLA Act, 2002 and it was also explained by **UKS Forex Private Limited** official. I / We further declare that I / We shall adhere to the rules and regulations and requirements mentioned in the PMLA Act, 2002.

*Yours faithfully,*

Signature :

Name of the Client :



**REGISTRATION AND VERIFICATION OF MOBILE NUMBER AND E-MAIL ADDRESS**

To,  
UKS Forex Pvt Ltd  
Plot no.119, Flat No. 402, IVY Terrace,  
Kavuri Hills, Madhapur,  
Hyderabad- 500081, Telangana, India.

Date:

Dear Sir,

I/We am/are aware that NSE and MSEI provide SMS/email alerts to the constituents (clients) of its member for trades executed on its platform. I/We hereby provide and confirm my/our mobile number and/or email address as stated below for the purpose of receipt of SMS/email alerts.

- I want to receive transaction alerts in SMS as well as email from Exchanges.
- I want to receive transaction alerts only in SMS from Exchanges.
- I want to receive transaction alerts only in Email from Exchanges.
- I do not want to receive any transaction alerts from Exchanges, specify reason

.....  
The alerts should be sent on:

**Mobile number (enter 10 digit mobile no.):**

**E-mail Id:**

Client Code:

Signature:

**CLIENT DEFAULTER DECLARATION**

I, \_\_\_\_\_ having PAN no. \_\_\_\_\_ do hereby declare that I have not been involved in any terrorist activity and I have not been declared as defaulter or my Name is not appearing in defaulter database as per SEBI/ Various Exchanges/ Regulatory bodies/CIBIL (Credit Information Bureau of India Ltd.) etc.

I further declare that the above mentioned declaration/statement is true and correct.

Signature of Client:

Name of the Client: ..... Client Code:

*[Note: To be signed by person himself/herself not to be signed by his/her attorney/authorised person etc.]*

## LETTER FOR RUNNING ACCOUNT

To,  
UKS Forex Private Limited  
Plot no.119, Flat No. 402, IVY Terrace,  
Kavuri Hills, Madhapur,  
Hyderabad- 500081, Telangana, India.

Dear Sir,

Sub: Maintenance of my/our account on running account basis.

Notwithstanding anything contrary contained in the agreement between us, I/We hereby request you to maintain my/our accounts with you on a running basis. This will facilitate me in all my/our transactions through you. I/We also request you to consider the balance in my/our account with you for the purpose of margins/any other obligations due to you.

In view of the above it would be proper for you to release the funds and securities / currencies due to me/us on my/our specific request.

Furthermore, you may charge the cost of holding the securities to my/our account with you.

### CONSENT FOR TRANSFER OF CREDITS & SETTLEMENT FOR INTRA / INTER SEGMENT INTER EXCHANGE

I/We \_\_\_\_\_ registered with UKS Forex Pvt. Ltd., as clients/constituents on the NSE/ MSEI do hereby authorize you as under:

To move/transfer funds any/all my/our account/s and/or payouts resulting on account of sale of currencies and/or payouts due to settlement/closing of contracts and/or margin refunds from NSE/ MSEI and adjust the same towards debit balances in any/all my/our accounts of NSE/ MSEI

I/We also understand that this would save on banking charges and/or operational delays and cost towards transfer of funds between an accounts where I/we have a credit balance to an account where I/we have a debit balance. Further, you are authorized to do the transfer, either by passing a journal entry in your books of accounts of the respective section/department and/or by physical exchange of cheques.

I/We understand that the settlement of the account will be done as per SEBI requirements. I wish to do the settlement on a: *(Please mark the settlement period)*

Quarterly basis

Monthly basis

The client can cancel the running account at any time.

I/we have affixed signatures herein below consenting to the above and the same shall be in force until I/we revoke it in writing.

Signed on this \_\_\_\_\_ day of \_\_\_\_\_ year \_\_\_\_\_

Client Code:

Signature:

## LETTER OF AUTHORITY

To,  
UKS ForexPrivate Limited,  
Plot no.119, Flat No. 402, IVY Terrace,  
Kavuri Hills, Madhapur,  
Hyderabad- 500081, Telangana, India.

### STANDING INSTRUCTIONS / AUTHORISATION LETTER

I/we have been / shall be dealing through you as my broker on the Currency Exchanges such as NSE/MSEI. As your agent/client, I/we direct and authorize you to carry out trading/dealings on my/our behalf as per instructions given below. Please treat these instructions as written ratification of my / our verbal directions / authorizations given and carried out by you earlier.

1. Since you are issuing contract notes bearing order numbers and trade numbers on a daily basis, please do not issue the order/trade confirmation slips as generated from the Trading Terminal.
2. I am / we are aware that you are required to issue payment/delivery due to me/us as per the payout from the exchange. In order to facilitate operations, I/we hereby authorise you to maintain running accounts with you; to debit my/our running account for the margin/funds &/or deliveries payable by me/us; to include any/all the payout of funds &/or deliveries towards margin/delivery and/or towards pay in obligations and / or towards funds / deliveries payable by me / us, without any specific authorization on pay out to payout basis and to release the funds & / or deliveries (if any) due to me/us on my / our specific request only. I /we also agree that you shall not be liable for any claim for loss or profit, or for any consequential, incidental, special or exemplary damages, caused by retention of such deliveries/funds under this agreement or otherwise.
3. Pledge/deposit my/our deliveries & / or funds whether deposited as collateral/margin or permitted by us to be retained in the running account etc. by you with any bank or any other institution including but not limited to the Exchange(s) / Clearing Corporation / Clearing House for the purposes of raising funds, bank guarantees and FDRs etc., or towards Margin/Collateral as also to meet shortfall in my/our funds deliveries pay in obligation / auctions or assignment of contracts or any other liability arising out of my / our dealings with you/through you. I/we authorise you to do all such acts, deeds and things as may be necessary and expedient for placing such deliveries with the Exchanges/banks/institutions as margin. You are further authorised to sell / liquidate these deliveries / FDRs at the time and manner of your choice, as & when deemed fit by you in your absolute discretion to meet any shortfalls in my/our accounts or any other liability of mine/ours without any reference to me/us.
4. I/we agree that any loss due to any erroneous order entry / erroneous order modification shall be entertained by you only to the extent of insurance received.
5. Please treat this authorization as written ratification of my/our verbal directions/authorizations given and carried out by you earlier. I/We agree to indemnify you and keep you indemnified against all losses, damages and actions which you may suffer or face as a consequence of adhering to and carrying out my / our directions given above. The above authorisation shall continue to be valid till revoked by me in writing.

Thanking you,

Yours faithfully,

Client Name:

Signature:

## ACKNOWLEDGEMENT LETTER

To,  
UKS Forex Private Limited  
Plot no.119, Flat No. 402, IVY Terrace,  
Kavuri Hills, Madhapur,  
Hyderabad- 500081, Telangana, India.

Dear Sir,

- 1) I/We hereby acknowledge the receipt of duly executed copy of KYC, RIGHTS & OBLIGATION, R D D, GUIDANCE NOTE, POLICIES & PROCEDURES, etc... and all other documents as executed by me / us.  
I/We acknowledge that the other details related to my / our account are as under.
- 2) I have also received a copy of document. Viz. Rights & Obligations of stock broker, Sub-Broker and client for trading on exchange, Internet / Wireless Technology based trading, Uniform Risk Disclosure Documents and Guidance Note detailing Do's and Don't's for trading on stock exchanges.

My email id :  
Client Code :

Signature: