

Client Copy

The Exchange does not expressly or 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 of 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 the 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 The Client shall be solely responsible for the consequences and no contract can be rescinded on that account.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 Exchange.

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 filing the know your client form and are subject to Rules, Byelaws and Business Rules of the Exchange guidelines prescribed by FMC 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 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.

i. 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.

ii. 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 number of orders available in a market, greater is the liquidity. Liquidity is important because with greater liquidity, it is easier for investors to buy and/ or sell 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.

iii. Risk of Wider Spreads

- a. 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.

iv. 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 received 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 pre-determined price, or trades through such price, the stop loss order converts to a market/limit order and is executed at the limit or better. There is no assurance therefore that the limit order will be executable since a 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.

v. Risk of News Announcements

- a. 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.

vi. Risk of Rumours

- a. Rumours about the price of a commodity at times float in the market through word of mouth, newspaper, websites or news agencies, etc., the investors should be wary of and should desist from acting on rumours.

vii. 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.

viii. System/ Network Congestion

- a. 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 the 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:-

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 the transactions. For example, this situation can occur due to factors such as illiquidity i.e. when there are insufficient bids or offers or suspension of trading due to price limit or circuit breakers etc.
- 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

i. 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.

ii. Commission 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.

- iii. For rights and obligations of the Members/ Authorised Persons/ clients, please refer to Annexure 3
- iv. 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 Exchange.
- v. 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 Unique Member Code from FMC.

as prescribed by FMC and Commodity Exchanges

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/ Forward Markets Commission (FMC) 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 FMC 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. the 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; and
 - 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/FMC 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 for 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. 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.
- 13.A. 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. B.
- 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

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 thereunder 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 Clients 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.
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 immediately but not later than 30 calendar days of receipt thereof, to the Member. A detailed statement of accounts must be sent every month to all the clients in physical form. The proof of delivery of the same should be preserved by the Member.
38. The Member shall send margin statements to the clients on monthly 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, warehouse 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.

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 FMC 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
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 that 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 behaviour;
 - 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-tamperable and in compliance with the provisions of the IT Act, 2000. In case, ECN is sent through e-mail as an attachment, the attached file shall also be secured with the digital signature, encrypted and non-tamperable.
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 FMC/ 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 FMC/ 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 FMC/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 FMC/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 will be 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, Authorised 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 FMC.
50. The provisions of this document shall always be subject to Government notifications, any rules, guidelines and circulars/notices issued by FMC 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/FMC.
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/FMC. 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/FMC 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 FMC 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 in physical form.

INTERNET & WIRELESS TECHNOLOGY BASED TRADING FACILITY PROVIDED BY MEMBERS TO CLIENT

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

1. Member is eligible for providing Internet based trading (IBT) and commodities 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 Member shall comply with all requirements applicable to internet based trading/-commodities trading using wireless technology as may be specified by FMC & the Exchanges from time to time.
2. The client is desirous of investing/trading in commodities and for this purpose, the client is desirous of using either the internet based trading facility or the facility for commodities trading through use of wireless technology. The Member shall provide the Member's IBT Service to the Client, and the Client shall avail of the Member's IBT Service, on and subject to FMC/Exchanges Provisions and the terms and conditions specified on the Member's IBT Web Site provided that they are in line with the norms prescribed by Exchanges/FMC.
3. The Member shall bring to the notice of client the features, risks, responsibilities, obligations and liabilities associated with commodities trading through wireless technology/internet or any other technology should be brought to the notice of the client by the Member.
4. The Member shall make the client aware that the Member's IBT system itself generates the initial password and its password policy as stipulated in line with norms prescribed by Exchanges/FMC.
5. The Client shall be responsible for keeping the Username and Password confidential and secure and shall be solely responsible for all orders entered and transactions done by any person whatsoever through the Member'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/ commodities 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 Member.
6. The Client shall immediately notify the Member in writing if he forgets his password, discovers security flaw in Member'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/ commodities 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 Member 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 Member 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 Member and the Exchange do not make any representation or warranty that the Member'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 Member on account of any suspension, interruption, non-availability or malfunctioning of the Member's IBT System or Service or the Exchange's service or systems or nonexecution of his orders due to any link/system failure at the Client/Members/Exchange end for any reason beyond the control of the Member/Exchanges.

Do's

1. Trade only through Registered Members of the Exchange. Check from the Exchange website at following links to see whether the Member is registered with the Exchange:
<http://www.ncdex.com/Membership/MemberDirectory.aspx>
<http://www.mcxindia.com/SitePages/MembersDetails.aspx>
2. Insist on filling up a standard 'Know Your Client (KYC)' form before you commence trading.
3. Insist on getting a Unique Client Code (UCC) and ensure 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 links:
<http://www.ncdex.com/MarketData/VerifyTrade.aspx>
<http://www.mcxindia.com/SitePages/TradeVerification.aspx>
 The trades can be verified online where trade information is available up to 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 Number, Order No., Order Date, Order time, Trade No., Trade rate, Quantity, Arbitration Clause, etc.
9. Obtain receipt for collaterals deposited with the Member 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 & holding statements 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 numbers are preprinted 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 payments 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 payout from the Exchange, in case

you 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 payout 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 email id with the Member, to receive trade confirmation alerts/details of the transactions through SMS or email, 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 account such money or property deposited.
 27. In case your problem/grievance/issue is not being sorted out by concerned Member/Authorised 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'ts

1. Do not deal with any unregistered 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 note/confirmation memo.
9. Do not accept contract note/confirmation memo signed by any unauthorized person.
10. Don't share your internet trading account's password with anyone.
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.

Policy and Procedure as applicable to Clients of Multiplex Commodity Mercantile (P) Ltd. for dealing in Commodities Exchanges

1. Trading Related

- 1.1 The Broker (also referred to as Member, Exchange Member and/or as referred in bye laws, rules, regulations of the Exchange) recommends that Client (also referred to as Constituent, Non-member Client and/or as referred in bye laws, rules, regulations of the Exchange) places orders in writing and takes acknowledgement as per the format available from the Broker, so as to avoid any future disputes. The Client may also choose to place orders verbally (by visiting the branch or through telephone), through e-mail, SMSs and /or through Internet based trading terminal which can be provided to the Client upon requirement of Client. The Client may authorize his authorized representative to carry out the above whose orders shall be binding on the Client.
- 1.2 The Broker advises that it is preferable that Client gives orders on the day the Client desires to trade, including orders for modification/ cancellation, which the Broker will punch in the trading system on a best efforts basis. However, if Client chooses to give orders in aftermarket hours then upon specific instruction of the Client, the Broker 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.
- 1.3 Orders given by Client may or may not result in trades and the Client should continuously monitor the final outcome of the order. Where orders have resulted in trades the same may or may not result in delivery and the Client should continuously monitor his pay in / payout obligations.
- 1.4 The Client is informed that as an additional service measure the Broker provides online access through its web portal for which Client has been provided Online Login / CRN and password, Client is able to go through entire trading, holding , contract note , bill and other details and can download / print the same through this facility. Client must access transactions in his account on regular basis and report discrepancies if any observed urgently the Broker so as to enable Broker to take such remedial action as may be possible.
- 1.5 No employee, Authorised Person, director or any other agent of the Broker is authorized to offer any Portfolio Management Services or Portfolio Advisory Services or to give any assurances of profits, or to manage the account of the Client in any discretionary manner. The Client must make his own decisions regarding suitability of orders/investments and if need be rely upon his 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, Authorised Person, director or any other agent of the Broker.
- 1.6 The Broker will not be providing the Client with any legal, tax, investment or accounting advice or advice regarding the suitability or profitability of any trading or investment and as such all trading / investment and disinvestment decisions are based on the Client's own evaluation of financial circumstances and investment objectives. This extends to any decision made by the Client on the basis of any information (including research reports) whether paid for or given free, that may be made available by the Broker including that on the website/trading platform/through SMS/ email / letters etc. The Broker does not represent that the information, research / opinions if given is/are accurate or complete or shall be so. The Client is advised that any information based on the research of the Broker or other external sources is merely an estimation of the viability or otherwise of certain investments, and the Broker shall not be deemed to have assumed any responsibility for such information. The Client should seek independent professional advice regarding the suitability of any investment decision. Broker or any of its officers, directors, employees, agents, subsidiaries, affiliates or business associates shall not be liable for any trading losses or other losses, costs or damage incurred by the Client consequent upon relying on information, research / opinions or advice or any other information by the Broker. 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 the Broker, and Client is not entitled to share it whether for consideration or otherwise with any third party without a formal written authorisation by the Broker.

- 1.7 Where prima-facie it appears that trading system is suffering from some problems such as incorrect trading / holding/ open positions being shown etc. the Client should immediately bring the problem to the notice of the Broker and act only after the problem has been resolved / or as per advise given by the Broker. The Client understands that any action of Client in such situation without informing the Broker or not acting in accordance with the directions of the Broker may cause loss in his account or may cause loss to be suffered by Broker / any other Client, which Client may need to make good.
- 1.8 The Broker may record conversations of the Client over telephone/in person however the Broker 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 and not all lines are on recording machines.
- 1.9 Subject to regulatory requirements of particular mode to be used for certain information / documents, the Broker may send various information such as, documents, bills, margin statements, statement of accounts etc., to the Client through any one or more of the following means i.e. post, registered post, speed post, courier, telegram, voice mail, SMS, telephone, messages on trading platform, through word of mouth by the agents of the Broker, by displaying it on the website of the Broker or making it available as a download from the website of the Broker, displaying it on the notice board of the branch, newspaper advertisements or if circumstances so require, by broadcast over radio/television and where the Client has provided email address, then these information may also be sent by the Broker through email. The service providers such as postal authorities, Courier Company, phone / SMS service providers etc., shall be agents of the Client and the delivery of the information shall be complete when the Broker delivers the communications to such service providers.
- 1.10 The Client should review all information sent to the Client including contract notes etc. immediately upon receipt and revert to the Broker with the discrepancy if any (including if any trades in the account are not as per Client directions / orders) at the earliest (and in any case within exchange / regulator prescribed time limit, if applicable) of the receipt of the same to allow the Broker to take remedial steps if any are possible. Client is further advised that due to above regular dissemination / dispatch of information the Client shall know the quantum of funds / securities etc. which should be received by him in regular course of trading etc. Therefore where Client comes in possession of assets of the Broker (including those of any third party such as bank / other Clients) which do not appear to belong to him, (whether due to system, software / hardware and / or human failure / fraudulent acts) the same shall be held by the Client in trust and returned suo-moto to the Broker.
- 1.11 The Client shall forthwith cease trading and inform the Broker in the event the Client becomes ineligible to deal with the Broker on account of any court, exchange or regulatory action.
- 1.12 The Broker shall be entitled to disseminate information about defaults made by the Client to third parties.
- 1.13 The Client shall not work as an Authorised Person without prior written permission of the Broker and only after seeking appropriate registration with respective registering authorities.
- 1.14 The Client shall also not deal through the Broker on an exchange of which the Client himself is a Broker, except with prior written permission from relevant authority. The Client shall also not deal through other Broker on an exchange of which the Client himself is an Authorised Person, except with prior written permission from relevant authority.
- 1.15 The Broker shall be entitled to maintain books of accounts of the Client separately/collectively across exchanges/segments of exchanges and/or other services rendered by Broker to Clients.
- 1.16 The records as provided by the Broker through contract notes, bills, statement of accounts, statement of margin etc. shall be the official records to determine the obligations of Broker and the Client. Printouts taken from trading system or any such downloads etc. which are taken by the Client from trading system may not give the correct picture and therefore shall not be the official record which bind the Broker and the Client.
- 1.17 The Client shall upgrade to the newer versions of trading software/back-office software etc. on account of changes made by the Broker and/or any other service provider like depositories/ Banks etc.
- 1.18 The existence of Broker Client relationship does not imply that Broker 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.

- 1.19 Client is informed that any loss due to any erroneous order entry / erroneous order modification or otherwise may be entertained by the Broker only to the extent of insurance claim received.
- 1.20 The Client shall not, either acting alone or in concert with others, directly or indirectly holds and control excess number of permitted contracts as fixed by exchange from time to time. The Client shall not exercise a long or short position, whereby Client would have either acting alone or in concert with others, directly or indirectly exercised in excess of permitted limits as fixed by exchange from time to time.
- 1.21 The Broker provides electronic password generation facility to its clients and the Client understands that using this facility the Client can generate / change password for his account. The Client hereby agrees and accepts that the Broker in no way shall be responsible for any delay in receipt of password from the system. The Client shall be solely responsible for maintaining secrecy of the password, so generated/ changed, and the Broker in no way shall be responsible for the misuse of the said password by any person other than the Client / authorized person of the Client.

2. Exposure and Margin Related

- 2.1 The Broker may from time to time impose and vary limits on the orders that the Client can place through the Broker's trading system (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.). The Client is being made aware that the Broker may need to vary or reduce the limits or impose new limits urgently on the basis of the Broker's risk perception and other factors considered relevant by the Broker including but not limited to limits on account of exchange/ regulatory directions/ limits (such as Broker level/ market level limits in commodity specific / volume specific exposures etc.), and the Broker may be unable to inform the Client of such variation, reduction or imposition in advance. The Client is being made aware that under such circumstances the orders of the Client have to be in accordance with revised parameters, which may even result into loss to the Client.
- 2.2 The Client is not entitled to trade without adequate

margin / security and that it shall be Client's responsibility to ascertain beforehand the margin / security requirements for Client's orders / trades / deals and to ensure that the required margin / security is made available to the Broker in such form and manner as may be required by the Broker. If the Client's order is executed despite a shortfall in the available margin, the Client shall make up the shortfall suo motu immediately. The Client is further informed that Client shall be responsible for all orders (including any orders that may be executed without the required margin in the Client's account) &/ or any claim / loss/ damage arising out of the non-availability /shortage of margin / security required by the Broker &/ or exchange &/ or regulator.

- 2.3 The Broker is entitled to vary the form (i.e., the replacement of the margin / security in one form with the margin / security in any other form, say, in the form of money instead of bank guarantee/shares) &/ or quantum &/ or percentage of the margin & / or security required to be deposited / made available, from time to time. The margin / security deposited by the Client with the Broker are not eligible for any interest unless specifically agreed to.
- 2.4 The Broker is entitled to include /appropriate any /all pay out of funds & / or commodities towards margin / security.
- 2.5 As a measure of risk containment the Broker 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.
- 2.6 The Client is informed that the Broker may elect to communicate / advise from time to time the parameters for the calculation of the margin / security requirements as rate(s) / percentages(s) of the dealings, through any one or more means or methods as described / prescribed and once parameters for margin / security requirements are so communicated, the Client shall monitor Client's position (dealings / trades and valuation of contracts / commodity) on Client's own and provide the required / deficit margin / security forthwith as required from time to time whether or not any margin call or such other separate communication to that effect is sent by the Broker to the Client &/ or whether or not such communication is received by the Client.
- 2.7 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

closing of its trade, be obliged to pay (or entitled to receive) such further sums as the contract may dictate/require.

- 2.8 Where the Client chooses to clear his trades through Professional Clearing Broker (PCM) , then the Broker 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 trading obligation.

3. Corporate Action

- 3.1 If Client has kept securities in Broker's margin account for use as margin, the Client should continuously monitor if any corporate benefits are proposed/ offered by the issuer company(ies) of such securities and get the securities transferred to his personal demat account to receive the corporate benefits, the Broker shall not be required to make the applications for proposed/ offered corporate action/ benefits Broker, in exceptional circumstances, upon specific written request, may attempt to seek corporate benefits for and on behalf of the Client while keeping the custody of securities with its own self; however the same shall be without any warranty/guarantee that the corporate benefits shall be received. The Client shall also provide funds and application etc. well in time to allow the Broker to take necessary action.
- 3.2 Where any corporate benefits come into the Broker's account, upon any written request / agreed settlement procedures the same shall be held as part of existing margin/collateral, and shall be released to the Client upon written request / as required under applicable regulatory requirements.
- 3.3 The Client understands that Broker advises and recommends that Client should take buy / sell positions in contracts with prior payment to Broker of the full settlement / expiration price of the contract. However, Client may choose, with attendant risks, to enter into contracts with payment of various margins and up front amounts payable.

4. Payment and Settlement Related

- 4.1 The Broker may debit charges for other services such as depository, charges on account of dishonour of cheques (but shall have the right to proceed under law against the Client for dishonor as well) , charges for issuance of demand drafts, NEFT/RTGS, SMS charges, research report charges, administrative charges-offline for offline

order on per executed order, minimum processing fee charges etc. to the Client's account.

- 4.2 The Broker does not accept cash and in no event should the Client make any payments to the Broker, Broker's employees, Broker's Authorised Persons and/or any agent of Broker by cash.
- 4.3 The Client must make payments from his own bank account through a bank instrument/ banking channel. The Broker may demand a proof that the payments are being made by the Client from his own account without which the Broker may not give credit to the Client.
- 4.4 PAYMENT BY THE CLIENT SHOULD BE MADE IN THE NAME OF BROKER- "MULTIPLEX COMMODITY MERCANTILE (P) LTD." ONLY THROUGH BANK INSTRUMENT/ BANKING CHANNEL. THE BROKER SHALL NOT BE RESPONSIBLE FOR PAYMENT IN ANY OTHER NAME.
- 4.5 The Client should never leave any blank instrument(s) such as cheques / depository instruction slips (DIS) etc. with Broker or Broker's employees, Broker's Authorised Persons and/or any agent of Broker, so as to disallow any mis-use, delayed banking etc.
- 4.6 The Broker shall make delivery of funds/commodities to the Client only after the same has been received from the exchange/clearing corporation/clearing house /the delivering Client.
- 4.7 Broker shall not be responsible for any claim/ loss/ damage arising out of quality variation or any delay in physical handover of delivery by exchange/ exchange accredited warehouses against purchase obligation of the Client.
- 4.8 Client should ensure full payment of all margins including those on derivatives transactions and should also not keep account in debit, in the event any amounts are overdue from the client towards trading or margin or on account of any other reason the broker will charge 18% per annum to client as delayed payment charges. As the cost of funds to the broker varies depending on economic conditions the rates shall be determined from time to time and will be communicated through email, SMS, web-site (Online Login), periodic a/c and other statements etc.
- 4.9 The Client should not indulge in trading activity which is against law, rules and regulations. Clients trading activity should not be aimed at disturbing market equilibrium or manipulating market prices etc. If the

Client does so, the Broker may keep in abeyance the payout funds or commodities till such time that the Client has been able to clearly demonstrate that his actions were not malafide in any manner.

- 4.10 The Broker may impose fines / penalties etc. for any orders / trades / deals / actions of the Client which are contrary to this document / rules / regulations / bye laws of the exchange or any other law for the time being in force. Further where the Broker 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 Client, the same shall be borne by the Client. The Client is required to pay to the Broker brokerage, commission, fees, and all taxes, duties, levies imposed by any other authority including but not limited to the exchanges (including any amount due on account of reassessment / backlogs etc.), transaction expenses, stamp duty, and service tax, incidental expenses such as postage, courier etc. as they apply from time to time to the Client's account / transactions / services that the Client avails from the Broker.
- 4.11 The Client shall submit the delivery as per contract specification for all sale obligation(s) within designated dead lines specified by the Broker, in case of any default/delay in delivery, any penalty / losses imposed by exchange/clearing corporation/ regulatory body including incidental costs will be borne by Client itself.
- 4.12 Subject to regulatory changes, all contracts culminating in delivery (which are not squared off and information for giving and taking delivery is given by the Clients) would be transaction for purchase and sales between the Clients inter-se and the Clients would be personally liable to each other though the contract and relationships are governed and regulated by the Bye Laws, Rules and Regulations of the Exchange.
- 4.13 Client shall be required to have Client's duly authorised agent to carry the work for effecting / taking the deliveries, if they do arise. Client is cautioned that if Client fails to advise the Broker in advance (number of days advance notice to vary as per requirements of exchange / contract /Broker) in writing the details of the agent who shall undertake the relevant activities, related to any delivery receipt/ transfer out, lifting of delivery, for and on behalf of the Client, the Broker shall stand authorised to appoint an agent on Client's behalf. Broker shall not be responsible for any acts of omission /

commission or deficiencies of the services of the person who is appointed as agent for the Client. Client is informed that agent appointed by Broker shall be Client's direct agent and not a sub-agent of Broker and Client shall be directly responsible for all acts of omission and commission of the agent appointed for and on behalf of the Client by the Broker. Client shall confirm the acts of agent appointed by Broker and shall bear any & all losses which may occur on account of action taken / omitted to be taken by said agent. Client is informed that all charges, cost, levies and taxes etc associated with or incidental to the deliveries including cost/fee/ charges of agent appointed for and on behalf of the Client by the Broker shall be fully borne by Client alone.

- 4.14 To avoid disputes regarding delivery (date / time etc.) of any request/ information to the Broker it is advised to the Client that all requests shall be submitted by Client in writing well in advance, and the Client shall ensure to take due receipt of each request on the photocopy/ carbon copy of such request from the manager and one more officer of relevant branch/ office of the Broker along with company stamp. Client is further informed that due to operational reasons, action on the Client's request by the Broker may not be immediate but are likely to take reasonable time, and shall be subject to other factors which disallow action upon the request being made, without limitation and as illustration existing debit balances, open exposures etc. may disallow action by Broker on payout requests.
- 4.15 Electronic Payment Gateway for Net Banking Services: The Broker may provide on its website, without additional cost to the Client, access to Electronic Payment Gateways provided by various banks for facilitating transfer of funds from the Client's bank account to the trading account of the Client with the Broker. The Client understands and accepts that the Broker is only providing access to the electronic fund transfer facility provided by the banker of the Client through the Broker's website by means of an interface and the Broker is not liable or responsible for the proper functioning or otherwise of the Gateway or for any transaction errors, losses, malfunctioning or hacking of the system by unscrupulous elements, frauds, and/or any incidental or consequential claims arising therefrom, the Client undertakes not to make the Broker a party to any litigation, claim, dispute, difference or complaint that the Client may initiate in respect of,

arising out of or in connection with any transactions on the Payment Gateway and agrees that the Broker's liability shall at all time be limited to the amount actually received in its account by electronic transfer from the Client's account with the Bank.

4.16 Remit Funds payout electronically into client's bank account: Notwithstanding anything contained in this document and without prejudice to the rights and obligations of the parties interse, the Client, hereby agrees and authorizes the Broker to transfer funds due for payment to the Client through Net Banking / EFT / RTGS / NEFT for the credit of designated bank account(s) of the Client details of which are given by it to the Broker. Client shall also give to the Broker a cancelled cheque leaf of the designated Bank account for this purpose. The Client agrees that it shall not hold the Broker liable if any fund is credited to wrong account(s) as a result of the Client providing incorrect account details to the Broker. The Broker reserves the right to reject request of the Client for electronic fund transfer or to discontinue the facility without assigning any reason. The Client also understands and agrees that the Broker shall not be responsible for any delay/ failure in transmission of electronic payout of funds due to any reason whatsoever and undertakes to not hold the Broker liable in this regard.

4.17 The Client hereby unequivocally understands and agrees that the Broker in its sole discretion can at any time, with prior intimation to the Client, change its tariff structure.

5. Clearing & Settlement

5.1 The Broker maintains centralized banking and commodities handling processes and related banking and depository accounts at designated place. 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 Client's pay in obligation of funds and commodities. The Client is being made aware that non-availability / short availability of funds / commodities by the Client in the designated account(s) of the Broker for meeting pay in obligation of either funds or commodities may result into loss to the Client. Further, 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

delivery(s) or market delivery(s) 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 Broker level etc., the same may also result into losses to the Client.

5.2 The benefit of any bank instrument deposited by the Client towards his margin /security / pay in obligation may be given only on realization of the same from bank and its accounting in books of accounts of the Broker.

5.3 Where the margin /security is made available by way of commodities or any other permissible property, the Broker may decline its acceptance as margin / security & / or to accept it at such reduced value as the Broker may deem fit by applying haircuts or by valuing it by marking it to market or by any other suitable method. The Broker may cancel pending orders and to sell/close/liquidate all open positions/ commodities/ shares at the pre-defined square off time or when Mark to Market (M-T-M) percentage reaches or crosses stipulated margin percentage, whichever is earlier. The Broker may prescribe/change stipulated margin percentage depending upon exchange / regulatory requirements and/or changes in the market conditions etc. The Client is made aware aware that such sale/ close out / square off may result into losses.

5.4 In case open position (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 or internal close outs; in addition to this the Client will have to pay penalties and charges levied by exchange in actual and losses, if any.

5.5 The Broker is entitled to prescribe the date and time by which the margin / security is to be made available and the Broker may not be able to give benefit of the same towards margin / security after such deadline for margin/security expires. In the event of Client not adhering to exchange, regulatory and / or Broker prescribed norms / requirements including those of maintenance of margin, timely pay-in etc. the Broker shall have the right without any further notice or communication to the Client to take any one or more of the following steps:

- a. To withhold any payout of funds/ commodities.
- b. To withhold /disable the trading / dealing facility to

the Client.

- c. To liquidate one or more commodity(s) of the Client by selling the same at market rate in such. It is informed to the Client that commodities here include commodities which are pending delivery/receipt.
- d. To liquidate / square off partially or fully the position of sale & / or purchase in any one or more commodities / contracts in such manner and at market rate.
- e. To take any other steps which in the given circumstances, the Broker may deem fit.

The Client understands that due to steps enumerated herein above, Client may incur loss. Hence, Client shall ensure availability of funds/security in designated account(s) of the Broker by deadline defined.

- 5.6 The Client hereby authorizes the Broker to take all such steps on the Client's behalf as may be required or deemed necessary by Broker for compliance with the exchange provisions or any other law or provisions or to complete or settle any transactions entered into through or with the Broker or executed by the Broker on behalf of the Client. Though the Broker may take such steps, however the primary responsibility to adhere to Laws, Rules, Regulations, Circulars and pay-in requirements etc. shall always be of the Client only.
- 5.7 Client is hereby advised that Broker may mark to market Client's open positions / contracts on real time basis and if the available clear balances in the account of the Client are not sufficient to meet the real time sum total of amount(s) required towards margins and any other demands by Broker&/or exchanges (including real time mark to market margin) even though not posted in the running account [as the posting is not done on real time basis], then the Broker may square off / close out / dispose off any or all open positions/contracts/available collaterals of the Client. Given the dynamics of market, Broker is not likely to be able to give prior information/ notice to the Client before carrying out the actions as required. Clients advised that such actions may entail some losses etc. to Client's Account. Hence client should monitor his trading and disallow any such eventuality.
- 5.8 In case Client has made any purchase and the delivery of the same falls short inter-Client at the Broker level, the Broker(if Broker deems fit) make purchases of the

same in the market to make available the said delivery(ies) to receiving Client.

- 5.9 In case Client has made any sale and due to any exigencies Client is unable to make available the delivery of the same in the designated account within the designated time and it is an inter Client delivery at Broker level, the Broker(if deemed fit) may make purchases of the same in the market on Client's behalf to make available the delivery to the opposite party.

6. Sales Tax and other Registrations

- 6.1 Clients who intend receiving/giving delivery should ensure that they have all the proper local registration numbers/documents such as sales tax registration etc. on or before the settlement of the delivery. Deliveries given / received by Clients who are not registered as per the applicable laws and guidelines or whose registration is not valid on the date of settlement / delivery may not be liable to collect the sales tax / any other tax if applicable from Buyers. Further the seller may be obliged to collect any appropriate monetary compensation demanded by the APMC /other authorities/ sales tax department due to the unregistered status of Client.
- 6.2 Registration may need to be obtained by the Client / participant in the State where the delivery is affected or as per law applicable at the relevant time/ place. The Client/participant will have to register in all those states where any registrations are required including where the delivery center for the commodities is located.
- 6.3 Rates of tax for commodities may differ from State to State / place to place. In the case of trades culminating into delivery, tax as per the delivery center/state may be payable. Laws may provide for levy of additional tax, turnover tax, resale tax, etc. which may or may not be recoverable from the buyer depending on the provisions of the local State sales tax / any other applicable law and Broker will not be responsible for the same.
- 6.4 It is obligatory on the part of the registered seller to collect the sales tax from the buyer and file the returns as per the defined procedure of the relevant local sales tax laws.

7. Deregistering / Suspending a Client and Termination of relationship

- 7.1 The Broker may suspend the account of Client with immediate effect and if need be de - register /terminate the Client in any of the following circumstances:

- a. 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, in such eventuality the Client acknowledges that the Broker reserves the right to keep in abeyance the payout/ delivery of funds /securities or any other assets to Client as may be deemed fit by the Broker depending upon the gravity of the violation or/and through trades done by/on behalf of the Client considered as prima facie illegal / improper by the Broker / the relevant exchange(s) / regulator(s). The Client further understands and accepts that the Broker may levy penalty for trades done by / on behalf of the Client which are considered prima facie illegal / improper by the Broker / the relevant exchange(s) / regulator(s), as may be deemed fit by the relevant exchange(s) / regulator(s)/Broker.
 - b. If there is any commencement of a legal process against the Client under any law in force;
 - c. On the death/lunacy or other disability of the Client;
 - d. If a receiver, administrator or liquidator has been appointed or allowed to be appointed of all or any part of the undertaking of the Client;
 - e. 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;
 - f. If the Client being a partnership firm, has any steps taken by the Client and/ or its partners for dissolution of the partnership;
 - g. If the Client have taken or suffered to be taken any action for its reorganization, liquidation or dissolution;
 - h. If the Client has made any material misrepresentation of facts, Including (without limitation) In relation to the security;
 - i. 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;
 - j. If the Client suffers any adverse material change in his / her / its financial position or defaults in any other agreement with the Broker;
 - k. If the Client is in breach of any term, condition or covenant with the Broker.
 - l. If any covenant or warranty of the Client is incorrect or untrue in any material respect;
 - m. Client causes nuisance and disruption in the functioning of the Broker.
- 7.2 Information about default by a Client may be brought to the notice of third parties including but not limited to trade associations, the relevant exchange(s) &/or legal / regulatory authorities. In case where defaulting Client is a corporate entity/partnership/ proprietary firm or any other artificial legal entity, then the name(s) of director(s)/ promoter(s)/ partner(s)/ proprietor as the case may be, may also be communicated by the Broker.
- 7.3 The Client may request the Broker to temporarily suspend his account, Broker may do so subject to Client accepting / adhering to conditions which may be including but not limited to prior settlement of account and/ or other obligation. The Broker may withhold the payouts of Client and/or suspend the trading account due to Client's trading being prima facie illegal / improper or due to judicial or / and regulatory order/action requiring Client suspension.
- 7.4 The Broker may disable / freeze the account & / or trading facility / any other service facility,
- a. if, prima facie illegal , the Client has committed a crime / fraud or has acted in contradiction of this agreement or / is likely to evade / violate any laws, rules, regulations, directions of a lawful authority whether Indian or foreign or if the Broker so apprehends.
 - b. if the Client creates any encumbrance over the assets placed as margin, or otherwise takes any action towards creation of any encumbrance over the assets placed as margin;
 - c. if the title of the Client to the asset(s) placed as margin/ security is in jeopardy or if there is an order of attachment or lien against the assets(s) placed as margin/security;
 - d. if an Event of Default has occurred under any other agreements entered into by the Client with

the Broker or Broker Group companies.

8. Other significant policies and procedures

- 8.1 Proprietary Trading: The broker does undertake proprietary trading.
- 8.2 The Client is hereby advised to use the facilities, data and information which is provided by the Broker or which may become available to the Client as a result of Client's relationship with the Broker purely for purposes permitted by the Broker and only for personal use and should never disseminate any information or data for any reason or purposes whatsoever except under a written authority signed by a director of the Broker. It is advised to the Client that all intellectual properties (IP) in any such information / data shall remain with the Broker and / or exchange and /or relevant service / information provider and Client shall not remove any IP markers etc. from any documents/ information received.
- 8.3 The Client is informed that his /her/ its utilization of any other service / facility from Broker, shall to the extent possible be covered by the terms & conditions of this document.
- 8.4 The Client is informed that all assets of the Client (including but not limited to monies/ securities or any other property) which the Broker may hold on Client's account shall be held subject to a general lien for the discharge of Client's obligations to the Broker. Client is further advised neither to close any account where such assets are kept including but not limited to bank and/ or depository accounts nor to mark any lien / pledge on such assets including but not limited to accounts where the securities and / or monies which are linked to his trading account are lying till such time that his account is fully settled with the Broker for all obligations.
- 8.5 This document is not a solicitation for and / or offer to buy / sell any investments and the Broker does not intend it to be used / disseminated or used in any jurisdiction where the services / facilities contemplated to be provided by the Broker to the Client are not permitted as per law as applicable. The Client is advised to ascertain that it is lawful for him under laws applicable to him to enter in the relationship with the Broker as contemplated under this document.
- 8.6 Any failure of Broker to enforce at any time any terms contained in this document shall not be construed to be the waiver of any terms or of the rights.
- 8.7 The Broker may grant / transfer to any person/ bank/

financial institution, for any purpose whatsoever, any of its rights and/or responsibilities under this document including the right to any amounts receivable by the Broker or any other rights and may grant/ transfer such rights by way of a sale or as discharge or as a security and any person to whom such rights are granted / transferred shall be entitled to the full benefit of such rights.

- 8.8 The Broker and the Client shall also be entitled to terminate the relationship without giving any reasons to the other party, after giving notice in writing of not less than one month to the other party. Notwithstanding any 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 document (or which are by nature subject to this document) 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. Except where the laws / byelaws /rules provide otherwise, the Broker and client shall be subject to exclusive jurisdiction of courts of law at Delhi.
 - 8.9 If any provisions of this Policy and Procedure document are held invalid or unenforceable by reason of any law, rule, administrative order or judicial decision by any court, or regulatory or self-regulatory agency or body, such invalidity or unenforceability shall attach only to such provision or terms held invalid. The validity of the remaining provisions and terms shall not be affected thereby and these terms shall be carried out as if any such invalid / unenforceable provisions or terms were not contained herein.
- ## **9. Disputes Redressal**
- 9.1 The Broker and the Client agree that they shall refer any claim and / or difference and/or disputes to arbitration as per the rules, byelaws and regulations of the concerned exchange and circulars issued there under as may be in force from time to time.

Client confirms having read & accepted the terms & conditions of this document titled "Policies and Procedure" inter-alia comprising clauses 1 to 9 along with their sub-clauses and agrees to be bound by all of them.

LETTER OF AUTHORITY

Multiplex Commodity Mercantile (P) Ltd.

100/28, 3rd Floor, Keshav Tower, Rajapur Market, Sector-9, Rohini, Delhi-110085

Sir,

I/We have been / shall be dealing through you as my / our broker i.e. agent.

I/We hereby appoint Mr. /Ms. /Mrs.

with residence and other particulars as given below as my/ our authorized representative to deal / transact on my behalf and to place orders, give instructions, receive / collect and / or sign contract notes, bills, account statements, settlements, order and / or trade confirmations (whether written or oral / over phone) and any other documents or communication and generally to do any and all act (s) on my / our behalf which I / we can do. And I/ we undersigned do hereby agree and declare and confirm that all the acts and things done by him/her shall be my/our acts, deeds and things validly done by me /us to all intents and purposes.

Please treat this authorization as written ratification of my verbal directions / authorizations if any given and carried out by you earlier. I agree to indemnify you and keep you indemnified against all losses, damages and actions which you may suffer or face as a consequence of adhering to and carrying out my directions given above.

I/We understand that I/We may revoke the authorization at any point of time.

Please take the above information on record & oblige.

Thanking you

Details of Authorised Representative

Name	<input type="text"/>
Address	<input type="text"/>
Telephone No.	<input type="text"/>
Mobile No.	<input type="text"/>
Relationship of Authorised Representative with the Client	<input type="text"/>
Signature of Authorised Representative	<input type="text"/>

- Please enclosed self-attested copy of Identity proof of the authorised representative.
- An employee or sub-broker/authorised person of Multiplex Commodity Mercantile (P) Ltd. cannot be appointed as an authorised representative.

Client Signature

Date

Client Name

Client Code

FORMAT FOR WRITTEN ORDERS

Multiplex Commodity Mercantile (P) Ltd.

100/28, 3rd Floor, Keshav Tower, Rajapur Market, Sector-9, Rohini, Delhi-110085

Please execute the following order in my account:

Sl. No.	Exchange	Segment (Spot/Future)	Commodity Name/Contract Code & Description	Order Type (Regular/Stop Loss)	Buy/sell	Quantity	Rate	Disclosed Quantity (If any)	Trigger Price (If SL order)	Remarks

Signature

Client Code

Client Name

Order Instruction Date & Time

ACKNOWLEDGEMENT

Received the request for executing above mentioned written orders from Mr./Ms.

having trading client code.

possessing PAN No.

For Multiplex Commodity Mercantile (P) Ltd.

Place

Date

Time

(Auth. Official 1)

(Auth. Official 2)

P.S. : Format of written order are available on request at branch office

