

**STOCKAL SECURITIES PRIVATE LIMITED (SSPL)****RIGHTS AND OBLIGATIONS OF STOCK-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 thereunder from time to time.
2. The stock broker, and the client shall be bound by all the Rules, Byelaws and Regulations of the Exchange and circulars/notices issued thereunder 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 stockbroker 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 stockbroker shall take steps to make the client aware of the precise nature of the stockbroker's liability for business to be conducted, including any limitations, the liability and the capacity in which the stockbroker acts.

**CLIENT INFORMATION**

6. The client shall furnish all such details in full as and when required by the stockbroker in "Account Opening Form" with supporting details, made mandatory by stock exchanges from time to time.
7. The client shall familiarize himself with all the mandatory provisions in the Account Opening documents. Any additional clauses or documents specified by the stockbroker shall be non-mandatory, as per terms & conditions accepted by the client.
8. The client shall immediately notify the stockbroker 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 stockbroker on a periodic basis.
9. The stockbroker 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 stockbroker may

so disclose information about his client to any person or authority with the express permission of the client.

### **MARGINS**

10. The client shall pay applicable initial margins, withholding margins, special margins or such other margins as are considered necessary by the stockbroker 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 stockbroker 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.
11. 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**

12. 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 stockbroker. The stockbroker shall ensure to place orders and execute the trades of the client, only in the Unique Client Code assigned to that client.
13. The stockbroker 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.
14. The stockbroker 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 stockbroker for himself/itself or for any other client or for any purpose other than the purposes mentioned in Rules, Regulations, circulars, notices, guidelines of SEBI and/or Rules, Regulations, Byelaws, circulars and notices of Exchange.
15. 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, stockbroker shall be entitled to cancel the respective contract(s) with client(s).
16. 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**

17. The Client shall pay to the stockbroker 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 stockbroker renders to the Client. The stockbroker shall not charge brokerage more than the maximum brokerage permissible as per the rules, regulations and byelaws of the relevant stock exchanges and/or rules and regulations of SEBI.

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

18. Without prejudice to the stockbroker's other rights (including the right to refer a matter to arbitration), the client understands that the stockbroker 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.
19. 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, stockbroker 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 assignees shall be entitled to any surplus which may result therefrom. The client shall note that transfer of funds/securities in favour of a Nominee shall be valid discharge by the stockbroker against the legal heir.
20. The stockbroker shall bring to the notice of the relevant Exchange the information about default in payment/delivery and related aspects by a client. In case where defaulting client is a corporate entity/partnership/proprietary firm or any other artificial legal entity, then the name(s) of Director(s)/Promoter(s)/Partner(s)/Proprietor as the case may be, shall also be communicated by the stock broker to the relevant Exchange(s).

### **DISPUTE RESOLUTION**

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

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

#### **TERMINATION OF RELATIONSHIP**

26. This relationship between the stockbroker and the client shall be terminated; if the stockbroker for any reason ceases to be a member of the stock exchange including cessation of membership by reason of the stockbroker's default, death, resignation or expulsion or if the certificate is cancelled by the Board.
27. The stockbroker, 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 and shall be binding on the respective parties or his/its respective heirs, executors, administrators, legal representatives, or successors as the case may be.

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

28. The stockbroker 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.
29. The stockbroker and client shall reconcile and settle their accounts from time to time as per the Rules, Regulations, Byelaws, Circulars, Notices and Guidelines issued by SEBI and the relevant Exchanges where the trade is executed.

30. The stockbroker 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 stockbroker 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.
31. The stockbroker 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 pay-out 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.
32. The stockbroker 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.
33. The stockbroker 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.
34. The Client shall ensure that it has the required legal capacity to, and is authorized to, enter into the relationship with stockbroker 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)**

35. In case, client opts to receive the contract note in electronic form, he shall provide an appropriate e-mail ID to the stockbroker. The client shall communicate to the stockbroker any change in the e-mail ID through a physical letter. If the client has opted for internet trading, the request for change of e-mail ID may be made through the secured access by way of client specific user ID and password.
36. The stockbroker shall ensure that all ECNs sent through the e-mail shall be digitally signed, encrypted, non-tamperable and in compliance with the provisions of the IT Act, 2000. In case, ECN is sent through e-mail as an attachment, the attached file shall also be secured with the digital signature, encrypted and non-tamperable .

37. The client shall note that non-receipt of bounced mail notification by the stockbroker shall amount to delivery of the contract note at the e-mail ID of the client.
38. The stockbroker 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 stockbroker 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 stockbroker 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.
39. The stockbroker 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 stockbroker 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.
40. In addition to the e-mail communication of the ECNs to the client, the stockbroker shall simultaneously publish the ECN on his designated website, if any, in a secured way and enable relevant access to the clients and for this purpose, shall allot a unique username and password to the client, with an option to the client to save the contract note electronically and/or take a print of the same.

#### **LAW AND JURISDICTION**

41. In addition to the specific rights set out in this document, the stockbroker, and the client shall be entitled to exercise any other rights which the stockbroker or the client may have under the Rules, Byelaws and Regulations of the Exchanges in which the client chooses to trade and circulars/notices issued thereunder or Rules and Regulations of SEBI.
42. 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 Byelaws of the relevant stock exchanges, where the trade is executed, that may be in force from time to time.
43. The stockbroker 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.
44. 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.

45. All additional voluntary clauses/document added by the stockbroker 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.
46. If the rights and obligations of the parties hereto are altered by virtue of change in Rules and Regulations of SEBI or Byelaws, 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 STOCKBROKERS 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. Stockbroker 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 stockbroker 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 stockbroker shall provide the stock broker's IBT Service to the Client, and the Client shall avail of the stockbroker's IBT Service, on and subject to SEBI/Exchanges Provisions and the terms and conditions specified on the stock broker's IBT Website provided that they are in line with the norms prescribed by Exchanges/SEBI.
3. The stockbroker 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 stockbroker.
4. The stockbroker shall make the client aware that the stockbroker'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 stockbroker.

6. The Client shall immediately notify the stockbroker in writing if he forgets his password, discovers security flaw in stockbroker's IBT System, discovers/suspects discrepancies/unauthorized access through his username/password/account with full details of such unauthorized use, the data, 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 stockbroker shall send the order/trade confirmation through e-mail 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 stockbroker 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 stockbroker and the Exchange do not make any representation or warranty that the stockbroker'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 stockbroker on account of any suspension, interruption, non-availability or malfunctioning of the stockbroker'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/stockbroker's/Exchange end for any reason beyond the control of the stockbroker/Exchanges.