

ANNEXURE – 1
INDEX OF DOCUMENTS

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		B. Document captures the additional information about the constituent relevant to trading account and an instruction/check list.	8-10
2.	Rights and Obligations	Document stating the Rights & Obligations of stock broker/trading member, sub-broker and client for trading on exchanges (including additional rights & obligations in case of internet/wireless technology based trading).	11-15
3.	Risk Disclosure Document (RDD)	Document detailing risks associated with dealing in the securities market.	16-19
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5.	Policies and Procedures	Document describing significant policies and procedures of the stock broker (to be added by the stock broker).	22-25
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Name of stock broker/trading member/clearing member: **KHAMBATTA SECURITIES LIMITED**

SEBI Registration No. and Date: **BSE CM INB010977538 Dated: 19-12-1997**
BSE F&O INF010977538 Dated: 02-06-2000
NSE CM INB230977531 Dated: 28-11-2000
NSE F&O INF230977531 Dated: 12-12-2000
NSE CDS INE230977531 Dated: 25-08-2008

Registered & Correspondence Office Address:

#1 Ground Floor, 7/10, Botawala Building, 9 Bank Street, Horniman Circle, Fort, Mumbai - 400 001. INDIA
Tel.: Accounts: 91-22-66413344, Dealing: 91-22-66413333, Back Office & DP: 91-22-66413366
Fax: 91-22-66413377 • Website: www.khambattasecurities.com

Compliance Officer Name, Phone No. & Email Id:

NILESH K. SINDHAV • 91-22-66413328 • compliance@khambattasecurities.com

Director Name, Phone No. & Email Id: **SUNIL K. SHAH** • 91-22-66413305 • sunil@khambattasecurities.com

For any grievance/dispute please contact **KHAMBATTA SECURITIES LIMITED** at the above address or email id: complaints@khambattasecurities.com and Phone no. 91-22-66413300. In case not satisfied with the response, please contact the concerned exchange(s) on BSE Tel: 91-22-2272 8097 • E-mail Id: is@bseindia.com & on NSE Tel: 91-22-2659 8190 / 1800220058 • E-mail Id: ignse@nse.co.in

DISCLOSURE IN TERMS OF SEBI CIRCULAR NO.: SEBI/MRD/SE/CIR-42/2003 DATED NOVEMBER 19, 2003
KHAMBATTA SECURITIES LIMITED besides doing client based business also does its own investment and/or trading. "Proprietary Trading Disclosure noted"



ANNEXURE - 2

KNOW YOUR CLIENT (KYC) APPLICATION FORM

MANDATORY

For Individuals

Please fill this form in **ENGLISH** and in **BLOCK LETTERS**.

IDENTITY DETAILS			
Name of the Applicant			
Father's/ Spouse Name			
Gender	<input type="checkbox"/> Male <input type="checkbox"/> Female	Marital status	<input type="checkbox"/> Married <input type="checkbox"/> Unmarried
Date of birth		Nationality	
Status	<input type="checkbox"/> Resident Individual <input type="checkbox"/> Non Resident <input type="checkbox"/> Foreign National		
PAN	Unique ID No./Aadhaar, if any:		
Specify the proof of Identity submitted			

PHOTOGRAPH

Please affix your recent passport size photograph and sign across it.

ADDRESS DETAILS							
Residence Address				Permanent Address (If different from Residence Address or overseas address mandatory for Non-Resi. Applicant)			
City/Town/Village		Pin		City/Town/Village		Pin	
State		Country		State		Country	
Resi No. (s)		Off. No. (s)		Tele. No. (s)			
Fax No. (s)							
Mobile No.							
Email							
Specify the proof of add. submitted for Residence Add.							

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.			
Name		Signature of Applicant	
Place	Date		

FOR OFFICE USE ONLY		
<input type="checkbox"/> Originals verified and Self-Attested document copies received	Signature of the Authorised Signatory	
	Name	
	Signature	
	Designation	
	Date	
		Seal/Stamp of the intermediary

KNOW YOUR CLIENT (KYC) APPLICATION FORM

MANDATORY

For Non-Individuals

Please fill this form in ENGLISH and in BLOCK LETTERS.

PHOTOGRAPH
Please affix your recent passport size photograph and sign across it.

IDENTITY DETAILS							
Name of the Applicant							
Date of incorporation		Place of incorporation					
Date of commencement of business							
PAN	Registration No. (e.g. CIN)						
Status (please tick any one): <input type="checkbox"/> Private Limited Co. <input type="checkbox"/> Public Ltd. Co. <input type="checkbox"/> Body Corporate <input type="checkbox"/> Partnership <input type="checkbox"/> Trust							
<input type="checkbox"/> Charities <input type="checkbox"/> NGO's <input type="checkbox"/> FI <input type="checkbox"/> FII <input type="checkbox"/> HUF <input type="checkbox"/> AOP <input type="checkbox"/> Bank <input type="checkbox"/> Government Body <input type="checkbox"/> Non-Government Organization							
<input type="checkbox"/> Defense Establishment <input type="checkbox"/> BOI <input type="checkbox"/> Society <input type="checkbox"/> LLP <input type="checkbox"/> Others (please specify)							
ADDRESS DETAILS							
Correspondence Address				Registered Address (If different from Correspondence Address)			
City/Town/Village		Pin		City/Town/Village		Pin	
State		Country		State		Country	
Resi No. (s)		Off. No. (s)		Tele. No. (s)			
Fax No. (s)							
Mobile No.							
Email							
Specify the proof of add. submitted for Correspondence Add.							
OTHER DETAILS							
Name, PAN, residential address and photographs of Promoters/Partners/Karta/Trustees and whole time directors: Please provide details on Annexure - A attached.							
DIN of whole time directors: Provide details on Annexure - A attached.							
Aadhaar number of Promoters/Partners/Karta: Provide details on Annexure - A attached.							
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 aware that I/we may be held liable for it.							
Name & Signature of the Authorised Signatory				Signature of Applicant			
Place		Date					
FOR OFFICE USE ONLY							
<input type="checkbox"/> Originals verified and Self-Attested document copies received	Signature of the Authorised Signatory			Seal/Stamp of the intermediary			
	Name						
	Signature						
	Designation						
	Date						

INSTRUCTIONS/CHECK LIST FOR FILLING KYC FORM

A. IMPORTANT POINTS:

1. Self attested copy of PAN card is mandatory for all clients.
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/PIOCard/OCICard 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. PAN card with photograph. This is a mandatory requirement for all applicants except those who are specifically exempt from obtaining PAN (listed in Section D).
2. Unique Identification Number (UID) (Aadhaar) / Passport / Voter ID card / Driving license.
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 apostilled 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 upto 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: (Please tick against documents provided)

MANDATORY

Types of entity	Documentary requirements
Corporate	<input type="checkbox"/> Copy of the balance sheets for the last 2 financial years (to be submitted every year). <input type="checkbox"/> 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). <input type="checkbox"/> Photograph, POI, POA, PAN and DIN numbers of whole time directors/two directors in charge of day to day operations. <input type="checkbox"/> Photograph, POI, POA, PAN of individual promoters holding control - either directly or indirectly. <input type="checkbox"/> Copies of the Memorandum and Articles of Association and certificate of incorporation. <input type="checkbox"/> Copy of the Board Resolution for investment in securities market. <input type="checkbox"/> Authorised signatories list with specimen signatures.
Partnership firm	<input type="checkbox"/> Copy of the balance sheets for the last 2 financial years (to be submitted every year). <input type="checkbox"/> Certificate of registration (for registered partnership firms only). <input type="checkbox"/> Copy of partnership deed. <input type="checkbox"/> Authorised signatories list with specimen signatures. <input type="checkbox"/> Photograph, POI, POA, PAN of Partners.
Trust	<input type="checkbox"/> Copy of the balance sheets for the last 2 financial years (to be submitted every year). <input type="checkbox"/> Certificate of registration (for registered trust only). <input type="checkbox"/> Copy of Trust deed. <input type="checkbox"/> List of trustees certified by managing trustees/CA. <input type="checkbox"/> Photograph, POI, POA, PAN of Trustees.
HUF	<input type="checkbox"/> PAN of HUF. <input type="checkbox"/> Deed of declaration of HUF/ List of coparceners. <input type="checkbox"/> Bank pass-book/bank statement in the name of HUF. <input type="checkbox"/> Photograph, POI, POA, PAN of Karta.
Unincorporated association or a body of individuals	<input type="checkbox"/> Proof of Existence/Constitution document. <input type="checkbox"/> Resolution of the managing body & Power of Attorney granted to transact business on its behalf. <input type="checkbox"/> Authorized signatories list with specimen signatures.
Banks/Institutional Investors	<input type="checkbox"/> Copy of the constitution/registration or annual report/balance sheet for the last 2 financial years. <input type="checkbox"/> Authorized signatories list with specimen signatures.
Foreign Institutional Investors (FII)	<input type="checkbox"/> Copy of SEBI registration certificate. <input type="checkbox"/> Authorized signatories list with specimen signatures.
Army/ Government Bodies	<input type="checkbox"/> Self-certification on letterhead. <input type="checkbox"/> Authorized signatories list with specimen signatures.
Registered Society	<input type="checkbox"/> Copy of Registration Certificate under Societies Registration Act. <input type="checkbox"/> List of Managing Committee members. <input type="checkbox"/> Committee resolution for persons authorised to act as authorised signatories with specimen signatures. <input type="checkbox"/> True copy of Society Rules and Bye Laws certified by the Chairman/Secretary.

Annexure

Details of Promoters / Partners / karta / Trustees and whole time directors forming a part of KYC Application Form for Non-Individuals

Name of Applicant: _____ PAN of the Applicant:

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Name: _____ Regd./Residential Address: _____ _____ Tel./Mobile No.: _____ DIN Number: _____ Unique Identification Number(UID) / AADHAAR if Any: _____ Relationship with Applicant: _____ PAN: _____	Signature across Photograph
--	-----------------------------------

Please tick, if applicable: Politically Exposed Person (PEP)
 Related to a Politically Exposed Person (RPEP)
 No

Name: _____ Regd./Residential Address: _____ _____ Tel./Mobile No.: _____ DIN Number: _____ Unique Identification Number(UID) / AADHAAR if Any: _____ Relationship with Applicant: _____ PAN: _____	Signature across Photograph
--	-----------------------------------

Please tick, if applicable: Politically Exposed Person (PEP)
 Related to a Politically Exposed Person (RPEP)
 No

Name: _____ Regd./Residential Address: _____ _____ Tel./Mobile No.: _____ DIN Number: _____ Unique Identification Number(UID) / AADHAAR if Any: _____ Relationship with Applicant: _____ PAN: _____	Signature across Photograph
--	-----------------------------------

Please tick, if applicable: Politically Exposed Person (PEP)
 Related to a Politically Exposed Person (RPEP)
 No

Name: _____ Regd./Residential Address: _____ _____ Tel./Mobile No.: _____ DIN Number: _____ Unique Identification Number(UID) / AADHAAR if Any: _____ Relationship with Applicant: _____ PAN: _____	Signature across Photograph
--	-----------------------------------

Please tick, if applicable: Politically Exposed Person (PEP)
 Related to a Politically Exposed Person (RPEP)
 No

Name & Signature of the Authorised Signatory(ies) Date

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

TRADING ACCOUNT RELATED DETAILS

A. BANK ACCOUNT(S) DETAILS

Bank Name:																														
Branch Address:																														
Bank Account No.:															Account Type: Saving/Current/Others-In case of NRI/NRE/NRO															
MICR Number:															IFSC Code:															

B. DEPOSITORY ACCOUNT(S) DETAILS

Depository Participant Name:														
Depository Name (NSDL/CDSL):														
Beneficiary name:														
DP ID:		Beneficiary ID (BO ID)												

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	
BSE	Cash	<input type="checkbox"/>
	F&O	<input type="checkbox"/>
NSE	Cash	<input type="checkbox"/>
	F&O	<input type="checkbox"/>
	Currency Derivative	<input type="checkbox"/>

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.

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 BROKERS

- If client is dealing through the sub-broker, provide the following details:
 Sub-broker’s Name: _____ SEBI Registration number: _____
 Registered office address: _____
 Ph: _____ Fax: _____ Website: _____
- Whether dealing with any other stock broker/sub-broker (in case dealing with multiple stock brokers/sub-brokers, provide details of all)
 Name of stock broker: _____
 Name of sub broker, if any: _____
 Client Code: _____ Exchange: _____
 Details of disputes/dues pending from/to such stock broker/sub- broker: _____

F. ADDITIONAL DETAILS

- Whether you wish to receive physical contract note or Electronic Contract Note (ECN) (please specify): _____ Specify your Email id, if applicable: _____
- Whether you wish to avail of the facility of internet trading/ wireless technology (please specify): _____
- Number of years of Investment/Trading Experience: _____
- In case 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: _____
- Any other information: _____

G. INTRODUCER DETAILS (optional)

Name of the Introducer: _____
 (Surname) (Name) (Middle Name)

Status of the Introducer: Sub-broker/Remisier/Authorized Person/Existing Client/Others, please specify _____

Address and phone no. of the Introducer: _____

Signature of the Introducer: _____

H. NOMINATION DETAILS (for individuals only)

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

Name of the Nominee: _____ Relationship with the Nominee: _____

PAN of Nominee: _____ Date of Birth of Nominee: _____

Address and phone no. of the Nominee: _____

If Nominee is a minor, details of guardian:

Name of guardian: _____

Address and phone no. of Guardian: _____

Signature of guardian: _____

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

Name _____ Name _____

Signature _____ Signature _____

Address _____ Address _____

I. OTHER DETAILS	
1. Gross Annual Income details (please specify) : Income Range per annum	
<input type="checkbox"/> Upto Rs. 1,00,000/- <input type="checkbox"/> Rs. 1,00,001/- to Rs. 5,00,000/- <input type="checkbox"/> Rs. 5,00,001/- to Rs. 10,00,000/- <input type="checkbox"/> Rs. 10,00,001/- to Rs. 25,00,000/- <input type="checkbox"/> Above Rs. 25,00,001/-	
Net worth as on Date : _____ OR Rs. _____ (Net worth should not be older than 1 year)	
2. Occupation (please tick any one and give brief details)	<input type="checkbox"/> Private Sector <input type="checkbox"/> Public Sector <input type="checkbox"/> Government Service <input type="checkbox"/> Business <input type="checkbox"/> Student <input type="checkbox"/> Professional <input type="checkbox"/> Agriculturist <input type="checkbox"/> Retired <input type="checkbox"/> Housewife <input type="checkbox"/> Others
3. Please tick, if applicable	<input type="checkbox"/> Politically Exposed Person (PEP) <input type="checkbox"/> Related to a Politically Exposed Person (PEP)
4. Any other information	

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.
- 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.
- 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 _____ (_____)

Date _____ Signature of Client/ (all) Authorized Signatory (ies)

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. I/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 my/our website, if any, for the information of the clients.

Signature of the Authorised Signatory

Date _____

Seal/Stamp of the stock broker

INSTRUCTIONS/ CHECK LIST

1. Additional documents in case of trading in derivatives segments - illustrative list:

Copy of ITR Acknowledgement	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 other 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. Self-certified 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. (Not more than 4 months old)
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.

**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-à-vis the client and he shall be liable to implement the arbitration awards made in such proceedings.

26. The client/stock-broker understands that the instructions issued by an authorized representative for dispute resolution, if any, of the client/stock-broker shall be binding on the client/stock-broker in accordance with the letter authorizing the said representative to deal on behalf of the said client/stock-broker.

TERMINATION OF RELATIONSHIP

27. This relationship between the stock broker and the client shall be terminated; if the stock broker for any reason ceases to be a member of the stock exchange including cessation of membership by reason of 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 acknowledgement of the e-mail in a soft and non-tamperable form in the manner prescribed by the exchange in compliance with the provisions of the IT Act, 2000 and as per the extant rules/regulations/circulars/guidelines issued by SEBI/Stock Exchanges from time to time. The proof of delivery i.e., log report generated by the system at the time of sending the contract notes shall be maintained by the 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.

MANDATORY

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 whatsoever through the Stock broker's IBT System using the Client's Username and/or Password whether or not such person was authorized to do so. Also the client is aware that authentication technologies and strict security measures are required for the internet trading/securities trading through wireless technology through order routed system and undertakes to ensure that the password of the client and/or his authorized representative are not revealed to any third party including employees and dealers of the stock broker
6. The Client shall immediately notify the Stock broker in writing if he forgets his password, discovers security flaw in Stock Broker's IBT System, discovers/suspects discrepancies/unauthorized access through his username/password/account with full details of such unauthorized use, the date, the manner and the transactions effected pursuant to such unauthorized use, etc.
7. The Client is fully aware of and understands the risks associated with availing of a service for routing orders over the internet/securities trading through wireless technology and Client shall be fully liable and responsible for any and all acts done in the Client's Username/password in any manner whatsoever.
8. The stock broker shall send the order/trade confirmation through email to the client at his request. The client is aware that the order/ trade confirmation is also provided on the web portal. In case client is trading using wireless technology, the stock broker shall send the order/trade confirmation on the device of the client.
9. The client is aware that trading over the internet involves many uncertain factors and complex hardware, software, systems, communication lines, peripherals, etc. are susceptible to interruptions and dislocations. The Stock broker and the Exchange do not make any representation or warranty that the Stock broker's IBT Service will be available to the Client at all times without any interruption.
10. The Client shall not have any claim against the Exchange or the Stock broker on account of any suspension, interruption, non-availability or malfunctioning of the Stock broker's IBT System or Service or the Exchange's service or systems or non-execution of his orders due to any link/system failure at the Client/Stock brokers/Exchange end for any reason beyond the control of the stock broker/Exchanges.

RISK DISCLOSURE DOCUMENT 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.

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

1. BASIC RISKS:**1.1 Risk of Higher Volatility:**

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

1.2 Risk of Lower Liquidity:

Liquidity refers to the ability of market participants to buy and/or sell securities / derivatives contracts expeditiously at a competitive price and with minimal price difference. Generally, it is assumed that more the numbers of orders available in a market, greater is the liquidity. Liquidity is important because with greater liquidity, it is easier for investors to buy and/or sell securities / derivatives contracts swiftly and with minimal price difference, and as a result, investors are more likely to pay or receive a competitive price for securities / derivatives contracts purchased or sold. There may be a risk of lower liquidity in some

securities / derivatives contracts as compared to active securities / derivatives contracts. As a result, your order may only be partially executed, or may be executed with relatively greater price difference or may not be executed at all.

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

1.3 Risk of Wider Spreads:

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

1.4 Risk-reducing orders:

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

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

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

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

1.5 Risk of News Announcements:

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

1.6 Risk of Rumours:

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

1.7 System Risk:

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

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.

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

TRANSACTIONS AND SETTLEMENTS

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

transactions, the stock broker may retain entire pay-in obligation of funds and securities due from clients as on date of settlement and for next day's business, he may retain funds/securities/margin to the extent of value of transactions executed on the day of such settlement in 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 gives a public notice inviting claims relating to only the "transactions executed on the trading system" of Stock exchange, from the investors. Ensure that you lodge a claim with the relevant Stock exchanges within the stipulated period and with the supporting documents.

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

DISPUTES/ COMPLAINTS

18. Please note that the details of the arbitration proceedings, penal action against the brokers and investor complaints against the stock brokers are displayed on the website of the relevant Stock exchange.

19. In case your issue/problem/grievance is not being sorted out by concerned stock broker/sub-broker then you may take up the matter with the concerned Stock exchange. If you are not satisfied with the resolution of your complaint then you can escalate the matter to SEBI.

20. Note that all the stock broker/sub-brokers have been mandated by SEBI to designate an e-mail ID of the grievance redressal division/compliance officer exclusively for the purpose of registering complaints.

POLICIES AND PROCEDURES

MANDATORY

This document outlines various policies and procedures framed and followed by Khambatta Securities Limited (also referred to as "KSL") ("Stock Broker") with respect to its dealing with its clients and as a stock broker on Bombay Stock Exchange Ltd. (BSE) & National Stock Exchange of India Ltd. (NSE)

The policies and procedures as stated herein below are subject to change from time to time at the sole discretion of Stock Broker, depending upon regulatory changes, its risk management framework, other market conditions, etc. Provided the charges are done with the mutual consent of the client in writing.

The said policies and procedures which are subject to upgradation in the same from time to time are produced below for the benefit and notice of all our clients.

A. Refusal of orders for Penny Stocks and/or Illiquid Stocks

In view of the risks associated in dealing with Penny Stocks and/or Illiquid Stocks, Stock Broker would generally advise its client to desist from trading in them. Further, SEBI, BSE/NSE or Stock Broker may issue circulars or guidelines necessitating exercising additional due diligence by the clients, for dealing in such securities.

Although, the term "Penny Stock" is not defined by BSE / NSE/ SEBI, a "Penny Stock" generally refers to a stock whose characteristics include but are not limited to:

- Small market capitalization;
- Trading at a price less than its face value;
- Have unsound fundamentals and or which may/may not be liquid (A list of illiquid securities is jointly released by NSE and BSE from time to time.)
- Stock Broker recognizes that it is the client's privilege to choose shares in which he / she would like to trade. However, Stock Broker likes to pay special attention to dealing in "Penny Stocks". To this end:
- Stock Broker may refuse to execute any client's orders in "Penny Stocks" without assigning any reason for the same.
- Any large order for purchase or sale of a "Penny Stock" should be referred to Head – Dealing before such orders can be put in the market for execution.
- Clients must ensure that trading in "Penny Stock" does not result in creation of artificial volume or false or misleading appearance of trading. Further, clients should ensure that trading in "Penny Stock" does not operate as a device to inflate or depress or cause fluctuations in the price of such stock.
- Clients are expected not to place orders in "Penny Stocks" at prices which are substantially different from the prevailing market prices. Any such order is liable to be rejected at the sole discretion of Stock Broker
- In case of sale of "Penny Stocks", clients should ensure the delivery of shares to Stock Broker before the pay-in date.
- Under no circumstances, Stock Broker shall be responsible for non-execution/delay in execution of such orders and consequential opportunity loss or financial loss to the client.

The above list of criteria is an indicative list. Stock Broker may at its sole and absolute discretion define from time to time other category/criteria to treat a security as Penny Stocks and/or Illiquid Stocks.

B. Setting up the clients' exposure limits

While setting up the exposure limits for and on behalf of the clients, Stock Broker broadly takes into consideration the regulatory requirement, client profile, internal risk management policy, market conditions, etc. Considering the said parameters the exposure limit for a client would be set up as follows:

- Exposure limit for each client is determined by the Risk Management Department based on client's net worth information, client's financial capacity, prevailing market conditions and margin deposited by client in the form of funds / securities with Stock Broker. These limits may be set exchange-wise, segment-wise, and scripwise.
- The limits are determined by Risk Management Department based on the above criteria and the payment history of the client in consultation with Sales / Sales traders.
- Stock Broker retains the discretion to set and modify, from time to time, any client's exposure limit decided as above. Exposure of 5 times the margin and the same may be raised a maximum of 8 times the margin money.
- Whenever any client has taken or wants to take an exposure in any security, Stock Broker may call for appropriate margins in the form of early pay-in of shares or funds before or after execution of trades in the Cash segment. In case of any margin shortfall, the clients will be told to reduce the position immediately or they will be requested to deposit extra margin to meet the shortfall. Otherwise, Stock Broker may refuse to trade on behalf of such client at its own discretion.

- In case of cash segment, Stock Broker may at its sole and absolute discretion allow clean exposure limit up to certain amount to the client without insisting for any credit balance and/or margin. The quantum of clean exposure limit shall be decided by Stock Broker. On case to case basis Stock Broker may, at its sole and absolute discretion, give higher clean exposure limits to certain set of clients. Stock Broker reserves the right to withdraw clean exposure limit granted to the client at any point of time as its sole and absolute discretion. The client cannot raise any concern/dispute for the same.
- The Client will have to abide by the exposure limit set by Stock Broker

C. Applicable Brokerage Rate

For rendering the broking services, Stock Broker charges brokerage to the client. The Brokerage rate will be as per the terms agreed with the client at the time of client registration.

- Brokerage Rate is mutually decided between the Stock Broker and each client based on client's net worth, expected trading volume, etc. The maximum brokerage chargeable will not exceed the rates prescribed by SEBI/BSE/NSE and / or Securities Contract Act and Rules or any other relevant statutes.
- The applicable brokerage rate will be mentioned in the Client registration form and any change in the brokerage rate in future will be communicated to the client in writing and mutually agreed upon.

The brokerage will be exclusive of the following except in cases where it is agreed otherwise:

- Service Tax and Education Cess
- SEBI/Exchange/Clearing member charges
- Stamp duty
- Statutory charges payable to BSE/NSE/SEBI/Govt. Authorities etc.
- Any charges towards customized/specialised service is mentioned in tariff sheet.

D. Imposition of penalty/delayed payment charges by either party, specifying the rate and the period

(i) Imposition of Penalties

Stock Broker shall recover imposed penalties/levies, if any, by BSE/NSE regulator/ Clearing Corporation, from the client which arise on the account of dealings by such client. Such recovery would be by way of debit in the ledger of the client and amounts would be adjusted against the dues owed by Stock Broker to the clients.

(ii) Delayed payment charges

While dealing with Stock Broker it is a responsibility of the client to ensure that the required margin obligation or settlement obligation or any other trade related dues payable to Stock Broker are paid within the time period stipulated by BSE/NSE or Stock Broker, whichever earlier.

In the event if the client defaults in meeting its above said obligations towards Stock Broker, Stock Broker shall have absolute discretion to charge and recover from the client's account, delayed payment charges at a rate not exceeding 36% p.a. & shall be specified to the client by Stock Broker from time to time for the delayed period. Such a charge will be applicable from t+1 basis and valid till date of realization of funds or credits realized on payout date due to square off of transaction. This is only a penal measure and brings in discipline in the clients to clear the dues in time as KSL has to clear its obligations to the Exchange as per the time set by the Exchanges. Delayed payment charge is only a penal measure. The client should not construe it as funding arrangement. The client cannot demand continuation of service on a permanent basis citing levy of delayed payment charges. The client will not be entitled to any interest on the credit balance/surplus margin available/kept with Stock Broker. No interest or charges will be paid by Stock Broker to any client in respect of retention of funds or securities towards meeting future settlement obligations and in respect of running account authorizations.

E. The right to sell clients' securities or lose clients' positions, without giving notice to the client, on account of non-payment of client's dues.

The client shall fulfill all his/her/its settlement obligations and/or other liabilities to Stock Broker within the time frame stipulated by the Stock Broker or BSE/NSE, whichever is earlier.

Without prejudice to its other rights and remedies available under the mandatory and voluntary client registration documents executed/to be executed by and between the client and Stock Broker (hereinafter referred to as "mandatory and voluntary client registration documents") or at law, Stock Broker shall be entitled, in its sole and absolute discretion, to liquidate/close out all or any of the client's open/outstanding position, sell the client's securities (whether approved by Stock Broker or not) available with Stock Broker at any time to recover its trade related dues without giving any notice to the client in the following circumstances:

- If the client fails to pay any margin, settlement obligations and/or other trade related liabilities due to Stock Broker within the stipulated time frame;
- In the event that the market value of the client's securities, lying as margin or bought by the client for which payment is not made by client, for any reason fall or is anticipated to fall, or circumstances arise or are likely to

arise which may in the sole opinion of Stock Broker jeopardize its interest and expose it or is likely to expose it to any financial loss or damage.

Any and all losses (actual or notional), financial charges, damages on account of such liquidation/sell/closing-out shall be borne by the client only.

F. Shortages in obligations arising out of internal netting of trades

- To determine the net obligation of a broker / trading-cum-clearing member (for securities and funds) in a settlement, clearing house does the netting of trades at the broker level. It is possible that a broker's net obligation towards clearing house may be nil but because of default by one or more clients in satisfying their obligations towards the broker, the broker internally might have shortages in fulfilling its obligation towards the other client(s). In such a situation, Stock Broker shall endeavor to collect the securities from the selling client and deliver it to the purchasing client within 48 hours of the settlement date. In case the selling client is unable to deliver the securities within 48 hours, then Stock Broker shall attempt to purchase the securities from the market and deliver it to the purchasing client. If Stock Broker is unable to obtain the securities from the market, then the transaction will be closed out as per the auction rate prescribed by the Exchange for that scrip and the closing amount will be credited to the purchasing client and same will be debited to the selling client.
- In case of shortage in meeting the settlement obligation, either party shall endeavor to make good such shortage through securities / value of shortage as per the Rules, Regulations and Bye-laws of the respective stock exchange(s).

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

Stock Broker shall have absolute discretion and authority to limit client's volume of business or to close any existing position of a client without giving any prior notice to the client under following conditions:

- Extreme volatility in the market or in particular scrip or in the F&O segment.
- There is shortfall in the margin deposited by client with Stock Broker.
- There is insider trading restrictions on the client.
- There are any unforeseen adverse market conditions or any natural calamity affecting the operation of the market.
- There are any restrictions imposed by Exchanges or Regulator on the volume of trading outstanding positions of contracts.
- The client is undertaking any illegal trading practice or the client is suspected to be indulging in money laundering activities.
- Stock Broker has reached its limit in that scrip.
- The client has breached the client-wise limit.
- The client has taken or intends to take new position in a security which is in the banned period.
- Due to abnormal rise or fall in the market, the markets are closed.
- Failure by the client in providing sufficient/adequate margin(s) and/or insufficient/inadequate free credit balance available in clients' broking account with Stock Broker
- The Clients who have not settled their account by payout day will have their securities transferred to KSL's client holding account and will remain there till such date that the client pays their dues. The positions will be squared off if the payment is not received strictly within 72 hours after the payout date or at the discretion of KSL. The above will incur holding charges.

H. Temporarily suspending or closing a client's account based on the client's request

- Any client desirous of temporarily suspending his / her / its trading account has to give such request in writing to the management. After management's approval, further dealing in such client's account will be blocked. Whenever trade has to be resumed in any suspended client account, a request in writing should be made by the client to the management and the management may ask for updated financial information and other details for reactivating such account. After receiving necessary documents, details, etc. and approval from the management, the client account will be reactivated and transaction will be carried out. Clients account can be temporarily suspended if a written request is forwarded or the client has outstanding payment in his account till such time as the client indicates in writing to reactivate his account or the payments are realized.
- Similarly, any client desirous of closing his / her / its account permanently is required to inform in writing and the decision in this regard will be taken by the management. After necessary approval from the

management, the client code will be deactivated. Only after scrutinizing the compliance requirements and a “no pending queries” confirmation is taken, securities and funds accounts will be settled.

I. Deregistering a Client

Stock Broker may, at its sole and absolute discretion, decide to deregister a particular client. The illustrative circumstances under which Stock Broker may deregister a client are given below:

- SEBI or any other regulatory body has passed an order against such client, prohibiting or suspending such client from participating in the securities market.
- Such client has been indicted by a regulatory body or any government enforcement agency in case of market manipulation or insider trading or any other case involving violation of any law, rule, regulation, guideline or circular governing securities market.
- Such client is suspected of indulging in illegal or criminal activities including fraud or money laundering.
- Such client's name appears in the UN list of prohibited entities or in the SEBI debarred list.
- Such client's account has been lying dormant for a long time or the client is not traceable.
- Such client has been declared insolvent or any legal proceedings to declare his / her / its as insolvent have been initiated.
- Such client has been irregular in fulfilling obligations towards margin or settlement dues.
- Such client has a tainted reputation and any business relationship with such clients is likely to tarnish the reputation of Stock Broker or may act as detriment to Stock Broker prospects.
- Under no circumstances, any action taken by Stock Broker in any of the above circumstances till the date of reregistration shall be challenged by the client and Stock Broker shall not be liable to the client for any loss or damage (actual/notional), which may be caused to the client as a result.

J. Policy for Inactive clients / Dormant Account Policy

- Any client who has not traded in any segment of BSE/NSE with Stock Broker for last six months calculated from the beginning of every financial year then such client would be termed as a Dormant/Inactive Client.
- The broking account of such client shall be deactivated/suspended temporarily by Stock Broker. If the client wants to activate the broking account then a request for reactivating the broking account should be sent in writing. Such request for reactivation should be accompanied along with such documentary evidence as may be specified by Stock Broker from time to time.
- If the client is tagged as a Dormant/Inactive client, then the funds/securities lying with Stock Broker will be refunded/returned to the clients at his/her/its last known bank account/DP account or send at last known address of the client as per Stock Broker record at the time of subsequent quarterly settlement of clients funds / securities.

K. Change in Status of Client

- It will be responsibility of the client to provide to Khambatta Securities Ltd. any changes in status/address/ email id of the client or of any details he has provided in the KYC form during the period he/she continues to remain a client of Khambatta Securities Ltd. I have read the form fully and understand and agree fully with abovementioned policy and procedures laid down by Khambatta Securities Ltd. and affix my signature herein below:

I affirm.

Client's Signature:  _____

Date:

TARIFF SHEET

MANDATORY

BROKERAGE AND STATUTORY CHARGES

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									
NSE Cash									
BSE F&O									
NSE F&O									
NSE Currency									

Note:

1. Brokerage charged will not exceed the maximum rate prescribed by SEBI / Exchange.
2. All the Statutory & regulatory levies will be recovered from clients on actual basis.

The above given brokerage will be exclusive of the following charges.

	BSE Cash	NSE Cash	BSE F&O	NSE F&O	NSE CURRENCY
Transaction charges					
Sq. up Stamp Duty					
Del. Stamp Duty			N. A.	N. A.	N. A.
STT	Actual	Actual	Actual	Actual	N. A.
Service Tax as Applicable					

Signature of the Client  _____

Sign & Seal of Authorised
Signatory of Member _____

VOLUNTARY

From:

Date: _____

To,
KHAMBATTA SECURITIES LTD.,
#1 Ground Floor, 7/10, Botawala Building,
9 Bank Street, Horniman Circle, Fort, Mumbai - 400 001. INDIA

Dear Sir,

Ref.: Authority to maintain my Money Credits against my Future MARGINS / DEBITS. Holding my Demat shares in your Clearing Member Pool A/c's, Beneficiary A/c against MARGINS/PAYIN. Authority for inter- Exchange Money / Share Transfer.

As per my personal discussion, I appreciate of your being reluctant to maintain any of my Credit (Amount of money, as well as Shares) in your Bank A/c and Pool A/c. respectively for B.S.E. as well as N.S.E. Cash and/or Derivatives and/or Currency Derivatives Segments.

However, I request you to please maintain on my behalf, my credit balance (Amount of money, as well as Shares) with you, as this will facilitate us for a quicker settlement of any future valan debits as well as for the delivery of shares against my sales, in any future settlements. It will also facilitate us to be able to participate in the Auctions and thereafter deliver the shares in the immediate Auction pay-in. This will be applicable to B.S.E. as well as N.S.E. and for inter-exchange transfers inclusive of Cash and/or Derivatives Segments of both the exchange. Also the surplus of Shares / Funds will serve as MARGIN for trading.

You may kindly treat this letter as my Authority to you for maintaining my Credits (Amount of Money as well as Shares) in your Bank a/c and Pool a/c respectively (Cash and/or Derivatives Segments of Both the exchanges) and adjusting my Credits (Amount of money as well as Shares) against any of my future settlement debits and deliver my shares lying in your Pool A/c against my sales transactions to be settled on monthly/quarterly interval. You may also retain the funds expected to be required to meet margin obligations for next 5 trading days, calculated in the manner specified by the exchanges. In addition to the above, for next day's transactions in the cash market segment, Khambatta Securities Ltd. may retain funds/securities/margin to the extend of value of transactions executed on the day of such settlement in the cash market segment. I agree to bring any dispute arising from the statement of account or settlement so made to the notice of the broker preferably within 7 working days from the date of receipt of funds/securities statement, as the case may be.

Further, I/We prefer to settle my funds & securities account on Monthly / Quarterly basis. (Tick any one)

Client's Sign: _____

This is to inform you that Khambatta Securities Ltd. shall not be responsible in any way towards shares purchased by me and sold in the subsequent settlement towards any shortages received from the market and resulting in Auction. Further Khambatta Securities Ltd. also absolves itself of making the pay in on time in such cases due to time constraint between the pay in and payout of shares.

Further I shall bear any expenses incurred for same day execution of trades with my Depository Participants.

I have noted the following:

- a) The authorization shall be signed by the me only and not by any authorised person on my behalf or any holder of the Power of Attorney.
- b) I may revoke the authorization at any time.

Thanking you,

Yours faithfully,

Client Signature : _____

VOLUNTARY

AP / Sub broker / TM's employee / AP or Sub brokers employee shall not be authorised for the below purpose.

AUTHORITY LETTER

To,
KHAMBATTA SECURITIES LTD.,
#1 Ground Floor, 7/10, Botawala Building,
9 Bank Street, Horniman Circle, Fort, Mumbai - 400 001. INDIA

Sub.: Authority Letter

Dear Sir,

I hereby authorise following person(s) subject to SEBI / Exchange guidelines to deliver/collect/accept all the contract notes/cheques and sign the second copy of the same on my behalf at my cost/risk and consequences and will honour the same in full.

S. No.	Name of the Signatory	Signature	Relation, if any

Client's Signature  _____

SMS AND E-MAIL ALERTS TO INVESTORS BY STOCK EXCHANGES

VOLUNTARY

(Ref: SEBI circular No. CIR/MIRSD/15/2011 dated August 02, 2011)

I request you to enroll me for the following facility offered by the Stock Exchanges pursuant to above referred SEBI circular

- SMS Facility on Mobile No provided in my KYC
 1. Mobile No Belongs to Self Family Member
 2. In case of family member please specify the relationship:
 Dependent Child Dependent Parent Spouse
 3. PAN No. of the family Member whose Mobile No is provided above:
- Email Facility on email Id provided in my KYC
 1. Email ID Belongs to Self Family Member
 2. In case of family member please specify the relationship:
 Dependent Child Dependent Parent Spouse
 3. PAN No. of the family Member whose Email ID is provided above:

Note:

1. Individual Client is invariably required to provide his own Mobile No. except in case of family members where the following relationship exist Dependent Child OR Dependent Parent OR Spouse
2. Non Individual client shall provide the Mobile/ Email details of the person authorized to receive such communication and as provided in the KYC.
3. Client may please note that Mobile No. of Trading Member (TM)/ employees of TM/ Sub broker/authorised person are not permitted for receiving the SMS/ Email communication from exchanges
4. Client may note that the circular is available for download on the exchange's website.

Signature of Client:  _____

VOLUNTARY

CONSENT TO RECEIVE THE CONTRACT NOTE / TRADE CONFIRMATIONS BY E-MAIL

From: _____

Date: _____

To,
KHAMBATTA SECURITIES LTD.,
#1 Ground Floor, 7/10, Botawala Building,
9 Bank Street, Horniman Circle, Fort, Mumbai - 400 001. INDIA

I hereby consent to receive the contract note/trade confirmations of the trades executed by me, bills & account statements thereof, notices, circulars, amendments and such other correspondence or documents in electronic form duly authenticated by means of a digital signature as specified in the Information Technology Act 2000 and the Rules made there under, to any of my self created Email Ids mentioned below:

Email Id – 1: _____

Email Id – 2: _____

Email Id – 3: _____

I further hereby consent to the following :

1. That the Member shall fulfill its legal obligation if the aforesaid documents are sent electronically to anyone of the said e-mail ids.
2. I shall communicate the change in e-mail id, if any, to you through a duly signed physical letter
3. I undertake to check contract notes, bills on regular basis and bring the discrepancies to your notice.
4. Non verification or not accessing the contract notes on regular basis from my part shall not be a reason for disputing the contract note at any time.
5. That Member will not be responsible for non receipt of documents sent via electronic delivery due to change in email address as mentioned above or for any other reason which inter alia include the malfunction of my and computer system / internet connection etc.
6. That the non- receipt of bounced mail notification by Member shall amount to delivery of the documents at my E-mail ID.
7. That the Member shall not take cognizance of out-of office / out of station auto replies and I/We shall be deemed to have received such electronic mails.

Yours faithfully,

Client Name: _____ Client Signature: _____

Client Code: _____ Date: _____

VOLUNTARY

DECLARATION BY CO-PARCENERS OF HINDU UNDIVIDED FAMILY

(Soft copy available on request)

Date: _____

To,
KHAMBATTA SECURITIES LTD.,
#1 Ground Floor, 7/10, Botawala Building,
9 Bank Street, Horniman Circle, Fort, Mumbai - 400 001. INDIA

Dear Sir,

We the undersigned Majors _____

For ourselves and also as guardian of all minors _____

request you to take notice that we are members of an Undivided Hindu Family and that the business carried on under the name and style of “_____” is our joint family trade. We hereby intimate you that the joint family trade aforesaid is being conducted and managed by Karta _____. We request that all transactions hitherto entered with you or obligation(s) incurred or to be hereafter entered into with you by Karta, particularly entering into mandatory and voluntary client registration documents and buying & selling securities may be regarded by you as entered into for and on behalf of the joint family and we, the adult members hold ourselves also personally liable in respect of all transactions entered into with you or obligations incurred and further that by an mandatory and voluntary client registration documents between you, **KHAMBATTA SECURITIES LTD.,** on one part and ourselves on the other part, the estate whether joint or separate and person of each and every one or more of us is liable to you in respect of all liability incurred as aforesaid notwithstanding that such obligation in respect of such transactions is incurred after the death or insolvency of any one or more of us.

Yours faithfully,

Details of our HUF and all its co-parceners are stated as under:

Sr. No.	Name	Date of Birth	Relationship	Signature

I hereby state that details mentioned as above are true and change in them would be intimated to you in writing immediately.

Thanking you.

Yours faithfully,

☞

(Name & Signature of Karta with appropriate Karta Rubber Stamp)

* Full Signature of Karta & all majaor Co-parceners

VOLUNTARY

**DECLARATION TO BE GIVEN BY PARTNERSHIP
ON LETTERHEAD OF THE FIRM**

Date: _____

To,
KHAMBATTA SECURITIES LTD.,
#1 Ground Floor, 7/10, Botawala Building,
9 Bank Street, Horniman Circle, Fort, Mumbai - 400 001. INDIA

Dear Sir,

We refer to the trading account being opened / opened with you in the name of _____
and declare 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 partnership 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 transfer 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, agreements, deeds etc. as may be necessary to enter into the mandatory and voluntary client registration documents and engage in business with Stock Broker, 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.

Sr. No.	Name of All Partners (In Block Letters)	Signatures
1.		
2.		
3.		
4.		
5.		

Yours faithfully,



(Name & Signature of authorised Partner with appropriate Partnership Rubber Stamp)
Enclosed: Current Partnership deed.

VOLUNTARY

**ON THE LETTER HEAD OF COMPANY:
(For Corporates)**

Certificate dated _____
submitted by _____ to
SHARE HOLDING PATTERN of _____ as on _____
EQUITY / PREFERENCE (Please indicate and use separate sheets for equity / preference shares)

Sr. No.	Name \$	Number of shares held	Face value per share	Amt Paid up (Rs. In lakh)	% of total
1					
2					
Others					
TOTAL					100 %

\$ All initials to be expanded

NOTES :

Persons holding 5% or more of the paid up capital should be shown separately and not clubbed in Others.

Date:

Place:

Authorised Signatory/Director (s)

FORMAT OF BOARD RESOLUTION IN CASE OF CORPORATES / TRUSTS

VOLUNTARY

CERTIFIED TRUE COPY OF THE RESOLUTION PASSED AT THE MEETING OF THE BOARD OF DIRECTORS / TRUSTEES OF _____ LTD / TRUST AND HAVING ITS REGISTERED OFFICE AT _____

HELD ON _____ DAY OF _____ 20_____ AT _____ AM / PM.

RESOLVED THAT

- 1) The company is empowered to deal in Equities, Derivatives, Currency, Debentures, Debt & other products and agrees to the terms of Khambatta Securities Ltd.
- 2) Khambatta Securities Ltd. is hereby authorised to act on the oral or written instructions of any one or more of the following persons:

Name(s)

Signature(s)

Signature of Chairman / Director

Signature of Company Secretary

Date: _____

Place: _____

(Please attach a certified true copy of the Board Resolution)

INTERNET TRADING LETTER

VOLUNTARY

To,
KHAMBATTA SECURITIES LTD.,
#1 Ground Floor, 7/10, Botawala Building,
9 Bank Street, Horniman Circle, Fort, Mumbai - 400 001. INDIA

Date: _____

Sub : Internet Trading

Sir,

We wish to trade through internet on **National Stock Exchange/Bombay Stock Exchange** and confirm that we are fully aware of and understand the risks associated with availing of a service of routing orders through internet including the risk of misuse and unauthorized use of our Username and/or Password by a third party and the risk of a person hacking into our account on your ITORS system and unauthorisedly routing order on behalf of us through the System. We agree that we shall be fully liable and responsible for any and all unauthorized use and misuse of our Password and/or Username and also for any and all acts done by any person through your ITORS system on our Username in any manner whatsoever.

We hereby confirm you to send our Username and Password on the below mentioned e-mail address.

E-mail Address : _____

Thanks and best regards

Signature : _____

For : _____

Name : _____

Trading Code : _____

Mobile No. : _____

POLICIES AND PROCEDURE FOR PREVENTION OF MONEY LAUNDERING

(As per the requirements of the PMLA Act 2002)

1. Firm Policy

It is the policy of the firm to prohibit and actively prevent money laundering and any activity that facilitates money laundering or the funding of terrorist or criminal activities. Money laundering is generally defined as engaging in acts designed to conceal or disguise the true origins of criminally derived proceeds so that the unlawful proceeds appear to have derived from legitimate origins or constitute legitimate assets.

2. Principal Officer Designation and Duties

The firm has a Principal Officer for its Anti-Money Laundering Program and is qualified by experience, knowledge and training. The duties of the Principal Officer will include monitoring the firm's compliance with AML obligations & overseeing communication & training for employees. The Principal Officer will also ensure that proper AML records are kept. When warranted, the Principal Officer will ensure filing of necessary reports with the Financial Intelligence Unit (FIU - IND).

3. Appointment of Designated Director and his Duties

The firm has appointed a Designated Director for its Anti-Money Laundering Program and is qualified by experience and knowledge. The duties of the Designated Director is to ensure overall compliance with the obligations imposed under PMLA Act and Rules and also include monitoring the firm's compliance with AML obligations & overseeing communication & training for employees. The Designated Director will also ensure that proper AML records are kept. When warranted, the Designated Director will ensure filing of necessary reports with the Financial Intelligence Unit (FIU - IND) and the Principal Officer and Compliance Officer and the employee will suffer no retaliation for the same.

4. Customer Identification and Verification and Client Special Categorization

At the time of opening an account or executing any transaction with it, the firm will verify and maintain the record of identity and current address or addresses including permanent address or addresses of the client, the nature of business of the client and his financial status as under

Constitution of Client	Proof of Identity	Proof of Address	Others
Individual	1. PAN Card	2. Passport, Copy of Bank Statement, Utility Bills, etc	3. N.A.
Company	4. PAN Card 5. Certificate of incorporation 6. Memorandum and Articles of Association 7. Resolution of Board of Directors	8. As above	9. Proof of Identity of the Directors /Others authorized to trade on behalf of the firm
Partnership Firm	10. PAN Card 11. Registration certificate 12. Partnership deed	13. As above	14. Proof of Identity of the Partners / Others authorized to trade on behalf of the firm
Trust	15. PAN Card 16. Registration certificate 17. Trust deed	18. As above	19. Proof of Identity of the Trustees / others authorized to trade on behalf of the trust
AOP/ BOI	20. PAN Card 21. Resolution of the managing body 22. Documents to collectively establish the legal existence of such an AOP/ BOI	23. As above	24. Proof of Identity of the Persons authorized to trade on behalf of the AOP/ BOI

- If a potential or existing customer either refuses to provide the information described above when requested, or appears to have intentionally provided misleading information, our firm will not open the account. All PAN Cards received will be verified from the Income Tax/NSDL website before the account is opened. Accounts to be opened only through references and who are known to the promoters or the existing staff (Staff members who are with us since a long time) personally and with proper documentation. No walk in client and/or strangers to be entertained. Ensure proper documents as prescribed by Exchange/SEBI are collected as proof for the different categories of client for establishing proper identity of the client. In person verification to be carried out for all clients. Use the following links for additional verification:

<https://incometaxindiaefiling.gov.in/portal/knowpan.do>
www.google.co.in
http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml
<http://www.un.org/sc/committees/1267/consolist.shtml>

A public service, free-to-use website sponsored and aided by Investor Education and Protection Fund Ministry of Corporate Affairs Government of India.

<http://www.watchoutinvestors.com/>
www.fatf-gafi.org

For updation of any details of clients, if any, send form to clients on an annual basis asking to update any changes in their details.

IMP: The Operating instructions/Compliance Manual to be referred to at any point while opening of an account for updates, if any.

The firm will maintain records of all identification information for five years after the account has been closed For the purpose of keeping a check on transactions a report generation facility to be kept in software to give a report which shows list comparing the value of transactions against the defined category and for generating such report the following criteria to be followed:

- a. Transaction upto Ten Lakhs show as low risk in the report.
- b. Transaction between Ten to Twenty Lakhs show as medium risk in the report.
- c. Transaction value above Twenty Lakhs and above show as high risk in the report.

The above report would be for information purpose and to keep check on transaction taking place in the accounts.

- As per the policy of the Company factors of Risk perception are being considered with regards to client's location, address, nature of business, trading turnover and manner of making payments so that the clients can be classified into appropriate risk category. Since all clients are taken/accepted through very good references only and majority of them holding high value blue chip stocks the firm shall maintain low risk for all clients except special category clients, which include the following:
 - **Clients of special category (CSC):**
 - Non resident clients
 - High net-worth clients,
 - Trust, Charities, Non-overnmental Organizations (NGOs) and organizations receiving donations Companies having close family shareholdings or beneficial ownership
 - Politically Exposed Persons (PEP) Politically exposed persons are 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. The additional norms applicable to PEP as contained in the subsequent para 5.5 of this circular shall also be applied to the accounts of the family members or close relatives of PEPs.
 - Companies offering foreign exchange offerings
 - Clients in high risk countries where existence / effectiveness of money laundering controls is suspect, where there is unusual banking secrecy, countries active in narcotics production, countries where corruption (as per Transparency International Corruption Perception Index) is highly prevalent, countries against which 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.
 - Non face to face clients
 - Clients with dubious reputation as per public information available etc.

5. Maintenance of records

The following records will be maintained:

Series of transactions, if any, integrally connected to each other which have been valued below rupees ten lakhs or its equivalent in foreign currency where such series of transactions have taken place within a month;

All suspicious transactions whether or not made in cash. Suspicious transaction means a transaction whether or not made in cash which, to a person acting in good faith -

- gives rise to a reasonable ground of suspicion that it may involve the proceeds of crime; or
- appears to be made in circumstances of unusual or unjustified complexity; or
- appears to have no economic rationale or bonafide purpose; or
- gives rise to a reasonable ground of suspicion that it may involve financing of the activities relating to terrorism.

The records shall contain the following information:

the nature of the transactions;

the amount of the transaction and the currency ,if involved, in which it was denominated;

the date on which the transaction was conducted; and

the parties to the transaction.

The records, if any, will be updated regularly.

Revisiting CDD Procedures

In cases of suspicious transactions verify and maintain the record of identity and current address or addresses including permanent address or addresses of the client, the nature of business of the client and his financial status

by sending the account updation forms asking for any change in information which is sent to the client on an annual basis and do the verification of the documents submitted and look up the SEBI Debarred List in such cases.

6. Monitoring Accounts for Suspicious Activity

The firm will monitor the unusual size, volume, pattern or type of transactions. For monitoring, the following kinds of activities are to be mentioned separately and reported to the Designated Director/Principal Officer.

- The customer exhibits unusual concern about the firm's compliance with government reporting requirements and the firm's AML policies (particularly concerning his or her identity, type of business and assets), or is reluctant or refuses to reveal any information concerning business activities, or furnishes unusual or suspicious identification or business documents.
- The customer wishes to engage in transactions that lack business sense or apparent investment strategy, or are inconsistent with the customer's stated business or investment strategy.
- The information provided by the customer that identifies a legitimate source for funds is false, misleading, or substantially incorrect.
- Upon request, the customer refuses to identify or fails to indicate any legitimate source for his or her funds and other assets.
- The customer has a questionable background or is the subject of news reports indicating possible criminal, civil, or regulatory violations.
- The customer exhibits a lack of concern regarding risks, commissions, or other transaction costs.
- The customer appears to be acting as an agent for an undisclosed principal, but declines or is reluctant, without legitimate commercial reasons, to provide information or is otherwise evasive regarding that person or entity.
- The customer has difficulty describing the nature of his or her business or lacks general knowledge of his or her industry.
- The customer engages in transactions involving cash or cash equivalents or other monetary instruments that appear to be structured to avoid the Rs.10,00,000 government reporting requirements, especially if the cash or monetary instruments are in an amount just below reporting or recording thresholds.
- For no apparent reason, the customer insists for multiple accounts under a single name or multiple names, with a large number of inter-account or third-party transfers.
- The customer requests that a transaction be processed to avoid the firm's normal documentation requirements.
- The customer's account shows an unexplained high level of account activity
- The customer maintains multiple accounts, or maintains accounts in the names of family members or corporate entities, for no apparent purpose.
- The customer's account has inflows of funds or other assets well beyond the known income or resources of the customer.

When a member of the firm detects anything suspicious he or she will escalate the same to the Designated Director/Principal Officer for further investigation

Broad categories of reason for suspicion and examples of suspicious transactions for an intermediary are indicated as under:

- i. Identity of Client
 - False identification documents
 - Identification documents which could not be verified within reasonable time
 - Non-face to face client
 - Doubt over the real beneficiary of the account
- ii. Suspicious Background
 - Suspicious background or links with known criminals
- iii. Multiple Accounts
 - Large number of accounts having a common account holder or authorized signatory with no rationale.
 - Unexplained transfers between multiple accounts with no rationale
- iv. Activity in Accounts
 - Unusual activity compared to past transactions
 - Use of different accounts by client alternatively
 - Sudden activity in dormant accounts
 - Activity inconsistent with what would be expected from declared business
- v. Nature of Transactions
 - Unusual or unjustified complexity
 - No economic rationale or Bonafide purpose
 - Transactions are doubtful
 - Transactions reflect likely market manipulations
 - Suspicious off market transactions
- vi. Value of Transactions
 - Value just under the reporting threshold amount in an apparent attempt to avoid reporting
 - Inconsistent with the clients apparent financial standing

7. Reporting to FIU IND

For Suspicious Transactions Reporting

We will make a note of Suspicious Transaction that have not been explained to the satisfaction of the Designated

Director and the Senior Level Management and thereafter report the same to the FIU IND. This will typically be in cases where we know, suspect, or have a valid and satisfactory reason to suspect:

the transaction involves funds derived from illegal activity or is intended or conducted in order to hide or disguise funds or assets derived from illegal activity as part of a plan to violate or evade any transaction reporting requirement, the transaction is designed, whether through structuring or otherwise, to evade any requirements of PMLA Act and Rules framed thereof.

the transaction has no business or apparent lawful purpose or is not the sort in which the customer would normally be expected to engage, and we know, after examining the background, possible purpose of the transaction and other facts, of no reasonable explanation for the transaction, or

transaction involves the use of the firm to facilitate criminal activity.

We will not base our decision on whether to file a STR solely on whether the transaction falls above a set threshold. We will file a STR and notify law enforcement of all transactions that raise an identifiable suspicion of criminal, terrorist, or corrupt activities post discussions with the Senior Level Management.

All STRs, if any, will be reported quarterly to the Board of Directors, with a clear reminder of the need to maintain the confidentiality of the STRs.

We will not notify any person involved in the transaction that the transaction has been reported, except as permitted by the PMLA Act and Rules thereof.

8. AML Record Keeping

i. STR Maintenance and Confidentiality

We will hold STRs and any supporting documentation confidential. We will not inform anyone outside of a law enforcement or regulatory agency or securities regulator about a STR. We will refuse any requests for STR information and immediately tell FIU IND of any such request we receive. We will segregate STR filings and copies of supporting documentation from other firm books and records to avoid disclosing STR filings. Our Designated Director/Principal Officer will handle all requests or other requests for STRs.

ii. Responsibility for AML Records and STR Filing

Designated Director/Principal Officer will be responsible to ensure that AML records are maintained properly and that STRs are filed as required.

iii. Records Required.

As part of our AML program, our firm will create and maintain STRs and CTRs and relevant documentation on customer identity and verification. We will maintain STRs and their accompanying documentation for at least ten years.

9. Training Programs

We shall be sending the officials for Training programs held from time to time.

We will develop ongoing awareness by way of in-person discussion in regards to PMLA within the officials handling Broking operations based on our firm's size, its customer base, and its resources on how to identify suspicious transaction and signs of money laundering that arise during the course of the employees' duties; what to do once the risk is identified; what employees' roles are in the firm's compliance efforts and how to perform them; the firm's record retention policy; and the disciplinary consequences (including civil and criminal penalties) for non-compliance with the PMLA Act.

We will review our operations to see if certain employees, such as those in compliance, margin, and corporate security, require specialized additional training. Our written procedures will be updated to reflect such changes, if any.

10. Program to Test AML Program

i. Staff testing of our AML program will be done by the Statutory Auditors of the company.

ii. Evaluation and Reporting: After we have completed the testing, the Auditor staff will report its findings to the Board of Directors. We will address each of the resulting recommendations.

11. Monitoring Employee Conduct and Accounts

We will subject employee accounts to the same AML procedures as customer accounts, under the supervision of the Designated Director/Principal Officer. We will also review the AML performance of supervisors, as part of their annual performance review. The Principal Officer's accounts will be reviewed by the Designated Director.

12. Hiring of employees-Hiring of personnel to be done only through a good and reliable reference from the Broking background and those having adequate knowledge and understanding of the Broking operations.

13. Confidential Reporting of AML Non-Compliance

Employees will report any violations of the firm's AML compliance program to the Principal Officer and the Principal Officer upon receiving such report will in turn report the same to the Designated Director/Chairman/MD and unless the violations implicate the Principal/Compliance Officer, in which case the employee shall report to the Designated Director/Chairman/MD of the Company. Such reports will be confidential, and the Principal Officer and Compliance Officer and the employee will suffer no retaliation for the same.

14. 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 the PMLA and the implementing regulations under it.

For **M/S. KHAMBATTA SECURITIES LIMITED**

Directors/Authorised Signatory

CIRCULAR

CIR/ISD/AML/2/2010 June 14, 2010

To all Intermediaries registered with SEBI under Section 12 of the SEBI Act. (Through the stock exchanges for stock brokers, sub brokers, depositories for depository participants, AMFI for Asset Management Companies.)

Sub: Anti Money Laundering (AML) Standards/Combating Financing of Terrorism (CFT) / Obligations of Securities Market Intermediaries under Prevention of Money Laundering Act, 2002 and Rules framed there-under.

1. SEBI, vide Master Circular No. ISD/AML/CIR-1/2010 dated February 12, 2010, issued consolidated requirements/ obligations to be fulfilled by all registered intermediaries with regard to AML/CFT. In addition to the obligations contained in the Master Circular, following are the additional requirements to be fulfilled or the clarifications with regard to existing requirements:
 - a. Clause 3.2.3 (f) of the Master Circular lays down obligation to establish policies and procedures with regard to role of internal audit. It is clarified that the internal audit function should be independent, adequately resourced and commensurate with the size of business and operations, organisation structure, number of clients and other such factors.
 - b. The following clause numbered 5.1(f) is added after the existing clause 5.1(e) of the Master Circular: "Registered intermediaries shall periodically update all documents, data or information of all clients and beneficial owners collected under the CDD process".
 - c. The following new clause numbered 5.2.1(g) is added after the existing clause 5.2.1(f) of the Master Circular: "The CDD process should necessarily be revisited when there are suspicious of money laundering of financing of terrorism (ML/FT)".
 - d. The following line is added in the existing clause 5.3.1 of the Master Circular: "Further low risk provisions should not apply when there are suspicions of ML/FT or when other factors give rise to a belief that the customer does not in fact pose a low risk."
 - e. While dealing with clients in high risk countries where existence/effectiveness of money laundering control is suspect, it is clarified that apart from being guided by the Financial Action Task Force (FATF) statements that identify countries that do not or insufficiently apply the FATF Recommendations, published by the FATF on its website (www.fatf-gafi.org), registered intermediaries should independently access and consider other publicly available information.
 - f. Clauses 5.5(a) of the Master Circular shall read as follows: "All registered intermediaries shall proactively put in place appropriate risk management systems to determine whether their client or potential client or the beneficial owner of such client is a politically exposed person. Such procedures should include seeking relevant information from the client, referring to publicly available information or accessing the commercial electronic databases of PEPS. Further, the enhanced CDD measures as outlined in clauses 5.5 should also be applicable where the beneficial owner of a client is a PEP".
 - g. The existing clause 5.5(c) of the Master Circular shall read as follows: "Registered intermediaries shall also take reasonable measures to verify the sources of funds as well as the wealth of client and beneficial owners identified as PEP".
 - h. Clause 8.2 of the Master Circular prescribes that intermediaries shall maintain the records of the identity of clients prescribed in Rule 9 of the PML Rules for a period of 10 years from the date of cessation of transactions between the client and intermediary. It is clarified that the "date cessation of transactions" shall be read to mean the "date of termination of an account or business relationship".
 - i. It is clarified that the "tipping of" provision in clause 13.3 of the Master Circular extends not only to the filling of the STR and/or related information but even before, during and after the submission of an STR.

Client's Signature:  _____

Date: _____

Anti Money Laundering & Combating Financing of Terrorism (CFT)

The Financial Intelligence Unit-INDIA (FIU-IND) along with SEBI has come out with Prevention of Money Laundering Act, 2002 in INDIA to put a legal framework to identify and control financing of terror activity through money laundering and other illegal activities.

Money laundering has now become one of the major concerns of international financial community. Money Laundering is not just an attempt to disguise money derived from illegal activities. Rather, money laundering is involvement in any transaction or series of transactions that seek to conceal or disguise the nature or source of proceeds derived from illegal activities, including drug trafficking, terrorism, organized crime, fraud and many other crimes.

The objective is to have a system in place for preventing any money laundering financial transactions through stock brokers and also to identify, monitor and report any such transaction to appropriate authorities.

With a view to instill greater transparency and discipline in the dealings between the clients and the stock brokers, it has been decided, in consultation with Investor Associations, Secondary Market Advisory Committee of SEBI (SMAC), market participants and major stock exchanges, that the stock brokers shall comply with the requirements and derive a policy encompassing Customer Acceptance/Client Identification Program and Risk Categorization.

SEBI has issued a Master Circular No. ISD/AML/CIR-1/2010 dated 12th February, 2010 which consolidates all the requirements/obligations issued with regard to AML/CFT. Khambatta Securities Ltd. Being a Stock Broker and a Depository Participant needs to adhere to the same.

[<http://www.sebi.gov.in/circulars/2010/mastercircular/MasterCircular.pdf> ; <http://www.sebi.gov.in>] \

The objective is to have in place adequate policies, practices and procedures that promote high ethical and professional standards and prevent the Company from being used, intentionally or unintentionally, by criminal elements. KYC Standards and Anti Money Laundering Measures would enable the Company to know/understand the financial dealings of its customers, the beneficial owners, the principals behind customers who may be acting as agents which in turn will help the Company to manage its risks prudently. The management of the company is fully committed to establish appropriate policies and procedures for ensuring effectiveness and compliance with respect to all relevant legal requirements.

In view to spread awareness amongst the clients we have tried and highlighted some important points herein below. We expect the co-operation of our clients in this regard and update their KYC details submit financial details from time to time/as and when required by law.

What is Money Laundering?

- Money Laundering can be defined as engaging in financial transaction that involve income derived from criminal activity, transactions designed to conceal the true origin of criminally derived proceeds and appears to have been received through legitimate sources/origin.
- Mode to insert dirty money in the financial system.
- This is done in three phases
- Placement: Initial stage in which cash proceeds from criminal activities is placed in financial institutions.
- Layering: Process of conducting a complex series of financial transactions, with the purpose of hiding the origin of the money from the criminal activities.
- Integration: Final stage in the re-injection of the laundered proceeds back into the economy in such a way that they re-enter the financial system as normal business funds.

Prevention of Money Laundering Act, 2002 [<http://fiuindia.gov.in/pmla2002.html>]

- Prevention of Money Laundering Act, 2002 (PMLA) came into force with effect July 01 , 2005.
- PMLA forms the core of the legal framework put In place by India to combat money laundering.
- PMLA defines money laundering offence and provides for the freezing, seizure and confiscation of the proceeds of crime.
- Financial Intelligence Unit-India(FIU-IND) established in 2004 by the Government of India.
- FIU-IND acts as a central repository for maintaining national database of reports submitted by reporting entities & has power to investigate.

Consequences of Money Laundering

- Finances terrorism.
- Endangers society at large.
- Affecting the integrity of the financial system.
- Weakening of law & order.
- Encourages crime.
- Weakening of macro economic factors of country.
- Reduction of government control on economy.

Objectives of AML/ CFT Programme

- Ensuring that financial institutions are not vulnerable to infiltration or abuse by organized crime groups.
- Building capacity to fight terrorism and trace terrorist money.
- Meeting binding international obligations and avoiding the risk of sanctions or other actions by the international community.
- Avoid becoming heaven for criminals.
- Securing a more transparent and stable financial system that is attractive to foreign investors.

Obligation of the Customer

- Provide complete details during KYC process viz., address proof, identity proof, PAN, Income/Financial Details, etc.
- Periodically update contact details.
- Periodically update financial details.
- To submit relevant documents as requested from time to time.

A Khambatta Securities Ltd's Investor Awareness Initiative...

Policy for prevention of Insider Trading of M/s. KHAMBATTA SECURITIES LTD.,
[In Terms of SEBI (Prohibition of Insider Trading) Regulations, 1992]

Introduction

This policy aims to define and establish M/s. **KHAMBATTA SECURITIES LTD.**, (herein after referred to as “Stock Broker”), position and rules with respect to:

- Prevention of Insider trading securities;
- Adherence to Securities and Exchange Board of India’s (‘SEBI’) applicable guidelines by all Connected or Deemed Connected persons including Director, Officer and Designated Employee for prevention of Insider trading.

Stock Broker is committed to the preserving the confidentiality and preventing the misuse of any un-published price sensitive information. Stock Broker is further committed to adherence to all applicable laws and regulations set forth by the Securities and Exchange Board of India (“SEBI”) or the Stock Exchanges with regards to prevention of Insider trading. Trading on insider information is not only illegal, but also tarnished Stock Broker’s corporate credibility. Stock Broker is committed to ensuring transparency and fairness in dealing with all stakeholders of the Stock Broker.

Definitions of some of the key terms used in this policy are given below:

- i. **“Insider Trading”** means when insiders use unpublished price sensitive information to arrive at securities trading / dealing (including buying as well as selling) decisions, the action is referred to as insider trading;
- ii **“Insider”** means any person who is or was a “Connected Person” or a “Deemed Connected Person” and who is reasonably expected to have access to unpublished price sensitive information in respect of securities of the Company or who has received or has had access to such unpublished price sensitive information;
- iii **“Connected Persons”** means any person who is”
 - A Director of the Company;
 - An Officer or Designated Employee of Company;
 - Has a professional or business relationship with the Company, such that he/she may be reasonably expected to have access to price sensitive information in relation to the Company, which includes but not limited to the Legal Advisors, Solicitors, Auditors Consultants and Tax Advisors;
- iv **“Deemed Connected Persons”** means and includes:
 - Dependent family members of Connected Persons;
 - Any group Company, Company under the same management or subsidiary of the Company;
 - Bankers of the Company;
 - Merchant banker, share transfer agent, registrar to an issue, debenture trustee, broker, portfolio manager, investment advisor, sub-broker or any employee thereof having a fiduciary relationship with the Company;
 - Trustees of any trust the beneficiaries of which include any of the Connected Persons;
 - Trustees of any trust who are conferred with the Power of Attorney to act on behalf of beneficiaries in respect of securities of the Company;
 - Any person who was a Connected Person, whether temporary or permanent six months prior to an act of insider trading;
 - Any other person or category of persons mentioned in Regulation 2 of the SEBI (Prohibition of Insider trading) Regulations, 1992.
- v **“Dependent Family Members”** shall mean spouse, dependent parents and dependent children and any other person dependent on the Officer and Designated Employee;
- vi **“Officer of a Company”** means any person as defined in clause (30) of section 2 of the Companies Act, 2013 including an auditor of the Company;
- vii **“Designated Employee”** shall mean:
 - Manager and above in the Finance, Accounts, Secretarial and Corporate Communications departments;
 - Such employees designated and notified by the Compliance Officer from time to time with the approval of the Managing Director;
- viii **“Dealing in Securities”** means an act of subscribing, buying, selling or agreeing to subscribe, sell or deal in any securities either as principal or agent;

- ix **“Price Sensitive Information”** shall mean any information which relates directly or indirectly to Company and which if published is likely to materially affect the price of securities of Company.

The following shall be deemed to be price sensitive information:

- Periodical financial results of the Company;
 - Intended declaration of dividends (both interim and final);
 - Issue of securities or buy-back of securities;
 - Any major expansion plans or execution of new projects;
 - Amalgamation, mergers or takeovers;
 - Disposal of the Whole or substantial part of the undertaking;
 - Any significant changes in policies, plans or operations of the Company;
- x **“Unpublished”** means information which is not published by the Company or its agents and is not specific in nature.
- xi **“Compliance Officer”** means an officer appointed by the Board for the purpose of monitoring, observing, educating the employees, setting forth the policies and administration of the procedure under the overall supervision of the Managing Directors of the Stock Broker in relation to Compliance with this policy.

Words and expressions not defined in these Regulations shall have the same meaning as contained in SEBI (Prohibition of Insider Trading) Regulations, 1992 or the Securities and Exchange Board of India Act, 1992.

For **M/S. KHAMBATTA SECURITIES LIMITED**

Directors/Authorised Signatory

From:

To,
KHAMBATTA SECURITIES LTD.,
#1 Ground Floor, 7/10, Botawala Building,
9 Bank Street, Horniman Circle, Fort, Mumbai - 400 001. INDIA

Sub: Acknowledgement Copy of Client for Receipt of Complete Set of KYC Documents

I hereby confirm that, I have received below mentioned copy of complete set of KYC form and all other annexure/ documents etc. mentioned/attached in this KYC form for my record purpose.

1. Account Opening Form
2. Rights and Obligations
3. Risk Disclosure Document (RDD)
4. Guidance Note
5. Policies and Procedures
6. Tariff sheet
7. All others voluntary documents

Yours Truly,

Client's Name: _____

Client's Sign:  _____

Date: _____

To
Client Name:

Address

Date:

Dear Sir / Madam,

Re: Securities Account Opening

We welcome you to _____ and thank you for opening / maintaining your account with us for the purpose of dealing in securities.

Please quote the following Trading code while placing orders & any other future correspondence with us.

Your Trading Code is:

Please acknowledge the enclosed copy of the documents executed by us, as confirmation of the same.

Assuring you of our best attention and services at all times,

Thanking you,

Yours Truly,

For **M/S. KHAMBATTA SECURITIES LIMITED**

Director / Authorised Signatory

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Form No.	
Client Code	
Sub-Broker	

Know Your Client (KYC) Form

Khambatta Securities Ltd.

MEMBER OF BOMBAY STOCK EXCHANGE LIMITED
MEMBER OF NATIONAL STOCK EXCHANGE OF INDIA LIMITED

SEBI Registration No.	BSE CM	INB010977538
	BSE F&O	INF010977538
	NSE CM	INB230977531
	NSE F&O	INF230977531
	NSE CDS	INE230977531

Clearing Member

Future & Option Segment
Currency Derivatives Segment
NATIONAL STOCK EXCHANGE OF INDIA LTD.
ICICI Bank Limited
Capital Market Branch,
1st Floor, 122, Mistry Bhawan, Dinshaw Vaccha Road,
Next to KC College, Churchgate,
Mumbai - 400 020.
Tel.: 91-22-2285 9913
F&O SEBI Reg. No.: INF231134745
CDS SEBI Reg. No.: INE231308631

Clearing Member

Future & Option Segment
BOMBAY STOCK EXCHANGE LTD.
Stock Holding Corporation of India Ltd.
Plot No. P-51, T.T.C. Industrial Area, MIDC,
Mahape, Navi Mumabi - 400 701.
Tel.: 91-22-61775067 / 68
SEBI Reg. No.: INF011133735

#1 Ground Floor, 7/10, Botawala Building, 9 Bank Street, Horniman Circle,
Fort, Mumbai - 400 001. INDIA

Tel.: Accounts - 91-22-66413344, Dealing - 91-22-66413333, Back Office & DP - 91-22-66413366
Fax: 91-22-66413377 • Website: www.khambattasecurities.com
Investors Grievance Email: complaints@khambattasecurities.com