



**Wealthstreet**

*The Financial Engineers*



**NON-MANDATORY**

**Wealthstreet Advisors Pvt Ltd****Regd. Office :**

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Besides Novotel Hotel, S.G. Highway,  
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## **Rights and Obligations of Beneficial Owner and Depository Participant as prescribed by SEBI and Depositories**

### **General Clause**

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

### **Beneficial Owner information**

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

### **Fees/Charges/Tariff**

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

### **Dematerialization**

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

### **Separate Accounts**

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

### **Transfer of Securities**

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

### **Statement of account**

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

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

17. The DP shall have the right to close the demat account of the Beneficial Owner, for any reasons whatsoever, provided the DP has given a notice in writing of not less than thirty days to the Beneficial Owner as well as to the Depository. Similarly, the Beneficial Owner shall have the right to close his/her demat account held with the DP provided no charges are payable by him/her to the DP. In such an event, the Beneficial Owner shall

specify whether the balances in their demat account should be transferred to another demat account of the Beneficial Owner held with another DP or to rematerialize the security balances held.

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

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

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

#### **Liability of the Depository**

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

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

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

#### **Redressal of Investor grievance**

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

## **Authorized representative**

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

## **Law and Jurisdiction**

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

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

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

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

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

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

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## **RIGHTS AND OBLIGATIONS OF STOCK BROKERS, SUB-BROKERS AND CLIENTS FOR TRADING ON 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, Byelaws, circulars and notices of Exchange.
16. Where the Exchange(s) cancels trade(s) suo moto all such trades including the trade/s done on behalf of the client shall ipso facto stand cancelled, stock broker shall be entitled to cancel the respective contract(s) with client(s).
17. The transactions executed on the Exchange are subject to Rules, Byelaws and Regulations and circulars/notices issued thereunder of the Exchanges where the trade is executed and all parties to such trade shall have submitted to the jurisdiction of such court as may be specified by the Byelaws and

Regulations of the Exchanges where the trade is executed for the purpose of giving effect to the provisions of the Rules, Byelaws and Regulations of the Exchanges and the circulars/ notices issued thereunder.

## **BROKERAGE**

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

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

19. Without prejudice to the stock broker's other rights (including the right to refer a matter to arbitration), the client understands that the stock broker shall be entitled to liquidate/ close out all or any of the client's positions for non-payment of margins or other amounts, outstanding debts, etc. and adjust the proceeds of such liquidation/close out, if any, against the client's liabilities/obligations. Any and all losses and financial charges on account of such liquidation/closing-out shall be charged to and borne by the client.
20. In the event of death or insolvency of the client or his/its otherwise becoming incapable of receiving and paying for or delivering or transferring securities which the client has

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

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

## **DISPUTE RESOLUTION**

22. The stock broker shall provide the client with the relevant contact details of the concerned Exchanges and SEBI.
23. The stock broker shall co-operate in redressing grievances of the client in respect of all transactions routed through it and in removing objections for bad delivery of shares, rectification of bad delivery, etc.
24. The client and the stock broker shall refer any claims and/or disputes with respect to deposits, margin money, etc., to arbitration as per the Rules, Byelaws and Regulations of the Exchanges where the trade is

executed and circulars/notices issued thereunder as may be in force from time to time.

25. The stock broker shall ensure faster settlement of any arbitration proceedings arising out of the transactions entered into between him vis-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 of recognition of the sub-broker by the stock exchange and/or termination of the agreement with the sub broker by the stock broker, for any reason whatsoever, the client shall be informed of such termination and the client shall be deemed to be the direct client of the stock broker and all clauses in the 'Rights and Obligations' document(s) governing the stock broker, sub-broker and client shall continue to be in force as it is, unless the client intimates to the stock broker his/its intention to terminate their relationship by giving a notice in writing of not less than one month.

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

30. The stock broker shall ensure due protection to the client regarding client's rights to dividends, rights or bonus shares, etc. in respect of transactions routed through it and it shall not do anything which is likely to harm the interest of the client with whom and for whom they may have had transactions in securities.
31. The stock broker and client shall reconcile and settle their accounts from time to time as per the Rules, Regulations, Bye Laws, Circulars,

Notices and Guidelines issued by SEBI and the relevant Exchanges where the trade is executed.

32. The stock broker shall issue a contract note to his clients for trades executed in such format as may be prescribed by the Exchange from time to time containing records of all transactions including details of order number, trade number, trade time, trade price, trade quantity, details of the derivatives contract, client code, brokerage, all charges levied etc. and with all other relevant details as required therein to be filled in and issued in such manner and within such time as prescribed by the Exchange. The stock broker shall send contract notes to the investors within one working day of the execution of the trades in hard copy and/or in electronic form using digital signature.
33. The stock broker shall make pay out of funds or delivery of securities, as the case may be, to the Client within one working day of receipt of the payout from the relevant Exchange where the trade is executed unless otherwise specified by the client and subject to such terms and conditions as may be prescribed by the relevant Exchange from time to time where the trade is executed.
34. The stock broker shall send a complete Statement of Accounts' for both funds and securities in respect of each of its clients in such periodicity and format within such time, as may be prescribed by the relevant Exchange, from time to time, where

the trade is executed. The Statement shall also state that the client shall report errors, if any, in the Statement within such time as may be prescribed by the relevant Exchange from time to time where the trade was executed, from the receipt thereof to the Stock broker.

35. The stock broker shall send daily margin statements to the clients. Daily Margin statement should include, inter-alia, details of collateral deposited, collateral utilized and collateral status (available balance/due from client) with break up in terms of cash, Fixed Deposit Receipts (FDRs), Bank Guarantee and securities.
36. The Client shall ensure that it has the required legal capacity to, and is authorized to, enter into the relationship with stock broker and is capable of performing his obligations and undertakings hereunder. All actions required to be taken to ensure compliance of all the transactions, which the Client may enter into shall be completed by the Client prior to such transaction being entered into.

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

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

password.

38. The stock broker shall ensure that all ECNs sent through the e-mail shall be digitally signed, encrypted, non-tamperable and in compliance with the provisions of the IT Act, 2000. In case, ECN is sent through e-mail as an attachment, the attached file shall also be secured with the digital signature, encrypted and non-tamperable.
39. The client shall note that non-receipt of bounced mail notification by the stock broker shall amount to delivery of the contract note at the e-mail ID of the client.
40. The stock broker shall retain ECN and acknowledgement of the e-mail in a soft and non-tamperable form in the manner prescribed by the exchange in compliance with the provisions of the IT Act, 2000 and as per the extant rules/regulations/circulars/guidelines issued by SEBI/ Stock Exchanges from time to time. The proof of delivery i.e., log report generated by the system at the time of sending the contract notes shall be maintained by the stock broker for the specified period under the extant regulations of SEBI/stock exchanges. The log report shall provide the details of the contract notes that are not delivered to the client/e-mails rejected or bounced back. The stock broker shall take all possible steps to ensure receipt of notification of bounced mails by him at all times within the stipulated time period under the extant regulations of SEBI/ stock exchanges.

41. The stock broker shall continue to send contract notes in the physical mode to such clients who do not opt to receive the contract notes in the electronic form. Wherever the ECNs have not been delivered to the client or has been rejected (bouncing of mails) by the e-mail ID of the client, the stock broker shall send a physical contract note to the client within the stipulated time under the extant regulations of SEBI/stock exchanges and maintain the proof of delivery of such physical contract notes.
42. In addition to the e-mail communication of the ECNs to the client, the stock broker shall simultaneously publish the ECN on his designated web-site, if any, in a secured - way and enable relevant access to the clients and for this purpose, shall allot a unique user name and password to the client, with an option to the client to save the contract note electronically and/ or take a print out of the same.

## **LAW AND JURISDICTION**

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

laws of the relevant stock exchanges, where the trade is executed, that may be in force from time to time.

45. The stock broker and the client shall abide by any award passed by the Arbitrator(s) under the Arbitration and Conciliation Act, 1996. However, there is also a provision of appeal within the stock exchanges, if either party is not satisfied with the arbitration award.
46. Words and expressions which are used in this document but which are not defined herein shall, unless the context otherwise requires, have the same meaning as assigned thereto in the Rules, Byelaws and Regulations and circulars/notices issued thereunder of the Exchanges/ SEBI.

47. All additional voluntary clauses/ document added by the stock broker should not be in contravention with rules/ regulations/notices/circulars of Exchanges/SEBI. Any changes in such voluntary clauses/document(s) need to be preceded by a notice of 15 days. Any changes in the rights and obligations which are specified by Exchanges/SEBI shall also be brought to the notice of the clients.
48. If the rights and obligations of the parties hereto are altered by virtue of change in Rules and regulations of SEBI or Bye-laws, Rules and Regulations of the relevant stock Exchanges where the trade is executed, such changes shall be deemed to have been incorporated herein in modification of the rights and obligations of the parties mentioned in this document.

**INTERNET & WIRELESS TECHNOLOGY BASED TRADING FACILITY  
PROVIDED BY STOCK BROKERS TO CLIENT**

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

1. Stock broker is eligible for providing Internet based trading (IBT) and securities trading through the use of wireless technology that shall include the use of devices such as mobile phone, laptop with data card, etc. which use Internet Protocol (IP). The stock broker shall comply with all requirements applicable to internet based trading/securities trading using wireless technology as may be specified by SEBI & the Exchanges from time to time.
2. The client is desirous of investing/ trading in securities and for this purpose, the client is desirous of using either the internet based trading facility or the facility for securities trading through use of wireless technology. The Stock broker shall provide the Stock broker's IBT Service to the Client, and the Client shall avail of the Stock broker's IBT Service, on and subject to SEBI/ Exchanges Provisions and the terms and conditions specified on the Stock broker's IBT Web Site provided that they are in line with the norms prescribed by Exchanges/SEBI.
3. The stock broker shall bring to the notice of client the features, risks, responsibilities, obligations and liabilities associated with securities trading through wireless technology/ internet/smart order routing or any other technology should be brought to the notice of the client by the stock broker.
4. The stock broker shall make the client aware that the Stock Broker's IBT system itself generates the initial password and its password policy as stipulated in line with norms prescribed by Exchanges/SEBI.
5. The Client shall be responsible for keeping the Username and Password confidential and secure and shall be solely responsible for all orders entered and transactions done by any person whosoever through the Stock broker's IBT System using the Client's Username and/or Password whether or not such person was authorized to do so. Also the client is aware that authentication technologies and strict security measures are required for the internet trading/securities trading through wireless technology through order routed system and undertakes to ensure that the password of the client and/or his authorized representative are not revealed to any third party including employees and dealers of the stock broker.
6. The Client shall immediately notify the Stock broker in writing if he forgets his password, discovers security flaw in Stock Broker's IBT System, discovers/suspects discrepancies/ unauthorized access through his username/password/account with full details of such unauthorized use, the date, the manner and the transactions effected pursuant to such unauthorized use, etc

7. The Client is fully aware of and understands the risks associated with availing of a service for routing orders over the internet/securities trading through wireless technology and Client shall be fully liable and responsible for any and all acts done in the Client's Username/password in any manner whatsoever.
8. The stock broker shall send the order/trade confirmation through email to the client at his request. The client is aware that the order/ trade confirmation is also provided on the web portal. In case client is trading using wireless technology, the stock broker shall send the order/trade confirmation on the device of the client.
9. The client is aware that trading over the internet involves many uncertain factors and complex hardware, software, systems, communication lines, peripherals, etc. are susceptible to interruptions and dislocations. The Stock broker and the Exchange do not make any representation or warranty that the Stock broker's IBT Service will be available to the Client at all times without any interruption.
10. The Client shall not have any claim against the Exchange or the Stock broker on account of any suspension, interruption, non-availability or malfunctioning of the Stock broker's IBT System or Service or the Exchange's service or systems or non-execution of his orders due to any link/system failure at the Client/ Stock brokers/Exchange end for any reason beyond the control of the stock broker/Exchanges.

## UNIFORM RISK DISCLOSURE DOCUMENT FOR CAPITAL MARKET AND DERIVATIVES SEGMENTS

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

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

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

You must know and appreciate that trading in Equity shares, derivatives contracts or other instruments traded on the Stock Exchange, which have varying element of risk, is generally not an appropriate avenue for someone of limited resources/limited investment and/or trading experience and low risk tolerance. You should therefore carefully consider whether such trading is suitable for you in the light of your financial condition. In case you trade on Stock exchanges and suffer adverse consequences or loss, you shall be solely responsible for the same and Stock exchanges/its Clearing Corporation and/or SEBI shall not be responsible, in any manner whatsoever, for the same and it will not be open for you

to take a plea that no adequate disclosure regarding the risks involved was made or that you were not explained the full risk involved by the concerned stock broker. The constituent shall be solely responsible for the consequences and no contract can be rescinded on that account. You must acknowledge and accept that there can be no guarantee of profits or no exception from losses while executing orders for purchase and/or sale of a derivative contract being traded on Stock exchanges.

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

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

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

## **I. BASIC RISKS:**

### **I.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.

### **I.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.

**I.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.

### **I.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.

### **I.4 Risk-reducing orders:**

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

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

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

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

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

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

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

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

#### **1.7 System Risk:**

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

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

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

## 1.8 System/Network Congestion:

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

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

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

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

You should therefore completely understand the following statements

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

- A. Futures trading involve daily settlement of all positions. Every day the open positions are marked to market based on the closing level of the index / derivatives contract. If the contract has, moved against you, you will be required to deposit the amount of loss (notional) resulting from such movement. This amount will have to be paid within a stipulated time frame, generally before commencement of trading on next day.
- B. If you fail to deposit the additional amount by the deadline or if an outstanding debt occurs in your account, the stock broker may liquidate a part of or the whole position or substitute securities. In this case, you will be liable for any losses incurred due to such close-outs.
- C. Under certain market conditions, an investor may find it difficult or impossible to execute transactions. For example, this situation can occur due to factors such as illiquidity i.e. when there are insufficient bids or offers or suspension of trading due to price limit or circuit breakers etc.

- D. In order to maintain market stability, the following steps may be adopted: changes in the margin rate, increases in the cash margin rate or others. These new measures may also be applied to the existing open interests. In such conditions, you will be required to put up additional margins or reduce your positions.
- E. You must ask your broker to provide the full details of derivatives contracts you plan to trade i.e. the contract specifications and the associated obligations.

## **2.2 Currency specific risks:**

- 1. The profit or loss in transactions in foreign currency-denominated contracts, whether they are traded in your own or another jurisdiction, will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the contract to another currency.
- 2. Under certain market conditions, you may find it difficult or impossible to liquidate a position. This can occur, for example when a currency is deregulated or fixed trading bands are widened.
- 3. Currency prices are highly volatile. Price movements for currencies are influenced by, among other things: changing supply-demand relationships; trade, fiscal, monetary, exchange control programs and policies of governments; foreign political and economic events and policies; changes in national and international interest rates and inflation; currency devaluation; and sentiment of the market place. None of these factors can be

controlled by any individual advisor and no assurance can be given that an advisor's advice will result in profitable trades for a participating customer or that a customer will not incur losses from such events.

## **2.3 Risk of Option holders:**

- 1. An option holder runs the risk of losing the entire amount paid for the option in a relatively short period of time. This risk reflects the nature of an option as a wasting asset which becomes worthless when it expires. An option holder who neither sells his option in the secondary market nor exercises it prior to its expiration will necessarily lose his entire investment in the option. If the price of the underlying does not change in the anticipated direction before the option expires, to an extent sufficient to cover the cost of the option, the investor may lose all or a significant part of his investment in the option.
- 2. The Exchanges may impose exercise restrictions and have absolute authority to restrict the exercise of options at certain times in specified circumstances.

## **2.4 Risks of Option Writers:**

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

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

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

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

4. **GENERAL**

- 4.1 The term 'constituent' shall mean and include a client, a customer or an investor, who deals with a stock broker for the purpose of acquiring and/or selling of securities/derivatives contracts through the mechanism provided by the Exchanges.
- 4.2 The term 'stock broker' shall mean and include a stock broker, a broker or a stock broker, who has been admitted as such by the Exchanges and who holds a registration certificate from SEBI. Constituent is aware of all risk mentioned above. Constituent is aware that above details are indicative and not exhaustive and there may be other risks involved. Constituent shall be sole responsible for any consequences out of it and broker shall not be liable / indemnify constituents for such risk.

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

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

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

### **TRANSACTIONS AND SETTLEMENTS**

8. The stock broker may issue electronic contract notes (ECN) if specifically authorized by you in writing. You should provide your email id to the stock broker for the same. Don't opt for ECN if you are not familiar with computers.
9. Don't share your internet trading account's password with anyone.
10. Don't make any payment in cash to the stock broker.
11. Make the payments by account payee cheque in favour of the stock broker. Don't issue cheques in the name of sub-broker. Ensure that you have a documentary proof of your payment/ deposit of securities with the stock broker, stating date, scrip, quantity, towards which bank/ demat account such money or securities deposited and from which bank/ demat account.
12. Note that facility of Trade Verification is available on stock exchanges' websites, where details of trade as mentioned in the contract note may be verified. Where trade details on the website do not tally with the details mentioned in the contract note, immediately get in touch with the Investors Grievance Cell of the relevant Stock exchange.

13. In case you have given specific authorization for maintaining running account, payout of funds or delivery of securities (as the case may be), may not be made to you within one working day from the receipt of payout from the Exchange. Thus, the stock broker shall maintain running account for you subject to the following conditions:

- a) Such authorization from you shall be dated, signed by you only and contains the clause that you may revoke the same at any time.
- b) The actual settlement of funds and securities shall be done by the stock broker, at least once in a calendar quarter or month, depending on your preference. While settling the account, the stock broker shall send to you a 'statement of accounts' containing an extract from the client ledger for funds and an extract from the register of securities displaying all the receipts/deliveries of funds and securities. The statement shall also explain the retention of funds and securities and the details of the pledged shares, if any
- c) On the date of settlement, the stock broker may retain the requisite securities/funds towards outstanding obligations and may also retain the funds expected to be required to meet derivatives margin obligations for next 5 trading days, calculated in the manner specified by the

exchanges. In respect of cash market transactions, the stock broker may retain entire pay-in obligation of funds and securities due from clients as on date of settlement and for next day's business, he may retain funds/ securities/margin to the extent of value of transactions executed on the day of such settlement in the cash market.

- d) You need to bring any dispute arising from the statement of account or settlement so made to the notice of the stock broker in writing preferably within 7 (seven) working days from the date of receipt of funds/securities or statement, as the case may be. In case of dispute, refer the matter in writing to the Investors Grievance Cell of the relevant Stock exchanges without delay.
14. In case you have not opted for maintaining running account and payout 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 DISPUTES/ COMPLAINTS 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 exchanges within the stipulated period and with the supporting documents.
17. Familiarize yourself with the protection accorded to the money and/or securities you may deposit with your stock broker, particularly in the event of a default or the stock broker's insolvency or bankruptcy and the extent to which you may recover such money and/or securities may be governed by the Bye-laws and Regulations of the relevant Stock exchange where the trade was executed and the scheme of the Investors' Protection Fund in force from time to time.
18. Please note that the details of the arbitration proceedings, penal action against the brokers and investor complaints against the stock brokers are displayed on the website of the relevant Stock exchange.
19. In case your issue/problem/grievance is not being sorted out by concerned stock broker/sub-broker then you may take up the matter with the concerned Stock exchange. If you are not satisfied with the resolution of your complaint then you can escalate the matter to SEBI.
20. Note that all the stock broker/ sub-brokers have been mandated by SEBI to designate an e-mail ID of the grievance redressal division/ compliance officer exclusively for the purpose of registering complaints.

## POLICIES AND PROCEDURES

This document outlines various policies and procedures framed and followed by Wealthstreet Advisors Private Limited ("WSAPL") with respect to its dealing with its constituents as a stock broker on National Stock Exchange of India Ltd. ("NSE"), Bombay Stock Exchange Ltd. ("BSE") and Metropolitan Stock Exchange of India Limited ("MSEI") (collectively hereinafter referred as "the Exchanges"). The policies and procedures as stated herein below are subject to change from time to time at the sole discretion of "WSAPL" depending upon regulatory changes, its risk management framework, other market conditions etc. The said policies and procedures and any revision/update in the same from time to time is/will be available in the Constituent's web login provided by "WSAPL" on its web site and/or shall be communicated through email/writing. The Constituent can access and refer to such policies and procedures by using user id and password provided by "WSAPL"

### A. Refusal of orders for Penny Stocks and/or Illiquid Stocks/Contracts/ Options

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

A Security may be treated as Penny Stocks/ Illiquid Stock/ Contracts/

Options if it falls in any one category as mentioned herein below:

- list of illiquid securities issued by the Exchanges periodically.
- Trade-to-Trade settlement.
- "Z" group.
- Illiquid options/far month options / long dated options.
- Any other securities / Contracts / Options as may be decided by WSAPL, which may be considered by WSAPL in its sole discretion as volatile or have concentration risk at constituent level or at the security level or any other reason.

Trading in such securities will be allowed to the constituent at the sole and absolute discretion of "WSAPL" such securities may be blocked in normal trading system and any dealing in such securities will be allowed only on the approval of the Risk team as it may deem fit. "WSAPL" may restrict the quantity of such funds/securities before allowing trades in such securities.

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

The above list of criteria is an indicative list. "WSAPL" may at its sole and absolute discretion define from time to time other category/criteria to treat a security as Penny Stocks/ Illiquid Stock/ Contracts/ Options.

B. Setting up the Constituents exposure limits  
While setting up the exposure limits for and on behalf of the

constituents, "WSAPL" broadly takes into consideration the regulatory requirement, constituent profile, internal risk management policy, market conditions, etc. Considering the said parameters the exposure limit for a constituent would be set up as follows:

- Exposure limits to the constituent will be provided based on the available margin in the constituent's broking account maintained with "WSAPL".
- The exposure limit will be a certain multiple of the available margin. Such multiplier will be as decided by "WSAPL" from time to time and may vary from constituent to constituent.
- On a case-to-case basis "WSAPL", at its sole and absolute discretion, may allow higher exposure limits to the constituent.
- In case of cash segment, "WSAPL" may at its sole and absolute discretion allow clean exposure limits up to certain amount to the constituent without insisting for any credit balance and/or margin. The quantum of clean exposure limit shall be decided by "WSAPL". On a case-to-case basis "WSAPL" may, at its sole and absolute discretion, give higher clean exposure limits to certain set of the constituents. "WSAPL" reserves the right to withdraw clean exposure limit granted to the constituent at any point of time at its sole and absolute discretion. The constituent cannot raise any concern/dispute for the same.
- Available margin for the purpose of granting exposure is calculated as a sum of free credit balance of the constituent in "WSAPL" 's books, margin in the form of funds, securities,, of the constituent available with "WSAPL" , and the value of securities held in the constituent's demat account for which power of attorney is granted in favor of "WSAPL" .
- The choice of the securities to be considered as margin shall be determined by "WSAPL" at its sole discretion from time to time and the constituent shall abide by the same.
- While granting the exposure limit, margin in the form of securities will be valued as per the latest available closing price on NSE or BSE after applying appropriate haircut as may be decided by "WSAPL" at its sole discretion.
- "WSAPL" may from time to time depending on market conditions, profile and history of the constituent, types and nature of scrip, etc. at its sole discretion charge/change the rate of haircut applicable on the securities given as margin, multiplier for granting exposure in Cash/F&O segments and take such steps as "WSAPL" may deem fit and appropriate.
- The Constituent will have to abide by the exposure limit set by "WSAPL" .

### **C. Applicable Brokerage Rate**

For rendering the broking services, "WSAPL" charges brokerage to the constituent. The Brokerage rate will be as per the terms agreed with the constituent at the time of constituent registration.

The brokerage rate may be varied in future as agreed between the constituent and "WSAPL" in writing.

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

● **For Cash Market Segment:**

The maximum brokerage chargeable in relation to trades effected in the securities admitted to dealings on the Capital Market segment of the Exchange shall be 2.5% of the contract price exclusive of statutory levies. It is hereby further clarified that where the sale / purchase value of a share is Rs.10/- or less, a maximum brokerage of 25 paise per share may be collected.

● **For Option Contracts.**

Brokerage for option contracts shall be charged on the premium amount at which the option contract was bought or sold and not on the strike price of the option contract.

- It is hereby further clarified that brokerage on option contracts shall not exceed 2.5% of the premium amount or Rs. 100/- (per lot) which is higher.
- The brokerage will be exclusive of the following except in cases where it is agreed otherwise:
- Service Tax and Education Cess

SEBI / Exchange charges

Stamp duty

Statutory charges payable to Exchange/ SEBI/ Govt. Authorities etc.

Any other charges towards customized/ specialized service only if client specifically consents.

**D. Imposition of Penalty/ delayed payment charges by either party, specifying the rate end the period**

● **Imposition of Penalties**

The Exchange/ Clearing Corporation/ SEBI levies penalties on the broker for irregularities observed by them during the course of business. "WSAPL" shall recover such imposed penalties/ levies, if any, by the Exchange / regulators, from the constituent which arise on account of dealings by such constituent. Few of the examples of violations for which penalties may be levied are as follows:

- Auction of securities pursuant to short deliveries by the constituent;
- Short margin reporting in F&O Segment;
- Any other reasons which may be specified by the Exchanges/ Clearing Corporation/ SEBI from time to time. Such recovery would be by way of debit in the ledger of the constituent and amounts would be adjusted against the dues.

● **Delayed payment charges**

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

In the event if the constituent defaults in meeting its above said obligations towards "WSAPL" and maintain any debit balance in "WSAPL"s books beyond the stipulated time period, "WSAPL" shall have absolute discretion to charge and recover from the constituent's account, delayed payment charges at 24% p.a.

Delayed payment charges are only a penal measure. The constituent should not construe it as funding arrangement. The constituent cannot demand continuation of service on a permanent basis citing levy of delayed payment charges

The constituent will not be entitled to any interest on the credit balance/ surplus margin available/kept with "WSAPL".

**E. The right to sell constituents' securities or close constituents' positions, without giving notice to the constituent on account of non-payment of constituent's dues.**

The constituent needs to furnish adequate margin as specified by "WSAPL" from time to time from its sole and absolute discretion. It shall be the constituent's responsibility to ascertain in advance the margin

requirement for his/her/its order/trades/deals and to ensure that the required margin is made available to "WSAPL" in such form and manner as may be required by "WSAPL". Limits/exposures will be available as per available requisite margin.

The Constituent shall fulfill all his/her/ its settlement obligations to "WSAPL" within the time frame stipulated by the "WSAPL" or the Exchanges, whichever is earlier.

The margin will have to be paid within the time frame stipulated by the Exchanges or "WSAPL" generally in case of fresh positions upfront, in case of mark to market and/or any other additional margins before the commencement of trading on next trading day and in case where the Exchanges levy and/or increase any margin required during the day, immediately upon levy and/or increase in any such margin.

"Without prejudice to its other rights and remedies available under the member constituent document (s) executed/to be executed by and between the constituent and "WSAPL" (hereinafter referred to as "the Document") or at law, "WSAPL" shall be entitled, in its sole and absolute discretion, to liquidate/close out all or any of the constituent's open/outstanding position, sell the constituent's securities (whether approved by "WSAPL" or not) available with "WSAPL" and/or held in the constituent's demat account for which power of attorney is granted in favor of "WSAPL" at any time to recover its dues without giving any notice to the constituent in the following circumstances."

- a. If the constituent fails to pay any margin, settlement obligations and/or other liabilities (including but not limited to DP charges) due to "WSAPL" within the stipulated time frame;

- b. In the event that the market value of the constituent's securities, lying as margin or bought by the constituent for which payment is not made by the constituent, for any reason of fall or is anticipated to fall, or circumstances arise or are likely to arise which may in the sole opinion of WSAPL jeopardize its interest and expose it or is likely to expose it to any financial loss or damage.
- c. In case of Constituent breaching 85% threshold limit of ledger debit (all segment ledger balances) compared to total stock valuation.
- d. In case of margin shortfall on open F&O positions, positions may be closed.
- e. All intra day positions (Cash and F&O) shall be squared off at pre specified time from the HO.

The WSAPL reserves the right to set the threshold limits for liquidation of constituents positions. Such threshold limits will be communicated from time to time orally, and or through emails, or through its trading terminals, branch representatives etc.

However in the event of extreme volatility and or constituents open (outstanding) position resulting in mark to market losses beyond WSAPL's threshold anytime during the trading session, and or constituents positions or collateral being not saleable, thereby forcing WSAPL liquidate any of the constituents available positions and collateral, same shall be done by WSAPL during the course of a trading session without recourse to the constituent.

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

**F Shortages in obligations arising out of internal netting of trades**

WSAPL has right to allocate securities / credits amongst the constituents and other constituents of WSAPL in a manner and form that WSAPL deems fit where WSAPL has net purchase obligations with the exchange but receives short delivery from the exchange and the exchange is able to deliver to the WSAPL only in part after the auction settlement and part is closed out by the exchange as per exchange rules.

In the event of the constituent unable to deliver securities against his / her / its sale obligations, the WSAPL shall have the express authority to buy / arrange the securities in question to meet the obligations of the WSAPL to the exchanges or the WSAPL's other constituents arising out of such failure of the constituent, without any further reference to the constituent. The constituent shall be fully responsible for any losses / charges sustained by WSAPL as a result of above failure.

**G. Conditions under which the constituent may not be allowed to take further position or WSAPL may close the existing position of the constituent.**

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

- Failure by the constituent in providing sufficient/adequate margin (s) and/or insufficient/ inadequate free credit balance available in constituents' broking account with WSAPL;
- If the constituent fails to deposit the margin/additional margin by the deadline or if an outstanding debt occurs in the Constituents' brokerage account with WSAPL beyond the stipulated time period;
- If the constituent fails to maintain the requisite margin in such form and manner as may be specified by WSAPL from time to time;
- Settlement obligations are not paid by the constituent within the time frame allowed by the Exchanges or as per the norms specified by WSAPL from time to time as its sole and absolute discretion;
- Securities falling in the category of Penny Stocks/ Illiquid Stocks/ Contract/ Options as described in policy (b) above;
- Trades which apparently in the sole and absolute discretion of WSAPL seems to be Synchronized trades/ Circular trading/ Artificial trading/ manipulative in nature, etc.;
- Securities/F&O contracts banned by the regulatory authorities;
- Any ban imposed on the constituent by the regulatory authorities;
- Where name of the constituent apparently resembles with the name appearing in the list of debarred entities published by SEBI/Exchanges (where the information available for the debarred entity (other than name) is not sufficient enough to establish that the constituent and such debarred entity are one and the same);
- The constituent fails to furnish documents/information as may be called for by WSAPL from time to time as per regulatory requirement and/or as per its internal policy.
- In the event of death or insolvency of the constituent otherwise becoming incapable of receiving and paying for or delivering or transferring securities which the constituent has ordered to be bought or sold;
- Depending on the market circumstances if WSAPL is of the view that the positions of the constituents are at risk then WSAPL may close the existing position without waiting for the pay-in schedule of the Exchanges.

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

## **H. Temporary suspending or closing constituent's broking account at constituent's request**

A Constituent who wishes to temporarily suspend or close his/ her/its broking account can do so by submitting a written request or by email (through email id registered with WSAPL) in the form and format as may be prescribed by WSAPL. The request has to be submitted to the head office of WSAPL. Constituent may be temporarily / permanently suspended on account of gravity of grievance raised by / against constituent.

Prior to submission of such request the constituent should ensure that all amounts due and payable to WSAPL are paid. Requests from a constituent where no dues are outstanding would be processed within 3 working days from the date of receipt of the request.

## **I. Dormant Account Policy**

Any constituent who has not traded in any segment of any of the Exchanges with WSAPL for the last 6 months would be termed as a Dormant/ Inactive Constituent.

Constituents accounts will be closed on receipt of a written request of the constituent and after settlement of all dues debits/credits.

Re-activation of such accounts will require a written request from the constituent in the prescribed format with latest proof of address / any other KYC related documents.

## **J. De-registering a Constituent**

Without prejudice to WSAPL's right and remedies available under the Document, WSAPL may forthwith, at its sole and absolute discretion, de-register the constituent with/ without prior notice/intimation in the following circumstances:

- Where the constituent indulges in any irregular trading activities like synchronized trading, price manipulation, trading in illiquid securities/ options/contracts, self trades, trading in securities at prices significantly away from market prices, etc.;
- Any enquiry/ investigation is initiated by the Exchanges/regulators against the constituent;
- Any regulatory action taken/ initiated against the constituent by the Exchanges/regulators including but not limited to debarring the constituent from accessing the capital market;
- Where name of the constituent apparently resembles with the name appearing in the list of debarred entities published by SEBI/Exchanges (where no information other than name is available);
- Name of the constituent appears in database/websites of CIBIL, Watch Out Investors, World check, etc;
- The constituent having suspicious background or link with suspicious organization;

- Where the constituent is non-traceable, has pending disputes with WSAPL, possibility of a default by the constituent;
- Any other circumstances leading to a breach of confidence in the constituent for reasons like return of undelivered couriers citing reason of "No such person / Addressee left / Refusal to accept mails etc.", continues cheque bouncing or not furnishing the financial and other details as may be called for by WSAPL from time to time, etc.;
- Upon receipt of written information about the death of the constituent;
- Such other circumstances which in the sole opinion of WSAPL warrants to de-register the constituent.

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

In any of the above circumstances, if the constituent is able to justify his/her/ its innocence either by producing any record, document or otherwise to the full satisfaction of WSAPL, WSAPL may reconsider its decision of de-registering the constituent. However in no circumstances any action taken by WSAPL till the date of re-registration shall be challenged by the constituent and WSAPL shall not be liable to the constituent for any loss or damage (actual), which may be caused to the constituent as a result.

#### General

WSAPL shall have the right at its sole and absolute discretion to amend/change/revise any of the above said policies and procedure at time in future and the same shall be binding on the constituent forthwith. WSAPL shall also intimate such changes to the constituent by writing/email.

Constituent's acceptance of Policies and Procedures stated herein above:

I/We have read and fully understood the policies and procedures stated hereinabove. I/We hereby agree to abide by the same. Further, I/We have taken note of the fact that these policies and procedures may be amended/changed/ revised by WSAPL at any time in future and such amended/changed/ revised policy and procedures will be made available in my/our web login provided by WSAPL on its website.

**VOLUNTARY DOCUMENT**  
**ADDITIONAL CLAUSES AGREED BETWEEN STOCK BROKER AND CLIENT**  
**AND OR SUB-BROKER FORMING PART OF RIGHTS AND OBLIGATIONS**  
**(ADDITIONAL CLAUSES)**

**NOTE:** The Client is required to note that the below mentioned clauses are not mandatory as per the Exchange and/or SEBI requirements. However, the same are the requirements of / from the Wealthstreet Advisors Private Limited. (hereinafter referred to as WSAPL / Broker / Stock Broker / Member). However, I am / we are (herein after referred to as the client) aware that I/we may revoke any or all the clause of this voluntary document upfront before signing or later on by communicating in writing by giving at least 15 days prior notice to Broker and in such case WSAPL reserves their right to take such decision as may be required in this regard. Further, this document will operate as my / our express authority in favour of WSAPL and such other exchange or entities (if any) and as such i/ we represent that these instructions shall equally applicable as the instructions to the Group/Associated Companies /Sister Concerns of WSAPL/ the Stock Broker.

**I. Authorisation for adjustment of amounts/ balances and retaining and utilization of credits of funds and securities:** I/We hereby authorise Wealthstreet Advisors Private Limited. (hereinafter referred as WSAPL) for the following with regard to my/our broking account, for transactions in the Capital market, Derivatives market (F&O) and Currency Derivative segments of NSE, BSE and MSEI where WSAPL holds membership.

- a. To effect transfer of my/our credit balances in the Capital or Cash market segment of NSE and/or BSE and/or MSEI to the ledger or credit of the Derivatives/ Currency Derivatives segment of NSE and/or BSE and/or MSEI vice-versa to meet the margin and/or settlement obligations on my/our account(s) as necessitated.
- b. To retain and utilize the securities balances so being held on my/ our behalf towards deposits for making requisite trading and exposure limits available to me /us and/or towards upfront / initial margins, additional margins, and towards my/our settlement obligations including marked to market losses, if permitted at any or all exchange segments. For this purpose WSAPL is authorised to transfer / pledge such securities to clearing corporations, clearing house, exchanges, clearing member and thereby derive appropriate trading & exposure benefits or realize monies on my/ our behalf for adjustment towards any of the above mentioned requirements as authorised from time to time. I/We further agree that WSAPL may in turn place any of the securities placed by me/ us as Margin by way of pledge or hypothecation or margin on my / our behalf with exchanges, to meet my / our obligations, as WSAPL may deem fit. I/We authorize WSAPL to do all such acts, deeds and things as may be necessary and expedient for the above purpose.

2. I/We have read and understood risk management policy of the WSAPL completely and agree to abide by it.
3. WSAPL shall have the discretion on the securities acceptable and also on the ratio of cash and noncash deposits made by me/us.
4. I/We agree that no interest will be payable to me/us on the amounts or securities so retained with WSAPL and also on the amounts or securities so transferred / pledged by WSAPL to entities mentioned in point 1 b above. 8
5. Authorisation for debiting charges and dues of depository: I/We hereby authorise WSAPL to debit charges and dues of depository in the trading a/c maintained with WSAPL for the purpose of transacting on any segment of the stock exchanges in which WSAPL holds a membership.
6. The constituent shall be allowed to deposit securities as a collateral towards margins and the constituent shall be bound by the terms & conditions specified by the WSAPL from time to time in this regard. The WSAPL is permitted in its sole and absolute discretion to assign trading and/ or exposure limits to the constituent on such collateral.
7. In the event of the sale of any Securities by the WSAPL at the request of the Constituent and the inability of the WSAPL to deliver to the purchaser the securities so sold by reason of the failure of the Constituent to supply the WSAPL

therewith then, and in such event, but subject to the provisions of applicable laws, rules and regulations, the Constituent authorises the WSAPL to borrow, purchase or otherwise acquire any Securities necessary to make delivery thereof. Further, the Constituent accepts liability for any premiums which the WSAPL may be required to pay, and for any losses, costs, charges, expenses or other liabilities whatsoever (as mentioned in Policies and Procedures) which the WSAPL may sustain or incur by reason of the WSAPL's inability to deliver the Securities in question.

8. WSAPL shall not be liable for any loss sustained by the Constituent, directly or indirectly, if it is prevented from acting as a direct or indirect result of government restrictions, the imposition of emergency procedures or suspension of trading by any relevant exchange, clearinghouse or other market, civil disorder, acts or threatened acts of terrorism, natural disasters, war, strikes or other circumstances beyond its control.
9. The WSAPL has relationship with one or more banks ("the relationship Bank"). The web site of the WSAPL has a payment window through a link to the web site of the relation bank, which provides the facility. In such a case, the Constituent would make the payment for Securities purchased by him/her/it by crediting the purchase amount (along with the indicated brokerage amount) directly to the account of the WSAPL with the relationship bank by means of a fund transfer on the pay- in date

- of the relevant exchange or by means of a fund transfer on the pay-in date or margin calls of the relevant Exchange on which the sale transaction is carried out. The WSAPL expressly states that the payment gateway mechanism is a service offered by the Banks with whom the WSAPL has established relation for facilitating the transfer of funds between the Constituent's account and the WSAPL's account. The WSAPL expressly excludes liability for consequential loss or damage or loss of profit, business, revenue, goodwill or anticipated saving which may arise in respect of (i) the payment gateway services offered by such bank (ii) the payment Mechanism.
10. The constituent shall not have any document/ arrangement either oral or written, directly with any employee of WSAPL over and above his/ her "the Document" with WSAPL.
  11. I / We hereby declare that I am / We are regular investor in the stock markets in India and that I am/we are a trader / hedger in the Stocks / currency markets in India as such I am / We are conversant with the laws, practices, rules, regulations, guidelines, circulars, notifications etc. prescribed by Securities & Exchange Board of India (SEBI), All segment of National Stock Exchange of India Ltd. (NSE) and All segment of Bombay Stock Exchange Ltd. (BSE) and Metropolitan Stock Exchange of India Limite (MSEI).
  12. I/We understand and agree that you can debit my accounts either for account opening charges / agreement charges / IBT software usage charges / adjustment of DP charges and/ or other charges for any additional services provided by you as per my / our oral request including but not limited to providing photocopies of KYC Forms and other annexures / documents of any of the aforesaid entities depending upon opening of my / our relevant account(s).
  13. I / We further declare that I am / We are aware of the illegal practices that are prevalent in the Stock Market and I/We assure you that I/We will not indulge into the same.
  14. I / We further declare that I / We will not carry out any unfair trade practices such as Synchronized Deals, Structured Deals, Circular Trading, Insider Trading in the Capital & Derivatives Market, and currency derivatives segment.
  15. I / We further declare and confirm that I / We will not place any order or carry out any trades / transactions on the Exchange which will reflect as an arrangement for profit or loss transactions or cross deals. Further, all the orders placed on the Exchange through you, will be in the normal market at normal / prevailing market prices and not at unrealistic prices where there is corresponding underlying securities positions in the cash or futures segment of the Exchange. In case, any of my transactions being declared as violate to any rules / regulations / byelaws /

circulars / directions / guidelines etc. of the Exchange / SEBI / SCRA, I will be solely responsible for all penalties / charges / damages etc. levied from you by the Exchange and accordingly do hereby undertake to reimburse / pay the same to you.

16. I/We further declare that as on the date of registration as your client, I / We am eligible to transact in the Stock / currency market as per applicable rules, regulations, byelaws, circulars, guidelines, etc concerned regulatory Authorities and have not been banned / restrained to transact in the securities market by any Exchange or statutory authorities and whatever permissions / prior permissions, as may be required from Government authority(ies) have been obtained by me / us. In case of any further action taken by the said relevant authorities, I We shall intimate the same to you.
17. I/We declare and confirm upfront that the Securities / contracts delivered, if any, towards margin / collaterals / pay-in obligation etc. shall absolutely be free from any lien / encumbrances of whatsoever nature.
18. As regard the placement of orders, although you had insisted on written instruction for placing orders, considering the practical difficulties faced by me in complying the same, I would request you to accept orders placed by any other means other than written. Further note that, I do not require any order/trade placement or confirmation or cancellation slips so request you not to send the same to me in connection to any of above,
- I therefore confirm and acknowledge that any telephonic instruction given by me either on recording lines or else will serve the dual purpose in lieu of written instruction.
19. I / We have no objection if due to punching errors you might have to change the client codes for trade done as the circumstances may warrant, within the parameters and rules and regulations of the Exchange.
20. You being a Member disclosed that you are doing proprietary trading alongwith client Business and as such I/We have noted the same.
21. I / We specifically consented not to indulge into any off-market transactions leading to dubba-trading.
22. I/ We, as a client, hereby agrees and indemnifies, and shall always keep you indemnified against all such action and / or claims, costs, charges damages, losses and expenses which may be incurred, suffered and / or sustained by you with respect to any third party cheque(s) and / or delivery of shares, which may be given by me as your client to be credited in my / our account as your client.
23. All fines / penalties and charges, exemplary damages etc. levied upon you due to my acts/deeds or transactions including illegal acts or unfair trade practices etc. as may be levied by the Exchange(s) and suffered by the Member, shall be passed on to me and recovered by you from my account either by way of debiting the same or otherwise.

24. For delayed payments / Overdue payments, I am / We are aware and agree that you may charge delayed payment charges @ 24 % p.a. or at such other rate as you determine at your absolute discretion.
25. I/We, further specifically agrees that without prejudice to the Member's other rights including the right to refer a matter to arbitration, the member shall be entitled to liquidate / close out all or any of my / our position with oral intimation to either my sub-broker or to me / us, of margins, other amounts due from me / us to you as a member, an exchange, a clearing house, any agent or sub-broker of the- member and/or other individual, partnership, corporation, company, organization, association, trust or other entity acting for or on behalf of the member, or any other outstanding debts etc. Any and all losses, financial charges and / or incidental expenses incurred by the member on account of such liquidation / closing out shall (at the discretion of the member) be reimbursed by me / us and/or sub-broker / charged to and borne by me and/or sub-broker / deductible by the member from the monies and / or collateral margin of mine, brokerage of the subbroker available with the member.
26. Further any investment views given by the member are market views only. Reacting on the same will not render member liable for the same. All risk will be of client only. Members do not intend to manage the portfolio of client.

## 27. REPRESENTATIONS AND WARRANTIES

- (1) I / We agree that I / We have the required legal capacity and I am / We are authorized to enter into agreement/ Rights and obligation documents and am capable of performing my obligations and undertakings pursuant to KYC Form submission and allotment of Client Code by the Stock Broker/ WSAPL Also I / We hereby warrants that the terms of the presents are not in contravention of any rights of any party With whom I / We have any arrangements, at any time during and prior to the execution of this Agreement with Stock Broker/WSAPL.
- (2) All actions required to be taken to ensure compliance of all the transactions, which I/We as your client, may enter into pursuant to this Agreement with all applicable laws, shall be completed by me/us prior to such transaction being entered into.
- (3) Any instructions given by my Authorised representative to you - the Stock Broker or to Stock Broker's representative, shall be binding on me.
- (4) I / We represents and warrants to the Stock Broker / WSAPL that all the information provided and statements made in the clients account application are true and correct and are not

misleading (whether by reason of omission to state a material factor otherwise) and I am / We are aware that the Stock Broker / WSAPL has agreed to provide the Stock Broker's / WSAPLs service to me / us as a client on the basis inter alia, of the statements made in client's account application.

I am / we are understand and aware that the aforesaid consents are purely voluntary and have been given to you for smoother operations of my / our client account with you as our broker. Further, these standing instructions are valid from the date the

client / trading account is opened with you and will be valid and operational until revoked by me / us by giving notice in writing to your compliance officer only. Any entries / transactions and acts, deeds, things etc. carried out by broker in accordance with this authorization shall be binding on me / us.

I / We, hereby accept and agrees to the above mentioned terms and conditions and request you to kindly open my account with WSAPL. In case of any breach of any terms as mentioned hereinabove, I/We, will be liable to indemnify you for all losses on accounts of the same.

1. I/We understand and agree that any amendment/modifications as required by the exchanges/DP and/or regulators will be applicable to me/us at all point of time and I/we understand that these changes will be intimated to me.
2. I/We understand that the KYC document booklet is in accordance with exchanges and/or SEBI/DP requirements applicable for opening trading/DP account.
3. The KYC documents cover the additional terms and conditions mentioned which are voluntary. I/We hereby give/do not give (Strike off whichever is not applicable) my consent for additional terms and conditions.
4. I/We have received the booklet with above mentioned contents.
5. I/We confirm having read/been explained and understood the contents of the document on policy and procedures, displayed on website [www.wealthstreet.in](http://www.wealthstreet.in) of the stock broker and the tariff sheet and also the Demat tariff sheet.
6. I/We further confirm having read and understood the contents of the 'Rights and Obligations' document(s) and 'Risk Disclosure Document'. I/We do hereby agree to be bound by such provisions as outlined in these documents. I/We have also been informed that the standard set of documents has been displayed for Information on stock broker's designated website, if any.
7. I have received and read the Rights and Obligations document and Terms and conditions and agree to abide by and be bound by the same and by the Bye laws as are in force from time to time. I declare that the particulars given by me above are true and to the best of my knowledge as on the date of making this application. I agree and undertake to intimate the DP about any change(s) in the details / particulars mentioned by me in this form. I further agree that any false / misleading information given by me or suppression of any material information will render my account liable for termination .

# SCORES

- **Filing compliant on SCORES – Easy & quick**
  - 1) Register on Scores Portal.
  - 2) Mandatory details for filing complaints on SCORES
    - a) Name, PAN, Address, Mobile Number, E-mail ID
  - 3) Benefits
    - a) Effective Communication
    - b) Speedy redressal of the grievances
- **Link to Scores Portal : <https://www.scores.gov.in/scores/Welcome.html>**

## Wealthstreet Advisors Pvt Ltd

### Regd. Office :

A-1101, Mondeal Heights,  
Besides Novotel Hotel, S.G. Highway,  
Ahmedabad-380015.

### Mandatory Documents as Prescribed by Commodity Exchange

1.	Uniform Risk Disclosure Document (RDD) - Document detailing risks associated with dealing in the commodities market.	1- 6
2.	Rights and Obligations of Members, Authorized Persons and Clients - Document stating the rights & obligations of member, authorized person and client for trading on exchanges (including additional rights & obligations in case of internet/ wireless technology based trading)	7 - 17
3.	Do's and Don't for the Investors - Document detailing do's and don't for trading on exchange, for the education of the investors	18 -19
4.	Internet & wireless technology based trading facility provided by members to client	20 - 23
5.	Policies & Procedure - Policies & Procedure for commodities.	24 - 28

**Annexure I**  
**Additional Risk Disclosure documents for Options Trading**

**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.

**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.

**Annexure–2**  
**RISK DISCLOSURE DOCUMENT**

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

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

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

You must acknowledge and accept that there can be no guarantee of profits or no exception from losses while executing orders for purchase and/or sale of a commodity derivatives being traded on the Exchange. It must be clearly understood by you that your dealings on the Exchange through a member shall be subject to your fulfilling certain formalities set out by the member, which may, inter alia, include your filing the know your client form and are subject to Rules, Byelaws and Business Rules of the Exchange guidelines prescribed by FMC from time to time and circulars as may be issued by the Exchange from time to time.

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

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

**1. Basic Risks involved in the trading of Commodity Futures Contracts and other Commodity**

## **Derivatives Instruments on the Exchange.**

### **i Risk of Higher Volatility**

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

### **ii. Risk of Lower Liquidity**

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

b. Buying/ Selling without intention of giving and/ or taking delivery of certain commodities may also result into losses, because in such a situation, commodity derivative contracts may have to be squared-off at a low/ high prices, compared to the expected price levels, so as not to have any obligation to deliver/ receive such commodities.

### **iii. Risk of Wider Spreads**

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

### **iv. Risk-reducing orders**

a. Most of the Exchanges have a facility for investors to place “limit orders”, “stop loss orders” etc. Placing of such orders (e.g. “stop loss” orders or “limit” orders) which are intended to limit losses to certain amounts may not be effective many a time because rapid movement in market conditions may make it impossible to execute such orders.

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

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

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

**v. Risk of News Announcements**

a. Traders/Manufacturers make news announcements that may impact the price of the commodities and/or commodity derivatives contracts. These announcements may occur during trading and when combined with lower liquidity and higher volatility may suddenly cause an unexpected positive or negative movement in the price of the commodity/commodity derivatives contract.

**vi. Risk of Rumours**

a. Rumours about the price of a commodity at times float in the market through word of mouth, newspaper, websites or news agencies, etc., the investors should be wary of and should desist from acting on rumours.

**vii. System Risk**

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

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

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

**viii. System/ Network Congestion**

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

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

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

a. The amount of margin is small relative to the value of the commodity derivatives contract so the transactions are 'leveraged' or 'geared'. Commodity Derivatives trading, which is conducted with a relatively small amount of margin, provides the possibility of great profit or loss in comparison with the principal investment amount. But transactions in commodity derivatives carry a high degree of risk. You should therefore completely understand the following statements before actually trading in commodity derivatives contracts and also trade with caution while taking into account one's circumstances, financial resources, etc.

b. Trading in Futures Commodity Derivatives involves daily settlement of all positions. Every day the open positions are marked to market based on the closing price. If the closing price has moved against you, you will be required to deposit the amount of loss (notional) resulting from such movement. This margin will have to be paid within a stipulated time frame, generally before commencement of trading on the next day.

c. If you fail to deposit the additional margin by the deadline or if an outstanding debt occurs in your account, the Member of the Exchange may liquidate/square-up a part of or the whole position. In this case, you will be liable for any losses incurred due to such square-up/ Close Outs.

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

e. Steps, such as, changes in the margin rate, increase in the cash margin rate etc. may be adopted in order to maintain market stability. These new measures may be applied to the existing open interests. In such conditions, you will be required to put up additional margins or reduce your positions.

f. You must ask your Member of the Exchange to provide the full details of the commodity derivatives contracts you plan to trade i.e. the contract specifications and the associated obligations.

### **3. TRADING THROUGH WIRELESS TECHNOLOGY OR ANY OTHER TECHNOLOGY:**

Any additional provisions defining the features, risks, responsibilities, obligations and liabilities associated with commodities trading through wireless technology or any other technology should be brought to the notice of the client by the member.

#### **4. General**

##### **i Deposited cash and property:**

You should familiarize yourself with the protections accorded to the money or other property you deposit particularly in the event of a firm become insolvent or bankrupt. The extent to which you may recover your money or property may be governed by specific legislation or local rules. In some jurisdictions, property, which has been specifically identifiable as your own, will be pro-rated in the same manner as cash for purposes of distribution in the event of a shortfall. In case of any dispute with the Member of the Exchange, the same shall be subject to arbitration as per the Rules, Bye-laws and Business Rules of the Exchange.

##### **ii. Commission and other charges:**

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

##### **iii.** For rights and obligations of the Members/Authorised Persons/ clients, please refer to *Annexure 3*

**iv.** The term 'Constituent' shall mean and include a Client, a Customer or an Investor, who deals with a member for the purpose of trading in the commodity derivatives through the mechanism provided by the Exchange.

**v.** The term 'member' shall mean and include a Trading Member or a Member/Broker, who has been admitted as such by the Exchange and got a Unique Member Code from FMC.

**Annexure – 3 (of KYC Document)**  
**RIGHTS AND OBLIGATIONS OF MEMBERS, AUTHORIZED PERSONS AND CLIENTS**  
as prescribed by FMC and Commodity Exchanges

1. The client shall invest/trade in those commodities / contracts/other instruments admitted to dealings on the Exchanges as defined in the Rules, Byelaws and Business Rules/ Regulations of Exchanges/ Forward Markets Commission (FMC) and circulars/notices issued there under from time to time.
  2. The Member, Authorized Person and the client shall be bound by all the Rules, Byelaws and Business Rules of the Exchange and circulars/notices issued there under and Rules and Regulations of FMC and relevant notifications of Government authorities as may be in force from time to time.
  3. The client shall satisfy himself of the capacity of the Member to deal in commodities and/or deal in derivatives contracts and wishes to execute its orders through the Member and the client shall from time to time continue to satisfy itself of such capability of the Member before executing orders through the Member.
  4. The Member shall continuously satisfy itself about the genuineness and financial soundness of the client and investment objectives relevant to the services to be provided.
  5. The Member shall take steps to make the client aware of the precise nature of the Member's liability for business to be conducted, including any limitations, the liability and the capacity in which the Member acts.
  6. Requirements of professional diligence
    - a. The Member must exercise professional diligence while entering into a financial contract or discharging any obligation under it.
    - b. "professional diligence" means the standard of skill and care that a Member would be reasonably expected to exercise towards a Client, commensurate with:
      - honest market practice;
      - the principle of good faith;
      - the level of knowledge, experience and expertise of the Client;
      - the nature and degree of risk embodied in the financial product\* or financial service being availed by the Client; and
      - the extent of dependence of the Client on the Member.
  7. The Authorized Person shall provide necessary assistance and co-operate with the Member in all its dealings with the client(s).
- CLIENT INFORMATION**
8. The client shall furnish all such details in full as are required by the Member in "Account Opening Form" with supporting details, made mandatory by commodity exchanges/FMC from time to time.
  9. The client shall familiarize himself with all the mandatory provisions in the Account Opening documents. Any additional clauses or documents specified by the Member shall be non-mandatory; therefore, subject to specific acceptance by the client.
  10. The client shall immediately notify the Member in writing if there is any change in the information in the 'account opening form' as provided at the time of account opening and thereafter; including the information on winding up petition/insolvency petition or any litigation which may have material bearing on his capacity. The client shall provide/update the financial information to the Member on a periodic basis.

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

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

### **11.B.**

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

### **11.C.**

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

12. The Member and Authorized Person shall maintain all the details of the client as mentioned in the account opening form or any other information pertaining to the client, confidentially and that they shall not disclose the same to any person/authority except as required under any law/regulatory requirements. Provided however that the Member may so disclose information about his client to any person or authority with the express permission of the client.
13. A. Protection of personal information and confidentiality
  - a. "Personal information" means any information that relates to a Client or allows a Client's identity to be inferred, directly or indirectly, and includes –
    - i. name and contact information;
    - ii. biometric information, in case of individuals
    - iii. information relating to transactions in, or holdings of, financial products
    - iv. information relating to the use of financial services; or
    - v. such other information as may be specified.
  - b. A Member must –
    - i. not collect personal information relating to a Client in excess of what is required for the provision of financial product or financial service;
    - ii. maintain the confidentiality of personal information relating to Clients and not disclose it to a third party, except in a manner expressly permitted under point 13.B.b.;
    - iii. make best efforts to ensure that any personal information relating to a Client that it holds is accurate, up to date and complete;
    - iv. ensure that Clients can obtain reasonable access to their personal information, subject to any exceptions that the Regulator may specify; and
    - v. allow Clients an effective opportunity to seek modifications to their personal information to ensure that the personal information held by the Member is accurate, up to date and complete.
- b. A Member may disclose personal information relating to a Client to a third party only if –
  - i. it has obtained prior written informed consent of the Client for the disclosure, after giving the Client an effective opportunity to refuse consent;
  - ii. the Client has directed the disclosure to be made;
  - iii. the Regulator has approved or ordered the disclosure, and unless prohibited by the relevant law or regulations, the Client is given an opportunity to represent under such law or regulations against such disclosure;
  - iv. the disclosure is required under any law or regulations, and unless prohibited by such law or regulations, the Client is given an opportunity to represent under such law or regulations against such disclosure;
  - v. the disclosure is directly related to the provision of a financial product or financial service to the Client, if the Member –
    1. informs the Client in advance that the personal information may be shared with a third party; and
    2. makes arrangements to ensure that the third party maintains the confidentiality of the personal information in the same manner as required under this Part; or
  - vi. the disclosure is made to protect against or prevent actual or potential fraud, unauthorised transactions or claims, if the Member arranges with the third party to maintain the confidentiality of the personal information in the manner required under this Part.-

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

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

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

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

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

i. main characteristics of the financial product or financial service, including its features, benefits and risks to the Client;  
ii. consideration to be paid for the financial product or financial service or the manner in which the consideration is calculated

iii. existence, exclusion or effect of any term in the financial product or financial contract;

iv. nature, attributes and rights of the Member, including its identity, regulatory status and affiliations;

v. contact details of the Member and the methods of communication to be used between the Member and the Client;

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

14.B.

a. Member must provide a Client that is availing a financial product or financial service provided by it, with the following continuing disclosures –

i. any material change to the information that was required to be disclosed under point 14.A at the time when the Client initially availed the financial product or financial service;  
ii. information relating to the status or performance of a financial product held by the Client, as may be required to assess the rights or interests in the financial product or financial service; and  
iii. any other information that may be specified.

b. A continuing disclosure must be made –

i within a reasonable time-period from the occurrence of any material change or at reasonable periodic intervals, as applicable; and

ii. in writing and in a manner that is likely to be understood by a Client belonging to that category.

## MARGINS

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

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

## **TRANSACTIONS AND SETTLEMENTS**

17. The client shall give any order for buy or sell of commodities derivatives contract in writing or in such form or manner, as may be mutually agreed between the client and the Member however ensuring the regulatory requirements in this regard are complied with. The Member shall ensure to place orders and execute the trades of the client, only in the Unique Client Code assigned to that client.
18. The Member shall inform the client and keep him apprised about trading/settlement cycles, delivery/payment schedules, any changes therein from time to time, and it shall be the responsibility in turn of the client to comply with such schedules/procedures of the relevant commodity exchange where the trade is executed.
19. The Member shall ensure that the money deposited by the client shall be kept in a separate account, distinct from his/its own account or account of any other client and shall not be used by the Member for himself/itself or for any other client or for any purpose other than the purposes mentioned in Rules, circulars, notices, guidelines of FMC and/or Rules, Business Rules, Bye-laws, circulars and notices of Exchange.
20. Where the Exchange(s) cancels trade(s) suo moto all such trades including the trade/s done on behalf of the client shall ipso facto stand cancelled, Member shall

be entitled to cancel the respective contract(s) with client(s).

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

## **BROKERAGE**

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

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

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

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

### **DISPUTE RESOLUTION**

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

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

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

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

a. A Member must have in place an effective mechanism to receive and redress complaints from its Clients in

relation to financial products or financial services provided by it, or on its behalf, in a prompt and fair manner.

- b. A Member must inform a Client, at the commencement of relationship with the Client and at such other time when the information is likely to be required by the Client, of –
- i. the Client's right to seek redress for any complaints; and
  - ii. the processes followed by the Member to receive and redress complaints from its Clients.

#### **29.A. Suitability of advice for the Client**

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

- a. A Member must –
- i. make all efforts to obtain correct and adequate information about the relevant personal circumstances of a Client; and
  - ii. ensure that the advice given is suitable for the Client after due consideration of the relevant personal circumstances of the Client.
- b. If it is reasonably apparent to the Member that the available information regarding the relevant personal circumstances of a Client is incomplete or inaccurate, the Member must warn the Client of the consequences of proceeding on the basis of incomplete or inaccurate information.
- c. If a Client intends to avail of a financial product or financial service that the Member determines unsuitable for the Client, the Member –

- i. must clearly communicate its advice to the Client in writing and in a manner that is likely to be understood by the Client; and
  - ii. may provide the financial product or financial service requested by the Client only after complying with point 29. A.a and obtaining a written acknowledgment from the Client.
30. Dealing with conflict of interest  
In case of any conflict between the interests of a Client and that of the Member, preference must be given to the Client interests.
- a. A member must –
    - i. provide a Client with information regarding any conflict of interests, including any conflicted remuneration that the Member has received or expects to receive for making the advice to the Client; and
    - ii. give priority to the interests of the Client if the Member knows, or reasonably ought to know, of a conflict between –
      - 1. its own interests and the interests of the Client; or
      - 2. the interests of the concerned Member and interests of the Client, in cases where the Member is a financial representative.
  - b. The information under point 16.a.i. must be given to the Client in writing and in a manner that is likely to be understood by the Client and a written acknowledgement of the receipt of the information should be obtained from the Client.
  - c. In this section, “conflicted remuneration” means any benefit, whether monetary or non-monetary, derived by a Member from persons other than Clients, that could, under the circumstances, reasonably be expected to influence the advice given by the Member to a Client.

## **TERMINATION OF RELATIONSHIP**

- 31. This relationship between the Member and the client shall be terminated; if the Member for any reason ceases to be a member of the commodity exchange including cessation of membership by reason of the Member's default, death, resignation or expulsion or if the certificate is cancelled by the Exchange.
- 32. The Member, Authorized Person and the client shall be entitled to terminate the relationship between them without giving any reasons to the other party, after giving notice in writing of not less than one month to the other parties. Notwithstanding any such termination, all rights, liabilities and obligations of the parties arising out of or in respect of transactions entered into prior to the termination of this relationship shall continue to subsist and vest in/be binding on the respective parties or his/its respective heirs, executors, administrators, legal representatives or successors, as the case may be.
- 33. In the event of demise/insolvency of the Authorized Person or the cancellation of his/its registration with the Board or/withdrawal of recognition of the Authorized Person by the commodity exchange and/or termination of the agreement with the Authorized Person by the Member, for any reason whatsoever, the client shall be informed of such termination and the client shall be deemed to be the direct client

## **ADDITIONAL RIGHTS AND OBLIGATIONS**

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

35. The Member shall issue a contract note to his clients for trades executed in such format as may be prescribed by the Exchange from time to time containing records of all transactions including details of order number, trade number, trade time, trade price, trade quantity, details of the derivatives contract, client code, brokerage, all charges levied etc. and with all other relevant details as required therein to be filled in and issued in such manner and within such time as prescribed by the Exchange. The Member shall send contract notes to the investors within 24 hours of the execution of the trades in hard copy and/or in electronic form using digital signature.
36. The Member shall make pay out of funds or delivery of commodities as per the Exchange Rules, Bye-Laws, Business Rules and Circulars, as the case may be, to the Client on receipt of the payout from the relevant Exchange where the trade is executed unless otherwise specified by the client and subject to such terms and conditions as may be prescribed by the relevant Exchange from time to time where the trade is executed.
37. The Member shall send a complete `Statement of Accounts' for both funds and commodities 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 immediately but not later than 30 calendar days of receipt thereof, to the Member. A detailed statement of accounts must be sent every month to all the clients in physical form. The proof of delivery of the same should be preserved by the Member.
38. The Member shall send margin statements to the clients on monthly basis. Margin statement should include, inter-alia, details of collateral deposited, collateral utilized and collateral status (available balance/due from client) with break up in terms of cash, Fixed Deposit Receipts (FDRs), Bank Guarantee, warehouse receipts, securities etc.
39. The Client shall ensure that it has the required legal capacity to, and is authorized to, enter into the relationship with Member and is capable of performing his obligations and undertakings hereunder. All actions required to be taken to ensure compliance of all the transactions, which the Client may enter into shall be completed by the Client prior to such transaction being entered into.
40. In case, where a member surrenders his/her/ its membership, Member gives a public notice inviting claims, if any, from investors. In case of a claim relating to transactions executed on the trading system of the Exchange, ensure that client lodge a claim with the Exchange within the stipulated period and with the supporting documents.
41. A. Protection from unfair conduct which includes misleading conduct & abusive conduct
  - a. Unfair conduct in relation to financial products or financial services is prohibited.
  - b. "Unfair conduct" means an act or omission by a Member or its financial representative that significantly impairs, or is likely to significantly impair, the ability of a Client to make an informed transactional decision and includes –
    - i. misleading conduct under point 4 I .B
    - ii. abusive conduct under point 4 I .C
    - iii. such other conduct as may be specified.

#### 41.B.

- a. Conduct of a Member or its financial representative in relation to a determinative factor is misleading if it is likely to cause the Client to take a transactional decision that the Client would not have taken otherwise, and the conduct involves –
  - i. providing the Client with inaccurate information or information that the Member or financial representative does not believe to be true; or
  - ii. providing accurate information to the Client in a manner that is deceptive.
- b. In determining whether a conduct is misleading under point 41.B.a, the following factors must be considered to be “determinative factors” –
  - i. the main characteristics of a financial product or financial service, including its features, benefits and risks to the Client;
  - ii. the Client’s need for a particular financial product or financial service or its suitability for the Client;
  - iii. the consideration to be paid for the financial product or financial service or the manner in which the consideration is calculated;
  - iv. the existence, exclusion or effect of any term in a financial contract, which is material term in the context of that financial contract;
  - v. the nature, attributes and rights of the Member, including its identity, regulatory status and affiliations; and
  - vi. the rights of the Client under any law or regulations.

#### 41.C.

- a. A conduct of a Member or its financial representative in relation to a financial product or financial service is abusive if it –
  - i. involves the use of coercion or undue influence; and

- ii. causes or is likely to cause the Client to take a transactional decision that the Client would not have taken otherwise.
- b. In determining whether a conduct uses coercion or undue influence, the following must be considered –
    - i. the timing, location, nature or persistence of the conduct;
    - ii. the use of threatening or abusive language or behaviour;
    - iii. the exploitation of any particular misfortune or circumstance of the Client, of which the Member is aware, to influence the Client’s decision with regard to a financial product or financial service;
    - iv. any non-contractual barriers imposed by the Member where the Client wishes to exercise rights under a financial contract, including –
    - v. the right to terminate the financial contract;
    - vi. the right to switch to another financial product or another Member and
    - vii. a threat to take any action, depending on the circumstances in which the threat is made.

#### ELECTRONIC CONTRACT NOTES (ECN)

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

43. The Member shall ensure that all ECNs sent through the e-mail shall be digitally signed, encrypted, non-tamperable and in compliance with the provisions of the IT Act, 2000. In case, ECN is sent through e-mail as an attachment, the attached file shall also be secured with the digital signature, encrypted and non-tamperable.
  44. The client shall note that non-receipt of bounced mail notification by the Member shall amount to delivery of the contract note at the e-mail ID of the client.
  45. The Member shall retain ECN and acknowledgement of the e-mail in a soft and non-tamperable form in the manner prescribed by the exchange in compliance with the provisions of the IT Act, 2000 and as per the extant rules/circulars/guidelines issued by FMC/Commodity exchanges from time to time. The proof of delivery i.e., log report generated by the system at the time of sending the contract notes shall be maintained by the Member for the specified period under the extant rules/circulars/guidelines issued by FMC/Commodity exchanges. The log report shall provide the details of the contract notes that are not delivered to the client/e-mails rejected or bounced back. The Member shall take all possible steps to ensure receipt of notification of bounced mails by him at all times within the stipulated time period under the extant rules/circulars/guidelines issued by FMC/Commodity exchanges.
  46. The Member shall continue to send contract notes in the physical mode to such clients who do not opt to receive the contract notes in the electronic form. Wherever the ECNs have not been delivered to the client or has been rejected (bouncing of mails) by the e-mail ID of the client, the Member shall send a physical contract note to the client within the stipulated time under the extant Regulations/ Rules, Bye-Laws, Business Rules and Circulars of FMC/commodity exchanges and maintain the proof of dispatch and delivery of such physical contract notes.
  47. In addition to the e-mail communication of the ECNs to the client, the Member shall simultaneously publish the ECN on his designated web-site, if any, in a secured way and enable relevant access to the clients and for this purpose, shall allot a unique user name and password to the client, with an option to the client to save the contract note electronically and/or take a print out of the same.
  48. The Electronic Contract Note (ECN) decl
- LAW AND JURISDICTION**
49. In addition to the specific rights set out in this document, the Member, Authorised Person and the client shall be entitled to exercise any other rights which the Member or the client may have under the Rules, Bye-laws and Business Rules of the Exchanges in which the client chooses to trade and circulars/notices issued thereunder or Rules of FMC.
  50. The provisions of this document shall always be subject to Government notifications, any rules, guidelines and circulars/notices issued by FMC and Circulars, Rules, Business Rules and Bye laws of the relevant commodity exchanges, where the trade is executed, that may be in force from time to time.
  51. The Member and the client shall abide by any award passed by the Arbitrator(s) under the Arbitration and Conciliation Act, 1996. However, there is also a provision of appeal, if either party is not satisfied with the arbitration award.
  52. Words and expressions which are used in this document but which are not defined herein shall, unless the context otherwise

requires, have the same meaning as assigned thereto in the Rules, Byelaws and Regulations/Business Rules and circulars/notices issued thereunder of the Exchanges/FMC.

53. All additional voluntary/non mandatory clauses/document added by the Member should not be in contravention with Rules/ Business Rules/ Notices/ Circulars of Exchanges/FMC. 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/FMC shall also be brought to the notice of the clients.
54. If the rights and obligations of the parties hereto are altered by virtue of change in Rules of FMC or Bye-laws, Rules and Business Rules of the relevant commodity exchanges where the trade is executed, such changes shall be deemed to have been incorporated herein in modification of the rights and obligations of the parties mentioned in this document.
55. Members are required to send account statement to their clients every month in physical form.

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

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

Additionally, the clauses mentioned herein shall also be applicable.)

1. Member is eligible for providing Internet based trading (IBT) and commodities trading through the use of wireless technology that shall include the use of devices such as mobile phone, laptop with data card, etc. which use Internet Protocol (IP). The Member shall comply with all requirements applicable to internet based trading/- commodities trading using wireless technology as may be specified by FMC& the Exchanges from time to time.
2. The client is desirous of investing/trading in commodities and for this purpose, the client is desirous of using either the internet based trading facility or the facility for commodities trading through use of wireless technology. The Member shall provide the Member's IBT Service to the Client, and the Client shall avail of the Member's IBT Service, on and subject to FMC/Exchanges Provisions and the terms and conditions specified on the Member's IBT Web Site provided that they are in line with the norms prescribed by Exchanges/FMC.
3. The Member shall bring to the notice of client the features, risks, responsibilities, obligations and liabilities associated with commodities trading through wireless technology/internet or any other technology should be brought to the notice of the client by the Member.
4. The Member shall make the client aware that the Member's IBT system itself generates the initial password and its password policy as stipulated in line with norms prescribed by Exchanges/FMC.
5. The Client shall be responsible for keeping the Username and Password confidential and secure and shall be solely responsible for all orders entered and transactions done by any person whosoever through the Member's IBT System using the Client's Username and/or Password whether or not such person was authorized to do so. Also the client is aware that authentication technologies and strict security measures are required for the internet trading/ commodities trading through wireless technology through order routed system and undertakes to ensure that the password of the client and/or his authorized representative are not revealed to any third party including employees and dealers of the Member
6. The Client shall immediately notify the Member in writing if he forgets his password, discovers security flaw in Member's IBT System, discovers/suspects discrepancies/ unauthorized access through his username/password/account with full details of such unauthorized use, the date, the manner and the transactions effected pursuant to such unauthorized use, etc.
7. The Client is fully aware of and understands the risks associated with availing of a service for routing orders over the internet/ commodities trading through wireless technology and Client shall be fully liable and responsible for any and all acts done in the Client' Username/password in any manner whatsoever.

8. The Member shall send the order/trade confirmation through email to the client at his request. The client is aware that the order/ trade confirmation is also provided on the web portal. In case client is trading using wireless technology, the Member shall send the order/trade confirmation on the device of the client.
9. The client is aware that trading over the internet involves many uncertain factors and complex hardware, software, systems, communication lines, peripherals, etc. are susceptible to interruptions and dislocations. The Member and the Exchange do not make any representation or warranty that the Member's IBT Service will be available to the Client at all times without any interruption.
10. The Client shall not have any claim against the Exchange or the Member on account of any suspension, interruption, non-availability or malfunctioning of the Member's IBT System or Service or the Exchange's service or systems or non-execution of his orders due to any link/system failure at the Client/Members/Exchange end for any reason beyond the control of the Member/Exchanges.

## Annexure -4

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

Do's	Don'ts
1. Trade only through Registered Members of the Exchange. Check from the Exchange website at following link <a href="http://www.mcxindia.com/SitePages/MembersDetails.aspx">http://www.mcxindia.com/SitePages/MembersDetails.aspx</a> to see whether the Member is registered with the Exchange.	1. Do not deal with any unregistered intermediaries.
2. Insist on filling up a standard 'Know Your Client (KYC)' form before you commence trading	2. Do not undertake off-market transactions as such transactions are illegal and fall outside the jurisdiction of the Exchange.
3. Insist on getting a Unique Client Code (UCC) and ensure all your trades are done under the said UCC.	3. Do not enter into assured returns arrangement with any Member
4. Insist on reading and signing a standard 'Risk Disclosure Agreement'.	4. Do not get carried away by luring advertisements, rumours, hot tips, explicit/implicit promise of returns, etc.
5. Obtain a copy of your KYC and/ or other documents executed by you with the Member, from the Member.	5. Do not make payments in cash/ take any cash towards margins and settlement to/ from the Member.
6. Cross check the genuineness of trades carried out at the Exchange through the trade verification facility available on the Exchange website at the following link <a href="http://www.mcxindia.com/SitePages/TradeVerification.aspx">http://www.mcxindia.com/SitePages/TradeVerification.aspx</a> . The trades can be verified online where trade information is available up to 5 working days from the trade date.	6. Do not start trading before reading and understanding the Risk Disclosure Agreement.
7. Insist on a duly signed Contract Note in specified format for every executed trade within 24 hours of trade, highlighting the details of the trade along with your UCC.	7. Do not neglect to set out in writing, orders for higher value given over phone.
8. Ensure that the Contract Note contains all the relevant information such as Member Registration Number, Order No., Order Date, Order time, Trade No., Trade rate, Quantity, Arbitration Clause, etc.	8. Do not accept unsigned/duplicate contract note/confirmation memo.
9. Obtain receipt for collaterals deposited with the Member towards margins.	9. Do not accept contract note/confirmation memo signed by any unauthorized person.
10. Go through the Rules, Bye-laws, Regulations, Circulars, Directives, Notifications of the Exchange as well as of the Regulators, Government and other authorities to know your rights and duties vis-à-vis those of the Member.	10. Don't share your internet trading account's password with anyone
	11. Do not delay payment/deliveries of commodities to Member.
	12. Do not forget to take note of risks involved in the investments.
	13. Do not sign blank Delivery Instruction Slips (DIS) while furnishing commodities, deposits and/or keep them with Depository Participants (DP) or member to save time.
	14. Do not pay brokerage in excess of that rates prescribed by the Exchange
	15. Don't issue cheques in the name of Authorized Person.

11. Ask all relevant questions and clear your doubts with your Member before transacting.
12. Insist on receiving the bills for every settlement.
13. Insist on Monthly statements of your ledger account and report any discrepancies in the statement to your Member within 7 working days. In case of unsatisfactory response report the discrepancy to the Exchange within 15 working days from the date of cause of action.
14. Scrutinize minutely both the transaction & holding statements that you receive from your Depository Participant.
15. Keep Delivery Instruction Slips (DIS) book issued by DPs in safe possession.
16. Ensure that the DIS numbers are preprinted and your account number (UCC) is mentioned in the DIS book.
17. Freeze your Demat account in case of your absence for longer duration or in case of not using the account frequently.
18. Pay required margins in time and only by Cheque and ask for receipt thereof from the Member.
19. Deliver the commodities in case of sale or pay the money in case of purchase within the time prescribed.
20. Understand and comply with accounting standards for derivatives.
21. Ensure to read, understand and then sign the voluntary clauses, if any, agreed between you and the Member. Note that the clauses as agreed between you and the Member cannot be changed without your consent.
22. Get a clear idea about all brokerage, commissions, fees and other charges levied by the Member on you for trading and the relevant provisions/ guidelines specified by FMC/Commodity exchanges.

23. Make the payments by account payee cheque in favour of the Member. Ensure that you have a documentary proof of your payment/deposit of commodities with the Member, stating date, commodity, quantity, towards which bank/ demat account such money or commodities (in the form of warehouse receipts) deposited and from which bank/ demat account.
24. The payout of funds or delivery of commodities (as the case may be) shall not be made to you within one working day from the receipt of payout from the Exchange, in case you have given specific authorization for maintaining running account to the member. Thus, in this regard, the running account authorization provided by you to the Member shall be subject to the following conditions:
  - a) Such authorization from you shall be dated, signed by you only and contains the clause that you may revoke the same at any time.
  - b) You need to bring any dispute arising from the statement of account to the notice of the Member in writing preferably within 7 (seven) working days from the date of receipt of funds/commodities or statement, as the case may be. In case of dispute, refer the matter in writing to the Investors Grievance Cell of the relevant Commodity exchanges without delay.
  - c) In case you have not opted for maintaining running account and pay-out is not received on the next working day of the receipt of payout from the exchanges, please refer the matter to the Member. In case there is dispute, ensure that you lodge a complaint in writing immediately with the Investors Grievance Cell of the relevant Commodity exchange.

- d) Please register your mobile number and email id with the Member, to receive trade confirmation alerts/ details of the transactions through SMS or email, by the end of the trading day, from the commodity exchanges.
- 25. You should familiarize yourself with the protection accorded to the money or other property you may deposit with your member, particularly in the event of a default in the commodity derivatives market or the member becomes insolvent or bankrupt.
- 26. Please ensure that you have a documentary proof of having made the deposit of such money or property with the member, stating towards which account such money or property deposited.
- 27. In case your problem/grievance/issue is not being sorted out by concerned Member/Authorised Person then you may take up the matter with the concerned Commodity Exchange. If you are not satisfied with the resolution of your complaint then you can escalate the matter to FMC.

## **Policies & Procedures for Wealthstreet Advisors Pvt. Ltd.**

### **1. Refusal of orders for penny / illiquid Commodity**

The Commodities Broker shall have the absolute discretion, from time to time, to refuse/partially refuse/accept orders in one or more commodities due to various reasons including trading in penny commodities , market liquidity, value of commodity(ies) ,illiquid options, far month options, writing of options, market capitalization of the commodities and such commodity(ies) not in demat form, commodities which are not in the permitted list of the Commodities Broker / exchange(s) / SEBI and/or appear under illiquid commodities declared by the exchange(s). It is also provided further that Commodities Broker may ask for compulsory settlement / advance payment of expected settlement value/delivery of commodities for settlement prior to acceptance / placement of order(s) as well. Losses, if any, on account of such refusal by the Commodities Broker or due to delay caused by such limits, shall be borne exclusively by the client alone. The Commodities Broker shall not be responsible for any financial or other implications due to such execution, delay in execution or non-execution of any such orders. The Commodities Broker shall have the prerogative to place such restrictions, notwithstanding that the client has sufficient credit or margin available in his account. The Commodities Broker, may however, allow for acceptance of such orders, for certain commodities on its own discretion, through its specific internal process, instead of allowing such orders through the standard process like online trading platform or its branches.

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

The Commodities Broker, may from time to time, vary limits or impose new limits for the orders that the client can place through the Commodities Broker's trading platforms. The Commodities Broker would have the sole discretion on setting these limits based on its risk perception of the client, Margin received from the client, Market conditions and other factors, but not limited to, limits on account of exchange/ SEBI directions/ limits (such as Commodities Broker level/ market level limits in commodity specific/volume specific exposures etc.). This would include exposure limits, turnover limits, limits as to the number, value and/or kind of commodities in respect of which orders can be placed etc.). The client is aware that the Commodities Broker may be unable to inform the client of such variation, reduction or imposition in advance. The Commodities Broker shall not be responsible for such variation, reduction or imposition or the client's inability to route any order through the Commodities Broker's trading system on account of any such variation, reduction or imposition of limits. The Commodities Broker may at any time, at its sole discretion and without prior notice, prohibit or restrict the client's ability to place orders or trade in commodities through the Commodities Broker, or it may subject any order placed by the client to a review before its entry into the trading systems and may refuse to execute / allow execution of orders due to but not limited to the reason of lack of margin / commodities or the order being outside the limits set by the Commodities Broker / exchange / SEBI and any other reasons which the Commodities Broker may deem appropriate in the circumstances. Losses, if any, incurred by the client on account of such refusal or delay, shall be borne exclusively by the client alone. The Commodities Broker shall have the prerogative to allow differential buy and sell limits for its clients depending upon credit worthiness, integrity and past conduct of each client.

### **3. Applicable brokerage rate**

The Commodities Broker is entitled to charge brokerage within the limits imposed by exchange.

**4. Imposition of penalty/delayed payment charges/other charges**

The Commodities Broker would be entitled to levy or charge delayed payment charges not exceeding 24% per annum on any amounts which are overdue from the client towards trading or on account of any other reasons. The client shall pay to the Commodities Broker brokerage, all taxes, duties, levies to the commodities exchanges (including any amount due on account of reassessment / backlogs etc.), transaction expenses, F&O charges, delayed payment charges, short delivery charges, auction charges, cheque stop payment charges, cheque bounce charges, incidental expenses such as postage, courier etc. as they apply from time to time to the client's account /transactions / services that the client avails from the Commodities Broker. The Commodities Broker may impose penalties / fines for any orders/trades / deals / actions of the client which are contrary to Commodities Broker Client Agreement/rules / regulations / Bye-Laws of the exchange or any other law for the time being in force, at such rates and in such form as it may deem fit. Further where the Commodities Broker has to pay any fine or bear any punishment from any authority in connection with / as a consequence of / in relation to any of the orders/trades / deals/actions of the client, the same shall be borne by the client.

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

The Commodities Broker shall have the right and the prerogative to sell client's commodities, both unpaid commodities as well as collaterals deposited towards margins, or close out client's open positions, without giving notice to the client where there is either a delay or failure of the client to meet the pay-in/settlement obligations and / or there is delay /failure of the client to bring additional margins to cover the increase in risk in dynamic and volatile market conditions. The client would be responsible for monitoring his / her / its position (dealings/trades and valuation of commodity(ies)) on his / her / its own and provide the required/deficit margin / commodity(ies) forthwith as required from time to time whether or not any margin call or such other separate communication to that effect is sent by the Commodities Broker to the client and / or whether or not such communication is received by the client. The client is not entitled to trade without adequate margin and that it shall be client's own responsibility to ascertain beforehand the margin requirements for its orders/ traders/deals and to ensure that the required margin is made available to the Commodities Broker in such form and manner as may be required by the Commodities Broker. The client shall ensure that funds/commodities are made available in time and in designated form at designated bank(s) and depository account(s) of the Commodities Broker, for meeting his/her/its pay-in/settlement obligation of funds and commodities. The Commodities Broker shall not be responsible for any claim/loss/damage arising out of non-availability/short availability/delayed availability of funds/commodities by the client in the designated account(s) of the Commodities Broker for meeting the pay-in/settlement obligation of either funds or commodities. If the client gives orders/trades in the anticipation of the required commodities being available subsequently for pay-in/settlement through anticipated pay out from the exchange or through borrowings or any off market delivery(s) or market delivery(s) and if such anticipated availability does not materialize in actual availability of commodities/funds for pay-in/settlement for any reason whatsoever including but not limited to any delays/shortages at the exchange or Commodities Broker level/non-release

of margin by the Commodities Broker etc., the losses which may occur to the client as a consequence of such shortages in any manner such as on account of auctions / square-off / closing outs etc., shall be solely to the account of the client and the Commodities Broker shall not be responsible for the same in any form or manner whatsoever. In case the payment of the margin/commodity is made by the client through a bank instrument, the Commodities Broker shall be at liberty to give the benefit/credit for the same only on the realization of the funds from the said bank instrument & subsequent updation in records as per Commodities Broker's process. Where the margin/ commodity is made available by way of commodities, it is upto the Commodities Broker's discretion to decline its acceptance as margin &/or to accept it at such reduced value as the Commodities Broker may deem fit by applying haircuts or by valuing it by marking it to market or by any other method as the Commodities Broker may deem fit in its absolute discretion. In the event of client failing to maintain or provide the required margin/fund/ commodity(ies) or to meet the funds/ margins/commodities pay-in obligations on immediate basis for the orders/trades/deals of the client and the Commodities Broker shall have the right, without any further notice or communication to the client, to withhold pay-out of funds/commodities, to liquidate commodity(ies), to disable trading facility to the client. Losses, if any, on account of any one or more steps, as enumerated herein above, being taken by the Commodities Broker, shall be borne exclusively by the client alone.

**6. Conditions under which a client may not be allowed to take further position or the Commodities Broker may close the existing position of a client**

The Commodities Broker may refuse to execute order of a client or may close the existing position of the client due to lack of margin / commodities or the order being outside the limits set by Commodities Broker / exchange/ SEBI. Other reasons for not allowing further positions or closing out of existing positions could be as:

- a) Client has not met his pay-in obligations in cash by the scheduled date of pay-in for purchases done in CM segment.
- b) Non-payment or erosion of margins or other amounts, outstanding debts, etc.
- c) Client is dealing in illiquid scrips or contracts/penny commodity.
- d) Cheque submitted by the client has bounced or clear funds not received with the Commodities Broker for the cheque submitted by the client.
- e) If in the opinion of the Commodities Broker, the client has committed a fraud, crime, or acted in contravention to the agreement.
- f) Non-Payment of Marked to Market loss in Cash.
- g) Open positions in a contract exceed or are close to market wide cut-off limits.
- h) Client's position is close to client-wise permissible "open" positions.
- i) Intraday orders after the cut-off time would not be allowed.

**7. Temporarily suspending or closing a client's account**

The Commodities Broker can suspend/close the client account and also withhold the pay-outs of client if there is any judicial or/and regulatory order/action requiring suspension/closure of client's account. The Commodities Broker can also suspend/close the client account if the Commodities Broker observes any abnormal or suspicious activity in the client account through its monitoring and surveillance of the client account. The Commodities Broker may also temporarily suspend/close the client account if there is no activity in the client account for a period, as deemed fit by the Commodities Broker from time to time. The client's account can also be put under temporary suspension/closure if the client has not

cleared the uncovered debit in its account or if the client has not submitted Know Your Client (KYC) details sought by the Commodities Broker to fulfil its own surveillance or exchange related requirements. In the event of information/reports reaching the Commodities Broker of the client's death, the account can also be put under temporary suspension/closure. The Commodities Broker can also put the client's account under temporary suspension/closure if the client has failed to provide or update its communication details like correspondence address, Mobile number, landline numbers or E-mail ID. The client may also request the Commodities Broker to temporarily suspend/close his account, Commodities Broker may do so subject to client accepting / adhering to conditions imposed by Commodities Broker including but not limited to settlement of account and / or other obligation.

#### **8. De-registering a client**

The client has the option to De-register his account after settling his account with the Commodities Broker. The client would be liable to pay all dues in his account before the De-registration. The Commodities Broker shall have the right to terminate the agreement with immediate effect in any of the following circumstances:

- a) The client account figures in the list of debarred entities published by SEBI. The actions of the Client are prima facie illegal / improper or such as to manipulate the price of any commodities or disturb the normal / proper functioning of the market, either alone or in conjunction with others.
- c) If there is any legal /regulatory proceeding against the client under any law in force.
- d) If there is reasonable apprehension that the Client is unable to pay its debts or the Client has admitted its inability to pay its debts, as they become payable;
- e) If the Client is in breach of any term, condition or covenant of this Agreement;
- f) When the Commodities Broker is informed or ascertains that the client has deceased / become insolvent / not able to act in the market due to lunacy/disability etc.
- g) The Commodities Broker shall have the right to close out the existing positions, sell the collaterals to recover any dues with or without consent of the client before the de-registration of the client.
- h) Either party will be entitled to terminate the agreement without assigning any reason, after giving notice in writing of not less than 30 days to the other party.

#### **9. INACTIVE CLIENT ACCOUNT**

A client account will be considered as inactive if the client account does not record any trade for 6 months. The trading activity of the client account shall be tracked and a client's account, where no trading is observed for a period of 6 months shall be categorized as inactive (dormant) and put under temporary suspension. Wealthstreet Advisors Pvt. Limited would be placing such accounts under temporary suspension. Once the account is under temporary suspension, the client

would not be allowed to login to his account or trade (place orders) either through online mode or by calling/visiting its service branch.

## **REACTIVATION:**

The client can get such account(s) reactivated by placing a reactivation request . The client needs to submit the “Commodities Account Reactivation Form” in hard copy directly to our Head office. Alternatively the client can submit the same at the nearest service branch as well Wealthstreet Advisors Pvt. Limited shall also have the discretion to reactivate a trading account, after doing adequate due diligence, as the company may consider fit and proper.

## **CLIENT ACCEPTANCE AND ACKNOWLEDGEMENT**

These policies and procedures may be amended/changed by Wealthstreet Advisors Pvt. Limited, provided the change is informed to the client through any one of the means or method like posting on the website of Wealthstreet Advisors Pvt. Limited or sending by speed post / courier / registered AD/ e-mail. These policies and procedures are to be read along with the document executed and shall be compulsorily referred to while deciding any dispute / difference in claims in between client and .Wealthstreet Advisors Pv.Limited in any court of law, judicial or arbitrating authority, including arbitrator, mediator etc.



# **Wealthstreet**

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*The Financial Engineers*

## **Wealthstreet Advisors Private Limited**

**Regd. Office :**

A-1101, Mondeal Heights, Besides Novotel Hotel,  
S.G. Highway, Ahmedabad-380015.