

# Sharewealth Commodities Pvt. Ltd.

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N<sup>o</sup> 013703

**COMMODITIES**

**CLIENT REGISTRATION FORM  
AND AGREEMENT**

**MCX, NCDEX, NMCE**

Name of Client  
(For H.O. use)

Unique Client Code:

Branch:

Date:



[www.sharewealthindia.com](http://www.sharewealthindia.com)

Version 1.8

**ACCOUNT OPENING KIT  
INDEX**

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In person verification

\_\_\_\_\_

Name of Employee : \_\_\_\_\_

Designation : \_\_\_\_\_

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

Signature of Employee : \_\_\_\_\_




Date :

Dear Sir,

I/We hereby acknowledge the receipt copy of KYC, Rights and obligations documents, RDD and Guidance not and all other documents as executed by me/us.

Client Name .....

My Email Id.....

**(1)** 

(Signature of Client)





**K. DEALINGS THROUGH AUTHORIZED PERSONS AND OTHER MEMBERS**

If client is dealing through the Member / Authorized Person (AP), provide the following details (incase dealing with multiple Members/ Aps, provide details of all in a separate sheet containing all the information as mentioned below) :

Member's / AP's Name: [ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | ]

Exchange: [ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | ]

Exchange's Registration number: [ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | ]

Concerned Member's Name with whom the AP is registered: [ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | ]

Registered office address: [ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | ]  
[ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | ]

Telephone No.: [ | | | | | | | | | | ] Fax No: [ | | | | | | | | ]

Email ID: [ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | ]

Website: [ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | ]

Client Code: [ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | ]

Details of disputes/ dues pending from/to such Member/AP: [ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | ]  
[ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | ]


**L. ADDITIONAL DETAILS**

- Whether you wish to receive physical contract note or Electronic Contract Note (ECN) (please specify): .....
- If ECN has been selected, provide your Email id: .....
- If you wish to receive Electronic Contract Note (ECN), an 'ECN declaration form' via email would need to be provided as per the format and procedure given at Appendix A.
- The ECN declaration form should normally be in English. In case you are not conversant with the English language, the ECN form should be bi-lingual i.e., in English and the local language known to you.
- You can revoke the ECN facility and opt for the contract note in the physical form only by giving 7 working days' notice to the member and copy of the same would be retained by you.
- Whether you wish to avail of the facility of internet trading/ wireless technology (please specify): .....
- Any other information: .....

**M. INTRODUCER DETAILS (optional)**

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

Status of the Introducer: Authorized Person/Existing Client/Others,  
please specify..... Address and phone no. of the Introducer: .....

**Signature of the Introducer**  \_\_\_\_\_

**N. NOMINATION DETAILS**

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: [ | | | | | | | | ]  
d d m m y y y y







**Registered Address** (if different from above):

City/town/village:  Pin Code :

State  Country  Nationality




Telephone No.:  Mobile  Fax No:

Email ID:

**Specify the proof of address submitted for registered address:**

### C. OTHER DETAILS

- Gross Annual Income Details (please specify): Income Range per annum: Below Rs 1 Lac / 1-5 Lac / 5-10 Lac / 10-25 Lac / 25 Lacs - 1 crore / > 1 crore
- Net-worth as on (date) \_\_\_\_\_ (dd/mm/yyyy): \_\_\_\_\_ (\*Net worth should not be older than 1 year)
- Name, PAN, residential address and photographs of Promoters/Partners/Karta/Trustees and whole time directors \_\_\_\_\_

Name			
Pan			
Residential Address			
Passport size Photograph	(Please sign across the photograph) 	(Please sign across the photograph) 	(Please sign across the photograph) 
DIN/UID			

- Please tick, if applicable, for any of your authorized signatories/Promoters/Partners/Karta/Trustees/whole time directors: Politically Exposed Person (PEP)/ Related to a Politically Exposed Person (PEP)

- Any other information: \_\_\_\_\_





- The ECN declaration form should normally be in English. In case you are not conversant with the English language, the ECN form should be bi-lingual i.e., in English and the local language known to you.
- You can revoke the ECN facility and opt for the contract note in the physical form only by giving 7 working days' notice to the member and copy of the same would be retained by you.
- Whether you wish to avail of the facility of internet trading/ wireless technology (please specify): .....
- Any other information: .....

**M. INTRODUCER DETAILS (optional)**


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

Status of the Introducer: Authorized Person/Existing Client/Others,  
 please specify..... Address and phone no. of the Introducer: .....

**Signature of the Introducer**  \_\_\_\_\_

**DECLARATION**

1. I/We hereby declare that the details furnished above are true and correct to the best of my/our knowledge and belief and I/we undertake to inform you of any changes therein, immediately. In case any of the above information is found to be false or untrue or misleading or misrepresenting, I am/ we are aware that I/ we may be held liable for it.
2. I/We confirm having read/been explained and understood the contents of the tariff sheet and all voluntary/non-mandatory documents.
3. I/We further confirm having read and understood the contents of the 'Rights and Obligations' document(s), 'Risk Disclosure Document' and 'Do's and Don't's'. 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 Member's designated website, if any.

**Place** -----  (3) (-----)  
**Date** ----- **Signature of Client/ (all) Authorized Signatory (ies)**

**FOR OFFICE USE ONLY**

UCC Code allotted to the Client: \_\_\_\_\_

Name of the Employee	Documents verified with Originals
Employee Code	
Designation of the employee	
Date	
Signature	

I / We undertake that we have made the client aware of tariff sheet and all the voluntary/non-mandatory documents. I/We have also made the client aware of 'Rights and Obligations' document (s), RDD, 'Do's and Dont's' and Guidance Note. I/ We have given/sent him a copy of all the KYC documents. I/We undertake that any change in the tariff sheet and all the voluntary/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.

Date \_\_\_\_\_

\_\_\_\_\_  
*Signature of the Authorised Signatory*

*Seal/Stamp of the Member*

## INSTRUCTIONS/CHECK LIST FOR FILLING KYC FORM

### A. IMPORTANT POINTS:

1. Self attested copy of PAN card is mandatory for all clients, including Promoters/ Partners/ Karta/ Trustees and whole time directors and persons authorized to deal in securities on behalf of company/ firm/ others.
2. Copies of all the documents submitted by the applicant should be self-attested and accompanied by originals for verification. In case the original of any document is not produced for verification, then the copies should be properly attested by entities authorized for attesting the documents, as per the below mentioned list.
3. If any proof of identity or address is in a regional language, then translation into English is required.
4. Name & address of the applicant mentioned on the KYC form, should match with the documentary proof submitted.
5. If correspondence & permanent address are different, then proofs for both have to be submitted.
6. Sole proprietor must make the application in his individual name & capacity.
7. For non-residents and foreign nationals, (allowed to trade subject to RBI and FIPB/FEMA guidelines and other applicable statutory approvals), copy of passport/ PIO Card/ OCI Card and overseas address proof is mandatory.
8. For foreign entities, CIN is optional; and in the absence of DIN 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 along with other statutory approvals required for investment in commodities.
10. Politically Exposed Persons (PEP) are defined as individuals who are or have been entrusted with prominent public functions in a foreign country, e.g., Heads of States or of Governments, senior politicians, senior Government/ judicial/ military officers, senior executives of state owned corporations, important political party officials, etc.

### B. Proof of Identity (POI): - List of documents admissible as Proof of Identity:

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

### C. Proof of Address (POA): - List of documents admissible as Proof of Address:

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

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

### D. Exemptions/ clarifications to PAN

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

1. 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.

**E. List of people authorized to attest the documents:**

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

**F. In case of Non-Individuals, additional documents to be obtained from non-individuals, over & above the POI & POA, as mentioned below:**

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

## Annexure – 2

### RISK DISCLOSURE DOCUMENT

The Exchange/ Forward Markets Commission (FMC) does not singly or jointly, expressly or impliedly, guarantee nor make any representation concerning the completeness, the adequacy or accuracy of this disclosure documents nor has the Exchange/ FMC endorsed or passed any merits of participating in the Commodity Derivatives market/ trading. This brief statement does not disclose all of the risks and other significant aspects of trading. You should, therefore, study derivatives trading carefully before becoming involved in it.

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

You must know and appreciate that investment in commodity futures contracts/ derivatives or other instruments traded on the Commodity Exchange(s), which have varying element of risk, is generally not an appropriate avenue for someone of limited resources/ limited investment and/ or trading experience and low risk tolerance. You should, therefore, carefully consider whether such trading is suitable for you in the light of your financial condition. In case, you trade on the Exchange and suffer adverse consequences or loss, you shall be solely responsible for the same and the Exchange, its Clearing House and/ or Forward Markets Commission 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, client registration form, execution of an agreement etc. and are subject to Rules, Byelaws and Business Rules of the Exchange and its Clearing Corporation/ Clearing House, guidelines prescribed by FMC from time to time and circulars as may be issued by the Exchange or its Clearing Corporation/ Clearing House 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**

a. 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 execute at all.

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

### iii. Risk of Wider Spreads

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

### iv. Risk-reducing orders

- a. Most of the Exchanges have a facility for investors to place "limit orders", "stop loss orders" etc. Placing of such orders (e.g. "stop loss" orders or "limit" orders) which are intended to limit losses to certain amounts may not be effective many a time because rapid movement in market conditions may make it impossible to execute such orders.
- b. A "market" order will be executed promptly, subject to availability of orders on opposite side, without regard to price and that while the customer may receive a prompt execution of a "market" order, the execution may be at available prices of outstanding orders, which satisfy the order quantity, on price time priority. It may be understood that these prices may be significantly different from the last traded price or the best price in that commodity derivatives contract.
- c. A "limit" order will be executed only at the "limit" price specified for the order or a better price. However, while the client received price protection, there is a possibility that the order may not be executed at all.
- d. A stop loss order is generally placed "away" from the current price of a commodity derivatives contract, and such order gets activated if and when the contract reaches, or trades through, the stop price. Sell stop orders are entered ordinarily below the current price, and buy stop orders are entered ordinarily above the current price. When the contract approaches pre-determined price, or trades through such price, the stop loss order converts to a market/limit order and is executed at the limit or better. There is no assurance therefore that the limit order will be executable since a contract might penetrate the pre-determined price, in which case, the risk of such order not getting executed arises, just as with a regular limit order.

### v. Risk of News Announcements

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

### vi. Risk of Rumours

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

### vii. System Risk

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

### viii. System/ Network Congestion

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



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

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

- a. The amount of margin is small relative to the value of the commodity derivatives contract so the transactions are 'leveraged' or 'geared'. Commodity Derivatives trading, which is conducted with a relatively small amount of margin, provides the possibility of great profit or loss in comparison with the principal investment amount. But transactions in commodity derivatives carry a high degree of risk. You should therefore completely understand the following statements before actually trading in commodity derivatives contracts and also trade with caution while taking into account one's circumstances, financial resources, etc.
- b. Trading in Futures Commodity Derivatives involves daily settlement of all positions. Every day the open positions are marked to market based on the closing price. If the closing price has moved against you, you will be required to deposit the amount of loss (notional) resulting from such movement. This margin will have to be paid within a stipulated time frame, generally before commencement of trading on the next day.
- c. If you fail to deposit the additional margin by the deadline or if an outstanding debt occurs in your account, the Member of the Exchange may liquidate/square-up a part of or the whole position. In this case, you will be liable for any losses incurred due to such square-up/ Close Outs.
- d. Under certain market conditions, an Investor may find it difficult or impossible to execute the transactions. For example, this situation can occur due to factors such as illiquidity i.e. when there are insufficient bids or offers or suspension of trading due to price limit or circuit breakers etc.
- e. Steps, such as, changes in the margin rate, increase in the cash margin rate etc. may be adopted in order to maintain market stability. These new measures may be applied to the existing open interests. In such conditions, you will be required to put up additional margins or reduce your positions.
- f. You must ask your Member of the Exchange to provide the full details of the commodity derivatives contracts you plan to trade i.e. the contract specifications and the associated obligations.

**3. TRADING THROUGH WIRELESS TECHNOLOGY OR ANY OTHER TECHNOLOGY:**

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

**4. GENERAL**

**i. Deposited cash and property:**

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

**ii. Commission and other charges:**

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

iii. For rights and obligations of the Members/ Authorised Persons/ clients, please refer 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 Broker, who has been admitted as such by the Exchange and got a Unique Member Code from FMC.

### Annexure – 3

#### **RIGHTS AND OBLIGATIONS OF MEMBERS, AUTHORIZED PERSONS AND CLIENTS** *as prescribed by FMC and Commodity Exchanges*

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

#### **CLIENT INFORMATION**

8. The client shall furnish all such details in full as are required by the Member in "Account Opening Form" with supporting details, made mandatory by commodity exchanges/FMC from time to time.
9. The client shall familiarize himself with all the mandatory provisions in the Account Opening documents. Any additional clauses or documents specified by the Member shall be non-mandatory, 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 nonnegotiated contract if so indicated by –
  - i. an overall and substantial assessment of the financial contract; and
  - ii. the substantial circumstances surrounding the financial contract
- d. In a claim that a financial contract is a non-negotiated contract, the onus of demonstrating otherwise will be on the Member.

11.C.

- a. The above does not apply to a term of a financial contract if it –
  - i. defines the subject matter of the financial contract;
  - ii. sets the price that is paid, or payable, for the provision of the financial product or financial service under the financial contract and has been clearly disclosed to the Client; or

- iii. is required, or expressly permitted, under any law or regulations.
  - b. The exemption under point 11.C does not apply to a term that deals with the payment of an amount which is contingent on the occurrence or non-occurrence of any particular event.
12. The Member and Authorized Person shall maintain all the details of the client as mentioned in the account opening form or any other information pertaining to the client, confidentially and that they shall not disclose the same to any person/authority except as required under any law/regulatory requirements. Provided however that the Member may so disclose information about his client to any person or authority with the express permission of the client.
- 13.A. Protection of personal information and confidentiality
- a. “Personal information” means any information that relates to a Client or allows a Client’s identity to be inferred, directly or indirectly, and includes –
    - i. name and contact information;
    - ii. biometric information, in case of individuals
    - iii. information relating to transactions in, or holdings of, financial products
    - iv. information relating to the use of financial services; or
    - v. such other information as may be specified.
- 13.B.
- a. A Member must –
    - i. not collect personal information relating to a Client in excess of what is required for the provision of a financial product or financial service;
    - ii. maintain the confidentiality of personal information relating to Clients and not disclose it to a third party, except in a manner expressly permitted under point 13.B.b.;
    - iii. make best efforts to ensure that any personal information relating to a Client that it holds is accurate, up to date and complete;
    - iv. ensure that Clients can obtain reasonable access to their personal information, subject to any exceptions that the Regulator may specify; and
    - v. allow Clients an effective opportunity to seek modifications to their personal information to ensure that the personal information held by the Member is accurate, up to date and complete.
  - b. A Member may disclose personal information relating to a Client to a third party only if –
    - i. it has obtained prior written informed consent of the Client for the disclosure, after giving the Client an effective opportunity to refuse consent;
    - ii. the Client has directed the disclosure to be made;
    - iii. the Regulator has approved or ordered the disclosure, and unless prohibited by the relevant law or regulations, the Client is given an opportunity to represent under such law or regulations against such disclosure;
    - iv. the disclosure is required under any law or regulations, and unless prohibited by such law or regulations, the Client is given an opportunity to represent under such law or regulations against such disclosure;
    - v. the disclosure is directly related to the provision of a financial product or financial service to the Client, if the Member –
      - 1. informs the Client in advance that the personal information may be shared with a third party; and
      - 2. makes arrangements to ensure that the third party maintains the confidentiality of the personal information in the same manner as required under this Part; or
    - vi. the disclosure is made to protect against or prevent actual or potential fraud, unauthorised transactions or claims, if the Member arranges with the third party to maintain the confidentiality of the personal information in the manner required under this Part.-
  - c. “Third party” means any person other than the concerned Member, including a person belonging to the same group as the Member.

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

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

14.B.

- a. Member must provide a Client that is availing a financial product or financial service provided by it, with the following continuing disclosures—
  - i. any material change to the information that was required to be disclosed under point 14.A at the time when the Client initially 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 FMC 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 FMC) 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 FMC and/or Rules, Business Rules, Byelaws, circulars and notices of Exchange.
20. Where the Exchange(s) cancels trade(s) suo moto all such trades including the trade/s done on behalf of the client shall ipso facto stand cancelled, Member shall be entitled to cancel the respective contract(s) with client(s).
21. The transactions executed on the Exchange are subject to Rules, Byelaws and Business Rules and circulars/notices issued there under of the Exchanges where the trade is executed and all parties to such trade shall have submitted to the jurisdiction of such court as may be specified by the Byelaws and Business Rules of the Exchanges where the trade is executed for the purpose of giving effect to the provisions of the Rules, Byelaws and Business Rules of the Exchanges and the circulars/notices issued there under.

#### **BROKERAGE**

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

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

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

#### **DISPUTE RESOLUTION**

25. The Member shall co-operate in redressing grievances of the client in respect of all transactions routed through it.
26. The client and the Member shall refer any claims and/or disputes with respect to deposits, margin money, etc., to arbitration as per the Rules, Byelaws and Business Rules of the Exchanges where the trade is executed and circulars/notices issued 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**

34. The Member and client shall reconcile and settle their accounts from time to time as per the Rules, Business Rules, Bye Laws, Circulars, Notices and Guidelines issued by FMC and the relevant Exchanges where the trade is executed.
35. The Member shall issue a contract note to his clients for trades executed in such format as may be prescribed by the Exchange from time to time containing records of all transactions including details of order number, trade number, trade time, trade price, trade quantity, details of the derivatives contract, client code, brokerage, all charges levied etc. and with all other relevant details as required therein to be filled in and issued in such manner and within such time as prescribed by the Exchange. The Member shall send contract notes to the investors within 24 hours of the execution of the trades in hard copy and/or in electronic form using digital signature.
36. The Member shall make pay out of funds or delivery of commodities as per the Exchange Rules, Bye-Laws, Business Rules and Circulars, as the case may be, to the Client on receipt of the payout from the relevant Exchange where the trade is executed unless otherwise specified by the client and subject to such terms and conditions as may be prescribed by the relevant Exchange from time to time where the trade is executed.
37. The Member shall send a complete 'Statement of Accounts' for both funds and commodities in respect of each of its clients in such periodicity and format within such time, as may be prescribed by the relevant Exchange, from time to time, where the trade is executed. The Statement shall also state that the client shall report errors, if any, in the Statement immediately but not later than 30 calendar days of receipt thereof, to the Member. A detailed statement of accounts must be sent every month to all the clients in physical form. The proof of delivery of the same should be preserved by the Member.
38. The Member shall send daily margin statements to the client on monthly basis. Margin statement should include, inter-alia, details of collateral deposited, collateral utilized and collateral status (available balance/due from client) with break up in terms of cash, Fixed Deposit Receipts (FDRs), Bank Guarantee, warehouse receipts, securities etc.
39. The Client shall ensure that it has the required legal capacity to, and is authorized to, enter into the relationship with Member and is capable of performing his obligations and undertakings hereunder. All actions required to be taken to ensure compliance of all the transactions, which the Client may enter into shall be completed by the Client prior to such transaction being entered into.
40. In case, where a member surrenders his/ her/ its membership, Member gives a public notice inviting claims, if any, from investors. In case of a claim relating to transactions executed on the trading system of the Exchange, ensure that you lodge a claim with the Exchange within the stipulated period and with the supporting documents.
41. A. Protection from unfair conduct which includes misleading conduct & abusive conduct
- a. Unfair conduct in relation to financial products or financial services is prohibited.
  - b. "Unfair conduct" means an act or omission by a Member or its financial representative that significantly impairs, or is likely to significantly impair, the ability of a Client to make an informed transactional decision and includes –
    - i. misleading conduct under point 41.B
    - ii. abusive conduct under point 41.C



iii. such other conduct as may be specified.

41.B.

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

41.C.

- a. A conduct of a Member or its financial representative in relation to a financial product or financial service is abusive if it –
  - i. involves the use of coercion or undue influence; and
  - ii. causes or is likely to cause the Client to take a transactional decision that the Client would not have taken otherwise.
- b. In determining whether a conduct uses coercion or undue influence, the following must be considered –
  - i. the timing, location, nature or persistence of the conduct;
  - ii. the use of threatening or abusive language or behaviour;
  - iii. the exploitation of any particular misfortune or circumstance of the Client, of which the Member is aware, to influence the Client’s decision with regard to a financial product or financial service;
  - iv. any non-contractual barriers imposed by the Member where the Client wishes to exercise rights under a financial contract, including –
    - v. the right to terminate the financial contract;
    - vi. the right to switch to another financial product or another Member and
    - vii. a threat to take any action, depending on the circumstances in which the threat is made.

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

42. In case, client opts to receive the contract note in electronic form, he shall provide an appropriate e-mail id (created by the client) to the Member (Kindly refer Appendix A of Annexure 1). Member shall ensure that all the rules/ Business Rule/Bye-Laws/ circulars issued from time to time in this regard are complied with. The client shall communicate to the Member any change in the email-id through a physical letter. If the client has opted for internet trading, the request for change of email id may be made through the secured access by way of client specific user id and password.
43. The Member shall ensure that all ECNs sent through the e-mail shall be digitally signed, encrypted, non-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.
44. The client shall note that non-receipt of bounced mail notification by the Member shall amount to delivery of the contract note at the e-mail ID of the client.
45. The Member shall retain ECN and acknowledgement of the e-mail in a soft and non-tamperable form in the manner prescribed by the exchange in compliance with the provisions of the IT Act, 2000 and as per the extant rules/circulars/guidelines issued by FMC/Commodity exchanges from time to time. The proof of delivery i.e., log report generated by the system at the time of sending the contract notes shall be maintained by the Member for the specified period

under the extant rules/circulars/guidelines issued by FMC/Commodity exchanges. The log report shall provide the details of the contract notes that are not delivered to the client/e-mails rejected or bounced back. The Member shall take all possible steps to ensure receipt of notification of bounced mails by him at all times within the stipulated time period under the extant rules/circulars/guidelines issued by FMC/Commodity exchanges.

46. The Member shall continue to send contract notes in the physical mode to such clients who do not opt to receive the contract notes in the electronic form. Wherever the ECNs have not been delivered to the client or has been rejected (bouncing of mails) by the e-mail ID of the client, the Member shall send a physical contract note to the client within the stipulated time under the extant Regulations/ Rules, Bye-Laws, Business Rules and Circulars of FMC/commodity exchanges and maintain the proof of dispatch and delivery of such physical contract notes.
47. In addition to the e-mail communication of the ECNs to the client, the Member shall simultaneously publish the ECN on his designated web-site, if any, in a secured way and enable relevant access to the clients and for this purpose, shall allot a unique user name and password to the client, with an option to the client to save the contract note electronically and/or take a print out of the same.
48. The Electronic Contract Note (ECN) declaration form will be obtained from the Client who opts to receive the contract note in electronic form. This declaration will remain valid till it is revoked by the client.

## **LAW AND JURISDICTION**

49. In addition to the specific rights set out in this document, the Member, Authorised Person and the client shall be entitled to exercise any other rights which the Member or the client may have under the Rules, Bye-laws and Business Rules of the Exchanges in which the client chooses to trade and circulars/notices issued there under or Rules of FMC.
50. The provisions of this document shall always be subject to Government notifications, any rules, guidelines and circulars/notices issued by FMC and Circulars, Rules, Business Rules and Bye laws of the relevant commodity exchanges, where the trade is executed, that may be in force from time to time.
51. The Member and the client shall abide by any award passed by the Arbitrator(s) under the Arbitration and Conciliation Act, 1996. However, there is also a provision of appeal, if either party is not satisfied with the arbitration award.
52. Words and expressions which are used in this document but which are not defined herein shall, unless the context otherwise requires, have the same meaning as assigned thereto in the Rules, Byelaws and Regulations/Business Rules and circulars/notices issued thereunder of the Exchanges/FMC.
53. All additional voluntary/non mandatory clauses/document added by the Member should not be in contravention with Rules/ Business Rules/Notices/ Circulars of Exchanges/ FMC. Any changes in such voluntary clauses/ document(s) need to be preceded by a notice of 15 days. Any changes in the rights and obligations which are specified by Exchanges/FMC shall also be brought to the notice of the clients.
54. If the rights and obligations of the parties hereto are altered by virtue of change in Rules of FMC or Bye-laws, Rules and Business Rules of the relevant commodity exchanges where the trade is executed, such changes shall be deemed to have been incorporated herein in modification of the rights and obligations of the parties mentioned in this document.
55. Members are required to send account statement to their clients every month in physical form.

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

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


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

## TARIFF SHEET

1. Account opening charges
2. FMC turnover Fees as applicable
3. Exchange transaction Charges as applicable
4. Service Tax.
5. Stamp duty
6. Education Cess and Higher education Cess.
7. Any penalty charges levied by Exchange/ FMC with respect to the non compliance/ violations by the Client.
8. Postage Charges Rs.15/- for additional physical Documents
9. All the above charges would be subject to change from time to time. Such changes will be displayed on the website or such other URL of Sharewealth from time to time

### BROKERAGE STRUCTURE

BROKERAGE RATE	%	Rs	OTHER CHARGES	
1 FIRST LEG			STATUTORY COST	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
2 SECOND LEG (SAME DAY Sq.OFF)			SERVICE TAX	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
3 NEXT DAY				

 (4) (-----)  
Signature of the client

**Appendix A**  
**Electronic Contract Note [ECN] – DECLARATION**  
**(VOLUNTARY)**

To,

**SHAREWEALTH COMMODITIES PVT. LTD.**

4th Floor, Pooma Complex, No. 25/469/23, M.G. Road, Thrissur, Kerala - 680 001

Dear Sir,

I, ..... a client with Member M/s. **SHAREWEALTH**  
**COMMODITIES PVT. LTD.** ..... of **MCX/ NCDEX/ NMCE** .....

Exchange undertake as follows:

- I am aware that the Member has to provide physical contract note in respect of all the trades placed by me unless I myself want the same in the electronic form.
- I am aware that the Member has to provide electronic contract note for my convenience on my request only.
- Though the Member is required to deliver physical contract note, I find that it is inconvenient for me to receive physical contract notes. Therefore, I am voluntarily requesting for delivery of electronic contract note pertaining to all the trades carried out / ordered by me.
- I have access to a computer and am a regular internet user, having sufficient knowledge of handling the email operations.
- My email id is ..... This has been created by me and not by someone else.
- I am aware that this declaration form should be in English or in any other Indian language known to me.

[The above declaration has been read and understood by me. I am aware of the risk involved in dispensing with the physical contract note, and do hereby take full responsibility for the same]

(The above lines must be reproduced in own handwriting of the client.)


.....  
.....

Client Name: .....

Unique Client Code : ..... PAN: .....

Address : .....

.....

Signature of the client  (5)

Date : 

d	d	m	m	y	y	y	y
---	---	---	---	---	---	---	---

 Place: .....

Verification of the client signature done by,

Name of the designated officer of the Member

Signature 

Date : 

d	d	m	m	y	y	y	y
---	---	---	---	---	---	---	---

**Instructions:**

- This declaration form has to be sent by the Member to the client on the email id provided by client while opening the trading account.
- The client shall, on receipt of this email, print the email as well as the declaration form.
- The hard copy of the declaration shall be filled up by the client and submitted to the Member along with a signed hard copy of the email. The Member shall acknowledge the receipt of the declaration from the client.
- The size of the font of this declaration must be at least 12.

## Annexure-4

### GUIDANCE NOTE - DO'S AND DON'Ts FOR THE CLIENTS

#### Do's

1. Trade only through Registered Members of the Exchange. Check from the Exchange website at following link  
MCX : <http://www.mcxindia.com/SitePages/MembersDetails.aspx>,  
NCDEX : <http://ncdex.com/membership/MemberDirectory.aspx>,  
NMCE : <http://www.nmce.com/Membership/Directory.aspx>,  
to see whether the Member is registered with the Exchange.
2. Insist on filling up a standard 'KnowYour 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 filling up a standard 'Member-Client Agreement'.
5. Insist on reading and signing a standard 'Risk Disclosure Agreement'.
6. Obtain a copy of your KYC, Member-Client Agreement and/ or other documents executed by you with the Member, from the Member.
7. Cross check the genuineness of trades carried out at the Exchange through the trade verification facility available on the Exchange website at the following link  
MCX : <http://www.mcxindia.com/SitePages/TradeVerification.aspx>,  
NCDEX : [http://ncdex.com/Market\\_Data/Trade\\_verify.aspx](http://ncdex.com/Market_Data/Trade_verify.aspx),  
NMCE : <http://122.169.107.117/nmctradeverification/tradeverification.aspx>,  
The trades can be verified online where trade Information is available up to 5 working days from the trade date.
8. 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.
9. 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.
10. Obtain receipt for collaterals deposited with the Member towards margins.
11. Go through the Rules, Bye-laws, Regulations, Circulars, Directives, Notifications of the Exchange as well as of the Regulators, Government and other authorities and details of Client-Trading Member Agreement to know your rights and duties vis-à-vis those of the Member.
12. Ask all relevant questions and clear your doubts with your Member before transacting.
13. Insist on receiving the bills for every settlement.
14. 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.
15. Scrutinize minutely both the transaction & holding statements that you receive from your Depository Participant.
16. Keep Delivery Instruction Slips (DIS) book issued by DPs in safe possession.
17. Ensure that the DIS numbers are preprinted and your account number (UCC) is mentioned in the DIS book.
18. Freeze your Demat account in case of your absence for longer duration or in case of not using the account frequently.

19. Pay required margins in time and only by Cheque and ask for receipt thereof from the Member.
20. Deliver the commodities in case of sale or pay the money in case of purchase within the time prescribed.
21. Understand and comply with accounting standards for derivatives.
22. 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.
23. Get a clear idea about all brokerage, commissions, fees and other charges levied by the Member on you for trading and the relevant provisions/ guidelines specified by FMC/ Commodity exchanges.
24. 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.
25. In case you have given specific authorization for maintaining running account, payout of funds or delivery of commodities (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 Member 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) You need to bring any dispute arising from the statement of account to the notice of the Member in writing preferably within 7 (seven) working days from the date of receipt of funds/commodities or statement, as the case may be. In case of dispute, refer the matter in writing to the Investors Grievance Cell of the relevant Commodity exchanges without delay.
  - c) In case you have not opted for maintaining running account and pay-out is not received on the next working day of the receipt of payout from the exchanges, please refer the matter to the Member. In case there is dispute, ensure that you lodge a complaint in writing immediately with the Investors Grievance Cell of the relevant Commodity exchange.
  - d) Please register your mobile number and email id with the Member, to receive trade confirmation alerts/ details of the transactions through SMS or email, by the end of the trading day, from the stock exchanges.
26. You should familiarize yourself with the protection accorded to the money or other property you may deposit with your member, particularly in the event of a default in the commodity derivatives market or the member becomes insolvent or bankrupt.
27. 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.
28. In case your issue/problem/grievance is not being sorted out by concerned Member/ Authorised Person then you may take up the matter with the concerned Commodity exchange. If you are not satisfied with the resolution of your complaint then you can escalate the matter to FMC.

## Don'ts

1. Do not deal with any unregistered intermediaries.
2. Do not undertake off-market transactions as such transactions are illegal and fall outside the jurisdiction of the Exchange.
3. Do not enter into assured returns arrangement with any Member
4. Do not get carried away by luring advertisements, rumours, hot tips, explicit/ implicit promise of returns, etc.
5. Do not make payments in cash/ take any cash towards margins and settlement to/ from the Member.

6. Do not start trading before reading and understanding the Risk Disclosure Agreement and entering into the prescribed agreement with the Member.
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 broker 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.

**REPORT ON IN PERSON VERIFICATION OF APPLICANT SEEKING TO OPEN TRADING ACCOUNT**

Date :.....

Name of the Client :

Documents Submitted along with the application:

PROOF OF IDENTITY	PROOF OF ADDRESS
-------------------	------------------

- |    |    |
|----|----|
| 1. | 1. |
| 2. | 2. |
| 3. | 3. |

Telephone No of the client: 

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

Declaration:-

I have collected the copies of the above documents for verification along with the application and personally verified with the originals. I have personally identified the above applicant/s and verified with the photographs submitted. Also confirmed the address by calling up the above telephone number.

Name of employee	Signature

Remarks if any.

Date of Verification:

Branch :

Place of Verification:

City/Location

Branch Seal



**Format of letter to be obtained from a Bank to establish operation of Bank Account,  
Personal Identity and Signature.**

Dated :

To

**SHAREWEALTH COMMODITIES Pvt. LTD.**  
4th Floor, Poorna Complex,  
No. 25/469/23, M.G. Road,  
Thrissur, Kerala - 680 001  
Tel : 0487-2442351 / 54, Fax : 0487-2428916



(bank stamp across photograph)

Dear Sir,

This is to certify the Savings / Current Account No\_\_\_\_\_ of Mr./Ms./ M/s\_\_\_\_\_ whose PAN is..... held jointly with our branch, has been active since\_\_\_\_\_ years / months and the operation of the account has been satisfactory

We further confirm that Mr/Ms/M/s..... having Address..... as appearing in our records and Name.....as in.....and Name.....as in.....are one and the same person.


I .....<sup>Client</sup>.....swear or affirm that the information provided in this form is true and correct. I understand that making a false statement in this form may constitute the case of perjury.

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

Signed in my presence and attested : \_\_\_\_\_

**Name & Signature of Branch Manager (with Stamp)**

## RUNNING ACCOUNT AUTHORISATION

Date.....

### SHAREWEALTH COMMODITIES PVT. LTD.


4th Floor, Pooma Complex,  
No. 25/469/23, M.G. Road,  
Thrissur, Kerala - 680 001

I/We are dealing through you as a client in Commodity Market in order to facilitate ease of operations and upfront requirement of margin for trade. I/We authorize you as under:

1. I/We request you to maintain running balance in my account & retain the credit balance in any of my/our account and to use the unused funds towards my/our margin/pay-in/otherfuture obligation(s) at any segment(s) of any or all the Exchange(s)/Clearing corporation unless I/we instruct you otherwise.
2. I/We request you to retain securities with you for my/our margin/pay-in/other-future obligation(s) at any segment(s) of any or all the Exchange(s)/Clearing corporation, unless I/We instruct you to transfer the same to my/our account.
3. I/We request you to settle my fund and securities account Once in every calendar Quarter  or Once in a calendar Month  or such other higher period as allowed by SEBI/Commodity Exchange time to time except the funds given towards collaterals/margin in form of Bank Guarantee and/or Fixed Deposit Receipt.
4. In case I/We have an outstanding obligation on the settlement date, you may retain the requisite securities/funds towards such obligations and 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.
5. I/We confirm you that I will bring to your notice any dispute arising from the statement of account or settlement so made in writing within 7 working days from the date of receipt of funds/securities or statement of account or statement related to it, as the case may be at your registered office. After that I/We shall have no right to dispute the transaction, funds and/or securities ever and agree that you shall not be liable for any incidental loss/damage caused due to retention of funds and/or securities.
6. I/We confirm yo u that I can revoke the above mentioned authority anytime by giving a notice in writing to you.

Thanking you

Yours faithfully,

(Signature)  (6)

Client Name:

Client Code:

**LETTER OF AUTHORITY**

Client Name:.....

Client Code: .....

Date :.....

**Sharewealth Commodities Pvt. Ltd.**

4th Floor, Pooma Complex,  
No. 25/469/23,  
M.G. Road,  
Thrissur, Kerala

Dear Sir,

**Sub: Letter of Authority - For MCX, NCDEX, NMCE**

I/We are dealing in commodities with you at MCX/NCDEX/NMCE and in order to facilitate ease of operations, I/We authorise you as under :

1. I/We authorise you to setoff outstanding in any of our accounts against credits available or arising in any other accounts maintained with you irrespective of the fact that such credits in the accounts may pertain to transactions in any Exchange/or against the value of cash margin or collateral shares provided to you by us.
2. I/We hereby authorise you not to provide me Order Confirmation / Modification / Cancellation Slips and Trade Confirmation Slips to avoid unnecessary paper work. I/We shall get the required details from contract notes issued by you.
3. I/We request you to retain credit balance in any of my/our account and to use the idle funds towards our margin/future obligations at any or both the Exchanges unless I/We instruct you otherwise. I/We also authorize you to debit the necessary charges from time to time, for maintaining the account on my/our behalf. I/We also authorise you to debit the financial charges @ 2% p.m. for the debit balances if any, in my/our account and not settled as per the exchange requirements.
4. I/We request you to consider my/our telephonic instructions for order placing/order modification/order cancellation as a written instruction and give me/us all the confirmation on telephone unless instructed otherwise in writing. I/We am/are getting required details from contracts issued by you.
5. I/We request that you may send/despatch me/us contract notes other documents through E-mail : on my/our designated e-mail address of.....

We will completely rely on the log reports of your despatching software as a conclusive proof of dispatch of email to me/us and will not dispute the same.

6. I/We will inform you the change my/ our my e-mail, if any, in future either by regd. post or through a digitally signed e-mail.
7. I/We authroize Mr./Ms. ....to deal/transact on my/our behalf and to place order, give instructions, make and receive payments of securities and monies, collect contract notes, bills, order confirmations, trade confirmations, account statements and any other documents or communication, to sign any document, settle the account, enter into any compromise and to do any and all act(s) on my/our behalf which I/we can do and I/we the undersigned to hereby agree and declare and confirm that all the acts, and things done by him/her or his/her substitutes shall be my/our acts, deed and things validity done by me/us to all intents and purposes.

 (7)

8. Trading of all Exchanges is in Electronic Mode, based on VSAT, leased line, ISDN, Modem and VPN, combination of technologies and computer systems to place and route orders. We understand that there exists a possibility of communication failure or system problems or slow or delayed response from system or trading halt, of any such other problem/glitch whereby not being able to establish access to the trading system/ network, which may be beyond your control and may result in delay in processing or not processing buy or sell Orders either in part or in full. I/ We agree that I/ We shall be fully liable and responsible for any such problems / fault .
9. I/We am/are agreeable for & authorise you to withhold funds pay-out towards all the applicable margins and debits.
10. All fines/penalties and charges levied upon you due to my acts/deeds or transactions may be recovered by you from my account/
11. I/We have a Trading As well as depository relationship with Please debit the charges relevant with depository services from my/our trading account on monthly basis. I/We also agree to maintain the adequate balance in my trading account / pay adequate advance fee for the said reasons.

Yours faithfully,

Client Name :

Signature :

 (8)

## Disclosure Information (For Pro Account Trading)

To,

Client Name :

Sir,

This is to inform you that we do Pro-account trading in MCX - MULTI COMMODITY EXCHANGE OF INDIA LTD.

Thanks and best regards

For **Sharewealth Commodities Ltd.**

Sd/

Authorised Signatory/Director

## **Guidelines for Anti Money Laundering And Know Your Customer (KYC) Norms**

### **1. Appointment of Principal Officer:**

The Members have to designate a senior management officer as Principal Officer. The Principal Officer shall be located at the head/corporate office and shall be responsible for monitoring and reporting of all transactions and sharing of information as required under the law. The Principal Officer will maintain close liaison with enforcement agencies, banks and any other institution which are involved in the fight against money laundering and combating financing of terrorism. The Name, designation and addresses (including e-mail addresses) of 'Principal Officer' may be intimated to the Office of the Director-FIU, 6th Floor, Hotel Samrat, Chanakyapuri, New Delhi - 110021, India on an immediate basis, with a copy to the Market Watch & Surveillance Department of NMCE, MCX, NCDEX.

2. The basic objective is that, the Members should have adequate controls and procedures to know the customers with whom they are dealing.

### **The Customer Due diligence would include the following aspects:**

- a. Customer acceptance policy
- b. Customer identification
- c. Monitoring of transactions
- d. Tracking and reporting suspicious transactions

#### **a. Customer Acceptance Policy**

2.1 The Members should develop clear customer acceptance policies and procedures, including a description of the types of customers that are likely to pose a higher than normal risk to them. In preparing such policies factors such as customers' background, origin, public position, related accounts, business activities or other risk indicators should be considered. The members should develop graduated customer acceptance policies and procedures that require more extensive due diligence for higher risk customers. For example, the policies may require the fundamental account-opening requirements for a working individual with a small CDM transaction. It is, however, important that the customer acceptance policy is not so restrictive that it results in a denial of access to the market participants especially the targeted beneficiaries like farmers. On the other hand, quite extensive due diligence would be essential for an individual with a high net worth whose source of funds is unclear. Decisions to enter into business relationships with high risk customers, such as politically exposed persons, should be taken exclusively at senior management level.

#### **b. Customer identification**

2.2 Customer identification is an essential element of KYC standards. A customer would include the person or entity that maintains an account with the member or those on whose behalf an account is maintained (i.e. beneficial owners). Members should undertake the following processes for proper identification of customers:

- i) Identifying the customer and verifying that customer's identity using reliable, independent source documents;
- ii) Identifying the beneficial owner, and taking reasonable measures to verify the identity of the beneficial owner such that the financial institution is satisfied that it knows who the beneficial owner is;
- iii) In case of high value of transactions, obtaining information on the purpose and intended nature of the business relationship;
- iv) Conducting ongoing due diligence on the business relationship and scrutiny of transactions undertaken throughout the course of that relationship to ensure that the transactions being conducted are consistent with the institution's knowledge of the customer, their business profile and risk profile, including, where necessary, the source of funds.

**Indicative list of documents that may be obtained from the customers is enclosed at Annexure I.**

2.3 It is felt that in some specific cases, the more rigorous identification procedures should be put in place. The following list is indicative, and the member can have advanced process for the customer which it feels has high risk profile. Such high risk customers would include the following, but may not be restricted to depending on other customers having high risks associated to them:

- Companies having close family shareholdings or beneficial ownership
- Non-face-to-face clients
- Non resident clients
- High networth clients,
- Trust, Charities, NGOs and organizations receiving donations
- Politically exposed persons (PEP) of foreign origin
- 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 which are perceived to be sponsors of international terrorism, offshore financial centers, tax havens, countries where fraud is highly prevalent)

2.4 The above mentioned list is only illustrative and the Members should exercise independent judgment to ascertain whether new clients should be classified for more rigorous identification.

**c. Monitoring of Transactions**

2.5 The Member should put in place a mechanism to monitor the transactions being conducted through it, for ensuring effectiveness of the Anti Money Laundering procedures. For this, the member should keep a tab on the transaction profile of the clients. This would help them in identifying the abnormal trade profile of the suspected clients.

2.6 The Member should pay attention to all complex, unusually large transactions / patterns which appear to have no financial or commercial justification. Very high account turnover, inconsistent with the size of the balance, may indicate that funds are being “routed/ washed” through the account. Examples of suspicious activities can be very helpful to the member and should be included as part of a jurisdiction’s anti-money laundering procedures and/or guidance. The member may also implement internal reporting mechanism and have threshold limits for each class of customers and pay special attention to the transaction which exceeds these limits.

2.7 The Member should ensure that a record of transactions is preserved and maintained in terms of section 12 of the PMLA 2002 (i.e. for a period of ten years) and that any transaction of suspicious nature or any other transaction notified under section 12 of the act is reported to the appropriate regulatory / other authority.

**d. Tracking and reporting suspicious transactions**

2.8 It is emphasized that considering the sensitivity of the issue the Suspicious transaction reporting should be taken up with utmost care and seriousness. The members should ensure to take appropriate steps to enable suspicious transactions be recorded. They should have appropriate internal procedures for reporting of suspicious transactions. Indicative list of circumstances/ profile of the customer is indicated below to serve as a guidance to the members for recognizing them:

- i) Clients whose verification is complex and not confirmed from other sources
- ii) Substantial increases in turnover without any reason;
- iii) Large cash deposits made with the Members;

2.9 The suspicious transaction should be immediately notified to the Principal Officer or any other designated officer of the Member. The compliance cell of the Member should randomly examine a selection of transaction undertaken by clients to comment on their nature i.e. whether they are suspicious transactions.

**3. Reporting of Transaction to Financial Intelligence Unit-India**

In terms of the PMLA rules, Intermediaries are required to report information relating to cash and suspicious transactions to the Director, Financial Intelligence Unit-India (FIU-IND)

- I. Cash Transaction Reports: The Prevention of Money-laundering Act, 2002, and rule thereunder require every banking company, financial institution and intermediary, to furnish to FIU-IND information relating to -
- All cash transactions of the value of more than rupees ten lakhs or its equivalent in foreign currency;
  - All series of cash transactions integrally connected to each other which have been valued below rupees ten lakhs or its equivalent in foreign currency where such series of transactions have taken place within a month;

**The cash transaction report (CTR) (wherever applicable) for each month should be submitted to FIU-IND by 15th of the succeeding month as per the format**

- ii. Suspicious Transaction Reports: Every banking company, financial institution and intermediary shall furnish to FIU-IND information of 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 Suspicious Transaction Report (STR) should be submitted within 7 days of arriving at a conclusion that any transaction, whether cash or non-cash, or a series of transactions integrally connected are of suspicious nature. The Principal Officer should record his reasons for treating any transaction or a series of transactions as suspicious. It should be ensured that there is no undue delay in arriving at such a conclusion.

Members should carefully go through all the reporting requirements and formats given in the website of Financial Intelligence Unit, India - <http://fiuindia.gov.in/>

The related hardware and technical requirement for preparing reports in manual/electronic format, the related data files and data structures thereof are also given in the website. Members, who are not in a position to immediately file electronic reports, may file manual reports to FIU-IND as per the formats prescribed.

The Principal Officer will be responsible for timely submission of CTR and STR to FIU-IND. Utmost confidentiality should be maintained in filing of CTR and STR to FIU-IND. The reports may be transmitted by speed/registered post/fax at the notified address.

The Principal Officer and other designated staff may visit the website of FIU - <http://fiuindia.gov.in/> for detailed guidelines and updates regarding the PMLA, 2002 and notifications issued from time to time.

## Annexure –I

### Indicative list of Documents that may be obtained from customers

S.No	Customer Profile	Indicative list of documents to be taken
<b>A. Accounts of individuals</b>		
	Given name and any other names used	(I) Passport (ii) PAN card* (iii) Voter's Identity Card (iv) Driving license (v) Identity card (subject to the members satisfaction) (vi) Letter from a recognized public authority or public servant verifying the identity and residence of the customer.

S.No	Customer Profile	Indicative list of documents to be taken
<b>A. Accounts of individuals</b>		
	Permanent address	(i) Telephone bill (ii) Bank account statement (iii) Letter from any recognized public authority (iv) Electricity bill (v) Ration card (vi) Letter from employer  (any one document which provides customer information to a reasonable satisfaction of the member)
<b>B. Accounts of companies</b>		
	- Name of the Company  - Principal place of Business  - Mailing address of the company  - Telephone/Fax Number	(I) Certificate of incorporation and Memorandum & Articles of Association  (ii) Resolution of the Board of Directors to open an account and identification of those who have authority to operate the account  (iii) Power of Attorney granted to its managers, officers or employees to transact business on its behalf  (iv) Copy of PAN allotment letter*  (v) Copy of the telephone bill

<b>C. Accounts of partnership firms</b>		
	- Legal name  - Address  - Names of all partners and their addresses  - Telephone numbers of the firm and partners	(i) Registration certificate, if registered (ii) Partnership deed (iii) Power of Attorney granted to a partner or an employee of the firm to transact business on its behalf (iv) Any officially valid document identifying the partners and the persons holding the Power of Attorney and their addresses (v) Telephone bill in the name of firm/partners
<b>D. Accounts of trusts &amp; foundations</b>		
	- Names of trustees, settlers, beneficiaries and signatories  - Names and addresses of the founder, managers/directors  - Telephone/fax numbers	(i) Certificate of registration, if registered (ii) Power of Attorney granted to transact business on its behalf (iii) Any officially valid document to identify the trustees, settlers, beneficiaries and those holding holding Power of Attorney, founder s/managers/ directors and their addresses (iv) Resolution of the managing body of the foundation/association (v) Telephone bill

**\*The copy of Valid PAN Card / Declaration in lieu of PAN Card is mandatory as required by FMC.**



**Know Your Client (KYC)  
Application Form (For Individuals Only)**



Place for  
Intermediary Logo

Application No. :

Please fill in ENGLISH and in BLOCK LETTERS

**A. Identity Details (please see guidelines overleaf)**

1. Name of Applicant (As appearing in supporting identification document).

Name

Father's/Spouse Name

2. Gender  Male  Female    B. Marital status  Single  Married    C. Date of Birth

3. Nationality  Indian  Other (Please specify) \_\_\_\_\_

4. Status Please tick (✓)  Resident Individual  Non Resident  Foreign National (Passport Copy Mandatory for NRIs & Foreign Nationals)

5. PAN 



 Please enclose a duly attested copy of your PAN Card

Aadhaar Number, if any: \_\_\_\_\_

6. Proof of Identity submitted for PAN exempt cases Please Tick (✓)

UID (Aadhaar)  Passport  Voter ID  Driving Licence  Others \_\_\_\_\_ (Please see guideline 'D' overleaf)

PHOTOGRAPH

Please affix  
the recent passport  
size photograph and  
sign across it

**B. Address Details (please see guidelines overleaf)**

1. Address for Correspondence

City / Town / Village			Country	Pin Code
State				

2. Contact Details

Tel. (Off.)	(ISD)	(STD)	Tel. (Res.)	(ISD)	(STD)
Mobile	(ISD)	(STD)	Fax	(ISD)	(STD)
E-Mail Id.					

3. Proof of address to be provided by Applicant. Please submit ANY ONE of the following valid documents & tick (✓) against the document attached.

Passport  Ration Card  Registered Lease/Sale Agreement of Residence  Driving License  Voter Identity Card  \*Latest Bank A/c Statement/Passbook  
 \*Latest Telephone Bill (only Land Line)  \*Latest Electricity Bill  \*Latest Gas Bill  Others (Please specify) \_\_\_\_\_

\*Not more than 3 Months old. Validity/Expiry date of proof of address submitted

4. Permanent Address of Resident Applicant if different from above B1 OR Overseas Address (Mandatory) for Non-Resident Applicant

City / Town / Village			Country	Pin Code
State				

5. Proof of address to be provided by Applicant. Please submit ANY ONE of the following valid documents & tick (✓) against the document attached.

Passport  Ration Card  Registered Lease/Sale Agreement of Residence  Driving License  Voter Identity Card  \*Latest Bank A/c Statement/Passbook  
 \*Latest Telephone Bill (only Land Line)  \*Latest Electricity Bill  \*Latest Gas Bill  Others (Please specify) \_\_\_\_\_

\*Not more than 3 Months old. Validity/Expiry date of proof of address submitted

6. Any other information: \_\_\_\_\_

**DECLARATION**

**SIGNATURE OF APPLICANT**

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

Place: \_\_\_\_\_

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

--	--

**FOR OFFICE USE ONLY**

IPV Done  on

AMC/Intermediary name OR code \_\_\_\_\_

(Originals Verified) Self Certified Document copies received

(Attested) True copies of documents received

Main Intermediary

Seal/Stamp of the intermediary should contain  
Staff Name  
Designation  
Name of the Organization  
Signature  
Date

Seal/Stamp of the intermediary should contain  
Staff Name  
Designation  
Name of the Organization  
Signature  
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.