

**ANNEXURE I  
INDEX OF DOCUMENTS**

Sr. No.	Name of the Document	Brief significance of the Document	Pg. No.
<b>MANDATORY DOCUMENTS AS PRESCRIBED BY SEBI &amp; EXCHANGES</b>			
<b>Part - A, Mandatory Documents</b>			
<b>1</b>	<b>Index of Information - Annexure I</b>		<b>1 - 2</b>
<b>2</b>	<b>Contact details of Stock Broker &amp; Regulators</b>		<b>3</b>
<b>3</b>	<b>Account Opening Form - Annexure II</b>		<b>4 - 6</b>
<b>4</b>	<b>Instructions / Check List for filling KYC Form</b>		<b>7 - 9</b>
<b>5</b>	<b>Trading Account Related Details - Annexure III</b>	Document captures the additional information about the constituent relevant to trading account and an instruction / check list.	<b>10 - 15</b>
<b>6</b>	<b>Rights and obligations of Stock Brokers, Sub Brokers &amp; Client - Annexure IV</b>	Document stating the Rights & obligations of stock broker / trading member, sub-broker and client for the trading on exchanges (including additional rights & obligations in case of internet/wireless technology based trading)	<b>16 - 20</b>
<b>7</b>	<b>Risk Disclosure Document (RDD) - Annexure V</b>	Document detailing risks associated with dealing in the securities market	<b>21- 23</b>
<b>8</b>	<b>Guidance note - Annexure VI</b>	Document detailing do's and don'ts for trading on Exchange, for the education of the investors.	<b>24 -25</b>
<b>9</b>	<b>Tariff sheet</b>	Document detailing the rate/amount of brokerage and other charges levied on the client for trading on the stock exchange(s)	<b>25</b>
<b>10</b>	<b>Policies and Procedures</b>	Document describing significant policies and procedures of the stock broker	<b>26 - 31</b>

<b>Sr. No.</b>	<b>Name of the Document</b>	<b>Brief significance of the Document</b>	<b>Pg. No.</b>
<b>11</b>	<b>Policies &amp; Procedures Adopted For Prevention of Money Laundering</b>	Issued as per the requirements of PMLA Act 2002	<b>32 - 36</b>
<b>12</b>	<b>Intimation To Clients And Noting</b>	Confirmation of noting	<b>36</b>
<b>VOLUNTARY DOCUMENTS AS PROVIDED BY THE STOCK BROKER</b>			
<b>Part - B, Voluntary</b>			
<b>13</b>	<b>Declaration By Sole Prop. Firm</b>	On The Letter Head of the firm or duly filled up with seal of the Firm	<b>37</b>
<b>14</b>	<b>Declaration of Joint Family by HUF / Partnership Firm</b>	Authorization by Co-parceners in favor of Karta to deal on their behalf On The Letter Head of the firm or duly filled up with seal of the Firm	<b>38-39</b>
<b>15</b>	<b>Format of Board Resolution to be given by a Corporate</b>	Through this declaration a Corporate gives its authority to trade through K. M. Jain Stock Brokers Pvt. Ltd.	<b>40</b>
<b>16</b>	<b>PMLA LETTER</b>	Prevention of Money Laundering Act (PMLA)	<b>41</b>
<b>17</b>	<b>Running Account Authorization</b>	Authorization to maintain your account on a Running Account Basis	<b>42</b>
<b>18</b>	<b>Digitally Signed Contracts/ Communications – All Exchanges</b>	Digitally signed contract/communication confirmation	<b>43</b>
<b>19</b>	<b>Acknowledgment Letter</b>	Acknowledgment Letter to Broker	<b>44</b>
<b>20</b>	<b>Welcome Letter</b>	Welcome letter along with allotment of client code	<b>45</b>

# K. M. JAIN STOCK BROKERS PVT. LTD.

CIN No. : U67120MH1997PTC112227

BSE Member Code No. 352                      NSE Member Code No. 09902      MCX Member Code No. 11820  
SEBI Reg # : ●BSEINB010990232              ●NSEINB230990237              ●MCX-SX INB260990230  
                         ●BSEF&O INF010990232              ●NSEF&O INF230990237              ●MCX-SX F&O INF260990230  
SEBI Reg date: 31 DEC 1997                      01 SEP 2005                      07 FEB 2013

**Registered Office** : 631, P. J. Towers, Dalal Street, Mumbai - 400 001.  
Tel. : 2272 3535 / 3028 2272 | Fax : 2272 2189  
Website : www.kmjpl.com

**Correspondence Add.** : 814, P. J. Towers, Dalal Street, Mumbai - 400 001.  
Tel. : 6633 4979 / 3028 2273 | Fax : 2272 2189  
Website : www.kmjpl.com

## Compliance Officer

**Name** : Mr. Anand Jain  
Telephone No. : 022 - 30282273  
Email ID. : kmjpl@mtnl.net.in / accounts@kmjpl.com

## CEO/Director

**Name** : Mr. Anand Jain  
Telephone No. : 022 - 30282273  
Email ID. : kmjpl@mtnl.net.in / accounts@kmjpl.com

## CM PAY - IN ACCOUNT DETAILS

	NSDL CMBP ID	CDSL Clearing Member A/c
BSE	IN603527	12024900 00000179
NSE	IN512913	12024900 00003317
MCX-SX	IN473076	12024900 00012957

For any grievance/dispute please contact K. M. JAIN STOCK BROKERS PVT. LTD. at the above address or

E-mail ID for investor grievances : grievances@kmjpl.com

BSE - Investor Grievance Cell	NSE - Investor Grievance Cell	MCX SX- Investor Grievance Cell
Tel. No. : 022 2272 8097	Tel. No. : 022 2659 8190: : 1800 220 058	Tel. No. : 022 6731 9000
E-mail Id : is@bseindia.com	E-mail Id : ignse@nse.co.in	E-mail Id : investorcomplaints @mcx-sx.com

Clearing Member BSE F&O / NSE F&O / MCX-SX F&O : Bonanza Portfolio Limited  
Bonanza House, Plot # 2, Cama Indl Estate, Walbhat Road, Goregaon(E), Mumbai.  
400063. Tel # 67605 500/600

SEBI Reg # : BSE F&O INF 011110237      NSE F&O INF230637836      MCX-SX- F&O INF260637831

ANNEXURE II

**K. M. JAIN STOCK BROKERS PVT. LTD.**

**KNOW YOUR CLIENT (KYC) APPLICATION FORM**  
*For Individuals*

Please fill this form in ENGLISH and in BLOCK LETTERS.

**A. IDENTITY DETAILS**

1. Name of the Applicant: \_\_\_\_\_

2. Father's/ Spouse Name: \_\_\_\_\_

3. a. Gender: Male/ Female b. Marital status: Single/ Married c. Date of birth: \_\_\_\_\_ (dd/mm/yyyy)

4. a. Nationality: \_\_\_\_\_  
b. Status: Resident Individual/ Non Resident/ Foreign National

5. a. PAN: \_\_\_\_\_  
b. Aadhaar Number, if any: \_\_\_\_\_

6. Specify the proof of Identity submitted: \_\_\_\_\_

**B. ADDRESS DETAILS**

1. Residence Address: \_\_\_\_\_

City/town/village: \_\_\_\_\_ Pin Code: \_\_\_\_\_ State: \_\_\_\_\_  
Country: \_\_\_\_\_

2. Contact Details: Tel. (Off.) \_\_\_\_\_ Tel. (Res.) \_\_\_\_\_ Mobile No.: \_\_\_\_\_  
Fax: \_\_\_\_\_ Email id: \_\_\_\_\_

3. Specify the proof of address submitted for residence address: \_\_\_\_\_

4. Permanent Address (if different from above or overseas address, mandatory for Non-Resident Applicant): \_\_\_\_\_  
City/town/village: \_\_\_\_\_ Pin Code: \_\_\_\_\_  
State: \_\_\_\_\_ Country: \_\_\_\_\_

**DECLARATION**

I hereby declare that the details furnished above are true and correct to the best of my knowledge and belief and I undertake to inform you of any changes therein, immediately. In case any of the above information is found to be false or untrue or misleading or misrepresenting, I am aware that I may be held liable for it.

Signature of the Applicant Date: \_\_\_\_\_ (dd/mm/yyyy)

**FOR OFFICE USE ONLY**

Originals verified and Self-Attested Document copies received  
(.....)

Name & Signature of the Authorised Signatory

Date .....

Seal/Stamp of the intermediary

Individual /  
First Applicant /  
Side Holder  
Trading Account 3.5  
cm x 3.5 cm Size  
Colour photograph  
only and sign across it

# K. M. JAIN STOCK BROKERS PVT. LTD.

## KNOW YOUR CLIENT (KYC) APPLICATION FORM For Non-Individuals

Promoter /Director/  
Partener/ trustee /Karta  
Authorised Person

3.5 cm x 3.5 cm Size  
Colour photograph only  
and sign across it

Please fill this form in ENGLISH and in BLOCK LETTERS.

### A. IDENTITY DETAILS

1. Name of the Applicant: \_\_\_\_\_

2. Date of incorporation: \_\_\_\_\_ (dd/mm/yyyy) & Place of incorporation: \_\_\_\_\_

3. Date of commencement of business: \_\_\_\_\_ (dd/mm/yyyy)

4. a. PAN: \_\_\_\_\_ b. Registration No. (e.g. CIN): \_\_\_\_\_

### 5. Status (please tick any one):

Private Limited Co./Public Ltd. Co./Body Corporate/Partnership/Trust/Charities/NGO's/FI/ FII/HUF/AOP/  
Bank/Government Body/Non-Government Organization/Defense Establishment/BOI/Society/LLP/ Others  
(please specify) \_\_\_\_\_

### B. ADDRESS DETAILS

1. Address for correspondence: \_\_\_\_\_

City/town/village: \_\_\_\_\_ Pin Code: \_\_\_\_\_ State: \_\_\_\_\_ Country: \_\_\_\_\_

2. Contact Details: Tel. (Off.) \_\_\_\_\_ Tel. (Res.) \_\_\_\_\_ Mobile No.: \_\_\_\_\_ Fax: \_\_\_\_\_  
Email id: \_\_\_\_\_

3. Specify the proof of address submitted for correspondence address:  
\_\_\_\_\_

4. Registered Address (if different from above): \_\_\_\_\_  
\_\_\_\_\_

City/town/village: \_\_\_\_\_ Pin Code: \_\_\_\_\_ State: \_\_\_\_\_ Country: \_\_\_\_\_

### C. OTHER DETAILS

1. Name, PAN, residential address and photographs of Promoters/Partners/Karta/Trustees and whole time Directors: \_\_\_\_\_

2. a) DIN of whole time directors: \_\_\_\_\_

b) Aadhaar number of Promoters/Partners/Karta: \_\_\_\_\_  
(if required fill up the details on the next sheet provided)

### DECLARATION

I/We hereby declare that the details furnished above are true and correct to the best of my/our knowledge and belief and I/we undertake to inform you of any changes therein, immediately. In case any of the above information is found to be false or untrue or misleading or misrepresenting, I am/we are aware that I/we may be held liable for it.

Name & Signature of the Authorised Signatory Date: \_\_\_\_\_ (dd/mm/yyyy)

### FOR OFFICE USE ONLY

Originals verified and Self-Attested Document copies received  
(.....)

Name & Signature of the Authorised Signatory

Date .....

Seal/Stamp of the intermediary

**C- 1 & 2 Name, PAN, residential address and photographs of Promoters/Partners/Karta/Trustees and whole time directors.**

Sr. No.	Name & Address of Promoters/Partners/ Karta/Trustees/whole time Directors	PAN, DIN/UID, Designation & Contact No.	Photograph
<b>1.</b>	Name	PAN :	
	Address (Resi) :	DIN/UID:	
		Designation:	
		Contact No.:	
		Mob. No.:	
	E-mail -		
<b>2.</b>	Name	PAN :	
	Address (Resi) :	DIN/UID:	
		Designation:	
		Contact No.:	
		Mob. No.:	
	E-mail -		
<b>3.</b>	Name	PAN :	
	Address (Resi) :	DIN/UID:	
		Designation:	
		Contact No.:	
		Mob. No.:	
	E-mail -		

**DECLARATION**

I / We hereby declare that the details furnished above are true and correct to the best of my / our knowledge and belief and I undertake to inform you of any changes therein, immediately. In case any of the above information is found to be false or untrue or misleading or misrepresenting, I am / we are that I may be held liable for it.

Signature of the Applicant 

Date : 

--	--	--	--	--	--	--	--

Seal:

**FOR OFFICE USE ONLY**

- Original verified
- Self-Attested Document copies received

For K. M. JAIN STOCK BROKERS PVT. LTD.

**Nmae and Signature of Authorised Signatory**

Date :

**Seal/Stamp of the Trading Member**

---

## INSTRUCTIONS/CHECK LIST FOR FILLING KYC FORM

### A. IMPORTANT POINTS:

1. Self attested copy of PAN card is mandatory for all clients, including Promoters / Partners / Karta / Trustees and whole time directors and persons authorized to deal in securities on behalf of company/firm/others.
2. Copies of all the documents submitted by the applicant should be self-attested and accompanied by originals for verification. In case the original of any document is not produced for verification, then the copies should be properly attested by entities authorized for attesting the documents, as per the below mentioned list.
3. If any proof of identity or address is in a foreign language, then translation into English is required.,
4. Name & address of the applicant mentioned on the KYC form, should match with the documentary proof submitted.
5. If correspondence & permanent address are different, then proofs for both have to be submitted.
6. Sole proprietor must make the application in his individual name & capacity.
7. For non-residents and foreign nationals, (allowed to trade subject to RBI and FEMA guidelines), copy of passport/PIO Card/OCI Card and overseas address proof is mandatory.
8. For foreign entities, CIN is optional; and in the absence of DIN no. for the directors, their passport copy should be given.
9. In case of Merchant Navy NRI's, Mariner's declaration or certified copy of CDC (Continuous Discharge Certificate) is to be submitted.
10. For opening an account with Depository participant or Mutual Fund, for a minor, photocopy of the School Leaving Certificate/Mark sheet issued by Higher Secondary Board/Passport of Minor/Birth Certificate must be provided.
11. Politically Exposed Persons (PEP) are defined as individuals who are or have been entrusted with prominent public functions in a foreign country, e.g., Heads of States or of Governments, senior politicians, senior Government/judicial/ military officers, senior executives of state owned corporations, important political party officials, etc.

### B. PROOF OF IDENTITY (POI)

(List of documents admissible as Proof of Identity)

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

### C. PROOF OF ADDRESS (POA)

(List of documents admissible as Proof of Address)

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

1. Passport/ Voters Identity Card/ Ration Card/ Registered Lease or Sale Agreement of Residence/ Driving License/ Flat Maintenance bill/ Insurance Copy.

- 
2. Utility bills like Telephone Bill (only land line), Electricity bill or Gas bill - Not more than 3 months old.
  3. Bank Account Statement/Passbook-Not more than 3 months old.
  4. Self-declaration by High Court and Supreme Court judges, giving the new address in respect of their own accounts.
  5. Proof of address issued by any of the following: Bank Managers of Scheduled Commercial Banks/Scheduled Co-Operative Bank/Multinational Foreign Banks/Gazetted Officer/Notary public/Elected representatives to the Legislative Assembly/Parliament/Documents issued by any Govt. or Statutory Authority.
  6. Identity card/document with address, issued by any of the following: Central/State Government and its Departments, Statutory/Regulatory Authorities, Public Sector Undertakings, Scheduled Commercial Banks, Public Financial Institutions, Colleges affiliated to Universities and Professional Bodies such as ICAI,ICWAI,ICSI, Bar Council etc., to their Members.
  7. For FII/sub account, Power of Attorney given by FII/sub-account to the Custodians (which are duly notarized and/or apostiled or consularised) that gives the registered address should be taken.
  8. The proof of address in the name of the spouse may be accepted.

**D. EXEMPTIONS/CLARIFICATIONS TO PAN**

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

1. In case of transactions undertaken on behalf of Central Government and/or State Government and by officials appointed by Courts e.g. Official liquidator, Court receiver etc.
2. Investors residing in the state of Sikkim.
3. UN entities/multilateral agencies exempt from paying taxes/filing tax returns in India.
4. SIP of Mutual Funds up to Rs 50,000/- p.a.
5. In case of institutional clients, namely, FIIs, MFs, VCFs, FVCIs, Scheduled Commercial Banks, Multilateral and Bilateral Development Financial Institutions, State Industrial Development Corporations, Insurance Companies registered with IRDA and Public Financial Institution as defined under section 4A of the Companies Act, 1956, Custodians shall verify the PAN card details with the original PAN card and provide duly certified copies of such verified PAN details to the intermediary.

**E. LIST OF PEOPLE AUTHORIZED TO ATTEST THE DOCUMENTS:**

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



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

<b>Types of entity</b>	<b>Documentary requirements*</b>
<b>Corporate</b>	<ul style="list-style-type: none"> <li>• Copy of the balance sheets for the last 2 financial years (to be submitted every year).</li> <li>• Copy of latest share holding pattern including list of all those holding control, either directly or indirectly, in the company in terms of SEBI takeover Regulations, duly certified by the company secretary/Whole time director/MD (to be submitted every year).</li> <li>• Photograph, POI, PDA, PAN and DIN numbers of whole time directors/two directors in charge of day to day operations.</li> <li>• Photograph, POI, POA, PAN of individual promoters holding control - either directly or indirectly.</li> <li>• Copies of the Memorandum and Articles of Association and certificate of incorporation.</li> <li>• Copy of the Board Resolution for investment in securities market.</li> <li>• Authorised signatories list with specimen signatures.</li> </ul>
Partnership firm	<ul style="list-style-type: none"> <li>• Copy of the balance sheets for the last 2 financial years (to be submitted every year).</li> <li>• Certificate of registration (for registered partnership firms only).</li> <li>• Copy of partnership deed.</li> <li>• Authorised signatories list with specimen signatures.</li> <li>• Photograph, POI, POA, PAN of Partners.</li> </ul>
Trust	<ul style="list-style-type: none"> <li>• Copy of the balance sheets for the last 2 financial years (to be submitted every year).</li> <li>• Certificate of registration (for registered trust only).</li> <li>• Copy of Trust deed.</li> <li>• List of trustees certified by managing trustees/CA.</li> <li>• Photograph, POI, POA, PAN of Trustees.</li> </ul>
HUF	<ul style="list-style-type: none"> <li>• PAN of HUF.</li> <li>• Deed of declaration of HUF/ List of coparceners.</li> <li>• Bank pass-book/bank statement in the name of HUF.</li> <li>• Photograph, POI, POA, PAN of Karta.</li> </ul>
Unincorporated association or a body of individuals	<ul style="list-style-type: none"> <li>• Proof of Existence/Constitution document.</li> <li>• Resolution of the managing body &amp; Power of Attorney granted to transact business on its behalf.</li> <li>• Authorized signatories list with specimen signatures.</li> </ul>
Banks/Institutional Investors	<ul style="list-style-type: none"> <li>• Copy of the constitution/registration or annual report/balance sheet for the last 2 financial years.</li> <li>• Authorized signatories list with specimen signatures.</li> </ul>
Foreign Institutional Investors (FII)	<ul style="list-style-type: none"> <li>• Copy of SEBI registration certificate.</li> <li>• Authorized signatories list with specimen signatures.</li> </ul>
Army/Government Bodies	<ul style="list-style-type: none"> <li>• Self-certification on letterhead.</li> <li>• Authorized signatories list with specimen signatures.</li> </ul>
Registered Society	<ul style="list-style-type: none"> <li>• Copy of Registration Certificate under Societies Registration Act.</li> <li>• List of Managing Committee members.</li> <li>• Committee resolution for persons authorised to act as authorised signatories with specimen signatures.</li> <li>• True copy of Society Rules and Bye Laws certified by the Chairman/Secretary.</li> </ul>

\* POI - Proof of Identity

\*POA - Proof of Address

\* PAN - Permanent Account Number

\* DIN - Director Identification Number

\* UID - Unique Identification (Aadhaar)

**ANNEXURE III**

**TRADING ACCOUNT RELATED DETAILS  
(For Individuals & Non Individuals)**

**A. BANK ACCOUNT(S) DETAILS**

**I) Bank Name**   
**Branch Address**   
**Bank Account No.**

Account Type Savings  Current  OTHERS  NRI  NRE  NRO

MICR No.  RTGS/NEFT/IFSC Code   
 (9 digit code)

**II) Bank Name**   
**Branch Address**   
**Bank Account No.**

Account Type Savings  Current  OTHERS  NRI  NRE  NRO

MICR No.  RTGS/NEFT/IFSC Code   
 (9 digit code)

**B. DEPOSITORY ACCOUNT(S) DETAILS**

Depository Participant Name:







Depository Name:  NSDL  CDSL

Beneficiary Name:

DP ID  BOID

**C. TRADING PREFERENCES**

\*Please sign in the relevant boxes where you wish to trade. The segment not chosen should be struck off by the client.

Exchanges	Segments		
<b>BSE</b>	Cash 		<b>CURRENCY DERIVATIVE</b>
	F & O 		
<b>NSE</b>	Cash 		
	F & O 		
<b>MCX-SX</b>	Cash 		
	F & O 		

# If, in future, the client wants to trade on any new segment/new exchange, separate authorization/letter should be taken from the client by the stock broker.

**TRADING ACCOUNT RELATED DETAILS**

**D. PAST ACTIONS**

Details of any action/proceedings initiated/pending/ taken by SEBI/ Stock exchange/any other authority against the applicant/constituent or its Partners/Promoters/Whole Time Directors/Authorized Persons in charge of dealing in securities during the last 3 years:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**E. DEALINGS THROUGH SUB-BROKERS AND OTHER STOCK BORKERS**

**1. If client is dealing through the sub-broker, provide the following details:**

Sub-broker's Name:	
SEBI Registration number:	
a) NSE	
b) BSE	
Registered office address: (Sub-Broker)	
Tel. No. & Fax No.:	
E-mail ID :	
Website :	

**2. Whether dealing with any other Stock Broker/Sub-Broker (incase dealing with multiple Stock Brokers/Sub-brokers, please provide details of all)**

Name of Stock Broker

Name of Sub Broker, if any

Name of Exchange  Client Code No.

Details of disputes/dues pending from/to such Stock Brokers/Sub-Broker.

\_\_\_\_\_

\_\_\_\_\_

**F. ADDITIONAL DETAILS**

● Whether you wish to receive physical Contract Note or Electronic Contract Note (ECN) (please specify):

Yes Specify your Email ID if applicable.  No.

Please repeat your Email ID in CAPS below, to enable us to compare & capture correctly.

● Whether you wish to avail of the facility of Internet trading/wireless technology (please specify):

Yes  No

● Number of years of Investment/Trading Experience: \_\_\_\_\_

●Incase of non-individuals, name, designation, PAN, UID, signature, residential address and photographs of persons authorized to deal in securities on behalf of company/firm/others.

Sr. No.	Name / Resi. Address	Designation, Contact No. PAN & UID	Photograph
<b>1.</b>	Name	Designation	
	Address :	PAN:	
		UID:	
		Contact No.:	
		Mob. No.:	
	Signature :		
<b>2.</b>	Name	Designation	
	Address :	PAN:	
		UID:	
		Contact No.:	
		Mob. No.:	
	Signature :		
<b>3.</b>	Name	Designation	
	Address :	PAN:	
		UID:	
		Contact No.:	
		Mob. No.:	
	Signature :		
For more person please use additional sheet as per this format.			

●Any other information: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

---

**G. INTRODUCER DETAILS (optional)**

Name of the Introducer

Address of Introducer

Landmark  City

Pin  State  Country

Tel.  Mobile  Fax

Status of the Introducer: Sub-broker/Remisier/ Authorized Person/Existing Client/Other

Please specify: \_\_\_\_\_

Signature of the Introducer

---

**H. NOMINATION DETAILS (for individuals only)**

I/We wish to nominate  I/We do not wish to nominate

Name of Nominee:

Relationship with the Nominee :

PAN of Nominee  Date of Birth of Nominee

Address

City:  PIN Code:

State:  Country  Occupation:

Tel.  Mobile  Fax

**If Nominee is a minor, details of Guardian:**

Name of Guardian

Address of Guardian

City:  PIN Code:

State:  Country:  Occupation:

Tel.  Mobile  Fax

Signature of guardian

**WITNESSES (Only applicable in case the account holder has made nomination)**

**First Witness**

Signature of Witness

Name of Witness \_\_\_\_\_

Address of Witness \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Second Witness**

Signature fo Witness

Name of Witness \_\_\_\_\_

Address of Witness \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**DECLARATION**

1. I/We hereby declare that the details furnished above are true and correct to the best of my/our knowledge and belief and I/we undertake to inform you of any changes therein, immediately. In case any of the above information is found to be false or untrue or misleading or misrepresenting, I am/we are aware that I/we may be held liable for it.
2. I/We confirm having read/been explained and understood the contents of the document on policy and procedures of the stock broker and the tariff sheet.
3. I/We further confirm having read and understood the contents of the 'Rights and Obligations' document(s) and 'Risk Disclosure Document'. I/We do hereby agree to be bound by such provisions as outlined in these documents. I/We have also been informed that the standard set of documents has been displayed for Information on stock broker's designated website, if any.

Place: \_\_\_\_\_ **Signature of Client**  
 \_\_\_\_\_  
 (All) Authorised Signatories/Karta/Trustee 

Date: 

--	--	--	--	--	--	--	--	--	--	--	--

**FOR OFFICE USE ONLY**

UCC Code allotted to the Client: 

--	--	--	--	--	--	--	--	--	--	--	--

	Documents verified with Originals	Client Interviewed By	In-Person Verification done by
Name of the Employee			
Employee Code			
Designation of the employee			
Date			
Signature			

*I/We undertake that we have made the client aware of 'Policy and Procedures', tariff sheet and all the non-mandatory documents. I/We have also made the client aware of 'Rights and Obligations' document (s), RDD and Guidance Note. We have given/sent him a copy of all the KYC documents. I/We undertake that any change in the 'Policy and Procedures', tariff sheet and all the non-mandatory documents would be duly intimated to the clients. I/We also undertake that any change in the 'Rights and Obligations' and RDD would be made available on our website, if any, for the information of the clients.*

\_\_\_\_\_  
**Signature of the authorized Signatory**

Date: \_\_\_\_\_

**For K. M. JAIN STOCK BROKERS PVT. LTD.**

Seal/Stamp of the stock broker

---

**INSTRUCTIONS / CHECK LIST**

## 1. Additional documents in case of trading in derivatives segments

Copy of ITR Acknowledgment	Copy of Annual Accounts
In case of salary income - Salary Slip, Copy of Form 16	Net worth certificate
Copy of demat account holding statement.	Bank account statement for last 6 months
Any othe relevant documents substantiating ownership of assets.	Self declaration with relevant supporting documents.

*\*In respect of other clients, documents as per risk management policy of the stock broker need to be provided by the client from time to time.*

2. Copy of cancelled cheque leaf/ pass book/bank statement specifying name of the constituent, MICR Code or/and IFSC Code of the bank should be submitted.
3. Demat master or recent holding statement issued by DP bearing name of the client.
4. For individuals:
  - a. Stock broker has an option of doing 'in-person' verification through web camera at the branch office of the stock broker/sub-broker's office.
  - b. In case of non-resident clients, employees at the stock broker's local office, overseas can do in-person' verification. Further, considering the infeasibility of carrying out 'In-person' verification of the non-resident clients by the stock broker's staff, attestation of KYC documents by Notary Public, Court, Magistrate, Judge, Local Banker, Indian Embassy / Consulate General in the country where the client resides may be permitted.
5. For non-individuals:
  - a. Form need to be initialized by all the authorized signatories.
  - b. Copy of Board Resolution or declaration (on the letterhead) naming the persons authorized to deal in securities on behalf of company/firm/others and their specimen signatures.

## ANNEXURE IV (MANDATORY)

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

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

#### **CLIENT INFORMATION**

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

#### **MARGINS**

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

#### **TRANSACTIONS AND SETTLEMENTS**

13. The client shall give any order for buy or sell of a security/derivatives contract in writing or in such form or manner, as may be mutually agreed between the client and the stock broker. The stock broker shall ensure to place orders and execute the trades of the client, only in the Unique Client Code assigned to that client. .
14. The stock broker shall inform the client and keep him apprised about trading/settlement cycles, delivery/payment schedules, any changes therein from time to time, and it shall be the responsibility in turn of the client to comply with such schedules/procedures of the relevant stock exchange where the trade is executed.



- 
15. The stock broker shall ensure that the money/securities deposited by the client shall be kept in a separate account, distinct from his/its own account or account of any other client and shall not be used by the stock broker for himself/itself or for any other client or for any purpose other than the purposes mentioned in Rules, Regulations, circulars, notices, guidelines of SEBI and/or Rules, Regulations, Bye-laws, circulars and notices of Exchange.
  16. Where the Exchange(s) cancels trade(s) suo moto all such trades including the trade/s done on behalf of the client shall ipso facto stand cancelled, stock broker shall be entitled to cancel the respective contract(s) with client(s).
  17. The transactions executed on the Exchange are subject to Rules, Byelaws and Regulations and circulars/notices issued thereunder of the Exchanges where the trade is executed and all parties to such trade shall have submitted to the jurisdiction of such court as may be specified by the Byelaws and Regulations of the Exchanges where the trade is executed for the purpose of giving effect to the provisions of the Rules, Byelaws and Regulations of the Exchanges and the circulars/notices issued thereunder.

### **BROKERAGE**

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

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

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

### **DISPUTE RESOLUTION**

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

---

## **TERMINATION OF RELATIONSHIP**

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

## **ADDITIONAL RIGHTS AND OBLIGATIONS**

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

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

37. In case, client opts to receive the contract note in electronic form, he shall provide an appropriate e-mail id to the stock broker. The client shall communicate to the stock broker any change in the email-id through a physical

---

letter. If the client has opted for internet trading, the request for change of email id may be made through the secured access by way of client specific user id and password.

38. The stock broker shall ensure that all ECNs sent through the e-mail shall be digitally signed, encrypted, non tamper able and in compliance with the provisions of the IT Act, 2000. In case, ECN is sent through e-mail as an attachment, the attached file shall also be secured with the digital signature, encrypted and non-tamperable.
39. The client shall note that non-receipt of bounced mail notification by the stock broker shall amount to delivery of the contract note at the e-mail ID of the client.
40. The stock broker shall retain ECN and acknowledgment of the e-mail in a soft and non-tamperable form in the manner prescribed by the exchange in compliance with the provisions of the IT Act, 2000 and as per the extant rules/regulations/circulars/guidelines issued by SEBI/Stock Exchanges from time to time. The proof of delivery i.e., log report generated by the system at the time of sending the contract notes shall be maintained by the stock broker for the specified period under the extant regulations of SEBI/stock exchanges. The log report shall provide the details of the contract notes that are not delivered to the client/e-mails rejected or bounced back. The stock broker shall take all possible steps to ensure receipt of notification of bounced mails by him at all times within the stipulated time period under the extant regulations of SEBI/stock exchanges.
41. The stock broker shall continue to send contract notes in the physical mode to such clients who do not opt to receive the contract notes in the electronic form. Wherever the ECNs have not been delivered to the client or has been rejected (bouncing of mails) by the e-mail ID of the client, the stock broker shall send a physical contract note to the client within the stipulated time under the extant regulations of SEBI/stock exchanges and maintain the proof of delivery of such physical contract notes.
42. In addition to the e-mail communication of the ECNs to the client, the stock broker shall simultaneously publish the ECN on his designated web-site, if any, in a secured way and enable relevant access to the clients and for this purpose, shall allot a unique user name and password to the client, with an option to the client to save the contract note electronically and/or take a print out of the same.

#### **LAW AND JURISDICTION**

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

---

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

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

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

## ANNEXURE V

---

### RISK DISCLOSURE DOCUMENT FOR CAPITAL MARKET AND DERIVATIVES SEGMENTS

This document contains important information on trading in Equities/Derivatives Segments of the stock exchanges. All prospective constituents should read this document before trading in Equities/Derivatives Segments of the Exchanges.

Stock exchanges/SEBI does neither singly or jointly and expressly nor impliedly guarantee nor make any representation concerning the completeness, the adequacy or accuracy of this disclosure document nor have Stock exchanges /SEBI endorsed or passed any merits of participating in the trading segments. This brief statement does not disclose all the risks and other significant aspects of trading.

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

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

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

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

#### 1. BASIC RISKS:

##### 1.1 Risk of Higher Volatility:

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

##### 1.2 Risk of Lower Liquidity:

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

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

##### 1.3 Risk of Wider Spreads:

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

##### 1.4 Risk-reducing orders:

The placing of orders (e.g., "stop loss" orders, or "limit" orders) which are intended to limit losses to certain

---

amounts may not be effective many a time because rapid movement in market conditions may make it impossible to execute such orders.

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

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

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

### **1.5 Risk of News Announcements:**

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

### **1.6 Risk of Rumors:**

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

### **1.7 System Risk;**

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

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

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

### **1.8 System/Network Congestion:**

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

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

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

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

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

- A. Futures trading involve daily settlement of all positions. Every day the open positions are marked to market based on the closing level of the index / derivatives contract. If the contract has moved against you, you will be required to deposit the amount of loss (notional) resulting from such movement. This amount will have to be paid within a stipulated time frame, generally before commencement of trading on next day.
- B. If you fail to deposit the additional amount by the deadline or if an outstanding debt occurs in your account, the

---

Stock broker may liquidate a part of or the whole position or substitute securities. In this case, you will be liable for any losses incurred due to such close-outs.

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

## **2.2 Currency specific risks:**

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

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

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

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

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

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

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

## **4, GENERAL**

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

## ANNEXURE VI

---

### GUIDANCE NOTE - Do's AND DON'Ts FOR TRADING ON THE EXCHANGE(S) FOR INVESTORS

#### BEFORE YOU BEGIN TO TRADE

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

#### TRANSACTION AND SETTLEMENTS

8. The stock broker may issue electronic contract notes (ECN) if specifically authorized by you in writing. You should provide your email id to the stock broker for the same. Don't opt for ECN if you are not familiar with computers.
9. Don't share your internet trading account's password with anyone.
10. Don't make any payment in cash to the stock broker.
11. Make the payments by account payee cheque in favour of the stock broker. Don't issue cheques in the name of sub broker. Ensure that you have a documentary proof of your payment/deposit of securities with the stock broker, stating date, scrip, quantity, towards which bank/ demat account such money or securities deposited and from which bank/ demat account.
12. Note that facility of Trade Verification is available on stock exchanges' websites, where details of trade as mentioned in the contract note may be verified. Where trade details on the website do not tally with the details mentioned in the contract note, immediately get in touch with the Investors Grievance Cell of the relevant Stock exchange.
13. In case you have given specific authorization, payout of funds or delivery of securities as the case may be, may not be made to you within one working day from the receipt of payout from the Exchange. Thus the stock broker may maintain a running account for you subject to the following conditions:
  - a) Such authorization from you shall be dated, signed by you only and contains the clause that you may revoke the same at any time.
  - b) The actual settlement of funds and securities shall be done by the stock broker, at least once in a calendar quarter or month, depending on your preference. While settling the account, the stock broker shall send to you a 'statement of accounts' containing an extract from the client ledger for funds and an extract from the register of securities displaying all the receipts/deliveries of funds and securities. The statement shall also explain the retention of funds and securities and the details of the pledged shares, if any.
  - c) On the date of settlement, the stock broker may retain the requisite securities/funds towards outstanding obligations and may also retain the funds expected to be required to meet derivatives margin obligations for next 5 trading days, calculated in the manner specified by the exchanges. In respect of cash market transactions, the stock broker may retain entire pay-in obligation of funds and securities due from clients as on date of settlement and for next day's business, he may retain funds/securities/margin to the extent of value of transactions executed on the day of such settlement in the cash market.
  - d) You need to bring any dispute arising from the statement of account or settlement so made to the notice of the stock broker in writing preferably within 7 (seven) working days from the date of receipt of funds/securities or statement, as the case may be. In case of dispute, refer the matter in writing to the Investors Grievance Cell of the relevant Stock exchanges without delay.
14. In case you have not opted for maintaining running account and pay-out of funds/securities is not received on the next working day of the receipt of payout from the exchanges, please refer the matter to the stock broker. In case there is dispute, ensure that you lodge a complaint in writing immediately with the Investors Grievance Cell of the relevant Stock exchange.
15. Please register your mobile number and email id with the stock broker, to receive trade confirmation alerts/ details of the transactions through SMS or email, by the end of the trading day, from the stock exchanges.

#### IN CASE OF TERMINATION OF TRADING MEMBERSHIP

16. In case, a stock broker surrenders his membership, is expelled from membership or declared a defaulter;



Stock exchanges give a public notice inviting claims relating to only the "transactions executed on the trading system" of Stock exchange, from the investors. Ensure that you lodge a claim with the relevant Stock exchanges within the stipulated period and with the supporting documents.

17. Familiarize yourself with the protection accorded to the money and/or securities you may deposit with your stock broker, particularly in the event of a default or the stock broker's insolvency or bankruptcy and the extent to which you may recover such money and/or securities may be governed by the Bye-laws and Regulations of the relevant Stock exchange where the trade was executed and the scheme of the Investors' Protection Fund in force from time to time.

**DISPUTES / COMPLAINTS**

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

**TARIFF SHEET**

**BROKERAGE AND STATUTORY CHARGES FOR CLIENT**

Further, I agree to the following terms of doing business

Segment	Sq. off %		Sq. off Min (ps)		Settlement %		Settlement Min (ps)	Delivery %	Delivery Min (ps)
	Buy	Sell	Buy	Sell	Buy	Sell			
BSE Cash									
BSE F&O									
NSE Cash									
NSE F&O									
MCX Cash									
MCX F&O									

The above brokerage will be exclusive of the following charges

Transaction charges; Sq. up Stamp Duty; Del. Stamp Duty; STT; Service Tax as Applicable; any other statutory Government charges

- Note :
- The above charges are subject to change by regulatory authorities or government agencies
  - For option contracts brokerage to be charged on the premium at which the option contract was bought or sold and not on the strike price of the option contract
  - Brokerage at any point shall not exceed more than the maximum permissible limit as prescribed by the Stock Exchanges

Signature of Client : \_\_\_\_\_

For office use only : \_\_\_\_\_

Name of authorized person : \_\_\_\_\_

Signature : \_\_\_\_\_

Date : \_\_\_\_\_

---

**POLICIES AND PROCEDURES FOR CLIENT DEALING - ALL EXCHANGES – MANDATORY**  
**( as required by SEBI circular MIRSD/SE/Cir- 19/2009 dated December 3, 2009 )**

**Policy 1. refusal of orders for penny stocks**

A penny stock can be typified as one which has one or more of the given below characteristics:

- Stock that trades at a relatively low price and /or market capitalization
- Highly speculative and risky because of lack of liquidity
- Large bid-ask spreads
- Showing sporadic volume pattern in tandem with bulk trades
- Association with errant promoters and/or classified under Z or T group by exchanges

Our RMS reserves the “right to refusal” to trade in such stocks and consequently all losses pertaining to it would be borne by the client. Such a decision would emanate after considering above-mentioned points. The client should also be ready to pay 100% margin pertaining to the scrip, if need be.

**Policy 2. setting up client's exposure limit**

Our RMS refers the following points before giving exposure to our clients, which in turn can vary from time to time in view of the then prevailing circumstances:

- Client's net worth
- Collateral or deposits taken from the client
- Existing open positions of client and the various margin obligations
- Broker's risk perception of the client
- Prevailing market volatility
- The benefit of 'credit for sale of shares' is to be considered while evaluating the exposure of a client.
- In case of F&O trading, collateral received after the trading day in 'client's margin account' will not be considered for margin and exposure calculation.
- Scrip wise exposure can vary depending upon the group to which the scrip belongs. A client is liable to get less exposure for scrip under 'Z' & 'T' groups, as the broker has to keep in mind the total turnover of the scrip, liquidity during the day, per day limits for a particular Group (e.g. T, Z groups) set by Exchanges or any such reasons after referring the daily notices of Exchanges & SEBI.
- Any other relevant factor.

The client has to agree to exposure/margin variation, reduction, imposition and restrictions that can affect his ability to execute the orders solely as per his wish. Further the client has to agree that the losses if any on account of such refusal or due to delay caused by periodic reviews or interventions shall be borne exclusively by the client alone.

**Policy 3. applicable brokerage rate**

- Brokerage rates will be charged within the limits prescribed by SEBI/Exchange- i.e. Not more than 2.5% on market rate
- At the time of opening of client's account the brokerage rates will be assigned in consultation with the client/subbroker. Any change intended by either broker or client will be done after mutual discussion thereof. The client should sign on the tariff sheet and should convey any deviation within seven days of signing the sheet.
- For option contracts brokerage will be charged on the premium at which the option contract was bought or sold and not on the strike price of the option contract.
- The management also reserves the right to decide upon brokerage rates to any client as per their comfort level within the permissible range.

**Policy 4. imposition of penalty/delayed payment charges by either party, specifying the rate and the period not resulting in funding by the broker in contravention of the applicable laws**

- Where the Broker has to bear or pay any fines/penalties/punishment imposed by any of the authorities like SEBI/RBI/Exchanges/Banks etc in connection with/as a consequence of/in relation to any of the orders /trades/deals/actions/non-compliance of the client, then the same will be debited to the client.
- All penalties due to client's negligence, what-so-ever it may be, pertaining to their trading account shall be borne by Client

**Policy 5. the right to sell clients' securities or close clients' positions, without giving notice to the client, on account of non-payment of client's dues (Limited to the extent of settlement/margin obligation)**

- Without prejudice to the stock broker other rights (including the right to refer the matter to arbitration), the stock broker shall be entitled to liquidate /close out all or any of the client's position without giving notice to the client for nonpayment of margins or other amounts including the pay-in obligation, outstanding debts etc and adjust the proceeds of such liquidation/close out, if any against the client's liabilities/obligations.
- The client shall ensure timely availability of fund/securities in the form and manner at designated time and in designated bank and depository account(s), for meeting his/her/its pay-in obligation of fund and securities. All losses on account of non-compliance of exchange obligation shall be borne by the client. Any available security/collateral would be subject to haircuts/MTM as the stockbroker may deem fit in his absolute discretion.

- The stockbrokers has the right but not the obligation, to cancel all pending orders and to sell /close/liquidate all open positions/securities/shares at a predefined square off time or when MTM percentage reaches or crosses stipulated margin percentage, whichever is earlier. The stockbroker will have the sole discretion to decide referred stipulated margin percentage depending upon the market condition. In the event of such square-off, the client shall bear all the losses based on actual executed prices, the client shall also be solely liable for all and any penalties and charges levied by the exchange.
- On the explicit directions of Exchanges/ SEBI or any government authority, the broker can freeze or resort to squaring off the position of client. In such cases all losses shall be borne by the client.
- Normally, a client who has outstanding debit balance for more than three months/six months( as will be decided by management) can be asked to make good the expenses of all kind, including TOD/OD interest charges that the broker had to bear due to client's inability to clear them in time.

**Policy 6. shortages in obligations arising out of internal netting of trades**

- Stock broker shall not be entitled to deliver any securities or pay any money to the client until and unless the same has been received from the Exchange/Clearing House/ Clearing Corporation or any other authorized entity, provided the client has fulfilled his obligations first.
- Internal shortage of securities due for some corporate action or cum-benefit securities that cannot be auctioned/ or the pay-out of cum-benefit securities will take place after the book closure or record date, then in such a situation it would compulsorily attract a close out as per exchange policy.
- BSE- In case of BSE we always opt for the procedure of “internal auction” available with the exchange. If due to any reason the same cannot be done then the broker will opt to close out the position considering the higher of the following rate- a) Trading day standard rate or b) highest auction rate corresponding to the requisite settlement day.
- NSE- The broker will purchase shares from the market on the day of Auction and debit or credit the clients accordingly. In case the broker fails to buy the same due to any reason whatsoever, then the Exchange closing rate for the scrip as declared by exchange from time to time would be considered to square off the positions of clients.

**Policy 7. conditions under which a client may not be allowed to take further position or the broker may close the existing position of a client**

The above condition applies in the following cases:

- When the gross exposure/collateral set for the client gets exhausted.
- The existing position of the client is also liable to be squared up when the client fails to provide extra margin or fails to fulfill his obligations even upon being intimated.
- Due to non-receipt or non-fulfillment of money and/or delivery pay-in & payout obligation by the client incase of cash segment.
- Due to non-receipt or non-fulfillment of money pay-in obligation by the client as required by exchanges in F&O segment.
- In extraordinary circumstances whence the Broker is advised by the Exchange to reduce exposure to facilitate smooth working of the Exchange.
- In view of the high volatility of market

**Policy 8. temporarily suspending or closing a client's account at the client's request**

- A client's account can be temporarily suspended if the client gives in writing to do so with proper reason. It can be re-activated on receipt of written instruction from the client. However client would be allowed to settle his ledger account during suspended period.
- The management also reserves the right to temporarily close a client's account till he fulfills /complies with his due obligations.
- Closure of client's account- A client's account can be closed if a written request is received for the same, provided he has settled his account across all segments in terms of money and share delivery.

**Policy 9. deregistering a client**

Notwithstanding anything contrary stated in the mandatory & voluntary client registration documents, the stock broker shall be entitled to terminate the mandatory & voluntary client registration documents in any of the following circumstances:

- Incase of death/lunacy or any other disability of the client
- Incase of breach of any term, condition or covenant of this mandatory voluntary client registration documents
- Incase the client has made material misrepresentation in the facts disclosed in his KYC
- If there is commencement of any legal proceedings against the client under any law in force
- If the action of the client are prima-facie illegal/improper or one that points to price manipulation or that disturbs the normal functioning capital market, whether alone or in conjunction with others.
- In case the client defaults in fulfillment of his exchange related obligations
- Incase of dissolution of partnership firm and the partnership firm or any of its partner being the client of the broker.

- 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 BIFR or under any other law providing protection as a relief undertaking.
- If any covenant or warranty of the client is incorrect or untrue in any material respect.
- If there is reasonable apprehension that the client would be unable to pay its debts or the client has admitted its inability to pay its debt as and when they become payable.
- If a receiver, administrator or liquidator has been appointed or allowed to be appointed for all or any part of the undertaking of the client.
- If there is reasonable apprehension about the clients' solvency or ability to fulfill his obligations. All losses pertaining to this effect shall be borne by the client.

**Policy 10. policy regarding treatment of inactive/dormant client**

Any client who does trade during a financial year is shall be considered as an “in-active client “or dormant client. The management will typify a client as “inactive” after considering the following aspects:

- Whether there exists any trade in his ledger account whose obligation has been fulfilled through the exchange trading platform?
- Whether the client is active in any other segment?
- Whether the client has any debits or credits lying in any of his ledger account, in any of the segments?
- Whether the client is trying to settle his dues, though he is an inactive trader? ie. Only banking transactions appear in his ledger account?
- Whether the client is inactive due to change of his residential status or change of location to a remote area or foreign country and has intimated his wish to remain dormant temporarily?
- Client declared inactive by law: Such a client will be moved to the “inactive” category if required by law. After considering the above points, we would consider whether the client trading and/or demat account needs to be closed permanently or not. Having typified the client as 'inactive', we would proceed to intimate him about the same and tag the client as 'inactive' in BSE/NSE online database.

**Policy 11. policy on cash/bank contra A/c**

To facilitate pay-in/ pay-out obligations among various segments namely 'BSE , MCX-SX, NSE & NSE F&O ' , we move funds from one segment to another in the form of contra entry, subject to the following points:

- Fund to be moved when a client has credit lying in one segment and pay-out/credit in another segment.
- To bring about agility in the system and avoid delays
- To avoid the inconvenience of taking cheque in one segment and delivering in another.
- And, above all to ensure smooth process of fulfilment of market obligations.

**Policy 12. Client code modification Policy**

We intend to adhere to the new SEBI directive on 'UCC changes and its implications'. The following steps taken in that regard are:

- All modifications shall be done by Head office only through permissible Exchange sites dedicated for this purpose. The dealer or branch will have to send their request through email for their unforeseen genuine errors during trading session.
- No back-office UCC modifications will be permitted.
- 'ERROR' code created in UCC site of BSE,NSE & MCX-SX after incorporating OWN/PRO details including PAN number shall be used for modifications. Modifications through ERROR UCC code can be done provided ERROR ucc CODE is squared up during the same day. However the loss difference would be borne by the wrongdoer.
- Institutional to Institutional trades can be modified without attracting penalty.
- Genuine errors for above purpose can be communication error, punching error, typing error (similar client code /name) and code change between relatives (Relative as defined under sec. 6 the Companies Act, 1956)

From	To	Allowed/Not Allowed	Penalty/No penalty
Institution	Error	Allowed	No penalty
Non Institution	Error	Allowed	No penalty
Institution	Institution	Allowed	No penalty
Client	Client	Allowed (in certain cases only)*	Penalty
* As per BSE/NSE/MCX-SX notice for permitted changes			
* In BSE BOLT, order type change is different form order code change			
Penalty of 1% or 2% of trade value depending on quantum of changes for the day will be levied by Exchanges			

---

### **Policy 13. Investor grievances policy**

All investors are free to communicate their grievances through our dedicated investor grievances email id: grievances@ kmjpl.com or through our investor grievances register kept in all our offices at convenient accessible place. Investors will be assured prompt reply and resolution to their grievances. The process for prompt redressal would entail the following steps:

- Nature of grievance- whether monetary, documentary requirement or otherwise
- If monetary- then the cause and the veracity needs to be established. If the veracity is established by our back office then the client can expect quick dissipation. If veracity is denied by our back office, then the client would be duly informed with facts and figures.
- If non-receipt of a document- then the back office manager would ensure that the documents are despatched immediately or a duplicate copy is forwarded to the client.
- Other grievances- solution to be decided only after collating the details.
- If the client remains dissatisfied with managerial decision then he can contact the investor grievance cell of respective exchange. The contact details are displayed at all offices as well as in KYC form.

### **14. Policy for unauthentic news in circulation**

Our company discourages circulation of unauthentic news and hearsays through emails, sms or printed material. All research news is handled only by our sole research department active in our Mumbai head office. Any news not bearing our research department approval shall have no bearing and may be considered false. All the printed material emanating from our research department, in Mumbai Head office will always be based on facts and /or permissible scientific assumptions.

### **15. Policy for trading in illiquid stocks**

An illiquid stock can be typified as one which has almost all the given below characteristics:

- Highly speculative and risky because of lack of liquidity
- Large bid-ask spreads
- Showing sporadic volume patterns
- Periodically classified by Exchanges in their list of –'illiquid securities', intimated through their daily notices.

Our RMS reserves the “right to refusal” to trade in such stocks and consequently all losses pertaining to it would be borne by the client. The client should also be ready to pay 100% margin pertaining to the scrip, if need be. Such stocks would not be considered for client's exposure or margin.

### **16. Policy for Insider Trading**

The Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, was amended on 22nd February 2002 (hereinafter referred to as “Regulations”) in terms of which a Stock Broker is required, inter alia, to frame a Code of Conduct for Prevention of Insider Trading by Employees of a Stock Broker, including its Directors. In line with the said Regulations, the following Code of Conduct (hereinafter referred to as “the Code”) has been adopted by K.M.Jain Stock Brokers Pvt Ltd (hereinafter referred to as “KMJPL”), Member of the Stock Exchange,

Mumbai & National Stock Exchange Ltd. & MCX-SX.

#### ***Director***

KMJPL has an appointed Compliance Officer who reports to the Managing Directors/other directors.

The Compliance Officer shall be responsible for setting Policies and Procedures and monitoring the Rules & Regulations for the preservation of "Price Sensitive Information", pre-clearing of all Designated Employees and their Dependents Trades (directly or through respective Department heads as decided by the KMJPL). Monitoring of Trades and the Implementation of the Code of Conduct under the overall

#### ***Supervision of the Directors***

The Compliance Officer shall maintain a record of all KMJPL Employees and any Changes done in the Employees List from time to time & help to understand any Clarifications regarding SEBI (Prohibition of Insider Trading) Regulations, 1992 and KMJPL's Code.

#### ***Prevention of “Price Sensitive Information”***

Employees / Directors shall maintain the Confidentiality of all Price Sensitive Information & must not pass such Information directly or indirectly by way of making a Recommendation for the Purchase or Sale of Securities. Price Sensitive Information is to be handled on a "Need to Know" basis, i.e. Price Sensitive Information should be disclosed only to those within KMJPL, who need the Information to discharge their Duty and whose Possession of such Information will not give rise to a Conflict of Interest or Appearance of Misuse of the Information.

All Files of KMJPL, containing Confidential Information shall be kept Secure & all computer files must have Adequate Security of Login and Password, etc

To prevent the Misuse of Confidential Information, KMJPL separates those Areas which routinely have access to Confidential Information, considered "Inside Areas" from those Areas which deal with Sale / Marketing / Investment Advise or other Departments providing Support Services, considered "Public Areas".

The Employees in Inside Area may be physically segregated from Employees in Public Area.

The Employees in the Inside Area shall not communicate any Price Sensitive Information to anyone in Public Area.

### ***Prevention of Misuse of Price Sensitive Information***

Employees / Directors shall not use Price Sensitive Information to Buy or Sell Securities of any sort, whether for their Own Account, their Relative's Account, KMJPL's Account or a Client's Account. The Trading Restrictions shall apply for Trading in Securities.

All Directors / Employees of KMJPL, who intend to deal in the Securities of listed Companies where KMJPL has some assignments shall pre-clear the Transactions as per the pre-dealing Procedure as described here below.

An Application may be made in such form as specify by KMJPL in this regard, to the Compliance Officer indicating the Name and Estimated Number of Securities that the Employees / Director intends to deal in with details of Demat DP with which he has a Security Account, the Securities in such Depository Mode and any other details as may be prescribed by KMJPL in his rule & regulations.

An Undertaking shall be executed in favor of KMJPL by such Employees / Directors incorporating, the following Clauses, as may be applicable

That the Employees / Director do not receive any "Price Sensitive Information" at the time of signing the Undertaking

That in case the employees / director / partner receive "Price Sensitive Information" after the signing of the undertaking but before the execution of the transaction he/she shall inform the Compliance officer of the change in his position and that he/she would completely refrain from dealing in the securities of listed companies.

That he / she has not contravened the Code of Conduct for prevention of Insider Trading as specified by KMJPL. That he / she has made a Full and True Disclosure in the matter

### ***Restricted / Grey List***

In order to monitor above Procedures and Trading in Client Securities based on Inside Information, KMJPL shall restrict Trading in certain Securities and designate such List as Restricted / Grey List.

Security of a Listed Company shall be put on the Restricted / Grey List if KMJPL is handling any Assignment for the Listed Company or preparing Appraisal Report.

Any Security, which is being purchased or sold or is being considered for Purchase or Sale by KMJPL on behalf of its Clients shall be put on the Restricted / Grey List

As the Restricted List itself is a Highly Confidential Information it shall not be communicated to anyone outside KMJPL. The Restricted List shall be maintained & kept by Compliance Officer

### ***Penalty for Contravention of the Code***

Any Employee / Director who trades in Securities or communicates any Information or counsels any Person Trading in Securities, will be treated as Contravention of the Code & conduct, may be penalized and appropriate Action may be taken by KMJPL

Employees / Directors of KMJPL, who violate the Code, may also be subject to Disciplinary Action by the Company.

The Action by KMJPL shall not preclude SEBI from taking any Action in case of Violation of SEBI (Prohibition of Insider Trading) Regulations, 1992

Information to SEBI in case of Violation of SEBI (Prohibition of Insider Trading) Regulations

In case of any violation observed by KMJPL / its Compliance Officer that there has been a Violation of these Regulations, KMJPL shall inform the SEBI

### **17. Policy for monitoring and reporting alerts as approved by the board- Surveillance Policy:**

Sr. No.	Transactional Alerts	Segment
1	Significantly increase in client activity	Cash
2	Sudden trading activity in dormant account	Cash
3	Clients/Group of Client(s), deal in common scrips	Cash
4	Client(s)/Group of Client(s) is concentrated in a few illiquid Cash scrips	
5	Client(s)/Group of Client(s) dealing in scrip in minimum lot size	Cash
6	Client / Group of Client(s) Concentration in a scrip	Cash
7	Circular Trading	Cash
8	Pump and Dump	Cash
9	Wash Sales	Cash
10	Reversal of Trades	Cash
11	Front Running	Cash
12	High Turnover Concentration	Cash
13	Order Book Spoofing i.e. large orders away from market	Cash

Trading members are directed to have proper mechanisms and to ensure that proper checks and balances are in control. The Company shall implement the following policy:-

**Transactional Alerts provided by the exchange:**

In order to facilitate effective surveillance mechanisms, the Firm would download the above mentioned alerts based on the trading activities on the exchanges.

The Firm may formulate its own alerts in addition to above mentioned type of alerts.

**Clients Information:**

The Company will carry out the Due Diligence of its client(s) on a yearly basis. Further, we will ensure that key KYC parameters are updated on a yearly basis and latest information of the client is updated in Unique Client Code (UCC) database of the Exchange. Based on this information the Company shall establish groups / association amongst clients to identify multiple accounts / common account / group of clients.

**Analysis:**

In order to analyze the trading activity of the Client(s) / Group of Client(s) or scrips identified on the basis of above alerts, we will carry out the following procedure:

- a. To seek explanation from such identified Client(s) / Group of Client(s) for entering into such transactions.
- b. To Seek documentary evidence such as bank statement / demat transaction statement or any other documents listed below:
  - In case of funds, Bank statements of the Client(s) / Group of Client(s) from which funds pay-in have been met, to be sought. In case of securities, demat account statements of the Client(s) / Group of Client(s) from which securities pay-in has been met, to be sought.
  - The period for such statements may be at least 15 days from the date of transactions to verify whether the funds / securities for the settlement of such trades actually belongs to the client for whom the trades were transacted.
- c. The Company shall review the alerts based upon:
  - Type of the alerts downloaded by the exchange
  - Financial details of the clients
  - Past Trading pattern of the clients/ client group
  - Bank /Demat transaction details
  - Other connected clients in UCC (common email/mobile number/address, other linkages, etc)
  - Other publicly available information.
- d. After analyzing the documentary evidences, including the bank / demat statement, the Firm will record its observations for such identified transactions or Client(s) / Group of Client(s). In case adverse observations are recorded, the Compliance Officer shall report all such instances to the Exchange within 45 days of the alert generation. The Firm may seek extension of the time period from the Exchange, wherever required.

**Monitoring and reporting:**

For effective monitoring, the Company;

- Within 30 days of alert generation shall dispose off the alert, and any delay in disposition, reason for the same shall be documented.
  - In case of any Suspicious or any Manipulative activity is identified, the same will be mentioned in the Register to be maintained for the purpose and will be reported to the Stock Exchanges within 45 days of the alert generation.
- a. The Company shall prepare quarterly MIS and shall put to the Directors on the number of alerts pending at the beginning of the quarter, generated during the quarter, disposed off during the quarter and pending at the end of the quarter. Reasons for pendency shall be discussed and appropriate action shall be taken. Also, the Board shall be apprised of any exception noticed during the disposition of alerts. The surveillance process shall be conducted under overall supervision of its Compliance Officer. Compliance Officer would be responsible for all surveillance activities carried out by the Company and for the record maintenance and reporting of such activities.
  - b. Internal auditor of the Company shall review the surveillance policy, its implementation, effectiveness and review the alerts generated during the period of audit. Internal auditor shall record the observations with respect to the same in their report.

These policies have been adopted by the trading member as on 1.04.2010 and may have been revised/reviewed over time. These policies may be reviewed as and when there will be changes introduced by any statutory authority or as and when it will be found necessary to change the policy due to business needs.

Signature of the Client  \_\_\_\_\_

Place :

Date:

---

**FOR NSE, BSE, MCX-SX & CDSL**  
**POLICIES & PROCEDURES ADOPTED FOR PREVENTION OF MONEY**  
**LAUNDERING (Issued as per the requirements of PMLA Act 2002)**

**1. Objective & Policy:** Primary objective of our firm would be 'Prevention of money laundering through designated brokers, intentionally or unintentionally by criminal elements'. It is the policy of our firm to prohibit and actively prevent money laundering and any activity that facilitates money laundering or the funding of terrorist or criminal activities.

**2. Principal Officer appointment & duties :** Our firm has designated Mr. Anand Jain as the principal officer and intimated the authority vide letter dtd. 31.01.07, thereby complying with the procedure of designating a sufficiently senior person as 'Principal Officer' as required under the Prevention of Money Laundering Act. The principal officer will promptly notify Financial Intelligence Unit (FIU) of any change to the details of our firm. The principal officer will also ensure maintenance of proper record and filing of records with FIU, whenever required.

**3. Appointment of a Designated Director :**

- i. In addition to the existing requirement of designation of a Principal Officer, the registered intermediaries shall also designate a person as a 'Designated Director'. In terms of Rule 2 (ba) of the PML Rules, the definition of a Designated Director reads as under: Designated Director means a person designated by the reporting entity to ensure overall compliance with the obligations imposed under chapter IV of the Act and the Rules and includes
  - the Managing Director or a Whole-time Director duly authorized by the Board of Directors if the reporting entity is a company,
  - the managing partner if the reporting entity is a partnership firm
  - the proprietor if the reporting entity is a proprietorship concern
  - the managing trustee if the reporting entity is a trust,
  - a person or individual, as the case may be, who controls and manages the affairs of the reporting entity if the reporting entity is an unincorporated association or a body of individuals, and
  - such other person or class of persons as may be notified by the Government if the reporting entity does not fall in any of the categories above."
- ii. In terms of Section 13 (2) of the PML Act (as amended by the Prevention of Money-laundering (Amendment) Act, 2012), the Director, FIU-IND can take appropriate action, including levying monetary penalty, on the Designated Director for failure of the intermediary to comply with any of its AML/CFT obligations.
- iii. Registered intermediaries shall communicate the details of the Designated Director, such as, name, designation and address to the Office of the Director, FIU-IND.

**4. Know Your Customer Standards:** Our KYC policy incorporates the following four elements:

- Customer Acceptance Policy (CAP)
- Customer Identification Procedures(CIP)
- Monitoring of Transaction; and
- Risk Management

***Customer Acceptance Policy (CAP)***

The following points are kept in mind before accepting the KYC form of a probable client No account shall be opened in anonymous or fictitious/benami name(s)

Parameters of risk perception shall be clearly defined in terms of the nature of business activity, location of customers into low, medium and high risk; Customers requiring very high level of monitoring e.g., Politically Exposed Persons (PEPs) may be categorized under Very High Risk.

The risk to the customer shall be assigned on the following basis:

***Low Risk***

Individuals (other than High Net Worth) and entities whose identities and sources of wealth can be easily identified and transactions in whose accounts by and large conform to the known profile may be categorized as low risk. The illustrative examples of low risk customers could be salaried employees whose salary structures and well defined, people belonging to lower economic strata of the society whose accounts show small balances and low turnover, Government Departments and Government owned companies, regulators and statutory bodies etc. In such cases, only the basic requirements of verifying the identity and location of the customer shall be met.

***Medium Risk***

Customers that are likely to pose a higher than average risk to the broker may be categorized as medium of high risk depending on customer's back ground, nature and location of activity, country of origin, sources of funds and his client profile etc; such as

Persons in business/industry or trading activity where the area of his residence or place of business has a scope or history of unlawful trading/business activity.

Where the client profile of the person/s opening the account, according to the perception of the branch is uncertain and/or doubtful/dubious.

***High Risk***

The dealers may apply enhanced due diligence measures based on the risk assessment, thereby requiring intensive



‘due diligence’ for higher risk customers, especially those for whom the sources of funds are not clear. The examples of customers requiring higher due diligence may include

- a) Non Resident Customers
- b) High Net worth individuals
- c) Trusts, charities, NGOs and organizations receiving donations,
- d) Companies having close family shareholding or beneficial ownership
- e) Firms with ‘sleeping partners’
- f) Politically Exposed Persons (PEPs) of foreign origin
- g) Non-face to face customers, and
- h) Those with dubious reputation as per public information available, etc.

**Very High Risk - PEP**

Politically Exposed Persons (PEPs)

Clients of special category (CSC) government sanctions are applied, Countries reputed to be any of the following - Havens / sponsors of international terrorism, offshore financial centers, tax havens, countries where fraud is highly prevalent.

- i) Non face-to-face clients
  - j) Clients with dubious reputation as per public information available etc.
- The above-mentioned list is only illustrative and we have to exercise independent judgment to ascertain whether new clients should be classified as CSC or not.
  - The dealers shall collect documents and other information from the customer depending on perceived risk and keeping in mind the requirements of AML, Act, 2002 and guidelines issued by RBI from time to time.
  - The dealers shall close an existing account or shall not open a new account where it is unable to apply appropriate customer due diligence measures i.e., branch is unable to verify the identity and/or obtain documents required as per the risk categorization due to non cooperation of the customer or non reliability of data/information furnished to the branch. The dealers shall, however, ensure that these measures do not lead to the harassment of the customer. However, in case the account is required to be closed on this ground, the dealers shall do so only after permission of Senior Official of their concerned Offices is obtained. Further, the customer should be given a prior notice of at least 20 days wherein reasons for closure of his account should also be mentioned.
  - The dealers shall make necessary check before opening a new account so as to ensure that the identity of the customer does not match with any person with known criminal background or with banned entities notified by the Government of India so that brokers exercise caution against any transaction detected with such entities. The dealers shall invariably consult such lists to ensure that prospective person/s or organizations desirous to establish relationship with the broker are not in any way involved in any unlawful activity and that they do not appear in such lists.
  - The dealers shall prepare a profile for each new customer based on risk categorization. The broker has devised a revised Composite Account Opening Form for recording and maintaining the profile of each new customer. Revised form is separate for Individuals, Partnership Firms, Corporate and other legal entities, etc. The dealers should bear in mind that the adoption of customer acceptance policy and its implementation does not become too restrictive and should not result in denial of broking services to general public, especially to those, who are financially or socially disadvantaged.

**Customer Identification Procedure (CIP)**

The following table will be referred for customer identification and verification procedure:

Client’s Constitution	Proof of identity	Proof of Address	Others
Individual	1. Pan Card	2. Copy of bank Statement etc.	3. N.A.
Company	4. Pan Card 5. Certificate of Incorporation 6. Memorandum & Articles 7. Board Resolution	8.As Above Directors/others authorized to trade	9. Proof of Identity of
Partnership Firm	10. Pan Card 11. Registration certificate	13. As above	14. Proof of Identity of partners/others authorized

- All Pan cards to be verified from Income Tax/NSDL sites before the account is opened
- If a potential customer refuses to provide the above details or willfully provides misleading details, then our firm will not open the trading account.
- Client records will be maintained for 5 years after closure of trading account of any client reluctance on the part of the client to provide necessary information or cooperate in verification process could generate a red flag for member for additional monitoring.

---

## 5. Record maintenance: Record keeping/ Retention of records/Freezing of Records

The principal officer should maintain such records that are sufficient to permit reconstruction of individual transactions (including the amounts and types of currencies involved, if any) so as to provide, if necessary, evidence for prosecution of criminal behavior.

Should there be any suspected drug related or other laundered money or terrorist property, the competent investigating authorities would need to trace through the audit trail for reconstructing a financial profile of the suspect account. To enable this reconstruction, registered intermediaries should retain the following information for the account;

- (a) the beneficial owner of the account;
- (b) the volume of the funds flowing through the account; and
- (c) for selected transactions:
  - the origin of the funds;
  - the form in which the funds were offered or withdrawn, e.g. cash, cheques, etc.;
  - the identity of the person undertaking the transaction;
  - the destination of the funds;
  - the form of instruction and authority.

Registered Intermediaries should ensure that all customer and transaction records and information are available on a timely basis to the competent investigating authorities. Where appropriate, they should consider retaining certain records, e.g. customer identification, account files, and business correspondence, for periods which may exceed that required under the SEBI Act, Rules and Regulations framed there-under PMLA 2002, other relevant legislations, Rules and Regulations or Exchange bye-laws or circulars/

More specifically, all the intermediaries shall put in place a system of maintaining proper record of transaction prescribed under Rule 3, notified under the Prevention of Money Laundering Act (PMLA), 2002 as mentioned below:

- All cash transactions of the value of more than rupees ten lakh or its equivalent in foreign currency;
  - All series of cash transaction integrally connected to each other, which have been valued below rupees ten lakh or its equivalent in foreign currency where such series of transactions have taken place within a month and the aggregate value of such transactions exceeds rupees ten lakh;
  - All cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine and where any forgery of a valuable security has taken place;
  - All suspicious transactions whether or not made in cash and by way of as mentioned in the Rules.
- Intermediaries are required to maintain and preserve the following information in respect of transactions referred to in Rule 3 of PMLA Rules:
- the nature of the transactions;
  - the amount of the transaction and the currency in which it is denominated
  - the date on which the transaction was conducted; and
  - the parties to the transaction.

## 6. Retention of Records

Intermediaries should take appropriate steps to evolve an internal mechanism for proper maintenance and preservation of such records and information in a manner that allows easy and quick retrieval of data as and when requested by the competent authorities. Further, the records mentioned in Rule 3 of PMLA Rules have to be maintained and preserved for a period of five years from the date of cessation of the transactions between the client and intermediary.

As stated in para 5.5, intermediaries are required to formulate and implement the client identification program containing the requirements as laid down in Rule 9 and such other additional requirement that it considers appropriate. The records of the identity of clients have to be maintained and preserved for a period of five years from the date of cessation of the transactions between the client and the intermediary.

Thus the following document retention terms should be observed:

- (a) All necessary records on transactions, both domestic and international, should be maintained at least for the minimum period prescribed under the relevant Act (PMLA, 2002 as well SEBI Act, 1992) and other legislations, Regulations or exchange bye-laws or circulars.
  - (b) Records on customer identification (e.g. copies or records of official identification documents like passports)
- A list of circumstances, which may be in the nature of suspicious transactions, is given below, This list is only illustrative whether a particular transaction is suspicious or not will depend upon the background, details of the transactions and other facts and circumstances:

- Clients whose identity verification seems difficult or clients appear not to cooperate
- Substantial increase in activity without any apparent cause
- Large number of accounts having common parameters such as common partners / directors / promoters/address/email address / telephone numbers / introducers of authorized signatories;
- Transactions with no apparent economic or business rationale
- Sudden activity in dormant accounts;

- 
- Source of funds are doubtful or inconsistency in payment pattern
  - Unusual and large cash deposits made by an individual or business
    - Transfer of investment proceeds to apparently unrelated third parties;
  - Multiple transactions of value just below the threshold limit specified in PMLA so as to avoid possible reporting
  - Unusual transactions by CSCs and businesses undertaken by shell corporations, offshore banks / financial services businesses reported to be in the nature of export-import of small items.;
  - Asset management services for clients where the source of the funds is not clear or not in keeping with clients apparent standing / business activity;
  - Clients in high-risk jurisdictions or clients introduced by banks or affiliates or other clients based in high risk jurisdictions;
  - Clients transferring large sums of money to or from overseas locations with instructions for payment in cash;
  - Purchases made on own account transferred to a third party through off market transactions through DPaccounts
  - Suspicious off market transaction;
  - Large deals at prices away from the market.
  - Accounts used as 'pass through' Where no transfer of ownership of securities of trading is occurring in the account and the account is being used only for funds transfers / layering purposes.
  - Trading activity in accounts of high risk clients based on their profile, business pattern and industry segment.

**Broad categories for reason of suspicion are given below:**

- Suspicious criminal background of the client
- Multiple accounts having common account holder or introducer or authorized signatory with no rationale
- Unusual activity in dormant accounts or in aberration to past activities Source of funds are doubtful
- Appears to be case of insider trading •Suspicious off-market transactions
- Value of transaction being inconsistent to client's financial standing

**7. Reporting of Suspicious Transactions to FIU IND**

Processes for alert generation, examination and reporting should include

- Audit trail for all alerts generated till they are reported to FIU / closed
  - Clear enunciation of responsibilities at each stage of process from generation, examination, recording and reporting
  - Escalation through the organization to the principal officer designated for PMLA Confidentiality of STRs filed
  - Retention of records
- All cash transaction requiring reporting will be done in CTR format and in the manner and at intervals prescribed by FIU IND.

We will make a note of all transactions that have not been explained to the satisfaction of our principal officer and thereafter report the same to FIU IND.

Wherever we have reason to suspect any criminal activity, illegal activity, activity involving evasion of PMLA regulations and unlawful business activity, then the same would be tracked and reported promptly.

As and when any suspicious transactions or any transaction whether within the permissible regulation limits but constituting an anomaly would be tracked and reported to FIU/BSE/SEBI/CDSL or concerned regulatory bodies. For CDSL- "Blng024900\_fui" file should be monitored for abnormal DP transactions on fortnightly basis or as and when received from CDSL. Any aberrations should be noted. Possibility of fraudulent or suspicious trades should be traced, inquired for and then reported to the concerned authority.

**8. AML Record keeping**

i. STR Maintenance and confidentiality

Confidentiality of STRs and other supporting documents will be maintained. Only law enforcement or regulatory authorities need be informed about it. Any request for STR information would not be entertained and request will be informed to FIU IND immediately. Separate filing for STRs will be maintained. Principal Officer will handle all requests related to it.

ii. Responsibility for AML records and STR filing

Principal Officer will be in charge of record keeping of STRs.

iii. Records required

As part of our AML program, our firm will create and maintain STRs and CTRs and other relevant documentation about customer identity/verification. Such records will be maintained for at least ten years.

**9. On going training to Employees:**

Principal Officer would be responsible to impart necessary training to employees. Employees will be sensitized of the requirements under PMLA and the procedures laid down by the member. It will be ensured that all the operating and management staff fully understands their responsibilities under PMLA for strict adherence to customer due diligence requirements from establishment of new accounts to transaction monitoring and reporting suspicious transactions to the FIU. Annually, training programmes would be imparted wherever required for new staff, front-line staff, sub-brokers, supervisory staff, controllers and product planning personnel, etc. Training may include written

---

materials like pamphlets, audio/video Cds, in-person lectures and professional seminars. Employees of the compliance department should be asked to attend BSE/NSE/CDSL Compliance training program.

**10. Audit/Testing of Anti Money Laundering Program.**

The Anti Money Laundering program will be subjected to periodic audit specifically with regard to testing its adequacy to meet the compliance requirements. An internal auditor or any qualified professional will do the audit/testing. The report of such an audit/testing should be placed before the senior management for making suitable modifications/improvements in the AML program.

**11. Employee conduct and Accounts**

Employees conduct and accounts would be subjected to scrutiny under the principal officer. Supervisors and managers performance will be annually reviewed. In turn, principal officer's accounts and performance will be reviewed by Board of directors.

**12. Confidential reporting of AML non-compliance**

Any violation of firm's AML program should be reported to the principal officer, unless the violation implicates Principal Officer himself, in that case, the report should be forwarded to chairman of the board. Reports should be confidential and employee will face no retaliation for doing so.

**13. Board of Directors Approval:**

We have approved this AML program as reasonably designed to achieve and monitor our firm's ongoing compliance with the requirements of PMLA and the implementing regulations under it.

Client Signature  \_\_\_\_\_

**RISK ASSESSMENT OF CLIENT IN TERMS OF PMLA 2002**

Type of Client (Please Tick)	Low Risk	Medium Risk	High Risk	PEP (Politically Exposed person)	CSC (Client of Special Category)

Risk rating would change only if there is change in risk perception by us.

**For K. M. Jain Stock Brokers Pvt. Ltd.**

Director / Authorised Signatory

---

**INTIMATION TO CLIENTS AND NOTING**

To,  
K. M. Jain Stock Brokers Pvt. Ltd.  
631, P. J. Towers, Dalal Street,  
Fort, Mumbai - 400 001.

Sir(s)

Re: Confirmation of noting

We confirm that we have made note of the following:

1. That you trade in your OWN/PRO account
2. That your investor grievance email ID is grievances@kmjpl.com

Thank you

Client Signature :  \_\_\_\_\_

Place :

Date :

**DECLARATION BY SOLE PROP. FIRM**  
**(On The Letter Head of the firm or duly filled us with seal of the Firm)**

To,

K. M. Jain Stock Brokers Pvt. Ltd.  
814, P. J. Tower,  
Dalal Street,  
Mumbai - 400 001.

Dear Sir,

I refer to the trading account opened with you in the name of \_\_\_\_\_ and declare and authorize you as under.

I recognize that a beneficiary account cannot be opened with a depository participant in the name of sole proprietorship firm as per Regulations, To facilitate the operation of the above trading account with you and for the purpose of completing the share transfer obligations pursuant to ;the trading operations, I authorise you to recognise the beneficiary account No. \_\_\_\_\_ with depository \_\_\_\_\_ having DP ID \_\_\_\_\_ opened in the name of the undersigned who is the sole proprietor of the firm.

I agree that the obligation for shares purchased and / or sold by the firm will be handled and completed through transfers to / from the above mentioned account. I recognise and accept transfers made by you to the beneficiary account as complete discharge of obligation by you in respect of trades executed in the above trading account of the firm.

\_\_\_\_\_  
Signature ( Please sign with stamp of the firm )

Further I, the undersigned , am the sole proprietor of the firm and solely responsible for the liabilities thereof. I shall advise you in writing of any change that place in the constitution of the firm and I will be personally liable to you for all the obligations that the firm may incur in the course of dealings with you and undertake to personally discharge such liabilities.

Yours truly ,

Signature ( Please sign without stamp of the firm )

---

## DECLARATION OF JOINT FAMILY BY HUF

To,  
K. M. Jain Stock Brokers Pvt. Ltd.  
814, P. J. Tower, Dalal Street, Mumbai - 400 001.

Dated : \_\_\_\_\_

Client Code :

1. WHEREAS the Hindu Undivided Family of \_\_\_\_\_ ( hereinafter referred to as the said joint family ) Carrying on business in the firm name and style of \_\_\_\_\_ at \_\_\_\_\_ or elsewhere ( hereinafter referred to as the said HUF), have of desire to have Share Trading A/C with K. M. Jain Stock Brokers Pvt. Ltd. (hereinafter referred to as 'Member') we, the undersigned, hereby declare.
  - (a) that we are the present adult co- parceners of the said joint family ;
  - (b) that Sh \_\_\_\_\_ is the present Karta of Manager of the said Joint Family.
  - (c) that we are entitled to trade in shares and open Share Trading Account of the said Joint Family
  - (d) that each one of us has full and unrestricted to act on behalf, and bind, the said H U F and all the present as well as future members, both adults and minors of the said Joint family, howsoever constituted from time to time.
2. We confirm that the affairs of the said joint family and the business of the said HUF are carried on mainly by the Karta/Manager, the said Sh \_\_\_\_\_ on behalf of and in the interest and in the interest and for the benefit of all co-parceners of the said joint family. We hereby authorize the Karta / Manager Sh \_\_\_\_\_ on behalf of the HUF to deal on Capital Market segment (CM), Futuers and Options segment ( F & O ) or any other segment that may be introduced by NSE / BSE / MCX SX in future and the said Trading Members is hereby authorize to honor all instructions oral written given by him on behalf of the HUF.

Sh. \_\_\_\_\_ is authorized to sell, purchase, transfer, endorse, negotiate documents and / or otherwise deal through K. M. Jain Stock Brokers Pvt . Ltd. on behalf of the HUF. He is also authorized to sign, execute and submit such applications, undertakings, mandatory & voluntary client registration documents and other requisite documents, writings and deeds as may be deemed necessary and expedient to open account and give effect to this purpose. We are, however, jointly and severally responsible for all liabilities of the said HUF to the Member and agree and confirm that any claim due to the Member from the HUF shall be recoverable from the assets of any one or all of us and also from the estate of the said joint family including the interest thereon of every co parccener of the said joint family, induding the share of the minor co-parceners, if any.
3. We undertake to advise the Member in writing of any change that may occur in the Karta /Managership or in the constitution of the said joint family or of the said HUF and until receipt of such notice by the Member, the Member will be entitled to regard each of us as a member of the said joint family and as a partner of the said HUF and all acts, dealings and transactions purporting to have been done on the said joint family and the said HUF before the Member's shall be binding on the said joint family and the said HUF and on their respective estates. We shall, however continue to be liable jointly and severally to the Member until all trade dues and trade obligations have been liquidated and discharged.
4. We recognize that beneficiary account can be opened with Depository participant only in the name of Karta as per regulations. To facilitate the operation of the above share trading account with you and for the purpose of completing the share transfer obligations pursuant to the trading operations, we authorize you to recognise the beneficiary account no. with Depository opened in this name of Sh \_\_\_\_\_ who is the Karta / Manager of this HUF.
5. I agree that obligations for share purchase and / or sale by the HUF will be handled and completed through transfers to / from the above mentioned account. I recognise and accept transfer made by you to the beneficiary account as completion of obligations by you in respect of trades executed in the above trading account of the HUF.
6. The names and date of birth of the present minor co-parceners of the said joint family are given below. We undertake to inform you in writing as and when each of the said members attains the age of majority and is authorize to act on behalf of, and bind, the said H. U. F.

Name of the Minor	Father's Name	Date of Birth

7. We have received and read a copy of the Member's rules and regulations for the conduct of Share Trading Account and we agree to comply with and be bound by the said rules now in force of any changes that may be made therein from time to time.

Yours faithfully

\_\_\_\_\_

( Full signatures of Karta and all major co-parceners)

**DECLARATION TO BE GIVEN BY PARTNERSHIP FIRM**  
(On The Letter Head of the firm or duly filled up with seal of the Firm)

Date:

To,  
K.M. Jain Stock Brokers Pvt. Ltd.  
814, P. J. Towers, Dalal Street,  
Mumbai - 400 001.

Dear Sir,

We refer to the trading account being opened/opened with you in the name \_\_\_\_\_  
\_\_\_\_\_ and authorize you as under.

We recognize that a beneficiary account cannot be opened with a depository participant in the name of a partnership firm as per Regulations. To facilitate the operation of the above trading account with you and for the purpose of completing the securities transfer obligations pursuant to the trading operations, we authorize you to recognize the beneficiary account No. \_\_\_\_\_ with depository \_\_\_\_\_  
opened as a joint account in the names of the partner of the firm.

We agree that the obligations for shares purchased and /or sold by the firm will be handled and completed through transfer to/ from the above-mentioned account. We recognize and accept transfers made by you to the beneficiary account as complete discharge of obligations by you in respect of trades executed in the above trading account of the firm. We hereby authorize \_\_\_\_\_, partner in the firm to execute / sign and submit such documents, mandatory & voluntary client registration documents , deeds etc. as any be necessary to enter into the mandatory & voluntary client registration documents and engage in business with K. M. Jain Stock Brokers Pvt. Ltd. and to place order for buying and selling of securities, sell, purchase, transfer, endorse, negotiate and do other things that may be necessary to engage in business on behalf of the partnership and to sign the authority letter for adjustment of balances in family accounts

Name of Partners (In Block Letters)	Signature

---

**FORMAT OF BOARD RESOLUTION FOR CORPORATES/TRUSTS**

Certified true copy of Board Resolution passed at the meeting of the board of directors/trustees of \_\_\_\_\_ and having its registered office at \_\_\_\_\_ held on \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_ at \_\_\_\_\_ a.m/p.m.

Resolved that the company is empowered to deal in equities, Derivatives, debentures, forex derivatives, debt & other capital market products and agrees to register itself as a client of K.M.Jain stock Brokers Pvt. Ltd after reading the rules and regulations as set out in their “Know your Client Form”.

Further resolved that the below mentioned directors be and are hereby authorized to deal in all the financial products of capital, derivatives, forex and debt market and further that any one or more of the below mentioned directors can communicate to place and execute orders orally or in writing to M/s K.M.Jain stock brokers Private Limited.

Name of Director(s)	Signature
1. _____	_____
2. _____	_____
3. _____	_____

Chairman-Director of the Company/Trustee

Date :

Place :



Dear Customer,


Subject: Prevention of Money Laundering Act (PMLA)

Subject to the requirements under the Prevention of Money Laundering Act, 2002 (PMLA), guidelines issued by RBI and SEBI from time to time, the prospective clients (those persons who want to become clients of **K. M. Jain Stock Brokers Pvt. Ltd.** are requested to not the following Anti Money Laundering (AML) procedures:

1. No account can be opened in fictitious / benami name or on anonymous basis.
2. No account will be opened where prospective client is unable to prove / submit
  - i) Identity Proof
  - ii) Address Proof
  - iii) PAN Card and other information / documents demanded by **K. M. Jain Stock Brokers Pvt. Ltd.** which are essential for account activation as per SEBI guidelines.
3. Complete and correct contact details like Telephone No., mobile / cell no., E-mail address should be provided for easy and prompt communication.
4. Please indicate your occupation and the Income Range to which you belong at the appropriate place in the KYC Kit (application form) This is very essential Applications without these details are liable to be rejected.
5. No cash will be accepted by **K. M. Jain Stock Brokers Pvt. Ltd.** under any circumstances. You will make all payments to us by means of a Cheque / DD payable at our branch and similarly all payments due to you are paid by means of a cheque / DD payable at the place registered with **K. M. Jain Stock Brokers Pvt. Ltd.**
6. **K. M. Jain Stock Brokers Pvt. Ltd.** at its sole discretion, reserves the right to ask for additional information / documents relating to income such as Bank a/c statements, Income Tax returns and / or net worth statements as may be required under PMLA, 2002 from time to time and as a client you are required to supply such information / documents.
7. **K. M. Jain Stock Brokers Pvt. Ltd.** reserves the right to verify the details provided in the KYC by the Client like Residential / Official address, Telephone No. by visiting / calling etc. (as a done in credit card verification.) Hence correct and complete details must be given.
8. Apart from the above, under PMLA, 2002, in order to discourage and identify any money laundering or terrorist financing activities, financial intermediaries like our Company may call for additional disclosures relating to your transactions.
9. Please produce all supporting documents in original together with a copy and originals which will be returned to you after verification.
10. We hope you will have a happy and a profitable association with.

Thank you,

Yours faithfully,

Signature of the Client:  \_\_\_\_\_

Name of the Client: \_\_\_\_\_

Client Code: \_\_\_\_\_

---

**ALL EXCHANGES RUNNING ACCOUNT AUTHORISATION**

(Kindly note that these additional clause(s)/ documentation(s) are voluntary and at the discretion of the stock broker / trading member and the client. The same are required in order to ensure running on a day-to-day basis between the stock broker / trading member and the client. The client need not execute this document if he / she does not wish to. The client has the right to terminate the document)

To,

K. M. Jain Stock Brokers Private Limited  
631, P. J. Towers, Dalal Street,  
Mumbai - 400 001.

Sir(s)

**Re: Running Account Authorization**

We are aware that as per the SEBI / Exchange requirements, the settlement of funds/securities shall be done within one working day of the payout. However, we request you to kindly keep my account as a running account, which will entail that all securities and funds due to us on payout shall be withheld with yourselves and given to us only on demand. We understand that:

1. As per SEBI requirements, the authorization shall be dated and signed by me only.
2. We can revoke this running account authorization at any time.
3. You shall transfer the funds / securities lying in our credit within one working day of the request if the same are lying with you and within three working days from the request if the same are lying with the Clearing Member/ Clearing Corporation.
4. I/We request you to maintain running balance in my account & retain the credit balance in any my/our account and to use the unutilized funds towards upfront margin requirement or any other exchange obligation unless I/we instruct you otherwise.
5. I/We request you to retain securities in your designated client account and consider them towards upfront margin requirement or any other exchange obligation unless I/we instruct you otherwise.
6. Settlement of funds/securities will be monthly/quarterly ( chose one option)

This running account authorization will remain valid till it is revoked by me/us in writhing or through email.

Thank you

Client Signature:  \_\_\_\_\_

Place :

Date :

Note: The authorization shall be signed by the client only and not by any authorized person on his behalf or any holder

---

**DIGITALLY SIGNED CONTRACTS/ COMMUNICATIONS – ALL EXCHANGES**

(Kindly note that these additional clause(s)/ documentation(s) are voluntary and at the discretion of the stock broker/ trading member and the client. The same are required in order to ensure smooth communication between the stock broker/ trading member and the client. The client need not execute this document if he / she does not wish to. The client has the right to terminate the document)

To,  
K.M.Jain Stock Brokers Private Limited  
631, P.J.Towers,  
Dalal Street,  
Mumbai. 400001.

**Re: Digitally signed contract/communication confirmation**


We hereby consent for receiving contract notes in an electronic form (ECN) and other digitally signed communication via email on our email ID as under

Email ID (1) : \_\_\_\_\_

Alternate Email ID (2): \_\_\_\_\_

I/We understand that:

- you shall be issuing ECNs authenticated by means of digital signatures after obtaining digital signature certificate from Certifying Authority under the IT Act, 2000
- all ECNs sent by through the e-mail shall be digitally signed, encrypted, non temperable and shall comply with the provisions of the IT Act, 2000. In case the communication is sent through e-mail as an attachment, the attached file shall also be secured with the digital signature, encrypted and non-tamperable
- all other communication- like bills, ledger confirmations, securities' confirmation note, daily margin statements etc will be sent to us through my/our email ID given above and I/we am/are bound to treat them as acknowledged.
- You will allot a unique user name and password to enable us to access the ECNs posted on the website <http://www.kmjpl.com> in a secured way with an option to access the same and save the contract note electronically or take a print out of the same
- We have noted that non-receipt of bounced mail notification from our email ID shall amount to delivery of the ECNs/ communication at our e-mail ID
- Wherever the ECNs have not been delivered or has been rejected, you shall send a physical contract note to us
- Any change in the email ID shall be communicated by us through a physical letter to yourselves

(  \_\_\_\_\_ )

(Client Sign)

Place:

Date:

---

## ACKNOWLEDGEMENT

To,  
K.M.Jain Stock Brokers Private Limited  
814, P.J.Towers,  
Dalal Street,  
Mumbai. 400001.

Sir,

**Sub: Acknowledgment of receipt of mandatory & voluntary client's registration documents copy**

I/We hereby confirm the receipt of the following documents mentioned below:


### **Part - A, Mandatory Documents**

- 1 Index of Information 1 - 3
- 2 Instructions / Check List for filling KYC Form 4 - 6
- 3 Contact details of Stock Broker & Regulators 7
- 4 Account Opening Form
- 5 Rights and obligations
- 6 Risk Disclosure Document (RDD)
- 7 Guidance note
- 8 Policies and Procedures
- 9 Tariff sheet

### **Part - B, Non - Mandatory Documents (Voluntary)**

- 10 Notice on Important Issues
  - 11 Client's Declaration
  - 12 Mandate for Providing Information through email.
  - 13 Running Account Authorization
  - 14 Authorization for Adjustment between Different Segments & Exchanges
  - 15 Declaration of Joint Family by HUF
  - 16 Format for Declaration by Partners of Partnership Firm
  - 17 Format of Authority Letter in favor of Managing Partners
  - 18 Format of Board Resolution to be given by a Corporate
  - 19 SEBI Master Circular under PMLA 2002
  - 20 Policy for Prevention of Insider Trading
- Welcome letter along with allotment of client code

Yours truly,

Client's name : \_\_\_\_\_ Signature:  \_\_\_\_\_  
Date : \_\_\_\_\_

---

To,  
Client Name : \_\_\_\_\_  
Address : \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Sir,

Sub: Trading Account & UCC

We are pleased to register you as our client for trading in the following segments:

Capital market      BSE: \_\_\_\_\_      NSE: \_\_\_\_\_      MCX-SX: \_\_\_\_\_

Derivatives F&O      BSE: \_\_\_\_\_      NSE: \_\_\_\_\_      MCX-SX: \_\_\_\_\_

Your 'Unique Client Code' allotted in our back office system that will be applicable across all segments is: (UCC) Unique Client Code: \_\_\_\_\_

Please mention your UCC to get your trades executed through our dealer.  
(Our dealer contact numbers: \_\_\_\_\_)

Clients holding DMAT accounts outside our in-house DP - K.M.Jain Stock Brokers Pvt Ltd, need to transfer their shares for securities pay-in obligation in the following DP accounts after trade execution.

**CM PAY - IN ACCOUNT DETAILS**

	<b>NSDL CMBP ID</b>	<b>CDSL Clearing Member A/c</b>
<b>BSE</b>	IN603527	12024900 00000179
<b>NSE</b>	IN512913	12024900 00003317
<b>MCX-SX</b>	IN473076	12024900 00012957

To check the status of your account online, please log on to our website - [www.kmjpl.com](http://www.kmjpl.com)  
For any other information please get in touch with our nearest office where you had opened your trading Account.

Happy Trading with us!  
Best Wishes,

For K.M.Jain Stock Brokers Pvt Ltd

Authorized signatory

Date :

Place :

ADDITIONAL DOCUMENTS/SUPPORTING DOCUMENTS: Required under Annexure III and PMLA policy

---

**1. Gross Annual Income Details (please specify):**

Income Range per annum:  < 1 Lac  1 - 5 Lacs  5 - 10 Lacs  10 - 25 Lacs  > 25 Lacs

or

**Net-worth as on** **Rs.** \_\_\_\_\_

(Net worth should not be older than 1 year)

**2. Occupation**

(please tick any one and give brief details):

- Private Sector       Public Sector       Government Business       Business  
 Professional       Agriculturist       Retired       Housewife  
 Student       Other (Specify):

Brief Details : \_\_\_\_\_

**3. Please tick, if applicable :**

Politically Exposed Person (PEP)      Related to a Politically Exposed Person (PEP)

**4. Account Settlement** (as per SEBI requirements)

Once a month/ once a quarter

---

**Part B - Voluntary**