

# MANDATORY And VOLUNTARY DOCUMENTS

**INCRED CAPITAL WEALTH PORTFOLIO MANAGERS PRIVATE LIMITED  
(Formerly Known as BSH Corporate Advisors and Consultants Private Limited)**

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## **INCRED CAPITAL WEALTH PORTFOLIO MANAGERS PRIVATE LIMITED RIGHTS AND OBLIGATIONS OF STOCK-BROKERS, AUTHORISED PERSON S 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, Authorised Person 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.
6. The Authorised Person shall provide necessary assistance and co-operate with the stockbroker in all it's dealings with the client(s).

### **CLIENT INFORMATION**

7. The client shall furnish all such details in full as are required by the stockbroker in "Account Opening Form" with supporting details, made mandatory by stock exchanges 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 stockbroker shall be non-mandatory, as per terms & conditions accepted by the client.
9. 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.
10. The stockbroker and Authorised Person shall maintain all the details of the client as mentioned in the account opening form or any other information pertaining to the client, confidentially and that they shall not disclose the same to any person/authority except as required under any law/regulatory requirements. Provided however that the stockbroker 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 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.

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 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.
14. 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.
15. 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.
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, stockbroker 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 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**

19. 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.
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, 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 assignee 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.

21. 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**

22. The stockbroker shall provide the client with the relevant contact details of the concerned Exchanges and SEBI.
23. 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.
24. 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.
25. 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.
26. 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**

27. 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.
28. The stockbroker, Authorised Person and the client shall be entitled to terminate the relationship between them without giving any reasons to the other party, after giving notice in writing of not less than one month to the other parties. Notwithstanding any such termination, all rights, liabilities, and obligations of the parties arising out of or in respect of transactions entered into prior to the termination of this relationship shall continue to subsist, and vest in/be binding on the respective parties or his/its respective heirs, executors, administrators, legal representatives, or successors as the case may be.
29. In the event of demise/insolvency of the Authorised Person or the cancellation of his/its registration with the Board or/withdrawal of recognition of the Authorised Person by the stock exchange and/or termination of the agreement with the Authorised Person by the stockbroker, 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 stockbroker and all clauses in the 'Rights and Obligations' document(s) governing the stockbroker, Authorised Person 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 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.
31. 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.

32. 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.
33. 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.
34. 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.
35. 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.
36. 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.
37. "The stock broker / stock broker and depository participant shall not directly / indirectly compel the clients to execute Power of Attorney (PoA) or Demat Debit and Pledge Instruction (DDPI) or deny services to the client if the client refuses to execute PoA or DDPI."

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

38. 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.
39. 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.
40. 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.
41. 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.

42. 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.
43. 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**

44. In addition to the specific rights set out in this document, the stockbroker, Authorised Person 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.
45. 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.
46. 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.
47. 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.
48. 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.
49. 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.



## INCRD CAPITAL WEALTH PORTFOLIO MANAGERS PRIVATE LIMITED 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 stockbroker 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 stockbroker 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:

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### 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.

## 12 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.

121. 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.

## 13 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.

## 14 Risk-reducing Orders:

The placing of orders (eg. “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.

141. 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.
142. 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.
143. 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 predetermined price, or trades through such price, the stop loss order converts to a market/limit order and is executed at the limit or better. There is no assurance therefore that the limit order will be executable since a 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.

## 15 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 Rumours:

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

## 1.7 System Risk:

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

17.1. 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.

17.2. 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:-

### 21. 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 stockbroker 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.

## **22 Currency specific risks:**

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.

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.

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.

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

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.

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

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

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

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.

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.

## **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.

## **GENERAL:**

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

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

## INCRD CAPITAL WEALTH PORTFOLIO MANAGERS PRIVATE LIMITED GUIDANCE NOTE – DO'S AND DON'T'S FOR TRADING ON THE EXCHANGE(S) FOR INVESTORS

### BEFORE YOU BEGIN TO TRADE

1. Ensure that you deal with and through only SEBI registered intermediaries. You may check their SEBI registration certificate number from the list available on the stock exchanges [www.nseindia.com](http://www.nseindia.com), [www.bseindia.com](http://www.bseindia.com), [www.msei.in/index.aspx](http://www.msei.in/index.aspx) and SEBI website [www.sebi.gov.in](http://www.sebi.gov.in).
2. Ensure that you fill the KYC form completely and strike off the blank fields in the KYC form.
3. Ensure that you have read all the mandatory documents viz. Rights and Obligations, Risk Disclosure Document, Policy and Procedure document of the stockbroker.
4. Ensure to read, understand and then sign the voluntary clauses, if any, agreed between you and the stockbroker. Note that the clauses as agreed between you and the stock broker cannot be changed without your consent.
5. Get a clear idea about all brokerage, commissions, fees and other charges levied by the broker on you for trading and the relevant provisions/guidelines specified by SEBI/stock exchanges.
6. Obtain a copy of all the documents executed by you from the stockbroker free of charge.
7. In case you wish to execute Power of Attorney (POA) and / or Demat Debit and Pledge Instruction (DDPI) in favour of the stockbroker, 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 stockbroker may issue electronic contract notes (ECN) if specifically authorized by you in writing. You should provide your e-mail ID to the stockbroker 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 stockbroker.
11. Make the payments by account payee cheque in favour of the stockbroker. Don't issue cheques in the name of sub-broker. Ensure that you have a documentary proof of your payment/deposit of securities with the stockbroker, 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 websites 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, pay-out 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 pay-out from the Exchange. Thus, the stockbroker 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 stockbroker, at least once in a calendar quarter or month, depending on your preference. While settling the account, the stockbroker 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 stockbroker 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 stockbroker 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 stockbroker in writing preferably within 7 (seven) working days from the date of receipt of funds/securities or statement, as the case may be. In case of dispute, refer the matter in writing to the Investors Grievance Cell of the relevant stock exchanges without delay.
- 14. In case you have not opted for maintaining running account and pay-out of funds/securities is not received on the next working day of the receipt of pay-out from the exchanges, please refer the matter to the stockbroker. In case there is dispute, ensure that you lodge a complaint in writing immediately with the Investors Grievance Cell of the relevant stock exchange.
  - 15. Please register your mobile number and e-mail ID with the stockbroker, to receive trade confirmation alerts/details of the transactions through SMS or email, by the end of the trading day, from the stock exchanges.

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

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

## **DISPUTES/COMPLAINTS**

- 18. Please note that the details of the arbitration proceedings, penal action against the brokers and investor complaints against the stockbrokers are displayed on the website of the relevant stock exchange.
- 19. In case your issue/problem/grievance is not being sorted out by concerned stockbroker/Authorised Person 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 stockbroker/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.

## INCREC CAPITAL WEALTH PORTFOLIO MANAGERS PRIVATE LIMITED POLICIES & PROCEDURE FOR CLIENT DEALINGS

### **A. Refusal of orders/restrictions on trading in penny stocks and illiquid stocks:**

We define penny stocks as those stocks where the market price is below or close to par, with the company financials being weak with indicators such as loss, accumulated losses, low sales revenue, low or negative net worth, signs of inactivity in the company, which are having very less value. INCREC CAPITAL may from time to time identify such stocks and put trading restriction on the trades in such penny stocks. In addition to these stocks INCREC CAPITAL may also include other stocks in the list of restricted stocks such as stocks in Z category, Trade to Trade Settlement or TS category, the scrips which are included in the list of illiquid scrips by the exchange/s, Stocks having low liquidity, illiquid "Options", far month contracts, ASM, GSM, SMS scrips or any other scrip which INCREC CAPITAL deem fit for the purpose putting trading restriction.

The restriction on above stocks may be as to the price, quantity or mode of placement of orders. Accordingly, INCREC CAPITAL reserves the right to disable certain scrips for trading on online trading facility/ Authorised Person /branch trading terminals or put quantity or price restrictions while putting trade orders. In such case, client may be allowed to place the trades subject to certain restrictions, through INCREC CAPITAL's centralized dealing desk after enhanced due diligence of the orders.

In case of clients using Internet trading facility, they may not find the scrip name or may not be able to place any order in the scrip, if such scrip is one of the restricted scrips. A client can enquire with INCREC CAPITAL's dealer or customer service executive about any trading restriction on any scrip.

The above referred restrictions are placed on the trading activities of the client as these stocks are exposed to price rigging and other market manipulative activities. Further, INCREC CAPITAL as a member of the stock exchanges is expected to have proper surveillance and monitoring mechanism on the trading activities of their clients, particularly on penny and illiquid scrips.

Clients may note that INCREC CAPITAL shall have right to reject the orders placed by the Client and/or put circuit breakers to discourage trades getting executed at unrealistic prices from the current market price of the security or prohibit the Client from trading in illiquid securities which creates artificial liquidity or manipulates prices or to discourage Client from cross/ synchronized trading and INCREC CAPITAL shall not be liable for any loss arising out of non-acceptance or rejection of the Client orders for any such reason if the Client fails to give sufficient reason for placing such orders. INCREC CAPITAL shall have the prerogative to place such restrictions, notwithstanding the fact that the client has adequate credit balance or margin available in his/her account and/or the client had previously purchased or sold such securities/contracts through INCREC CAPITAL itself.

### **B. Setting up client's exposure limits:**

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

### **Margin Collection and Requirements**

This would be in line with the risk management policy of INCREC Capital and various rules and regulations of the concerned Regulators. The policy is duly explained by INCREC CAPITAL to the CLIENT and as amended from time to time. INCREC CAPITAL in its sole and absolute discretion have the right to collect margins whether/or not imposed by exchange, clearing house or SEBI. The margins can be demanded by INCREC CAPITAL in the form of cash, securities or any other form as deemed fit. INCREC CAPITAL may impose haircuts on securities at its own discretion which may be more than what is prescribed by the above-mentioned regulatory authorities. INCREC CAPITAL can have its own list of securities which is



acceptable by it for the purpose of margin.

INCREC CAPITAL may at any time amend the margin requirements, the list of approved securities accepted as margin, and intimate the same by conspicuously posting notice of such amendment on its website or may communicate the same individually to the client either through physical or electronic form. The communication of said amendment through such mode and continued use of the services of INCREC CAPITAL by the client after such notice will constitute valid acknowledgement and acceptance of such amendment.

## **Collateral includes**

- Account balances adjusted for F&O margins, as maybe applicable.
- Adjustments for open unsettled positions, if any
- "Approved securities" pledged with INCREC CAPITAL as margins.

## **Account balances shall include**

- All daily billing effects for all segments
- All charges and fees that are incidental to carrying out the securities business like DP charges, delayed payment charges, auctions, penalties, any other fees etc.
- All money receipts realized by the company before the trading session / day
- Derivative margins collected / realized based on the billing policy adopted by the company from time to time
- "Approved Securities" is the list of securities that INCREC CAPITAL accepts as collateral margin. Typically the list is revised on a monthly basis, but maybe modified anytime at the sole discretion of INCREC CAPITAL based on market volatility, any material impact on price or volatility of any security. This list shall be made available on demand. The haircut on securities for valuation shall be defined by INCREC CAPITAL and typically varies from 25%-100%.

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

All shares held in DP Beneficiary of the Client maintained with INCREC CAPITAL at beginning of trading day & Pledged shares which are given as for margins and/or settlement of exchange obligations shall be available for sale and client undertakes not to transfer such securities out of the account directly without INCREC CAPITAL consent (such consent not to be unreasonably withheld);

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

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

## **PLACING OF ORDERS**

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

## **EXECUTION OF ORDERS**

The placing an order with the INCRED CAPITAL including a market order, does not guarantee execution of the order. INCRED CAPITAL has the absolute right to reject any order that may be made by the CLIENT for any reason whatsoever including for the breach of the requirement of maintaining the prescribed Margin in the CLIENT account or the Bank account.

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

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

## **PRICE OF SECURITIES**

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

## **CANCELLATION OR MODIFICATION OF ORDERS**

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

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

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

INCRED CAPITAL shall have right to reject any order based on its risk perceptions.

## **CORPORATE BENEFITS; SETTLEMENT CYCLES**

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

For the CLIENTS having outstanding obligations on the settlement date, INCRED CAPITAL may retain the requisite securities/funds towards such obligations and may also retain the funds expected to be required to

meet margin obligations for next 5 trading days, calculated in the manner specified by the relevant exchanges. The actual settlement of funds and securities shall be done by INCRED CAPITAL, at least once in a calendar quarter or month, depending on the preference of the CLIENT. While settling the account, INCRED CAPITAL shall send to the CLIENT a 'statement of accounts' containing an extract from the CLIENT ledger for funds and an extract from the register of securities displaying all receipts/deliveries of funds/securities. The statement shall also explain the retention of funds/securities and the details of the pledge, if any.

### **C. Applicable brokerage rate:**

Brokerage will be charged to the client based on the brokerage rates specified in the account opening form or as per the product/scheme opted by the client from time to time. Brokerage chargeable to the client will also be communicated to the client through the welcome letter sent at time of account opening. Based on the value of business done by the client and risk perception, INCRED CAPITAL may reduce the brokerage rate at its sole discretion. Such changed/reduced brokerage terms will be communicated through the relationship manager/e-mail communication and / or amount will be reflected in the contract notes for future trades. However, any increase in brokerage rate either be done with the consent of the client in writing or at the discretion of INCRED CAPITAL by giving 15 days advance notice to the client. The brokerage rate shall be within the permissible limit set by SEBI/Exchanges (currently the same is 2.5% of turnover).

### **D. Imposition of penalty/interest on delayed payment:**

INCRED CAPITAL requires all its clients to make the payment towards outstanding arising out of trades and/ or ancillary services availed by the client on or before due date.

In case of outstanding in account, penal interest will be levied on the client to deter them from delaying the payment in future. The company may determine the rate of interest to be charged, at its sole discretion and same will be communicated to the clients. INCRED CAPITAL may reduce the interest rate at its sole discretion and revised interest rate will be communicated through e-mail and or SMS and will be reflected in the debit notes. However, any increase in rate of interest from the rate of interest previously charged to the client will be done with advance notice of 15 days to the client. Interest will be calculated considering balance lying across all exchange and segment on any given day.

Margins provided by the client in the form of funds and or securities shall be interest free and INCRED CAPITAL shall not be liable to pay any interest on the same. Any amounts which are overdue from the Client towards trading either in the cash or derivative segments or on account of any other services availed by the client including depository services among the other services etc from INCRED CAPITAL will be charged interest on delayed payment at the rate of 24% pa compounded on monthly basis or such other rate as may be determined by INCRED CAPITAL. INCRED CAPITAL will directly debit the same to the account of the Client at the end of each month. Further, INCRED CAPITAL will also debit charges for depository services availed from it to the trading account of clients.

Notwithstanding the foregoing, in case of force majeure event, INCRED CAPITAL reserves the right to revise the rate of interest at its discretion with prior intimation to 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 (This shall be limited to settlement/margin obligation/debit balance of client)**

As per INCRED CAPITAL's Risk Management System (RMS) policy and regulatory guidelines, in case the client has not paid the amount towards the securities purchased, INCRED CAPITAL may transfer those securities in "Client Unpaid Securities Account (CUSA)". Once the dues in the client's account are cleared, the securities will be transferred to the client's demat account. In case of non-payment of dues, securities may be disposed-off within 5 trading days from the date of pay-out and any excess securities, would be transferred to the client's demat account INCRED CAPITAL shall accept securities as collateral by way of margin pledge /re-pledge only, in accordance with the company's RMS policy and prevalent regulations. In case the client has securities lying in the Demat account, it shall not be treated as margin unless client marks margin pledge in favour of INCRED CAPITAL against the same.

Further, INCRED CAPITAL reserves the right to liquidate all or any of the securities lying in the Demat account of the client in case of any margin requirement / to settle the dues arising from time to time. Clients are required to keep themselves updated with the RMS policy which may be published and as updated by INCRED CAPITAL on its website from time to time.

The liquidation of securities would be based on various parameters including but not limited to liquidity, volatility, categorisation, concentration, or any single stock or set of stocks that has value close to the amount outstanding, or based on any corporate action that is getting triggered in the stocks held or events that could trigger price fluctuation in any particular sector or a particular company.

INCRED CAPITAL may in its sole discretion, determine the day, time of sell and which securities to be liquidated and / or which open position/s is /are to be closed out.

Without prejudice to other rights (including the right to refer a matter to arbitration), INCRED CAPITAL would be entitled to liquidate/close out without any notice all or any of the client's position 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 liability/ obligations. Any and all losses and financial charges on account of such liquidation/closing out shall be charged to and borne by the client.

Company on best effort basis will try and inform the client and give him reasonable time for payment. However, it will be the responsibility of client to track his margins/ obligations by going through margin statements sent to the client on daily basis.

The client shall be responsible to track his shortfall daily on real time and clear such shortfall, if any, arising in his account. Notwithstanding hereinabove, INCRED CAPITAL shall be entitled to liquidate/close out all or any of the client's positions without any notice to the client during market hours in case the Client fails to provide required margin and/or any other payment or if there is any substantial/complete erosion of margin due to volatility in the market. On substantial/complete erosion of margin due to any reason whatsoever, the decision of INCRED CAPITAL shall be final and binding on the client. The stockbroker may exercise all or any of the above rights in such manner as the stockbroker thinks appropriate, without demand for additional margin, security or collateral, or advance notice or advertisement, on any exchange or other market where such business can be transacted, at a public auction or by private sale and the stockbroker may be the purchaser / seller for its own account. The giving of any prior demand, call or notice shall not be considered as a waiver of the stockbroker's right to exercise its rights without any such demand, call or notice. The client agrees that in case of high market volatility, the stockbroker may require the client to pay instantaneous margins in addition to the margins that may have already been paid by the client as per margin calls. The client agrees that the stockbroker may be compelled to do so in such circumstances of market volatility, in absence of the payment of the said instantaneous margins by the client, Square-off all or any Outstanding Positions, prevent any new orders from being placed and / or executed by the client or take such other action as the stockbroker thinks fit and proper. The client agrees that the stockbroker may in exceptional circumstances be compelled to Square-off all or any Outstanding margin/ Positions or prevent any new orders from being placed and / or executed by the client or take such other action as the stock broker thinks fit and proper, even without calling for the payment by the client, of the aforesaid instantaneous margins by the client. Profit/loss on the sale transaction of the unpaid securities, if any, shall be transferred to/adjusted from the respective client account.

In case the payment of margin/security is made by the client through a bank instrument, INCRED CAPITAL shall be at liberty to give the benefit/credit for the same only on completion of bank reconciliation and realization of the fund from the said bank instrument etc., at its absolute discretion. Where the margin/security is made available by way of securities or in any other acceptable form, INCRED CAPITAL is empowered to decline its acceptance as margin/security and/ or to accept it at such reduced value as the stock broker may deem fit by applying haircuts at the rate prescribed by Exchange or by valuing it by marking it to market or by any other method as it may deem fit in its absolute discretion.

INCRED CAPITAL has the right but not obligation, to cancel all pending orders and to sell/close/liquidate all open position/securities/ shares at the pre-defined square off time or when mark to market percentage reaches or crosses stipulated margin percentage, whichever is earlier. INCRED CAPITAL will have sole discretion to decide referred stipulated margin percentage depending upon the market condition. In the event of such

square off, the client agrees to bear all the losses based on actual executed prices. The client shall also be solely liable for all and any penalties and charges levied by the exchange (s).

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

INCRED CAPITAL as member of the exchange delivers / receives securities to/from the clearing corporation on net obligation basis in respect of a settlement. In such a process, if a client, who has sold securities, short delivers the securities, which are to be delivered to another client of INCRED CAPITAL, who has bought the same security, it is treated as internal shortage of securities. In case of internal shortages on pay in day, INCRED CAPITAL will endeavour to buy the shares from the market on the pay-in day or on the next working day on behalf of the client who has delivered short and deliver the same to the client who has bought them. The client who has delivered short will be debited with the rate at which the shares were purchased or the rate at which the said shares were sold by him, whichever is higher. In case INCRED CAPITAL is unable to buy the securities as stated above, the transaction shall be closed out.

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

Under following circumstances, a client may not be allowed to take further position and if required the existing position in his account may be also be closed:

- If there is a continuous debit Balance in client's account.
- If there is insufficient margin in client's account required to maintain his open position.
- If client is not responding satisfactorily to the Company/ regulatory enquiry on trades undertaken by him explaining the rationale for transactions  
or fails to provide documents to prove beneficial ownership of shares, submit proof of income/ Net worth etc.
- If there is an order by SEBI or any other appropriate authority debarring the client from dealing in securities market or an order to suspend/seize client's account.
- In case the scrip or member limits are breached or likely to be breached in the Derivatives Market Segment.
- In case of dormant/inactive account and
- At the discretion of the company by giving written notice to the client.

## **H. Temporarily suspending or closing a client's account at the client's request:**

A client can request for temporary suspending or for permanent closing his account. For permanent closure, client has to give a notice of one month and clear the dues, if any, in his account. Client account may be suspended by the company at any time:

- 1) On directions received from any regulatory authorities.
- 2) If client is not responding to the queries raised by the company related to his trade activities.
- 3) If there is not a single active demat account linked to trading account.
- 4) Due to any other non-compliance observed in the account.

## **I. Deregistering a client:**

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

- 1) If the action of the client is prima facie illegal improper or such as to manipulate the price of any securities or disturb the normal/proper functioning of securities either alone or in conjunction with others.
- 2) If there is commencement of any legal proceedings against the client under any law in force.
- 3) On the death/lunacy or other disability of the client.
- 4) If the client being a partnership firm, steps taken by the client and/or its partners for dissolution of the partnership.
- 5) If the client suffers any adverse material change in his/her/ its financial position or defaults in any other arrangement with INCRED CAPITAL.

- 6) If there is reasonable apprehension that the client is unable to pay its debts or the client has admitted its inability to pay its debts, as they become payable.
- 7) If the client is in breach of any terms, condition or covenant of this arrangement.
- 8) If the client has made any material misrepresentation of facts, including (without limitation) in relation to the security.
- 9) If a receiver, administrator or liquidator has been appointed or allowed to be appointed of all or any part of the undertaking of the client.
- 10) If the client have taken or suffered to be taken any action for its reorganization, liquidation or dissolution;
- 11) If the client has voluntarily or compulsorily become the subject of proceedings under any bankruptcy or insolvency law or being a company, goes into liquidation or has a receiver appointed in respect of its assets or refers itself to the Board of Industrial and Financial Reconstruction or under any other law providing protection as a relief undertaking;
- 12) If the covenant or warranty of the client is incorrect or untrue in any material respect.
- 13) On the order from the appropriate authority.
- 14) In accordance with the provisions of arrangement entered into with the client.

## **J. Policy on inactive (dormant) Account:**

In order to protect the account of customer, INCRED CAPITAL will deactivate the trading accounts of the client, which are identified as "Dormant" and report them as inactive in UCC. Dormant account will be the account where there is no trading activity for more than 1 year since date of last trade.

Clients will be given an advance notice before deactivation of the account. Once the account is deactivated, the customer will not be able to place trades in any segments.

Client can get his account reactivated by following any of the below process after due authentication:-

- a) In order to re-activate his account, client needs to submit his KYC documents and IPV needs to be done by INCRED CAPITAL.
- b) Client has an option to give a declaration stating that there are no changes in his KYC and therefore he is not submitting new KYC documents. However, there is no waiver / exception for IPV. Further, in case details required for reactivation in UCC are not available, the same needs to be submitted by the client.

Funds would be settled as per the settlement frequency chosen by the client. In case of interim request received from the client for release of funds before due date of running account settlement, the funds will be released only after Reactivation procedure is completed as mentioned above.

## **K. Penal charges that may be debited to the Client's account:**

INCRED CAPITAL reserves the right to debit client's ledger for any penal charges that may be charged by the Exchanges/ depositories on INCRED CAPITAL on the client level for any default/ violation of Exchange guidelines / requirements occurring due to omission or commission of any act on the part of the client.

This may include penalty for: -

- 1) Short delivery of securities - Shortfall in Margin payment
- 2) Violation of client level - Client code modification position limits its INCRED CAPITAL shall have the right to recover such charges like any other trade dues payable by the client and recover the same by selling his securities.
- 3) Delayed payment charges on outstanding ledger debits.

## **L. Third party funds and securities:**

In accordance with SEBI circular dated August 27,2003, INCRED CAPITAL requires all its clients to make pay-out of funds and securities from the account held in their name towards their settlement and margin obligation. Similarly, pay-out of funds will be made in client's name and securities will be transferred only to demat account held in client's name and registered with INCRED CAPITAL. Proofs regarding account being held in client's name i.e. copy of cheque book/bank statement in case of funds and copy of DP master in case of securities needs to be provided by the client. Receipt of funds/ securities will be accepted only from these

accounts. Payment made from any other account will be treated as “third party”. In no circumstance, third party funds and securities will be accepted towards settlement and/or margin obligation.

In case, INCRED CAPITAL observes that payment of funds or securities towards pay-in/margin obligation has been met from third party account, INCRED CAPITAL reserves right not to give credit of funds/ securities to client/reverse the credit given and return the same to the source account from where funds/securities were received. Client will be solely liable on account of any shortfall in meeting pay-in/margin obligation in this regard. Therefore, client needs to ensure that only securities belonging to the client are retained in the account and appropriate proof regarding purchase/gift etc. needs to be provided to INCRED CAPITAL. In absence of the same, INCRED CAPITAL reserves right to transfer the securities to source account from where securities were transferred to POA account. In case client transfers securities to POA account from third party account and sells the securities, INCRED CAPITAL reserves the right to withhold the pay-out till client obtains NOC from the account holder from whose account shares were transferred for sale.

**Kindly note that the updated policies shall be available on the website of the Company.**

### **Additional Risk/Obligation/Liability Statement in the case of trading through Wireless Technology/Smart Order Routing**

These terms contained in the present are in addition to and concurrent with the terms of Rights and Obligation prescribed the Securities and Exchange Board of India (SEBI) vide its circular dated August 22, 2011 as amended from time to time and letter containing additional voluntary terms and conditions. Following are the additional features, risks, responsibilities, obligations and liabilities associated with the securities trading using wireless technology, Smart order Routing applicable to CLIENTS who wish to avail any such facilities from the Stock-Broker/MEMBER.

#### **Securities Trading using Wireless Technologies (STWT)**

- 1) The CLIENT agrees that the MEMBER shall not be liable or responsible for non-execution of the orders of the CLIENT due to any link/system failure at the CLIENT/MEMBERS/EXCHANGE end.
- 2) The Stock Exchange may cancel a trade suo-moto without giving any reason thereof. In the event of such cancellation, MEMBER shall be entitled to cancel relative contract(s) with CLIENT.
- 3) The information regarding order and trade confirmation shall be provided on the device of the CLIENT in case of securities trading through the use of wireless technology.
- 4) The CLIENT is aware that as it may not be possible to give detailed information on transactions/ledger/contract note etc. to the CLIENT on a hand-held device e.g. mobile phones etc. minimum information would be given with address of the internet website/web page where detailed information would be available.

#### **Smart order Routing Facility (SOR)**

- 1) The CLIENT is aware that SOR is available for online customers and the MEMBER shall route orders using this facility in a neutral manner.
- 2) The MEMBER has explained and the client has understood the best execution policy as mentioned below and its features for SOR facility.

#### **Best Execution Policy for Smart Order Routing:**

Best Execution Policy sets forth policy and execution methodology for execution of orders for securities listed on a securities exchange within India and on specific client instruction regarding execution, trading member shall endeavour to execute that order in accordance with the following principle:

- 1) MEMBER shall permit Smart Order option in cash segment only. Smart order facility will not be available for After Market Orders.
- 2) Using Smart Order, the CLIENT may place market order after clearance of all the risk management validations set by the MEMBER.
- 3) For market order, system shall send the orders to the Exchanges based on the available market depth. The order placed by the CLIENT will be split and sent to the Exchange where there is best rate available for a

particular quantity. If prices are equal in available Exchange then quantity will be the priority and system will place order on the Exchange where total quantity is maximum for that order type.

- 4) The CLIENT is aware that the trading member shall carry out appropriate validation of all risk parameters before the orders are placed through the SOR system.
- 5) In case the CLIENT has availed Smart Order Routing facility he shall select the type of order he wishes to use for a particular trade.
- 6) The MEMBER shall ensure that alternative mode of trading system for eg. Call and trade facility etc. is available in case of failure of Smart Order Routing facility.
- 7) The MEMBER shall maintain logs of all activities to facilitate audit trail.
- 8) The client shall also abide to the terms and conditions as may be communicated regarding SOR facility from time to time or as is published on the website of the MEMBER.

## **VOLUNTARY FREEZING/BLOCKING OF ONLINE ACCESS OF TRADING ACCOUNTS OF CLIENTS by INCRED CAPITAL WEALTH PORTFOLIO MANAGERS PRIVATE LIMITED (INCRED CAPITAL) on account of “Suspicious Activity” observed if any.**

In the interest of the investor, a framework for “Voluntary freezing of online access of trading accounts for clients” has been provided by the company in accordance with circular issued by SEBI & Exchanges on "Ease of Doing Investments by Investors- Facility of voluntary freezing/blocking of Trading Accounts by Clients". In case any Suspicious activity observed in trading account using online access i.e. client believe that the login credential for online access of trading account got compromised, then using any 1 of the below mentioned facility the client can block their online access of trading accounts:

1. Send an email from your registered e-mail ID to [stoptrade@incredcapital.com](mailto:stoptrade@incredcapital.com)

OR

2. You can call our customer care desk on 022-4161 1521/ 022-4161 1519 only from your registered mobile number to freeze your trading account.

The freezing of online access will not impact on the open positions of the client, if any. Further, the client will not be able to execute new orders through network channels i.e Branches and Authorised Persons / Business Partners. The clients in such will have to place orders only through centralised dealing desk post proper authentication as required under the internal policy and procedures of the company. Re-activation of the online access will be done within 3 working days post receipt of request from the client and due diligence performed by the company. Detailed policy and procedures for freezing and unfreezing is provided on <https://www.incredequities.com/>.

## **Policy on Handling of Good Till Cancelled Orders of Client**

### **Details of Good Till Cancelled/Good Till Triggered/orders –**

- a. InCred Capital Wealth Portfolio Managers Private Limited. (“InCred Capital”) enables it’s clients to place “Good Till Date” (GTDt) orders.
- b. GTDt is a order facility through which a client can place buy and sell limit orders in shares, index futures & index options specifying the period for which the order instruction is valid. The period selected by the client shall be within the maximum validity date defined by INCRED CAPITAL. Since client has the right to define validity date (“order validity date”), this order type is called as Good Till Date (GTDt) order.
- c. All existing and new clients of INCRED CAPITAL who are eligible to trade in Equity Cash product & Derivatives can avail GTDt facility for order placement.
- d. The facility of placing a GTDt order is available in Equity Cash product, Index futures, Index Options and E-Margin (MTF) product only. It is not available for other products like Margin, Spot, etc. As and when, GTDt orders are introduced in new segments the same shall be displayed through the INCRED CAPITAL website and subsequently updated in the policy.



- e. GTDt orders can only be placed by specifying a limit price. GTDt orders cannot be placed at market price.
- f. If a GTDt order is not executed for the entire quantity, INCRED CAPITAL is authorised to place fresh orders for the unexecuted quantity for the client on the subsequent trading days till the entire quantity is executed or till the validity expires, whichever is earlier. This feature permits the client to specify the number of days during which the client intends to place the orders.
- g. GTDt orders can be placed during the pre-open session for all scrips, however only orders in scrips that are pre-open enabled would be sent to exchange during the pre-open session. Orders in all other scrips not enabled for pre-open session would be treated as overnight orders and sent to exchange during normal trading session.
- h. Client shall ensure that necessary funds/margins are available to place GTDt orders in their account for the unexecuted quantity of the order.
- i. "Order Validity Date" means the date entered by the client while placing GTDt orders. This date shall be equal to or less than the maximum validity date defined by INCRED CAPITAL which would appear as the default "Order Validity Date". Client can choose the GTDt order validity date as less than or equal to the maximum validity date defined by INCRED CAPITAL. Client shall not be allowed to place orders with GTDt validity beyond maximum defined validity date.
- j. In case the GTDt order validity date falls on a non trading day, the order is expired by INCRED CAPITAL on the last trading day which falls prior to such order valid date which is a non trading day. Post the expiry, the status of GTDt order is updated as Expired (Closed).
- k. Once a client has placed a GTDt order, INCRED CAPITAL will place orders for the unexecuted quantity of the GTDt order for all the days during the validity period or till the quantity is fully executed or cancelled or rejected due to any reason. Client may login only to check the status of such orders.
- l. For the unexecuted quantity orders shall be placed daily as overnight orders during the validity period, i.e. until the order validity date is less than or equal to the next trade date provided such GTDt order remains unexecuted and is not cancelled, nor rejected due to any reason. The orders would be placed on these dates provided they are trading days.
- m. All securities in BSE & NSE except securities in debt segment, NCD, Bonds and illiquid securities are eligible for the placing GTDt order.
- n. Orders with GTDt validity can be placed both during the market hours as well as post market hours.
- o. GTDt orders can be placed over CallNTrade.
- p. Clients can modify the quantity or limit price of a GTDt orders Clients can modify the order only when the order is in 'Ordered status' (during market hours) or 'Requested status' (after market hours). "GTDT Blocked" orders cannot be modified but can only be cancelled.
- q. All GTDt orders can be cancelled.
- r. The Brokerage rates and applicable charges are same for normal transactions and GTDt orders. Further, GTDt orders shall be settled in the same manner as normal equity / derivative market transactions.
- s. Clients can also place GTDt Buy and Sell (sell- Open position only) order under all Products

## Rights and Obligations of Beneficial Owner and Depository Participant as prescribed by SEBI and Depositories

### General Clause

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

### Beneficial Owner information

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

### Fees/Charges/Tariff

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

### Dematerialization

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

### Separate Accounts

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

## **Transfer of Securities**

11. The DP shall effect transfer to and from the demat accounts of the Beneficial Owner only on the basis of an order, instruction, direction or mandate duly authorized by the Beneficial Owner and the DP shall maintain the original documents and the audit trail of such authorizations.
12. The Beneficial Owner reserves the right to give standing instructions with regard to the crediting of securities in his demat account and the DP shall act according to such instructions.
13. The stock broker / stock broker and depository participant shall not directly / indirectly compel the clients to execute Power of Attorney (PoA) or Demat Debit and Pledge Instruction (DDPI) or deny services to the client if the client refuses to execute PoA or DDPI.

## **Statement of account**

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

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

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

## **Default in payment of charges**

20. In event of Beneficial Owner committing a default in the payment of any amount provided in Clause 5 & 6 within a period of thirty days from the date of demand, without prejudice to the right of the DP to close the demat account of the Beneficial Owner, the DP may charge interest at a rate as specified by the Depository from time to time for the period of such default.

21. In case the Beneficial Owner has failed to make the payment of any of the amounts as provided in Clause 5&6 specified above, the DP after giving two days notice to the Beneficial Owner shall have the right to stop processing of instructions of the Beneficial Owner till such time he makes the payment along with interest, if any.

## **Liability of the Depository**

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

## **Freezing/ Defreezing of accounts**

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

## **Redressal of Investor grievance**

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

## **Authorized representative**

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

## **Law and Jurisdiction**

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

31. Any changes in the rights and obligations which are specified by SEBI/Depositories shall also be brought to the notice of the clients at once.
32. If the rights and obligations of the parties hereto are altered by virtue of change in Rules and regulations of SEBI or Bye-laws, Rules and Regulations of the relevant Depository, where the Beneficial Owner maintains his/her account, such changes shall be deemed to have been incorporated herein in modification of the rights and obligations of the parties mentioned in this document.
33. In accordance with SEBI letter no. SEBI/HO/MRD/RAC2/P/OW/2023/0000049253/1 dated December 07, 2023 and CDSL communique no. CDSL/L&CS/DP/POLCY/2023/710 dated December 08, 2023, CDSL reserves the right to rectify any erroneous transaction made to the account of any Beneficial Owner with a participant. [CDSL shall carry out rectification of erroneous transactions only as per directives issued by SEBI from time to time and strictly in the manner as prescribed in the Operating Instructions. CDSL reserves the right to amend the procedure prescribed in the Operating Instructions from time to time.] In the event of CDSL carrying out any rectification, CDSL shall inform the concerned participant and Beneficial Owner of such rectification

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

1. The Securities and Exchange Board of India ("SEBI") has formulated and issued the Securities Lending Scheme, 1997 ("SEBI Scheme") and SEBI Circular No MRD/DoP/SE/Dep/Cir-14/2007 dated 20th December 2007 for facilitating lending and borrowing of Securities through an "Approved Intermediary" registered with SEBI.
2. The National Securities Clearing Corporation is an Approved Intermediary ("AI") registered under the SEBI Scheme and is, therefore, authorised to facilitate lending and borrowing of Securities in accordance with the SEBI Scheme and Circulars of SEBI issued from time to time. Accordingly, the AI has framed the Securities Lending and Borrowing Scheme (hereinafter referred to as "SLBS") for facilitating lending and borrowing of Securities through persons registered as "Participants".
3. SEBI, thereafter, vide its Circular No. CIR/NRD/DP/19/2014 dated June 3, 2014 ("SEBI Circular") has modified the framework of Securities Lending and Borrowing. Under the said SEBI Circular, AI shall enter into an agreement with its Clearing Member/Participant ("Agreement") for the purpose of facilitating Securities Lending and Borrowing and which shall specify the rights, responsibilities and obligations of the AI and the Clearing Member/Participant ("Participant"). The said Agreement shall also define the exact role of AI/Participant vis-à-vis the Client of Participant. As per the said SEBI Circular, AI is also required to frame rights and obligations document laying down the rights and obligations of the Participant and its Client for the purpose of Securities Lending and Borrowing. The said rights and obligations document shall be mandatory and binding on the Participant. Accordingly, the AI has framed this rights and obligations document laying down the rights and obligations of Participant as well as of its Client ("Rights & Obligations Document").
4. Securities Lending and Borrowing can be undertaken by the Participant either on their own account or on account of its Client registered with them. Any person(s) who meets the eligibility criteria as may be specified by the AI for the Clients under the SLBS, shall be eligible to participate in the SLBS by submitting duly signed relevant documentation/s to the Participant that it is desirous of participating in the SLBS. The Participant on the receipt of said relevant documentation/s from its Client, shall provide this Rights & Obligations Document to its Client which will be duly acknowledged by the Client of having read, understood and to agreeing to abide by the same prior to the execution of trade in the SLBS. The terms and conditions of this Rights & Obligations Document shall be binding on the Participant as well as on its Client.
5. All the transactions under the SLBS by the Client shall be strictly in accordance with SEBI Scheme, Circulars of SEBI, SLBS and the Circulars issued thereunder and the Rules, Byelaws, Regulations of the AI as a Clearing Corporation as applicable and the terms and conditions of the said Agreement. In the event of any conflict or contradiction between the provisions of the SEBI Scheme, Circulars of SEBI, SLBS and the Circulars issued thereunder and the Rules, Byelaws, Regulations of the AI as a Clearing Corporation as applicable and the

terms and conditions of the said Agreement and this Rights & Obligations Document, the provisions of the SEBI Scheme, Circulars of SEBI, SLBS and the Circulars issued thereunder, the Rules, Byelaws and Regulations of the AI as a Clearing Corporation and the terms and conditions of the said Agreement shall prevail over this Rights & Obligations Document. The provisions of this Rights & Obligations Document are in addition thereto and not in derogation thereof.

6. The Participant has made the Client aware of and the Client has understood the precise nature of the Participant's liability towards the Client under SLBS including any limitations on the liability and the capacity in which the Participant acts.
7. Subject to the SEBI Scheme, Circulars of SEBI, SLBS and Circulars issued thereunder, and/or the Rules, Byelaws, Regulations of the AI as a Clearing Corporation as applicable and as in force from time to time, the rights and obligations of the Participant as well as its Client shall be hereto as under.
8. Unless the context otherwise requires, the words and expressions used herein shall have the same meaning as defined in Securities Contracts (Regulation) Act, 1956 or Securities and Exchange Board of India Act, 1992 or Securities Lending Scheme, 1997 or Depositories Act, 1996 or the rules and regulations made thereunder respectively or Circulars of SEBI or SLBS and the Circulars issued thereunder and the Rules, Byelaws and Regulations of the AI as a Clearing Corporation.

## RIGHTS OF THE PARTICIPANT

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

### 10. Margins

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

### 11. Recovery

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

## OBLIGATIONS OF THE PARTICIPANT

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

### 13. Issue of Confirmation Memo

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

### 14. Money / Securities to be kept in separate account

The Participant agrees that the money / Securities deposited by the Client shall be kept in a separate bank account / settlement demat account, distinct from its own account or accounts of any other Clients, and shall not be used by the Participant for itself or for any other Clients or for any purpose other than the

purposes mentioned in the SEBI Scheme, Circulars of SEBI, SLBS and Circulars issued thereunder and/or the Rules, Byelaws, Regulations of the AI as a Clearing Corporation and as in force from time to time.

## 15. Update on Settlement Process

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

## 16. Compliance with Know Your Client Norms

The Participant undertakes to maintain the "Know Your Client" details of the Client as mentioned in the Client Registration Form or any other information pertaining to the Client in confidence and that it shall not disclose the same to any person / authority except to the AI or as required under any law / regulatory requirements or in compliance with any decree, order or direction of any Court, Tribunal, SEBI or other authority duly empowered in law; Provided however that the Participant may so disclose information about its Client to any person or authority with the express permission of the Client.

## 17. Reconciliation of Account

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

## 18. Return of Securities and Lending Fees

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

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

## 19. Delivery of Securities

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

## RIGHTS OF THE CLIENT

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

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

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

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

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

**OBLIGATION OF THE CLIENT****23. Abide by Law & Acquaintance to Law**

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

**24. Update & Comply with the Settlement Process**

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

**25. Processing Charges**

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

**26. Change in Client Registration Form**

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

**27. Authorised Representative**

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

**28. Return of Securities**

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

**29. Payment of Margins**

The Client agrees to pay such margins as may be specified by the Participant in accordance with the requirement of AI or SEBI from time to time.

**30. Exposure / Position Limits**

The Client agrees to abide by the exposure / position limits, if any, set by the Participant or the AI or SEBI from time to time.

**31. Securities lent to be Unencumbered**

The Client agrees and warrants that the Securities lent are free from lien, charge, pledge or any encumbrance(s) of whatsoever nature.

**32. Collateral**

At the discretion of the Participant, where the Client deposits the required collateral/margins with the Participant, the same shall be free from any encumbrance(s) of whatsoever nature or defect in the title. If



any encumbrance(s) or defect in the title is found subsequently, such collateral shall be immediately replaced by the Client.

### 33. **Insolvency**

The Client agrees to immediately furnish information to the Participant in writing, if any winding up petition on or insolvency petition on has been filed or any winding up or insolvency order or decree or award is passed against it or if any litigation which may have material adverse bearing on its net worth has been filed against it.

### 34. **Cancellation of Transactions**

Notwithstanding anything contained in the said Agreement, the AI shall be entitled to cancel transactions under the SLBS, either on an application by a Participant or suo moto or under regulatory directions, and in such event, the transactions done on behalf of the Client shall ipso facto stand cancelled, and neither the AI nor the Participant shall be liable to compensate the Client for any loss whatsoever (including opportunity loss) arising out of such cancellation.

### 35. **Discontinuation of SLBS and Participation in SLBS**

The AI shall be entitled to discontinue the SLBS or the participation of the Participant in the SLBS at any time at its discretion. Such discontinuation may be subject to such terms and conditions as may be specified by the AI from time to time.

## **ARBITRATION**

36. The Participant and the Client shall co-operate with each other and / or the AI in redressing their grievances in respect of transactions under the SLBS.

### 24. **Update & Comply with the Settlement Process**

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

### 25. **Processing Charges**

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

### 26. **Change in Client Registration Form**

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

### 27. **Authorised Representative**

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

## 28. Return of Securities

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

## 29. Payment of Margins

The Client agrees to pay such margins as may be specified by the Participant in accordance with the requirement of AI or SEBI from time to time.

## 30. Exposure / Position Limits

The Client agrees to abide by the exposure / position limits, if any, set by the Participant or the AI or SEBI from time to time.

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## ARBITRATION

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