

MEHTA



REWARDING RELATIONSHIPS

MEHTA EQUITIES LTD.

BOOKLET - 2

Documents Forming part and parcel of KYC Kit

- Rights and Obligation
- Rights and Obligation Documents
for Margin Trading Facility
- Risk Disclosure Document
- Guidance Note - Do's and Don'ts
- Operational Business Policies
- PMLA Information
- Additional Guidance Note for DP

(This booklet is also available on Mehta Equities Ltd. Website and in client web login.)

DETAILS OF THE TRADING MEMBER

Name of the Stock Broker / Trading Member / Clearing Member :- Mehta Equities Ltd.

Registered Office / Correspondence Address :

903, Lodha Supremus, Dr. E. Moses Road,
Worli Naka, Mumbai - 400 018.

Tel.: 91-22-6150 7100

Fax: 91-22-6150 7102

Email : info@mehtagroup.in

Website : www.mehtagroup.in

Administrative Office Address :

L. M. Tower, 3rd Floor, 27/20, Adarsh Society,
Near ITI Circle, New Power House Road,
Jodhpur - 324 003.

Tel.: 0291 - 5150903 / 915

Email : info@mehtagroup.in

Director

Mr. Prashant Bhansali

E-mail: prasant@mehtagroup.in

Tel.: +91 - 22 - 6150 7100

Compliance Officer

Mr. Ritesh Tiwari

E-mail: compliance@mehtagroup.in

Tel.: +91 - 22 - 6150 7180

For any grievance/dispute please contact Mehta Equities Ltd. at the above address and email id grievance@mehtagroup.in and Phone no. 022- 6150 7100 In case not satisfied with the response, please contact the concerned exchange / DP

Particulars	E-mail ID	Tel. No.
BSE	is@bseindia.com	022-2272 8097
NSE	ignse@nse.co.in	022-2659 8190 / 18002 20058
MSEI	investorcomplaints@msei.in	022-6112 9000
CDSL	complaints@cdslindia.com	180 0200 5533

Name of Exchange	Segment	SEBI Registration No.	Date
BOMBAY STOCK EXCHANGE LTD.	Cash	INB 010683856	17-01-1995
	Derivatives Segment	INF 010683856	08-06-2000
THE NATIONAL STOCK EXCHANGE OF INDIA LTD.	Cash	INB 231351231	08-10-2009
	Derivatives Segment (F&O)	INF 231351231	08-10-2009
	Currency Derivatives	INE 231351231	08-10-2009
MSEI	Currency Derivatives	INE 261207756	20-11-2008
	Cash	INB 261351234	07-01-2013
	Derivatives Segment (F&O)	INF 261351234	07-01-2013
CDSL		IN-DP-CDSL-35-99	11-08-2014

This is to inform you that we are also engaged in proprietary trading.

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

Mandatory

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

CLIENT INFORMATION

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

MARGINS

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

TRANSACTIONS AND SETTLEMENTS

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

16. Where the Exchange(s) cancels trade(s) suo moto all such trades including the trade/s done on behalf of the client shall ipso facto stand cancelled, stock broker shall be entitled to cancel the respective contract(s) with client(s).
17. The transactions executed on the Exchange are subject to Rules, Byelaws and Regulations and circulars/notices issued thereunder of the Exchanges where the trade is executed and all parties to such trade shall have submitted to the jurisdiction of such court as may be specified by the Byelaws and Regulations of the Exchanges where the trade is executed for the purpose of giving effect to the provisions of the Rules, Byelaws and Regulations of the Exchanges and the circulars/notices issued thereunder.

BROKERAGE

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

LIQUIDATION AND CLOSE OUT OF POSITION

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

DISPUTE RESOLUTION

22. The Stock Broker shall provide the client with the relevant contact details of the concerned Exchanges and SEBI.
23. The Stock Broker shall co-operate in redressing grievances of the client in respect of all transactions routed through it and in removing objections for bad delivery of shares, rectification of bad delivery, etc.
24. The client and the Stock Broker shall refer any claims and/or disputes with respect to deposits, margin money, etc., to arbitration as per the Rules, Byelaws and Regulations of the Exchanges where the trade is executed and circulars/notices issued thereunder as may be in force from time to time.
25. The Stock Broker shall ensure faster settlement of any arbitration proceedings arising out of the transactions entered into between him vis-à-vis the client and he shall be liable to implement the arbitration awards made in such proceedings.
26. The client/stock-broker understands that the instructions issued by an authorized representative for dispute resolution, if any, of the client/stock-broker shall be binding on the client/stock-broker in accordance with the letter authorizing the said representative to deal on behalf of the said client/stock-broker.

TERMINATION OF RELATIONSHIP

27. This relationship between the Stock Broker and the client shall be terminated; if the Stock Broker for any reason ceases to be a member of the stock exchange including cessation of membership by reason of Stock Broker's default, death, resignation or expulsion or if the certificate is cancelled by the Board.
28. The Stock Broker, sub-broker and the client shall be entitled to terminate the relationship between them without giving any reasons to the other party, after giving notice in writing of not less than one month to the other parties. Notwithstanding any such termination, all rights, liabilities and obligations of the parties arising out of or in respect of transactions entered into prior to the termination of this relationship shall continue to subsist and vest in/be binding on the respective parties or his/its respective heirs, executors, administrators, legal representatives or successors, as the case may be.

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

ADDITIONAL RIGHTS AND OBLIGATIONS

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

ELECTRONIC CONTRACT NOTES (ECN)

37. In case, client opts to receive the contract note in electronic form, he shall provide an appropriate e-mail id to the Stock Broker. The client shall communicate to the Stock Broker any change in the email-id through a physical letter. If the client has opted for internet trading, the request for change of email id may be made through the secured access by way of client specific user id and password.
38. The Stock Broker shall ensure that all ECNs sent through the e-mail shall be digitally signed, encrypted, non-tamperable and in compliance with the provisions of the IT Act, 2000. In case, ECN is sent through e-mail as an attachment, the attached file shall also be secured with the digital signature, encrypted and non-tamperable.
39. The client shall note that non-receipt of bounced mail notification by the Stock Broker shall amount to delivery of the contract note at the e-mail ID of the client.
40. The Stock Broker shall retain ECN and acknowledgment of the e-mail in a soft and non-tamperable form in the manner prescribed by the exchange in compliance with the provisions of the IT Act, 2000 and as per the extant rules/regulations/circulars/guidelines issued by SEBI/Stock Exchanges from time to time. The proof of delivery i.e., log report generated by the system at the time of sending the contract notes shall be maintained by the Stock Broker for the specified period under the extant regulations of SEBI/stock exchanges. The log report shall provide the details of the contract notes that are not delivered to the client/e-mails rejected or bounced back. The Stock Broker shall take all possible steps to ensure

receipt of notification of bounced mails by him at all times within the stipulated time period under the extant regulations of SEBI/stock exchanges.

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

LAW AND JURISDICTION

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

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

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

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

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

Rights and Obligations of Beneficial Owner and Depository Participant as **Mandatory** **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 form.
10. The DP shall not facilitate the Beneficial Owner to create or permit any pledge and /or hypothecation or any other interest or encumbrance over all or any of such securities submitted for dematerialization and/or held in demat account except in the form and manner prescribed in the Depositories Act, 1996, SEBI (Depositories and Participants) Regulations, 1996 and Bye-Laws/Operating Instructions/Business Rules of the Depositories.

Transfer of Securities

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

Statement of account

13. The DP shall provide statements of accounts to the beneficial owner in such form and manner and at such time as agreed with the Beneficial Owner and as specified by SEBI/depository in this regard.
14. However, if there is no transaction in the demat account, or if the balance has become Nil during the year, the DP shall send

one physical statement of holding annually to such BOs and shall resume sending the transaction statement as and when there is a transaction in the account.

15. The DP may provide the services of issuing the statement of demat accounts in an electronic mode if the Beneficial Owner so desires. The DP will furnish to the Beneficial Owner the statement of demat accounts under its digital signature, as governed under the Information Technology Act, 2000. However if the DP does not have the facility of providing the statement of demat account in the electronic mode, then the Participant shall be obliged to forward the statement of demat accounts in physical form.
16. In case of Basic Services Demat Accounts, the DP shall send the transaction statements as mandated by SEBI and/or Depository from time to time.

Manner of Closure of Demat account

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

Default in payment of charges

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

Liability of the Depository

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

Freezing/ Defreezing of accounts

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

Redressal of Investor grievance

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

Authorized representative

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

Law and Jurisdiction

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

**RIGHTS AND OBLIGATIONS RELATING TO MARGIN TRADING FACILITY PROVIDED BY
STOCK BROKER/ TRADING MEMBER TO CLIENTS (BSE)**

1. Stock Broker/ Trading Member is eligible to provide Margin Trading Facility (MTF) in accordance with SEBI & Exchange Guidelines as specified from time to time.
2. Stock Broker/ Trading Member desirous of extending MTF to their clients is required to obtain prior permission of BSE. Stock Broker/ Trading Member may note that BSE has the right to withdraw the permission at anytime.
3. Stock Broker/ Trading Member shall extend the MTF to the client, on such terms and conditions as specified by the Stock Exchange / SEBI from time to time. Stock Broker/ Trading Member and the client shall abide by the requirements of the margin trading framework, including rights and obligations, as prescribed by Stock Exchange/ SEBI/ Stock Broker/ Trading Member.
4. Stock Broker/ Trading Member shall intimate all the terms and conditions, including maximum allowable exposure, specific stock exposures etc., as well as the rights and obligations to the client desirous of availing MTF.
5. Stock Broker/ Trading Member may, at its sole and absolute discretion, increase the limit of initial and/or maintenance margin, from time to time. The Client shall abide by such revision, and where there is an upward revision of such margin amount, he agrees to make up the shortfall within such time as the Stock Broker/ Trading Member may permit. It may however, be noted that the initial/ maintenance margins shall never be lower than that prescribed by Stock Exchange/ SEBI.
6. Stock Broker/ Trading Member shall provide MTF only in respect of such shares, as may be permitted by Stock Exchange/ SEBI.
7. Stock Broker/ Trading Member shall liquidate the securities and other collateral, if the client fails to meet the margin call to comply with the margin requirement as specified by Stock Exchange/ SEBI/ Stock Broker/ Trading Member. In this regard, Stock Broker/ Trading Member shall also list down situations/ conditions in the which the securities may be liquidated (Stock Broker/ Trading Member to list down situations/ conditions):
8. Stock Broker/ Trading Member shall not use the funds of one client to provide MTF to another client, even if the same is authorized by the first client.
9. The stocks deposited as collateral with the Stock Broker/ Trading Member for availing margin trading facility (Collaterals) and the stocks purchased under the margin trading facility (Funded stocks) shall be identifiable separately and no comingling shall be permitted for the purpose of computing funding amount
10. IPF shall not be available for transactions done on the Stock Exchange, through MTF, in case of any losses suffered in connection with the MTF availed by the client.

The rights and obligations prescribed hereinabove shall be read in conjunction with the rights and obligations as prescribed under SEBI circular no. CIR/ MIRSD/ 16/ 2011 dated August 22, 2011.

**RIGHTS AND OBLIGATIONS OF STOCK BROKER/ TRADING MEMBER & CLIENTS
FOR MARGIN TRADING FACILITY (NSE)**

CLIENT RIGHTS

1. Client shall receive all communications in a mode mutually agreed between the broker and the client regarding confirmation of orders/trades, margin calls, decision to liquidate the position / security.
2. Client shall be free to take the delivery of the securities at any time by repaying the amounts that was paid by the Stock Broker to the Exchange towards securities after paying all dues.
3. Client has a right to change the securities collateral offered for Margin Trading Facility at any time so long as the securities so offered are approved for margin trading facility.
4. Client may close / terminate the Margin Trading Account at any time after paying the dues.

CLIENT OBLIGATIONS

1. Client shall, in writing in his own hand or in any irrefutable electronic method, agree to avail of Margin Trading Facility in accordance with the terms and conditions of Margin Trading Facility offered by the broker, method of communication for confirmation of orders/trades, margin calls and calls for liquidation of collateral/security/position.
2. Client shall inform the broker of its intent to shift the identified transaction under Margin Trading Facility within the time lines specified by the broker failing which the transaction will be treated under the normal trading facility
3. Client shall place the margin amounts as the Stock Broker may specify to the client from time to time.
4. On receipt of 'margin call', the client shall make good such deficiency in the amount of margin placed with the Stock Broker within such time as the Stock Broker may specify.
5. By agreeing to avail Margin Trading Facility with the broker, client is deemed to have authorized the broker to retain and/or pledge the securities provided as collateral or purchased under the Margin Trading Facility till the amount due in respect of the said transaction including the dues to the broker is paid in full by the client.
6. Client shall lodge protest or disagreement with any transaction done under the margin trading facility within the time lines as may be agreed between the client and broker.

STOCK BROKER RIGHTS

1. Stock Broker and client may agree between themselves the terms and condition including commercial terms if any before commencement of MTF.
2. Stock broker may set up its own risk management policy that will be applicable to the transactions done under the Margin Trading Facility. Stock broker may make amendments there to at any time but give effect to such policy after the amendments are duly communicated to the clients registered under the Margin Trading Facility.
3. The broker has a right to retain and/or pledge the securities provided as collateral or the securities bought by the client under the Margin Trading Facility.
4. The broker may liquidate the securities if the client fails to meet the margin call made by the broker as

mutually agreed of liquidation terms but not exceeding 5 working days from the day of margin call.

STOCK BROKER OBLIGATIONS

1. Stock broker shall agree with the client the terms and condition before extending Margin Trading Facility to such client. However, for clients who already have existing trading relationship and want to avail of Margin Trading Facility, stock broker may take consent in writing in his own hand or in any irrefutable electronic method after stock broker has communicated the terms and conditions of Margin Trading Facility to such existing clients.
2. The terms and conditions of Margin Trading Facility shall be identified separately, in a distinct section if given as a part of account opening agreement.
3. The mode of communication of order confirmation, margin calls or liquidation of position/security shall be as agreed between the broker and the client and shall be in writing in his own hand or in any irrefutable electronic method. Stock broker shall prescribe and communicate its margin policies on haircuts/ VAR margins subject to minimum requirements specified by SEBI and exchanges from time to time.
4. The Stock Broker shall monitor and review on a continuous basis the client's positions with regard to MTF. It is desirable that appropriate alert mechanism is set up through which clients are alerted on possible breach of margin requirements.
5. Any transaction to be considered for exposure to MTF shall be determined as per the policy of the broker provided that such determination shall happen not later than T + 1 day.
6. If the transaction is entered under margin trading account, there will not be any further confirmation that it is margin trading transaction other than contract note.
7. In case the determination happens after the issuance of contract, the broker shall issue appropriate records to communicate to Client the change in status of transaction from Normal to Margin trading and should include information like the original contract number and the margin statement and the changed data.
8. The Stock Broker shall make a 'margin call' requiring the client to place such margin; any such call shall clearly indicate the additional/deficient margin to be made good.
9. Time period for liquidation of position/security shall be in accordance declared policy of the broker as applicable to all MTF clients consistently. However, the same should not be later than 5 working (trading) days from the day of 'margin call'. If securities are liquidated, the contract note issued for such margin call related transactions shall carry an asterisk or identifier that the transaction has arisen out of margin call.
10. The daily margin statements sent by broker to the client shall identify the margin/collateral for Margin Trading separately.
11. Margin Trading Accounts where there was no transactions for 90 days shall be settled immediately.
12. The stocks deposited as collateral with the stock broker for availing margin trading facility (Collaterals) and the stocks purchased under the margin trading facility (Funded stocks) shall be identifiable separately and there shall not be any comingling for the purpose of computing funding amount;
13. Stock Broker shall close/terminate the account of the client forthwith upon receipt of such request from

the client subject to the condition that the client has paid dues under Margin Trading Facility.

TERMINATION OF RELATIONSHIP

1. The margin trading arrangement between the stock broker and the client shall be terminated; if the Stock Exchange, for any reason, withdraws the margin trading facility provided to the Stock Broker or the Stock Broker surrenders the facility or the Stock Broker ceases to be a member of the stock exchange.
2. The MTF facility may be withdrawn by the broker, in the event of client committing any breach of any terms or conditions therein or at anytime after due intimation to client allowing such time to liquidate the MTF position as per the agreed liquidation terms without assigning any reason. Similarly, client may opt to terminate the margin trading facility in the event of broker committing any breach of any terms or conditions therein or for any other reason.
3. In the event of termination of this arrangement, the client shall forthwith settle the dues of the Stock Broker. The Stock Broker shall be entitled to immediately adjust the Margin Amount against the dues of the client, and the client hereby authorizes the Stock Broker to make such adjustment.
4. After such adjustment, if any further amount is due from the client to the Stock Broker, the client shall settle the same forthwith. Upon full settlement of all the dues of the client to the Stock Broker, the Stock Broker shall release the balance amount to the client.
5. If the client opts to terminate the margin trading facility, broker shall forthwith return to the client all the collaterals provided and funded securities retained on payment of all the dues by clients.

TERMS AND CONDITIONS OF MEHTA EQUITIES LIMITED (“MEL”)

1. In case client is already availing Margin Trading Facility with other brokers, client needs to inform MEL before availing this facility with MEL.
2. The initial margin payable by the client to MEL shall be in the form of cash, cash equivalent or SEBI/HO/MRD/DP/CIR/P/2016/135 dated December 16, 2016.

Group I Stocks available for trading in the F@O Segment	VAR+3 times of applicable ELM*
Group I stocks other than F&O stocks	VAR+5times of applicable ELM*

3. Subject to the initial margin as aforesaid, MEL may, at its sole and absolute discretion, revise and increase from time to time the margin required for any stock permitted to be traded under MTF, where client has exposure in the stock in respect of which margin has been revised but does not already have sufficient credit in the account to meet increase in margin, client shall pay margin found short with the time prescribed for making margin payment.
4. In case of increase in the value of collateral, MEL may have the option of granting further exposure to clients subject to applicable haricuts. However, no such exposure shall be permitted on the increased value of Funded Stocks.
5. In case of debit balance outstanding, MEL will charge interest at the rate 21% p.a. plus applicable taxes, if any.

6. In case, shortfall still exists upon closing the position, collaterals provided by client shall also be squared off to recover the debits.
7. Client shall be free to take delivery of the shares purchased under MTF any time, but not later than 90 days, from the date of funding by making full payment of the outstanding dues in relation to the shares purchased.
8. Until full payment of the outstanding dues in the MTF A/c is made by the client, collateral shares and funded shares, as far as may be required, shall be retained in the Demat A/c of MEL, separately identified as collateral shares and funded shares.
9. MEL shall restrict the maximum gross exposure as well as individual stock-wise exposure of a client under the MTF at any point in time according to its internal policies and market views without assigning any reason to the client. Furnishing applicable margin shall not by itself entitle the client to seek exposure beyond the limit restricted by MEL.
10. Client in margin default shall continue to be in margin default, until the required margin is furnished in full to eliminate the shortage. Partial payment of margin or a change in the required margin shall not extend the time stipulated for making margin payment which will run from the time of making margin call to the client.
11. Situations/conditions in which the securities may be liquidated by MEL:-
 - a) We may liquidate the securities if the client fails to meet the margin call made by the broker.
 - b) A change in the volatility and/or liquidity in the underlying market or in the financial markets.
 - c) Impact of any Economic/Political emergency.
 - d) In the event of death or insolvency of the client or otherwise becoming incapable of receiving and paying for or delivering or transferring which the client has ordered to be bought or sold.
 - e) Any adverse action against us/client, by stock exchanges/SEBI/Govt. authorities.
 - f) We may close the existing position of a client to the extent of Debit balances to release the Margin from the Exchange. Even if MEL has sufficient margin cover on behalf of its client, it may still decide based on the market conditions and risk perception, not to allow further position or may close the existing position of a client.
 - g) In case margin is reduced by an amount equal to applicable ELM component of the total margin due to market volatility with a trading day (i.e. available margin becomes equal to or less than applicable VAR margin), MEL reserves the right to liquidate the collaterals and/or funded shares forthwith without prior notice to the client.
 - h) Outstanding dues shall not be carried in the books beyond 90 days from the date of accrual and in case client fails to pay up the dues within the said 90 days, collateral and/or funded shares shall be sold to liquidate the dues, even though applicable margin is available in the MTF account of the Client. For this purpose, 90 days shall be computed with respect to each debit entry in respect of purchases under MTF separately and liquidation shall be carried out accordingly. MEL shall have discretion to sell any stock/stocks to liquidate the outstanding dues older than 90 days.

- i) Any and all losses and financial charges on account of such liquidations shall be charged to and borne by the client.
- 12. In case Client does not opt for MTF, all dues on account of purchase of shares, accrued/accruing, shall be payable immediately on or before T+6 failing which MEL may sell the shares to liquidate/reduce the dues and remaining unpaid dues, if any, shall become payable forthwith.
- 13. Initial margin, increased margin, margin shortage, margin calls, maximum allowable exposure, maximum stock specific exposure, trade confirmation, square off intimation and such other information in relation to MTF shall be communicated to the clients electronically through one or many or all of the following modes, viz email, SMS, WhatsApp, mobile notifications, and additionally through telephone calls.

Client Signature: _____

Client Name : _____

Client Code : _____

Date: _____

RISK DISCLOSURE DOCUMENT FOR CAPITAL MARKET AND DERIVATIVES SEGMENTS Mandatory

This document contains important information on trading in Equities/Derivatives Segments of the stock exchanges. All prospective constituents should read this document before trading in Equities/Derivatives Segments of the Exchanges. Stock exchanges/SEBI does neither singly or jointly and expressly nor impliedly guarantee nor make any representation concerning the completeness, the adequacy or accuracy of this disclosure document nor have Stock exchanges /SEBI endorsed or passed any merits of participating in the trading segments. This brief statement does not disclose all the risks and other significant aspects of trading.

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

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

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

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

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

1. BASIC RISKS:

1.1 Risk of Higher Volatility:

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

1.2 Risk of Lower Liquidity:

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

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

1.3 Risk of Wider Spreads:

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

1.4 **Risk-reducing orders:**

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

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

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

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

1.5 **Risk of News Announcements:**

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

1.6 **Risk of Rumors:**

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

1.7 **System Risk:**

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

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

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

1.8 **System/Network Congestion:**

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

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

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

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

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

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

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

incurred due to such close-outs.

- C. Under certain market conditions, an investor may find it difficult or impossible to execute transactions. For example, this situation can occur due to factors such as illiquidity i.e. when there are insufficient bids or offers or suspension of trading due to price limit or circuit breakers etc.
- D. In order to maintain market stability, the following steps may be adopted: changes in the margin rate, increases in the cash margin rate or others. These new measures may also be applied to the existing open interests. In such conditions, you will be required to put up additional margins or reduce your positions.
- E. You must ask your broker to provide the full details of derivatives contracts you plan to trade i.e. the contract specifications and the associated obligations.

2.2 Currency specific risks:

- 1. The profit or loss in transactions in foreign currency-denominated contracts, whether they are traded in your own or another jurisdiction, will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the contract to another currency.
- 2. Under certain market conditions, you may find it difficult or impossible to liquidate a position. This can occur, for example when a currency is deregulated or fixed trading bands are widened.
- 3. Currency prices are highly volatile. Price movements for currencies are influenced by, among other things: changing supply-demand relationships; trade, fiscal, monetary, exchange control programs and policies of governments; foreign political and economic events and policies; changes in national and international interest rates and inflation; currency devaluation; and sentiment of the market place. None of these factors can be controlled by any individual advisor and no assurance can be given that an advisor's advice will result in profitable trades for a participating customer or that a customer will not incur losses from such events.

2.3 Risk of Option holders:

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

2.4 Risks of Option Writers:

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

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

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

4. GENERAL

- 4.1 The term 'constituent' shall mean and include a client, a customer or an investor, who deals with a stock broker for the purpose of acquiring and/or selling of securities / derivatives contracts through the mechanism provided by the Exchanges.
- 4.2 The term 'stock broker' shall mean and include a stock broker, a broker or a stock broker, who has been admitted as such by the Exchanges and who holds a registration certificate from SEBI.

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

TRANSACTIONS AND SETTLEMENTS

8. The Stock Broker may issue electronic contract notes (ECN) if specifically authorized by you in writing. You should provide your email id to the Stock Broker for the same. Don't opt for ECN if you are not familiar with computers.
9. Don't share your internet trading account's password with anyone.
10. Don't make any payment in cash to the Stock Broker.
11. Make the payments by account payee cheque in favour of the Stock Broker. Don't issue cheques in the name of sub-broker. Ensure that you have a documentary proof of your payment/deposit of securities with the Stock Broker, stating date, scrip, quantity, towards which bank/ demat account such money or securities deposited and from which bank/ demat account.
12. Note that facility of Trade Verification is available on stock exchanges' websites, where details of trade as mentioned in the contract note may be verified. Where trade details on the website do not tally with the details mentioned in the contract note, immediately get in touch with the Investors Grievance Cell of the relevant Stock exchange.
13. In case you have given specific authorization for maintaining running account, payout of funds or delivery of securities (as the case may be), may not be made to you within one working day from the receipt of payout from the Exchange. Thus, the Stock Broker shall maintain running account for you subject to the following conditions:
 - a) Such authorization from you shall be dated, signed by you only and contains the clause that you may revoke the same at any time.
 - b) The actual settlement of funds and securities shall be done by the Stock Broker, at least once in a calendar quarter or month, depending on your preference. While settling the account, the Stock Broker shall send to you a 'statement of accounts' containing an extract from the client ledger for funds and an extract from the register of securities displaying all the receipts/deliveries of funds and securities. The statement shall also explain the retention of funds and securities and the details of the pledged shares, if any.
 - c) On the date of settlement, the Stock Broker may retain the requisite securities/funds towards outstanding obligations and may also retain the funds expected to be required to meet derivatives margin obligations for next 5 trading days, calculated in the manner specified by the exchanges. In respect of cash market transactions, the Stock Broker may retain entire pay-in obligation of funds and securities due from clients as on date of settlement and for next day's business, he may retain funds/securities/margin to the extent of value of transactions executed on the day of such settlement in cash market.

- d) You need to bring any dispute arising from the statement of account or settlement so made to the notice of the Stock Broker in writing preferably within 7 (seven) working days from the date of receipt of funds/securities or statement, as the case may be. In case of dispute, refer the matter in writing to the Investors Grievance Cell of the relevant Stock exchanges without delay.
- 14. In case you have not opted for maintaining running account and pay-out of funds/securities is not received on the next working day of the receipt of payout from the exchanges, please refer the matter to the Stock Broker. In case there is dispute, ensure that you lodge a complaint in writing immediately with the Investors Grievance Cell of the relevant Stock exchange.
- 15. Please register your mobile number and email id with the Stock Broker, to receive trade confirmation alerts/ details of the transactions through SMS or email, by the end of the trading day, from the stock exchanges.

IN CASE OF TERMINATION OF TRADING MEMBERSHIP

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

DISPUTES/ COMPLAINTS

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

a) Penny Stocks:

Penny stocks may inter alia include 'T'/'TS'/'Z' group stocks in Cash Segment.

Trading in 'T'/'TS'/'Z' group scrips are permitted with quantitative and other restrictions as may be announced by the Exchanges from time to time and may even attract upfront payment of margin upto 10 percent. Trading in 'Z' group scrips may be blocked and not permitted for diverse reasons at the member's discretion.

On specific request of any of its constituent, the member may at its discretion, permit the constituent to trade in the scrips covered by the above referred group/s / and securities with specific conditions/restrictions/limitations. Mehta Equities Ltd (MEL) reserves the right to refuse execution of any transaction requests of the client on such illiquid securities or to reduce the open market interests of the client in such securities without assigning any reason.

b) Exposure Limits:

Exposure limits for the trading by any client will be based on segment wise financial ledger balances (credits) of NSE Cash/NSE F & O/NSE Currency Derivatives or BSE Cash/BSE F & O segments or any other segment that may be introduced by the Exchanges and the stocks made available by the client (with applicable hair cut prescribed by exchange on values). 'T' and 'Z' group securities will not be considered for fixing the exposure limits and F & O exposure limits will be granted on approved stocks only. In case of Ledger debit, only delivery based sale transactions will be permitted.

Mehta Equities Ltd (MEL) shall be entitled to consider such factors as it may deem fit, including without limitation, the client's risk profile, risk appetite, loss bearing capacity, payment history, market volatility, risk management policy of MEL and such other factors or conditions which MEL may consider relevant for the purpose. Exposure limit multiples are subject to change and may vary depending on prevailing market conditions, client's profile or other factors. The member can alter/change it with or without intimation to constituents at its sole discretion.

c) Brokerage:

The member can charge a maximum brokerage at the rates as prescribed by SEBI and the exchanges, of trade value and the same will be within the prescribed limit as prescribed to SEBI / Exchange on the trade value exclusive of statutory levies but inclusive of sub-brokerage, if any.

d) Penalty/Delayed Payment Charges:

Delayed payment charge is only a penal measure. Any penalty imposed by SEBI/Exchanges or other authorities for any violation of trading and dealing regulations or restrictions by or on behalf of any constituent will be debited to the constituent's ledger account which he/she will be liable and required to pay up as called upon by the member.

The member will be entitled to claim from the client delayed payment charges/interest/late payment charges for non-fulfillment of obligations/non-payment of dues by the client when such delay extends beyond the prescribed period of T+2 days in case of cash segment transactions and T+1 day in case of F & O transactions including margins and/or M to M losses. The delayed payment charges will be calculated @24% p. a from the date of delay to the date of payment on the amount covered by the delay. The said period and the rate may be varied by the member under approved mode intimation to the client.

e) Right to sell shares and close positions on account of non payment of client's dues:

This shall be limited to the extent of settlement / margin obligation.

The member shall be entitled to liquidate/close out all or any of the constituent's position including any collateral for non-payment of lawful outstanding debit including the margins etc. and adjust the proceeds of such liquidation/close out, if any, against the constituent's trade liabilities/obligations/debit balance.

To the extent permissible under the applicable laws, securities and moneys lying with MEL or in their possession or control, for any purpose, for the benefit of the client, including in any account in which the client may have an interest, shall be subject to a lien in favour of MEL for the discharge of all trade related indebtedness of the client and client's other trade obligations to MEL.

The member reserves the right to decide upon the threshold limits for liquidation of constituent's positions. The constituent understands and agrees to Mehta Equities Ltd. communicating such threshold limits periodically, orally, and/or through e-mails, written correspondences through its trading terminals, branch representative, website and SMS or any other approved mode.

However, in the event of extreme volatility and/or constituent's open (outstanding) position resulting in marked to market losses beyond the member's thresholds any time during a Trading Session, and/or constituent's positions or collateral being unsaleable, the member may be forced to liquidate any of the constituent's available positions and collateral even during the course of a trading session without prior intimation to the constituent.

Mehta Equities Ltd shall not be obligated to return any margin to the client until the client has satisfactorily discharged all its payment obligations or other obligations under this rights and obligations.

f) Internal Netting of Trades:

The Member has the right to allocate securities/credits among the constituent and other constituents of the member in a manner and form that the member may deem fit in cases where the member has a net purchase obligation with the Exchanges but receives short delivery from the Exchanges and the Exchanges are able to deliver to the member only in part after the auction settlement and part is closed out by the Exchanges as per the rules of the Exchanges. In the event of the constituent unable to deliver securities against his/her /their sale obligation, the member shall have the express authority to buy/arrange the securities in question to meet the obligations of the member to the Exchanges or to the member's other constituents arising out of such failure of the constituent, without any further reference to the constituent. The constituent shall be fully responsible for any losses /charges sustained by the member as a result of the above failure and the same will be debited to the account of the constituent and respective debits and credits will be passed on to the respective clients as per exchange regulations.

l) Auction or close out in case of Market Shortage:- Where the client has sold the securities and delivery of securities sold is not received on or before settlement date, or securities received are not in deliverable state or client is not able to deliver the securities and position is deliverable in the market, the securities will be auctioned or closed out as per the rules of the concerned exchange. The client will be responsible for any resulting losses and all associated costs including penalty levied by the concerned Exchange.

g) Generally, under the following circumstances, the member may opt to close the existing positions of the Client and/or is entitled to disallow the client from taking further positions:

- i) If there is debit balance in the ledger account of the client on account of his obligations including the margin/M to M losses etc., beyond the prescribed period.
- ii) If the outstanding debit of the client on account of margin and marked to market losses exceeds the value of collaterals or if the value of collateral falls below the required level.
- iii) Extreme volatility in the market or in particular scrip or in the F&O segment
- iv) There are insider trading restrictions on the client
- v) Unforeseen adverse market conditions or any natural calamity affecting operations of the market
- vi) Any restrictions imposed by Exchange or Regulator on the volume of trading outstanding positions of contracts
- vii) The Stock Broker has reached its limit in that script
- viii) Due to abnormal rise or fall in the market, the markets are closed.
- ix) The client is undertaking any illegal trading practice or is suspected to be indulging in money laundering activities.
- x) The client has breached the client wise limit

h) Temporary suspension or closing of account on constituent's request:

- l) In the under mentioned circumstances the constituent's account may be temporarily suspended and may be re-activated on written request from the constituent:
- ii) Constituent not stationed in town for trading and/or gives written request accordingly.
- iii) Account has been inoperative for a period of 6 months.
- iv) If any discrepancies are found by Surveillance Department.
- v) On account of non-compliance of any requirement of the Exchanges/SEBI or any other statutory authority.
- vi) Any grievance raised by/against the constituent.
- vii) Similarly, any client desirous of closing his/her account permanently is required to inform in writing and decision in this regard will be taken by the management. After necessary approval by the management, the client code will be deactivated. Only after scrutinizing the compliance requirements, and a no pending queries confirmation is taken, securities and funds accounts will be settled.,

i) De-registering a Client:i)

- i) A client may be de-registered in the following events :
- ii) On a written request from the client.
- iii) ii) If the client is debarred by SEBI or any other authority.
- iv) If any regulatory action is initiated/taken against the constituent.
- v) If such client is suspected of indulging in illegal or criminal activities including fraud or money laundering
- vi) If such client's account has been lying dormant for a long time or the client is not traceable

- vii) If such client has been declared insolvent or any legal proceedings to declare him/her as insolvent have been initiated.
- viii) Such client has been irregular in fulfilling obligations towards margin or settlement dues.
- ix) Upon the death, winding up, bankruptcy, liquidation or lack of legal capacity of the client
- x) If the client migrates to a jurisdiction which prohibits trading in Indian securities.

j) Policy For Inactive Clients

Any Client who has not traded in any segment of any of the exchanges with Mehta Equities Ltd. for the last one year calculated from the beginning of every financial year, Mehta Equities Ltd., at its sole and absolute discretion, term such client as a Dormant/Inactive Client.

The broking / trading account of such client shall be de-activated/suspended temporarily by Mehta Equities Ltd. If the client wants to activate the broking / trading account, then a request for re-activating the broking / trading account should be sent in writing /via e-mail(through e-mail ID registered with Mehta Equities Ltd.) to Mehta Equities Ltd. Such request for reactivation should be accompanied along with such documentary evidence as may be specified by Mehta Equities Ltd. from time to time. On the date of declaring the client as inactive, all the funds and securities lying his/her account will be returned immediately.

- K) MEL's right to square off:-** Without prejudice to MEL's other rights (including right to refer to Arbitration), in the event of client failing to maintain applicable margin money required to sustain the outstanding market positions of the client, MEL shall be entitled, at its option and liberty, to liquidate/close out all outstanding positions or any part thereof such that the outstanding market positions are either zeroed out or reduced to an extent where available margin covers the market positions remaining after such square off. MEL may also sell off all or any securities of the client lying with MEL as collateral or otherwise, for any amount due by the client and adjust the proceeds of such liquidation/close out against the trade liabilities/trade obligations to MEL. Any and all losses and financial charges on account of such liquidation/closing out shall be charged to and borne by the client.

- ◆ Due to the tightened security and increased vigilance in the wake of threats emanating from increasing terrorism, any failure on our part to discharge our duties cast on us under the applicable laws or we becoming an instrumental or a part of the chain in certain transaction, even if unknowingly or ignorantly, may land us in trouble.
- ◆ There is an Act called **Prevention of Money Laundering Act 2002. (PMLA)**
- ◆ The purpose of this act to prevent the financing of terrorism and to prevent laundering of money i.e. to legalize or officialize or canalise the money generated from illegal activities like drug trafficking, organized crimes, hawala rackets and other serious crimes.
- ◆ This act is a part of the Global measures being taken by all countries under the initiatives of UN agencies.
- ◆ It is applicable to all SEBI Registered brokers/sub-brokers and other financial institution who are dealing in any kind of financial assets.
- ◆ It is an obligation of the entities to whom this Act is applicable, to report certain kind of transactions routed through them to FINANCIAL INTELLIGENCE UNIT, a department specially set up to administer this Act. under the Ministry of Finance.
- ◆ The transactions which are supposed to be reported are cash transactions above rupees ten lakhs or series of cash transactions below ten lakhs but aggregating to above ten lakhs in a month or its equivalent in any foreign currency and the transactions which may not be in cash but suspicious in nature.
- ◆ Any such above types of transaction, though not executed but attempted and failed are also required to be reported.
- ◆ The suspicious transaction can be related to the transaction under the circumstances such as;
- ◆ Clients whose identity verification seems difficult or clients that appear not to cooperate
 - ◆ Assets management services for clients where the source of the funds is not clear or not in keeping with the clients apparent standing/business activity;
 - ◆ Clients based in high risk jurisdictions;
 - ◆ Substantial increases in business without apparent cause;
 - ◆ Clients transferring large sums of money to or from overseas locations with instructions for payment in cash;
 - ◆ Attempted transfer of investment proceeds to apparently unrelated third parties;
 - ◆ Businesses undertaken by offshore banks/financial services,
 - ◆ Businesses reported to be in the nature of export/import of small items.
 - ◆ Unusual transactions by Clients of Special Categories (CSCs)

CLIENTS OF SPECIAL CATEGORIES MAY INCLUDE;

- ◆ NRI/ HNI / Trust / Charities / NGO / Organizations receiving donations
- ◆ Companies having close family shareholdings or beneficial ownership
- ◆ Politically Exposed Persons
- ◆ Companies offering foreign exchange offerings
- ◆ Clients in high risk countries
- ◆ Non face to face clients
- ◆ Clients with dubious reputation as per public information available
- ◆ No trading or demat accounts can be opened in the name of entity whose name is listed on the banned entity list being maintained at United Nation's website at <http://www.un.org/sc/committees/1267/consolist.shtml>.
- ◆ While opening the new accounts all the prescribed procedures of KYC and Client Identifications should strictly be followed in the context of ensuring the compliance under this act.
- ◆ All the records of transactions and client identifications must be preserved in a manner which can be promptly retrieved and reported to the authorities in the specified format.
- ◆ This is the highlights of the requirements under the Act. Sub-brokers/ Authorised Persons/ Remisers are advised to go through the SEBI's master circular at <http://www.sebi.gov.in/circulars/201/masterCircular/pdf>. for details information and understanding and also to visit the website of FIU-IND at <http://fiuindia.gov.in>
- ◆ The end clients are advised to co-operate with us by providing the additional information/documents, if asked for during the course of your dealings with us to ensure the compliance requirements under this Act.
- ◆ As a responsible citizen, it is our statutory as well as moral duty to be vigilant and to refrain from temptation of easy monetary gains, by knowingly or unknowingly supporting the people who are involved in the activities which are endangering our freedom and causing damage to the nation and to us as well.
- ◆ For any further clarifications or information on the subject, principal officer may be contacted.

MANAGING YOUR DEMAT ACCOUNT WITH CDSL

Simple DOs and DON'Ts

1. Verify your transaction statement carefully for all debits and credits in your account. In case of any unauthorized debit or credit, inform your DP or CDSL.
2. Intimate any change of address or change in bank account details to your DP immediately.
3. While accepting the Delivery Instruction Slip (DIS) book from your DP, ensure that your BO ID is pre-stamped on all the pages along with the serial numbers.
4. Keep your DIS book safely and do not sign or issue blank or incomplete DIS slips.
5. Strike out the empty space, if any, in the DIS, before submitting to DP.
6. For market transactions, submit the DIS ahead of the deadline time. DIS can be issued with a future execution date.
7. The demat account has a nomination facility and it is advisable to appoint a nominee to facilitate your heirs in obtaining the securities in your demat account, on completion of the necessary procedures.
8. To open and operate your demat account, copy of PAN card of all account holders is to be submitted to the DP along with original PAN card, for verification.
9. Register for CDSL's SMART (**SMS Alerts Related to Transactions**) facility. If any unauthorized debit is noticed, the BO should immediately inform CDSL and the Main DP, in writing. An email may be sent to CDSL at complaints@cdslindia.com.
10. Register for CDSL's Internet based facility "easi" to monitor your demat account yourself. Contact your DP or visit CDSL's website: www.cdslindia.com for details.
11. In order to receive all the credits coming to your demat account automatically, you can give a one-time, standing instruction to your DP.
12. Before granting Power of Attorney to anyone, to operate your demat account, carefully examine the scope and implications of powers being granted.
