



MEMBER: BSE, NSE

# BOOKLET-2

## DOCUMENTS PART OF KYC KIT

Contents:

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

## DETAILS OF THE TRADING MEMBER

Name of the Stock Broker/ Trading Member	<b>Upmove Financial Technologies Services</b>			
SEBI Registration No. and Date	BSE	INZ000158323 Dated: 3/11/2017		
	NSE			
Member ID & Clearing No.	BSE	Capital Market	6694	Dated: 10/7/2018
	NSE	Capital Market	90120	Dated: 2/2/2018
		Future & Options	90120	Dated: 16/3/2018
Name of the Clearing Member	SMC Global Securities Limited CM ID - M50504 SEBI Registration No. INZ000199438			
Registered Office	Address	501, B-wing, East Point Bldg., 90ft Road, Next Ganesh Mandir, Pant Nagar, Ghatkopar (E), Mumbai - 400 077		
	Phone	89289 99541		
	Email	helpdesk@upmovefintech.in		
Corporate Office	Address	1201, B-wing, East Point Bldg., 90 ft Road, Next to Ganesh Mandir, Pant Nagar, Ghatkopar (E), Mumbai - 400 077		
	Phone	022 3538 6600		
	Email	swaroop.panakkada@1fcode.com		
Details of Compliance Officer	Name	Mr. Swaroop Panakkada		
	Phone	90290 75122		
	Email	s_panakkada@hotmail.com		
Details of CEO	Name	Mr. Rishabh Shah		
	Phone	9081590816		
	Email	rishabh.shah@1fcode.com info@1fcode.com		

For any grievance/dispute please contact **Upmove Financial Technologies Services** on the above address or email at [grievancecell@upmovefintech.in](mailto:grievancecell@upmovefintech.in) or call on 89289 99541

In case you are not satisfied with our response, you may contact the concerned Stock Exchange/ Depository at the following:

Exchange	Web Address	Contact No.	Web Address
BSE	<a href="http://www.bseindia.com">www.bseindia.com</a>	91-22-22728097	<a href="mailto:is@bseindia.com">is@bseindia.com</a>
NSE	<a href="http://www.nseindia.com">www.nseindia.com</a>	1800 22 0051	<a href="mailto:ignse@nse.co.in">ignse@nse.co.in</a>

You can also lodge your grievances with SEBI at <https://scores.sebi.gov.in/>

For any queries, feedback or assistance, please contact SEBI Office on Toll Free Helpline at 1800 22 7575/ 1800 266 7575

**RIGHTS AND OBLIGATIONS OF MEMBERS, AUTHORISED PERSONS AND CLIENTS as prescribed by  
SEBI , Stock Exchanges, and Commodity Exchanges**

1. The client shall invest/trade in those securities /commodities/contracts/other instruments admitted to dealings on the Exchanges as defined in the Rules, Byelaws and Regulations of Exchanges/Securities/commodities and Exchange Board of India (SEBI) and circulars/notices issued there under from time to time.

2. The member, authorised person 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 member to deal in securities/commodities and/or deal in derivatives contracts and wishes to execute its orders through the member and the client shall from time to time continue to satisfy itself of such capability of the member before executing orders through the member.

4. The member shall continuously satisfy itself about the genuineness and financial soundness of the client and investment objectives relevant to the services to be provided.

5. The member shall take steps to make the client aware of the precise nature of the Member's liability for business to be conducted, including any limitations, the liability and the capacity in which the member acts.

**6. Requirements of professional diligence**

a. The Member must exercise professional diligence while entering into a financial contract or discharging any obligations under it.

b. "professional diligence" means the standard of skill and care that a Member would be reasonably expected to exercise towards a Client, commensurate with honest market practice;

ii. the principle of good faith;

iii. level of knowledge, experience and expertise of the Client;

iv. the nature and degree of risk embodied in the financial product\* or financial service being availed by the Client; and

v. the extent of dependence of the Client on the Member.

\*Commodity derivative contract

7. The authorised person shall provide necessary assistance and co-operate with the member in all its dealings with the client(s).

**CLIENT INFORMATION**

8. The client shall furnish all such details in full as are required by the member in "Account Opening Form" with supporting details, made mandatory by stock exchanges/SEBI from time to time.

9. The client shall familiarize himself with all the mandatory provisions in the Account Opening documents. Any additional clauses or documents specified by the member shall be non-mandatory, as per terms & conditions accepted by the client.

10. The client shall immediately notify the member in writing if there is any change in the information in the 'account opening form' as provided at the time of account opening and thereafter; including the information on winding up petition/insolvency petition or any litigation which may have material bearing on his capacity. The client shall provide/update the financial information to the member on a periodic basis.

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

a. An unfair term of a non-negotiated contract will be void.

b. A term is unfair if it -

i. causes a significant imbalance in the rights and obligations of the parties

under the financial contract, to the detriment of the Client; and

ii. is not reasonably necessary to protect the legitimate interests of the Member.

c. The factors to be taken into account while determining whether a term is unfair, include -

i. the nature of the financial product or financial service dealt with under the financial contract;

ii. the extent of transparency of the term;

\*\*contracts offered by commodity exchanges

iii. the extent to which the term allows a Client to compare it with other financial contracts for similar financial products or financial services; and

iv. the financial contract as a whole and the terms of any other contract on which it is dependent.

d. A term is transparent if it -

i. is expressed in reasonably plain language that is likely to be understood by the Client;

ii. is legible and presented clearly; and

iii. is readily available to the Client affected by the term.

e. If a term of a financial contract is determined to be unfair under point 11.A.c, the parties will continue to be bound by the remaining terms of the financial contract to the extent that the financial contract is capable of enforcement without the unfair term.

**11.B**

a. "Non-negotiated contract" means a contract whose terms, other than the terms contained in point 11.C. (given below) are not negotiated between the parties to the financial contract and includes -

i. a financial contract in which, relative to the Client, the Member has a substantially greater bargaining power in determining terms of the financial contract; and

ii. a standard form contract.

b. "Standard form contract" means a financial contract that is substantially not negotiable for the Client, except for the terms contained in point 11.C.

c. Even if some terms of a financial contract are negotiated in form, the financial contract may be regarded as a non-negotiated contract if so indicated by -

i. an overall and substantial assessment of the financial contract; and

ii. the substantial circumstances surrounding the financial contract

d. In a claim that a financial contract is a non-negotiated contract, the onus of demonstrating otherwise will be on the Member.

**11. C.**

a. The above does not apply to a term of a financial contract if it -

i. defines the subject matter of the financial contract;

ii. sets the price that is paid, or payable, for the provision of the financial product or financial service under the financial contract and has been clearly disclosed to the Client; or

iii. is required, or expressly permitted, under any law or regulations.

b. The exemption under point 11.C does not apply to a term that deals with the payment of an amount which is contingent on the occurrence or nonoccurrence of any particular event.

11. The member and authorised person shall maintain all the details of the client as mentioned in the account opening form or any other information pertaining to the client, confidentially and that they shall not disclose the same to any person/authority except as required under any law/regulatory requirements. Provided however that the member may so disclose information about his client to any person or authority with the express permission of the client.

12.A Protection of personal information and confidentiality

a. "Personal information" means any information that relates to a Client or allows a Client's identity to be inferred, directly or indirectly, and includes -

i. name and contact information;

ii. Biometric information, in case of individuals

iii. Information relating to transactions in, or holdings of, financial products

iv. Information relating to the use of financial services; or

v. such other information as may be specified.

**12. B**

a. A Member must -

i. not collect personal information relating to a Client in excess of what is required for the provision of a financial product or financial service;

ii. maintain the confidentiality of personal information relating to Clients and not disclose it to a third party, except in a manner expressly permitted under point 13.B.b.;

iii. make best efforts to ensure that any personal information relating to a Client that it holds is accurate, up to date and complete;

iv. ensure that Clients can obtain reasonable access to their personal information, subject to any exceptions that the Regulator may specify; and

v. allow Clients an effective opportunity to seek modifications to their personal information to ensure that the personal information held by the Member is accurate, up to date and complete.

c. A Member may disclose personal information relating to a Client to a third party only if -

- i. it has obtained prior written informed consent of the Client for the disclosure, after giving the Client an effective opportunity to refuse consent;
  - ii. the Client has directed the disclosure to be made;
  - iii. the Regulator has approved or ordered the disclosure, and unless prohibited by the relevant law or regulations, the Client is given an opportunity to represent under such law or regulations against such disclosure;
  - iv. the disclosure is required under any law or regulations, and unless prohibited by such law or regulations, the Client is given an opportunity to represent under such law or regulations against such disclosure;
  - v. the disclosure is directly related to the provision of a financial product or financial service to the Client, if the Member -
    - 1. Informs the Client in advance that the personal information may be shared with a third party; and
    - 2. makes arrangements to ensure that the third party maintains the confidentiality of the personal information in the same manner as required under this Part; or
  - vi. the disclosure is made to protect against or prevent actual or potential fraud, unauthorised transactions or claims, if the Member arranges with the third party to maintain the confidentiality of the personal information in the manner required under this Part.-
  - c. "Third party" means any person other than the concerned Member, including a person belonging to the same group as the Member.
14. A. Requirement of fair disclosure both initially and on continuing basis
- a. Member must ensure fair disclosure of information that is likely to be required by a Client to make an informed transactional decision.
  - b. In order to constitute fair disclosure, the information must be provided -
    - i. sufficiently before the Client enters into a financial contract, so as to allow the Client reasonable time to understand the information;
    - ii. in writing and in a manner that is likely to be understood by a Client belonging to a particular category; and
    - iii. in a manner that enables the Client to make reasonable comparison of the financial product or financial service with other similar financial products or financial services.
  - c. The types of information that must be disclosed to a Client in relation to a financial product or financial service, which may include information regarding -
    - i. main characteristics of the financial product or financial service, including its features, benefits and risks to the Client;
    - ii. consideration to be paid for the financial product or financial service or the manner in which the consideration is calculated;
    - iii. existence, exclusion or effect of any term in the financial product or financial contract;
    - iv. nature, attributes and rights of the Member, including its identity, regulatory status and affiliations;
    - v. contact details of the Member and the methods of communication to be used between the Member and the Client;
    - vi. rights of the Client to rescind a financial contract within a specified period; or
    - vii. rights of the Client under any law or regulations.

14. B. a. Member must provide a Client that is availing a financial product or financial service provided by it, with the following continuing disclosures -

- i. any material change to the information that was required to be disclosed under point 14.A at the time when the Client initially availed the financial product or financial service;
- ii. information relating to the status or performance of a financial product held by the Client, as may be required to assess the rights or interests in the financial product or financial service; and
- iii. any other information that may be specified.

b. A continuing disclosure must be made -

- i. within a reasonable time-period from the occurrence of any material change or at reasonable periodic intervals, as applicable; and
- ii. in writing and in a manner that is likely to be understood by a Client belonging to that category.

#### **MARGINS**

15. The client shall pay applicable initial margins, withholding margins, special margins or such other margins as are considered necessary by the member or the Exchange or as may be directed by SEBI from time to time as applicable to the segment(s) in which the client trades. The member is permitted in its sole and absolute

discretion to collect additional margins (even though not required by the Exchange, Clearing House/Clearing Corporation or SEBI) and the client shall be obliged to pay such margins within the stipulated time.

16. The client understands that payment of margins by the client does not necessarily imply complete satisfaction of all dues. In spite of consistently having paid margins, the client may, on the settlement of its trade, be obliged to pay (or entitled to receive) such further sums as the contract may dictate/require.

#### **TRANSACTIONS AND SETTLEMENTS**

17. The client shall give any order for buy or sell of commodities derivatives contract in writing or in such form or manner, as may be mutually agreed between the client and the Member however ensuring the regulatory requirements in this regard are complied with. The Member shall ensure to place orders and execute the trades of the client, only in the Unique Client Code assigned to that client.

18. The Member shall inform the client and keep him apprised about trading/settlement cycles, delivery/payment schedules, any changes therein from time to time, and it shall be the responsibility in turn of the client to comply with such schedules/procedures of the relevant commodity exchange where the trade is executed.

19. The Member shall ensure that the money deposited by the client shall be kept in a separate account, distinct from his/its own account or account of any other client and shall not be used by the Member for himself/itself or for any other client or for any purpose other than the purposes mentioned in Rules, circulars, notices, guidelines of SEBI and/or Rules, Business Rules, Bye-laws, circulars and notices of Exchange.

20. Where the Exchange(s) cancels trade(s) suo moto all such trades including the trade/s done on behalf of the client shall ipso facto stand cancelled, Member shall be entitled to cancel the respective contract(s) with client(s).

21. The transactions executed on the Exchange are subject to Rules, Byelaws and Business Rules and circulars/notices issued 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 Business Rules of the Exchanges where the trade is executed for the purpose of giving effect to the provisions of the Rules, Byelaws and Business Rules of the Exchanges and the circulars/notices issued thereunder.

#### **BROKERAGE**

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

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

22. Without prejudice to the member's other rights (including the right to refer a matter to arbitration), the client understands that the member shall be entitled to liquidate/close out all or any of the client's positions for nonpayment 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.

23. 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/commodities which the client has ordered to be bought or sold, member may close out the transaction of the client and claim losses, if any, against the estate of the client. The client or his nominees, successors, heirs and assignee shall be entitled to any surplus which may result there from. The client shall note that transfer of funds/securities/commodities in favor of a Nominee shall be valid discharge by the member against the legal heir.

24. The member 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 member to the relevant Exchange(s).

#### **DISPUTE RESOLUTION**

25. The Member shall co-operate in redressing grievances of the client in respect of all transactions routed through it.

26. The client and the Member shall refer any claims and/or disputes with respect to deposits, margin money, etc., to arbitration as per the Rules, Byelaws and Business Rules of the Exchanges where the trade is executed and circulars/notices issued thereunder as may be in force from time to time.

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

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

a. A Member must have in place an effective mechanism to receive and redress complaints from its Clients in relation to financial products or financial services provided by it, or on its behalf, in a prompt and fair manner.

b. A Member must inform a Client, at the commencement of relationship with the Client and at such other time when the information is likely to be required by the Client, of -

- i. the Client's right to seek redress for any complaints; and
- ii. the processes followed by the Member to receive and redress complaints from its Clients.

#### **29. A. Suitability of advice for the Client**

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

a. A Member must -

i. make all efforts to obtain correct and adequate information about the relevant personal circumstances of a Client; and

ii. ensure that the advice given is suitable for the Client after due consideration of the relevant personal circumstances of the Client.

b. If it is reasonably apparent to the Member that the available information regarding the relevant personal circumstances of a Client is incomplete or inaccurate, the Member must warn the Client of the consequences of proceeding on the basis of incomplete or inaccurate information.

c. If a Client intends to avail of a financial product or financial service that the Member determines unsuitable for the Client, the Member -

i. must clearly communicate its advice to the Client in writing and in a manner that is likely to be understood by the Client; and

ii. may provide the financial product or financial service requested by the Client only after complying with point 29.A.a and obtaining a written acknowledgement from the Client.

#### **30. Dealing with conflict of interest**

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

a. A member must -

i. provide a Client with information regarding any conflict of interests,

including any conflicted remuneration that the Member has received or expects to receive for making the advice to the Client; and

ii. give priority to the interests of the Client if the Member knows, or reasonably ought to know, of a conflict between -

1. its own interests and the interests of the Client; or

2. the interests of the concerned Member and interests of the Client, in cases where the Member is a financial representative.

b. The information under point 16a.i. must be given to the Client in writing and in a manner that is likely to be understood by the Client and a written acknowledgement of the receipt of the information should be obtained from the Client.

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

#### **TERMINATION OF RELATIONSHIP**

31. This relationship between the Member and the client shall be terminated; if the Member for any reason ceases to be a member of the commodity exchange including cessation of membership by reason of the Member's default, death, resignation or expulsion or if the certificate is cancelled by the Exchange.

32. The Member, Authorized Person and the client shall be entitled to terminate the relationship between them without giving any

reasons to the other party, after giving notice in writing of not less than one month to the other parties. Notwithstanding any such termination, all rights, liabilities and obligations of the parties arising out of or in respect of transactions entered into prior to the termination of this relationship shall continue to subsist and vest in/be binding on the respective parties or his/its respective heirs, executors, administrators, legal representatives or successors, as the case may be.

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

#### **ADDITIONAL RIGHTS AND OBLIGATIONS**

35. The member 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/commodities.

36. The Member and client shall reconcile and settle their accounts from time to time as per the Rules, Business Rules, Bye Laws, Circulars, Notices and Guidelines issued by SEBI and the relevant Exchanges where the trade is executed.

36. The Member shall issue a contract note to his clients for trades executed in such format as may be prescribed by the Exchange from time to time containing records of all transactions including details of order number, trade number, trade time, trade price, trade quantity, details of the derivatives contract, client code, brokerage, all charges levied etc. and with all other relevant details as required therein to be filled in and issued in such

manner and within such time as prescribed by the Exchange. The Member shall send contract notes to the investors within 24 hours of the execution of the trades in hard copy and/or in electronic form using digital signature.

37. The Member shall make pay out of funds or delivery of commodities as per the Exchange Rules, Bye-Laws, Business Rules and Circulars, as the case may be, to the Client on receipt of the payout from the relevant Exchange where the trade is executed unless otherwise specified by the client and subject to such terms and conditions as may be prescribed by the relevant Exchange from time to time where the trade is executed.

38. The Member shall send a complete 'Statement of Accounts' for both funds and commodities in respect of each of its clients in such periodicity and format within such time, as may be prescribed by the relevant Exchange, from time to time, where the trade is executed. The Statement shall also state that the client shall report errors, if any, in the Statement within such time as may be prescribed by the relevant Exchange from time to time where the trade was executed, from the receipt thereof to the Member.

39. The Member shall send margin statements to the clients on daily basis. Margin statement should include, inter-alia, details of collateral deposited, collateral utilized and collateral status (available balance/due from client) with break up in terms of cash, Fixed Deposit Receipts (FDRs), Bank Guarantee, warehouse receipts, securities/commodities etc.

40. The Client shall ensure that it has the required legal capacity to, and is authorized to, enter into the relationship with Member and is capable of performing his obligations and undertakings hereunder. All actions required to be taken to ensure compliance of all the transactions, which the Client may enter into shall be completed by the Client prior to such transaction being entered into.

41. In case, where a member surrenders his/ her/ its membership, Member gives a public notice inviting claims, if any, from investors. In case of a claim relating to transactions executed on the trading system of the Exchange, ensure that client lodge a claim with the Exchange within the stipulated period and with the supporting documents.

42. The stock broker/stock broker and depository participant shall not directly/indirectly compel the clients to execute Power of Attorney (PoA) or Demat Debit and Pledge Instruction (DDPI) or deny services to the client if the client refuses to execute PoA or DDPI.

43. A. Protection from unfair conduct which includes misleading

conduct & abusive conduct a. Unfair conduct in relation to financial products or financial services is prohibited.

b. "Unfair conduct" means an act or omission by a Member or its financial representative that significantly impairs, or is likely to significantly impair, the ability of a Client to make an informed transactional decision and includes -

i. misleading conduct under point 41.B

ii. abusive conduct under point 41.C

iii. such other conduct as may be specified.

#### **43. B.**

a. Conduct of a Member or its financial representative in relation to a determinative factor is misleading if it is likely to cause the Client to take a transactional decision that the Client would not have taken otherwise, and the conduct involves -

i. providing the Client with inaccurate information or information that the Member or financial representative does not believe to be true; or

ii. providing accurate information to the Client in a manner that is deceptive.

b. In determining whether a conduct is misleading under point 41.B.a, the

following factors must be considered to be "determinative factors" -

i. the main characteristics of a financial product or financial service, including its features, benefits and risks to the Client;

ii. the Client's need for a particular financial product or financial service or its suitability for the Client;

iii. the consideration to be paid for the financial product or financial service or the manner in which the consideration is calculated;

iv. the existence, exclusion or effect of any term in a financial contract, which is material term in the context of that financial contract;

v. the nature, attributes and rights of the Member, including its identity, regulatory status and affiliations; and

vi. the rights of the Client under any law or regulations.

#### **43. C.**

a. A conduct of a Member or its financial representative in relation to a financial product or financial service is abusive if it -

i. involves the use of coercion or undue influence; and

ii. causes or is likely to cause the Client to take a transactional decision that the Client would not have taken otherwise.

b. In determining whether a conduct uses coercion or undue influence, the following must be considered -

i. the timing, location, nature or persistence of the conduct;

ii. the use of threatening or abusive language or behavior;

iii. the exploitation of any particular misfortune or circumstance of the Client, of which the Member is aware, to influence the Client's decision with regard to a financial product or financial service;

iv. any non-contractual barriers imposed by the Member where the Client wishes to exercise rights under a financial contract, including -

v. the right to terminate the financial contract;

vi. the right to switch to another financial product or another Member and

vii. a threat to take any action, depending on the circumstances in which the threat is made.

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

44. In case, client opts to receive the contract note in electronic form, he shall provide an appropriate e-mail id (created by the client) to the Member (Kindly refer Appendix A of Annexure 3). Member shall ensure that all the rules/Business Rule/Bye-Laws/circulars issued from time to time in this regard are complied with. The client shall communicate to the Member any change in the email-id through a physical letter. If the client has opted for internet trading, the request for change of email id may be made through the secured access by way of client specific user id and password.

45. The Member shall ensure that all ECNs sent through the e-mail shall be digitally signed, encrypted, non-tamperable and in compliance with the provisions of the IT Act, 2000. In case, ECN is sent through e-mail as an attachment, the attached file shall also be secured with the digital signature, encrypted and non-tamperable.

46. The client shall note that non-receipt of bounced mail notification by the Member shall amount to delivery of the contract note at the e-mail ID of the client.

47. The Member shall retain ECN and acknowledgement of the e-mail in a soft and non-tamperable form in the manner prescribed

by the exchange in compliance with the provisions of the IT Act, 2000 and as per the extant rules/circulars/guidelines issued by SEBI/Commodity exchanges from time to time. The proof of delivery i.e., log report generated by the system at the time of sending the contract notes shall be maintained by the Member for the specified period under the extant rules/circulars/guidelines issued by SEBI/Commodity exchanges. The log report shall provide the details of the contract notes that are not delivered to the client/e-mails rejected or bounced back. The Member shall take all possible steps to ensure receipt of notification of bounced mails by him at all times within the stipulated time period under the extant rules/circulars/guidelines issued by SEBI/Commodity exchanges.

48. The Member shall continue to send contract notes in the physical mode to such clients who do not opt to receive the contract notes in the electronic form. Wherever the ECNs have not been delivered to the client or has been rejected (bouncing of mails) by the e-mail ID of the client, the Member shall send a physical contract note to the client within the stipulated time under the extant Regulations/ Rules, Bye-Laws, Business Rules and Circulars of SEBI/commodity exchanges and maintain the proof of dispatch and delivery of such physical contract notes.

49. In addition to the e-mail communication of the ECNs to the client, the Member shall simultaneously publish the ECN on his designated web-site, if any, in a secured way and enable relevant access to the clients and for this purpose, shall allot a unique user name and password to the client, with an option to the client to save the contract note electronically and/or take a print out of the same.

50. The Electronic Contract Note (ECN) declaration form obtained from the Client who opts to receive the contract note in electronic form. This declaration will remain valid till it is revoked by the client.

#### **LAW AND JURISDICTION**

51. In addition to the specific rights set out in this document, the Member, Member and the client shall be entitled to exercise any other rights which the Member or the client may have under the Rules, Bye-laws and Business Rules of the Exchanges in which the client chooses to trade and circulars/notices issued thereunder or Rules of SEBI.

52. The provisions of this document shall always be subject to Government notifications, any rules, guidelines and circulars/notices issued by SEBI and Circulars, Rules, Business Rules and Bye laws of the relevant commodity exchanges, where the trade is executed, that may be in force from time to time.

53. The Member and the client shall abide by any award passed by the Arbitrator(s) under the Arbitration and Conciliation Act, 1996. However, there is also a provision of appeal, if either party is not satisfied with the arbitration award.

54. Words and expressions which are used in this document but which are not defined herein shall, unless the context otherwise requires, have the same meaning as assigned thereto in the Rules, Byelaws and Regulations/ Business Rules and circulars/notices issued thereunder of the Exchanges/SEBI.

55. All additional voluntary/non-mandatory clauses/document added by the Member should not be in contravention with Rules/ Business Rules/Notices/Circulars of Exchanges/SEBI. Any changes in such voluntary clauses/document(s) need to be preceded by a notice of 15 days. Any changes in the rights and obligations which are specified by Exchanges/SEBI shall also be brought to the notice of the clients.

56. If the rights and obligations of the parties hereto are altered by virtue of change in Rules of SEBI or Bye-laws, Rules and Business Rules of the relevant commodity exchanges where the trade is executed, such changes shall be deemed to have been incorporated herein in modification of the rights and obligations of the parties mentioned in this document.

57. Members are required to send account statement to their clients every month

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

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

1. Member is eligible for providing Internet based trading (IBT) and 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 member 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 Member shall provide the Member's IBT Service to the Client, and the Client shall avail of the Member's IBT Service, on and subject to SEBI/Exchanges Provisions and the terms and conditions specified on the Member's IBT Web Site provided that they are in line with the norms prescribed by Exchanges/SEBI.

3. The member 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 member.

4. The member shall make the client aware that the Member's IBT system itself generates the initial password and its password policy as stipulated in line with norms prescribed by Exchanges/SEBI.

5. The Client shall be responsible for keeping the Username and Password confidential and secure and shall be solely responsible for all orders entered and transactions done by any person whosoever through the Member's IBT System using the Client's Username and/or Password whether or not such person was authorized to do so. Also the client is aware that authentication technologies and strict security measures are required for the internet trading/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 member

6. The Client shall immediately notify the Member in writing if he

forgets his password, discovers security flaw in Member's IBT System,

discovers/suspects discrepancies/ unauthorized access through his username/password/account with full details of such unauthorized use, the date, the manner and the transactions effected pursuant to such unauthorized use, etc.

7. The Client is fully aware of and understands the risks associated with availing of a service for routing orders over the internet/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 member shall send the order/trade confirmation through email to the client at his request. The client is aware that the order/trade confirmation is also provided on the web portal. In case client is trading using wireless technology, the member shall send the order/trade confirmation on the device of the client.

9. The client is aware that trading over the internet involves many uncertain factors and complex hardware, software, systems, communication lines, peripherals, etc. are susceptible to interruptions and dislocations. The Member and the Exchange do not make any representation or warranty that the Member's IBT Service will be available to the Client at all times without any interruption.

10. The Client shall not have any claim against the Exchange or the Member on account of any suspension, interruption, non-availability or malfunctioning of the Member's IBT System or Service or the Exchange's service or systems or non-execution of his orders due to any link/system failure at the Client/Members/Exchange end for any reason beyond the control of the member/Exchange.

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

The Exchange does not expressly or impliedly, guarantees nor makes any representation concerning the completeness, the adequacy or accuracy of this disclosure documents nor has the Exchange endorsed or passed any merits of participating in the Commodity Derivatives/trading. This brief statement does not disclose all of the risks and other significant aspects of trading. You should, therefore, study derivatives trading carefully before becoming involved in it.

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

You must know and appreciate that investment in commodity futures contracts/ derivatives or other instruments traded on the Commodity Exchange(s), which have varying element of risk, is generally not an appropriate avenue for someone of limited resources/ limited investment and/or trading experience and low risk tolerance. You should, therefore, carefully consider whether such trading is suitable for you in the light of your financial condition. In case, you trade on the Exchange and suffer adverse consequences or loss, you shall be solely responsible for the same and the Exchange shall not be responsible, in any manner whatsoever, for the same and it will not be open for you to take the plea that no adequate disclosure regarding the risks involved was made or that you were not explained the full risk involved by the concerned member. The Client shall be solely responsible for the consequences and no contract can be rescinded on that account.

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

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

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

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

### **1. Basic Risks involved in the trading of Commodity Futures Contracts and other Commodity Derivatives Instruments on the Exchange.**

#### **i. Risk of Higher Volatility**

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

#### **ii. Risk of Lower Liquidity**

a. Liquidity refers to the ability of market participants to buy and/ or sell

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

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

#### **iii. Risk of Wider Spreads**

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

#### iv. Risk-reducing orders

a. Most of the Exchanges have a facility for investors to place "limit orders", "stop loss orders" etc. Placing of such orders (e.g. "stop loss" orders or "limit" orders) which are intended to limit losses to certain amounts may not be effective many a time because rapid movement in market conditions may make it impossible to execute such orders.

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

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

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

#### v. Risk of News Announcements

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

#### vi. Risk of Rumours

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

#### vii. System Risk

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

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

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

#### viii. System/ Network Congestion

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

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

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

a. The amount of margin is small relative to the value of the commodity derivatives contract so the transactions are 'leveraged' or 'geared'. Commodity Derivatives trading, which is conducted with a relatively small amount of margin, provides the possibility of great profit or loss in comparison with the principal investment amount. But transactions in commodity derivatives carry a high degree of risk. You should therefore completely understand the following statements before actually trading in commodity derivatives contracts and also trade with caution while

b. Trading in Futures Commodity Derivatives involves daily settlement of all positions. Every day the open positions are marked to market based on the closing price. If the closing price has moved against you, you will be required to deposit the amount of loss (notional) resulting from such movement. This margin will have to be paid within a stipulated time frame, generally before commencement of trading on the next day.

c. If you fail to deposit the additional margin by the deadline or if an outstanding debt occurs in your account, the Member of the Exchange may liquidate/square-up a part of or the whole position. In this case, you will be liable for any losses incurred due to such square-up/ Close Outs.

d. Under certain market conditions, an Investor may find it difficult or impossible to execute the transactions. For example, this situation can occur due to factors such as illiquidity i.e. when there are insufficient bids or offers or suspension of trading due to price limit or circuit breakers etc.

e. Steps, such as, changes in the margin rate, increase in the cash margin rate etc. may be adopted in order to maintain market stability. These new measures may be applied to the existing open interests. In such conditions, you will be required to put up additional margins or reduce your positions.

f. You must ask your Member of the Exchange to provide the full details of the commodity derivatives contracts you plan to trade i.e. the contract specifications and the associated obligations.

#### 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 e.g. 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 OR ANY OTHER TECHNOLOGY:

Any additional provisions defining the features, risks, responsibilities, obligations and liabilities associated with commodities trading through

wireless technology or any other technology should be brought to the notice of the client by the member.

#### 4. General

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

ii. Commission and other charges: Before you begin to trade, you should obtain a clear explanation of all commissions, fees and other charges for which you will be liable. These charges will affect your net profit (if any) or increase your loss.

iii. For rights and obligations of the Members/Authorised Persons/clients, please refer to Annexure 3

iv. The term 'Constituent' shall mean and include a Client, a Customer or an Investor, who deals with a member for the purpose of trading in the commodity derivatives through the mechanism provided by the Exchange.

v. The term 'member' shall mean and include a Trading Member or a Member/Broker, who has been admitted as such by the Exchange and got a registration certificate from SEBI.

### **GUIDANCE NOTE - DO's AND DON'Ts FOR TRADING ON THE EXCHANGE(S) FOR INVESTORS BEFORE YOU BEGIN TO TRADE**

#### **Do's**

1. Trade only through Registered Members of the Exchange. Check from the Exchange website [www.exchange.com](http://www.exchange.com) and SEBI website [www.sebi.gov.in](http://www.sebi.gov.in)
2. Insist on filling up a standard 'Know Your Client (KYC)' form before you commence trading
3. Insist on getting a Unique Client Code (UCC) and ensure all your trades are done under the said UCC.
4. Insist on reading and signing a standard 'Risk Disclosure Agreement'.
5. Obtain a copy of your KYC and/ or other documents executed by you with the Member, from the Member.
6. Cross check the genuineness of trades carried out at the Exchange through the trade verification facility available on the Exchange website [www.exchange.com](http://www.exchange.com). The trades can be verified online where trade information is available up to 5 working days from the trade date.
7. Insist on a duly signed Contract Note in specified format for every executed trade within 24 hours of trade, highlighting the details of the trade along with your UCC.
8. Ensure that the Contract Note contains all the relevant information such as Member Registration Number, Order No., Order Date, Order time, Trade No., Trade rate, Quantity, Arbitration Clause, etc.
9. Obtain receipt for collaterals deposited with the Member towards margins.
10. Go through the Rules, Bye-laws, Regulations, Circulars, Directives, Notifications of the Exchange as well as of the Regulators, Government and other authorities to know your rights and duties vis-à-vis those of the Member.
11. Ask all relevant questions and clear your doubts with your Member before transacting.
12. Insist on receiving the bills for every settlement.
13. Insist on Monthly statements of your ledger account and report any discrepancies in the statement to your Member within 7 working days. In case of unsatisfactory response report the discrepancy to the Exchange within 15 working days from the date of cause of action.
14. Scrutinize minutely both the transaction & holding statements that you receive from your Depository Participant.
15. Keep Delivery Instruction Slips (DIS) book issued by DPs in safe possession.
16. Ensure that the DIS numbers are pre-printed and your account number (UCC) is mentioned in the DIS book.
17. Freeze your Demat account in case of your absence for longer duration or in case of not using the account frequently.
18. Pay required margins in time and only by Cheque and ask for receipt thereof from the Member.
19. Deliver the commodities in case of sale or pay the money in case of purchase within the time prescribed.
20. Understand and comply with accounting standards for derivatives.
21. Ensure to read, understand and then sign the voluntary clauses, if any, agreed between you and the Member. Note that the clauses as agreed between you and the Member cannot be changed without your consent.
22. Get a clear idea about all brokerage, commissions, fees and other charges levied by the Member on you for trading and the relevant provisions/guidelines specified by SEBI/Commodity exchanges.
23. Make the payments by account payee cheque in favour of the Member. Ensure that you have a documentary proof of your payment/deposit of commodities with the Member, stating date, commodity, quantity, towards which bank/ demat account such money or commodities (in the form of warehouse receipts) deposited and from which bank/ demat account.

24. The payout of funds or delivery of commodities (as the case may be) shall not be made to you within one working day from the receipt of pay-out from the Exchange, in case you have given specific authorization for maintaining running account to the member. Thus, in this regard, the running account authorization provided by you to the Member shall be subject to the following conditions:

a) Such authorization from you shall be dated, signed by you only and contains the clause that you may revoke the same at any time.

b) You need to bring any dispute arising from the statement of account to the notice of the Member in writing preferably within 7 (seven) working days from the date of receipt of funds/commodities or statement, as the case may be. In case of dispute, refer the matter in writing to the Investors Grievance Cell of the relevant Commodity exchanges without delay.

c) In case you have not opted for maintaining running account and pay-out is not received on the next working day of the receipt of pay-out from the exchanges, please refer the matter to the Member. In case there is dispute, ensure that you lodge a complaint in writing immediately with the Investors Grievance Cell of the relevant Commodity exchange.

d) Please register your mobile number and email id with the Member, to receive trade confirmation alerts/ details of the transactions through SMS or email, by the end of the trading day, from the commodity exchanges.

25. You should familiarize yourself with the protection accorded to the money or other property you may deposit with your member, particularly in the event of a default in the commodity derivatives or the member becomes insolvent or bankrupt.

26. Please ensure that you have a documentary proof of having made the deposit of such money or property with the member, stating towards which account such money or property deposited.

27. In case your problem/grievance/issue is not being sorted out by concerned

Member/Authorised Person then you may take up the matter with the concerned Commodity Exchange. If you are not satisfied with the resolution of your complaint then you can escalate the matter to SEBI.

#### **Don'ts**

1. Do not deal with any unregistered intermediaries.
2. Do not undertake off-market transactions as such transactions are illegal and fall outside the jurisdiction of the Exchange.
3. Do not enter into assured returns arrangement with any Member
4. Do not get carried away by luring advertisements, rumours, hot tips, explicit/ implicit promise of returns, etc.
5. Do not make payments in cash/ take any cash towards margins and settlement to/ from the Member.
6. Do not start trading before reading and understanding the Risk Disclosure Agreement.
7. Do not neglect to set out in writing, orders for higher value given over phone.
8. Do not accept unsigned/duplicate contract note/confirmation memo.
9. Do not accept contract note/confirmation memo signed by any unauthorized person.
10. Don't share your internet trading account's password with anyone
11. Do not delay payment/deliveries of commodities to Member.
12. Do not forget to take note of risks involved in the investments.
13. Do not sign blank Delivery Instruction Slips (DIS) while furnishing commodities, deposits and/or keep them with Depository Participants (DP) or member to save time.
14. Do not pay brokerage in excess of that rates prescribed by the Exchange
15. Don't issue cheques in the name of Authorized Person.

**1. REFUSAL OF ORDERS FOR PENNY STOCKS**

UFTS reserves the right to, at its sole discretion and without prior notice, impose restrictions or refuse a client's ability to place orders or engage in trading activities involving penny stocks or other specified stocks/contracts (which may not necessarily be penny stocks, including but not limited to stocks subject to surveillance measures by exchanges) based on prevailing market conditions and risk containment considerations. The client shall assume full responsibility for any losses resulting from such restrictions or refusals.

**2. SETTING UP CLIENT'S EXPOSURE LIMITS**

UFTS has established its own Risk Management System (RMS) policy. Client limits are determined based on this policy and the margins paid, following UFTS's specified procedures, which may change over time. These limits are subject to adjustments, both increases and decreases, at the discretion of UFTS, the Exchange, SEBI, or the Clearing Corporation, as deemed necessary. UFTS may periodically impose and modify various limits on the orders that clients can execute through the stockbroker's trading system. These limits include exposure limits, turnover limits, purchase/sell limits, mark-to-market loss limits, as well as limits on the quantity, value, and types of securities for which orders can be placed, among others.

Clients acknowledge and agree that UFTS may need to swiftly modify or reduce limits, or introduce new limits, based on UFTS's assessment of risk and other relevant factors. UFTS may not always be able to inform clients of such changes in advance. Clients also acknowledge that UFTS is not accountable for these variations, reductions, or new limit impositions. UFTS retains the authority to establish varying trading limits for different clients, contingent upon its evaluation of their creditworthiness, integrity, and past conduct.

**3. APPLICABLE BROKERAGE RATE**

The brokerage fees will be determined by UFTS and shall be applied to the client as per the rates agreed upon in the KYC at the time of registration of client and/or subsequently through a written document. These fees may be calculated as a percentage of the trade's value, a flat rate, or by other means, all within the regulatory limits set by SEBI/EXCHANGE. The brokerage charges are subject to periodic review and may be reduced without prior written notice to the client. However, any increase in brokerage fees will only occur after notifying the client. Please note that brokerage charges do not include additional fees, charges, levies, or taxes.

**4. IMPOSITION OF PENALTY/DELAYED PAYMENT CHARGES**

As a policy, UFTS does not offer financial support or funding facilities.

In adherence to exchange bye laws, UFTS must meet specific financial obligations, including making fund payments and arranging securities delivery within specified timeframes, maintaining adequate upfront margins with the exchanges to avail

trading exposure. Failure to maintain the prescribed cash-to-collateral ratio by exchanges may result in interest charges. UFTS will transfer penalties or fines imposed by regulatory authorities due to client activities, and may levy delay penalties, not exceeding 2% per month plus GST, for client delays in meeting pay-in obligations, which will be applicable from the pay-in deadline date until relevant dues are realized. The delay payment charges are applicable irrespective of any credits in any other family or group accounts. Clients acknowledge and agree that UFTS is not obliged to pay any interest on credit balances, up-front margins, or any other amounts held in the client's account.

**5. LIQUIDATION/CLOSE-OUT OF POSITIONS**

Subject to UFTS's other rights (including the option to refer the matter to arbitration), UFTS may, upon prior notification to the client, liquidate or close out any or all of the client's positions due to non-payment of margins, unsettled obligations, outstanding debts, and similar matters. The proceeds from such liquidation or closeout, if any, will be adjusted against the client's liabilities and obligations. All losses and financial charges resulting from such liquidation or closeout will be the responsibility of the client. Furthermore, the compulsory liquidation of shares held in the Client Unpaid Securities Account will be subject to SEBI and Exchange Circulars, guided by UFTS's risk Management Policy. The client must settle outstanding obligations by the 5th Trading Day from the Pay-out cut-off time at 2.15 pm. Failure to make the required payment by this deadline will lead to the discretionary liquidation of the client's shares by UFTS to recover the outstanding debit and thereafter remaining shares, if any, shall be returned to the client.

**6. INTERNAL SHORTAGE FOR EQUITY**

In case of purchase of securities by the Client, at times Member may be unable to deliver the securities to the said purchaser on the pay-out day due to non-receipt of the said securities from another Client of Member who has sold the securities against the said purchase transaction. In such cases, member may buy the shares from the market on T+ 1 day or on settlement day and deliver the same to the client or he may give close out at the rate as determined by the member.

**7. INTERNAL SHORTAGE FOR COMMODITY**

Member shall not be obliged to deliver any commodities or pay any money to the client until the same has been received by the Member from the Exchange, the clearing corporation/clearing house.

Clients are required to make Commodities/Funds pay-in on or before Settlement day. In case of default in pay-in by the client and the shortage is at member level i.e. internal shortage, a penalty as applicable from time to time (not exceeding the percentage prescribed by the exchange for auctioned trades), will be imposed on the defaulting client and the benefit will be passed on to the respective beneficiary client.

## **8. RESTRICTIONS/PROHIBITION TO TAKE FURTHER**

### **POSITION OR CLOSING EXISTING POSITION:**

UFTS reserves the exclusive right to either prohibit the client from opening additional positions or to terminate existing client positions under certain circumstances. These circumstances may include restrictions related to trading volume, outstanding business, or margins as set forth by the exchange, Clearing Corporation, clearing house, and/or UFTS. Additionally, such actions may be taken in response to any extraordinary events that justify such restrictions. The client voluntarily relinquishes any and all claims for losses or damages, whether arising directly or indirectly from these restrictions.

## **9. TEMPORARY SUSPENSION/CLOSURE AT CLIENTS REQUEST**

Upon receiving a written request from the client, their account can be temporarily suspended, and it will only be reactivated upon receiving a written request from the client. However, share or ledger balance settlements for the client can still be carried out during this period. Additionally, if the client submits a written request, their account can be permanently closed.

It's important to note that any temporary suspension or closure of the trading account will not impact the rights and obligations that were incurred before the suspension or closure. UFTS will not process any request for temporary suspension or closure unless all outstanding dues from the client are settled.

## **10. DE-REGISTERING A CLIENT:**

UFTS retains the unilateral authority to unregister a client's account and immediately terminate services in order to safeguard its interests. These interests may encompass, but are not limited to, the following situations:

1. When UFTS is legally compelled to do so.
2. If the client's account remains dormant for an extended period.
3. When UFTS has reasonable grounds to suspect fraudulent activity associated with the account.
4. When there is a valid concern that the client may be incapable of meeting their financial obligations, whether expressed in writing or verbally.
5. Any other reason deemed reasonable by UFTS for account deregistration.

The client willingly relinquishes any and all claims for losses or damages arising, whether directly or indirectly, from such account deregistration. It's important to note that deregistration will not absolve the client of any liabilities resulting directly or indirectly from transactions conducted at any time prior to the deregistration.

## **11. INACTIVE CLIENT ACCOUNT**

A client's trading account will be designated as inactive if no trades have been executed across all exchanges for a consecutive 12- month period. The marking of an account as inactive will occur on a weekly basis or at intervals determined by UFTS.

To reactivate the account, the client must adhere to the procedures outlined by the exchanges, which may include, but are not limited to, conducting in-person verification and submitting a reactivation application along with the necessary documents.

Furthermore, if a client fails to reactivate their account within two years, they will be required to submit a new Know Your Customer (KYC) form along with all the requisite supporting documents in order to activate their account.

## **DECLARATION PURSUANT TO PREVENTION OF MONEY LAUNDERING ACT, 2002 (PMLA)**

- Due to tightened security and increased vigilance in the wake of threats emanating from increase terrorism, any failure on our part to discharge our duties cast on us under the applicable laws or we becoming an instrument or a part of the chain in certain transaction, even if or ignorantly, may land us in trouble.
- There is an Act called Prevention of Money Laundering Act, 2002 (PMLA)  
The purpose of this act is to prevent the financing of terrorism and to prevent laundering of money i.e. to legalize or officialize or canalize the money generated from illegal activities like drug trafficking, organized crimes, hawala rackets and other serious crimes.
- This act is a part of the Global measures being taken by all the countries under the initiatives of UN agencies It is applicable to all SEBI Registered brokers/ sub-brokers and other financial institution who are dealing in any kind of financial assets.
- It is an obligation of the entities to whom this act is applicable, to report certain kind of transactions routed through them to FINANCIAL INTELLIGENCE UNIT, a department specially set up to administer this Act under the Ministry of Finance.
- The transactions which are supposed to be reported are cash transactions above rupees ten lakhs or series of cash transaction below ten lakhs but aggregating to above ten lakhs in a month or its equivalent in any foreign currency and the transaction which may not be in cash but suspicious in nature.
- Any such above type of transaction, though not executed but attempted and failed are also required to be reported.
- The suspicious transaction can be related to the transactions under the circumstances such as:
  - ✓ Clients whose identity verification seems difficult or clients that appear not to cooperate.
  - ✓ Asset management services for clients where the source of the funds is not clear or not in keeping with clients apparent standing/ business activity;
  - ✓ Clients based in high risk jurisdictions;
  - ✓ Substantial increases in business without apparent cause;
  - ✓ Clients transferring large sums of money to or from overseas location with instructions for payment in cash;
  - ✓ Attempted transfer of investment proceeds to apparently unrelated third parties;
  - ✓ Businesses undertaken by offshore banks/ financial services.
  - ✓ Businesses reported to be in the nature of export/import of small items.
  - ✓ Unusual transactions by Clients of Special Categories (CSCs)
  - ✓ Clients of Special Categories may include;
    - ✓ NRI/ HNI/ Trust/ Charities/ NGO/ Organizations receiving donations
    - ✓ Companies having close family shareholdings or beneficial ownership
    - ✓ Politically Exposed Persons
    - ✓ Companies offering foreign exchange offerings
    - ✓ Clients in high risk countries
    - ✓ Non face to face clients.
    - ✓ Clients with dubious reputation as per public information available.
- No trading or demat account can be opened in the name of entity whose name is listed on the banned entity list being maintained at United Nation's website at <http://www.un.org/sc/committees/1267/consolist.shtml>.
- While opening the new accounts all the prescribed procedures of KYC and Client Identifications should strictly be followed in the context of ensuring the compliance under this act.
- All the records of transactions and client identification must be preserved in a manner which can be promptly retrieved and reported to the authorities in the specified format.

- This is the highlights of the requirements under the Act. Sub-brokers/ Authorized Persons / Remises are advised to go through the SEBI's master circular at <http://www.sebi.gov.in/circulars/2010/mastercircular/IVlasterCircular.pdf> for detailed information and understanding and also visit the website of FIUIND at <http://fiuindia.gov.in>
- The end clients are advised to co-operate with us by providing the additional information/ documents, if asked for during the course of your dealings with us to ensure the compliance requirements under this Act.
- As a responsible citizen, it is our statutory as well as moral duty to be vigilant and to refrain from temptation of easy monetary gains, by knowingly or unknowingly supporting the people who are involved in the activities which are endangering our freedom and causing damage to the nation and to us as well.
- For any further clarifications or information on the subject, principal officer may be contacted.

## FORMAT OF DECLARATION TO BE GIVEN PARTNERSHIP FIRM ON LETTERHEAD

To  
**Upmove Financial Technologies Services**  
 501, B-wing, East Point Bldg., 90ft Road, Next Ganesh Mandir,  
 Pant Nagar, Ghatkopar (E), Mumbai - 400 077

Dear Sir/ Madam,

In reference to our present / proposed dealings with you as your constituent, we declare and authorised you as under :

1. We hereby authorise Mr./Ms. \_\_\_\_\_ or Mr./Ms. \_\_\_\_\_ or Mr./Ms \_\_\_\_\_, partners of the firm singly to execute/ sign and submit various papers and documents and to sell, purchase, transfer, endorse and negotiate and do all other that may be necessary to engage in business with Upmove Financial Technologies Services on behalf of the firm.
2. We recognise that a beneficiary account can not be opened with a depository participant in the name of a partnership firm as per law. To facilitate the completion of securities transfer obligations pursuant to dealings with you, we authorised you to recognise the beneficiary account No. \_\_\_\_\_ with depository participant \_\_\_\_\_ (DP ID \_\_\_\_\_) opened as a joint account in the name of the partners of the firm. We recognise and accept transfer's made by you to the said beneficiary account as complete discharge of obligations by you in respect of our dealings with you.
3. However we agree that all the partners have implied authority to act on behalf of the firm and actions of any other partner will be binding on the firm.

Thanking You,

Name of all Partners	Signature

### Sample copy / Format of Declaration by the Proprietorship firm

(To be obtained on pre-printed letterhead of the firm)

To  
**Upmove Financial Technologies Services**  
 501, B-wing, East Point Bldg., 90ft Road, Next Ganesh Mandir,  
 Pant Nagar, Ghatkopar (E), Mumbai - 400 077

Dear Sir/ Madam,

I refer to th trading account opened with you in the name of \_\_\_\_\_ and declare and authorize you as under. I recognise that a beneficiary account can not be opened with a depository participant in the name of a sole proprietorship firm as per regulations. To facilitate the operation of the above trading account with you and for the purpose of completing the share transfer obligations pursuant to the trading operations. I authorize you to recognize the beneficiary account no \_\_\_\_\_ with DP ID \_\_\_\_\_ opened in the name of the undersigned that is the sole proprietor of the firm.

I agree that the obligation for shares purchased and/or sold by the firm will be handled through transfer(s) to/from the above mentioned account. I recognize and accept transfer made by you to the beneficiary account as completion of obligations by you in respect of trades executed in the above trading account of the firm.

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

The cheques/ DDS (Electronic / Physical) may be issued by me from individual account or my joint account. The amounts so given shall be solely / exclusively

for credit to the account of my sole proprietorship firm M/s \_\_\_\_\_ with **M/s. Upmove Financial Technologies Services.**

I shall not lay any daim whatsoever in future against Upmove Financial Technologies Services for affording credit of such cheques / DDS issued form any individual/joint account credit of which has been provided by **M/s Upmove Financial Technologies Services** to the account of my proprietorship firm M/s \_\_\_\_\_

Thanking You

Your's Faithfully,

Signature of the Proprietor along with stamp

Name of the Proprietor.

**(ON LETTER HEAD OF COMPANIES FOR OPEN A TRADING ACCOUNT)  
FORMAT OF BOARD RESOLUTION IN CASE OF CORPORATES / TRUSTS**

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 the Company / Trust be registered as Client with **Upmove Financial Technologies Services** Members of National Stock Exchange of India Ltd, / Bombay Stock Exchange Ltd./ MCX-SX at Cash & Derivatives Segments, / Currency Derivates Segment, for the purpose of dealing in equities, derivates, debenture, debt and other products and the said member be and is hereby authorised to honour instructions oral or written, given on behalf of the Company / Trust by any of the following authorised signatories:

Sr. No.	Name	Designation	Specimen Signature
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who are authorised to sell, purchase, transfer, endorse, negotiate and / or otherwise deal with / through Upmove Financial Technologies Services on behalf of the Company / Trust.

RESOLVED FURTHER THAT Mr. \_\_\_\_\_ and or Mr. \_\_\_\_\_ Directors / Trustees of the Company / Trust be and are hereby authorised to sign, execute and submit such applications, undertakings, agreements and other requisite documents, writings and deeds as may be deemed necessary or expedient to give effect to the resolution.

RESOLVED FURTHER THAT the above mentioned directors would have authority to act on behalf of the Company and actions of the aforesaid directors will be binding on the Company.

RESOLVED FURTHER THAT the Common Seal of the Company be affixed, wherever necessary, in the presence of any one / two Directors of the Company and Company Secretary who shall sign the same in token of their presence.”

Certified true copy

For \_\_\_\_\_  
Chairman / All Trustees

**(ON LETTER HEAD OF COMPANIES FOR OPEN A DEMAT ACCOUNT)**

CERTIFIED TRUE COPY OF THE RESOLUTION PASSED AT THE MEETING OF THE BOARD OF DIRECTORS OF \_\_\_\_\_  
HELD ON \_\_\_\_\_, 20 \_\_\_\_

At (Address) \_\_\_\_\_

“RESOLVED THAT the Company open a Demat Account with Upmove Financial Technologies Services Depository Participant of Central Depository Services (I) Limited for the purpose of transfer of securities and the said Member be and is hereby authorised to honor instructions given on behalf of the Company by Mr. \_\_\_\_\_ / Mr. \_\_\_\_\_ Directors / Trustees of the company individually and / or jointly authorised to given instruction to transfer securities.

RESOLVED FURTHER THAT MR. \_\_\_\_\_ / Mr. \_\_\_\_\_ authorised signatory of the Company be and are hereby individually and jointly authorised to sign, execute and submit such application, undertakings, agreements and DP instructions other requisite documents, writings and deeds as may be deemed necessary or expedient to give effect to this resolution.

RESOLVED FURTHER THAT the above mentioned directors would have authority to act on behalf of the Company and actions of the aforesaid directors will be binding on the Company

RESOLVED FURTHER THAT Mr. \_\_\_\_\_ / Mr. \_\_\_\_\_ is authorised to affixed the Company seal whenever required in his / their presence & sign in token of his / their presences.

Signature of the Authorised Signatory

Mr. \_\_\_\_\_

Mr. \_\_\_\_\_

Certified true copy

For Company Name

Managing Director / Company Secretary / Chairman of the Meeting



CREATE CLEAN INDIA



## UPMOVE FINANCIAL TECHNOLOGIES SERVICES

Equities | Derivatives | Mutual Funds | IPO's | e-Broking

Reg. Office & Corporate Office : 501/1201, B-wing, East Point Bldg., 90 ft Road, Next to Ganesh Mandir, Pant Nagar,  
Ghatkopar (E), Mumbai - 400 077

Tel. : 022-3538 6600 | Web: [www.upmovefintech.in](http://www.upmovefintech.in)