

INSTRUCTIONS/CHECK LIST FOR FILLING KYC FORM

A. IMPORTANT POINTS:

1. Self attested copy of PAN card is mandatory for all clients, including Promoters / Partners / Karta / Trustees and Whole Time Directors and persons authorized to deal in commodities / commodity derivatives on behalf of company / firm / others.
2. Copies of all the documents submitted by the applicant should be self-attested and accompanied by originals for verification. In case the original of any document is not produced for verification, then the copies should be properly attested by entities authorized for attesting the documents, as per the below mentioned list.
3. If any proof of identity or address is in a regional language, then translation into English is required.
4. Name & address of the applicant mentioned on the KYC form, should match with the documentary proof submitted.
5. If correspondence & permanent address are different, then proofs for both have to be submitted.
6. Sole Proprietor must make the application in his individual name and capacity.
7. For Non-Residents and Foreign Nationals (allowed to trade subject to RBI and FIPB / FEMA Guidelines and other applicable statutory approvals), copy of Passport / PIO Card / OCI Card and Overseas Address proof is mandatory.
8. For Foreign entities, CIN is optional and in the absence of DIN Number for the Directors, their Passport Copy should be given.
9. In case of Merchant Navy NRIs, Mariners declaration or certified copy of CDC (Continuous Discharge Certificate) is to be submitted along with other statutory approvals required for investment in Commodities.
10. Politically Exposed Persons (PEP) are defined as individuals who are or have been entrusted with prominent public functions in a foreign country, e.g., Heads of States or of Governments, senior politicians, senior Government / judicial / military officers, senior executives of state owned corporations, important political party officials, etc.

B. PROOF OF IDENTITY (POI): - LIST OF DOCUMENTS

ADMISSIBLE AS PROOF OF IDENTITY:

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

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

C. PROOF OF ADDRESS (POA): - LIST OF DOCUMENTS

ADMISSIBLE AS PROOF OF ADDRESS:

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

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

D. EXEMPTIONS/CLARIFICATIONS TO PAN:

(*Sufficient documentary evidence in support of such claims to be collected.)

1. Transactions undertaken on behalf of Central Government and/or State Government and by officials appointed by Courts e.g. Official liquidator, Court receiver etc.
2. Investors residing in the state of Sikkim (subject to the continued exemption granted by the Government).

E. LIST OF PEOPLE AUTHORIZED TO ATTEST THE DOCUMENTS:

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

F. IN CASE OF NON-INDIVIDUALS, ADDITIONAL DOCUMENTS TO BE OBTAINED FROM NON-INDIVIDUALS, OVER & ABOVE THE POI & POA, AS MENTIONED BELOW:

Types of entity	Documentary requirements
Corporate	<ul style="list-style-type: none"> • Copy of the Balance Sheets for the last 2 financial years (to be submitted every year). • Copy of latest share holding pattern including list of all those holding control, either directly or indirectly, duly certified by the Company Secretary/Whole Time Director/MD (to be submitted every year). • Photograph, POI, POA, PAN and DIN numbers of Whole Time Directors/Two Directors in charge of day-to-day operations. • Photograph, POI, POA, PAN of individual promoters holding control - either directly or indirectly. • Copies of the Memorandum and Articles of Association and Certificate of Incorporation. • Copy of the Board Resolution for Investment in Commodity Market. • Copy of Board Resolution or Declaration (on the Letter Head) naming the persons Authorized to deal in Commodity Derivatives on behalf of Company / Firm / Others and their specimen signatures.
Partnership Firm	<ul style="list-style-type: none"> • Copy of the Balance Sheets for the last 2 financial years (to be submitted every year). • Certificate of Registration (for registered partnership firms only). • Copy of Partnership Deed. • Authorised signatories list with specimen signatures. • Photograph, POI, POA, PAN of Partners.
Trust	<ul style="list-style-type: none"> • Copy of the Balance Sheets for the last 2 financial years (to be submitted every year). • Certificate of Registration (for registered trust only). • Copy of Trust deed. • List of Trustees certified by Managing Trustees/CA. • Photograph, POI, POA, PAN of Trustees.
HUF	<ul style="list-style-type: none"> • PAN of HUF. • Deed of declaration of HUF and List of coparceners. • Bank Pass-Book/Bank Statement in the name of HUF. • Photograph, POI, POA, PAN of Karta.
Government Bodies	<ul style="list-style-type: none"> • Self-certification on letterhead. • Authorized Signatories list with specimen signatures.
Registered Society	<ul style="list-style-type: none"> • Copy of Registration Certificate under Societies Registration Act. • List of Managing Committee members. • Committee resolution for persons Authorized to act as Authorized Signatories with specimen signatures. • true copy of Society Rules and Bye Laws certified by the Chairman/Secretary.

**RIGHTS AND OBLIGATIONS OF MEMBERS,
AUTHORIZED PERSONS AND CLIENTS**
As prescribed by SEBI and Commodity Exchanges
Annexure - 3

1. The client shall invest/trade in those commodities / contracts / other instruments admitted to dealings on the Exchanges as defined in the Rules, Byelaws and Business Rules / Regulations of Exchanges / SEBI and circulars / notices issued there under from time to time.
 2. The Member, Authorized Person and the client shall be bound by all the Rules, Byelaws and Business Rules of the Exchange and circulars/notices issued there under and Rules and Regulations of SEBI and relevant notifications of Government authorities as may be in force from time to time.
 3. The client shall satisfy himself of the capacity of the Member to deal in commodities and/or deal in derivatives contracts and wishes to execute its orders through the Member and the client shall from time to time continue to satisfy itself of such capability of the Member before executing orders through the Member.
 4. The Member shall continuously satisfy itself about the genuineness and financial soundness of the client and investment objectives relevant to the services to be provided.
 5. The Member shall take steps to make the client aware of the precise nature of the Member's liability for business to be conducted, including any limitations, the liability and the capacity in which the Member acts.
 6. Requirements of professional diligence
 - a. The Member must exercise professional diligence while entering into a financial contract or discharging any obligations under it.
 - b. "professional diligence" means the standard of skill and care that a Member would be reasonably expected to exercise towards a Client, commensurate with –
 - i. honest market practice;
 - ii. the principle of good faith;
 - iii. level of knowledge, experience and expertise of the Client;
 - iv. the nature and degree of risk embodied in the financial product* or financial service being availed by the client;
 - v. the extent of dependence of the Client on the Member.
- *Commodity Derivative Contract
7. The Authorized Person shall provide necessary assistance and co-operate with the Member in all its dealings with the client(s).

CLIENT INFORMATION

8. The client shall furnish all such details in full as are required by the Member in "Account Opening Form" with supporting details, made mandatory by Commodity Exchanges/SEBI from time to time.
9. The client shall familiarize himself with all the mandatory provisions in the Account Opening documents. Any additional clauses or documents specified by the Member shall be non-mandatory, therefore, subject to specific acceptance by the Client.
10. The client shall immediately notify the Member in writing if there is any change in the information in the 'account opening form' as provided at the time of account opening and thereafter; including the information on winding up petition/insolvency petition or any litigation which may have material bearing on his capacity. The client shall provide/update the financial information to the Member on a periodic basis.

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

- a. An unfair term of a non-negotiated contract will be void.
- b. A term is unfair if it –

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

11. B.

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

11. C.

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

12.A.

The Member and Authorized Person shall maintain all the details of the client as mentioned in the account opening form or any other information pertaining to the client, confidentially and that they shall not disclose the same to any person/authority except as required under any law/regulatory requirements. Provided however that

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

12.B.

Protection of personal information and confidentiality

- a. "Personal information" means any information that relates to a Client or allows a Client's identity to be inferred, directly or indirectly, and includes –
 - i. name and contact information;
 - ii. biometric information, in case of individuals
 - iii. information relating to transactions in, or holdings of, financial products
 - iv. information relating to the use of financial services; or
 - v. such other information as may be specified.

13.

- a. A Member must –
 - i. not collect personal information relating to a Client in excess of what is required for the provision of a financial product or financial service.
 - ii. maintain the confidentiality of personal information relating to Clients and not disclose it to a third party, except in a manner expressly permitted under point 13.B.b.;
 - iii. make best efforts to ensure that any personal information relating to a Client that it holds is accurate, up to date and complete.
 - iv. ensure that Clients can obtain reasonable access to their personal information, subject to any exceptions that the Regulator may specify; and
 - v. allow Clients an effective opportunity to seek modifications to their personal information to ensure that the personal information held by the Member is accurate, up to date and complete.
- b. A Member may disclose personal information relating to a Client to a third party only if –
 - i. it has obtained prior written informed consent of the Client for the disclosure, after giving the Client an effective opportunity to refuse consent;
 - ii. the Client has directed the disclosure to be made;
 - iii. the Regulator has approved or ordered the disclosure, and unless prohibited by the relevant law or regulations, the Client is given an opportunity to represent under such law or regulations against such disclosure;
 - iv. the disclosure is required under any law or regulations, and unless prohibited by such law or regulations, the Client is given an opportunity to represent under such law or regulations against such disclosure;
 - v. the disclosure is directly related to the provision of a financial product or financial service to the Client, if the Member –
 1. informs the Client in advance that the personal information may be shared with a third party; and
 2. makes arrangements to ensure that the third party maintains the confidentiality of the personal information in the same manner as required under this Part; or
 - vi. the disclosure is made to protect against or prevent actual or potential fraud, unauthorised transactions or claims, if the Member arranges with the third party to maintain the confidentiality of the personal information in the manner required under this Part.-
- c.. "Third party" means any person other than the concerned Member, including a person belonging to the same group as the Member.

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

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

informed transactional decision.

- b. In order to constitute fair disclosure, the information must be provided –
 - i. sufficiently before the Client enters into a financial contract, so as to allow the Client reasonable time to understand the information;
 - ii. in writing and in a manner that is likely to be understood by a Client belonging to a particular category; and
 - iii. in a manner that enables the Client to make reasonable comparison of the financial product or financial service with other similar financial products or financial services.
- c. The types of information that must be disclosed to a Client in relation to a financial product or financial service, which may include information regarding
 - i. main characteristics of the financial product or financial service, including its features, benefits and risks to the Client;
 - ii. consideration to be paid for the financial product or financial service or the manner in which the consideration is calculated;
 - iii. existence, exclusion or effect of any term in the financial product or financial contract;
 - iv. nature, attributes and rights of the Member, including its identity, regulatory status and affiliations;
 - v. contact details of the Member and the methods of communication to be used between the Member and the Client;
 - vi. rights of the Client to rescind a financial contract within a specified period; or
 - vii. rights of the Client under any law or regulations.

14. B.

- a. Member must provide a Client that is availing a financial product or financial service provided by it, with the following continuing disclosures –
 - i. any material change to the information that was required to be disclosed under point 14.A at the time when the Client initially availed the financial product or financial service;
 - ii. information relating to the status or performance of a financial product held by the Client, as may be required to assess the rights or interests in the financial product or financial service; and
 - iii. any other information that may be specified.
- b. A continuing disclosure must be made –
 - i. within a reasonable time-period from the occurrence of any material change or at reasonable periodic intervals, as applicable; and
 - ii. in writing and in a manner that is likely to be understood by a Client belonging to that category

MARGINS

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

TRANSACTIONS AND SETTLEMENTS

- 17. The client shall give any order for buy or sell of a commodities derivatives contract in writing or in such form or manner, as may be mutually agreed between the client and the Member however ensuring the

regulatory requirements in this regard are complied with. The Member shall ensure to place orders and execute the trades of the client, only in the Unique Client Code assigned to that client.

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

BROKERAGE

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

LIQUIDATION AND CLOSE OUT OF POSITION

23. Without prejudice to the Member's other rights (including the right to refer a matter to arbitration), the client understands that the Member shall be entitled to liquidate/close out all or any of the client's positions for non-payment of margins or other amounts, outstanding debts, etc. and adjust the proceeds of such liquidation/close out, if any, against the client's liabilities/obligations. Any and all losses and financial charges on account of such liquidation/closing-out shall be charged to and borne by the client.
24. In the event of death or insolvency of the client or his/its otherwise becoming incapable of receiving and paying for or delivering or transferring commodities which the client has ordered to be bought or sold, Member may close out the transaction of the client and claim losses, if any, against the estate of the client. The client or his nominees, successors, heirs and assignee shall be entitled to any surplus, which may result there from. The client shall note that transfer of funds/commodities in favor of a Nominee shall be valid discharge by the Member against the legal heir.

DISPUTE RESOLUTION

25. The Member shall co-operate in redressing grievances of the client in respect of all transactions routed through it.
26. The Client and the Member shall refer any claims and/or disputes with respect to deposits, margin money, etc., to arbitration as per the Rules, Byelaws and Business Rules of the Exchanges where the trade is executed and circulars/notices issued there under as may be in force from time to time.
27. The Client/Member understands that the instructions issued by an authorized representative for dispute resolution, if any, of the Client/Member shall be binding on the Client/Member in accordance with the

letter authorizing the said representative to deal on behalf of the said Client/Member.

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

- a. A Member must have in place an effective mechanism to receive and redress complaints from its Clients in relation to financial products or financial services provided by it, or on its behalf, in a prompt and fair manner.
- b. A Member must inform a Client, at the commencement of relationship with the Client and at such other time when the information is likely to be required by the Client, of—
 - i. the Client's right to seek redress for any complaints; and
 - ii. the processes followed by the Member to receive and redress complaints from its Clients

29. A. Suitability of advice for the Client

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

- a. A Member must—
 - i. make all efforts to obtain correct and adequate information about the relevant personal circumstances of a Client; and
 - ii. ensure that the advice given is suitable for the Client after due consideration of the relevant personal circumstances of the Client.
- b. If it is reasonably apparent to the Member that the available information regarding the relevant personal circumstances of a Client is incomplete or inaccurate, the Member must warn the Client of the consequences of proceeding on the basis of incomplete or inaccurate information.
- c. If a Client intends to avail of a financial product or financial service that the Member determines unsuitable for the Client, the Member—
 - i. must clearly communicate its advice to the Client in writing and in a manner that is likely to be understood by the Client; and
 - ii. may provide the financial product or financial service requested by the Client only after complying with point 29.A.a and obtaining a written acknowledgement from the Client

30. Dealing with conflict of interest

In case of any conflict between the interests of a Client and that of the Member, preference must be given to the Client interests.

- a. A member must—
 - i. provide a Client with information regarding any conflict of interests, including any conflicted remuneration that the Member has received or expects to receive for making the advice to the Client; and
 - ii. give priority to the interests of the Client if the Member knows, or reasonably ought to know, of a conflict between—
 1. its own interests and the interests of the Client; or
 2. the interests of the concerned Member and interests of the Client, in cases where the Member is a financial representative.
- b. The information under point 16a.i. must be given to the Client in writing and in a manner that is likely to be understood by the Client and a written acknowledgement of the receipt of the information should be obtained from the Client.

- c. In this section, “conflicted remuneration” means any benefit, whether monetary or non-monetary, derived by a Member from persons other than Clients that could, under the circumstances, reasonably be expected to influence the advice given by the Member to a Client.

TERMINATION OF RELATIONSHIP

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

ADDITIONAL RIGHTS AND OBLIGATIONS

34. The Member and client shall reconcile and settle their accounts from time to time as per the Rules, Business Rules, Bye Laws, Circulars, Notices and Guidelines issued by SEBI and the relevant Exchanges where the trade is executed.
35. The Member shall issue a contract note to his Clients for trades executed in such format as may be prescribed by the Exchange from time to time containing records of all transactions including details of order number, trade number, trade time, trade price, trade quantity, details of the derivatives contract, client code, brokerage, all charges levied etc. and with all other relevant details as required therein to be filled in and issued in such manner and within such time as prescribed by the Exchange. The Member shall send contract notes to the investors within 24 hours of the execution of the trades in hard copy and/or in electronic form using digital signature.
36. The Member shall make pay out of funds or delivery of commodities, as per the Exchange Rules, Bye Laws, Business Rules and Circulars, as the case may be, to the Client on receipt of the payout from the relevant Exchange where the trade is executed unless otherwise specified by the client and subject to such terms and conditions as may be prescribed by the relevant Exchange from time to time where the trade is executed.
37. The Member shall send a complete 'Statement of Accounts' for both funds and commodities in respect of each of its clients in such periodicity and format within such time, as may be prescribed by the relevant Exchange, from time to time, where the trade is executed. The Statement shall also state that the client shall report errors, if any, in the Statement 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.
38. The Member shall send margin statements to the clients on daily basis. Margin statement should include, inter-alia, details of collateral deposited, collateral utilized and collateral status (available balance/due from client) with break up in terms of cash, Fixed Deposit Receipts (FDRs), Bank Guarantee, Ware House Receipts, Securities, etc.
39. The Client shall ensure that it has the required legal capacity to, and is authorized to, enter into the relationship with Member and is capable of performing his obligations and undertakings hereunder. All

actions required to be taken to ensure compliance of all the transactions, which the Client may enter into shall be completed by the Client prior to such transaction being entered into.

40. In case, where a Member surrenders his/her/its Membership, Member gives a Public Notice inviting claims, if any, from Investors. In case of a claim relating to transactions executed on the Trading System of the Exchange, ensure client lodge a claim with the Exchange within the stipulated period and with the supporting documents.

41. A. Protection from unfair conduct which includes misleading conduct & abusive conduct

- a. Unfair conduct in relation to financial products or financial services is prohibited
- b. "Unfair conduct" means an act or omission by a Member or its financial representative that significantly impairs, or is likely to significantly impair, the ability of a Client to make an informed transactional decision and includes –
 - i. misleading conduct under point 41.B
 - ii. abusive conduct under point 41.C
 - iii. such other conduct as may be specified.

41. B.

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

41. C.

- a. A conduct of a Member or its financial representative in relation to a financial product or financial service is abusive if it –
 - i. involves the use of coercion or undue influence; and
 - ii. causes or is likely to cause the Client to take a transactional decision that the Client would not have taken otherwise.
- b. In determining whether a conduct uses coercion or undue influence, the following must be considered –
 - i. the timing, location, nature or persistence of the conduct;
 - ii. the use of threatening or abusive language or behavior;
 - iii. the exploitation of any particular misfortune or circumstance of the Client, of which the Member is aware, to influence the Client's decision with regard to a financial product or financial service

- iv. any non-contractual barriers imposed by the Member where the Client wishes to exercise rights under a financial contract, including—
- v. the right to terminate the financial contract;
- vi. the right to switch to another financial product or another Member and;
- vii. a threat to take any action, depending on the circumstances in which the threat is made.

ELECTRONIC CONTRACT NOTES (ECN)

42. In case, client opts to receive the contract note in electronic form, he shall provide an appropriate e-mail id (created by the client) to the Member (kindly refer Appendix –A of Annexure – 1). Member shall ensure that all the Rules / Business Rule / Bye-Laws / Circulars issued from time to time in this regard are complied with. The client shall communicate to the Member any change in the email-id through a physical letter. If the client has opted for internet trading, the request for change of email id may be made through the secured access by way of client specific user id and password.
43. The Member shall ensure that all ECNs sent through the e-mail shall be digitally signed, encrypted, non-tamper able and in compliance with the provisions of the IT Act, 2000. In case, ECN is sent through e-mail as an attachment, the attached file shall also be secured with the digital signature, encrypted and non-tamper able.
44. The client shall note that non-receipt of bounced mail notification by the Member shall amount to delivery of the contract note at the e-mail ID of the client.
45. The Member shall retain ECN and acknowledgement of the e-mail in a soft and non-tamperable form in the manner prescribed by the exchange in compliance with the provisions of the IT Act, 2000 and as per the extant rules / circulars / guidelines issued by SEBI / Commodity Exchanges from time to time. The proof of delivery i.e., log report generated by the system at the time of sending the contract notes shall be maintained by the Member for the specified period under the extant rules / circulars / guidelines issued by SEBI / Commodity Exchanges. The log report shall provide the details of the contract notes that are not delivered to the client/e-mails rejected or bounced back. The Member shall take all possible steps to ensure receipt of notification of bounced mails by him at all times within the stipulated time period under the extant rules/circulars/guidelines issued by SEBI/Commodity Exchanges.
46. The Member shall continue to send contract notes in the physical mode to such clients who do not opt to receive the contract notes in the electronic form. Wherever the ECNs have not been delivered to the client or has been rejected (bouncing of mails) by the e-mail ID of the client, the Member shall send a physical contract note to the client within the stipulated time under the extant regulations/rules, bye-laws, business rules and circulars of SEBI/Commodity Exchanges and maintain the proof of dispatch and delivery of such physical contract notes.
47. In addition to the e-mail communication of the ECNs to the client, the Member shall simultaneously publish the ECN on his designated web-site, if any, in a secured way and enable relevant access to the clients and for this purpose, shall allot a unique user name and password to the client, with an option to the client to save the contract note electronically and/or take a print out of the same.
48. The Electronic Contract Note (ECN) declaration form obtained from the Client who opts to receive the Contract Note in Electronic Form. This declaration will remain valid till it is revoked by the client.

LAW AND JURISDICTION

49. In addition to the specific rights set out in this document, the Member, Authorized Person and the client shall be entitled to exercise any other rights which the Member or the client may have under the Rules, Bye-laws and Business Rules of the Exchanges in which the client chooses to trade and circulars/notices issued thereunder or Rules of SEBI.
50. The provisions of this document shall always be subject to Government notifications, any rules, guidelines and circulars/notices issued by SEBI and Circulars, Rules, Business Rules and Bye laws of the relevant

Commodity Exchanges, where the trade is executed, that may be in force from time to time.

51. The Member and the client shall abide by any award passed by the Arbitrator(s) under the Arbitration and Conciliation Act, 1996. However, there is also a provision of appeal, if either party is not satisfied with the arbitration award.
52. Words and expressions which are used in this document but which are not defined herein shall, unless the context otherwise requires, have the same meaning as assigned thereto in the Rules, Byelaws and Regulations/Business Rules and circulars/notices issued thereunder of the Exchanges/SEBI.
53. All additional voluntary/non-mandatory clauses /document added by the Member should not be in contravention with rules/business rules/notices/circulars of Exchanges/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.
54. If the rights and obligations of the parties hereto are altered by virtue of change in Rules of SEBI or Bye-laws, Rules and Business Rules of the relevant Commodity Exchanges where the trade is executed, such changes shall be deemed to have been incorporated herein in modification of the rights and obligations of the parties mentioned in this document.
55. Members are required to send account statement to their Clients every month.

INTERNET & WIRELESS TECHNOLOGY BASED TRADING FACILITY PROVIDED BY STOCK BROKERS TO CLIENT As prescribed by SEBI and Stock Exchanges

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

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



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



RISK DISCLOSURE DOCUMENT (RDD)

Annexure -

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

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

You must know and appreciate that investment in Commodity Futures Contracts / Derivatives or other instruments traded on the Commodity Exchange(s), which have varying element of risk, is generally not an appropriate avenue for someone of limited resources / limited investment and/or trading experience and low risk tolerance. You should therefore carefully consider whether such trading is suitable for you in the light of your financial condition. In case you trade on the Exchange and suffer adverse consequences or loss, you shall be solely responsible for the same and the Exchange shall not be responsible, in any manner whatsoever, for the same and it will not be open for you to take 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 Member. The Client shall be solely responsible for the consequences and no contract can be rescinded on that account.

You must acknowledge and accept that there can be no guarantee of profits or no exception from losses while executing orders for purchase and/or sale of a commodity derivatives being traded on the Exchanges.

It must be clearly understood by you that your dealings on the Exchange through a Member shall be subject to your fulfilling certain formalities set out by the Member, which may inter alia, include your filling the know your client form and are subject to the Rules, Byelaws and Business Rules of the Exchange Guidelines prescribed by SEBI from time to time and Circulars as may be issued by the Exchange from time to time.

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

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

1. BASIC RISKS INVOLVED IN THE TRADING OF COMMODITY FUTURES CONTRACTS AND OTHER COMMODITY DERIVATIVES INSTRUMENTS ON THE EXCHANGE

1.1 Risk of Higher Volatility:

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

1.2 Risk of Lower Liquidity:

- a) Liquidity refers to the ability of market participants to buy and/or sell commodity derivative contract expeditiously at a competitive price and with minimal price difference. Generally, it is assumed that more the numbers of orders available in a market, greater are the liquidity. Liquidity is important because with greater liquidity, it is easier for investors to buy and/or sell commodity derivatives contracts swiftly and with minimal price difference, and as a result, investors are more likely to pay or receive a competitive

price for commodity derivative contracts purchased or sold. There may be a risk of lower liquidity in some commodity derivative contracts as compared to active commodity derivative contracts. As a result, your order may only be partially executed, or may be executed with relatively greater price difference or may not be executed at all.

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

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 commodity derivative and immediately selling it or vice versa. Lower liquidity and higher volatility may result in wider than normal spreads for less liquid or illiquid commodities / commodity derivatives contracts. This in turn will hamper better price formation.

1.4 Risk-reducing orders:

- a) Most of the Exchanges have a facility for investors to place "limit orders", "stop loss orders", etc. Placing of such orders (e.g., "stop loss" orders, or "limit" orders), which are intended to limit losses to certain amounts, may not be effective many a time because rapid movement in market conditions may make it impossible to execute such orders.
- b) A "market" order will be executed promptly, subject to availability of orders on opposite side, without regard to price and that, while the customer may receive a prompt execution of a "market" order, the execution may be at available prices of outstanding orders, which satisfy the order quantity, on price time priority. It may be understood that these prices may be significantly different from the last traded price or the best price in that commodity derivatives contract.
- c) A "limit" order will be executed only at the "limit" price specified for the order or a better price. However, while the Client receives price protection, there is a possibility that the order may not be executed at all.
- d) A stop loss order is generally placed "away" from the current price of a commodity derivatives contract, and such order gets activated if and when the contract reaches, or trades through, the stop price. Sell stop orders are entered ordinarily below the current price, and buy stop orders are entered ordinarily above the current price. When the contract approaches 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 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:

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

1.6 Risk of Rumors:

Rumors about the price of a commodity 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:

- a) High volume trading will frequently occur at the market opening and before market close. Such high volumes may also occur at any point in the day. These may cause delays in order execution or confirmation.
- b) During periods of volatility, on account of market participants continuously modifying their order quantity or prices or placing fresh orders, there may be delays in execution of order and its confirmation.
- c) Under certain market conditions, it may be difficult or impossible to liquidate a position in the market at a reasonable price or at all, when there are no outstanding orders either on the buy side or the sell side, or if

trading is halted in a commodity due to any action on account of unusual trading activity or price hitting circuit filters or for any other reason.

1.8 System/Network Congestion:

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

2. AS FAR AS FUTURES COMMODITY DERIVATIVES ARE CONCERNED, PLEASE NOTE AND GET YOURSELF ACQUAINTED WITH THE FOLLOWING ADDITIONAL FEATURES:-

2.1 Effect of "Leverage" or "Gearing":

- a) The amount of margin is small relative to the value of the commodity derivatives contract so the transactions are 'leveraged' or 'geared'. Commodity Derivatives Trading, which is conducted with a relatively small amount of margin, provides the possibility of great profit or loss in comparison with the principal investment amount. But transactions in commodity derivatives carry a high degree of risk.

You should therefore completely understand the following statements before actually trading in commodity derivatives contracts and also trade with caution while taking into account one's circumstances, financial resources, etc.

- b) Trading in futures commodity derivatives involves daily settlement of all positions. Every day the open positions are marked to market based on the closing price. If the closing price has moved against you, you will be required to deposit the amount of loss (notional) resulting from such movement. This margin will have to be paid within a stipulated time frame, generally before commencement of trading on the next day.
- c) If you fail to deposit the additional margin by the deadline or if an outstanding debt occurs in your account, the Member of the Exchange may liquidate/square-up a part of or the whole position. In this case, you will be liable for any losses incurred due to such square-up/close-outs.
- d) Under certain market conditions, an investor may find it difficult or impossible to execute transactions. For example, this situation can occur due to factors such as ill-liquidity i.e. when there are insufficient bids or offers or suspension of trading due to price limit or circuit breakers etc.
- e) Steps, such as, changes in the margin rate, increase in the cash margin rate, etc. may be adopted in order to maintain market stability. These new measures may be applied to the existing open interests. In such conditions, you will be required to put up additional margins or reduce your positions.
- f) You must ask your Member of the Exchange to provide the full details of the Commodity Derivatives Contracts you plan to trade i.e. the contract specifications and the associated obligations.

3. TRADING THROUGH WIRELESS TECHNOLOGY OR ANY OTHER TECHNOLOGY:

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

4. GENERAL

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

bye-laws and business rules of the Exchange.

- b) **Comission and Other Charges:** Before you begin to Trade you should obtain a clear explanation of all commissions, fees and other charges for which you will be liable. These charges will affect your net profit (if any) or increase your loss.
- c) For Rights and Obligations of the Members / Authorized Persons / Client, please refer to Annexure – 3.
- d) The term 'Constituent' shall mean and include a Client, a Customer or an Investor, who deals with a Member for the purpose of trading in the commodity derivatives through the mechanism provided by the Exchanges.
- e) The term 'Member' shall mean and include a Trading Member or a Member / Broker, who has been admitted as such by the Exchange and got a Registration Certificate from SEBI.

GUIDANCE NOTE - DO's AND DON'Ts FOR THE CLIENTS
ANNEXURE - 4

DO'S

1. Trade only through Registered Members of the Exchange. Check from the Exchange website at the following link www.mcxindia.com, www.exchange.com OR <https://www.mcxindia.com/membership/notice-board/Member-AP> to see whether the Member is registered with the Exchange.
2. Insist on filling up a Standard Know Your Client (KYC) before you commence Trading.
3. Insist on getting a Unique Client Code (UCC) and ensure that all your trades are done under the said UCC.
4. Insist on reading and signing a Standard "Risk Disclosure Agreement".
5. Obtain a Copy of your KYC and/or Other Documents executed by you with the Member, from the Member.
6. Cross check the genuineness of trades carried out at the Exchange through the Trade Verification facility available on the Exchange Website at the following link www.mcxindia.com / <https://www.mcxindia.com/en/login>. The trades can be verified online where trade information is available upto 5 working days from the trade date.
7. Insist on a duly signed Contract Note in specified format for every executed trade within 24 hours of trade, highlighting the details of the Trade along with your UCC.
8. Ensure that the contract Note contains all the relevant information such as Member Registration No., Order No., Order Date, Order Time, Trade No., Trade Rate, Quantity, Arbitration Clause.
9. Obtain receipt for Collaterals deposited with the Members towards margins.
10. Go through the Rules, Bye-Laws, Regulations, Circulars, Directives, Notifications of the Exchange as well as of the Regulators, Government and Other Authorities to know your Rights and Duties vis-à-vis those of the Member.
11. Ask all relevant questions and clear your doubts with your Member, before transacting.
12. Insist on receiving the Bills for every settlement.
13. Insist on Monthly Statements of your ledger account and report any discrepancies in the Statement to your Member within 7 working days. In case of unsatisfactory response report the discrepancy to the Exchange within 15 working days from the date of cause of action.
14. Scrutinize minutely both the transaction and holding statement that you receive from your Depository Participant.
15. Keep Delivery Instruction Slips (DIS) book issued by DPs in safe possession.
16. Ensure that the DIS Nos. are pre-printed and your Account Number (UCC) is mentioned in the DIS book.
17. Freeze your Demat Account in case of your absence for longer duration or in case of not using the Account frequently.
18. Pay required Margins in time and only by Cheque and ask for receipt thereof from the Member.
19. Deliver the Commodities in case of Sale or Pay the money in case of purchase within the time prescribed.
20. Understand and Comply with accounting standards for Derivatives.
21. Ensure to read, understand and then sign the voluntary clauses, if any agreed between you and the Member. Note that the clauses as agreed between you and the Member, cannot be changed without your consent.
22. Get a clear idea about all brokerage, commissions fees and other charges levied by the Member on you for Trading and the relevant provisions/guidelines specified by FMC/Commodity Exchanges.
23. Make the payment by Account Payee Cheque in favour of the Member. Ensure that you have a documentary proof of your payment/deposit of Commodities with the Member, stating date, commodity, quantity, towards which bank/ demat account such money or commodities (in the form of Warehouse Receipts) deposited and from which bank/ demat account.
24. The payout of Funds or Delivery of Commodities (as the case may be) shall not be made to you within one working day from the receipt of pay-out from the Exchange, in case have

given specific authorization for maintaining running account to the Member. Thus in this regard, the running account authorization provided by you to the Member shall be subject to the following conditions:

- a) Such authorization from you shall be dated, signed by you only and contains the clause that you may revoke the same at any time.
 - b) You need to bring any dispute arising from the statement of account to the notice of the Member in writing preferably within 7 (seven) working days from the date of receipt of funds/commodities or statement, as the case may be. In case of dispute, refer the matter in writing to the Investors Grievance Cell of the relevant Commodity Exchanges without delay.
 - c) In case you have not opted for maintaining running account and pay-out is not received on the next working day of the receipt of pay-out from the Exchanges, please refer the matter to the Member. In case there is dispute, ensure that you lodge a complaint in writing immediately with the Investors Grievance Cell of the relevant Commodity Exchange.
 - d) Please register your Mobile Number and e-mail id. with the Member, to receive Trade Confirmation alerts / details of the Transactions through SMS or e-mail by the end of the Trading Day from the Commodity Exchanges.
25. You should familiarize yourself with the protection accorded to the money or other property you may deposit with your Member, particularly in the event of a default in the Commodity Derivatives market or the Member becomes insolvent or bankrupt.
 26. Please ensure that you have a documentary proof of having made the deposit of such money or property with the Member, stating towards which accounts such money or money deposited.
 27. In case your problem / grievance / issue is not being sorted out by Concerned Member / Authorized Person then you may take up the matter with the concerned Commodity Exchange. If you are not satisfied with the resolution of your complaint then you can escalate the matter to FMC.

DON'T'S

1. Do NOT deal with any un-registered Intermediaries.
2. Do NOT undertake off-market transactions as such transactions are illegal and fall outside the jurisdiction of the Exchange.
3. Do NOT enter into assured returns arrangement with any Member.
4. Do NOT get carried away by luring advertisements, rumours, hot-tips, explicit/implicit promise of returns, etc.
5. Do NOT make payments in cash / take any cash towards margins and settlement to / from the Member.
6. Do NOT start trading before reading and understanding the Risk Disclosure Agreement.
7. Do NOT neglect to set out in writing, Orders for higher value given over phone.
8. Do NOT accept unsigned / duplicate Contract Notes / Confirmation Memo.
9. Do NOT accept Contract Note / Confirmation Memo signed by any Un-Authorized person.
10. Don't share your Internet Trading Account's password with any one.
11. Do NOT delay payment / deliveries of Commodities to Member.
12. Do NOT forget to take note of risks involved in the Investments.
13. Do NOT sign Blank Delivery Instruction Slips (DIS) while furnishing Commodities, Deposits and/or keep them with Depository Participants (DP) or Member to save time.
14. Do NOT pay brokerage in excess of that rates prescribed by the Exchange.
15. Don't issue cheques in the name of Authorized Person.

ANTI MONEY LAUNDERING AWARENESS EDUCATING CLIENTS ABOUT AML PROVISIONS

This is must read / understood and to be complied by everybody dealing / desirous in dealing in Capital and /or Derivative (including Currency Derivative) Segment

1. Prevention of Money Laundering Act, 2002 (PMLA) is enacted to prevent the financing of terrorism and to prevent laundering of money i.e. to prevent legalizing or officializing or canalizing the money generated from illegal activities like the trafficking, organized crimes, hawala rackets and other serious crimes etc.
2. PMLA is a part of the Global measures being taken by all the countries under the initiatives of United Nations.
3. It is an obligation of individual/entities to whom PMLA is applicable, to report certain kind of transactions routed through them to Financial Intelligence Unit (FIU), a department specially set up to administer PMLA Under the Ministry of Finance.
4. PMLA is, inter-alia, applicable to various intermediaries which includes stock brokers, commodity brokers, sub-brokers, authorized person and depository participant etc.
5. As per PMLA the following type of transaction(s) are to be reported to FIU:-
 - A) All cash transactions of the value of more than 10 Lacs or its equivalent in foreign currency.
 - B) All series of cash transactions integrally connected to each other which have been valued below 10 Lacs or its equivalent in foreign currency where such series of transactions takes place within one calendar month.
 - C) All suspicious transactions whether or not made cash and including, inter-alia credits or debits into any non monetary accounts such as Demat Account.
6. Any such above transaction(s), though not executed but attempted and failed are also required to be reported.
7. The suspicious transaction(s) can be related to the transaction(s) under the circumstances such as:-
 - A) Client(s) whose identity verification seems difficult or Client(s) that appear not to co-operate.
 - B) Asset Management services for Client(S) where the source of the funds is not clear or not in keeping with Client(S) apparent standing / business activity;
 - C) Client(s) based in high risk jurisdictions;
 - D) Substantial increases in business without apparent cause;
 - E) Transferring large sum of money to or from overseas locations with instructions for payment in cash;
 - F) Attempted transfer of investment proceeds to apparently unrelated third parties;
 - G) Business undertaken by offshore Banks/Financial Services;
 - H) Business reported to be in the nature of export / import of small items;
 - I) Unusual transactions by Clients of Special Categories(CSCs);
8. Clients of Special Categories includes:-
 - A) Non- resident Client;;
 - B) High net-worth Client (having annual income & net-worth more than 1 Core)
 - C) Trust, Charities NGO(s) and organizations receiving donations;
 - D) Company having close family shareholdings or beneficial ownership;
 - E) Civil Servant or family member or close relative of Civil Servant;
 - F) Bureaucrat or family member or close relative of Bureaucrat;
 - G) Current or Former MP or MLA or MLC or their family member or close relative;
 - H) Politician or their family member or close relative;
 - I) Current or Former Head of State Governments or their family member or close relative;
 - J) Senior Government / Judicial / Military officers or their family member or close relative;
 - K) Senior Executives of State- owned Corporations or their family member or close relative;
 - L) Companies offering foreign exchange offerings;
9. While opening the new account all the prescribed procedures of KYC and Client identifications should strictly be followed in the context of ensuring the compliance under PMLA.
10. All the record of transaction(s) and the Client Identifications must be preserved in a manner which can be retrieved promptly and reported to the authorities in the specified format as and

- when required.
11. The Clients are advised to fully conversant with the provisions of PMLA and any amendments thereto from time to time to co-operate with intermediaries by providing the additional information / documents, if asked for, to ensure the compliance requirements under PMLA.
 12. The Clients are advised to provide certain information which may be personal nature or has hitherto never been called for such information can be include documents evidencing source of funds / income tax returns / bank account statements etc. You are advised to co-operate with us whenever such information is sought for from PMLA perspective.
 13. The Clients are advised to be vigilant and refrain from temptation of easy monetary gains, by knowingly or unknowingly supporting the people who are involved in the activities which are endangering freedom and causing damage to the nation. The Clients are supposed to provide their active co-operation in the due compliance of the law.
 14. Please visit the website of Financial Intelligence Unit (www.fiuindia.gov.in) and Securities Board of India (www.sebi.gov.in) for any further information on the subject.

NON-MANDATORY POLICIES AND PROCEDURES

These “Policies and Procedures” of SMIFS Finance Limited (hereinafter referred to as Stewart & Mackertich) outlines various Policies and Procedures framed and followed by Stewart & Mackertich with respect to its dealings with its Clients as a Member on Multi Commodity Exchange of India Limited (hereinafter referred as “the Exchange”).

Stewart & Mackertich shall have right at its sole and absolute discretion to amend / change / revise any of the above said “Policies and Procedures” at any time in future depending upon Regulatory changes, its risk management framework, other market conditions etc. and the same shall be binding on the Client forthwith. The said Policies and Procedures and any revision/update in the same from time to time is / will be available in the official web site of Stewart & Mackertich.

Any action taken by Stewart & Mackertich in accordance with the “Policies and Procedures” mentioned herein above can not be challenged by the Client and Stewart & Mackertich shall not be liable to the Client for any loss or damage (actual/notional), which may be caused to the Client as a result.

(I) REFUSAL OF ORDERS OF ILLIQUID COMMODITIES / CONTRACTS:

Illiquid Commodities / Contracts are risky investments due to thin liquidity, greater volatility factor as well as they are infrequently traded on the Commodity Exchange. In view of the risks involved in dealing with Illiquid Commodities / Contracts, Stewart & Mackertich would generally advise its Clients to desist from trading in them.

As Members have been advised by the Regulatory Authorities to exercise additional due diligence while trading in Illiquid Commodities / Contracts, Stewart & Mackertich would have exclusive rights and prerogative to refuse and/or to accept such orders with regard to Illiquid Commodities / Contracts, notwithstanding the fact that the Client has adequate credit balance or margin available in his/her/its account and/or the Client had previously purchased or sold such Commodities through Stewart & Mackertich.

Stewart & Mackertich may permit restrictive acceptance of orders in such Illiquid Commodities / Contracts in controlled environments like asking the Client to place orders at a centralized desk at Head Office instead of allowing trading in such Illiquid Commodities / Contracts at Branch Level. Stewart & Mackertich shall not be responsible for delay in execution of such orders and consequential opportunity loss or financial loss to the Client. Stewart & Mackertich may cancel orders in such Illiquid Commodities / Contracts received from Clients before execution or after partial execution without assigning any reasons thereof. Stewart & Mackertich may take appropriate declarations from the Clients before accepting such orders. Stewart & Mackertich would be free to charge upfront payment for the purchase transaction in Illiquid Commodities / Contracts as well as upfront delivery in case of sale transactions of such Illiquid Commodities / Contracts.

Refusal To Accept Buy And / Or Sell Orders At Abnormal Prices:

Regulatory Authorities and Commodity Exchange have come across instances, where a Client / set of Clients were observed to be executing matched trades in Illiquid Commodities / Contracts reversing transactions with significant variation in prices between first and reversing trades. Such trades were executed at prices, which apparently had no relation to the price of underlying commodity at that point of time. Precisely the modus operandi taken in such trades wherein one Client / set of Clients trading through a particular trading member would incur a loss and the counter party Client trading through another Member would earn a profit. In most of the cases, one or both legs of transactions were away from the current market price. Some of the Members reported that the Clients who suffered losses failed to meet their obligations.

Regulatory Authorities and Commodity Exchange have come across instances, where a Client / set of Clients were observed to be executing large transactions in certain Illiquid Commodities / Contracts in the Commodity Exchange, which prima-facie, appear to have been negotiated in advance between the parties and then put through the Commodity Exchange mechanism in a synchronized manner. Media reports appearing on the subject have also alleged that some of these transactions might have been executed by certain market participants with an ulterior motive to distort the fair price discovery in such Illiquid Commodities / Contracts. Such market practices do not appear to be in conformity with the extant guidelines / regulations of SEBI / Commodity Exchange.

Such types of transactions, mentioned herein above are under the regulatory purview and are hence, being scrutinized by the Commodity Exchange and SEBI, concurrently. SEBI/Commodity Exchange may take punitive action for any possible violation of the provisions of the extant guidelines / regulations of SEBI / Commodity Exchange against the market participants who indulge in such type of transactions.

As Members have been advised by the Regulatory Authorities to exercise additional due diligence while trading in these Commodities, orders placed in such Commodities would be executed upon the sole discretion of Stewart & Mackertich.

Stewart & Mackertich would have exclusive rights and prerogative to refuse and/or to accept such orders with regard to Illiquid Commodities / Contracts and/or order and/or orders which, prima facie appear to be non-genuine, notwithstanding the fact that the Client has adequate credit balance or margin available in his/her/its account and/or the Client had previously purchased or sold such commodities/contracts through Stewart & Mackertich.

In view of the above, the Client(s) would not be allowed to place both buy and sell orders at abnormal prices and/or price differences, that might not have any relevance to the movement in prices at that point of time.

Stewart & Mackertich may permit restrictive acceptance of orders in such Illiquid Commodities / Contracts in controlled environments like asking the Client to place orders at a centralized desk at Head Office instead of allowing trading in such Illiquid Commodities / Contracts at Branch Level. Stewart & Mackertich shall not be responsible for delay in execution of such orders and consequential opportunity loss or financial loss to the Client. Stewart & Mackertich may cancel orders in such Illiquid Commodities / Contracts received from Clients before execution or after partial execution without assigning any reasons thereof. Stewart & Mackertich may take appropriate declarations from the Clients before accepting such orders.

(II) SETTING UP CLIENT'S EXPOSURE LIMIT:

Stewart & Mackertich broadly takes into consideration the regulatory requirement, Client profile, internal risk management policy, market conditions etc., while setting up the exposure limits for and on behalf of its Clients. The exposure limits for a Client would be set up considering the following parameters:

- (i) Exposure Limits to the Client will be provided based on the available margin in the Trading Account of the Client, maintained with Stewart & Mackertich.
- (ii) The Client is not entitled to trade without adequate margin/collateral and that it shall be his/her/its responsibility to ascertain in advance the margin requirements for his/her/its orders/trades/deals and to ensure that the required margins is made available to Stewart & Mackertich, in such form and manner as may be required by Stewart & Mackertich.
- (iii) The Client would have to maintain "upfront margin" in the form of Cash and Bank Guarantee(s) or any other form as stipulated by the respective Commodity Exchanges from time to time as well as acceptable to Stewart & Mackertich at its own sole discretion, for availing trading exposures in the Spot Market Segment and in the Derivative - Futures Market Segment.
- (iv) The Exposure Limit will be a certain multiple of the available margin. Such multiplier will be as decided by Stewart & Mackertich from time to time and may vary from Client to Client.
- (v) Stewart & Mackertich may from time to time impose and vary limits on the orders that the Client can place through trading system of Stewart & Mackertich, including exposure limits, turnover limits, limits as to the number, value and/or kind of commodities /contracts in respect of which orders can be placed, etc. Stewart & Mackertich may need to vary or reduce the limits or impose new limits urgently on the basis of the risk perception of Stewart & Mackertich and other factors considered relevant by Stewart & Mackertich, including but not limited to limits on account of Exchange/Regulatory directions/limits (such as Member Level / Market Level Limits in commodity/contract specific/volume specific exposures etc.) and Stewart & Mackertich may be unable to inform the Client of such variation, reduction or imposition in advance. Stewart & Mackertich shall not be responsible for such

variation, reduction or imposition or the Clients inability to route any order through the Trading System of Stewart & Mackertich on account of any such variation, reduction or imposition of limits.

- (vi) On a case-to-case basis Stewart & Mackertich at its sole and absolute discretion, may allow higher exposure limits to the Client. Stewart & Mackertich shall have the prerogative to allow differential purchase and sell limits varying from Client to Client, depending upon credit worthiness, integrity and past conduct of each Client. Stewart & Mackertich shall have the prerogative to determine and prescribe rules for exposure limits and intra-day trading and any other product as well as differential exposure limits for various segments.
- (vii) In case of Spot Segment, Stewart & Mackertich may at its sole and absolute discretion allow clean exposure limits upto certain amount to the Client without insisting for any credit balance and/or margin. Stewart & Mackertich shall decide the quantum of clean exposure limit. On case-to-case basis Stewart & Mackertich may at its sole and absolute discretion, give higher clean exposure limits to certain set of the Clients. Stewart & Mackertich reserves the right to withdraw clean exposure limit granted to the Client at any point of time at its sole and absolute discretion. The Client cannot raise any concern/dispute for the same.
- (viii) Available margin for the purpose of granting exposure is calculated as a sum of free credit balance of the Client in the books of Stewart & Mackertich, margin in the form of Funds, Bank Guarantees and/or any other Collateral as decided by Stewart & Mackertich, of the Clients available with Stewart & Mackertich. The Client cannot raise any concern/dispute for the same.
- (ix) The choice of the collateral to be considered, as Stewart & Mackertich shall determine margin at its sole discretion from time to time and the Client shall abide by the same.
- (x) If the order of the Client is executed despite a shortfall in the available margin, the Client shall, whether or not Stewart & Mackertich intimate such shortfall in the margin to the Client, makeup for the shortfall suo-moto immediately. The Client further agrees that he/she/it shall be responsible for all orders (including any orders that may be executed without the required margin in the account of the Client) and/or any claim/loss or damage arising out of the non-availability/shortage of margin or collateral required by Stewart & Mackertich and/or Exchange and/or regulator.
- (xi) Stewart & Mackertich is entitled to vary the form required to be deposited/made available, from time to time. The margin or collateral deposited by the Client with Stewart & Mackertich is not eligible for any interest unless specifically agreed to.
- (xii) Stewart & Mackertich is entitled to include/appropriate any/all pay-out of funds and/or commodities towards margin/pay-in without requiring specific authorizations for each pay-out. Stewart & Mackertich is entitled to transfer funds and/or commodities from the account of the client for one exchange and/or one segment of the exchange to his/her/its account for another exchange and/or other segment of the same exchange whenever applicable and found necessary by Stewart & Mackertich. The Client also agrees and authorizes Stewart & Mackertich to trade/adjust his/her/its margin lying in one Exchange and/or one segment of the Exchange/towards the margin/pay-in requirements on other exchange and/or another segment of the exchange.
- (xiii) In case the Client makes the payment of the margin/settlement obligation/debit in account through a Bank Instrument, Stewart & Mackertich shall be at liberty to give the benefit/credit for the same only on the realization of the funds form the said bank instrument etc. at the absolute discretion of Stewart & Mackertich.
- (xiv) The Client will have to abide by the exposure limit set by Stewart & Mackertich.

(III) RIGHT TO SELL CLIENT'S COMMODITIES OR CLOSE CLIENT' POSITION:

The Client needs to furnish adequate margin as specified by Stewart & Mackertich from time to time from its sole and absolute discretion. It shall be the responsibility of the Client to ascertain in advance the margin requirement for its order/trades/deals and to ensure that the required margin is made available to Stewart & Mackertich in such form and manner as may be required by Stewart & Mackertich.

The margin will have to be paid within the time frame stipulated by the Exchange or Stewart & Mackertich, generally in case of fresh positions upfront, in case of Mark-to-Market and/or any other additional margins before the commencement of trading on next trading day and in case where the Exchange levy and/or increase any margin required during the day, immediately upon levy and/or increase in any such margin.

The Client shall fulfill all its settlement obligations within the time frame, stipulated by Stewart & Mackertich or the Exchange, whichever is earlier. The Client shall ensure timely availability of funds/commodities in designated form and manner at designated time and in designated bank and depository account(s) at designated place, for meeting its pay-in obligations of funds and commodities. Stewart & Mackertich shall not be responsible for any claim/loss/damage arising out of non-availability/short-availability of funds/commodities by the Client in the designated account(s) of Stewart & Mackertich for meeting the pay-in obligation of either funds or commodities.

Stewart & Mackertich shall have right to sell commodities of the Client, both on paid commodities as well as collaterals deposited towards margins, or close-out open positions of the Client, without giving notice to the Client where there is a delay/failure of the Client to meet the pay-in obligations and/or there is a failure of the Client to bring additional margins to cover the increase in risk in the dynamic market conditions.

Stewart & Mackertich shall have the prerogative to insist for margin in the similar ratio as mandated by the Exchange from its Clients and may not consider the value of collaterals over and above the cash component for the purpose of calculating margins shortfall and close the Derivative position where it finds the deviation. However, sales made in spot market segment are not considered while closing Derivative positions on T and T+1 basis due to margin shortfall.

Stewart & Mackertich has the right but not the obligation to cancel all pending orders and to sell/close/liquidate all open positions/commodities/collateral at the pre-defined square-off time or when mark-to-market (MTM) percentage reaches or crosses stipulated margin percentage decided by Stewart & Mackertich. Stewart & Mackertich will have sole discretion to decide referred stipulated margin percentage depending upon the market conditions. Such margin percentage will be communicated from time-to-time orally or through e-mails or through its Trading Terminals, Branch representatives etc. However in the event of extreme volatility and/or open position (outstanding) of Client resulting in mark to market losses beyond margin percentage of Stewart & Mackertich anytime during the trading session, and/or positions of the Client or collateral being not saleable, thereby forcing Stewart & Mackertich liquidate any of the available positions of the Client and collateral same shall be done by Stewart & Mackertich during the course of Trading Session without recourse to the Client.

In the event of such Square-Off, the Client agrees to bear all the losses (actual or notional), financial charges, damages based on account of such liquidation/sale/closing-out on actual executed prices.

Stewart & Mackertich is entitled to prescribe the date and time by which the margin/collateral is to be made available and Stewart & Mackertich may refuse to accept any payments in any form after such deadline for margin/collateral expires. If the Client fails to maintain or provide the required margin/fund/collateral or to meet the funds/margins/ commodities pay-in obligations for the orders/trades/deals of the Client within the prescribed time and form, Stewart & Mackertich shall have the right without any further notice or communication to the Client to take any one or more following steps:

- (i) To withhold any pay-out of funds/commodities
- (ii) To withhold/disable the trading of the Client.
- (iii) To liquidate one or more commodities of the Client by selling the same in such manner and at such rate which Stewart & Mackertich may deem fit in its absolute discretion. It is agreed and understood by the Client that the same includes commodities, which are pending delivery/receipt.

- (iv) To liquidate/square-off partially or fully the position of sale and/or purchase in any one or more commodities/contracts in such manner and at such rate which Stewart & Mackertich may decide in its absolute discretion.
- (v) To take any other steps, which in the given circumstances, Stewart & Mackertich may deem fit.

The Client agrees that the losses if any, on account of any one or more steps enumerated herein above been taken by Stewart & Mackertich, shall be borne exclusively by the Client alone and agrees not to question the reasonableness, requirements, timings, manner, form, pricing, etc., which are chosen by Stewart & Mackertich.

Stewart & Mackertich may follow the LIFO method for liquidation of commodities but it may not be binding on it to follow this method in all cases.

Stewart & Mackertich shall have right to close-out any intra-day positions taken by the Client after a defined "Cut-Off" time as decided by Stewart & Mackertich. Such "Cut-Off" time will be communicated from time-to-time orally or through e-mails or through its Trading Terminals, Branch representatives etc.

In case of failure to comply with any provisions of the Bye Laws, Rules and Regulations of the Exchange, requirements of the Exchange including the requirements pertaining to the position limits as imposed by the relevant authority from time to time, the relevant authority may at its discretion, either on its own or on the advice from the Exchange, without notice close-out open positions to the extent possible or take any such measures or actions, as may be deemed fit from time to time. The Client shall not hold Stewart & Mackertich/Exchange(s) responsible for losses, if any, on such measures or actions.

Stewart & Mackertich shall have the right to sell commodities of the Client or Close-Out open positions of the Client but it shall not be under any obligations to undertake this exercise compulsorily. Stewart & Mackertich shall therefore not be under any obligation to compensate/or provide reasons of any delay or omission on its part to sell commodities/collaterals of the Client or close open positions of the Client.

(IV) APPLICABLE BROKERAGE RATES:

The brokerage rates fixed by Stewart & Mackertich are function of the quality of cost of services provided to the Client and the volume and revenue expected from an account. Brokerage shall be applied as per the rates agreed upon with the Client in the KYC at the time of registration of the Client and subsequently through a written agreement between the Client and Stewart & Mackertich. The rate of Brokerage shall not exceed the maximum brokerage permissible under Exchange/SEBI Laws.

Stewart & Mackertich shall review the Brokerage rates from time to time and may be increased/decreased with prospective effect at a written notice of 15 days sent to the e-mail address or postal address of the Client registered with Stewart & Mackertich.

Stewart & Mackertich may charge a minimum service charge including brokerage of Rs. 25/- per contract note issued to Client for transactions, separately. However the Transaction Charges levied by the respective Commodity Exchange, Statutory Levies of Government and Regulatory Authorities would be over and above the minimum sum of Rs. 25/-, charged to the contract note.

No brokerage would be charged on Auction Trades, however applicable charges, viz. penalty charges, auction difference, etc., levied by the respective Commodity Exchange as may be debited to Stewart & Mackertich, would be debited to account of the Client.

In case of any violation of the position limits with regard to the transactions, penalties are levied as stipulated under Bye Laws, Rules and Regulations of the Commodity Exchange, and such penalties and charges, debited to Stewart & Mackertich, would be debited to account of the Client.

All Statutory Charges presently applicable and / or would be applicable in future, under various legislation of Central Government, State Government, Regulatory Authorities, Commodity Exchange and / or any Public Authorities, would be charged and collected from the Client. The Brokerage will be exclusive of the following except in cases where it is agreed otherwise:

- (I) Service Tax and Education Cess.
- (ii) SEBI/Exchange/Clearing Member Charges.
- (iii) Stamp Duty.
- (iv) Statutory Charges payable to Exchange / SEBI / Government Authorities.

- (v) Sales Tax/VAT/and any other related charges.
- (vi) Any Other Charges towards customized / specialized service.

(V) IMPOSITION OF PENALTY / DELAYED PAYMENT CHARGES:

Delayed Payment Charges:

Pursuant to Exchange Bye-Laws, the Member is currently required to compulsorily settle funds and commodities within the stipulated time period as notified by the Exchange for any transactions executed by a Client in any of the respective Commodity Exchange and / or market segments. Further the Member is also required to maintain adequate upfront margins with the Exchange to avail exposure for Trading. In addition the Exchange requires the Member to deposit the margins in cash only.

Under the circumstances, the Client shall settle all obligations with regard to Funds and Commodities before the pay-in deadline as notified by the Exchange for any transactions executed by the Client in any of the respective Commodity Exchange and/or market segments, where the Client shall deal. That in case the Client fails to settle the obligations with regard to funds and commodities before the stipulated pay-in deadline as notified by the Exchange for any transactions executed by the Client in any of the respective Commodity Exchange and/or market segments, Stewart & Mackertich would be at liberty to do the following:

- (i) Withhold payout of Commodities in the Hold Back Account of Stewart and Mackertich for the Commodities purchased by the Client, for which the Client has not settled fund obligations.
- (ii) Charge delayed payment penalty charges @ 18% per annum for the number of days of failure by the Client with regard to settlement of funds. The number of days of default would be determined from the pay-in day.
- (iii) Withhold payout of funds in case a part of Commodities have remained undelivered/unsettled before pay-in deadline against sale obligations of the Client, till auction pay-in and pay-outs settlement.

Stewart & Mackertich is authorized by the Client to charge a delayed payment penalty charges @ 18% per annum where the Client takes exposure in the Derivative Segment by depositing collaterals in a ratio which is disproportionate to the cash versus collaterals ratio prescribed by Stewart & Mackertich. While levying delayed payment charges or interest on the debit balance in the running account of the Client, Stewart & Mackertich will not consider any credit balance in the other family or group account of the Client. Delayed payment penalty charges are only a penal measure. The Client should not construe it as a funding arrangement and shall not demand continuation of service on a permanent basis, citing levy of delayed payment charges.

The Client is entitled to forthwith release of funds lying credit to its ledger, on pay-out. In case the Client has authorized Stewart & Mackertich to maintain a running ledger account in writing, a written request to the Branch In-charge of Stewart & Mackertich, is to be made for the release of funds. Such release of funds would be however subject to un-discharged liabilities of the Client. In case Stewart & Mackertich fails to discharge its responsibilities with regard to funds pay-out due and payable to the Client, it would attract an interest penalty of 18% per annum for the number of days of delay of such fund settlement, payable by Stewart & Mackertich from the date of the pay-out and/or the date of receipt of specific request from the Client for such settlement.

Imposition of Penalties:

The Exchange/SEBI levies penalties on the Member for irregularities observed by them during the course of business. Stewart & Mackertich shall recover such imposed penalties/levies, if any, by the Exchange/Regulators, from the Client, which arise on account of dealings by such Client. Violations for which penalties may be levied are as follows:

- (i) Auction of Commodities pursuant to short deliveries/non deliveries against sale by the Client.
- (ii) Short Margin reporting in the Derivative Market Segment.
- (iii) Any Other Reasons which the Exchange/SEBI may specify from time to time.

Such recovery would be accounted by way of debit in the ledger of the Client and amounts would be

adjusted against the dues.

The trading activity of the Client should not be aimed at disturbing market equilibrium or manipulating market prices etc. If the Client does so, Stewart & Mackertich may keep in abeyance the pay-out of funds and/or commodities till such time that the Client has been able to clearly demonstrate that his/her/its actions were not malafide in any manner.

Stewart & Mackertich may impose fines/penalties for any orders/trades/deals/actions of the Client which are contrary to any of the rules/regulations/bye-laws of the Exchange or any other law for the time being in force, at such rates and in such form as it may deem fit. Further where Stewart & Mackertich has to pay any fine or bear any punishment from any authority in connection with/as a consequence of/in relation to any of the orders/trades/deals/actions of the Clients the same shall be borne by the Client.

If the Client gives orders/trades in the anticipation of the required commodities being available subsequently for pay-in through anticipated pay-out from the exchange or through borrowings or any off-market deliveries or market deliveries and if such anticipated availability does not materialize in actual availability of commodities/funds for pay-in for any reason whatsoever including but not limited to any delays/shortages at the exchange or Member level etc., the losses which may occur to the Client as a consequence of such shortages in any manner, such as on account of auctions/square-off/closing outs etc., shall be solely to the account of the Client and the Client agrees not to hold the Member responsible for the same in any form or manner whatsoever. Without prejudice to the foregoing, the Client shall also be solely liable for all and any penalties and charges levied by the exchange(s).

In case Open position (i.e. Short / Long) gets converted into delivery due to non-square off because of any reason whatsoever, the Client will provide commodities/funds to fulfill the pay-in obligation failing which the Client will have to face auctions/ close-outs, in addition to this the Client will have to pay penalties and charges levied by exchange in actual and losses if any. Without prejudice to the foregoing, the Client shall also be solely liable for all and any penalties and charges levied by the exchange(s).

Stewart & Mackertich provide exposure against the upfront margin received in the form of Cash/Collateral from the Client and the Client also has the prerogative to demand withdrawal of cash and Collaterals at its discretion. The Client will not be entitled to any interest or other benefit on the credit balance/surplus margin available/kept with Stewart & Mackertich.

(VI) CONDITIONS UNDER WHICH A CLIENT MAY NOT BE ALLOWED TO TAKE FURTHER POSITION OR THE MEMBER MAY CLOSE THE EXISTING POSITION OF A CLIENT:

An illustrated list of circumstances in which Stewart & Mackertich may not allow the Client to take further positions or may Close/Liquidate a part or whole of the existing position of the Client are as follows:

- (i) Failure by the Client in providing sufficient/ adequate margin(s) and/or insufficient/inadequate free credit balance available in the account of the Client.
- (ii) If the Client fails to deposit the margin/additional margin by the deadline or if an outstanding debit occurs in the account of the Client beyond the stipulated time period.
- (iii) If the Client fails to maintain, the requisite margin, in such form and manner, as may be specified by Stewart & Mackertich, from time-to-time.
- (iv) Settlement obligations are not paid by the Client within the time frame allowed by the Exchange or as per the norms specified by Stewart & Mackertich from time-to-time at its sole and absolute discretion.
- (v) Commodities falling in the category of Illiquid Commodities/Contacts as described in Policy (I) above.
- (vi) Trades, which apparently in the sole and absolute discretion of Stewart & Mackertich seems to be synchronized trades/circular trading/artificial trading/manipulative in nature, etc.
- (vii) In case any Relevant Authority is of the Opinion that a particular underlying no longer meets its requirements for Trading or is not eligible for Trading or if the Relevant Authority decided to discontinue trading in particular market segment for such

reasons as it may deem fit and may in such circumstances impose restrictions on transactions that no new open positions can be taken in such underlying and/or contact that have been previously introduced.

- (viii) In case any Relevant Authority may limit the transactions with regard to the total number of commodities and/or contracts on a underlying that a single investor and/ or group of investors acting in concert may take up and/or exercise during such time period as may be prescribed by the Relevant Authority from time to time.
- (ix) In case any Relevant Authority may at any time in its absolute discretion prescribe maximum long and/or short open positions for any Client and/or group of Clients with regard to quantity and/or value for any underlying and/or contact.
- (x) Any ban imposed on the Client by the Regulatory Authorities.
- (xi) The Client have been found in the opinion of Stewart & Mackertich of any misconduct, forgery, suppression of facts and falsification of information provided by the Client at the time of opening of the Trading Account with Stewart & Mackertich.
- (xii) Where name of the Client apparently resembles with the name appearing in the list of debarred entities published by SEBI/SEBI/Exchange [where the information available for the debarred entity (other then name) is not sufficient enough to establish that the Client and such debarred entity are one and the same].
- (xiii) In case it is found in the opinion of Stewart & Mackertich violating any terms and conditions, with regard to the Rights and Obligations and/or Policies & Procedures, signed and entered into by Client and Stewart & Mackertich, at the time of opening the Commodities Trading Account.
- (xiv) The Client fails to furnish documents/information as may be called for by Stewart & Mackertich from time-to-time as per regulatory requirement and/or as per its internal policy.
- (xv) The Client fails to comply with any provisions of the Bye Laws, Rules and Regulations of the Exchange, requirements of the Exchange and any Relevant Statutory & Regulatory Authorities.
- (xvi) In the event of death or insolvency or lunacy of the Client otherwise becoming incapable of receiving and paying for or delivering or transferring commodities which the Client has ordered to be bought or sold.
- (xvii) Depending on the market circumstances if Stewart & Mackertich is of the view that the positions of the Client are at risk then Stewart & Mackertich may close the existing position without waiting for the pay-in schedules of the Exchange.
- (xviii) In case in the opinion and sole discretion of Stewart & Mackertich, that such further position would be adverse and detrimental to the Compliance Requirement with regard to any provisions of the Bye Laws, Rules and Regulations of the Exchange, requirements of the Exchange and any Relevant Statutory & Regulatory Authorities.

Stewart & Mackertich may at any time at its sole discretion and without prior notice, prohibit or restrict the Clients ability to place orders or trade in commodities/contract through Stewart & Mackertich, or it may subject any order placed by the Client to a review before its entry into the trading systems and may refuse to execute/allow execution of orders due to but not limited to the reason of lack of margin or contracts which are not in the permitted list of Stewart & Mackertich/Exchange(s) /any other Regulatory Body or the order being outside the limits set by Stewart & Mackertich/Exchange and any other reasons which Stewart & Mackertich may deem appropriate in the circumstances. The Client shall not hold Stewart & Mackertich/Exchange(s) responsible for losses, if any on account of such refusal or due to delay caused by such review, etc. Stewart & Mackertich is also entitled to disable/freeze the accounts and/or trading facility/any other service facility, if, in the opinion of Stewart & Mackertich, the Client has committed a crime/fraud or has acted in contradiction of this Policy & Procedure or/is likely to evade/violate any laws, rules, regulations, directions of a lawful authority whether Indian or Foreign or if Stewart & Mackertich so apprehends.

(VII) TEMPORARILY SUSPENDING OR CLOSING A CLIENT'S ACCOUNT AT THE CLIENT'S REQUEST:

The Commodities Trading Account of a Client may be temporarily suspended upon written request to Stewart & Mackertich. However, before placing such written request, the Client shall settle all outstanding obligations with respect to funds and commodities payable to Stewart & Mackertich with respect to respective account. Request from a Client where no dues are outstanding would be processed within 7 working days from the date of receipt of the request.

The Commodities Trading Account of a Client shall be closed on receipt of a written request of the Client. Client shall settle all dues before the account is closed. Request from a Client where no dues are outstanding would be processed within 7 working days from the date of receipt of the request.

In case the Client wants to revoke suspension or resume fresh business, the Client shall comply with all the formalities required with regard to updation of KYC Norms as required by Stewart & Mackertich/Commodity Exchange.

(VIII) DE-REGISTERING A CLIENT:

Without prejudice to rights and remedies available to Stewart & Mackertich under the Rights and Obligations signed by the Client, Stewart & Mackertich shall be entitled to suspend the account of the Client with immediate effect and if need be deregister the Client in any of the following circumstances:

- (i) Where the Client is inactive.
- (ii) Where the Client has not cleared the naked or uncovered debts, which are more than 7 days old. Further, if there is reasonable apprehension that the Client is unable to pay its debts or the Client has admitted its inability to pay its debts, as they become payable.
- (iii) Based on the recommendations made by the Branch Manager due to excessive speculations, un-cleared balances.
- (iv) Client lodges a complaint either directly with Stewart & Mackertich or through the Exchange relating alleged un-authorized trades being executed in the account.
- (v) On notices received from statutory, Government or Local Authorities and Income Tax, Service Tax, Sales Tax, a Judicial or Quasi Judicial Authority, etc.
- (vi) On the death / lunacy or other disability of the Client.
- (vii) If the Client has voluntarily or compulsorily become the subject of proceedings under any bankruptcy or insolvency law or being a company, goes into liquidation or has a receiver appointed in respect of its assets or refers itself to the Board for Industrial and Financial Reconstruction or under any other law providing protection as a relief undertaking. If a receiver, administrator, liquidator has been appointed or has been allowed to be appointed of all or any part of the undertaking of the Client.
- (viii) If the Client being a partnership firm, has any steps taken by the Client and / or its partners for dissolution of the partnership. If the Client has taken or suffered to be taken any action for its reorganization, liquidation or dissolution.
- (ix) If the Client has made any material misrepresentation of facts. Non Updation of Communications details viz. e-mail id., Mobile Number, Land Line Details or it is found to be belonging to a third person.
- (x) If the Client suffers any adverse material change in its financial position or defaults any other terms and conditions with Stewart & Mackertich.
- (xi) If the Client is in breach of any term, condition or covenant with Stewart & Mackertich.
- (xii) If any of the covenant or warranty of the Client is incorrect or untrue in any material respect.
- (xiii) In case a Client fails to comply with any provisions of the Bye Laws, Rules and Regulations of the Exchange, requirements of the Exchange and any Relevant Statutory & Regulatory Authorities.
- (xiv) In case a Client fails to comply with regard to the timely settlement of Funds and Commodities with regard to transaction in the respective Commodity Exchange and/or in the respective Market Segments.
- (xv) In case a Client have been found in the opinion of Stewart & Mackertich of any

misconduct, forgery, suppression of facts and falsification of information provided by the Client at the time of Opening of the Commodities Trading Account with Stewart & Mackertich.

- (xvi) In case it is found in the opinion of Stewart & Mackertich that the Client has been violating any terms and conditions, with regard to the Rights and Obligations and/or Policies & Procedures, signed and entered into by the Client and Stewart & Mackertich.
- (xvii) In case in the opinion and sole discretion of Stewart & Mackertich, that the relation and further continuation of business and/or association with the Client would be adverse and detrimental to the Compliance Requirement with regard to any provisions of the Bye Laws, Rules and Regulations of the Exchange, requirements of the Exchange and any Relevant Statutory & Regulatory Authorities.
- (xviii) If the actions of the Client are prima facie illegal/improper or such as to manipulate the price of any commodities or disturb the normal/proper functioning of the market, either alone or in conjunction with others. Where the Client indulges in any irregular trading activities like synchronized trading, price manipulation, trading in illiquid commodities/contracts, self trades, trading in commodities at prices significantly away from market prices, etc.
- (xix) If there is any commencement of a legal process against the Client under any law in force. Any enquiry/investigation is initiated by the Exchange/Regulators and/or any regulatory body, against the Client. Any Regulatory action taken/initiated against the Client by the Exchange/Regulator including but not limited to debarring the Client from accessing the Capital Market/Commodity Market.
- (xx) Where name of the Client apparently resembles with the name appearing in the list of debarred entities published by SEBI/Exchange (where no information other than name is available). Name of the Client appears in database/websites of CIBIL, Watch Out Investors, World Check, etc. Further, the Client having suspicious background or linked with suspicious organization.
- (xxi) Where the Client is non-traceable, has pending disputes with Stewart & Mackertich, possibility of a default by the Client.
- (xxii) Physical Contract Notes are received back undelivered due to reasons like “no such person”, “addressee left”, refusal to accept mails, POD 's signed by the third persons, signature mismatch on POD's or other reasons which may create suspicion, after close out of open positions. Non Delivery of Account Statement sent by Stewart & Mackertich on periodic basis. Where Electronic Contract Notes failed (Bounced Mails) on more than 3 instances until Client submits and registers new e-mail ids.
- (xxiii) Any other circumstances leading to a breach of confidence in the Client for reasons like cheque bouncing or not furnishing the financial and other details as may be called for by Stewart & Mackertich from time to time, etc.
- (xxiv) Such other circumstances which in the sole opinion of Stewart & Mackertich warrants to de-register the Client.

Under any of the above circumstances, Stewart & Mackertich shall have the right to close out the existing open positions/contracts, sell/liquidate the margin (in any form) to recover its dues, if any, before de-registering the Client. The Client shall not challenge any action taken by Stewart & Mackertich in terms of this Policy & Procedure and Stewart & Mackertich shall not be liable to the Client for any loss or damage (actual/notional), which may be caused to the Client as a result. Also while de-registering the Client, Stewart & Mackertich may retain certain amount, commodities & collateral due/belonging to the Client for meeting any future losses, liabilities, penalties, etc. arising out of dealing of the Client with Stewart & Mackertich. In case if any commodities/collaterals retained by Stewart & Mackertich is sold/liquidated to recover any losses, liabilities, penalties, etc.,

Stewart & Mackertich shall have the sole authority to decide the mode, manner and the price at which to effect the sale of commodities/collaterals and the Client can not raise any disputes as to the manner, mode and the price at which the commodities/collaterals are sold by Stewart & Mackertich.

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

Notwithstanding any such de-registration, all rights, liabilities and obligations of Stewart & Mackertich and the Client arising out of and/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.

(IX) POLICY FOR PREVENTION OF MONEY LAUNDERING (PMLA):

Money Laundering may be defined as cleansing of dirty money obtained from legitimate or illegitimate activities including drug trafficking, terrorism, organized crime, fraud and many other crimes with the objective of hiding its source and rendering it in legally usable form. It is any act or attempted act to conceal or disguise the identity of illegally obtained proceeds so that they appear to have originated from legitimate sources. The process of money laundering involves creating a web of financial transactions so as to hide the origin of and true nature of these funds.

To combat money-laundering activities, the Government of India enacted the Prevention of Money Laundering Act, 2002 (hereinafter referred to as the "Act") on January 17, 2003. The basic objective of the Act is three fold, viz.:

- To prevent, combat and control money laundering.
- To confiscate and seize the property obtained from the laundered money.
- To deal with any other issue connected with money laundering in India.

In terms of rules framed under the Act, inter alia, every intermediary, including Trading Members and Authorized Persons shall comply with the following:

- (i) Maintain a record of all transactions, the nature and value of which may be prescribed, whether such transactions comprise of single transaction or a series of transactions integrally connected to each other, and where such series of transactions take place within a month.
- (ii) Furnish information of transactions referred to in Clause (a) to the Director within such time as may be prescribed.
- (iii) Verify and maintain the records of the identity of all its Clients, in such a manner as may be prescribed.

In terms of rules made under the Act, all intermediaries shall maintain a record of the following:

- (i) All cash transactions of the value of more than rupees ten lakhs or its equivalent in foreign currency.
- (ii) All series of cash transactions integrally connected to each other, which have been valued below rupees ten lakhs or its equivalent in foreign currency where such series of transactions have taken place within a month
- (iii) All cash transaction where forged or counterfeit currency notes or bank notes have been used as genuine and where any forgery of a valuable security has taken place.
- (iv) All suspicious transactions whether or not made in cash.
- (v) Identity and current address or addresses including permanent address or addresses of the Client, the nature of business of the Client and his financial status.

Under these circumstances the Board of Directors of SMIFS Finance Limited being an intermediary had in accordance with the above, adopted a policy framework on anti-money laundering measures, in order to protect the Company from being used by any person to launder money. The broad policies framed are as follows:

- (i) To follow thorough "Know Your Customer" (KYC) policies and procedures and strict

- In-Person verification of Clients in the day-to-day business and updation of both financial and personal records of the Clients periodically, at least once in a half-year.
- (ii) To take appropriate action, once suspicious activities is detected, and make report to designated authorities in accordance with applicable law / laid down procedures.
 - (iii) To comply with applicable laws as well as norms adopted internationally with reference to the governing principles, broad guidelines and standards laid in "Prevention of Money Laundering Act, 2002 and circular issued by SEBI and Exchange thereof".

In view of the above, Clients would extend the fullest possible co-operation with regard to compliance in the above matter on a continuous basis and would follow, fulfill and comply with requirements as laid by the regulatory authorities and / or the Relevant Authority to enjoy the continuous and uninterrupted services of Stewart & Mackertich.

Further as per KYC Updation policy laid by the regulatory authorities, viz. SEBI, NCDEX, NSEL FIU-IND the Trading Member needs to periodically review and update information provided by the Clients at the time of opening of Trading Account with Trading Members. In view of the same, the Client shall fulfill such compliances by providing the necessary documents duly attested by the Client once in such time period as required under law, failing which the Trading account may be temporarily suspended by Stewart & Mackertich till such compliance(s) are fulfilled.

(X) POLICY ON DORMANT/INACTIVE/IN-OPERATIVE ACCOUNTS:

Stewart & Mackertich, shall at regular intervals, review and analyse the Trading Accounts of the Clients and classify and flag them as "**Dormant**" or "**In-Active**" accounts based on the parameters defined below, as part of Customer Due Diligence. "**Dormant Account**" is an account, which is not presently used by the "client" for trading but is likely to be used in future. It would be the account where the client has executed no trades during the last six months OR for a period exceeding six months. "**Inactive Account**" is an account, which is not in for trading since a long time and is also not likely to be used by the client in near future. It would be the account where the client has not executed any trade for the last one-year OR for a period exceeding one-year.

Stewart & Mackertich shall exercise **Caution & Due Diligence** in respect of "**Dormant Account**" and/or "**Inactive Account**" to prevent any "**Error**" and/or "**Fraud**" due to their "**Dormant/In-Active**" status. These cautions would be exercised while:

(I) Resumption Of Trading:

The "Dormant Account" and "In-Active Account" may be temporarily suspended for trading and the Client would be allowed to place order only after the Branch Manager / Compliance Officer has satisfied himself/herself in respect of Identity and Bonafide of the client. The "Dormant Account" and "In-Active Account" account shall be reactivated for trading on receipt of application for reactivation from the client along with following necessary supporting documents such as: a) PAN Card, b) Latest Proof of Address as mandated under Rules and Regulations and c) Current Bank Account Statement. The client may be asked to visit the branch and submit the "request letter" for activation of trading account. Stewart & Mackertich shall carry out "In-Person" verification of the inactive clients and shall validate the supporting documents submitted by the clients with the originals. The trading account may get reactivated within 7 working days of submission of application of re-activation with valid supporting documents.

(ii) Withdrawal Of Funds / Collaterals From "Inactive" Accounts:

Funds, Commodities and collateral to the credit of "Inactive" accounts shall be allowed to be withdrawn only on receipt of specific request of client, after due verification of supporting documents, to ensure that funds, commodities and collateral are transferred only to bonafide beneficial owners.

(iii) Change Of Critical Client Details:

Request for change in critical client details like address, bank account, Demat account, email address, mobile / phone number, etc. shall be processed only after proper authentication of client on phone or "In-Person" verification of the client by the employees of Stewart & Mackertich.

(XI) POWER OF ATTORNEY POLICY:

Stewart & Mackertich has framed its Power of Attorney (POA) Policy based upon the following

principles. The Power entrusted by the clients would be broadly based on the following:

- (i) The POA would be **VOLUNTARY** and **NOT MANDATORY** on the Client.
- (ii) The POA will **NOT** be used for operating **BANK ACCOUNTS** of the Client.
- (iii) The POA will not be used for opening a broking / trading / securities / commodities account for facilitating trading with any trading member / stock broker and / or opening of a Beneficial Owner Account with any Depository Participant.
- (iv) The POA will not be used to execute trades in name of the client with and/or without their consent.
- (v) The POA will not prohibit, in any way and manner from issuing of Delivery Instructions to the Client.
- (vi) The POA will not prohibit, in any way and manner from operating the said Account by the Client directly.
- (vii) The POA will not be used for merging of balances (dues) under various accounts to nullify debit in any other account.
- (viii) The POA will not be used for opening an email ID / email account on behalf of the client for receiving statement of transactions, bills, contract notes etc.
- (ix) The POA will not be used to renounce liability for any loss or claim that may arise due to any blocking of funds that may be erroneously instructed to the designated bank.
- (x) The POA executed by the client would be **REVOCABLE** and can be withdrawn by the client at any time without notice.
- (xi) The POA will be used for facilitating debit instructions for transfer of commodities / securities / collateral in respect of the beneficiary account of the client and would be limited to the following accounts, held in the pre-notified accounts held in the name of Stewart & Mackertich only.
- (xii) As mandated by SEBI, the latest updated Demat Account Details as well as Bank Account Details of Stewart & Mackertich for the purpose of dealing with its Client's would be made available on the official website of the Company.

(XII) TRADING RELATED POLICY:

- (i) The relationship being established between the client and Stewart & Mackertich shall be that of principal and agent and Stewart & Mackertich shall be the agent of the client. The client is required to make independent enquiries and satisfy itself that the client is entitled to enter into the trading member client relationship with Stewart & Mackertich in the jurisdiction in which the client resides.
- (ii) Stewart & Mackertich recommends that the client places orders in writing and takes acknowledgement as per the format available from Stewart & Mackertich, so as to avoid any future disputes. The client may also choose to place orders verbally, by visiting the branch or through telephone. The client may authorize its authorized representative to carry out the above, whose orders shall be binding on the client.
- (iii) Stewart & Mackertich recommends that the client modifies/cancels part and/or whole of the orders placed by the client, in writing and takes acknowledgement as per the format available from Stewart & Mackertich, so as to avoid any future disputes. The client may also choose to modify/cancel part and/or whole of the orders placed by the client verbally, by visiting the branch or through telephone. The client may authorize its authorized representative to carry out the above, whose orders shall be binding on the client.
- (iv) Stewart & Mackertich advises that it is preferable that client gives orders on the day the client desires trades, including orders for modification/cancellation, which Stewart & Mackertich will punch in the trading system on a best efforts basis. However if the client chooses to give orders aftermarket hours then upon specific instruction of the client, Stewart & Mackertich may attempt to enter them in the trading system on the next trading day however it may not be possible in all instances to do so.

- (v) Orders given by the client may or may not result in trades and the client is requested continuously monitor the final outcome of the order. It is however made clear that the dealer of Stewart & Mackertich would concurrently update the status of the orders/trades of the client. Where orders have resulted in trades the same may or may not result delivery and the client should continuously monitor its pay-in/ payout obligations.
- (vi) No employee, Authorized Person, Director or any other agent of Stewart & Mackertich is authorized to give any assurances of profits, or to manage the account of the client in any discretionary manner. The client must make its own decisions regarding suitability of orders/investments and if need be rely upon its own independent advisers whether in matters of orders/trades or in the matters relating to taxation etc. Accordingly the client should not enter into any personal/private mutual understanding with any Employee, Authorized Person, Director or any other agent of Stewart & Mackertich.
- (vii) Stewart & Mackertich uses trading platform such as ODIN etc., which are exchange approved. However there is no guarantee/warranty that these are bug/glitch free and the client may in rare occasions suffer losses, which it should keep in mind while dealing through Stewart & Mackertich.
- (viii) Where prima – facie it appears that trading system is suffering from some problems such as incorrect positions being shown etc., the client should refrain from trading and immediately bring the problem to the notice of Stewart & Mackertich and act only after the problem has been resolved. If Stewart & Mackertich or any other clients suffer on account of actions of the client in such situations the client will be liable to make good the losses suffered by Stewart & Mackertich or other clients.
- (ix) Stewart & Mackertich may tape record conversations of the client over telephone/in person however Stewart & Mackertich shall not be obliged to do so and absence of availability of recordings shall not render any order/transaction unenforceable against the client, in as much as the orders can be placed over mobile phones, through visiting the branch and the recorded orders are also liable to damage/erasure on account of virus/capacity overrun of the machine.
- (x) As a measure of risk containment, Stewart & Mackertich may subject orders of the client to prior risk control assessment (such as checking availability of margin) before allowing the same to go into the trading system.
- (xi) Stewart & Mackertich may provide market research through e-mail, web-site, printed material or through discussions however the same is provided without any warranty or guarantee or suitability for the client and Stewart & Mackertich recommends that client may get the same examined through the personal financial/legal advisers as deemed fit. The facilities/data/research shall be provided to client on as is where is basis only for personal use and all rights in the same shall exclusively rest with Stewart & Mackertich and the client is not entitled to share it whether for consideration or otherwise with any third party without a formal written authorization by Stewart & Mackertich. In the event of a breach Stewart & Mackertich shall be entitled to bring legal action against the client.
- (xii) Stewart & Mackertich issues contract notes, to its clients on the day of the trade, with the order number(s) and trade number(s). Therefore Stewart & Mackertich shall not be providing order confirmation and trade confirmation slips, generated through Trading terminals to the client. However in case the client makes a specific prior request, Stewart & Mackertich would arrange the same.
- (xiii) Stewart & Mackertich may send various information such as documents, bills, margin statements, statement of accounts etc., to the client through anyone or more of the following means i.e., post, registered post, speed post, courier, telegram, telephones, messages on trading platform, through word of mouth by the agents of Stewart & Mackertich by displaying it on the web-site of Stewart & Mackertich or making it available as a download from the web-site of Stewart & Mackertich, displaying it on the notice board of the branch, newspaper advertisements or if

circumstances so required by broadcast over radio/television and where the client has provided e-mail address then these information may also be sent by Stewart & Mackertich through e-mail. The service providers such as Postal Authorities, Courier Company, Phone Service Providers etc. shall be agents of the Client and the delivery of information shall be complete when Stewart & Mackertich delivers the communications to such service providers.

- (xiv) The client should review all information sent to the client including contract notes etc. immediately upon receipt and revert the discrepancy if any (including if any trades in the account are not as per directions / orders of the client) within 48 hours of the receipt of the same to allow Stewart & Mackertich to take remedial steps if any are possible.
- (xv) Stewart & Mackertich may pledge the collaterals of the client lying with it as margin with Professional Clearing Member to meet margin obligation of the said client.
- (xvi) The client shall forthwith cease trading and inform Stewart & Mackertich in the event the client becomes ineligible to deal with Stewart & Mackertich on account of any court, exchange or regulatory action.
- (xvii) Stewart & Mackertich shall be entitled to disseminate information about defaults made by the client to third parties.
- (xviii) The client shall not work as an authorized person without prior written permission of Stewart & Mackertich and only after seeking appropriate registration with respective registering authorities.
- (xix) The client shall also not deal through Stewart & Mackertich on an exchange of which the client itself is a Member / Authorized person.
- (xx) Stewart & Mackertich may at its discretion maintain combined / collective books of accounts of the client across Exchange and / or other services such as depositories etc.
- (xxi) The client shall maintain a regular watch on its account including on its margin/collateral and ensure payment well before the due dates so that Stewart & Mackertich may not required to liquidate/close out any margin/open positions.
- (xxii) The records as provided by Stewart & Mackertich through contract notes, bills, statement of accounts, statement of margin etc. shall be the official record to determine the obligations of Stewart & Mackertich and the client.
- (xxiii) Those clients who wishes to avail Internet Trading facility (in case provided by Stewart & Mackertich at a later date), shall upgrade the newer versions of trading software / back-office software etc. on account of changes made by Stewart & Mackertich and / or any other service provider like Depositories / Banks.
- (xxiv) The existence of trading member client relationship does not imply that Stewart & Mackertich is liable to provide each and every service to the client, and services may not be provided in case the client does not fulfill the necessary conditions for the same.
- (xxv) Where the client chooses to clear its trades through Professional Clearing Member (PCM), then Stewart & Mackertich shall revert such trades as are not confirmed by the PCM to the client who shall be then liable to not only pay all the margins on the same but to also settle the same.

(XIII) PROPRIETARY TRADING POLICY:

Stewart & Mackertich does **NOT** undertake “**Proprietary Trading**” and if it does so, it shall inform the client through Circular / E-mail / Newspaper Advertisement etc.

(XIV) PAYMENT RELATED POLICY:

- (i) Stewart & Mackertich may debit charges for other services such as depository, charges on account of dishonour of cheques, charges for issuance of demand drafts, NEFT / RTGS, minimum processing fee charges etc. to the account of the client.
- (ii) Stewart & Mackertich does not accept cash and in no event should the client make any payments to Stewart & Mackertich, Employees / Authorized person of Stewart &

- Mackertich and / or any agent of Stewart & Mackertich by cash.
- (iii) The client must make payments from its own bank account through a bank instrument. Stewart & Mackertich may demand a proof that the payments are being made by the client from its own account without which Stewart & Mackertich may not give credit to the client. In case Demand Drafts, following may be required:
 - Certificate from the issuing bank on its letterhead or on a plain paper with the seal of the issuing bank.
 - Copy of the passbook / bank statement for the account debited to issue the instrument duly certified by the Bank. Please ensure that copy of passbook / bank statement clearly reflects that amount has been debited for the purpose of issuing of prefunded instruments in favour of Stewart & Mackertich.
 - (iv) The client should never leave any blank instruments such as cheques / depository instruction slips (DIS) etc. with Stewart & Mackertich or Employees / Authorized Person and / or any agent of Stewart & Mackertich. Stewart & Mackertich shall not be responsible for their misuse.
 - (v) Stewart & Mackertich shall make delivery of funds / commodities to the client only after the same has been received from the exchange / the delivering client.

(XV) POLICY FOR UNAUTHENTIC NEWS CIRCULATION:

Employees / Temporary Staff / Voluntary Workers etc. employed / working with Stewart & Mackertich are strictly restricted to circulate rumors or any unverified information obtained from any source such as client, industry, any trade or any other sources without verification. Any violation of the same by any Employees / Temporary Staff / Voluntary Workers etc., would be subject to strict disciplinary actions.

Employees / Temporary Staff / Voluntary Workers etc. are strictly restricted to use Blogs / Chat / Forums / Messenger sites. The IT Manager is empowered to block all Blogs / Chat / Forums / Messenger sites for individual users. Use of Blogs / Chat / Forums / Messenger sites is done with the permission of Senior Management. Any violation of the same by any Employees / Temporary Staff / Voluntary Workers etc., would be subject to strict disciplinary actions. Logs for any usage of use of any Blogs / Chat / Forums / Messenger site are to be maintained by the IT – Systems Department and would be reviewed by the IT Manager / Compliance Officer on a Concurrent basis. Misuse / Non-Compliance would be reported to the Senior Management promptly for necessary action.

Employees have been directed that any market related news received by them either in their official mail / personal mail / blog or in any other manner, should be forwarded only after the same has been seen and approved by the Compliance Officer of the Company. If an employee fails to do so, he/she shall be deemed to have violated the policies of the Company and shall be liable for strict actions.

In case of any violations of the above provisions the Compliance Officer shall also be held liable for breach of duty in this regard.

(XVI) OTHERS

Stewart & Mackertich has taken utmost care in framing the Policies and Procedures as detailed above, ensuring that the same neither dilute the responsibility of Stewart & Mackertich nor it shall be in conflict with any of the clauses laid in the Bye Laws, Regulations, Notices, Guidelines and Circulars issued by SEBI and the Exchange from time to time. However without prejudice, if at a later date, if any of the clauses framed and detailed above by Stewart & Mackertich, in the opinion of the SEBI and/or Exchange, reveal that it is in conflict of the Rules, Bye Laws, Regulations, Notices, Guidelines and Circulars issued by SEBI and the Exchange from time to time, then such clause(s) shall be treated as “NULL & VOID” and would stand withdrawn, forthwith. No term of the Policy & Procedure other than those prescribed by SEBI, shall be changed without the consent of the Client. Such change needs to be preceded by a notice of 15 days by Stewart & Mackertich. A copy of all the documents executed by Client shall be given to the Client, free of charge within seven days from the date of execution of documents by the Client. Stewart & Mackertich is entitled and shall take acknowledgement of the Client for the receipt of the same.

Acceptance of Policies and Procedures by the Client stated and detailed above:

I/We have read and fully understood all the Policies and Procedures framed and detailed above by SMIFS Finance Limited, mentioned against points numbered “I” to “XVI”, enumerated in page

numbers “22 to 38” and undertake to extend all co-operation for any other compliance requirements for the Trading Account maintained with SMIFS Finance Limited. Further, I/We have taken note of the fact that these Policies and Procedures may be amended/changed/revised by Stewart & Mackertich at any time in future and such amended/changed/revised Policy and Procedures will be made available on the official web-site of Stewart & Mackertich.

Signature of Client

Date



KYC Document Booklet & Declaration for opening Commodity Trading Account

SMIFS Finance Ltd.
4 Lee Road, 5(F)
Kolkata 700 020

Dear Sir,

Subject: KYC Document Book & Declaration for opening Commodity Trading Account

1. I/we am/are desirous of opening the Commodity Trading Account with SMIFS Finance Limited in the process of executing client registration documents relating to the opening of commodity trading account..
2. I/we have furnished all the details in the KYC form as per SEBI/ Exchange. I/we confirm having read /been explained and understood the contents of the KYC Documents which are provided to me in separate booklet. The KYC document booklet includes the following:
 - a) Instruction\ Checklist for filling KYC Form.
 - b) Rights & Obligations of stock broker/trading Member, Authorized Person and Client for trading on.
 - c) Uniform Risk Disclosure Documents (RDD) prescribed by SEBI and Stock Exchanges.
 - d) Guidance Note detailing do's and don'ts for trading on Stock Exchanges.
 - e) Information on Anti- Money Laundering.
 - f) Policies and Procedures documents describing significant policies and procedures of SMIFS Finance Limited.
 - g) KYC Documents Booklet and Declaration.
3. I understand and agree that any amendment/modifications as required by the Exchange and/ or Regulators will be applicable to me/us at all point of time and I/we understand that these changes will be intimated to me/us.
4. I/we understand that the KYC document booklet is in accordance of the Exchanges and/or SEBI requirements applicable for opening Commodity Trading Account..
5. I/we confirm having read /been explained and understood the contents of the document on Policies and Procedures documents describing significant policies and procedures of SMIFS Finance Limited, Information on Anti- Money Laundering.
6. I/we further confirm having read and understood the contents of the "Right and Obligations" document(s) and "Risk Disclosure Document"(RDD). I/we do hereby agree to be bound by such provisions as outlined in these documents. I/we have also been informed that the standard set of documents has been displayed for information on broker's website.
7. I have received the booklet with above mentioned contents
8. I hereby declare that the details furnished in the KYC by me/us are true and correct to the best of my/our knowledge and belief and I/we undertake to inform you of any changes therein, immediately. In case any of the above information is found to be false or untrue or misrepresenting, I am aware that I may be held liable for termination and suitable action.

Unique Client Code:
Date:

