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Span Caplease Pvt. Ltd.

REGISTERED OFFICE

"SPAN HOUSE", Nr. Suryarath Building, Panchvati,  
C.G. Road, Ahmedabad - 380 009

Phone : +91-79-30414100 • Fax No. : +91-79-30002719

website : [www.spancaplease.com](http://www.spancaplease.com) • email : [span@spancaplease.com](mailto:span@spancaplease.com)

F. No.

At SPAN We Exist To Provide

**S**ervice Excellence

**P**ersonal Touch

**A**lways Accessible

**N**ew Ideas

KYC FORM

BRANCH CODE	REMISIER/ AUTHO. PERSON/ SUB BROKER	CLIENT CODE	GROUP CODE
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## INDEX OF DOCUMENTS

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3	Risk Disclosure Document (RDD)	Document detailing risks associated with dealing in the securities market.	16 to 19
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8	Document showing some basic information about Anti-money laundering	Document to provide basic information to clients about AMIL measures for General Guidance of Clients.	30 to 31

Name of Stock broker: Span Caplease Pvt Ltd

Details of SEBI Registration No. and Date :

Segment	BSE Exchange	NSE Exchange
CM (Cash)	INB 011041937 (11/03/2004)	INB 231041931 (25/08/2005)
Derivatives (F & O)	INF 011041937 (11/03/2004)	INF 231041931 (25/08/2005)
F & O Clearing No.	916	M5137
Membership No.	916	10419

Reg. and Correspondence : "SPAN HOUSE", Nr. Suryarath Building, Panchvati,  
Office Address : C.G.ROAD, Ahmedabad - 380009  
Phone nos. : +91 79 30414100 • Fax : 30002719 • Website : [www.spancaplease.com](http://www.spancaplease.com)

Compliance Officer & Director : Kaushal B. Shah, Ph. : 079-30414100/204  
Name, Phone & email ID : [kaushal.shah@spancaplease.com](mailto:kaushal.shah@spancaplease.com), [compliance@spancaplease.com](mailto:compliance@spancaplease.com)

For any grievance/dispute please contact Span Caplease Pvt Ltd on above address or email id [grievance@spancaplease.com](mailto:grievance@spancaplease.com) and phone no.:079-30414100/233. In case not satisfied with the response, please contact the concerned exchange(s) at

Bombay Stock Exchange : Investor Services Email Id: [dis@bseindia.com](mailto:dis@bseindia.com) , Tel phone : 022-22728097.

National Stock Exchange : Investor Grievance cell/Arbitration: [ignse@nse.co.in](mailto:ignse@nse.co.in) Tel Phone : 022-26598190

### Tarrif Sheet

**Brokerage charges levy by the stock broker on the particular segment :**

Segment	INTRADAY	DELIVERY	MIN.BROKERAGE
BSE C.M.			
BSE F&O			
NSE-C.M.			
NSE-F&O			

Minimum : Rs.25/- Per Contract

**Following charges are levied by the stock exchanges/relevant authorities :**

Turnover Charges	0.0033 % of total Turnover
SEBI Fees	0.0001 % of total Turnover
STT (Security Transaction Tax)	0.125% on Delivery(Buy & Sell) , 0.025% for Intraday(only on Sell)
Stamp Duty	0.01 % on intraday and 0.002 % on deliverybase turnover.
Service Tax	10.30%
Demat Section Charges (on sale)	Rs. 20/- per Instruction

\* Above mentioned charges/fees may be change on time to time.

#### Charges for Depository Services

Particulars	Charges
Document Charges (one time)	Rs.140
POA for Automated Pay-In	Rs. 100
Annual Maintenance	Rs.400
Demat / Remat Request / Rejection	Rs. 100 + Rs. 5 per certificate
Sales/ Failed Instruction	Rs. 20 (Rs. 20 for in-house market transaction) per ISIN
<b>Pledge</b>	
Creation	0.02% of the value of securities Minimum Rs. 50 per ISIN
Closure	0.02% of the value of securities Minimum Rs. 50 per ISIN
Invocation	0.02% of the value of securities Minimum Rs. 50 per ISIN

**Notes:**

- The Genreal rates as mentioned here shall be applied unless the special rates as may be agreed by the Sub Broker/ Authorised Person/Introducer and client and the same are mentioned here.
- Apart from above delayed payment charges as per Policy & Procedures under mandatory documents forming part of KYC documents would also apply.
- Postage/Courior and other charges will be extra as may be applicable on demand of any additional services.
- Span Caplease Pvt. Ltd. Reserves the right to revise the Brokerage structure, by publishing/ displaying the same on its website [www.spancaplease.com](http://www.spancaplease.com)

Signature of Applicant \_\_\_\_\_

Date : \_\_\_\_\_ (dd/mm/yyyy)

**ANNEXURE - 2**  
**KNOW YOUR CLIENT (KYC) APPLICATION FORM**

**FOR INDIVIDUALS**

Dear Sir,

We request you to register me / us as your client and in this regard the following information is furnished: (Please fill this form in ENGLISH and in BLOCK LETTERS).

*Please sign across the photograph*

**A. IDENTITY DETAILS**

1. Name of the Applicant: \_\_\_\_\_
2. Father's / Spouse Name: \_\_\_\_\_
3. a. Gender :  Male  Female      b. Marital Status:  Single  Married
- c. Date of birth: \_\_\_\_\_ (dd/mm/yyyy)
4. a. Nationality : \_\_\_\_\_
- b. Status :  Resident Individual  Non-Resident  Foreign National
5. a. PAN: \_\_\_\_\_
- b. Unique Identification Number (UID) / Aadhaar, if any: \_\_\_\_\_
6. Specify the proof of identity submitted: \_\_\_\_\_

**B. ADDRESS DETAILS**

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

**C. OTHER DETAILS**

1. Gross Annual Income Details (please specify): Income Range per annum: Below  
Rs.  1 Lac  1 – 5 Lac  5 – 10 Lac  10 – 25 Lac  > 25 Lacs  
OR  
Net-worth as on (date) \_\_\_\_\_ (dd/mm/yyyy) : (Net-worth should not be older than 1 year)
2. Occupation (please tick any one and give brief details): Private Sector / Public Sector / Government Service / Business / Professional / Agriculturist / Retired / Housewife / Students / Others \_\_\_\_\_
3. Please tick, if applicable: Politically Exposed Person (PEP) / Related to a Politically Exposed Person (PEP)
4. Any Other Information: \_\_\_\_\_

**DECLARATION**

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

Signature of Applicant \_\_\_\_\_ Date : \_\_\_\_\_ (dd/mm/yyyy)

**FOR OFFICE USE ONLY**

- (Original verified) True copies of documents received  
 (Self-Attested) Self Certified Document copies received

(\_\_\_\_\_) Signature of the Authorised Signatory

Seal / Stamp of the Intermediary

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

**ANNEXURE - 2**  
**KNOW YOUR CLIENT (KYC) APPLICATION FORM**

**FOR NON-INDIVIDUALS**

Dear Sir,

We request you to register me / us as your client and in this regard the following information is furnished: (Please fill this form in ENGLISH and in BLOCK LETTERS).

**A. IDENTITY DETAILS**

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

**B. ADDRESS DETAILS**

1. Address for Correspondence: \_\_\_\_\_  
City/town/Village: \_\_\_\_\_ Pin Code: \_\_\_\_\_  
State: \_\_\_\_\_ Country: \_\_\_\_\_
2. Contact Details: Tel.(Off.) \_\_\_\_\_ Tel.(Res.) \_\_\_\_\_ Fax No.: \_\_\_\_\_  
Email Id: \_\_\_\_\_
3. Specify the proof of address submitted for correspondence address: \_\_\_\_\_
4. Registered Address (if different from above): \_\_\_\_\_  
City/town/Village: \_\_\_\_\_ Pin Code: \_\_\_\_\_ State: \_\_\_\_\_ Country: \_\_\_\_\_
5. Specify the proof of address submitted for registered address: \_\_\_\_\_

**C. OTHER DETAILS**

1. Gross Annual Income Details (please specify): Income Range per annum: Below  
Rs.  1 Lac  1-5 Lac  5-10 Lac  10-25 Lac  25 Lacs-1 crore  > 1 crore
2. Net-worth as on (date) \_\_\_\_\_ Rs.: \_\_\_\_\_ (\*Net-worth should not be older than 1 year)
3. Details of Promoters/Partners/Karta/Trustees and whole time directors:

Name: _____	
PAN : _____	
Residential Address: _____	

Name: _____	
PAN : _____	
Residential Address: _____	

Name: _____	
PAN : _____	
Residential Address: _____	

Name: _____	
PAN : _____	
Residential Address: _____	

4. DIN/UID of Promoters/Partners/Karta and whole time directors:

Name	DIN/UID of Promoters/Partners/Karta and whole time directors

5. Please tick, if applicable, for any of your authorized signatories/Promoters/Partners/Karta/Trustees/ whole time directors: Politically Exposed Person (PEP) /Related to a Politically Exposed Person (PEP)

6. Any Other Information: \_\_\_\_\_

**DECLARATION**

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

\_\_\_\_\_  
Signature of Applicant

Date: \_\_\_\_\_ (dd/mm/yyyy)

**HUF DECLARATION**

**Span Caplease Pvt. Ltd.**  
"SPAN HOUSE", Nr. Suryarath Building,  
Panchvati, C.G.Road, Ahmedabad 380009

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

Dear Sir,

I hereby request you to open our trading account with you, for our HUF, Being karta of my family, I hereby declare that as per attached sheet hereiwith is the list of family member in our HUF, as on date of Application.

I hereby also declare that the particulars given by me as stated in attached sheet are true to the best of my knowlege as on date for making this Application to open new Account.

I agree that any false/misleading information given by me or suppression of any material information will render my said account liable for termination and further action, Further, I agree that any changes inthe constitution of HUF will be intimated by me.

Thanking you,

\_\_\_\_\_  
Signature of Applicant (please affix Stamp of HUF)

**FOR OFFICE USE ONLY**

(Original verified) True copies of documents received

(Self-Attested) Self Certified Document copies received

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

Signature of the Authorised Signatory

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

Seal / Stamp of the Intermediary

## INSTRUCTIONS/CHECK LIST FOR FILLING KYC FORM

### A. IMPORTANT POINTS:

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

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

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

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

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

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

### D. Exemptions/clarifications to PAN (\*Sufficient documentary evidence in support of such claims to be collected.)

1. In case of transactions undertaken on behalf of Central Government and/or State Government and by officials appointed by Courts e.g. Official liquidator, Court receiver etc.
2. Investors residing in the state of Sikkim.
3. UN entities/multilateral agencies exempt from paying taxes/filing tax returns in India.
4. SIP of Mutual Funds upto Rs 50, 000/- p.a.
5. In case of institutional clients, namely, FIIs, MFs, VCFs, FVCIs, Scheduled Commercial Banks, Multilateral

and Bilateral Development Financial Institutions, State Industrial Development Corporations, Insurance Companies registered with IRDA and Public Financial Institution as defined under section 4A of the Companies Act, 1956, Custodians shall verify the PAN card details with the original PAN card and provide duly certified copies of such verified PAN details to the intermediary.

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

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

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

Types of Entity	Documentary requirements
<b>Corporate</b>	<ul style="list-style-type: none"> <li>• Copy of the balance sheets for the last 2 financial years (to be submitted every year)</li> <li>• Copy of latest share holding pattern including list of all those holding control, either directly or indirectly, in the company in terms of SEBI takeover Regulations, duly certified by the company secretary/Whole time director/ MD (to be submitted)</li> <li>• Photograph, POI, POA, PAN and DIN numbers of whole time directors/two directors in charge of day to day operations.</li> <li>• Photograph, POI, POA, PAN of individual promoters holding control – either directly or indirectly.</li> <li>• Copies of the Memorandum and Articles of Association and certificate of incorporation.</li> <li>• Copy of the Board Resolution for investment in securities market.</li> <li>• Authorised signatories list with specimen signatories.</li> </ul>
<b>Partnership</b>	<ul style="list-style-type: none"> <li>• Copy of the balance sheets for the last 2 financial years (to be submitted every year)</li> <li>• Certificate of registration (for registered partnership firms only).</li> <li>• Copy of partnership deed</li> <li>• Authorised signatories list with specimen signatures.</li> <li>• Photograph, POI, POA, PAN of Partners.</li> </ul>
<b>Trust</b>	<ul style="list-style-type: none"> <li>• Copy of the balance sheets for the last 2 financial years (to be submitted every year)</li> <li>• Certificate of registration (for registered trust only)</li> <li>• Copy of Trust Deed</li> <li>• List of Trustees certified by managing trustees / CA</li> <li>• Photograph, POI, POA, PAN of Trustees</li> </ul>
<b>HUF</b>	<ul style="list-style-type: none"> <li>• PAN of HUF</li> <li>• Deed of Declaration of HUF/ List of coparceners</li> <li>• Bank pass-book/ bank statement in the name of HUF</li> <li>• Photograph, POI, POA, PAN of Karta</li> </ul>
<b>Unincorporated association or a body of individuals</b>	<ul style="list-style-type: none"> <li>• Proof of Existence/ Constitution document.</li> <li>• Resolution of the managing body &amp; Power of Attorney granted to transact business on its behalf.</li> <li>• Authorized signatories list with specimen signatures.</li> </ul>
<b>Banks/Institutional Investors</b>	<ul style="list-style-type: none"> <li>• Copy of the constitution/registration or annual report/balance sheet for last 2 financial years.</li> <li>• Authorized signatories list with specimen signatures.</li> </ul>
<b>Foreign Institutional Investors (FII)</b>	<ul style="list-style-type: none"> <li>• Coy of SEBI registration certificate</li> <li>• Authorized signatories list with specimen signatures</li> </ul>
<b>Army/ Government Bodies</b>	<ul style="list-style-type: none"> <li>• Self-certification on letterhead</li> <li>• Authorized signatories list with specimen signatures</li> </ul>
<b>Registered Society</b>	<ul style="list-style-type: none"> <li>• Copy of Registration Certificate under Societies Registration Act</li> <li>• List of Managing Committee members.</li> <li>• Committee resolution for persons authorised to act as authorised signatories with specimen signatures.</li> <li>• True copy of Society Rules and Bye Laws certified by the Chairman / Secretary</li> </ul>



**TRADING ACCOUNT RELATED DETAILS**

For Individuals and Non-Individuals

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

Bank Name	Branch address	Bank account no.	Account Type:	MICR Number	IFSC Code

**B. DEPOSITORY ACCOUNT(S) DETAILS**

Depository Participant Name	Depository Name (NSDL/CDSL)	Beneficiary name	DP ID	Beneficiary ID (BO ID)
Span caplease Pvt. Ltd.	CDSL		12035400	

**C. TRADING PREFERENCES**

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

Exchanges	Segments	Signature
NSE	Cash	
	F&O	
BSE	Cash	
	F&O	

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

**D. PAST ACTIONS**

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

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

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

Sub-broker's Name : ..... SEBI Registration number : .....

Registered office address : .....

Ph :-..... Fax :-..... Website :-.....

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

Name of stock broker:..... Name of Sub-Broker, if any .....

Client Code: ..... Exchange: .....

Details of disputes/dues pending from/to such stock broker/sub-broker: .....

**F. ADDITIONAL DETAILS**

Whether you wish to receive physical contract note or Electronic Contract Note (ECN)

(please specify):  ECN  Physical

Specify your Email id, if applicable:.....

Whether you wish to avail of the facility of internet trading/ wireless technology (please specify): .....

Number of years of Investment/Trading Experience:.....

In case of non-individuals, name, designation, PAN, UID, signature, residential address and photographs of persons authorized to deal in securities on behalf of company/firm/others: .....

Any other information:.....

**G. INTRODUCER DETAILS (optional)**

Name of the introducer:.....

Status of the Introducer: Sub-broker/Remisier/Authorized Person/Existing Client/Others, please specify..... Address and phone no. of the Introducer: .....

Signature of the Introducer: .....

**H. NOMINATION DETAILS (for individuals only)**

I/We wish to nominate I/We do not wish to nominate

Name of the Nominee: ..... Relationship with the Nominee: .....

PAN of Nominee: ..... Date of Birth of Nominee: .....

Address and phone no. of the Nominee:.....

If Nominee is a minor, details of guardian:

Name of guardian: ..... Address and phone no. of Guardian: .....

Signature of guardian .....

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

Name \_\_\_\_\_

Name \_\_\_\_\_

Signature \_\_\_\_\_

Signature \_\_\_\_\_

Address \_\_\_\_\_

Address \_\_\_\_\_

**DECLARATION**

1. I/We hereby declare that the details furnished above are true and correct to the best of my/our knowledge and belief and I/we undertake to inform you of any changes therein, immediately. In case any of the above information is found to be false or untrue or misleading or misrepresenting, I am/we are aware that I/we may be held liable for it.
2. I/We confirm having read/been explained and understood the contents of the document on policy and procedures of the stock broker and the tariff sheet.
3. I/We further confirm having read and understood the 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.

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

\_\_\_\_\_

**Signature of Client/ all Authorized Signatory (ies)**

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

**FOR OFFICE USE ONLY**

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

Documents verified with Originals

Client Interviewed By

In-Person Verification done by

Name of the Employee

Employee Code

Designation of the employee

Date

Signature

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

Signature of Authorised Signatory

Seal/Stamp of the Stock Broker

Date:.....

### INSTRUCTIONS/ CHECK LIST

1. Additional documents in case of trading in derivatives segments illustrative list
 

Copy of ITR Acknowledgment	Copy of Annual Accounts
In case of salary income – Salary Slip, Copy of Form 16	Net Worth Certificate
Copy of demat account holding statement	Bank account statement for last 6 months

Any other relevant documents substantiating ownership of assets Self declaration with relevant supporting documents

*\*In respect of other clients, documents as per risk management policy of the stock broker need to be provided by the client from time to time.*
2. Copy of cancelled cheque leaf/ pass book/bank statement specifying name of the constituent, MICR Code or/and IFSC Code of the bank should be submitted.
3. Demat master or recent holding statement issued by DP bearing name of the client.
4. For individuals:
  - a. Stock broker has an option of doing 'in-person' verification through web camera at the branch office of the stock broker/sub-broker's office.
  - b. In case of non-resident clients, employees at the stock broker's local office, overseas can do in-person' verification. Further, considering the infeasibility of carrying out 'In-person' verification of the non-resident clients by the stock broker's staff, attestation of KYC documents by Notary Public, Court, Magistrate, Judge, Local Banker, Indian Embassy / Consulate General in the country where the client resides may be permitted.
5. For non-individuals:
  - a. Form need to be initialized by all the authorized signatories.
  - b. Copy of Board Resolution or declaration (on the letterhead) naming the persons authorized to deal in securities on behalf of company/firm/others and their specimen signatures.

**RIGHTS AND OBLIGATIONS OF STOCK BROKERS, SUB-BROKERS AND CLIENTS***as prescribed by SEBI and Stock Exchanges*

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

**CLIENT INFORMATION**

7. The client shall furnish all such details in full as are required by the stock broker in "Account Opening Form" with supporting details, made mandatory by stock exchanges/SEBI from time to time.
8. The client shall familiarize himself with all the mandatory provisions in the Account Opening documents. Any additional clauses or documents specified by the stock broker shall be non-mandatory, as per terms & conditions accepted by the client.
9. The client shall immediately notify the stock broker in writing if there is any change in the information in the 'account opening form' as provided at the time of account opening and thereafter; including the information on winding up petition/insolvency petition or any litigation which may have material bearing on his capacity. The client shall provide /update the financial information to the stock broker on a periodic basis.
10. The stock broker and sub-broker shall maintain all the details of the client as mentioned in the account opening form or any other information pertaining to the client, confidentially and that they shall not disclose the same to any person/ authority except as required under any law/regulatory requirements. Provided however that the stock broker may so disclose information about his client to any person or authority with the express permission of the client.

**MARGINS**

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

**TRANSACTIONS AND SETTLEMENTS**

13. The client shall give any order for buy or sell of a security/derivatives contract in writing or in such form or manner, as may be mutually agreed between the client and the stock broker. The stock broker shall

ensure to place orders and execute the trades of the client, only in the Unique Client Code assigned to that client.

14. The stock broker shall inform the client and keep him apprised about trading/settlement cycles, delivery/payment schedules, any changes therein from time to time, and it shall be the responsibility in turn of the client to comply with such schedules/procedures of the relevant stock exchange where the trade is executed.
15. The stock broker shall ensure that the money/securities deposited by the client shall be kept in a separate account, distinct from his/its own account or account of any other client and shall not be used by the stock broker for himself/itself or for any other client or for any purpose other than the purposes mentioned in Rules, Regulations, circulars, notices, guidelines of SEBI and/or Rules, Regulations, Bye-laws, circulars and notices of Exchange.
16. Where the Exchange(s) cancels trade(s) suo moto all such trades including the trade/s done on behalf of the client shall ipso facto stand cancelled, stock broker shall be entitled to cancel the respective contract(s) with client(s).
17. The transactions executed on the Exchange are subject to Rules, Byelaws and Regulations and circulars/notices issued thereunder of the Exchanges where the trade is executed and all parties to such trade shall have submitted to the jurisdiction of such court as may be specified by the Byelaws and Regulations of the Exchanges where the trade is executed for the purpose of giving effect to the provisions of the Rules, Byelaws and Regulations of the Exchanges and the circulars/notices issued thereunder.

#### **BROKERAGE**

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

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

19. Without prejudice to the stock broker's other rights (including the right to refer a matter to arbitration), the client understands that the stock broker shall be entitled to liquidate/close out all or any of the client's positions for non-payment of margins or other amounts, outstanding debts, etc. and adjust the proceeds of such liquidation/close out, if any, against the client's liabilities/obligations. Any and all losses and financial charges on account of such liquidation/closing-out shall be charged to and borne by the client.
20. In the event of death or insolvency of the client or his/its otherwise becoming incapable of receiving and paying for or delivering or transferring securities which the client has ordered to be bought or sold, stock broker may close out the transaction of the client and claim losses, if any, against the estate of the client. The client or his nominees, successors, heirs and assignee shall be entitled to any surplus which may result there from. The client shall note that transfer of funds/securities in favor of a Nominee shall be valid discharge by the stock broker against the legal heir.
21. The stock broker shall bring to the notice of the relevant Exchange the information about default in payment/delivery and related aspects by a client. In case where defaulting client is a entity/partnership/proprietary firm or any other artificial legal entity, then the name(s) of Director(s)/Promoter(s)/Partner(s)/Proprietor as the case may be, shall also be communicated by the stock broker to the relevant Exchange(s).

#### **DISPUTE RESOLUTION**

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

money, etc., to arbitration as per the Rules, Byelaws and Regulations of the Exchanges where the trade is executed and circulars/notices issued thereunder as may be in force from time to time.

25. The stock broker shall ensure faster settlement of any arbitration proceedings arising out of the transactions entered into between him vis-à-vis the client and he shall be liable to implement the arbitration awards made in such proceedings.
26. The client/stock-broker understands that the instructions issued by an authorized representative for dispute resolution, if any, of the client/stock-broker shall be binding on the client/stock-broker in accordance with the letter authorizing the said representative to deal on behalf of the said client/stock-broker.

#### **TERMINATION OF RELATIONSHIP**

27. This relationship between the stock broker and the client shall be terminated; if the stock broker for any reason ceases to be a member of the stock exchange including cessation of membership by reason of the stock broker's default, death, resignation or expulsion or if the certificate is cancelled by the Board.
28. The stock broker, sub-broker and the client shall be entitled to terminate the relationship between them without giving any reasons to the other party, after giving notice in writing of not less than one month to the other parties. Notwithstanding any such termination, all rights, liabilities and obligations of the parties arising out of or in respect of transactions entered into prior to the termination of this relationship shall continue to subsist and vest in/be binding on the respective parties or his/its respective heirs, executors, administrators, legal representatives or successors, as the case may be.
29. In the event of demise/insolvency of the sub-broker or the cancellation of his/its registration with the Board or/ withdrawal of recognition of the sub-broker by the stock exchange and/or termination of the agreement with the sub broker by the stock broker, for any reason whatsoever, the client shall be informed of such termination and the client shall be deemed to be the direct client of the stock broker and all clauses in the 'Rights and Obligations' document(s) governing the stock broker, sub-broker and client shall continue to be in force as it is, unless the client intimates to the stock broker his/its intention to terminate their relationship by giving a notice in writing of not less than one month.

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

30. The stock broker shall ensure due protection to the client regarding client's rights to dividends, rights or bonus shares, etc. in respect of transactions routed through it and it shall not do anything which is likely to harm the interest of the client with whom and for whom they may have had transactions in securities.
31. The stock broker and client shall reconcile and settle their accounts from time to time as per the Rules, Regulations, Bye Laws, Circulars, Notices and Guidelines issued by SEBI and the relevant Exchanges where the trade is executed.
32. The stock broker shall issue a contract note to his constituents for trades executed in such format as may be prescribed by the Exchange from time to time containing records of all transactions including details of order number, trade number, trade time, trade price, trade quantity, details of the derivatives contract, client code, brokerage, all charges levied etc. and with all other relevant details as required therein to be filled in and issued in such manner and within such time as prescribed by the Exchange. The stock broker shall send contract notes to the investors within one working day of the execution of the trades in hard copy and/or in electronic form using digital signature.
33. The stock broker shall make pay out of funds or delivery of securities, as the case may be, to the Client within one working day of receipt of the payout from the relevant Exchange where the trade is executed unless otherwise specified by the client and subject to such terms and conditions as may be prescribed by the relevant Exchange from time to time where the trade is executed.
34. The stock broker shall send a complete 'Statement of Accounts' for both funds and securities in respect of each of its clients in such periodicity and format within such time, as may be prescribed by the relevant Exchange, from time to time, where the trade is executed. The Statement shall also state that the client shall report errors, if any, in the Statement within such time as may be prescribed by the relevant Exchange from time to time where the trade was executed, from the receipt thereof to the Stock broker.

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

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

37. In case, client opts to receive the contract note in electronic form, he shall provide an appropriate e-mail id to the stock broker. The client shall communicate to the stock broker any change in the email-id through a physical letter. If the client has opted for internet trading, the request for change of email id may be made through the secured access by way of client specific user id and password.
38. The stock broker shall ensure that all ECNs sent through the e-mail shall be digitally signed, encrypted, non-tamper able and in compliance with the provisions of the IT Act, 2000. In case, ECN is sent through e-mail as an attachment, the attached file shall also be secured with the digital signature, encrypted and non-tamperable.
39. The client shall note that non-receipt of 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 whatsoever through the Stock broker's IBT System using the Client's Username and/or Password whether or not such person was authorized to do so. Also the client is aware that authentication technologies and strict security measures are required for the internet trading/securities trading through wireless technology through order routed system and undertakes to ensure that the password of the client and/or his authorized representative are not revealed to any third party including employees and dealers of the stock broker
6. The Client shall immediately notify the Stock broker in writing if he forgets his password, discovers security flaw in Stock Broker's IBT System, discovers/suspects discrepancies/ unauthorized access through his username/password/account with full details of such unauthorized use, the date, the manner and the transactions effected pursuant to such unauthorized use, etc.
7. The Client is fully aware of and understands the risks associated with availing of a service for routing orders over the internet/securities trading through wireless technology and Client shall be fully liable and responsible for any and all acts done in the Client's Username/password in any manner whatsoever.
8. The stock broker shall send the order/trade confirmation through email to the client at his request. The client is aware that the order/ trade confirmation is also provided on the web portal. In case client is trading using wireless technology, the stock broker shall send the order/trade confirmation on the device of the client.
9. The client is aware that trading over the internet involves many uncertain factors and complex hardware, software, systems, communication lines, peripherals, etc. are susceptible to interruptions and dislocations. The Stock broker and the Exchange do not make any representation or warranty that the Stock broker's IBT Service will be available to the Client at all times without any interruption.



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

**Annexure – 5**

**RISK DISCLOSURE DOCUMENT FOR CAPITAL MARKET AND DERIVATIVES SEGMENTS**

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

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

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

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

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

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

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

**1. BASIC RISKS:**

**1.1 Risk of Higher Volatility:**

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

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

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

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

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

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

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

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

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

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

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

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

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

## **1.6 Risk of Rumors:**

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

## **1.7 System Risk:**

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

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

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

## 1.8 System/Network Congestion:

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

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

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

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

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

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

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

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

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

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

### 2.2 Currency specific risks:

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

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

3. Currency prices are highly volatile. Price movements for currencies are influenced by, among other things: changing supply-demand relationships; trade, fiscal, monetary, exchange control programs

and policies of governments; foreign political and economic events and policies; changes in national and international interest rates and inflation; currency devaluation; and sentiment of the market place. None of these factors can be controlled by any individual advisor and no assurance can be given that an advisor's advice will result in profitable trades for a participating customer or that a customer will not incur losses from such events.

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

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

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

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

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

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

### **4. GENERAL**

- 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.

## **Annexure-6**

### **GUIDANCE NOTE - DO'S AND DON'Ts FOR TRADING ON THE EXCHANGE(S) FOR INVESTORS BEFORE YOU BEGIN TO TRADE**

- 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.bseindia.com](http://www.bseindia.com), [www.nseindia.com](http://www.nseindia.com) and SEBI website [www.sebi.gov.in](http://www.sebi.gov.in).
- Ensure that you fill the KYC form completely and strike off the blank fields in the KYC form.
- Ensure that you have read all the mandatory documents viz. Rights and Obligations, Risk Disclosure Document, Policy and Procedure document of the stock broker.

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

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

#### **IN CASE OF TERMINATION OF TRADING MEMBERSHIP**

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

#### **DISPUTES/ COMPLAINTS**

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 SPAN CAPLEASE PVT. LTD. (Stock Broker) with respect to its dealing with its clients and as a stock broker on Bombay Stock Exchange Ltd. (BSE) & National Stock Exchange of India Ltd. (NSE)

The policies and procedures as stated herein below are subject to change from time to time at the sole discretion of stock Broker, depending upon regulatory changes, its risk management framework, other market conditions, etc.

The said policies and procedures which are subject to up gradation in the same from time to time are producer below for the benefit and notice of all our clients.

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

In view of the risks associated in dealing with Penny Stocks and/or Liquid Stocks, Stock Broker would generally advise its client to desist from trading in them. Further, SEBI, BSE / NSE or Stock Broker may issue circulars or guidelines necessitating exercising additional due diligence by the clients, for dealing in such securities.

Although, the term "Penny Stock" is not defined by BSE / NSE / SEBI, a "Penny Stock" generally refers to a stock whose characteristics include but are not limited to:

- Small market capitalization.
- Trading at a price less than its face value.
- Have unsound fundamentals and or which may / may not be liquid (A list of liquid securities is jointly released by NSE and BSE from time to time.)
- Stock Broker recognizes that it is the client's privilege to choose shares in which he / she would like to trade, However, Stock Broker likes to pay special attention to dealing in "Penny Stocks". To this end:
- Stock Broker may refuse to execute any client's orders in "Penny Stock" without assigning any reason for the same.
- Any large order for purchase or sale of a "Penny Stock" should be refused to Head - Dealing before such orders can be put in the market for execution.
- Clients must ensure that trading in "Penny Stock" does not result in creation of artificial volume or false or misleading appearance of trading. Further, clients should ensure that trading in "Penny Stock" does not operate as a device to inflate or depress or cause fluctuations in the price of such stock.
- Client are expected not to place orders in "Penny Stock" at prices which are substantially different from the prevailing market prices. Any such order is liable to be rejected at the sole discretion of Stock Broker.
- In case of sale of "Penny Stock", clients should ensure the delivery of shares to Stock Broker before the pay-in date.
- Under no circumstances, Stock Broker shall be responsible for non-execution / delay in execution of such orders and consequential opportunity loss or financial loss to that client.

The above list of criteria is an indicative list. Stock Broker may at its sole and absolute discretion define from time to time order category/criteria to treat a security as Penny Stock and / or Illiquid Stocks.

### B. Setting up the clients' exposure limits

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

- Exposure limit for each client is determined by the Risk Management Department based on client's net worth in formations, client's financial capacity, prevailing market conditions and margin deposited by client in the form of funds / securities with Stock Broker. These limits may be set exchange - wise, segment -wise, and scrip-wise.
- The limits are determined by Risk Management Department based on the above criteria and the

payment history of the client in consultation with Sales/Sales traders.

- Whenever any client has taken or wants to take an exposure in any security, Stock Broker may call for appropriate margins in the form of early pay-in of shares or funds before or after execution of trades in the Cash segment. In case of any margin shortfall, the clients will be told to reduce the position immediately or they will be requested to deposit extra margin to meet the shortfall. Otherwise, Stock Broker may refuse to trade on behalf of such client at its own discretion.
- In case of cash segment, Stock Broker may at its sole and absolute discretion allow clean exposure limit up to certain amount to the client without insisting for any credit balance and / or margin. The quantum of clean exposure limit shall be decided by Stock Broker. On case to case basis Stock Broker may, at its sole and absolute discretion, give higher clean exposure limits to certain set of clients. Stock Broker and absolute discretion. The client cannot raise any concern /dispute for the same.
- The Client will be abide by the exposure limit set by Stock Broker.

### **C. Applicable Broker Rate**

For rendering the brooking services, Stock Broker charges brokerage to the client. The Brokerage rate will be as per the terms agreed with the client at the time of client registration.

- Brokerage Rate is mutually decided between the Stock Broker and each client based on client's net worth, expected trading volume, etc. The maximum brokerage chargeable will not exceed the rates prescribed by SEBI, BSE / NSE and / or Securities Contract Act and Rules or any other relevant j statutes.
- The applicable brokerage rate will be mentioned in the Client registration form and any change in the brokerage rate in future will be communicated to the client by giving minimum 15 days' Notice. The brokerage will be exclusive of the following except in cases where it is agreed otherwise:
  - Service Tax and Education Cess
  - STT/ Exchange / Clearing member charges ,
  - Stamp duty •
  - Statutory charges payable to BSE / NSE /SEBI Govt. Authorities etc.
  - Any other charges towards customized /specialized service
- The Stock Broker retains his discretion to charge any changes in any of the above charges or any future taxes, SEBI or Exchange charges, Stamp duty and/ or any other statutory charges to the client without any prior agreement with the client.

### **D. Imposition of penalty / delayed payment charges by either party, specifying the rate and the period**

#### **(i) Imposition of Penalties**

BSE / NSE / Clearing Corporation / SEBI levies penalties on the broker for irregularities observed by them during the course of business. Stock Broker shall recover such imposed penalties /levies, if any, by BSE /NSE regulator/Clearing Corporation, from the client which arise on the account of dealings by such client, Such recovery would be by way of debit in the ledger of the ledger of the client and amounts would be adjusted against the dues owed by Stock Broker to the clients.

#### **(ii) Delayed payment charges**

While dealing with Stock Broker it is a responsibility of the client to ensure that the required margin obligation or settlement obligation or any other dues payable to Stock Broker are paid within the time period stipulated by BSE / NSE or Stock Broker. Whenever earlier.

In the event if the client defaults in meeting its above said obligations towards Stock Broker, Stock Broker Shall have absolute discretion to charge and recover from the client's account. Delayed payment charges @ 18% per annum for the delayed period. Such DPC shall be debited to the clients account by the stock broker at the end of every month.

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



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

No interest or charges will be paid by Stock Broker to any client in respect of retention of funds or securities towards meeting future settlement obligations and in respect of running account authorizations. Further, the stock broker shall not be liable to any penalty charges exceeding 18% per annum on the amount actually due to the client if the same is not pay to the client with in one working day to the client after receiving pay - out request from the client.

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

The client shall fulfill all his / its settlement obligations and / or other liabilities to Stock Broker within the time frame stipulated by the Stock Broker or BSE / NSE whichever is earlier.

Without prejudice to its other rights and remedies available under the member client agreement(s) executed / to be executed by and between the client and Stock Broker (hereinafter referred to as "the Agreement") or at law, Stock Broker shall be entitled, in its sole and absolute discretion, to liquidate / close out all or any of the client's open / outstanding position, shell the client's securities (whether approved by Stock Broker or not) available with Stock Broker at any time to recover its dues without giving any notice to the client in the following circumstances;

- If the client fails to pay any margin, settlement obligations and / or other liabilities due to Stock Broker within the stipulated time frame;

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

The stock broker may, in his absolute and sold discretion, square - off any outstanding position of the client due to any restriction in relation to volume of trading / outstanding business or margins stipulated by the Exchange, clearing corporation / clearing house and /or the stock broker and /or any other extra ordinary event warranting such square off, without prior intimation the client.

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

- To determine the net obligation of a broker / trading member (for securities and funds) in a settlement, clearing house does the netting of trades at the broker level. It is possible that a broker's net obligation towards clearing house may be nil but because of default by one or more clients in satisfying their obligations towards the broker, the broker internally might have shortages in fulfilling its obligation towards the other client(s). In such a situation, Stock Broker shall endeavor to collect the securities from the selling client and deliver it to the purchasing client date, In case the selling client is unable to deliver the securities, then Stock Broker shall attempt to purchase the securities from the market and deliver it to the purchasing client. If Stock Broker is unable to obtain the securities form the market, then following the Exchange rules the transaction will be closed out as per the auction rate prescribed by the Exchange for that scrip and the closing amount will be credited to the purchasing client and same will be debited to the selling client.
- In case of shortage in meeting the settlement obligation, either party shall endeavor to make good such shortage through securities / value of shortage asper the Rules, Regulations and Bye - laws of the respective stock exchange(s).

**G. Conditions under which a client may not be allowed to take further position or the broker may close the existing position ofthe**

Stock Broker shall have absolute discretion and authority to limit client's volume of business or to close any existing position of a client without giving any prior notice to the client under following conditions : Which is an inclusive set. The Stock broker may apply his discretion in any other Extra ordinary conditions not specified here in below.

- Extreme volatility in the market or in particular scrip or in the F & O segment
- There is shortfall in the margin deposited by client with Stock Broker.
- There is insider trading restrictions on the client.
- There are any unforeseen adverse market conditions or any natural calamity affecting the operation of the market.
- There are any restrictions imposed by Exchanges or Regulator on the volume of trading outstanding

positions of contracts.

- Stock Broker has reached its limit in that scrip.
- The client has breached the client - wise limit.
- The client has taken or intends to take new position in a security which is in the banned period.
- Due to abnormal rise or fall in the market, the markets are closed.
- Failure by the client in providing sufficient / adequate margins) and / or insufficient / inadequate free credit balance/available in clients' brooking account with Stock Broker

#### **H. Temporarily suspending or closing a client's account based on the client's request**

- Any client desirous of temporarily suspending his / her / its trading account has to give such request in writing to the management. After management approval, further dealing in such client's account will be blocked. Whenever trade has to be resumed in any suspended client account, a request in writing should be made by the client to the management and the management may / ask for updated financial information and other details for reactivating such account. After receiving necessary documents, details, etc. And approval from the management, the client account will be reactivated and transaction will be carried out.
- Similarly, any client desirous of closing his / her / its account permanently is required to inform to the stock broker in writing. The stock broker shall give minimum 30 days' notice before deactivating the client code. Only after scrutinizing compliance requirements and a "no pending queries" confirmation is taken, securities and funds accounts will be settled.

#### **I. Deregistering a Client**

Stock Broker may, at its sole and absolute discretion, decide to deregister a particular client by giving minimum 30 days' notice. The illustrative circumstances under which Stock Broker may deregister a client are given below:

- SEBI or any other regulatory body has passed an order against such client, prohibiting or suspending such client from participating in the securities market.
- Such client has been indicted by a regulatory body or any government enforcement agency in case of market manipulation or insider trading or any other case involving violation of any law, rule, regulation, guideline or circular governing securities market.
- Such client is suspected of indulging in illegal or criminal activities including fraud or money laundering.
- Such client's name appears in the UN list of prohibited entities or in the SEBI debarred list. Such client's account has been lying dormant for a long time or the client is not traceable.
- Such client has been declared insolvent or any legal proceedings to declare his / her / its as insolvent have been initiated.
- Such client has been irregular in fulfilling obligations towards margin or settlement dues.
- Such client has a tainted reputation and nay business relationship with such clients is likely to tarnish the reputations of Stock Broker or may act as detriment to Stock Broker prospects.
- Under no circumstances, any action taken by Stock Broker in any of the above circumstances till the date of re-registration shall be challenged by the client and Stock Broker shall not be liable to the client for any loss or damage (actual / notional), which may be caused to the client as a result.

#### **J. Policy for Inactive clients**

- Any client who has not traded in any segment of BSE / NSE with Stock Broker for last 18 months calculated from the beginning of every financial year or such other period as may be decided by Stock Broker at its sole and absolute discretion then such client would be termed as a Dormant / Inactive Client.
- The brooking account of such client shall be deactivated / suspended temporarily by Stock Broker. If the client wants to activate the brooking account then a request for reactivating the brooking account should be sent in writing. Such request for reactivation should be accompanied along with such documentary evidence as may be specified by Stock Broker from time to time.

**Applicant Signature** \_\_\_\_\_

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

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

**VOLUNTARY**

**RUNNING ACCOUNT AUTHORISATION**

Date:

To,  
Span Caplease Pvt Ltd.

**Ref: Client Code:** \_\_\_\_\_

Dear Sir,

In order to facilitate operations of my/our trading account opened under the aforesaid client code, I/we would like to authorize Span Caplease Pvt Ltd. ("**SCPL**") to maintain a running account, instead of settlement - to - settlement clearance of funds/securities due me/us. In this regard I have been informed about the SEBI circular No, MIRSD/SE/Cr-19/2009 dated December 3, 2009. I have read and understood the same. Hereby authorized SCPL to maintain a running account.

I/We shall prefer settlement of fund/Securities once in

A calendar quarter  or A calendar month  (tick any one) Sign \_\_\_\_\_

Such settlement Will be done by SCPL on any day at its discretion in calendar month or quarter (hereinafter referred as 'settlement period ') as the case may be. If my account turns into debit on any day during the settlement period, the same may be treated as settlement of found for that settlement period and SCPL will not be required to settle the credit if any arising subsequently during the settlement period. I/we agree that I/we shall be liable to pay debit standing to my account on the settlement date or any other date.

Further I/we authorize Span Caplease Pvt Limited to maintain a sum of Rs. 1000/- at all point of time towards charges on my Demat account and on other services.

I/we agree that SCPL shall not be liable for any claim for loss, loss of profit, loss of interest or for any consequential, incidental, special or exemplary damages, caused by retention/settlement of such securities/funds under aforesaid arrangement or otherwise.

I/We are aware that the authorization may revoke by me any time with prior written notice. SCPL may release the funds to me/us our on settlement date or on request revocation of authority, if sufficient margins in respect of my/our across the Stock Exchange(s) and across the segment of the Stock Exchange(s) are available with SCPL.

This authorization will be valid from date of execution till the date of withdraw of this facility by me/ us in written.

**Yours faithfully,**

Signature of Applicant \_\_\_\_\_

Date : \_\_\_\_\_ (dd/mm/yyyy)

VOLUNTARY DOCUMENT

ECN (ELECTRONIC CONTRACT NOTE) LETTER  
TO Span Caplease Pvt Ltd. (Member of NSE, BSE)

(The Client need not execute this document if he/she/it does not wish to use the below mentioned facility)

To,

Span Caplease Pvt Ltd.

"SPAN HOUSE", Nr. Suryarath Building, Panchvati, C.G.ROAD, Ahmedabad - 380009

Dear Sir,

**Mandate of issue contract notes in digital format, Ledger Account of Funds , Securities & Margin statement etc.**

I/We hereby authorise you to send me/us the Contract Notes issued for the trades executed on BSE/NSE in digital / electronic form on my E-mail ID given below. The instruction to issue digital contract note is applicabl' with immediate effect. I/we understand that for the above purpose, you are required to take from me/us, "an appropriate email account" for you to send the ECN, I/we undertake to check the contract notes and bring the discrepancies if any to your notice.

Accordingly I/we hereby give my/our email ID created by me/us for this purpose.

My/our Email ID is : .....

Alternative Email ID is : .....

I/we also hereby consent to receive

- 1) Statement of Fundr (Ledger Account)
- 2) Statement of Securities
- 3) daily Margin and Collateral Utilisation Statements
- 4) DP Holding Statement, Transaction Statement (Monthly / Quarterly)
- 5) DP Ledger

And other Notices, circulars, amendments and such other statutory/non statutory correspondence or documents in electronic form duly authenticated by means of a digital signature.

I/we undertake to verify the above statements (other than contract notes) and communicate to you in writing discrepancies if any will be brought to notice. In absence of any written communication from my/our side within the said period, it shall be deemed to be construed that the same is confirmed by me/us as true and correct in all respects.

I/we hereby agree that you shall fulfill your legal obligation, if the above documents are sent electronically to any one of the above email ids.

I/we understand that any change in the above email id(s) will be communicated by me through a physical letter separately.

This authorization shall be signed by me only and not by any power of attorney holder or by any authorized person such as a remisier or sub-broker.

Thanking you,

Your Truly,

Applicant Signature \_\_\_\_\_

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

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

## LETTER OF AUTHORITY

To, / Span Caplease Pvt. Ltd.,

Dear Sir,

Sub: Letter of Authority - Cash/ Derivatives (F & O) Segment of BSE and NSE Exchanges.

I/We are dealing in securities with you at BSE/NSE in Cash and F&O segments and in order to facilitate ease of operations. I/We authorized you as under:

1. I/We authorized you to set off outstanding in any of our accounts against credit available or arising in any other accounts maintained with you irrespective of the fact that such credit in the account may pertained to transaction in any segment of the Exchange or in any other exchanges and / or against the value of cash margin or collateral shares provided to you by us.
2. I/We hereby authorized you not to provide me order confirmation/ modification/ cancellation slips and trade confirmation slips to avoid unnecessary paper work. I/We shall get the required details from contract Notes issued by you. In case if require same will be informed to you.
3. I/We request you to consider my/our telephonic instruction for order placing/ order modification/order cancellation as a written instruction give me/us all the confirmation on telephone and incase informed by us in writing. I/We am/are getting required details from contract issued by you.
4. I/We hereby authorized you to keep all the securities which we give you in margin including the pay out of securities received by us for meeting margin/ other obligation in Stock Exchange in what ever manner for meeting/ pay in on our behalf or for the giving same as margin to the Stock Exchange or otherwise.
5. I/We have no objection if due to punching error you might have to change the client codes for trade done as the circumstances may warrant, as per the rules and regulation of the Exchange.
6. I/We request you to retain credit Balance in any of my/our account and use the ideal funds towards Margin/ future obligation at any or Both the Exchanges unless I/We instruct you otherwise.
7. Trading of all Exchanges is in Electronic mode, based on VSAT. Lease line, ISDN, modem and VPN. Combination of technologies and computer systems to place and route orders. I/We understand that there exist a possibility of communication failure or system problems or slow or delayed response from system or trading halt, of any such other problem/ glitch where by not being able to establish access to the trading system/ network, which may be beyond your control and may result in delay in processing or not processing buy or sell orders either in part or in full. I/We agree that I/We shall be fully liable and responsible for any such problems/fault.
8. I/We confirm that I/We will never sublet the trading terminal on any term of connectivity from my/our place to any other place without your prior approval.
9. I/We am/are agreeable for inter-settlement transfer of securities towards settlement.
10. I/We am/are agreeable for and authorized with hold funds pay out towards all the applicable margins and debits.
11. All fines/ penalties and changes lived upon you due to my acts/deeds or transaction may be recovered by you from my/our account.
12. I/We understand and agree that you can Debit my/our accounts either for any additional services provided by you as per my/our oral or written request depending upon of my/our relevant account or as may be required in compliance with applicable pro vision of law.
13. I/We have a trading as well as Depository relationship wherein 1 have got a Depository account with you. Please debit the charges relevant with Depository services from my/our trading account. I/We also agree to maintain the adequate Balance in my trading account/ pay adequate advance fees in demat account for the said reason.
14. Restriction on Regulation of Dealings: The Stock Broker shall at it desecration decide, from time to time the volume of Business which the client (introduced directly or by sub broker or authorized person) may transact during any trading day on NSE/BSE Exchange wise or segment wise or in combine not with standing such as an understanding/arrangement, the Stock Broker shall have absolute discretion to

reduce volume of Business of the client or restrict dealing by the client as per RMS policy from time to time inter-alia having regard

- 1) To the volatility in the market.
- 2) In view of impending price sensitive announcement.
- 3) Any restriction in relation to volume of trading/outstanding Business/ Margin stipulated by the Exchange/Stock Broker, political instability in the country etc.
- 4) Presence of any other price sensitive factors.
- 5) Failure by the client to provide/ maintain the applicable collateral/ margin, and/or
- 6) Delay by the clients in meeting his/ her/its obligation/dues relating to the Business/dealing done under this present.

**NOTE :**

***As per the SEBI Circular Ref. No, MRD / DOP/SE/Cir - 22/06 dated 18/12/2006 regarding the exclusive E-mail ID for redressal of investor complaints, Please note that the same is grievance@spancaplease.com***

Proprietary-trading Disclosure : This has reference to circular no. SEEI/MRD/SE/CIR.-42/2003 dated November 19, 2003 as mandated by the SEBI and / or the Exchanges(s), the stock broker hereby makes disclosure to the client that the stock broker may, from time-to-time, make investments in securities with a view to deploy its own surplus funds on its own proprietary account without any specific intimation to the client in this regard.

**COMPLIANCE WITH THE PREVENTION OF MONEY-LAUNDERING \* ACT (PMLA), 2002, AS AMENDED TILL DATE AND THE RULES, REGULATION AND GUIDELINES FRAMED THEREUNDER:**

- A) The client confirms that all the information which may be required by the stock broker to enable it to comply with the provisions of the PMLA and the rules, regulations and guidelines framed thereunder has been dis-closed including issues related to "beneficial ownership", if any and also undertakes to provide the same on a on going basis whenever required.
- B) The client agrees to keep the stock broker informed of any change in the information provided earlier in this regard immediately in writing.

**Applicant Signature** \_\_\_\_\_

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

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

## VOLUNTARY

### BASIC INFORMATION ABOUT AML MEASURES FOR GENERAL GUIDANCE OF CLIENTS :

#### **Background:**

In response to mounting concern over money laundering world wide, C-7 summit as held in Paris in the year 1989, a policy making body having Secretariat Organisation for Economic Co-operation and Development (OECD) was established, to work for generating necessary political will / willingness to bring about national legislative and regulatory reforms to combat money laundering and terrorist financing. World Bank and International Monetary Fund (IMF) have also established a collaborative framework in with Financial Action Task Force (FATF) in this regard. Our country (India) is also one of the member and has been accorded "Observer" status.

#### **Objectives:**

The brief objectives of these provisions is to establish general framework for the fight against money Laundering, terrorism, financial crimes and corruption.

- Ensuring that financial institutions are not vulnerable to infiltration or abuse by organized crime groups
- Building capacity to fight terrorism and trace terrorist money
- Meeting binding international obligations and avoiding the risk of sanctions or other actions by the international community
- Avoid becoming heaven for criminals
- Securing a more transparent and stable financial system that is attractive to foreign investors

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

- To concealing or hiding financial assets with a view to used it without detection of its source that is illegal activity which produced it.
- Through money laundering, the launder transforms the monetary proceeds derived from criminal activity into funds with an apparent legal source.
- It is the process by which criminals try to hide and disguise the true source / origin and ownership of proceeds of their illegal/criminal activities.
- It may be conversion of illegally earned income in to another form so that it appears as a legitimate income.
- The term "Money Laundering" is also used in relation to financing of terrorist activity (where funds may/may not originate from crime).
- It is a medium through which dirty money insert in the financial system and make such money look clean.
- Money is circulated around the financial system in such a way that its ancestry gets hidden.

#### **Activities that can be considered as Illegal / Criminal Activity :**

- |              |               |                              |
|--------------|---------------|------------------------------|
| • Corruption | • Bribery     | • Counterfeiting and Forgery |
| • Smuggling  | • Extortion   | • Prostitution               |
| • Gambling   | • Robbery     | • Fraud                      |
| • Kidnaping  | • Tax Evasion | • Drug Trafficking           |

#### **Various stages of Money laundering:**

- i. Placement:** It is a initial stage in which money from criminal activities is placed in financial institution. It may be through various methods viz. arranging or breaking up currency transactions in to portion which falls below reporting threshold for specific purpose to avoid reporting requirements.
- ii. Layering :** It is a process of conducting a complex series of financial transactions with a purpose of hiding origin of money and hindering any attempt to trace the funds. It may include multiple trades for security. Purchase of financial product such as Life Insurance or purchase of legitimate businesses.
- iii. Integration:** Last and final stage in the re-injection of the laundered proceeds back in to the economy in such a way that they re-enter the financial system as normal business funds.

#### **Consequences of Money Laundering:**

- Finances terrorism
- Endangers society at large
- Affects the integrity of the financial system
- Weakening of Law & Order
- Encourage crime
- Weakening of macro economic factors of country
- Government control on economy reduces

### **Indian Framework:**

India has also framed. "The Prevention of Money Laundering Act, 2002" (PMLA) which came into effect w.e.f.01.07.2005. A separate Foreign Intelligence Unit (FIU) is also established as a central monitoring agency / central repository to combat Money Laundering. Necessary notifications / rules / guidelines / circulars / recommendations etc. are also issued and being issued by various regulatory authorities including SEBI from time to time.

### **Applicability of PMLS.:**

The provisions of the Act are applicable to Banking Company, Financial Institution and Intermediary (which includes, stock broker, sub-broker, share transfer agents, portfolio manager and other intermediaries associated with Securities Market and registered under section 12 of SEBI Act, 1992.)

All the aforesaid entites have to maintain a record of all the transactions, its nature and value involved. Such transactions snail include:

- (a) All cash transactions > Rs. 10.00 lacs or its equivalent in foreign currency
- (b) All integrally connected series of cash transactions < Rs. 10.00 lacs or its equivalent in foreign currency within one calendar month
- (c) All suspicious transactions

**Suspicious Transactions :** Means a transaction, whether or not, made in cash which, to a person acting in good faith,

- (a) Gives a rise to a reasonable ground of suspicion that it may involve the proceeds of crime
- (b) Identity verification or address seems difficult or found to be forged/false
- (c) Gives rise to a reasonable ground of suspicion that it may involve financing of the activities relating to terrorism.
- (d) Unusual and unexplained large value of transaction.
- (e) Unusual and unexplained activity in dormant accounts.
- (f) Transfer of large sums of money to/from overseas locations.
- (g) Appears to be < node in circumstances of unusual or unjustified complexity
- (h) Appears to have no economic rationale or bon.afide purpose.
- (i) Asset Management services where the source of the funds is not clear or not in keeping with apparent standing / business activity

### **Obligation of the Customer/Clients :**

Always provide complete and "correct details during account opening process iike:

- Address Proof      • identity Proof      • PAN      • Income Details

### **Periodically update your**

- Contact details      • Financial details      • Occupational details

The transactions executed should be commensurate with the disclosed income details. Provide requested explanations/details for suspicious transactions.

### **Ramifications/Consequences/implications**

- (a) Money Launderer facts steep fines of double the amount of financial transaction, along with forfeiture of assets associated with laundered funds.
- (b) Whoever commits the offence of money laundering shall be punishable with rigorous imprisonment for a minimum term of 3 years extendable to 7 or 10 years and shall also be liable to fine which may extend to 5.00 lacs rupees.
- (c) Any kind of association with a criminal element can severely damage the reputation. It is in the best interests to keep names free of any criminal association.
- (d) Protect reputation by being informed about anti-money laundering rules and regulations.
- (e) If anybody sees activity that may indicate money laundering, report it to the Director, FIU India, 6<sup>th</sup> Floor, Hotel Samrat, ChanaKyapuri, New Deihi -110021.

**Disclaimer :** The Company (SCPL) does not take any warranty (express or implied) or assumes any legal liability / responsibility for the accuracy, completeness or usefulness of any information mentioned herein above which is prepared based on available information and for the sole purpose of general guidance and create awareness amongst the clients.

I /We have read and understood the aforesaid AMI literature and in token of acceptance of the same, do hereunto put our signature.

**Applicant Signature** \_\_\_\_\_

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

(dd/mm/yyyy)