



## CENTRUM BROKING LIMITED

**SEBI REGISTERED NSE, BSE AND MCX-SX MEMBER, DEPOSITORY PARTICIPANT AND PORTFOLIO MANAGER**

Registered Office : Bombay Mutual Bldg., 2nd Floor, Dr. D. N. Road, Fort, Mumbai - 400 001.

**Registered Office:** Level -9, Centrum House, C.S.T. Road, Vidyanagari Marg, Kalina, Santacruz (East) Mumbai - 400098.

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**CENTRUM**



**As Prescribed by SEBI and Stock Exchanges**

1. The client shall invest/trade in those securities/contracts/other instruments admitted to dealings on the Exchanges as defined in the Rules, Byelaws and Regulations of Exchanges/ Securities and Exchange Board of India (SEBI) and circulars/notices issued there under from time to time.
2. The stock broker, sub-broker and the client shall be bound by all the Rules, Byelaws and Regulations of the Exchange and circulars/notices issued there under and Rules and Regulations of SEBI and relevant notifications of Government authorities as may be in force from time to time.
3. The client shall satisfy itself of the capacity of the stock broker to deal in securities and/or deal in derivatives contracts and wishes to execute its orders through the stock broker and the client shall from time to time continue to satisfy itself of such capability of the stock broker before executing orders through the stock broker.
4. The stock broker shall continuously satisfy itself about the genuineness and financial soundness of the client and investment objectives relevant to the services to be provided.
5. The stock broker shall take steps to make the client aware of the precise nature of the Stock broker's liability for business to be conducted, including any limitations, the liability and the capacity in which the stock broker acts.
6. The sub-broker shall provide necessary assistance and co-operate with the stock broker in all its dealings with the client(s).

**CLIENT INFORMATION**

7. The client shall furnish all such details in full as are required by the stock broker in "Account Opening Form" with supporting details, made mandatory by stock exchanges/SEBI from time to time.
8. The client shall familiarize himself with all the mandatory provisions in the Account Opening documents. Any additional clauses or documents specified by the stock broker shall be non-mandatory, as per terms & conditions accepted by the client
9. The client shall immediately notify the stock broker in writing if there is any change in the information in the account opening form' as provided at the time of account opening and thereafter; including the information on winding up petition/insolvency petition or any litigation which may have material bearing on his capacity. The client shall provide / update the financial information to the stock broker on a periodic basis.
10. The stock broker and sub-broker shall maintain all the details of the client as mentioned in the account opening form or any other information pertaining to the client, confidentially and that they

shall not disclose the same to any person/authority except as required under any law/regulatory requirements. Provided however that the stock broker may so disclose information about his client to any person or authority with the express permission of the client.

**MARGINS**

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

**TRANSACTIONS AND SETTLEMENTS**

13. The client shall give any order for buy or sell of a security / derivatives contract in writing or in such form or manner, as may be mutually agreed between the client and the stock broker, The stock broker shall ensure to place orders and execute the trades of the client, only in the Unique Client Code assigned to that client.
14. The stock broker shall inform the client and keep him apprised about trading / settlement cycles, delivery/payment schedules, any changes therein from time to time, and it shall be the responsibility in turn of the client to comply with such schedules / procedures of the relevant stock exchange where the trade is executed.
15. The stock broker shall ensure that the money/securities deposited by the client shall be kept in a separate account, distinct from his/its own account or account of any other client and shall not be used by the stock broker for himself/itself or for any other client or for any purpose other than the purposes mentioned in Rules, Regulations, circulars, notices, guidelines of SEBI and/or Rules, Regulations, Bye-laws, circulars and notices of Exchange.
16. Where the Exchange(s) cancels trade(s) suo moto all such trades including the trade/s done on behalf of the client shall ipso facto stand cancelled, stock broker shall be entitled to cancel the respective contract(s) with client(s).

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

## **BROKERAGE**

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

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

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

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

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

## **DISPUTE RESOLUTION**

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

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

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

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

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

## **TERMINATION OF RELATIONSHIP**

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

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

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



## ADDITIONAL RIGHTS AND OBLIGATIONS

30. The stock broker shall ensure due protection to the client regarding client's rights to dividends, rights or bonus shares, etc. in respect of transactions routed through it and it shall not do anything which is likely to harm the interest of the client with whom and for whom they may have had transactions in securities.
31. The stock broker and client shall reconcile and settle their accounts from time to time as per the Rules, Regulations, Bye Laws, Circulars, Notices and Guidelines issued by SEBI and the relevant Exchanges where the trade is executed.
32. The stock broker shall issue a contract note to his constituents for trades executed in such format as may be prescribed by the Exchange from time to time containing records of all transactions including details of order number, trade number trade time, trade price, trade quantity, details of the derivatives contract, client code, brokerage, all charges levied etc. and with all other relevant details as required therein to be filled in and issued in such manner and within such time as prescribed by the Exchange. The stock broker shall send contract notes to the investors within one working day of the execution of the trades in hard copy and/or in electronic form using digital signature.
33. The stock broker shall make pay out of funds or delivery of securities, as the case may be, to the Client within one working day of receipt of the payout from the relevant Exchange where the trade is executed unless otherwise specified by the client and subject to such terms and conditions as may be prescribed by the relevant Exchange from time to time where the trade is executed.
34. The stock broker shall send a complete 'Statement of Accounts' for both funds and securities in respect of each of its clients in such periodicity and format within such time, as may be prescribed by the relevant Exchange, from time to time, where the trade is executed. The Statement shall also state that the client shall report errors, if any, in the Statement within such time as may be prescribed by the relevant Exchange from time to time where the trade was executed, from the receipt thereof to the Stock broker.
35. The stock broker shall send daily margin statements to the clients. Daily Margin statement should include, inter-alia, details of collateral deposited, collateral utilized and collateral status (available balance/due from client) with break up in terms of cash, Fixed Deposit Receipts (FDRs), Bank Guarantee and securities.
36. The Client shall ensure that it has the required legal capacity to, and is authorized to, enter into the relationship with stock broker and is capable of performing his obligations and undertakings hereunder. All actions required to be taken to ensure compliance of all the transactions, which the Client may enter into shall be completed by the Client prior to such transaction being entered into.

## ELECTRONIC CONTRACT NOTES (ECN)

37. In case, client opts to receive the contract note in electronic form, he shall provide an appropriate e-mail id to the stock broker. The client shall communicate to the stock broker any change in the email-id through a physical letter. If the client has opted for internet trading, the request for change of email id may be made through the secured access by way of client specific user id and password.
38. The stock broker shall ensure that all ECNs sent through the e-mail shall be digitally signed, encrypted, non-tamper able and in compliance with the provisions of the IT Act, 2000. In case, ECN is sent through e-mail as an attachment, the attached file shall also be secured with the digital signature, encrypted and non-tamperable.
39. The client shall note that non-receipt of bounce mail notification by the stock broker shall amount to delivery of the contract note at the e-mail ID of the client.
40. The stock broker shall retain ECN and acknowledgement of the e-mail in a soft and non-tamperable form in the manner prescribed by the exchange in compliance with the provisions of the IT Act, 2000 and as per the extant rules / regulations / circulars / guidelines issued by SEBI / Stock Exchanges from time to time. The proof of delivery i.e. log report generated by the system at the time of sending the contract notes shall be maintained by the stock broker for the specified period under the extant regulations SEBI/stock exchanges. The log report shall provide the details of the contract notes that are not delivered to the client/e-mails rejected or bounced back. The stock broker shall take all possible steps to ensure receipt of notification of bounced mails by him at all times within the stipulated time period under the extant regulations of SEBI/stock exchanges.
41. The stock broker shall continue to send contract notes in the physical mode to such clients who do not opt to receive the contract notes in the electronic form. Wherever the ECNs have not been delivered to the client or has been rejected (bouncing of mails) by the e-mail ID of the-client, the stock broker shall send a physical contract note to the client within the stipulated time under the extant regulations of SEBI / stock exchanges and maintain the proof of delivery of such physical contract notes.
42. In addition to the e-mail communication of the ECNs to the client, the stock broker shall simultaneously publish the ECN on his designated web-site, if any, in a secured way and enable relevant access to the clients and for this purpose, shall allot a unique user name and password to the client, with an option to the client to save the contract note electronically and/or take a print out of the same.

## LAW AND JURISDICTION

43. In addition to the specific rights set out in this document, the stock broker, sub-broker and the client shall be entitled to exercise any other rights which the stock broker or the client may have under the Rules, Bye-laws and Regulations of the Exchanges in which the client chooses to trade and circulars/notices issued thereunder or Rules and Regulations of SEBI.
44. The provisions of this document shall always be subject to Government notifications, any rules, regulations, guidelines and circulars/notices issued by SEBI and Rules, Regulations and Bye laws of the relevant stock exchanges, where the trade is executed, that may be in force from time to time.
45. The stock broker and the client shall abide by any award passed by the Arbitrator(s) under the Arbitration and Conciliation Act, 1996. However, there is also a provision of appeal within the stock exchanges, if either party is not satisfied with the arbitration award.
46. Words and expressions which are used in this document but which are not defined herein shall, unless the context otherwise requires, have the same meaning as assigned thereto in the Rules, Byelaws and Regulations and circulars/notices issued thereunder of the Exchanges/SEBI.
47. All additional voluntary clauses/document added by the stock broker should not be in contravention with rules / regulations / notices / circulars of Exchanges / SEBI. Any changes in such voluntary clauses / document(s) need to be preceded by a notice of 15 days. Any changes in the rights and obligations which are specified by Exchanges / SEBI shall also be brought to the notice of the client.
48. If the rights and obligations of the parties hereto are altered by virtue of change in Rules and regulations of SEBI or Bye-laws, Rules and Regulations of the relevant stock Exchanges where the trade is executed, such changes shall be deemed to have been incorporated herein in modification of the rights and obligations of the parties mentioned in this document.

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

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

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

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

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

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

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

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

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

## **1. BASIC RISKS:**

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

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

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

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

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

### **1.3 Risk of Wider Spreads:**

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

### **1.4 Risk-reducing orders:**

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

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

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

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

### **1.5 Risk of News Announcements:**

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

### **1.6 Risk of Rumors:**

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

### **1.7 System Risk:**

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

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

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

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

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

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

### **2.1 Effect of “Leverage” or “Gearing”:**

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

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

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

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

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

D. In order to maintain market stability, the following steps may be adopted: changes in the margin rate, increases in the cash margin rate or others. These new measures may also be applied to the existing open

interests. In such conditions, you will be required to put up additional margins or reduce your positions.

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

## 2.2 Currency specific risks:

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

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 fix trading band are widened.

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

## 2.3 Risk of Option holders:

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

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

## 2.4 Risks of Option Writers:

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

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

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

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

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

## 4. GENERAL

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

4.2 The term stock broker shall mean and include a stock broker, a broker or a stock broker, who has been admitted as such by the Exchanges and who holds a registration certificate from SEBI.

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**BEFORE YOU BEGIN TO TRADE**

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

**TRANSACTIONS AND SETTLEMENTS**

8. The stock broker may issue electronic contract notes (ECN) if specifically authorized by you in writing. You should provide your email id to the stock broker for the same. Don't opt for ECN if you are not familiar with computers.
9. Don't share your internet trading account's password with anyone.
10. Don't make any payment in cash to the stock broker.
11. Make the payments by account payee cheque in favour of the stock broker. Don't issue cheques in the name of sub-broker. Ensure that you have a documentary proof of your payment/deposit of securities with the stock broker, stating date, scrip, quantity, towards which bank/ demat account such money or securities deposited and from which bank/ demat account.
12. Note that facility of Trade Verification is available on stock exchanges' websites, where details of trade as mentioned in the contract note may be verified. Where trade details on the website do not tally with the details mentioned in the contract note, immediately get in touch with the Investors Grievance Cell of the relevant Stock exchange.
13. In case you have given specific authorization for maintaining running account, payout of funds or delivery of securities (as the case may be), may not be made to you within one working day from the receipt of payout from the Exchange. Thus, the stock broker shall maintain running account for you subject to the following conditions:
  - a) Such authorization from you shall be dated, signed by you only and contains the clause that you may revoke the same at any time.
  - b) The actual settlement of funds and securities shall be done by the stock broker, at least once in a calendar quarter or month, depending on your preference. While settling the account, the stock broker shall send to you a 'statement of accounts' containing an extract from the client ledger for funds and an extract from the register of securities displaying all the receipts/deliveries of funds and securities. The statement shall also explain the retention of funds and securities and the details of the pledged shares, if any.
  - c) On the date of settlement the stock broker may retain the requisite securities/funds towards outstanding obligations and may also retain the funds expected to be required to meet derivatives margin obligations for next 5 trading days, calculated in the manner specified by the exchanges. In respect of cash market transactions, the stock broker may retain entire pay-in obligation of funds and securities due from clients as on date of settlement and for next day's business, he may retain funds/securities/margin to the extent of value of transactions executed on the day of such settlement in the cash market
  - d) You need to bring any dispute arising from the statement of account or settlement so made to the notice of the stock broker in writing preferably within 7 (seven) working days from the date of receipt of funds/securities or statement, as the case may be. In case of dispute refer the matter in writing to the investor Grievance Cell of the relevant Stock exchanges without delay.
14. In case you have not opted for maintaining running account and pay-out of funds/securities is not received on the next working day of the receipt of payout from the exchanges, please refer the matter to the stock broker. In case there is dispute, ensure that you lodge a complaint in writing immediately with the Investors Grievance Cell of the relevant Stock exchange.
15. Please register your mobile number and email id with the stock broker, to receive trade confirmation alerts / details of the transactions through SMS or email, by the end of the trading day, from the stock exchanges.



## IN CASE OF TERMINATION OF TRADING MEMBERSHIP

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

## DISPUTES/ COMPLAINTS

18. Please note that the details of the arbitration proceedings, penal action against the brokers and investor complaints against the stock brokers are displayed on the website of the relevant Stock exchange.
19. In case your issue/problem/grievance is not being sorted out by the concerned stock broker/sub-broker then you may take up the matter with the concerned Stock exchange. If you are not satisfied with the resolution of your complaint then you can escalate the matter to SEBI.
20. Note that all the stock broker/sub-brokers have been mandated by SEBI to designate an e-mail ID of the grievance redressal division/compliance officer exclusively for the purpose of registering complaints.

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**1. Refusal of order for Penny stocks:**

- Centrum Broking Limited (“CBL”) shall have the absolute discretion to accept, refuse or partially accept any buy or sell order for execution from a Client in respect of penny stocks, illiquid stocks, stocks having low liquidity, illiquid “options”, far month “options”, writing of “options”, stocks in T, Z, SMS and TS category and any other contracts which as per the perception of CBL are extremely volatile or where the order by the Client is quite large compared to the volume in the market and where CBL feels that it is subject to Market manipulation.
- **CBL** may permit restrictive acceptance of orders in such scrip’s/contracts in controlled environments like orders received from clients being forwarded by branches to a centralized desk instead of allowing trading in such scrip’s/Contracts at branch level or through Online trading platform. CBL shall not be responsible for delay in execution of such orders and consequential opportunity loss or financial loss to the client.
- **CBL** may cancel orders in such scrip’s received from clients before execution or after partial execution without assigning any reasons thereof. **CBL** may take appropriate declarations from the clients before accepting such orders.
- **CBL** shall have the prerogative to place such restrictions, notwithstanding the fact that the Client has adequate credit balance or margin available in his account and/or the Client had previously purchased or sold such securities/ contracts through **CBL** itself.

**2. Setting up Client’s Exposure limits:**

Exposures and margins shall be regularly monitored by the company for all clients. Each client also needs to constantly monitor his/her positions, margins etc. and it shall be the Client's responsibility to maintain adequate margins against exposures taken / proposed to be taken. Exposure limits shall be made available to clients based on collateral available.

**Margin collection and requirements**

This would be in line with the Risk Management policy of the CBL and various rules and regulations of the concerned Stock Exchange. The policy is duly explained by the CBL to the CLIENT and as amended from time to time.

CBL in its sole and absolute discretion have the right to collect margins whether imposed by Exchange, Clearing House or SEBI. The margin can be demanded by the CBL in the form of cash, securities or any other form as may be deemed fit by the CBL. CBL may impose haircut on the securities at its own discretion which may be more than what is prescribed by the above mentioned regulatory authorities. CBL can have its own list of securities which is acceptable by it for the purpose of margin. CBL may at any time amend the margin requirements, the list of approved securities accepted as margin, and intimate the same by conspicuously posting notice of such amendment on its web site or may communicate the same individually to the Client either through Physical or electronic form. The communication of said amendment through such mode and continued use of the services CBL by the Client after such notice will constitute valid acknowledgement and acceptance of such amendment.

**Collateral includes**

- Account balances adjusted for F&O margins, as maybe applicable
- Adjustments for open unsettled positions, if any
- "Approved Securities" pledged with CBL as collateral that the Client has authorized the company to pledge/ Re-Pledge as Collateral with itself or the Clearing Corporation/Clearing Member (Received or due from exchange) valued after a haircut and / or margin as determined by the company from time to time

**Account balances shall include**

- All daily billing effects for all segments
- All charges and fees that are incidental to carrying out the securities business like DP charges, Delayed Payment charges, auctions, penalties, any other fees etc.
- All money receipts realized by the company before the trading session/ day
- Derivative margins collected / realized based on the billing policy adopted by the company from time to time

"Approved Securities" is the list of securities that **CBL** Accepts as collateral. Typically the list is revised on a

monthly basis, but maybe modified anytime at the sole discretion of **CBL** based on market volatility, any material impact on price or volatility of any security. This list shall be made available on demand. The haircut on securities for valuation shall be defined by **CBL** and typically varies from 25%-100%.

Exposure limits shall be allocated to clients at the company's absolute discretion and may vary from client to client based on risk profiles, trading patterns, qualitative assessments, track record, underlying Securities, Exchange segments etc. The company may at its discretion allow exposures based on various other factors like market / stock volatility and any other client related factors as above.

All shares held in DP Beneficiary of the Client maintained with CBL at beginning of trading day shall be available for sale in case the Client has authorized **CBL** to use the shares by way of pledge for margins and/ or settlement of exchange obligations and undertakes not to transfer such securities out of the account directly without **CBL's** consent (such consent not to be unreasonably withheld);

Exposure limits are dynamic throughout the day and are constantly adjusted for M to M profits / losses, market conditions, individual security exposure caps and all other factors affecting risk to security prices, collateral and liquidity;

**CBL** may change the procedure for exposure allocation depending upon the market conditions and change in internal policies. The same may be put up / updated on the website regularly. A copy of the same can be obtained from the offices of **CBL**.

### **PLACING OF ORDERS**

CBL will rely upon and act in accordance with any directions, Instructions and/ or other communication given by the Client or person(s) authorised by the Client to act on the Client's behalf via telephone/ Fax/ email. CBL is agreeing to act on the basis of instructions only by reason of/ relying upon the Client agreeing, confirming, declaring and indemnifying CBL at all times, from and against, all actions, suits, proceedings., costs, claims, demands, charges, expenses, losses and liabilities howsoever arising in consequence of or in any way related to CBL having acted or omitted to act in accordance with and/or pursuant to any such Instructions.

### **EXECUTION OF ORDERS**

The placing an order with the CBL including a market order, does not guarantee execution of the order. CBL has the

absolute right to reject any order that may be made by the CLIENT for any reason whatsoever including for the breach of the requirement of maintaining the prescribed Upfront Margin in the CLIENT account or the Bank account as applicable from time to time.

Under any circumstances or for any reason, the market closes before the acceptance of the order by the Exchange, the order may be rejected. In case of rejection of an order due to rejection by the Exchange, the order shall remain declined and shall not be reprocessed, in any event.

CBL may, at its sole discretion, reject any order placed on the website, through phone, or in any other manner for any reason including, but not limited to, the non availability of funds in the trading account of the CLIENT, non availability of the securities in the Demat account of the CLIENT with the designated Depository Participant which is available for pledging for margin purpose, insufficiency of margin amount if the CLIENT opts for Intra-Day margin trading, suspension of scrip for trading activities by or on the Exchange, or applicability of circuit breaker to a scrip in which orders are placed or insufficient bids or offers in any particular security. CBL shall have right to reject the orders placed by the Client and/or put circuit breakers to discourage trades getting executed at unrealistic prices from the current market price of the security or prohibit the Client from trading in illiquid securities which creates artificial liquidity or manipulates prices or to discourage Client from cross/ synchronised trading and CBL shall not be liable for any loss arising out of non acceptance or rejection of the Client orders by CBL for any such reason..

### **PRICE OF SECURITIES**

The CLIENT should be aware that with respect to any order, the CLIENT will obtain the price at which the order was actually executed in the market, which may be different from the price at which the security was trading when the CLIENT'S order was entered into the CBL'S system.

### **CANCELLATION OR MODIFICATION OF ORDERS**

The execution of order cancellations or modifications is not guaranteed. Cancellation of orders is possible only if the original order remains pending at the Exchanges. Market orders are subject to immediate execution. The CLIENT shall not presume that an order once placed has been executed or cancelled or modified and the CLIENT is required to verify the status of his/its orders with the trade confirmations by the CBL

Unless otherwise specified by the CBL, any order not executed at the end of the day shall stand cancelled.

At times, due to unforeseen circumstances CBL may not be able to execute the desired transactions (either the CLIENTS own transactions or transactions for enforcing margins as provided in this agreement) on a timely basis. CBL does not accept responsibility for any losses that the CLIENT may incur on such eventualities beyond the control of CBL.

CBL shall have the right to reject any order based on its risk perception.

### **CORPORATE BENEFITS; SETTLEMENT CYCLES**

The CLIENT should ensure and being aware of the status of all corporate benefits like rights and bonus issues, dividends and stock splits of shares that he/it intends to trade or which are held in his/its account. The CLIENT should also be knowing the correct ISIN Numbers of the shares in his/her/its account and the eligibility of the shares to meet share pay in obligations to the Exchange/Clearing Corporation whether received by way of purchase, rights, bonuses, stock split, off market transfers or otherwise.

For the CLIENTS having outstanding obligations on the settlement date CBL may retain the requisite securities/funds towards such obligations and may also retain the funds expected to be required to meet margin obligations for next 5 trading days, calculated in the manner specified by the relevant exchanges.

The actual settlement of funds shall be done by CBL, at least once in a calendar quarter or month or in the scenario if there is inactivity for the last 30 days from the date of settlement/ receipt of funds whichever is earlier, depending on the preference of the CLIENT. While settling the account, the CBL shall send to the CLIENT a 'statement of accounts' containing an extract from the CLIENT ledger for funds and an extract from the register of securities displaying all receipts/deliveries of funds/securities. The statement shall also explain the retention of funds/securities and the details of the pledge, if any.

### **3. Applicable Brokerage rates:**

Brokerage shall be applied as per the rates agreed upon with the Client. The rate of Brokerage shall not exceed the maximum brokerage permissible under Exchange bye-laws.

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

### **4. Imposition of Penalty / delayed payment charges**

The delayed Payment charges would be levied to the Client if the payment is not received in time for meeting the obligations of the exchange. The rate of the charges would be up to @ 24% p.a.

50% of the margin required for any trade/position are to be maintained in the form of cash and the balance 50% in the form of approved collateral.

Interest would be levied on shortfall of 50% Cash for margins. Further, interest may be levied on not maintaining the collateral in the form of CBL approved securities.

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

The Client shall ensure that before trading adequate upfront margins are maintained with the company against exposures taken / proposed to be taken. In case there is a shortfall in margin through pledge & re-pledge mechanism) or other methods of funding the shortfall of collaterals, CBL shall make an earnest attempt to contact the customer over phone or any other means before initiating any close out of positions, however it is the Client's responsibility to ensure adequacy of margins failing which CBL shall, at its discretion, execute the close out of positions as it deems fit.

Closing out of positions may include positions initiated during the trading session/ day, positions carried forward from previous days/ sessions and liquidation of collateral / securities held by the Client with Company (that may / may not be kept with the exchange) and liquidation against any pending payout obligations expected from the exchange on account of previous transactions. CBL, shall at its discretion, execute such close outs in any order of priority it deems fit to bring back margin adequacy for residual exposures.

CBL shall not hold any cash delivery position if full payments are not received by due date. In such events the company may sell off such deliveries to the extent of fund shortfall in the account without reference to the Client even if margins are maintained as per regular exposure limits offered to the Client.

CBL shall insist up to 100% of margin in cash and may not consider the value of securities for the purpose of calculating margin shortfall and may close the position in case of short fall. CBL shall have the right to sell Client's securities or close out Client's open positions but it shall not be under any obligation to undertake this exercise under any circumstances CBL shall not be under any obligation to

compensate/ or provide reasons of any delay or omission on its part to sell Client's securities or close open positions of the Client. This option will be exercised solely at the discretion of **CBL**.

**CBL** shall also be entitled to sell all or some of the Client's securities or close out the Client's open position for recovery of amounts due and payable by the Client to **CBL** towards the brokerage fees of **CBL**.

**CBL** may, in its sole discretion, square off any outstanding position of the CLIENT due to any restrictions in relation to volume of trading/ outstanding business or margins stipulated by the Exchange, Clearing Corporation/Clearing House and/or the **CBL** and/or any other extraordinary event warranting such square off.

**CBL** to set off credit balances of securities and / or funds, receivables, margins of the CLIENT lying with the **CBL** or have lien on such credit balances/ securities, margins, receivables, in or from the accounts of the CLIENT in any of the segments or exchanges where the CLIENT is registered with **CBL**, against the debit balances of securities and / or funds and receivables in one or more of the accounts of the CLIENT in any of the said segments or exchanges, by way of appropriation of the relevant amount of cash or by sale or transfer of all or some of the securities, and / or any credit in any said account of the CLIENT.

All securities and monies belonging to the CLIENT which are under the control or possession of **CBL** shall be subject to a general lien and / or set off, for discharge of any obligation or indebtedness of the CLIENT to **CBL**. In enforcing the lien and / or the right to set off, **CBL** shall have the sole discretion of determining the manner in which the securities or assets are to be appropriated / liquidated.

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

**CBL** shall have the right to adopt a policy of its choice for internal auctions arising out of internal netting of trades and charge to defaulter seller and compensate the impacted purchaser as per the policy. The current procedure for internal auction is displayed on the website, which may be amended from time to time with prospective effect after publishing the same on the corporate website. This document can be obtained from the office of **CBL** on demand by the Client.

## **7. Conditions under which a Client may not be allowed to take further position**

In case the Client does not have adequate margins or scrip-wise exposure of **CBL** is breached **CBL** shall not, at its own discretion, allow the Client to take further position. Notwithstanding anything specified above, **CBL** shall reserve the right to deny incremental exposure partly or fully across any security owing to various situations including market dynamics, technology disruptions or any other circumstance beyond the direct control of **CBL**.

## **8. Temporarily suspending or closing a Client's account at the Client's request**

- **Suspension**

**CBL** may also suspend the account based on a request received from the Client provided the Client has given a notice of at least 7 trading days and there is no open position in all the segments/exchanges and there is no obligation/debit balance in the account. The account would be settled with the Client before suspending the same.

- **Closure**

**CBL** may close the account based on a request received from the Client provided the Client has given a notice of at least 7 trading days, and there is no open position in any segments/exchanges and there is no obligation/debit balance in the account. The account would be settled with the Client before closing the same.

## **9. Deregistering a Client**

**CBL** may de-register the Client account based on action taken by SEBI/NSE/BSE or being part of list of debarred entities published by SEBI. **CBL** may also initiate action for deregistering a Client on basis of information found in sites of **CIBIL**, Watch out investors, world check or Client having suspicious back ground, link with suspicious organization, as enumerated in the PMLA guidelines, FATF or any other regulator or statutory authority. **CBL** shall have right to close out the existing positions, sell the collaterals to recover its dues, if any, before de-registering the Client. **CBL** shall have the right to deregister a Client after serving a written notice of one month without assigning any reason thereof.



### **Money Laundering in India**

With the growing financial sector, India is vulnerable to money laundering activities. Some common sources of illegal proceeds in India are narcotics trafficking, illegal trade in gems, smuggling, corruption and income tax evasion. Large portions of illegal proceeds are laundered through the alternative remittance system called "hawala". Under this system, individuals transfer funds from one country to another or from one state to another, often without the actual movement of currency.

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

To combat money-laundering activities, the Government of India enacted the Prevention of Money Laundering Act, 2002 (hereinafter referred to as the "Act") on January 17, 2003.

Securities and Exchange Board of India (hereinafter referred to as SEBI) vide its Circular Ref No.: ISD/CIR/RR/AML/1/06 dated January 18, 2006 laid down broad guidelines on Anti Money Laundering Standards. As per the Circular, all the intermediaries registered with SEBI under Section 12 of the SEBI Act were advised to ensure that a proper policy framework on anti-money laundering measures was put in place. This was essentially in conformity with the Prevention of Money Laundering Act, 2002 and the Rules framed there under by SEBI.

The basic objective of the Act is three fold, viz.:

- To prevent, combat and control money laundering.
- To confiscate and seize the property obtained from the laundered money.
- To deal with any other issue connected with money laundering in India.

### **Policy on PMLA at Centrum:**

Centrum has framed a stringent policy with respect to the PMLA wherein adequate checks are made at the time of acquisition of clients as well as monitoring of day to day transactions of clients.

As a part of our endeavor to comply with the provisions of PMLA we classify the clients into three categories i.e. high, medium and low based on the certain parameters. We have appended a Client suitability sheet which enables us to classify the clients which in turn would be beneficial for better monitoring of the transactions in your account.

Further, we have displayed the policy on the website which will enable the clients for better understanding of provisions of PMLA. We request you to familiarize yourself with the same.

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**General Clause**

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

**Beneficial Owner information**

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

**Fees/Charges/Tariff**

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

**Dematerialization**

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

**Separate Accounts**

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

**Transfer of Securities**

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

**Statement of account**

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

### **Manner of Closure of Demat account**

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

### **Default in payment of charges**

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

### **Liability of the Depository**

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

### **Freezing / Defreezing of accounts**

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

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

### **Redressal of Investor grievance**

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

### **Authorized representative**

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

### **Law and Jurisdiction**

26. In addition to the specific rights set out in this document, the DP and the Beneficial owner shall be entitled to exercise any other rights which the DP or the Beneficial Owner may have under the Rules, Bye Laws and Regulations of the respective Depository in which the demat account is opened and circulars/notices issued there under or Rules and Regulations of SEBI.
27. The provisions of this document shall always be subject to Government notification, any rules, regulations, guidelines and circulars/ notices issued by SEBI and Rules, Regulations and Bye-laws of the relevant Depository, where the Beneficial Owner maintains his/her account, that may be in force from time to time.
28. The Beneficial Owner and the DP shall abide by the arbitration and conciliation procedure prescribed under the Bye-laws of the depository and that such procedure shall be applicable to any disputes between the DP and the Beneficial Owner.
29. Words and expressions which are used in this document but which are not defined herein shall unless the context otherwise requires, have the same meanings as assigned thereto in the Rules, Bye-laws and Regulations and circulars/notices issued there under by the depository and/or SEBI
30. Any changes in the rights and obligations which are specified by SEBI / Depositories shall also be brought to the notice of the clients at once.
31. If the rights and obligations of the parties hereto are altered by virtue of change in Rules and regulations of SEBI or Bye-laws, Rules and Regulations of the relevant Depository, where the Beneficial Owner maintains his/her account, such changes shall be deemed to have been incorporated herein in modification of the rights and obligations of the parties mentioned in this document.

**TERMS AND CONDITIONS-CUM-REGISTRATION / MODIFICATION FORM FOR RECEIVING SMS ALERTS FROM CDSL (SMS/ALERTS WILL BE SENT BY CDSL TO BOS FOR ALL Debits)****Definitions:**

In these Terms and Conditions the terms shall have following meaning unless indicated otherwise:

1. "Depository" means Central Depository Services (India) Limited a company incorporated in India under the Companies Act 1956 and having its registered office at 17th Floor, P.J. Towers, Dalal Street, Fort, Mumbai 400001 and all its branch offices and includes its successors and assigns.
2. 'DP' means Depository Participant of CDSL. The term covers all types of DPs who are allowed to open demat accounts for investors.
3. 'BO' means an entity that has opened a demat account with the depository. The term covers all types of demat accounts, which can be opened with a depository as specified by the depository from time to time.
4. SMS means "Short Messaging Service"
5. "Alerts" means a customized SMS sent to the BO over the said mobile phone number.
6. "Service Provider" means a cellular service provider(s) with whom the depository has entered / will be entering into an arrangement for providing the SMS alerts to the BO.
7. "Service" means the service of providing SMS alerts to the BO on best effort basis as per these terms and conditions.

**Availability:**

1. The service will be provided to the BO at his / her request and at the discretion of the depository. The service will be available to those accountholders who have provided their mobile numbers to the depository through their DP. The services may be discontinued for a specific period / indefinite period, with or without issuing any prior notice for the purpose of security reasons or system maintenance or for such other reasons as may be warranted. The depository may also discontinue the service at any time without giving prior notice for any reason whatsoever.
2. The service is currently available to the BOs who are residing in India.
3. The alerts will be provided to the BOs only if they remain within the range of the service provider's service area or within the range forming part of the roaming network of the service provider.
4. In case of joint accounts and non-individual accounts the service will be available, only to one mobile number i.e. to the mobile number as submitted at the time of registration / modification.
5. The BO is responsible for promptly intimating to the depository in the prescribed manner any change in mobile number, or loss of handset, on which the BO wants to receive the alerts from the depository. In case of change in mobile number not intimated to the depository, the SMS alerts will continue to be sent to the last registered mobile phone number. The BO agrees to indemnify the depository for any loss or damage suffered by it on account of SMS alerts sent on such mobile number.

**Receiving Alerts:**

1. The depository shall send the alerts to the mobile phone number provided by the BO while registering for the service or to any such number replaced and informed by the BO from time to time. Upon such
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registration / change, the depository shall make every effort to update the change in mobile number within a reasonable period of time. The depository shall not be responsible for any event of delay or loss of message in this regard.

2. The BO acknowledges that the alerts will be received only if the mobile phone is in 'ON' and in a mode to receive the SMS. If the mobile phone is in 'Off' mode i.e. unable to receive the alerts then the BO may not get / get after delay any alerts sent during such period.
  3. The BO also acknowledges that the readability, accuracy and timeliness of providing the service depend on many factors including the infrastructure, connectivity of the service provider. The depository shall not be responsible for any non-delivery, delayed delivery or distortion of the alert in any way whatsoever.
  4. The BO further acknowledges that the service provided to him is an additional facility provided for his convenience and is susceptible to error, omission and/ or inaccuracy. In case the BO observes any error in the information provided in the alert, the BO shall inform the depository and/ or the DP immediately in writing and the depository will make best possible efforts to rectify the error as early as possible. The BO shall not hold the depository liable for any loss, damages, etc. that may be incurred/ suffered by the BO on account of opting to avail SMS alerts facility.
  5. The BO authorizes the depository to send any message such as promotional, greeting or any other message that the depository may consider appropriate, to the BO. The BO agrees to an ongoing confirmation for use of name, email address and mobile number for marketing offers between CDSL and any other entity.
  6. The BO agrees to inform the depository and DP in writing of any unauthorized debit to his BO account/ unauthorized transfer of securities from his BO account, immediately, which may come to his knowledge on receiving SMS alerts. The BO may send an email to CDSL at [complaints@cdslindia.com](mailto:complaints@cdslindia.com). The BO is advised not to inform the service provider about any such unauthorized debit to/ transfer of securities from his BO account by sending a SMS back to the service provider as there is no reverse communication between the service provider and the depository.
  7. The information sent as an alert on the mobile phone number shall be deemed to have been received by the BO and the depository shall not be under any obligation to confirm the authenticity of the person(s) receiving the alert.
  8. The depository will make best efforts to provide the service. The BO cannot hold the depository liable for non-availability of the service in any manner whatsoever.
  9. If the BO finds that the information such as mobile number etc., has been changed without proper authorization, the BO should immediately inform the DP in writing.
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#### Fees:

Depository reserves the right to charge such fees from time to time as it deems fit for providing this service to the BO.

#### Disclaimer:

The depository shall make reasonable efforts to ensure that the BO's personal information is kept confidential. The depository does not warranty the confidentiality or security of the SMS alerts transmitted through a service provider. Further, the depository makes no warranty or representation of any kind in relation to the system and the network or their function or their performance or for any loss or damage whenever and howsoever suffered or incurred by the BO or by any person resulting from or in connection with availing of SMS alerts facility. The Depository gives no warranty with respect to the quality of the service provided by the service provider. The Depository will not be liable for any unauthorized use or access to the information and/ or SMS alert sent on the mobile phone number of the BO or for fraudulent, duplicate or erroneous use/ misuse of such information by any third person.

#### Liability and Indemnity:

The Depository shall not be liable for any breach of confidentiality by the service provider or by any third person due to unauthorized access to the information meant for the BO. In consideration of the depository providing the service, the BO agrees to indemnify and keep safe, harmless and indemnified the depository and its officials from any damages, claims, demands, proceedings, loss, cost, charges and expenses whatsoever which a depository may at any time incur, sustain, suffer or be put to as a consequence of or arising out of interference with or misuse, improper or fraudulent use of the service by the BO.

#### Amendments:

The depository may amend the terms and conditions at any time with or without giving any prior notice to the BOs. Any such amendments shall be binding on the BOs who are already registered as user of this service.

#### Governing Law and Jurisdiction:

Providing the Service as outlined above shall be governed by the laws of India and will be subject to the exclusive jurisdiction of the courts in Mumbai.

I/We wish to avail the SMS Alerts facility provided by the depository on my/our mobile number provided in the registration form subject to the terms and conditions mentioned below. **I/ We consent to CDSL providing to the service provider such information pertaining to account/transactions in my/our account as is necessary for the purposes of generating SMS Alerts by service provider, to be sent to the said mobile number.**

I/We have read and understood the terms and conditions mentioned above and agree to abide by them and any amendments thereto made by the depository from time to time. I/ we further undertake to pay fee/ charges as

may be levied by the depository from time to time.

I / We further understand that the SMS alerts would be sent for a maximum four ISINs at a time. If more than four debits take place, the BOs would be required to take up the matter with their DP.

I/We am/ are aware that mere acceptance of the registration form does not imply in any way that the request has been accepted by the depository for providing the service.

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## Dos and Don'ts and best practices to be followed for CDSL Demat account holders

In CDSL's endeavor towards making the Indian Securities Market - Transparent, Efficient, & Investor friendly by providing a safe, reliable, transparent, and trusted record-keeping platform for investors to hold and transfer securities in dematerialized form, the following are the simple Dos and Don'ts and best practices to be followed by the investors to protect themselves from fraudulent practices.

1. Verify your transaction statement carefully for all debits and credits in your account. In case of any unauthorized debit or credit, inform your DP or CDSL.
2. While accepting the Delivery Instruction Slip (DIS) book from your DP, ensure that your BO ID is pre-stamped on all the pages along with the serial numbers.
3. Keep your DIS book safely and do not sign or issue blank or incomplete DIS slips.
4. Strike out the empty space, if any, in the DIS, before submitting to DP.
5. For market transactions, submit the DIS ahead of the deadline time. DIS can be issued with a future execution date.
6. The Demat account has a nomination facility and it is advisable to appoint a nominee to facilitate your heirs in obtaining the securities in your Demat account, on completion of the necessary procedures.
7. To open and operate your Demat account, a copy of the PAN card of all account holders is to be submitted to the DP along with the original PAN card, for verification.
8. Register for CDSL's SMART (**S**M**S** Alerts Related to Transactions) facility. If any unauthorized debit is noticed, the BO should immediately inform CDSL and the Main DP, in writing. An email may be sent to CDSL at [complaints@cdslindia.com](mailto:complaints@cdslindia.com).
9. Register for CDSL's Internet-based facility "easi" to monitor your Demat account yourself: Login to <https://web.cdslindia.com/myeasinew/Registration/EasiRegistration>. Contact your DP or visit CDSL's website: [www.cdslindia.com](http://www.cdslindia.com)
10. In order to receive all the credits coming to your Demat account automatically, you can give a one-time, standing instruction to your DP.
11. Before granting Power of Attorney to anyone, to operate your Demat account, carefully examine the scope and implications of the powers being granted.
12. CDSL sends alerts to investors on their registered mobile number through SMS and e-mail for any modification done in their master details, debit in Demat account, pledge creation, change in nominee, etc.
13. Pay attention to SMS's and emails regularly sent by CDSL. If you receive an SMS for a transaction not executed by you, inform your DP/CDSL immediately.
14. Inform your DP of any change in your Personal Information (for example address or Bank Account details, email ID, Mobile number) linked to your Demat account in the prescribed format and obtain confirmation of updation in the system.
15. Protect your login details and do not share login credentials with anyone. The password should be unique. Keep strong and complex passwords and change the password at regular intervals.
16. Do not share the One Time Password (OTP) received from your DP/ CDSL. These are meant to be used by you only.
17. Do not share login credentials of e-facilities provided by CDSL such as e-DIS, easiest, etc. with anyone else.
18. Do not download any unknown application on your phone/device. The application may access your confidential data secretly.
19. Exercise the option to freeze the Demat account if not being used for a long duration.
20. Ensure that your holding and transaction statements are received periodically as instructed to your DP. You are entitled to receive a transaction statement every month if you have any transactions.
21. Check your Demat account statement on receipt. In case you notice any unauthorized debits or credits, contact your DP for clarification. If not resolved, you may lodge your complaint by visiting [www.cdslindia.com](http://www.cdslindia.com) Post Your Grievances (<https://www.cdslindia.com/Footer/grievances.aspx>)

**Addendum to the Rights and Obligations of Stock Brokers, Sub-Brokers and Clients (as prescribed by SEBI and Stock Exchanges), Do's and Don'ts & Policy, Procedure pursuant to SEBI'S circular & Running Account Authorisation clauses with respect to Settlement of Securities with effect from October 1, 2019**

In compliance with the provisions of SEBI circular CIR/HO/MIRSD/DOP/CIR/P/2019/75 dated June 20, 2019 on Handling of Clients Securities by Trading Members/Clearing Members and subsequent FAQs issued by Exchanges thereto, the following documents:

- I. Rights and Obligations applicable to Stock Brokers, Sub-Brokers and Clients (R&O),
- II. Do's and Don'ts,
- III. Policy and Procedures

Shall be modified by inserting the following clauses:

1. In terms of extant regulations of SEBI and Stock Exchanges Trading Member are required to transfer the clients securities received in pay-out to clients demat account within one working day. In case the client does not pay for such securities received in pay-out, then the TM/CM shall be entitled to retain those securities up to five trading days after pay-out. Further if the Client fails to meet its funds pay-in obligation (i.e. clear funds to be received) within 5 trading days (i.e. T+2+5 = 7 days) from the pay-out date in such circumstances CBL shall liquidate the securities in the market to recover the dues and in such trades client's pre-trade confirmation is not required.
  - a) Under no circumstances, shall the securities of the clients received in pay-out be retained by the TM/CM beyond five trading days and be used for any other purpose.
  - b) The securities received in pay-out against which payment has been made by clients, shall be transferred to the demat account of the respective clients within one working day of the pay-out. Such securities shall be transferred directly from the pool account of the TM/CM to the demat account of the respective client.
  - c) With regard to securities that have not been paid for in full by the clients (unpaid securities), Such Unpaid securities shall be transferred to "client unpaid securities account" from the pool account.
  - d) The securities kept in the 'client unpaid securities account' shall either be transferred to the demat account of the respective client upon fulfilment of client's funds obligation or shall be disposed of in the market by TM/CM within five trading days after the pay-out.
  - e) The unpaid securities shall be sold from the Unique Client Code (UCC) of the respective client. Profit/loss on the sale transaction of the unpaid securities, if any, shall be transferred to/adjusted from the respective client account.
  - f) In case the clients' securities are kept in the 'client unpaid securities account' beyond seven trading days after the pay-out, the depositories shall under their bye-laws levy appropriate penalties upon the broker(CBL) which shall not be permitted to be recovered from the client.
2. Further The Running Account Authorisation authorisation given by the Clients along with KYC documents or otherwise with respect to Settlement of Securities & funds stands automatically modified and from 1<sup>st</sup> October 2019 onwards such authorisation shall be applicable only for "funds" of the clients.

However in terms of FAQs released by exchanges CBL is allowed to retain securities up to 225% of T Day Margin Requirement in Derivatives segment for settlement of client accounts so held in "Client Collateral/Collateral" account. Provided excess securities if any are released to the clients along with their funds at the time of quarterly /monthly settlement of the funds to the client.

This document form an integral part of the R & O, Do's and Don'ts, Policy & Procedures and RAA as addendum.

Sd/-

Addendum to the Rights and Obligations Documents (Annexure-4 of SEBI circular no. CIR/MIRSD/16/2011 dated August 22, 2011), pursuant to SEBI'S circular with respect to Execution of "Demat Debit and Pledge Instructions (DDPI)with effect from September 1, 2022

"The stock broker / stock broker and depository participant shall not directly / indirectly compel the clients to execute Power of Attorney (PoA) or Demat Debit and Pledge Instruction (DDPI) or deny services to the client if the client refuses to execute PoA or DDPI."



**DOCUMENT OF RIGHTS AND OBLIGATIONS OF THE CLEARING MEMBER/PARTICIPANT AND ITS CLIENT IN  
RELATION TO THE SECURITIES LENDING AND BORROWING SCHEME**

1. The Securities and Exchange Board of India ("SEBI") has formulated and issued the Securities Lending Scheme, 1997 ("SEBI Scheme") and SEBI Circular No MRD/DoP/SE/Dep/Cir-14/2007 dated 20th December 2007 for facilitating lending and borrowing of securities through an "Approved Intermediary" registered with SEBI.
2. The National Securities Clearing Corporation is an Approved Intermediary ("AI") registered under the SEBI Scheme and is, therefore, authorised to facilitate lending and borrowing of securities in accordance with the SEBI Scheme and Circulars of SEBI issued from time to time. Accordingly, the AI has framed the Securities Lending and Borrowing Scheme (hereinafter referred to as "SLBS") for facilitating lending and borrowing of securities through persons registered as "Participants".
3. SEBI, thereafter, vide its Circular No. CIR/NRD/DP/19/2014 dated June 3, 2014 ("SEBI Circular") has modified the framework of Securities Lending and Borrowing. Under the said SEBI Circular, AI shall enter into an agreement with its Clearing Member/Participant ("Agreement") for the purpose of facilitating Securities Lending and Borrowing and which shall specify the rights, responsibilities and obligations of the AI and the Clearing Member/Participant ("Participant"). The said Agreement shall also define the exact role of AI/Participant vis-à-vis the Client of Participant. As per the said SEBI Circular, AI is also required to frame rights and obligations document laying down the rights and obligations of the Participant and its Client for the purpose of Securities Lending and Borrowing. The said rights and obligations document shall be mandatory and binding on the Participant. Accordingly, the AI has framed this rights and obligations document laying down the rights and obligations of Participant as well as of its Client ("Rights & Obligations Document").
4. Securities Lending and Borrowing can be undertaken by the Participant either on their own account or on account of its Client registered with them. Any person(s) who meets the eligibility criteria as may be specified by the AI for the Clients under the SLBS, shall be eligible to participate in the SLBS by submitting duly signed relevant documentation/s to the Participant that it is desirous of participating in the SLBS. The Participant on the receipt of said relevant documentation/s from its Client, shall provide this Rights & Obligations Document to its Client which will be duly acknowledged by the Client of having read, understood and to agreeing to abide by the same prior to the execution of trade in the SLBS. The terms and conditions of this Rights & Obligations Document shall be binding on the Participant as well as on its Client.
5. All the transactions under the SLBS by the Client shall be strictly in accordance with SEBI Scheme, Circulars of SEBI, SLBS and the Circulars issued thereunder and the Rules, Byelaws, Regulations of the AI as a Clearing Corporation as applicable and the terms and conditions of the said Agreement. In the event of any conflict or contradiction between the provisions of the SEBI Scheme, Circulars of SEBI, SLBS and the Circulars issued thereunder and the Rules, Byelaws, Regulations of the AI as a Clearing Corporation as applicable and the terms and conditions of the said Agreement and this Rights & Obligations Document, the provisions of the SEBI Scheme, Circulars of SEBI, SLBS and the Circulars issued thereunder, the Rules, Byelaws and Regulations of the AI as a Clearing Corporation and the terms and conditions of the said Agreement shall prevail over this Rights & Obligations Document. The provisions of this Rights & Obligations Document are in addition thereto and not in derogation thereof.
6. The Participant has made the Client aware of and the Client has understood the precise nature of the Participant's liability towards the Client under SLBS including any limitations on the liability and the capacity in which the Participant acts.
7. Subject to the SEBI Scheme, Circulars of SEBI, SLBS and Circulars issued thereunder, and/or the Rules, Byelaws, Regulations of the AI as a Clearing Corporation as applicable and as in force from time to time, the rights and obligations of the Participant as well as its Client shall be hereto as under.
8. Unless the context otherwise requires, the words and expressions used herein shall have the same meaning as defined in Securities Contracts (Regulation) Act, 1956 or Securities and Exchange Board of India Act, 1992 or Securities Lending Scheme, 1997 or Depositories Act, 1996 or the rules and regulations made thereunder respectively or Circulars of SEBI or SLBS and the Circulars issued thereunder and the Rules, Byelaws and Regulations

of the AI as a Clearing Corporation.

#### RIGHTS OF THE PARTICIPANT

9. In consideration of the Participant providing full-fledged securities lending and borrowing under the SLBS, the Participant shall be entitled for charges, fees, other levies and /or any such other charges, subject to such limits as may be permitted by the AI in its Circulars from time to time.

10. Margins

The Participant is empowered to call upon its Client to pay such margins as may be specified by the AI from time to time.

11. Recovery

The Participant shall be entitled to recover from the Client the loss or charges, fees, other levies and /or any such other charges that has been paid by the Participant to the AI or imposed by the AI on account of its Client arising out of default or transactions under the SLBS whether current or past that are effected by the Client in meeting its obligations by adjusting margins and other deposits, if any, available with the Participant against the Client's liabilities / obligations.

#### OBLIGATIONS OF THE PARTICIPANT

12. The Participant has satisfied itself about the genuineness and financial soundness of the Client and the objectives relevant to the services to be provided and is therefore, agreeable to facilitating such participation subject to the terms and conditions contained herein.

13. Issue of Confirmation Memo

The Participant shall, upon execution of the Client's transaction on the order matching platform of the AI, issue the confirmation memo in the specified format or such other documents to the Client within such time as may be prescribed by the AI from time to time.

14. Money/ Securities to be kept in separate account

The Participant agrees that the money / securities deposited by the Client shall be kept in a separate bank account / settlement demat account, distinct from its own account or accounts of any other Clients, and shall not be used by the Participant for itself or for any other Clients or for any purpose other than the purposes mentioned in the SEBI Scheme, Circulars of SEBI, SLBS and Circulars issued thereunder and/or the Rules, Byelaws, Regulations of the AI as a Clearing Corporation and as in force from time to time.

15. Update on Settlement Process

The Participant agrees to inform and keep the Client apprised about securities lending and borrowing settlement cycles, delivery/payment schedules and any changes therein from time to time.

16. Compliance with Know Your Client Norms

The Participant undertakes to maintain the "Know Your Client" 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 to the AI or as required under any law / regulatory requirements or in compliance with any decree, order or direction of any Court, Tribunal, SEBI or other authority duly empowered in law; Provided however that the Participant may so disclose information about its Client to any person or authority with the express permission of the Client.

17. Reconciliation of Account

The Participant and the Client shall agree to reconcile their accounts regularly with reference to the transactions under the SLBS.

18. Return of Securities and Lending Fees

Where the Client is a lender unless otherwise agreed upon between the Participant and the Client -

- a) The Participant shall ensure the return of securities to the Client by transferring the same to the Client's account within such time as may be prescribed by the AI.
- b) The Participant shall ensure the return of the lending fees to the Client within such time as may be

prescribed by the AI.

19. Delivery of Securities

Where Client is a borrower unless otherwise agreed upon between the Participant and the Client –The Participant shall ensure the delivery of securities to the Client by transferring the same to the Client's account within such time as may be prescribed by the AI.

RIGHTS OF THE CLIENT

20. Where the Client is the lender unless otherwise agreed upon between the Participant and the Client -

- a) The Client shall be entitled to receive the securities lent or financial compensation in lieu thereof, computed in such manner as may be specified by the AI from time to time.
- b) The Client shall be entitled to receive lender's fee for the securities lent.

21. Where the Client is the borrower unless otherwise agreed upon between the Participant and the Client -

- a) The Client shall be entitled to receive securities borrowed or financial compensation in lieu thereof, computed in such manner as may be specified by the AI from time to time.
- b) The Client shall be entitled to receive from the Participant, the collateral in case the Client has deposited securities approved by the AI as collateral.

22. Notwithstanding any other provisions of the said Agreement and this Rights & Obligations Document, the Client shall be entitled to have all the rights that are conferred on it from time to time under the SEBI Scheme, Circulars of SEBI, SLBS and the Circulars issued thereunder.

OBLIGATION OF THE CLIENT

23. Abide by Law & Acquaintance to Law

The Participant declares that it has brought the contents of the SEBI Scheme, Circulars of SEBI, SLBS and the Circulars issued thereunder from time to time, and the terms and conditions of the said Agreement to the notice of the Client and the Client agrees to comply with and adhere to the same.

24. Update & Comply with the Settlement Process

Notwithstanding anything contained in Clause 15 hereto, the Client shall at all times make its own inquiries and keep itself updated on all settlement cycles, delivery/payment schedules and changes therein, and it shall be the responsibility of the Client to comply with such schedules/procedures of the AI.

25. Processing Charges

The Client agrees to pay the Participant, processing charges and statutory levies prevailing from time to time or any other charges for the services provided by the Participant. The Participant agrees that it shall not charge processing charges / fees beyond the maximum limit permissible under the SEBI Scheme, Circulars of SEBI, SLBS and the Circulars issued thereunder from time to time.

26. Change in Client Registration Form

The Client agrees to immediately notify the Participant in writing whenever there is any change of information in the details provided by the Client to the Participant at the time of its registration with the Participant and also as provided in the said relevant documentation/s required for participating in SLBS.

27. Authorised Representative

The Client agrees to be bound by the instructions issued by its authorised representative, if any, in accordance with the letter authorising the said representative to deal on its behalf.

28. Return of Securities

The Client shall return the equivalent number of securities of the same type and class borrowed by it within the time specified by the AI in the Circulars issued from time to time.

29. Payment of Margins  
The Client agrees to pay such margins as may be specified by the Participant in accordance with the requirement of AI or SEBI from time to time.
30. Exposure / Position Limits  
The Client agrees to abide by the exposure / position limits, if any, set by the Participant or the AI or SEBI from time to time.
31. Securities lent to be Unencumbered  
The Client agrees and warrants that the securities lent are free from lien, charge, pledge or any encumbrance(s) of whatsoever nature.
32. Collateral  
At the discretion of the Participant, where the Client deposits the required collateral with the Participant, the same shall be free from any encumbrance(s) of whatsoever nature or defect in the title. If any encumbrance(s) or defect in the title is found subsequently, such collateral shall be immediately replaced by the Client.
33. Insolvency  
The Client agrees to immediately furnish information to the Participant 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 it or if any litigation which may have material adverse bearing on its net worth has been filed against it.
34. Cancellation of Transactions  
Notwithstanding anything contained in the said Agreement, the AI shall be entitled to cancel transactions under the SLBS, either on an application by a Participant or suo moto or under regulatory directions, and in such event, the transactions done on behalf of the Client shall ipso facto stand cancelled, and neither the AI nor the Participant shall be liable to compensate the Client for any loss whatsoever (including opportunity loss) arising out of such cancellation.
35. Discontinuation of SLBS and Participation in SLBS  
The AI shall be entitled to discontinue the SLBS or the participation of the Participant in the SLBS at any time at its discretion. Such discontinuation may be subject to such terms and conditions as may be specified by the AI from time to time.

#### ARBITRATION

36. The Participant and the Client shall co-operate with each other and / or the AI in redressing their grievances in respect of transactions under the SLBS.
37. All disputes and differences or questions arising out of or in relation to this agreement including obligations, failure or breach thereof by any of the parties and/or of any matter whatsoever arising out of this agreement shall in the first instance be resolved mutually by the parties. If the parties fail to resolve the same mutually, then the same shall be referred to and decided by arbitration in accordance with the procedures as prescribed by the AI under the SLBS and the Circulars issued thereunder.

#### GOVERNING LAW AND JURISDICTION

38. In relation to any legal action or proceedings to which the AI is a party, the Participant as well as the Client irrevocably submit to the exclusive jurisdiction of the courts of Mumbai, India and waive any objection to such proceedings on grounds of venue or on the grounds that the proceedings have been brought in an inconvenient forum.
39. In relation to any legal action or proceedings to which AI is not a party, the parties irrevocably submit to the jurisdiction of any competent court of law where the Client ordinarily resides at the time of

## Investor Charter – Stock Brokers

### VISION

To follow highest standards of ethics and compliances while facilitating the trading by clients in securities in a fair and transparent manner, so as to contribute in creation of wealth for investors.

### MISSION

- i) To provide high quality and dependable service through innovation, capacity enhancement and use of technology.
- ii) To establish and maintain a relationship of trust and ethics with the investors.
- iii) To observe highest standard of compliances and transparency.
- iv) To always keep 'protection of investors' interest' as goal while providing service.

### **Services provided to Investors**

- Execution of trades on behalf of investors.
- Issuance of Contract Notes.
- Issuance of intimations regarding margin due payments.
- Facilitate execution of early pay-in obligation instructions.
- Settlement of client's funds.
- Intimation of securities held in Client Unpaid Securities Account (CUSA) Account.
- Issuance of retention statement of funds.
- Risk management systems to mitigate operational and market risk.
- Facilitate client profile changes in the system as instructed by the client.
- Information sharing with the client w.r.t. exchange circulars.
- Redressal of Investor's grievances.

### **Rights of Investors**

- **Ask** for and receive information from a firm about the work history and background of the person handling your account, as well as information about the firm itself.
- **Receive** complete information about the risks, obligations, and costs of any investment before investing.
- **Receive** recommendations consistent with your financial needs and investment objectives.
- **Receive** a copy of all completed account forms and agreements.
- **Receive** account statements that are accurate and understandable.
- **Understand** the terms and conditions of transactions you undertake.

- **Access** your funds in a timely manner and receive information about any restrictions or limitations on access.
- **Receive** complete information about maintenance or service charges, transaction or redemption fees, and penalties.
- **Discuss** your grievances with compliance officer of the firm and receive prompt attention to and fair consideration of your concerns.

#### Various activities of Stock Brokers with timelines

S. No.	Activities	Expected Timelines
1.	KYC entered into KRA System and CKYCR	10 days of account opening
2.	Client Onboarding	Immediate, but not later than one week
3.	Order execution	Immediate on receipt of order, but not later than the same day
4.	Allocation of Unique Client Code	Before trading
5.	Copy of duly completed Client Registration Documents to clients	7 days from the date of upload of Unique Client Code to the Exchange by the trading member
6.	Issuance of contract notes	24 hours of execution of trades
7.	Collection of upfront margin from client	Before initiation of trade
8.	Issuance of intimations regarding other margin due payments	At the end of the T day
9.	Settlement of client funds	30 days / 90 days for running account settlement (RAS) as per the preference of client. If consent not given for RAS – within 24hours of pay-out
10.	'Statement of Accounts' for Funds, Securities and Commodities	Weekly basis (Within four trading days of following week)
11.	Issuance of retention statement of funds/commodities	5 days from the date of settlement
12.	Issuance of Annual Global Statement	30 days from the end of the financial year
13.	Investor grievances redressal	30 days from the receipt of the complaint



### DOs and DON'Ts for Investors

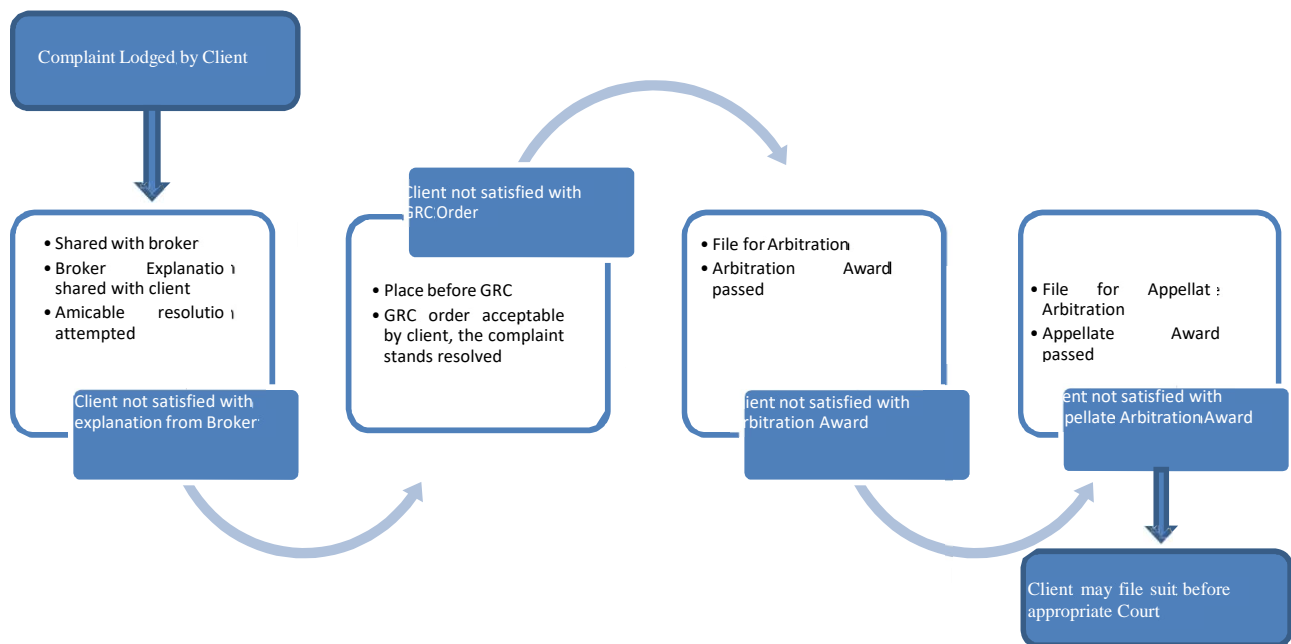
DOs	DON'Ts
<ol style="list-style-type: none"> <li>1. Read all documents and conditions being agreed before signing the account opening form.</li> <li>2. Receive a copy of KYC, copy of account opening documents and Unique Client Code.</li> <li>3. Read the product / operational framework / timelines related to various Trading and Clearing &amp; Settlement processes.</li> </ol>	<ol style="list-style-type: none"> <li>1. Do not deal with unregistered stock broker.</li> <li>2. Do not forget to strike off blanks in your account opening and KYC.</li> <li>3. Do not submit an incomplete account opening and KYC form.</li> </ol>
<ol style="list-style-type: none"> <li>4. Receive all information about brokerage, fees and other charges levied.</li> <li>5. Register your mobile number and email ID in your trading, demat and bank accounts to get regular alerts on your transactions.</li> <li>6. If executed, receive a copy of Power of Attorney. However, Power of Attorney is not a mandatory requirement as per SEBI / Stock Exchanges. Before granting Power of Attorney, carefully examine the scope and implications of powers being granted.</li> <li>7. Receive contract notes for trades executed, showing transaction price, brokerage, GST and STT etc. as applicable, separately, within 24 hours of execution of trades.</li> <li>8. Receive funds and securities / commodities on time within 24 hours from pay-out.</li> <li>9. Verify details of trades, contract notes and statement of account and approach relevant authority for any discrepancies. Verify trade details on the Exchange websites from the trade verification facility provided by the Exchanges.</li> <li>10. Receive statement of accounts periodically. If opted for running account settlement, account has to be settled by the stock broker as per the option given by the client (30 or 90 days).</li> <li>11. In case of any grievances, approach stock broker or Stock Exchange or SEBI for getting the same resolved within prescribed timelines.</li> </ol>	<ol style="list-style-type: none"> <li>4. Do not forget to inform any change in information linked to trading account and obtain confirmation of updation in the system.</li> <li>5. Do not transfer funds, for the purposes of trading to anyone other than a stock broker. No payment should be made in name of employee of stockbroker.</li> <li>6. Do not ignore any emails / SMSs received with regards to trades done, from the Stock Exchange and raise a concern, if discrepancy is observed.</li> <li>7. Do not opt for digital contracts, if not familiar with computers.</li> <li>8. Do not share trading password.</li> <li>9. Do not fall prey to fixed / guaranteed returns schemes.</li> <li>10. Do not fall prey to fraudsters sending emails and SMSs luring to trade in stocks / securities promising huge profits.</li> <li>11. Do not follow herd mentality for investments. Seek expert and professional advice for your investments.</li> </ol>

## Grievance Redressal Mechanism

**Level 1** – Approach the Stock Broker at the designated Investor Grievance e-mail ID of the stock broker. The Stock Broker will strive to redress the grievance immediately, but not later than 30 days of the receipt of the grievance.

**Level 2** – Approach the Stock Exchange using the grievance mechanism mentioned at the website of the respective exchange.

Complaints Resolution Process at Stock Exchange explained graphically:



### Timelines for complaint resolution process at Stock Exchanges against stock brokers

S. No.	Type of Activity	Timelines for activity
1.	Receipt of Complaint	Day of complaint (C Day).
2.	Additional information sought from the investor, if any, and provisionally forwarded to stock broker.	C + 7 Working days.
3.	Registration of the complaint and forwarding to the stock broker.	C+8 Working Days i.e. T day.
4.	Amicable Resolution.	T+15 Working Days.
5.	Refer to Grievance Redressal Committee (GRC), in case of no amicable resolution.	T+16 Working Days.
6.	Complete resolution process post GRC.	T + 30 Working Days.

7.	In case where the GRC Member requires additional information, GRC order shall be completed within.	T + 45 Working Days.
8.	Implementation of GRC Order.	On receipt of GRC Order, if the order is in favour of the investor, debit the funds of the stock broker. Order for debit is issued immediately or as per the directions given Ingra order.
9.	In case the stock broker is aggrieved by the GRC order, will provide intention to avail arbitration	Within 7 days from receipt of order

S. No.	Type of Activity	Timelines for activity
10.	If intention from stock broker is received and the GRC order amount is upto Rs.20 lakhs	Investor is eligible for interim relief from Investor Protection Fund (IPF).The interim relief will be 50% of the GRC order amount or Rs.2 lakhs whichever is less. The same shall be provided after obtaining an Undertaking from the investor.
11.	Stock Broker shall file for arbitration	Within 6 months from the date of GRC recommendation
12.	In case the stock broker does not file for arbitration within 6 months	The GRC order amount shall be released to the investor after adjusting the amount released as interim relief, if any.

### **Handling of Investor's claims / complaints in case of default of a Trading Member /Clearing Member (TM/CM)**

#### **Default of TM/CM**

Following steps are carried out by Stock Exchange for benefit of investor, in case stock broker defaults:

- Circular is issued to inform about declaration of Stock Broker as Defaulter.
- Information of defaulter stock broker is disseminated on Stock Exchange website.
- Public Notice is issued informing declaration of a stock broker as defaulter and inviting claims within specified period.
- Intimation to clients of defaulter stock brokers via emails and SMS for facilitating lodging of claims within the specified period.

Following information is available on Stock Exchange website for information of investors:

- Norms for eligibility of claims for compensation from IPF.
- Claim form for lodging claim against defaulter stock broker.
- FAQ on processing of investors' claims against Defaulter stock broker.
- Provision to check online status of client's claim.

**Level 3** – The complaint not redressed at Stock Broker / Stock Exchange level, may be lodged with SEBI on

SCORES (a web based centralized grievance redressal system of SEBI) @ <https://scores.gov.in/scores/Welcome.html>

## INVESTOR CHARTER FOR DEPOSITORIES AND DEPOSITORY PARTICIPANTS ANNEXURE

### 1. Vision

Towards making Indian Securities Market - Transparent, Efficient, & Investor friendly by providing safe, reliable, transparent and trusted record keeping platform for investors to hold and transfer securities in dematerialized form.

### 2. Mission

- To hold securities of investors in dematerialized form and facilitate its transfer, while ensuring safekeeping of securities and protecting interest of investors.
- To provide timely and accurate information to investors with regard to their holding and transfer of securities held by them.
- To provide the highest standards of investor education, investor awareness and timely services so as to enhance Investor Protection and create awareness about Investor Rights.

### 3. Details of business transacted by the Depository and Depository Participant (DP)

A Depository is an organization which holds securities of investors in electronic form. Depositories provide services to various market participants - Exchanges, Clearing Corporations, Depository Participants (DPs), Issuers and Investors in both primary as well as secondary markets. The depository carries out its activities through its agents which are known as Depository Participants (DP). Details available on the link [<https://www.cdslindia.com/DP/dplist.aspx>].

### 4. Description of services provided by the Depository through Depository Participants (DPs) to investors

#### (1) Basic Services

Sr. no.	Brief about the Activity /Service	Expected Timelines for processing by the DP after receipt of proper documents
1.	Dematerialization of securities	7 days
2.	Rematerialization of securities	7 days
3.	Mutual Fund Conversion /Destatementization	5 days

Sr. no.	Brief about the Activity /Service	Expected Timelines for processing by the DP after receipt of proper documents
4.	Re-conversion / Restatementisation of Mutual fundunits	7 days
5.	Transmission of securities	7 days
6.	Registering pledge request	15 days
7.	Closure of demat account	30 days
8.	Settlement Instruction	<p>Depositories to accept physical DIS for pay-in of securities up to 4 p.m. and DIS in electronic form up to 6 p.m. on T+1 day</p> <p>For T+0 day settlements, depositories to accept Early pay in instruction DIS from clients till 11.00 A.M on Trade day</p>

(2) Depositories provide special services like pledge, hypothecation, internet-based services etc. in addition to their core services and these include

Sr. no.	Type of Activity /Service	Brief about the Activity / Service
1.	Value Added Services	<p>Depositories also provide value added services such as</p> <ol style="list-style-type: none"> <li><a href="#">Basic Services Demat Account (BSDA)</a></li> <li><a href="#">Transposition cum dematerialization</a></li> <li><a href="#">Linkages with Clearing System</a></li> <li>Distribution of cash and non-cash corporate benefits (Bonus, Rights, IPOs etc.), stock lending, demat of NSC / KVP, demat of warehouse receipts etc.</li> </ol>



2.	Consolidated Acco untstatement (CAS)	CAS is issued 10 days from the end of the month (if there were transactions in the previous month) or half yearly (if no transactions).
3.	Digitalization of services provided by the depositories	Depositories offer below technology solutions and e-facilities to their demat account holders through DPs:
<b>Sr. no.</b>	<b>Type of Activity /Service</b>	<b>Brief about the Activity / Service</b>
		<ul style="list-style-type: none"> <li>a. E-account opening: <a href="#">Details available on the link</a></li> <li>b. Online instructions for execution: <a href="#">Details available on the link</a></li> <li>c. e-DIS / Demat Gateway: <a href="#">Details available on the link</a></li> <li>d. e-CAS facility: <a href="#">Details available on the link</a></li> <li>e. Miscellaneous services: <a href="#">Details available on the link available on the link</a></li> </ul>

## 5. Details of Grievance Redressal Mechanism

### (1) The Process of investor grievance redressal

1.	Investor Complaint/ Grievances	<p>Investor can lodge complaint/ grievance against the Depository/DP in the following ways:</p> <ul style="list-style-type: none"> <li>a. Electronic mode - <ul style="list-style-type: none"> <li>(i) SCORES 2.0 (a web based centralized grievance redressal system of SEBI) [<a href="https://scores.sebi.gov.in/">https://scores.sebi.gov.in/</a>]</li> <li>(ii) Two Level Review for Complaint/ Grievance against DP <ul style="list-style-type: none"> <li>(iii) First review done by Designated Body</li> <li>(iv) Second review done by SEBI</li> <li>(v) Respective Depository's web portal dedicated for the filing of complaint [<a href="https://www.cdslindia.com/Footer/grievances.aspx">https://www.cdslindia.com/Footer/grievances.aspx</a>]</li> <li>(vi) Emails to designated email IDs of Depository [<a href="mailto:complaints@cdslindia.com">complaints@cdslindia.com</a>]</li> </ul> </li> </ul> </li> <li>b. <a href="#">Offline mode (link to be provided)</a> The complaints/ grievances lodged directly with the Depository shall be resolved within 21 days.</li> </ul>
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2.	Online Dispute Resolution (ODR) platform for online conciliation and Arbitration	<p>Investor is not satisfied with the resolution provided by DP or other Market Participants, then the Investor has the option to file the Complaint/ grievance on SMARTODR platform for its resolution through by online conciliation or arbitration</p> <p>[ SMARTODR link to be provided by Depositories]</p>
3.	Steps to be followed in ODR for Review, Conciliation and Arbitration	<ul style="list-style-type: none"> <li>➤ Investor to approach Market Participant for redressal of complaint</li> <li>➤ If investor is not satisfied with response of Market Participant, he/she can escalate the complaint on SEBI SCORES portal.</li> <li>➤ Alternatively, the investor may also file a complaint on SMARTODR portal for its resolution through online conciliation and arbitration.</li> <li>➤ Upon receipt of complaint on SMARTODR portal, the relevant MII will review the matter and endeavour to resolve the matter between the Market Participant and investor within 21 days.</li> <li>➤ If the matter could not be amicably resolved, then the Investor may request the MII to refer the matter case for conciliation.</li> <li>➤ During the conciliation process, the conciliator will endeavor for amicable settlement of the dispute within 21 days, which may be extended with 10 days by the conciliator.</li> <li>➤ If the conciliation is unsuccessful, then the investor may request to refer the matter for arbitration.</li> </ul> <p>The arbitration process to be concluded by arbitrator(s) Within 30 days, which is extendable by 30 days.</p>

**6. Guidance pertaining to special circumstances related to market activities:**

**Termination of the Depository Participant**

SR No.	Type of special circumstances	Timelines for the Activity/ Service
1.	<ul style="list-style-type: none"> <li>▪ Depositories to terminate the participation in case a participant no longer meets the eligibility criteria and/or any other grounds as mentioned in the bye laws like suspension of trading member by the StockExchanges.</li> <li>▪ Participant surrenders the participation by its own wish.</li> </ul>	Client will have a right to transfer all its securities to any other Participant of its choice without any charges for the transfer within 30 days from the date of intimation by way of letter/email.

**7. Dos and Don'ts for Investors**

For Do's and Don'ts [please refer to the link](#)

**8. Rights of investors**

For rights, [please refer to the link](#)

**9. Responsibilities of Investors**

For responsibilities, [please refer to the link](#)

**10 Code of conduct for Depositories**

For code of conduct for Depositories, [please refer to the link](#)

**11 Code of conduct for participant**

For code of conduct for participant, [please refer to the link](#)

## Annexure- A

### **Investor Charter in Respect of Portfolio Management Services**

#### **A. Vision and Mission Statements for investors.**

##### **Vision:**

To implement diligently researched customised investment strategies which help investors meet their long-term financial goals in a risk appropriate manner.

##### **Mission:**

To ensure that the PMS industry provides a viable investment avenue for wealth creation by adopting high levels of skill, integrity, transparency and accountability.

#### **B. Details of business transacted by the organization with respect to the investors.**

- a. appropriate risk profiling of investors
- b. to provide Disclosure Document to investors
- c. executing the PMS agreement
- d. Making investment decisions on behalf of investors (discretionary) or investment decisions taken at the discretion of the Investor (non-discretionary) or advising investors regarding their investment decisions (advisory), as the case may be.

#### **C. Details of services provided to investors and estimated timelines:-**

- i. Discretionary & Non-Discretionary Portfolio Management Services (PMS):- Under these services, all an investor has to do, is to give his portfolio in any form i.e. in stocks or cash or a combination of both. The minimum size of the portfolio under the Discretionary and/ or Non-Discretionary Funds Management Service should be Rs.50 lakhs as per the current SEBI Regulations. However, the PMS provider reserves the right to prescribe a higher threshold product-wise or in any other manner

at its sole discretion. The PMS provider will ascertain the investor's investment objectives to achieve optimal returns based on his risk profile. Under the Discretionary Portfolio Management service, investment decisions are at the sole discretion of the PMS provider if they are in sync with the investor's investment objectives. Under the Non-Discretionary Portfolio Management service, investment decisions taken at the discretion of the Investor.

ii. Investment Advisory Services: -

Under these services, the Client is advised on buy/sell decision within the overall profile without any back-office responsibility for trade execution, custody of securities or accounting functions. The PMS provider shall be solely acting as an Advisor to the Client and shall not be responsible for the investment/divestment of securities and/or administrative activities on the client's portfolio. The PMS provider shall act in a fiduciary capacity towards its Client and shall maintain arm's length relationship with its other activities. The PMS provider shall provide advisory services in accordance with guidelines and/or directives issued by the regulatory authorities and/or the Client from time to time in this regard.

iii. Client On-boarding

- a. Ensuring compliance with KYC and AML guidelines.
- b. franking & signing the Power of Attorney to make investment decisions on behalf of the investor.
- c. opening demat account and funding of the same from the investor's verified bank account and/or transfer of securities from verified demat account of the investor and
- d. Mapping the said demat account with Custodian.

iv. Ongoing activities

- a. To provide periodic statements to investors as provided under the PMS Regulations 2020 and other SEBI notifications and circulars ("PMS Regulations") and

b. Providing each client an audited account statement on an annual basis which includes all the details as required under the PMS Regulations.

V. Fees and Expenses

Charging and disclosure of appropriate fees & expenses in accordance with the PMS Regulations.

vi. Closure and Termination

Upon termination of PMS Agreement by either party, the securities and the funds lying in the account of the investor shall be transferred to the verified bank account/ demat account of the investor.

vii. Grievance Redressal

Addressing in a time bound manner investor's queries, service requests and grievances, if any, on an ongoing basis.

Timelines of the services provided to investors are as follows:

Sr. No.	Service / Activity	Timeline
1	Opening of PMS account (including demat account) for residents.	7 days from receipt of all requisite documents from the client, subject to review of the documents for accuracy and completeness by portfolio manager and allied third party service providers as may be applicable.
2	Opening of PMS account (including demat account) for non-individual clients.	14 days from receipt of all requisite documents from the client, subject to review of the documents for accuracy and completeness by portfolio manager and allied third party service providers as may be applicable.



3	Opening of PMS account (including demat account, bank account and trading account) for non-resident clients.	14 days from receipt of all requisite documents from the client, subject to review of the documents for accuracy and completeness by portfolio manager and allied third party service providers as may be applicable.
4	Registration of nominee in PMS account and Demas account.	Registration of nominee should happen along with account opening, therefore turnaround time should be same as account opening turnaround time.
5	Modification of nominee in PMS account and Demas account.	10 days from receipt of requisite nominee modification form, subject to review of the documents for accuracy and completeness by portfolio manager and allied third party service providers as may be applicable.
6	Uploading of PMS account in KRA and CKYC database.	10 days from date of account opening (Portfolio Manager may rely on the custodian for updating the same).
7	Whether portfolio manager is registered with SEBI, then SEBI registration number.	At the time of client signing the agreement; this information should be a part of the account opening form and disclosure document.
8	Disclosure about latest networth of portfolio manager and total AUM.	<p>Disclosure of portfolio manager's total AUM - monthly to SEBI</p> <p>Disclosure of latest networth should be done in the disclosure document whenever there are any material changes.</p>

9	Intimation of type of account – discretionary. PMS	At the time of client signing the agreement; this information should be a part of the account opening form.
10	Intimation of type of account - non discretionary. PMS	At the time of client signing the agreement; this information should be a part of the account opening form.
11	Intimation to client what discretionary account entails and powers that can be exercised by portfolio manager.	At the time of client signing the agreement; this information should be a part of the account opening form.
12	Intimation to client what non-discretionary account entails and powers that can be exercised by portfolio	At the time of client signing the agreement; this information should be a part of the account opening form.

	manager.	
13	Copy of executed agreement sent to client. PMS	Within 3 days of client request.
14	Frequency of disclosures of available eligible funds.	All details regarding client portfolios should be shared quarterly (point 26).
15	Issuance of funds and securities balance statements held by client.	This data should be shared on a quarterly basis or upon client request.
16	Intimation of name and demat account number of custodian for PMS account.	Within 3 days of PMS and demat account opening.

17	Conditions of termination of contract.	At the time of client signing the agreement; this information should be a part of the account opening form.
18	Intimation regarding PMS fees and modes of payment or frequency of deduction.	At the time of client signing the agreement; this information should be a part of the account opening form.
19	POA taken copy providing to client.	Within 3 days of client request.
20	Intimation to client about what all transactions can portfolio manager do using PoA.	At the time of client signing the agreement; this information should be a part of the account opening form.
21	Frequency of providing audited reports to clients	Annual.
22	Explanation of risks involved in investment.	At the time of client signing the agreement; this information should be a part of the account opening form.

Sr. No.	Service / Activity	Timeline
23	Intimation of tenure of portfolio investments.	Indicative tenure should be disclosed at the time of client signing the agreement; this information should be a part of the account opening form.
24	Intimation clearly providing restrictions imposed by the investor on portfolio manager.	Negative list of securities should be taken from the client at the time of client signing the agreement; this information should be a part of the account opening form.

25	Intimation regarding the settling of client funds and securities.	Settlement of funds and securities is done by the Custodian. The details of clients' funds and securities should be sent to the clients in the prescribed format not later than on a quarterly basis.
26	Frequency of intimation of transactions undertaken in portfolio account.	Not later than on a quarterly basis or upon clients' request.
27	Intimation regarding conflict of interest in any transaction.	The portfolio manager should provide details of related party transactions and conflict of interest in the Disclosure Document which should be available on website of portfolio manager at all times.
28	Timeline for providing disclosure document to investor.	The latest disclosure document should be provided to investors prior to account opening and the latest disclosure documents should be available on website of portfolio manager at all times.
29	Intimation to investor about	Within 3 days of PMS and demat account

	details of bank accounts where client funds are kept.	opening
30	Redressal of investor grievances.	Within 30 days, subject to all the information required to redress the complaint is provided by the complainant to the portfolio manager

**Notes:**

- 1 The number of days in the above timelines indicate clear working days

**D. Details of grievance redressal mechanism and how to access it**

1. It is mandatory for every PMS provider to register itself on SEBI SCORES (SEBI Complaint Redress System). SCORES is a centralised online complaint resolution system through which the complainant can take up his grievance against the PMS provider and subsequently view its status. (<https://scores.gov.in/scores/Welcome.html> )
2. The details such as the name, address and telephone number of the investor relations officer of the PMS provider who attends to the investor queries and complaint should be provided in the PMS Disclosure document.
3. The grievance redressal and dispute mechanism should be mentioned in the Disclosure Document.
4. Investors can approach SEBI for redressal of their complaints. On receipt of complaints, SEBI takes up the matter with the concerned PMS provider and follows up with them.
5. Investors may send their complaints to: Office of Investor Assistance and Education,  
Securities and Exchange Board of India, SEBI Bhavan. Plot No. C4- A, 'G' Block, Bandra- Kurla Complex, Bandra (E), Mumbai - 400 051.

**E. Expectations from the investors (Responsibilities of investors)**

1. Check registration status of the intermediary from SEBI website before availing services.
2. Submission of KYC documents and application form in a timely manner with signatures in appropriate places and with requisite supporting documents.
3. Read carefully terms and conditions of the agreement before signing the same.
4. Thorough study of the Disclosure Documents of the PMS to accurately understand the risks entailed by the said investment in PMS.

5. Accurate and sincere answers given to the questions asked in the 'Risk Questionnaire' shall help the PMS provider properly assess the risk profile of the investor.
6. Thorough study of the quarterly statements sent by the PMS provider to the investor intimating him about the portfolio's absolute and relative performance, its constituents and its risk profile.
7. Ensure providing complete details of negative list of securities as part of freeze instructions at the time of entering into PMS agreement and every time thereafter for changes, if any, in a timely manner.

To update the PMS provider in case of any change in the KYC documents and personal details and to provide the updated KYC along with the required proof

**Annexure- A****Investor Charter in respect of Research Analyst (RA)****A. Vision and Mission Statements for investors.**

- Vision

Invest with knowledge & safety.

- Mission

Every investor should be able to invest in right investment products based on their needs, manage and monitor them to meet their goals, access reports and enjoy financial wellness.

**B. Details of business transacted by the Research Analyst with respect to the investors.**

- To publish research report based on the research activities of the RA.
- To provide an independent unbiased view on securities.
- To offer unbiased recommendation, disclosing the financial interests in recommended securities.
- To provide research recommendation, based on analysis of publicly available information and known observations.
- To conduct audit annually.

**C. Details of services provided to investors (No Indicative Timelines)**

- Onboarding of Clients.
- Disclosure to Clients
  - o To distribute research reports and recommendations to the clients without discrimination.
- To maintain confidentiality w.r.t publication of the research report until made available in the public domain.



**D. Details of grievance redressal mechanism and how to access it**

In case of any grievance / complaint, an investor should approach the concerned research analyst and shall ensure that the grievance is resolved within 30 days.

If the investor's complaint is not redressed satisfactorily, one may lodge a complaint with SEBI on SEBI's SCORES portal which is a centralized web based complaints redressal system. SEBI takes up the complaints registered via SCORES with the concerned intermediary for timely redressal. SCORES facilitates tracking the status of the complaint.

With regard to physical complaints, investors may send their complaints to: Office of Investor Assistance and Education, Securities and Exchange Board of India, SEBI Bhavan. Plot No. C4- A, 'G' Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051. **E.**

**Expectations from the investors (Responsibilities of investors).****□ Do's**

- i. Always deal with SEBI registered Research Analyst.
- ii. Ensure that the Research Analyst has a valid registration certificate. iii.  
- Check for SEBI registration number.
- iv. Please refer to the list of all SEBI registered Research Analysts which is available on SEBI website in the following link:  
(<https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=14>)
- v. Always pay attention towards disclosures made in the research reports before investing.
- vi. Pay your Research Analyst through banking channels only and maintain duly signed receipts mentioning the details of your payments. vii. Before buying

securities or applying in public offer, check for the research recommendation provided by your research Analyst.

viii. Ask all relevant questions and clear your doubts with your Research Analyst before acting on the recommendation.

ix. Inform SEBI about Research Analyst offering assured or guaranteed returns.

□ **Don'ts**

i. Do not provide funds for investment to the Research Analyst. ii.

Don't fall prey to luring advertisements or market rumours.

iii. Do not get attracted to limited period discount or other incentive, gifts, etc. offered by Research Analyst. iv. Do not share login credentials and password of your trading and demat Accounts with the Research Analyst.

### Annexure-I: Risk disclosures

#### **RISK DISCLOSURES ON DERIVATIVES**

- *9 out of 10 individual traders in equity Futures and Options Segment, incurred net losses.*
- *On an average, loss makers registered net trading loss close to ₹ 50,000.*
- *Over and above the net trading losses incurred, loss makers expended an additional 28% of net trading losses as transaction costs.*
- *Those making net trading profits, incurred between 15% to 50% of such profits as transaction cost.*

Source:

[SEBI study dated January 25, 2023 on "Analysis of Profit and Loss of Individual Traders dealing in equity Futures and Options \(F&O\) Segment", wherein Aggregate Level findings are based on annual Profit/Loss incurred by individual traders in equity F&O during FY 2021-22.](#)

## **CENTRUM BROKING LIMITED**

### **Policy on Facility of voluntary freezing of Trading Accounts by Clients**

**Version: 1**

#### **Private & Confidential**

This policy is the property of Centrum Broking Limited. The document is to be used for internal purposes only. Any unauthorized, copying, disclosure, use or distribution of the material is strictly forbidden

**Preamble:**

This policy outlines the procedures for voluntary freezing of trading accounts for clients of Centrum Broking Limited (hereinafter referred to as CBL) in accordance with SEBI & Exchange Circulars.

**Background:**

This policy aims to guide CBL clients on the process, modes, timelines, and other details for facilitating the voluntary freezing of their trading accounts upon noticing any suspicious activity.

**Process of freezing**

To freeze your account, you can either send an email to our dedicated email id [stoptrade@centrum.co.in](mailto:stoptrade@centrum.co.in) or call our toll free number 1800 123 313 131. Upon receiving your request, your account will be frozen as per below scenario.

Scenario	Timelines for issuing acknowledgement as well as freezing / blocking of the online access of the trading account.
Request received during the trading hours	Within 15 minutes
Request received after the trading hours and 15 minutes before the start of trading.	Before the start of next trading Session

The representative will verify the client identification by seeking certain information to ensure the request is received from registered client only.

**Process of unfreezing**

You can call on our dedicated toll free number at 1800 123 313 131 to unfreeze your account. It will take up to 1 hour to process the request.

**Client Do's and Don'ts****Dos:**

1. **Close Open Positions:** Ensure all open positions are closed before requesting to freeze the account.
2. **Notify Freeze Request:** Contact customer service to freeze the account; it will be blocked within 15 minutes.
3. **Handle Pending Orders:** Client to ensure all pending orders shall be cancelled before requesting for freezing
4. **Position Details:** Please take care of your open positions and contract expiry.
5. **Close Open Positions:** Call 1800 123 313 131 if you have open/pending positions to close or cancel respectively.

**Don'ts:**

1. **New SIPs:** Please ensure not to execute any fresh order or fresh SIP while the account is in frozen status.
2. **Modify Profile:** Please avoid attempting to modify your profile settings during the frozen status.
3. **Funds:** Don't add and withdraw funds during frozen status.

**Disclaimer:** Above policy is subject to change from time to time having regard to change in circumstances and shall be reviewed periodically in accordance with regulatory guidelines and management perception. There shall be no restriction on the risk management activities and client shall be adhere to the existing risk policy.

**Circular references:**

SEBI/HO/MIRSD/POD-1/P/CIR/2024/4 dated January 12, 2024

NSE/INSP/61529 dated April 08, 2024

BSE notice 20240408-12 dated 08 Apr 2024

**CENTRUM BROKING LIMITED**

**Policy on Handling of Good Till Date (GTD) offered to the Clients**

**Version: 1**

**Private & Confidential**

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**Preamble:**

This policy outlines the procedures for handling of Good Till Date Orders (hereinafter referred to as GTD) offered by Centrum Broking Limited (hereinafter referred to as CBL) to Clients of in accordance with SEBI & Exchange Circulars.

**Background:**

This policy aims to guide CBL clients on the process, modes, timelines, and other details for facilitating handling of GTD

**Details of GTD:**

GTD order is an open pending order which remains active till its specified date, unless it has already been fulfilled or cancelled.

If not executed, Good till specific day orders are automatically cancelled at the end of the trading session of that particular day. It prevents traders from a lot of hassle of entering orders again and again and also keeping such orders open until a certain date repeatedly.

The GTD orders can be specified as per requirement, which means the order will only be fulfilled if it meets the pre-set parameters (like reaching a certain price point) or it will expire on the specified day.

**Features of GTD order**

- GTD order is allowed only in NSE & BSE cash segment
- Order Validity is 45 days (including holidays)
- Order is accepted by system subject to availability of client's margin.
- GTD Pending order will be rejected by exchange if price is out of DPR range of exchange
- Such orders will be active till DATE mentioned while placing the order/ till execution whichever earlier

**Disclaimer:** Above policy is subject to change from time to time having regard to change in circumstances and shall be reviewed periodically in accordance with regulatory guidelines and management perception. There shall be no restriction on the risk management activities and client shall be adhere to the existing risk policy.

**Circular references:**

NSE/INSP/62528 dated June 21, 2024



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