

# Policies & Procedures of Paterson Securities Pvt. Ltd.

## Disclosures <sup>1</sup>

The underlying document outlines various policies and procedures Paterson Securities Private Limited (PSPL) has framed with respect to its dealing with clients for capital market transactions to ensure transparency and facilitate understanding on various aspects related to service delivery. Kindly note that the below stated policies and procedures are subject to change from time to time, depending upon our internal risk management framework, market and external environment.

### 1. Policy for Penny Stock

PSPL normally offers trading facility to its clients in all the compulsorily dematerialized stocks which are listed on the Stock Exchanges. Generally, PSPL alerts clients to desist from trading in any penny stocks in view of the associated risk element while dealing in such stocks. Further the client is also required to adhere to Exchange / Member's guidelines and due diligence while trading in such stocks. Also SEBI / Exchange from time to time issues directives necessitating additional due diligence for dealing in such stock(s).

“Penny Stock” for this purpose shall include

- i) Stock that trades at a relatively low price and has small market capitalization
- ii) Stocks appearing in the list of illiquid securities issued by the Exchanges from time to time
- iii) Securities listed in Z, T, TS, S, or 6 lakh series available for institutional category on BSE and/or securities listed in BE, IL, BT or EQ series on NSE,
- iv) Any securities as may be restricted for trading by Exchanges
- v) Any other securities as may be restricted for trading by PSPL based on its internal evaluation

These types of stocks are generally considered to be highly speculative & high risk because of their lack of liquidity, large bid-ask spreads, small capitalization and limited following and disclosure.

We at our sole discretion, may impose certain restrictions and/ or conditions (on case to case basis), subject to rules, regulations, byelaws, circulars, directives and guidelines of SEBI and Exchanges as well as considering the prevalent market and other circumstances and risk policies at a related point in time. These restrictions/ conditions include but are not limited to the following

- a) restrict wholly or partly for trading, in certain security(ies) or category of security(ies) / contracts viz. -
  - i. illiquid stocks / stocks having low liquidity,
  - ii. illiquid options /far month options / long dated options,
  - iii. writing of options,iv.any other securities/ contracts which as per the perception of PSPL are volatile or subject to market manipulation or has concentration risk at client level or at the company level,

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<sup>1</sup> Disclosure pursuant to NSE Circular No. NSE /INSP /2006 / 52 dated 5<sup>th</sup> July, 2006 and BSE Circular No. 20060704 – 6 dated 4<sup>th</sup> July 2006. Documents required as per SEBI Circular No. SEBI/MIRSD/DPS-I/CIR-31/2—4 dated 26-8-2004 read with SEBI Circular bearing Reference No. MIRSTD/SE/CIR-19/2009 dated 3-12-2009.

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- b) accept or partially accept an order for buy and/or sell. Such acceptance may require execution in a controlled environment (for e.g. from centralised desk instead of from designated dealing area or online platform),
- c) cancel orders in above securities / contracts received from clients before execution or after partial execution without assigning any reasons thereof,
- d) require the client to provide appropriate declarations before/after accepting such orders.

Further, in case of Internet Trading clients, PSPL may at any time at its sole discretion block/restrict the client's online trading terminal to prevent the client from placing orders in such penny stocks through online trading terminal of PSPL.

PSPL shall -

- a) not be responsible for non-execution / delay in execution of such orders and consequential opportunity loss or financial loss to the client,
- b) have the discretion to place such restrictions, notwithstanding the fact that the client has adequate credit balance or margin available in his account and/or the client had previously purchased or sold such securities / contracts through PSPL itself,
- c) have the right to revise the list of such securities / contracts on a periodic basis.

Client can obtain the information about the updated list of securities from the Relationship Manager / Dealing Branch office / Sub Broker.

### 2. Setting up client's exposure limits

#### Settlement / Margin obligation:

The Exchange bye-laws requires a member broker to adhere to various trading and settlement obligations and conditions which include but are not limited to -

- a) upfront margin maintenance requirements with the Exchange/ Clearing Corporation prior to taking an exposure in the market,
- b) cash and collaterals / securities deposit, in prescribed ratio, for margin maintenance,
- c) certain margins to be paid for in cash only, for instance mark-to-market,
- d) settlement obligations in respect of funds and/or securities to be honoured as per the settlement calendar prescribed by the exchange from time to time.

In order to enable PSPL to meet the obligation on behalf of the client, PSPL seeks client's cooperation to maintain adequate margin, make timely settlement of obligations, top-up margin by scheduled date, etc.

#### Exposure setting:

Margin based limit / exposures will be set for clients for transacting in Cash and F&O segment. PSPL may from time to time impose & vary such limits on the orders that the client can place through the PSPL's trading system {including exposure limits, turnover limits, limits as to the number, value and/or kind of securities in respect of which orders can be placed etc.). The client is aware and agrees that the PSPL may need to vary or reduce the limits or impose new limits urgently on the basis of the PSPL's risk perception and other factors considered relevant by the PSPL including but not limited to limits on account of exchange/SEBI directions/limits (such as broker level/market level limits in security specific/volume specific exposures etc..) and the

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PSPL may be unable to inform the client of such variation, reduction or imposition or the clients inability to route any order through the PSPL's trading system on account of any such variation, reduction or imposition of limits. The client further agrees that the PSPL may at any time, as it sole discretion and without prior notice, prohibit or restrict the client's ability to place orders or trade insecurities through the PSPL, or it may subject any order placed by the client to a review before its entry into the trading systems and may refuse to execute/allow execution of orders due to but not limited to the reason of lack of margin/securities or the order being outside the limits set by PSPL/exchange/SEBI and any other reasons which the PSPL may deem appropriate in the circumstances. The client agrees that the losses, if any on account of such refusal or due to delay caused by such review, shall be borne exclusively by the client alone.

PSPL shall have the discretion to allow differential limits / exposures varying from client to client, depending upon client's trade history/experience, if available, his financial capacity and/or credit worthiness and referral of each client.

We have margin based RMS system. Total deposits of the clients are uploaded in the system and client may take exposure on the basis of margin applicable for respective security as per VAR based margining system of the stock exchange and/or margin defined by RMS based on their risk perception. Client may take benefit of "credit for sale" and use the same for trading. In case of exposure taken on the basis of shares margin the payment is required to be made before the exchange pay in date otherwise it will be liable to square off after the pay in time or any time due to shortage of margin.

While computing the available margin, clear credit lying in client's settlement and margin ledger, securities held in client's beneficiary account with Member and securities held in client's demat account for which limited power of attorney is available with PSPL etc. may be considered.

Margin can be paid in form of cash and approved collateral. Collateral will be valued on daily basis at latest / previous day's closing price and appropriate hair-cut shall be applicable. In cases of securities lying in margin account/client beneficiary account and having corporate actions like Bonus, Stock split, Right issue etc, for margin or other purpose the benefit of shares due to receive under Bonus, Stock split, Right issue etc will be given when the shares is actually received in the PSPL designated demat account.

In case the payment of the margin/security is made by the client through a bank instrument, the PSPL shall be at liberty to give the benefit/credit for the same only on the realization of the funds from the said bank instrument etc. at the absolute discretion of the PSPL. Where the margin/security is made available by way of securities or any other property, the PSPL is empowered to decline its acceptance as margin/security &/ or to accept it at such reduced value as the PSPL may deem fit by applying haircuts or by valuing it by marking it to market or by any other method as the PSPL may deem fit in its absolute discretion.

List of approved collaterals / securities along with applicable haircut, is subject to revision from time to time based on Exchange approved list, market volatility, quality of collateral and internal guidelines; and same can be obtained from the Relationship Manager / Dealing Branch Office/ Sub broker.

### 3. Applicable brokerage rate: -

PSPL may charge a brokerage for all trades facilitated on BSE, NSE or any other recognised exchange of which PSPL is a Member. Brokerage rate may vary from client to client, as per the

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terms agreed with the client at the time of registration or by way of any subsequent written communication to the client. The rate of Brokerage shall not exceed the maximum permissible brokerage stipulated by Exchange/ SEBI.

The slab rates of brokerage fixed by PSPL may be function of the quality and cost of services provided to the client and the volume and revenue expected from a relationship. It shall be reviewed by PSPL from time to time and may be changed in such manner as PSPL may deemfit provided that the same would not contradict the regulatory provisions.

The brokerage shall however be exclusive of the following:

- Service Tax and Education Cess,
- SEBI/ Exchange/ Clearing member charges
- Stamp duty
- Statutory charges payable to Exchange/ SEBI/ Govt. Authorities etc.,
- DP Annual maintenance charges
- DP transaction charges / Pledge / Unpledge / Demat / Remat charges
- DP Inter settlement charges
- Account Opening charges
- Bank charges towards the cheques received unpaid
- Charges towards customized/ specialized service
- Other charges & processing fees not exceeding Rs 25 applicable per Contract note

If there is any upward revision of brokerage, the same will be informed to the client within 15 days prior notice.

## 4. Imposition of penalty / delayed payment charges

Delayed payment charges / margin shortage charges:

As per the Exposure Limit section outlined earlier in the document, client shall maintain adequate margin / settle the obligation / top-up the margin by scheduled date. In case client fails to settle the dues in time, PSPL shall reserve the right to –

- a) levy delayed payment charges, not exceeding 2% per month, or such other rate as may be determined by the PSPL from time to time, on account of delays/failure by the client in meeting the pay-in / margin obligations / mark-to-market obligation on the scheduled date till the date of payment in Cash and/or F&O segment,
- b) levy a charge for disproportionate cash versus collaterals ratio prescribed by the Exchanges for deposit of margins in F&O,
- c) not consider any credit balance in other family or group account of the client while computing delayed payment charges on the debit balance in the running account of a client.

The above levy is only a penal measure in case of a client default in meeting settlement and margin obligation and should not be construed as funding arrangement by the client; and the client cannot demand continuation of service on a permanent basis citing levy of delayed payment charges.

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## Penalties levied by Exchanges:

Exchanges / Clearing Corporation/ SEBI levy penalties on the member broker for irregularities observed by them during course of its dealing with Members. PSPL shall recover such imposed penalties / levies, by the Exchange / regulators, from the client which arises on account of dealing by such client. The illustrative list of reasons to levy penalty include but are not limited to -

- a) auction resulting from short deliveries,
- b) non adherence to client-wise exposure limits in Cash and F&O segment,
- c) client-wise shortfall in F&O margin,
- d) any other reasons which may be specified by the Exchange / Clearing Corporation/ SEBI
- e) from time to time.

The client agrees that the PSPL may impose fines / penalties for any orders / trades / deals / actions of the client which are contrary to this agreement / rules / regulations / by laws of the exchange or any other law for the time being in force, at such rates and in such form as it may deem fit. Further where the PSPL has to pay any fine or bear any punishment from any authority in connection with / as a consequence of / in relation to any of the orders / trades / deals / actions of the client, the same shall be borne by the client.

## Interest Free Deposits:

PSPL provides exposure against the upfront margin received in the form of cash / collateral from the client and the client also has the prerogative to demand withdrawal of cash or collaterals at his discretion, subject to surplus margin in place. PSPL shall not pay any interest or other benefit to the client for maintaining cash balances or depositing collateral margins with PSPL. However, the corporate benefit received on such collateral securities, if any will be accounted for the benefit of the client.

## 5. Liquidation Policy: (The right to sell client's securities or close client's positions, without giving notice to the client, on account of non-payment of clients dues)

Without prejudice to the PSPLs other right (including the right to refer the matter to arbitration), the PSPL shall be entitled to liquidate/close out all or any of the clients position without giving notice to the client for non payment of margins or other amounts including the pay in obligation, outstanding debts etc and adjust the proceeds of such liquidation/close out, if any, against the clients liabilities/obligations.

The client shall ensure timely availability of funds/securities in form and manner at designated time and in designated bank and depository accounts(s), for meeting his/her/its pay in obligation of funds and securities.

As per the Exposure Limit section outlined earlier in the document, client shall maintain adequate margin / settle the obligation / top-up the required margin by scheduled date. The client agrees and confirms that in case of any delay (beyond permissible time limit as per SEBI or Exchange's rules, regulations, byelaws, circulars and other applicable laws/ provisions) in making the payment, PSPL shall have the right to sell client's security(ies)/ positions/ contracts, both unpaid securities as well as collaterals deposited towards margins or securities previously purchased by the client or close out client's open positions / contracts or offset credit balance in other segment / exchange against client's obligation / debit balances / liabilities, without giving

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any notice to the client, as per prevalent risk policy from time to time, in circumstances including but not limited to the following –

- a. where intra-day position, if any, not liquidated before prescribed time or placing of fresh
- b. intra-day order after a cut-off time fixed by PSPL,
- c. where client is not having adequate margins, as per conditions specified in Exposure Limit section or on account of removal of a security from approved list of collateral and client's failure to top-up further margins,
- d. where client delays / fails to meet the pay-in obligation / mark-to-market (MTM) dues /clearance of debit balances / dues by scheduled date or realisation proceeds of the cheque(s) deposited by the client to meet obligation is not received,
- e. cheque bouncing / not honoring sale obligation by delivering shares in time or due to any reason, delays or fails in clearing outstanding dues to PSPL,
- f. volume in excess of permissible internal limit cap in illiquid / penny stocks / long dated options / far month options or excessive speculative trading,
- g. scrip is moved in BAN list (due to breach of exchange limit defined for market wide position limit / trading member wide position limit / client wide limit in F&O segment, etc.),
- h. irregularities in dealing and other surveillance / anti money laundering (AML) related
- i. observations,
- j. client categorized as ineligible due to non-traceable, disputes, possible default by client
- k. and any other circumstances leading to raising non-confidence in client,
- l. disputed delivery/ trading position,
- m. any direction from SEBI/ Exchange or such other regulatory/ statutory authorities,
- n. under such other circumstances as PSPL might think just and proper on case to case basis.

Such liquidation may be in full or partial to the extent of shortfall / debit and securities / position / contracts selection would be at the discretion of PSPL. While selling the securities/ closing the clients positions / contracts, PSPL may take into account the positions closed by the client or collections received from the client till a cut-off time. Securities previously purchased would be used for liquidation where the sale proceeds of unpaid securities are inadequate to cover the pay-in obligations and/or where the unpaid securities appear to be comparatively illiquid and cannot be sold at reasonable rates to the extent required.

PSPL shall have the right to sell client's securities or close out client's open positions / contracts but it shall not be under any obligation to undertake this exercise compulsorily and therefore shall not be under any obligation to compensate/ or provide reasons for any delay or omission on its part to sell client's securities or close open positions / contracts of the client and client shall be solely responsible for the loss incurred on such liquidation. Any and all losses and financial charges on account of such liquidations/closing out shall be charged to & borne by the client.

The PSPL has the right but not the obligation, to cancel all pending orders and to sell/close/liquidate all open positions/securities/shares at the pre-defined square off time or when Mark to Market (M-T-M) percentage reaches or crosses stipulated margin percentage, whichever is earlier. The stockbroker will have sole discretion to decide referred stipulated margin percentage depending upon the market condition. In the event of such square off, the client agrees to bear all the losses based on actual executed prices, the client shall also be solely liable for all and any penalties and charges levied by the exchange(s).

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## 6. Shortages in obligations arising out of internal netting of trades

Stock broker shall not be obliged to deliver any securities or pay any money to the client unless and until the same has been received by the PSPL from the exchange, the clearing corporation/clearing house or other company or entity liable to make the payment and the client has fulfilled his/her/its obligations first.

Clients are required to make Securities / Funds payin on or before T+2 day. In case the client defaults on its existing obligation and in the event the trade has been internally netted off by PSPL, there could be internal shortages. The internal shortages are marked against the client randomly at the sole discretion of WPBL taking into account the delivery obligations through Exchanges.

The policy and procedure for settlement of shortages in obligations arising out of internal netting of trades is as under:

- a) The Short delivering client is debited by an amount equivalent to 20% above of closing rate of day prior to Pay-in/Pay-out Day. The securities delivered short are purchased from market on T+2 day and all the purchase consideration (inclusive of all statutory taxes & levies) is debited to the short delivering seller client along with reversal entry of provisionally amount debited earlier.
- b) If securities cannot be purchased from market due to any force majeure condition, the short delivering seller is debited at the closing rate on T+2 day or Auction day on Exchange + 10% where the delivery is matched partially or fully at the Exchange Clearing, the delivery and debits/credits shall be per Exchange Debits and Credits.
- c) In cases of securities having corporate actions all cases of short delivery of cum transactions which cannot be auctioned on cum basis or where the cum basis auctioned on cum basis auction payout is after the book closure/record date, would be compulsory closed out at higher of 10% above the official closing price on the auction day or the highest traded price from first trading day of the settlement till the auction day.

A penalty as applicable from time to time, will be imposed on the defaulting client. Rate of penalty will be decided by member as applicable from time to time and published on our website. Defaulting client will not be eligible for any profit on account of the this.

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

Stock Broker has margin based RMS system. Client may take exposure up to the amount of margin available with us. Under various circumstances outlined in the Liquidation Policy section of the document, the Client may not be permitted to take any fresh or further position until the full clearance of earlier dues, obligation, outstanding etc. The existing position of the client is also liable to square off/close out without giving notice due to shortage of margin/non making of payment for their pay-in obligation/outstanding debts.

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Further, it would be the duty of the client to monitor its position with PSPL from time to time. In case of any delay or failure by the client in meeting any obligation, margin requirements etc. PSPL, at its discretion, may close the open position / contracts without any further intimation to the client in this regard as per the Risk policy.

PSPL shall have the right to refuse to execute trades / allow the client to take further positions and / or close out the existing positions of client under following circumstances:

- i) As a result of any regulatory directive / restriction;
- ii) Non-receipt of funds / securities and / or bouncing of cheque received from the client towards the obligations / margin / ledger balances;
- iii) Due to technical reasons;
- iv) Securities breaching the limits specified by the Exchanges / regulators from time to time
- v) In case securities to be transacted by client are not in dematerialised form;
- vi) In case of failure to meet margin including mark to market margins by the client;
- vii) Any other conditions as may be specified by PSPL from time to time in view of market conditions, regulatory requirements, internal policies etc and risk management system;
- viii) Due to any force majeure event beyond the control of PSPL

PSPL shall not be responsible for any loss incurred and the client shall indemnify PSPL in this regard.

## 8. Temporarily suspending or closing a client's account at the client's request

The client is required to submit written request for closure of account or for temporary suspension of account clearly stating period of suspension, to the nearest branch office, sub-broker office or central processing cell at the registered office of the Member. Upon receipt of request and after satisfying itself with respect to all information/ documentation and settlement of client dues, the Member shall act upon the request within reasonable time but not later than 30 days from the date of request.

On the request of the client in writing, the client account can be suspended temporarily and same can be activated on the written request of the client only. However, such suspension of account will be effected subject to clearance of all dues and settlement obligations by the client. During the period client account is suspended, the market transaction in the client account will be prohibited. However client shares/ledger balance settlement can take place.

On the request of the client in writing, the client account can be closed provided the client account is settled. If the client wants to reopen the account in that case client has to again complete the KYC requirement.

Notwithstanding any such suspension / closure, all rights, liabilities and obligations of the parties arising out of or in respect of transactions entered into prior to such closure / suspension shall continue to subsist and binding on the client.

## 9. De Registering a client

### Suspension of trading account

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Notwithstanding anything to the contrary stated in the agreement, the PSPL may carry a periodic review of the client accounts and may, at its discretion, suspend the client's accounts from trading in the following circumstances:

- i) Where a client is reported to or known to have deceased,
- ii) On the lunacy or other disability of the Client;
- iii) If the client being a partnership firm, has any steps taken by the Client and/or its partners for dissolution of the partnership;
- iv) If the Client suffers any adverse material change in his/her/its financial position or defaults in any other agreement with the Stock Broker;
- v) If there is reasonable apprehension that the Client is unable to pay its debts or the Client has admitted its inability to pay its debts as they become payable;
- vi) If the Client is in breach of any term, condition or covenant of this Agreement;
- vii) If the Client has made any material misrepresentation of facts, including (without limitation) in relation to the Security;
- viii) If a receiver, administrator or liquidator has been appointed or allowed to be appointed of all or any part of the undertaking of the Client;
- ix) If the Client have been taken or suffered to be taken any action for its reorganization, liquidation or dissolution;
- x) If there is any commencement of a legal process against the client under any law in force;
- xi) If the Client has voluntarily or compulsorily become the subject of proceedings under any bankruptcy or insolvency law or being a company, goes into liquidation or has a receiver appointed in respect of its assets or refers itself to the Board for Industrial and Financial Reconstruction or under any law providing protection as a relief undertaking;
- xii) If any covenant or warranty of the Client is incorrect or untrue in any material respect
- xiii) Where the client's status is dormant or inactive during last two financial years,
- xiv) Where the client has not cleared the naked or uncovered debits in prescribed time,
- xv) Default by the client in honouring its settlement / margin obligation including cheque bouncing / auction of shares
- xvi) If the action of the client are *prima facie* illegal/improper or such as to manipulate the price of any securities or disturb the normal/proper functioning of securities or disturb the normal/proper functioning of the market, either alone or in conjunction with others.
- xvii) If there is a breach of policy with respect to prevention of money laundering
- xviii) Irregular trading pattern from surveillance,

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- xix) Where PSPL is unable to transfer the shares to the default demat account provided by the client, till the client submits the revised demat account details along with proof
- xx) Where the client is categorized as ineligible due to being non-traceable, pending disputes/complaints, possible default by client and any other circumstances leading to raising non-confidence in client including return of undelivered couriers citing reason of “no such person / addressee left /refusal to accept mails / POD’s signed by the third persons etc.” or Digital Contract Notes (DCN) failed (Bounced email) on more than 3 instances until client submits and registers new email id or non-delivery of the statement of account sent on periodic basis or non-updation of financial and other details viz., email id, mobile no, land line details or it is found to be belonging to a third person,
- xxi) Where the account is under investigation by any regulatory body including receipt of notice from statutory, government or local authorities including income tax, service tax, a judicial or a quasi judicial authority, or client is arrested by way of court order, police action or any other legal action
- xxii) Where client fails to provide executed or renewed mandatory documentary requirements as prescribed by Exchanges/ Regulators from time to time and /or refusal to do the periodic submissions as required by Exchanges/ Regulators,
- xxiii) Under such other circumstances as the PSPL might think just and proper on case to case basis.

### Deregistering a client

PSPL may at its discretion de-register the client’s account in circumstances including but not limited to the following –

- i) action taken by Exchanges / Regulators or being part of list of debarred entities published by SEBI,
- ii) where the client indulge in any irregular activities not limited to synchronized trading, price manipulation, etc. resulting in violation of rules, regulations of the exchange and any other such activity based on information found in sites of CIBIL, Watch out investors, World check or client having suspicious back ground, link with suspicious organization etc.,
- iii) irregular trading pattern from surveillance,
- iv) breach of policy with respect of prevention of money laundering
- v) where the client is categorized as ineligible due to being non-traceable, disputes, possible default by client and any other circumstances leading to raising nonconfidence in client including return of undelivered couriers citing reason of “no such person / addressee left /refusal to accept mails / POD’s signed by the third persons etc.” or Digital Contract Notes (DCN) failed (Bounced email) on more than 3 instances until client submits and registers new email id or non-delivery of the statement of account sent on periodic basis or non-updation of financial and other details viz., email id, mobile no, land line details or it is found to be belonging to a third person,
- vi) right to deregister after serving a 30 days written notice without assigning any reason thereof.

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In such case, PSPL shall have the right to close out the existing positions / contracts, sell the collaterals to recover its dues, if any, before de-registering the client's account.

Such deregistration / termination shall not effect the rights and liabilities in respect of the transactions executed before the date of such deregistration / termination.

## 10. Inactive Client account

All client accounts not having any transactions during two financial years will be treated as inactive / dormant account. If the account status is tagged as a dormant / in active account, the surplus Funds and Securities lying in such accounts will be returned only on submission of prescribed documents.

During the blocked period if there is any debit / dues to PSPL in client's account, PSPL shall have the authority to liquidate the client's position to the required extent during the block period. During the block period if any corporate actions or pay-outs are due for return to the client, the same will be affected / returned by PSPL to the clients's account.

### Reactivation:

A client's account will be re-activated based on a written request, subject to fulfillment of such conditions as PSPL may consider fit and proper -

- a) on submission of proof of identity and proof of address, where the account is suspended due to dormant / inactive status or on client's request, or on submission of such other information/ documents as deemed fit by PSPL,
- b) in other circumstances, at the discretion of PSPL, provided there is no outstanding dues from the client or he has no open grievances pending against PSPL or client has complied with all requirements of PSPL of submission of information/ documents or on fulfilment of such other conditions that PSPL may impose at its discretion.

## 11. General Risks

Trading in Exchange is in Electronic mode, based on VSAT, leased line, ISDN, Modem and VPN, combination of technologies and computer systems to place and route order. I/we as client using these systems understand that there exists a possibility of communication failure or system problems or slow or delayed response from system or trading halt or any break down in our back office/front end system, or any such other problems/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 as Client shall be fully liable and responsible for any such problem/fault.

## 12. Publication of Policies and Procedures:

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This policy has been adopted by the trading member as on 31<sup>st</sup> May 2010 and may be revised from time to time. Latest version of the policy is available at our website [www.paterson.co.in](http://www.paterson.co.in)

Client Acceptance of Policies and Procedures stated hereinabove:

I/We have fully understood the policies and procedures stated hereinabove and do hereby sign the same and agree as to the validity, enforceability and applicability of any provision/clauses in this document. These policies and Procedures may be amended/changed unilaterally by the broker, provided the change is informed to me/us through any means by providing a notice as may be duly stipulated by the regulator from time to time. These Policies and Procedures as stated hereinabove shall be deemed to form an integral part of the Agreement and be deemed to have been incorporated in the Agreement by reference and the client hereby agrees to accept and be bound by the provisions of the same. Accordingly, the policies and procedures envisaged hereinabove shall be governed by the detailed terms and conditions of the agreement and shall be compulsorily referred to while deciding any dispute/difference or claim between me/us and PSPL before any court of law/judicial/ adjudicating authority including arbitrator /mediator etc.

Signature X

Name \_\_\_\_\_ Client Code \_\_\_\_\_

## **ADDITIONAL CLAUSES SUPPLEMENTAL TO THE NON MANDATORY CONTENTS OF THE ACCOUNT OPENING FORM**

The following Clauses are not part of the model formats of Uniform Set of Documents prescribed by SEBI under Uniform Documentary requirements vide its Circular Number CIR/MIRSD/16/2011 dated August 22, 2011. These clauses have been added in order to ensure smooth functioning of trading and to enhance the transparency of Member-Client relation. While none of these clauses are in contravention of the rules, regulations, notices, circulars of the Exchanges / SEBI, if any of these additional clauses mentioned below are interpreted to be in contravention with the rules / regulations / notices / circulars of the Exchanges / SEBI, the provisions of the rules, regulations , notices and circulars of the Exchange / SEBI shall prevail. The Client is further informed that he/she/it may strike out any of these provisions, if he/she/it does not wish to accept the same.

The Client and the Member, in addition to the clauses mentioned in mandatory documents also agree to the additional clauses stated herein below:

### **1. CLIENT'S ADDITIONAL REPRESENTATIONS AND WARRANTIES:**

The Client has represented to the Member that:

- 1.1 The Client represents and warrants to the Member that all the information provided and statements made in the Client's Account Application are true and correct and are not misleading (whether by reason of omission to state a material fact or otherwise) and the Client is aware that the Member has agreed to provide the Member's Service to the Client on the basis, *inter alia*, of the statements made in the Client's Account Application. The Client is aware and acknowledges that trading over the internet kiosk, telephones and through computers involves many uncertain factors and complex hardware, software, system, communication lines, peripherals, etc., which are susceptible to interruptions and dislocations; and the Member's Service may at any time be unavailable without further notice. The Member and the Exchanges do not make any representation or warranty that the Member's Service will be available to the Client at all times without any interruption. The Client further agrees that he shall not have any Claim against the Exchanges or the Member on account of any suspension, interruption, non-availability or malfunctioning of the Member's System and Service or the Exchanges' service or system for any reason whatsoever.
- 1.2 The Client has the required legal capacity, is authorized and eligible to enter into this Agreement and is capable of performing his obligations and undertakings hereunder
- 1.3 All actions required to be taken to ensure compliance of the transaction with all applicable laws have been completed by the client prior to such transactions being entered into.
- 1.4 The Client shall abide by the Exchange Provisions or the terms of the Member's Website and the various communications from member from time to time, which may be posted on website in force from time to time.
- 1.5 The Client represents, warrants and undertakes on an ongoing basis that there are no prior or pending criminal proceedings or proceedings relating to financial crime against him or any negative reputation issues involving the Client and in the event of any such issue or proceedings arising / being commenced against the Client, he shall promptly keep the Member informed of the same.
- 1.6 The client represents, warrants and undertakes not to act as a sub-broker without prior written permission of the member / exchange and without obtaining certificate of registration from Securities and Exchange Board of India (SEBI)
- 1.7 The trading and other instructions issued to the Member for facilitating and carrying out business issued telephonically or through any other means either express or implied by an authorized representative of the Client shall be binding on the Client
- 1.8 The Client shall notify the Member within seven days, of any change in the details set out in the Application form submitted to the Member at the time of opening the account or furnished to the Member from time to time.
- 1.9 The Client shall, at all times, be responsible for his investment decision and/or orders placed, or applications preferred by the Client, either electronically or otherwise. Client shall not hold, nor seek to hold, the Member and or any of their officers, directors, employees, agents, subsidiaries or affiliates, liable for any loss including but not limited to trading losses incurred by the Client. The Client understands that placing an order with the Member either electronically or otherwise, does not guarantee execution of the said order or acceptance of an application. The Member shall not be deemed to have received any electronically transmitted order or application until the Member has confirmed the receipt of such an order or application.
- 1.10 The Client agrees to execute Power of Attorney (POA) in favour of the Member / DP to facilitate Depository Participant operations, internet Trading Services and other operations pertaining to Investment

Product offerings by the Member provided however the Member at it's own sole discretion may dispense with or waive the requirement of execution of such POA. The format of the said POA may be amended from time to time to accommodate regulatory and non regulatory operational issues and the Client agrees to execute such amended/revised POA, whenever called upon to do so by the member.

- 1.11 The Client agrees and confirms that the use and storage of any information including without limitation, ASC, the passwords or digital signatures, as the case may be portfolio information, transaction activity, account balances and any other information or orders available on the client's personal computer is at the client's own risk and is the client's sole responsibility. Client is responsible for providing and maintaining the communications equipment (including personal computers and modems) and telephone or alternative services required for accessing and using the web-site or related services, and for all communications service fees and charges incurred by the client in accessing the website or related services.
- 1.12 The Client agrees to keep the Member updated of his financial status by providing net worth certificate / copy of IT returns / Balance Sheet and other financial statements / documents at regular intervals as may be required by Member from time to time and in any event at the end of each financial year by 30th June.
- 1.13 In case of offline clients, the client agrees, confirms and acknowledges to receive the welcome letter (kit) from the member by way of delivery at his address available in the records as provided by the client. Client further agrees, confirms and acknowledges to receive the welcome letter (kit) (excluding user name and password) from the member electronically on the Client's email-id registered with the Member in case of on line clients.
- 1.14 The Client acknowledges that trading/settlement cycles, delivery/payment schedules, any changes therein from time to time are hosted on the website of the Member and such disclosure by the Member shall be deemed to be acceptable to the Client.
- 1.15 The Client agrees and acknowledges that he will be responsible for the settlement / margin obligation arising out of the transaction executed by him despite interruption, non-availability or malfunctioning of the Member's System and Service or the Exchanges' service or system for any reason whatsoever.

## **2. DECLARATION OF CLIENT**

- 2.1 The Client confirms having read and understood the terms and conditions of this agreement and those relating to various services and products and accepts and agrees to be bound by the terms and conditions including those relating to exculpating limiting the Member's and Exchanges' liabilities
- 2.2 The Client further confirms and declares that investments in securities carries risk and notwithstanding any recommendation made by the Member, the Client will take buy/ sell decisions at his sole discretion after evaluating such risk and shall not hold the Member liable for any loss arising from such Purchases/ Sales
- 2.3 The Client confirms and declares that he will not indulge in any irregular activities not limited to synchronized trading, price ramp-up etc. resulting in violation of rules, regulations of the exchange and any such activity indulged into by the Client, the member shall be entitled to terminate the relationship and the agreement.

## **3. CLIENT'S AUTHORISATION**

- 3.1 The Client may authorise his representative either severally or jointly to trade and transact in securities for and on behalf of the Client and that the Member may act on the instructions of the said authorised representative. Client hereby agrees to execute requisite letter of authorization / Power of Attorney in respect of such representatives as the case may be in this regard and submit the same with Member. Board resolution in case of corporate Clients and a declaration signed by all partners in case of Partnership firms shall be furnished by such Client and the Client undertakes to review the same every year and inform the Member in case of any change.
- 3.2 The instructions issued by an authorized representative of the client shall be binding on the client in accordance with the letter authorizing the said representative to deal on behalf of the client.
- 3.3 If the authorised representative is intended to be replaced, the Client shall inform the Member / Sub broker of the change in writing immediately or within 24 hours of effecting such change along with the authorisation document failing which the Client undertakes to be responsible for the trade obligations arising out of the actions of the old representative and the Member will not be under any obligation to honour the orders for trades placed by the new representative. Any implication and consequences out of the failure on the part of the Client to provide the necessary intimation and authorisation will be the sole responsibility of the Client and the member will not be liable for any part of the same.
- 3.4 If any transaction(s) under this agreement or under any other agreement or otherwise with the Member, has/have been executed on behalf of Client by any other person, not mentioned above and the same has/have been accepted by him from time to time on the basis of the contract note(s)or bills or any other correspondence dispatched/communicated to the Client by the Member and/or by part or full settlement of the said transaction(s) by Client, then such transaction(s) shall be deemed to be executed by the person

authorised by the Client and the Client agrees to ratify and accept all such or other actions of such persons and undertakes to meet all obligations arising from these transaction(s)

3.5 The Client undertakes to be bound by all the transactions undertaken by the Member pursuant to the instructions of the authorized representative(s)

3.6 The client acknowledges that the member shall not be liable to provide him any legal, tax, investment or accounting advice or advice regarding the suitability or profitability of a security or investment. The client assumes full responsibility with respect to his investment decisions and transactions. The member, its officers, directors, partners, employees, agents and affiliates will have no liability with respect to any investment decisions or transactions of the client.

3.7 The client agrees to keep the member updated on his financial status and provide such details as regards financial position, assets, liabilities etc., including net worth details etc., once in a year and also as and when required by the Member. The Client hereby permits the Member to provide such information any time to any statutory / regulatory authorities as may be required.

3.8 The client hereby agrees to ensure that before selling any shares, he has the same in hand. Any loss arising of auction / closeout on account of shares not cleared in the Member's account will be borne by the client. The client also agrees to bear any loss arising out of auctions due to incomplete instructions, illegible instructions, unclear instructions and instructions not received on time.

3.9 The client hereby authorizes the Member to transfer shares, lying in the Member's pool / beneficiary account for pay-in purposes for shares purchased by the client in previous settlements. In case the client does not want the Member to transfer these shares towards inter settlement from the Member's pool / beneficiary account for pay in purposes, he shall inform the Member in writing 24 hours before pay in date. In case the Member does not receive the same in writing or for a wrong settlement, the Member shall not be responsible for loss, if any.

3.10 The Member will not be liable to the client for loss arising due to fire, theft or loss due to human error in case of dematerialised shares, or any other unforeseen circumstances if the shares are in the custody of the Member beyond the stipulated time. In case of dematerialized shares, the Member will be entitled to recover the custody charges from the client, if the deliveries are not transferred out of the Member's depository account within the stipulated time. The stockbroker will not be responsible in case pay-in is not done in the proper settlement.

3.11 The client hereby unconditionally, absolutely and irrevocably undertakes to pay immediately any amount due and payable under this agreement on being called to do so without any demur merely on a demand from the Member stating that the amount claimed is due pursuant to this agreement and any such demand made on the client shall be conclusive as regards the amount due and payable by the client under this agreement.

3.12 The client hereby agrees and acknowledges that the member on best effort basis, based on POA authorization, will transfer the shares for pay-in obligation. However, member shall not be responsible for any auction / close-out due to non-delivery for any reason.

#### **4. FINE/PENALTY**

The member will be entitled to collect / recover any fine / penalties / charges or any other amount levied on the Member by Exchange / SEBI / any other authority due to any transaction / trade / act / omission (including non furnishing of the required detail of by the Client) from the Client. Further where the Member has to pay any fine or bear any punishment from any authority in connection with / as a consequence of / in relation to any of the orders / trades / deals / actions of the client, the same shall be borne by the client.

#### **5. DEMAT CHARGES**

The Client authorises to debit his trading account for the various charges due to the Depository section of the Member for the depository services which he is availing.

#### **6. DELAYED PAYMENT CHARGES**

Notwithstanding anything contained in these presents, the Client hereby agrees that any amounts which are overdue from the Client or a member of the Client's family or of sister concerns (where the Client is a firm or company) towards trading either in the Cash or Derivative segments or on account of any other reason to the Member or to any of the Member's group or associate companies may be charged the late payment charges at the rate of 2% per month of the sums in default or such other rate as may be determined by the Member. The Client hereby irrevocably authorizes the Member to directly debit the same to the account of the Client at the end of each month provided, however, that in the case of dues owing by the Client or a member of Client's family or sister concerns, to the Member's group or associate companies, such debit is not made by such group or associate company in the Client's Trading Account with it.

The Client also agrees that any amount overdue from him/her/it (including the interest on delayed payment) shall be adjusted by the Member from dues owed to the Client by any group or associate company of the Member.

Conversely, any money owed by any group or associate company of the Member to the Client shall be offset against the dues owed by the Client to the Member.

## **7. INTER SETTLEMENT**

The Client hereby authorizes the Member to transfer shares lying in the Member's pool account for pay-in purposes for shares purchased by the Client in previous settlements. In case the Client does not want the Member to transfer these shares towards inter settlement from the Member's pool account for pay-in purposes, he shall inform the Member in writing 48 hours before pay in date. In case the Member does not receive the same in writing or for a wrong settlement, the Member shall not be responsible for loss, if any.

## **8. LIENS AND SET OFF**

- 8.1 The Client agrees that all monies, securities or other property that may be held by the Member on the Client's account shall be held by the Member at the sole risk and cost of the Client and such monies, securities or other property shall be held subject to a general lien for the discharge of the Client's obligation to the Member under this agreement irrespective of whether such obligation of the client is disputed by the client. The Member shall be under no obligation to release such monies, securities or other property until the Client has discharged its entire obligation in full to the Member under this agreement to the due satisfaction of the Member.
- 8.2 All Securities and/or other property in any Account in which the Client has an interest or which at any time are in the possession or under the control of the Member, shall be subject to a lien for the discharge of any and all indebtedness or any other obligation that the Client may have to the Member.
- 8.3 All of the Client Securities and/or other property shall be held by the Member as security for the payment of any such obligation or indebtedness to the Member in any Account in which the Client has an interest.
- 8.4 In enforcing its lien, the Member at its sole discretion may determine which Securities and/or other property are to be sold or which contracts are to be closed.
- 8.5 The Member will adjust and set off the amounts and securities payable to the Client in respect of transactions done by the Client on the cash segment of the Exchanges, against the amounts receivable from the Client in respect of the transactions entered into, by the Client, on the cash segment of any other Exchange. The Client authorizes the Member to pass appropriate journal entries for the same.
- 8.6 The Client authorizes the Member to appropriate credits lying in his / her / its account on the Cash segments of the Exchange against debits in his / her / its account on the derivative segment of the Exchange and vice versa through issue of cheques or passing appropriate journal entries for the same.
- 8.7 The Member will adjust and set off the amounts and securities payable to the Client in respect of transactions done by the Client on the NSE/BSE/MCX-SX, against the amounts receivable from the Client in respect of the transactions entered into, by the Client, on NSE/BSE/MCX-SX as the case may be. The Client authorizes the Member to pass appropriate journal entries for the same.
- 8.8 The Client authorizes the Member to appropriate credits lying in his / her / its account on the NSE/BSE/MCX-SX against debits in his / her / its account on any NSE/BSE/MCX-SX and vice versa through issue of cheques or passing appropriate journal entries for the same.

## **9. RESTRICTIONS ON TRADING**

The Client understands and agrees that the Member may at any time, at its sole discretion and without prior notice, prohibit or restrict his ability to trade Securities, or to substitute Securities

## **10. SHORT SALE**

The Client hereby agrees to ensure that before selling any shares, he has the same in his possession. Any loss arising of auction /closeout on account of shares not cleared in Member's account shall be borne by the Client. The Client also agrees to bear any loss arising out of auctions due to incomplete instructions, illegible instructions, unclear instructions and instructions not received on time.

## **11. PROPRIETARY TRADING**

In compliance with the SEBI directive vide its Circular No. SEBI/MRD/SE/Cir 42/2003 dated 19th November 2003, the Member hereby notifies the Client and Client hereby acknowledges that here is aware that the Member may apart from carrying or executing the trades /orders on behalf of the Client, execute and carry out the trades on its own account (proprietary trading) confirms that the investments in the equity market are undertaken by the Member on its own account to deploy the temporary surpluses arising in the ordinary course of business

## **12. SHORTAGES**

It is agreed that in case of purchase of securities by the Client, if the Member is unable to deliver the securities on the pay-out day due to non-receipt of the securities from the stock exchange(s) or due to non-receipt of the said securities from another Client of the Member who has sold the securities against the said purchase transaction, the securities shall be delivered to the Client as per the policy of the Member as amended from time to time and communicated to the client.

## **13. ARRANGEMENT WITH RELATIONSHIP BANKS**

The Client understands that the Member has relationship with one or more banks ("the relationship banks"). The Member's Internet trading website has a payment window through a link to the website of the Relationship bank, which provides the facility. In such a case, the Client would make the payment for securities purchased by him/her/it by crediting the purchase amount (along with the indicated brokerage amount) directly to the account of the Member with the Relationship Bank by means of a fund transfer. Similarly, in the case where the Client specifically request to transfer the sale proceeds arising from the sale of securities, the Member would credit the account of the Client with the Relationship Bank by means of a fund transfer. The Member expressly states that the payment gateway mechanism is a service offered by the Banks with whom the Member has established relations for facilitating the transfer of funds between the Client's account and the Member's account. The Member expressly excludes liability for consequential loss or damage or loss of profit, business, revenue, goodwill or anticipated savings which may arise in respect of (i) the payment gateway offered by such Banks (ii) the payment mechanism.

#### **14. TAPE RECORDING OF CONVERSATION**

The Client is aware that the Member may tape-record the conversations between the Client or its representative and the Member, either personally or over the telephone, and the Client hereby specifically permits the Member to do so. The Member may rely upon such recordings as and when required to resolve disputes in connection with the trading transactions

#### **15. CANCELLATION / MODIFICATION OF ORDER / TRADE**

- 15.1 Member shall be entitled to cancel relative contract(s) with the Client in the following circumstances:
  - (i) When the Exchange(s) cancel a trade suo motto without giving reasons thereof or due to insufficient bids or offers or suspension of trading due to price limits or circuit breakers
  - (ii) When the electronic trading systems either at the Exchanges or in the Member's offices are vulnerable to temporary disruptions or failures

When due to unforeseen circumstances, the Member is not able to execute the desired transactions (either the Clients own transactions or transactions for enforcing margins as provided in this agreement) on a timely basis.

The Member shall not be responsible for any losses that the Client may incur on account of such cancellation.
- 15.2 When the Client places a request to cancel / modify an order, the cancellation / modification of that order is not, guaranteed by the Member. The order will only be cancelled / modified if the Client requests for cancellation / modification of his / her order is received and the order is successfully cancelled or modified before it is executed. Such requests will be routed to the Exchange system and the Member will not be responsible for acceptance or rejection of such requests. Market orders are subject to immediate execution, wherever possible.
- 15.3 No order shall be assumed to be executed or canceled / modified until a transaction confirmation from the Member is received by the Client via the trading screen or telephone or facsimile. However, due to technical or other factors, the confirmation may not be immediately transmitted to or received by the Client and such delay shall not entitle the Client to presume that the order has not been executed, cancelled or modified unless and until the Member has so confirmed in writing.
- 15.4 The Member shall not be responsible for any losses that the Client may incur on account of such cancellations / modifications
- 15.5 The Client further agrees that he will not be compensated by the Member for 'lost opportunity' namely; notional profits / losses on buy / sell order which could not be executed.
- 15.6 The Exchange may annul a trade suo-moto without giving a reason therefore. In the event of such annulment, the Member shall be entitled to cancel the contract(s) with the Client.
- 15.7 Notwithstanding anything contained above, any orders not executed at the end of trading hours may be cancelled by the Member.
- 15.8 In the event, the Exchange suspends or cancels a pay out of funds / securities, the Member shall also be entitled to suspend, cancel or annul the relevant payout of funds / securities to the Client.
- 15.9 The Member shall not be responsible for any losses that the Client may incur on account of such cancellation / modification.
- 15.10 Member shall have the right to refuse to accept any buy or sell instructions from the Client without assigning any reasons thereof provided that the Member shall inform the Client of any such decision.

#### **16. TRADE CONFIRMATION**

- 16.1 Online confirmation will be available to the Client on the system upon execution of his order on the market. This would be followed by a confirmation by electronic mail or other electronic means. It is the responsibility of the Client to review upon first receipt, whether delivered to him in the mail, by electronic mail, or other electronic means, all confirmations of transactions. Transactions shall be binding upon him, if the Client does not object, either in writing or via electronic mail, within 24 hours after the confirmation is

first received by him. The Client agrees that the information sent by Member by email is deemed to be a valid delivery of such information by the Member.

- 16.2 The Member shall send the trade confirmations to the Client over telephone or by way of short message services on the cellular phone of the Client. Trade confirmation shall also be available on the System of the Member and the same is followed up by the contract note-cum-bill or otherwise via mail, e-mail, fax, courier, Registered AD, oral communication or otherwise at the postal address, fax nos. e-mail addresses intimated by the Client to the Member. Notwithstanding what is stated hereinabove or elsewhere in the Agreement, the Client agrees to receive the trade confirmation at the end of the day of trading.
- 16.3 Client agrees that the Member will not be responsible for the non-receipt of the trade confirmation, contract note-cum-bill due to any change in the Client's address/e-mail address/telephone/cellular phone/ fax number or such other details which is not intimated to the Member in writing and/or where the communication remains undelivered due to non-availability of the Client at the given address / telephone/ cellular phone / fax number or client not opening e-mail box.
- 16.4 The Client understands that it is his/her/its responsibility to review the trade confirmations, the contract notes, the bills or statements of account immediately upon their receipt. All information contained therein shall be binding upon the Client, if the Client does not object in writing to any of the contents within twenty four hours of such intimation/confirmation
- 16.5 In all cases, the Member reserves the right to determine the validity of the Client's objection to the transaction
- 16.6 The Client agrees that the Member will not be responsible for the non-receipt of the trade confirmation due to any change in the Client's address which is not intimated to the Member in writing

## **17. LEDGER STATEMENTS**

It is hereby agreed between the client and the Member that the ledger statements in respect of transactions entered into at the BSE and NSE cash / derivative / currency segments may be combined for the purpose of convenience of the Member and the client and the payments received and paid by the Member will be appropriated on a First-In- first-out basis The client agrees to download his account statements, from Member's website [www.patrson.co.in](http://www.patrson.co.in) on a weekly as well as monthly basis as and when such facility is given by the Member. Any discrepancy in the Account Statement shall be brought to the notice of Member by the client in writing within seven working days of receipt thereof.

The Member and the Client hereby agree that the procedure for sending the contract notes bills, ledgers, transaction statements, reports, letters, circulars, notices, etc. by Post (ordinary or registered or speed or UCP), courier, hand delivery to the Client is applicable only if so demanded by the Client in writing to the Member. Otherwise, the Client hereby agrees to receive the contract notes, bills, ledgers, transaction statements, reports, letters, circulars, notices, etc. digitally /in electronic form through email id provided by the Client to the Member. The contract note issued digitally shall be subject to relevant bye- Laws/rules/regulations of the Exchange. The stamp duty on such contract note shall be paid as per applicable law.

## **18. DIGITALLY SIGNED CONTRACT NOTES, CONFIRMATION AND ELECTRONICS COMMUNICATION**

- 18.1 The Client hereby agrees and permits the Member to provide digitally signed contract notes through internet (web-based) /email. The Client also authorises the Member to send Welcome Kit (excluding user name and password), Statements of Account, Statement of Margin and Securities and other documents on email address. For the sake of clarity all of the above documents are referred to as "Digital Documents". The Client acknowledges that once Digital Documents are mailed by the Member at his email address registered with it, it shall be deemed to have been received by the Client and hence there will be no further requirement on the part of the Member to send the same physically in the paper based format to the Client unless Digital Documents are rejected by the Client's email id and is bouncing back to the Member. The Client hereby acknowledges that he has read and understood the following points governing issuance of the Digital Documents by the Member.
- 18.2 For the purpose of the above, the email id used would be the same as provided by the Client in the Client Registration Form at the time of opening of an account or email id subsequently notified by the Client in writing. Any change in the email id of the Client shall be immediately intimated by the Client to the Member.
- 18.3 The Client shall access the contract notes/ confirmations of the trades executed on his/her/their behalf on the trade date electronically. The Client understands that it is his/her/their responsibility to review all confirmations, contract notes, statements, notices and other communications including but not limited to margin and maintenance calls etc. All information contained therein shall be binding on the Client, if the

Client does not object, either in writing or via electronic mail within 24 hours after any such documents are available to the Client

18.4 Should the Client experience any difficulty in opening a document electronically delivered by the Member, the Member may, on receipt of intimation from the Client in that behalf, make the required delivery by any other electronic means (e-mail, fax, electronic mail attachment, or in the form of an available download from the back-office website) or in paper based format. Failure to advise the Member of such difficulty within twenty four hours after delivery shall serve as an affirmation that Client was able to receive and open the said document. The Client hereby agrees to pay all such amounts that the Member may charge to cover the operational costs that the Member incurs in preparing and delivering the said communication, confirmation, contract notes, documents, reports and alerts;

18.5 The Client agrees to receive the contract notes in electronic form from the Member. Provided however that in case when the Member is not able to provide Contract Note to its Clients through (web based) electronic medium due to any unforeseen problems, the Member should ensure that the contract note reaches to the Client in physical form as per the time schedule stipulated in the Bye-Laws, Rules and Regulations of the Exchanges

18.6 The Client shall take all the necessary steps to ensure confidentiality and secrecy of the login name and password. Unless the Client lodges a complaint with the Member as to his/her/its inability to access the system, it would be presumed that contract notes and all have been properly delivered to the client.

18.7 The Client agrees that the Member fulfils its legal obligation to deliver to the Client any such document if sent via electronic delivery and the member has not received any report indicating bouncing back of such electronic delivery

18.8 The Client shall ensure that the mail servers pertaining to the email ids provided for delivery of digital documents i.e. Contract Notes etc. sends the delivery (i.e. Delivered / Un-delivered) status, if the recipient mail server does not send the same then it shall be assumed that the mail sent from the Member Mail Server has been Delivered to the Client. Further, the status 'Pending' shall mean that the delivery receipt has not been received by the mail server, but the mail has been sent to the client

18.9 Account Statements: The member shall forward Statements of Account for both funds and securities at such regular interval as it deems fit but not exceeding three months (calendar quarter) within thirty days of the expiry of the said period. It is the responsibility of the Client to review upon first receipt, whether delivered electronically or in hard copy, all account statements. The information contained in the account statements (excluding transactions which are covered under Confirmations above) shall be binding upon him and if he does not object, either in writing or via electronic mail, within 7 days after the account statement is first received by him. In all cases, the Member reserves the right to determine the validity of such objection to the information contained in the account statement.

18.10 Statement of Accounts in Digital format:

- (i) The Member may send the Statement of Trading Account, Demat statement of accounts/holding statement(s)/bills or other Statement(s), related notices, circulars, amendments and records and documents by whatever name called (hereinafter referred to as "Statement(s)") to the Client in physical and/ or electronic form.
- (ii) The Client hereby agrees and permits the Member under the terms of this agreement to provide to the Client, Statement(s) through Internet (web based). Such Statement(s) shall be duly authenticated by means of a digital signature as specified in the Information Technology Act, 2000 and the Rules made there under.

18.11 Copy of Client Registration Documents:

- (i) The Member may send the Client Registration documents viz., Client registration form/KYC, Member Client Agreement/Tripartite Agreement, Risk Disclosure Document and a copy of any other document executed with the client (hereinafter referred to as "Registration documents") to the Client in physical and/ or electronic form.
- (ii) The Client hereby agrees and permits the Member under the terms of this agreement to provide to the Client, the Registration documents through Internet (web based).

18.12 Clauses governing issue of digitally signed Contract Notes/ Statement(s)/ Client Registration documents / other documents (hereinafter collectively referred to as "the Documents") in electronic form]

- (i) The Member shall send the Document(s) to the Client at his/her/its e-mail account(s) provided by the Client for the purpose.
- (ii) The Client undertakes to change the initial password of such e-mail account(s) upon first login. The Client shall take all necessary steps to ensure confidentiality and the secrecy of the login and password of such e-mail account(s). The Member shall not be liable to or responsible for any breach of secrecy. Unless the Client lodges a complaint with the Member as to his/her/its inability to access the system, it would be presumed that the documents have been properly delivered.

- (iii) The Client agrees to access the Document(s) electronically. The Client also agrees that it is his/her/their responsibility to review the same. All the information contained therein shall be binding on the Client, if the Client does not object, either in writing or via electronic mail within 15 days from the date on which the Document(s) is sent to the Client.
- (iv) The Client undertakes to check the Document(s) and bring the discrepancies to the notice of the Member within 24 hours from the date on which the Document(s) are sent to the Client, unless otherwise specifically provided under the regulations. Non verification by the Client or not accessing the Document(s) on regular basis shall not be a reason for disputing the same at any time.
- (v) Should the Client experience any difficulty in opening a document electronically delivered by the Member, the Member may on receipt of intimation from the Client in that behalf, make the required delivery by any other electronic means (e-mail, fax, electronic mail attachment) or in paper based format. Failure to advise the Member of such difficulty within 48 hours from the date of delivery of the Document(s) shall serve as an affirmation that Client was able to receive and open the said document.
- (vi) In cases when the Member is not able to provide the Document(s) through web based electronic medium due to any unforeseen problems, the Member shall ensure that the Document(s) reaches to the Client in physical form as per the time schedule stipulated in the Bye Laws, Rules and Regulations of the Stock Exchanges / NSDL / CDSL or any other Regulatory Authority.
- (vii) The Client agrees to take all the necessary steps to ensure confidentiality and secrecy of the login name and passwords of his/her/its email account. Unless the Client lodges a complaint with the Member as to his/her/its inability to access the system or receive the document(s), it would be presumed that the document(s) have been properly delivered to the Client. The Member shall not be responsible for any breach of secrecy.
- (viii) The Client agrees that the Member fulfils its legal obligation to deliver to the Client the documents if sent via electronic delivery at the email account provided by the Client for the purpose and the Member has not received any report indicating bouncing back of such electronic delivery from any of such electronic delivery from any of such e-mail account(s). Such statements shall be deemed to have been delivered on the day when the same is sent electronically by the Member. In other words, email sent to the e-mail account, which is not bounced back, shall be deemed to be duly delivered to the Client and sufficient compliance of issue of Document(s).
- (ix) The Client agrees that the Member shall not be responsible for non-receipt of Document(s) sent via electronic delivery due to change in/incorrect email address provided by the Client for the purpose or for any other reason which inter alia include insufficient space in the inbox of the Client, technical reasons or malfunction of the Client's computer system/server/internet connection etc. It shall be the responsibility of the Client to intimate the Member of any change in the Client's e-mail account(s).
- (x) The Member shall not be liable or responsible for any statement received from frauds or impostors or any consequences thereof.
- (xi) The Member shall not be liable for any problem, which arises at the Client's computer network because of the Client receiving any such statement from the Member.
- (xii) The Member agrees that in case of receipt of bounced back notification from all the email account(s), the Member shall make required delivery by any other electronic means (email, fax, electronic mail attachment or an available download from the back office website) or in paper-based format immediately thereafter. However the Client agrees that the Member shall not take cognizance of out-of -office/out-of-station auto replies and the Client shall be deemed to have received such electronic mails.
- (xiii) The Client hereby agrees to intimate the Member of any change in E-mail Id.
- (xiv) The Client understands and agrees that the Member shall be entitled to charge to the Client fees / charges for sending such Documents. Such fees and charges shall be intimated to the Client from time to time by the Member.
- (xv) The Member may also post the Document(s) on the website of the Member and the same can be accessed by the Client on the website with the help of the login and password in case of online clients. The Client shall ensure confidentiality and secrecy of the login id and password. The Member shall not be liable or responsible for any breach of secrecy.

## **19. SMS ALERT FACILITY**

The Client agrees and permits the Member to provide intimations and communications relating and including to but not limited to outstanding debit recovery intimations, trade confirmations, margin and maintenance calls (collectively "alerts") through the SMS alert facility on the mobile phone number which belongs to the client as provided in the Account Opening Form and understands and voluntarily agrees to the following terms and conditions:-

- 19.1 The service will be provided to the Member at the discretion of the Member. The service is being made available to the client since he has provided his mobile phone number/s to the Member in the client registration form.
- 19.2 The alerts will be provided to the client only if he/she remains within the range of the service provider's service area or within the range forming part of the roaming network of the service provider.
- 19.3 The BO is responsible for promptly intimating to the Member in the prescribed manner any change in mobile number. In case of change in mobile number not intimated to the Member, the SMS alerts will continue to be sent to the last registered mobile phone number. The client agrees to indemnify the Member for any loss or damage suffered by it on account of SMS alerts sent on such mobile number.
- 19.4 The Member shall send the alerts to the mobile phone number provided by the client in the client registration form while registering for the service or to any such number replaced and informed by the client to the Member from time to time. Upon such registration / change, the Member shall make every effort to update the change in mobile number within a reasonable period of time. The Member shall not be responsible for any event of delay or loss of message in this regard.
- 19.5 The client acknowledges that the alerts will be received only if the mobile phone is in 'ON' and in a mode to receive the SMS. If the mobile phone is in 'Off' mode i.e. unable to receive the alerts then the client may not get / get after delay any alerts sent during such period.
- 19.6 The client also acknowledges that the readability, accuracy and timeliness of providing the service depend upon many factors including the infrastructure, connectivity of the service provider. The Member shall not be responsible for any non-delivery, delayed delivery or distortion of the alert in any way whatsoever.
- 19.7 The client further acknowledges that the service provided to him is an additional facility provided for his convenience and is susceptible to error, omission and/ or inaccuracy. In case the client observes any error in the information provided in the alert, the client shall inform the Member immediately in writing and the Member will make best possible efforts to rectify the error as early as possible. The client shall not hold the Member liable for any loss, damages, etc. that may be incurred/ suffered by the BO on account of opting to avail SMS alerts facility.
- 19.8 The information sent as an alert on the mobile phone number shall be deemed to have been received by the client and the Member shall not be under any obligation to confirm the authenticity of the person(s) receiving the alert.
- 19.9 The Member will make best efforts to provide the service. The client cannot hold the Member liable for non-availability of the service in any manner whatsoever.
- 19.10 If the client finds that the information such as mobile number etc., has been changed without proper authorization, the client should immediately inform the Member in writing.
- 19.11 The Member reserves the right to charge such fees from time to time as it deems fit for providing this service to the BO.
- 19.12 The Member shall make reasonable efforts to ensure that the client's personal information is kept confidential. The Member does not warranty the confidentiality or security of the SMS alerts transmitted through a service provider. Further, the Member makes no warranty or representation of any kind in relation to the system and the network or their function or their performance or for any loss or damage whenever and howsoever suffered or incurred by the client or by any person resulting from or in connection with availing of SMS alerts facility. The Member gives no warranty with respect to the quality of the service provided by the service provider. The Member will not be liable for any unauthorized use or access to the information and/ or SMS alert sent on the mobile phone number of the client or for fraudulent, duplicate or erroneous use/ misuse of such information by any third person.
- 19.13 **Liability and Indemnity:** The Member shall not be liable for any breach of confidentiality by the service provider or by any third person due to unauthorized access to the information meant for the client. In consideration of the Member providing the service, the client agrees to indemnify and keep safe, harmless and indemnified the Member and its officials from any damages, claims, demands, proceedings, loss, cost, charges and expenses whatsoever which a Member may at anytime incur, sustain, suffer or be put to as a consequence of or arising out of interference with or misuse, improper or fraudulent use of the service by the client.

## **20. TERMS AND CONDITIONS FOR INVESTMENT PRODUCTS**

- 20.1 These terms and conditions are for online services provided by Paterson Securities Private Limited (hereinafter referred to as "PSPL" or "Member") and shall include but shall not be limited to transactions for the purchase or sale of shares and securities or an order for the purchase or sale of or an application for any offer or public issue of shares, scrips, stocks, bonds, debentures, units of any Mutual Fund or any other security or financial instrument, derivative, Small Saving Schemes, Bonds, Fixed Deposits, Public Provident Fund or such other products or services that PSPL may in its absolute discretion introduce or offer from time to time (hereinafter referred to as "Investment Products") and are in addition to and binding

on the existing Power of Attorney and the Client Agreement and such other agreements that has been signed by you at the time of your becoming our Client.

20.2 This facility is offered to the Clients of PSPL. Notwithstanding the above, PSPL reserves the right to refuse this facility to any Client or group of Clients at its sole discretion and without assigning any reason.

20.3 PSPL shall decide upon the list of Investment Products, which shall be eligible for this facility. This list would be subject to change at the sole discretion of PSPL from time to time. PSPL may also at its sole discretion decide to withdraw a particular Investment Product from the list without notice to the clients and without assigning any reasons whatsoever

20.4 Member through its web-site [www.paterson.co.in](http://www.paterson.co.in) or any other means intends to offer various services (“the Services”) to the Client. The Client may avail any or all such services that are introduced on [www.paterson.co.in](http://www.paterson.co.in) or any other application as may be offered (referred as “the Website”)

20.5 The Client has satisfied itself of the capacity of Member to offer the Services relating to investment by Client in Investment Products and the Client shall continue to satisfy itself of such capacity of Member before availing any services.

20.6 The Member may from time to time impose and vary limits on the orders which the Client can place through the System (including exposure limits, turnover limits, limits as to the number, value and/or kind of securities in respect of which orders can be placed, the companies in respect of whose securities orders can be placed, etc.). The Client is aware and agrees that the Member may need to vary or reduce the limits or impose new limits urgently on the basis of the Member’s risk perception and other factors considered relevant by the Member, and the Member may be unable to inform the Client of such variation, reduction or imposition in advance. The Client agrees that the Member shall not be responsible for such variation, reduction or imposition or the Client’s inability to route any order through the System on account of any such variation, reduction or imposition of limits. The Client understands and agrees that the Trading Member may at any time, at its sole discretion and without prior notice, prohibit or restrict the Client’s ability to place orders or trade in securities through the Member.

20.7 The transactions shall be executed in accordance with the applicable laws, byelaws, rules and regulations governing the specific Investment Product. Member may, from time to time, impose and vary limits on the orders which the Client may place including exposure limits, turnover limits, limits as to numbers, etc. The Client agrees that the Member shall not be responsible for any variation or reduction that may be deemed necessary by Member based on risk perception and other relevant factors reason for which may not be disclosed to Client

20.8 Terms and conditions governing the purchase, sale or any other transaction in each of these Investment Products shall be displayed on the Website as and when they are introduced. Member shall be entitled to modify/alter the said Terms and Conditions after communicating to the clients and such a change shall be displayed on [www.paterson.co.in](http://www.paterson.co.in). The use of services shall be deemed to be an acceptance by the Client of Terms and Conditions including any modifications/alteration thereto.

20.9 The Services shall be offered to the clients through the web-site [www.paterson.co.in](http://www.paterson.co.in) or any other application or mode.

20.10 The Client shall furnish a duly filled on-line application form to Member indicating their intention to avail of the Services being offered. In addition, the Client shall execute a Power of Attorney in the format prescribed by the Member authorizing Member to act on behalf of the Client. Member may require production of original documents for verification of genuineness of the Client and Client shall produce any other documents as and when demanded within the purview of the law.

20.11 The client shall make an advance payment or ensure that adequate amount is lying to his credit in the Client’s Ledger account with the Member as may be required towards availing the Services being availed from time to time using the Website [www.paterson.co.in](http://www.paterson.co.in) or any other mode. If for any reason the service request is processed by Member without receiving advance payment or adequate funds in the Client’s Ledger account, the Client is obliged to pay the shortfall together with delayed payment charges at 2% per month to the Member immediately on demand. Provided that Member may, at their discretion, at any time during the subsistence of the arrangements described in this Agreement, dispense with the requirement of advance payment mentioned in this clause, unless such advance is required as part of the service process, in which case Member shall not proceed with rendering service on behalf of the client until such advance has been duly paid by the client.

20.12 It is explicitly stated herein that the Investment Products offered online, have not been recommended by Member, nor have been sponsored by Member, or its affiliates

20.13 TRANSACTION PROCESSING

20.13.1 The Client agrees that all transactions requested / initiated through the Website or otherwise will be forwarded to the concerned party in whose Investment Product, the Client is dealing with, in accordance

with the terms and conditions as displayed on the Website and terms and conditions of the respective Investment Product as provided by the party issuing such Investment Product.

20.13.2 Member will update the Client with the status of transactions requests received by Member through the electronic medium. Member may also send such information / confirmation by electronic mail or through any other mode as specified in the terms and conditions mentioned on the Website, at the address mentioned in this Agreement, or any other address as may be specified expressly by the Client from time to time, to Member

20.13.3 The Client agrees that if, due to any reason whatsoever his transaction request is not accepted / processed, then in such an event the said transaction shall stand rejected and Member shall not be held responsible in any manner whatsoever. The Client agrees further that in case the party issuing the Investment Product or their authorized representatives do not accept / process the said transaction, then in such case the order shall remain declined and shall not be re-processed, in any event

20.13.4 Member may, at their sole discretion, reject any transaction/application/order/ bid placed on the Website or any other mode due to any reason including non-availability of funds.

20.13.5 The Client agrees further that Member shall have the right to reject any transaction placed by the Client, for any reason and at any time without notice to the Client. Provided that a transaction placed by the Client may be rejected by Member, in the event of impossibility, or pursuant to any of the terms mentioned in this Agreement, the circulars, rules, regulations, notifications, bye-laws or legislation of any regulatory authority, or pursuant to any terms/arrangement between the client and Member or the client and the depository participant, whether such arrangement is entered into prior to or during the subsistence of the this Agreement.

20.13.6 The Client agrees, that, if the transaction is not accepted on the Website or any other mode, for any reason, Member shall have the right to treat the transaction as having lapsed. The Client agrees that Member shall not be liable or responsible for non-acceptance of the transaction of the Client due to any link/system failure at the end of the Client, Stock Broker, Exchange, or any other party.

20.13.7 The Client agrees, that in the event that there is a shortfall in the account opened pursuant to this Agreement with the bank or the depository participant, Member may, at their discretion, reject the Client's transaction, or reduce the transaction size than that initiated by the Client, or carry out the transaction after the money is credited to the Client's account

20.13.8 Member shall have the right to collect any monies or part thereof, that may become payable by the Client at any time during the subsistence of the registration of the Client with Member

20.13.9 Member may at their sole discretion permit clients to use the Website for the routing of their transaction irrespective of the amount in balance in the account of the Client.

20.14 The Client agrees to abide with and be bound by all the rules and terms and conditions that Member may issue from time to time through its Website for the online clients and communicated through an appropriate mode to the offline clients, and all the rules, regulations and bye-laws of the Exchange, Securities and Exchange Board of India, any other regulatory body, or any other concerned person as are in force.

20.15 The Client hereby agrees to indemnify and keep indemnified and hold the Member harmless from any claim or losses claims, demands, actions, proceedings, losses, damages, liabilities, charges, and / or expenses and / or loss of profit incurred in the Investment Products, including but not related to arising from negligence of -the entity or its agent whose Investment Products are being availed by the Client, systems / software / website failure and / or inability in electronic connectivity resulting rejection of application of the Client for any reason whatsoever

20.16 The Client agrees that he shall adhere to the terms and conditions attached to this Agreement for various Investment Products, facilities and services that he may choose to avail

20.17 The Member agrees that it shall keep all Investment products belonging to the Client in separate accounts & shall transact in the same based only on the directions of the Client or his power of attorney holder or as authorized by this Agreement or as required by rules, regulation or law of any authority regulating, the Investment Products for the time being in force.

20.18 The Member shall credit the proceeds of the sale/redemption etc. of any of the Investment Products only after the Member has received the same unless specifically agreed otherwise. The proceeds of all sales will be credited to the Clients account directly on the designated date.

20.19 All Investment Products now or hereafter held, carried or maintained by the Member, in their possession or control, for any purpose, in or for the benefit of any of Clients accounts, now or hereafter opened, including any account in which Client may have an interest, shall be subject to a lien in a favour of the Member, for the discharge of all indebtedness and Client's other obligations to the Member, and are held by the Member, as security for the payment of any liability or indebtedness of Client's to the Member, in any of said accounts. Client authorizes the Member, that it shall have the right to transfer the Investment Products and other property so held from or to any other of Client's accounts at the Member, whenever, in the

judgment of the Member, it is considered that such transfer is necessary for the protection of the Member's interest. In enforcing the Member's, lien, the Member shall have the right and discretion to determine which Investment Products and properties are to be sold and which contracts or positions are to be closed. In the event of a breach or default by Client under this Agreement, the Member shall have all rights and remedies available to a secured creditor under all applicable law in addition to the rights and remedies provided herein.

20.20 The Client understands that the terms and conditions governing a specific investment product or service will be binding on the Client only if such product or service is made available to the Client and Client trades in that investment product or avails of that particular service.

**21. INVESTMENT ADVICE / RECOMMENDATION**

21.1 The Client acknowledges that the Member shall not be liable to provide him with any legal, tax, investment or accounting advice or advice regarding the suitability or profitability of a security or investment

21.2 The Client also acknowledges that the Member's employees are not authorized to give any such advice unless the same is having regard to the financial status and the risk perception of the Client and that the Client will not solicit or rely upon any such advice from the Member or any of its employees

21.3 The Client understands without any ambiguity that the Member does not have any product which guarantees assured return and the Client is solely responsible for any market risk in respect of transaction conducted through the Member.

21.4 The Client agrees that in the event of the Member or any employee or official of the Member providing any information, recommendation or advice to the Client, the Client may act upon the same at the sole risk and cost of the Client, and the Member shall not be liable or responsible for the same

21.5 The Client assumes full responsibility with respect to his investment decisions and transactions in or for the Client's Account

21.6 The Member, its officers, directors, partners, employees, agents and affiliates will have no liability with respect to any investment decisions or transactions in or for the Client's Account

21.7 Any information on recommendations provided by any services of the Member ancillary, in addition to, or as part of the service of online brokerage must not be construed as investment advice given to the Client

**22. CONFIDENTIALITY**

The Client hereby agrees and consents for the disclosure by the Member to any person or entity including but not limited to any independent third parties or any entities of the Member Group, whether within or outside India, of any information and data relating to Client or relating to Client's trading account with Member for the purposes of or in connection with, any present or proposed initiatives, including but not limited to any marketing or cross sell initiatives, business proposals, activities, facilities or services availed of or to be availed, by Client in future.

**23. INDEMNIFICATION**

23.1 The Member does not warrant that the services will be uninterrupted or error free. The Member's Service is provided without warranties of any kind, either express or implied, including without limitation, those of uninterrupted availability or fitness for particular purpose.

23.2 The Client hereby indemnifies and keep indemnified and holds the Member harmless from and against all claims, demands, actions, proceedings, losses, damages, liabilities, charges, and/or expenses that are occasioned or may be occasioned to the Member directly or indirectly, owing to bad delivery of shares/securities and/or as a result of fake/ forged/stolen shares/securities/transfer documents that are introduced or that may be introduced by or through the Client during the course of its dealings/operations on the Exchange(s) and / or proof of address, identity and other supporting / documents provided by the client at the time of Client Registration and / or subsequently.

23.3 If the Client fails to notify the Member on the conditions stated in clauses in relevant clauses of this agreement the Client shall indemnify and hold the Member harmless from and against any and all claims, losses, liability, costs, expenses (including but not limited to lawyers fees) arising from such failure

23.4 The Client agrees that the Member will not be liable for any incidental, consequential, special or indirect damages including but not limited to lost profits, trading losses, or damages that result, from inconvenience, delay or loss of the use of the Service even if, the Member has been advised of the possibility of such damages.

23.5 The Member shall be fully indemnified by the Client from any losses arising from execution of shares held in street name.

23.6 The Client agrees to indemnify and hold the Member harmless from and against any and all claims, losses, liability, costs, expenses (including but not limited to lawyer's fees) arising from the Client's violation of this Agreement, breach of any of, the Client obligations or any third party's right arising out of the services rendered by the Member on behalf of the Client pursuant to this Agreement.

23.7 The Client agrees to fully indemnify the Member for any losses arising from execution of incorrect/ambiguous/fraudulent instructions provided by the Client and/or his authorized representative.

23.8 The Client acknowledges that he is fully aware of the risks involved in online trading activities, including the risk involved due to unauthorized access or any technical difficulties. Clients specifically agrees to hold the Member harmless from any and all claims, and agrees that the Member shall not be liable for any loss actual or perceived, caused directly by government restriction: exchange or market regulation, suspension of trading, war, strike, earth quakes, floods, accident, power failure, equipment failure, communication line failure (including but not limited to telephones, cellular phones, etc), system failure, security failure on the internet, unauthorized access, theft, or any problem, technological or otherwise or other conditions beyond the control of the Member that might prevent the client from entering an order or the Member, from executing an order. Client further agrees that he will not be compensated by the Member for "lost opportunity" via notional profit on buy/sell orders which could not be executed. Furthermore, in a technical environment should an error occur with respect to the tracking of an any account holding or order entry, the true, actual and correct transaction or position will be restored. It is a client's responsibility to ensure account correctness and accuracy and to contact the Member, immediately with respect of any discrepancies.

23.9 The Client agrees to fully indemnify the Member for any losses arising from execution of incorrect/ambiguous/fraudulent instruction provided by the Client and/or his authorised representative or in the name of the Client.

23.10 The Client will hereby agrees to indemnify and keep indemnified and hold the Member harmless from any claim or losses claims, demands, actions, proceedings, losses, damages, liabilities, charges, and / or expenses and / or loss of profit incurred in the Investment Products, including but not related to arising from negligence of the entity or its agent whose Investment Products are being availed by the Client, systems / software / website failure and / or inability in electronic connectivity resulting rejection of application of the Client for any reason whatsoever

23.11 The Client hereby agrees to indemnify and keep indemnified and hold the Member harmless from any claims, demands, actions, proceedings, losses, damages, liabilities, charges, and / or expenses arising from transactions in securities held jointly by the Client with any other person or persons, if any

#### **24. PREVENTION OF MONEY LAUNDERING**

The Prevention of Money Laundering Act (PMLA), 2002 has been made applicable to banks and intermediaries including the Member and as part of the regulatory requirements, the Member is expected to inform the concerned regulatory authorities about the transactions which are suspicious and provide them all the details as may be required. Accordingly, the Member may be required to report the details of the transactions undertaken by the clients to the concerned authorities if they are suspicious according to the Member's understanding.

#### **25. FORCE MAJEURE**

The Member shall not be responsible for any losses, costs, or damages resulting directly or indirectly from:-

25.1 any action, omission, suspension or trading, decision or ruling of any exchange or regulatory, governmental or other body or of any other person which is beyond the Member's control (including floor broker, exchange, dealing or clearing house); or

25.2 any war, strike, lock-out, natural disaster, act of terrorism, delay in postal service or any other delay or inaccuracy in the transmission of orders or other information, or any breakdown, failure or malfunction which is beyond the control of the Member of any telecommunication or computer system

25.3 any government restriction, Exchange or market rulings, suspension of trading, computer, communication, telephone or system failure, war, earthquakes, flood, accident, power failure, equipment or software malfunction, strikes or any other conditions beyond the Trading Member's control.

25.4 Any other conditions beyond the control of the member.

25.5 The above Force Majeure events do not exempt the Client to fulfill the obligations in his account with the Member

#### **26. AMENDMENT AND SUSPENTION OF AGREEMENT AND ASSIGNMENT**

The Client understands and agrees that the Member may discontinue any currently available service in its entirety. The Member may at any time amend this agreement including clauses pertaining to terms & conditions and Representations and Warranties of the Client, by modifying or rescinding any of the existing provisions or conditions or by adding any new provisions or conditions, by conspicuously posting notice of such amendment or the amended text of the agreement on the website or by the proving notice to the Client in writing or by an email. The continued use of the Member's services after such notice shall constitute acknowledgment and acceptance of such amendment.

Provided however, if the rights and obligations of the parties hereto are altered by virtue of and for complying with the change in rules and regulations of SEBI or Bye-laws, rules and regulations of the relevant stock exchange, or change in policy by member or for complying with the requirements of any competent authority or if required under its corporate policies, such changes shall be deemed to have been incorporated herein in modification of the rights and obligations of the parties mentioned in this Agreement.

In case the Client continues to deal with the Member subsequent to the intimation of such amendments, it shall be deemed that the Client is agreeable to the new clauses. However, the Client has the right to terminate the agreement through communication in writing subject to the clearance by the Client of its financial and other obligations under this agreement.

This Agreement represents the entire agreement between the Client and the Member, concerning the subject matter hereof. However certain policies and / or procedures including terms of service may be further outlined on the Member's website, if any, and by the Client's use of the web site and services, the Client agrees to be bound by any and all such postings.

In connection with these terms and conditions, as well as all transactions contemplated by this Agreement as offered by Member from time to time, each party agrees to execute and deliver such additional documents and to perform such additional actions as may be necessary, appropriate or reasonably requested to carry out or evidence the transactions in respect of the services availed by the Client from time to time.

The Client may not assign any right and obligations hereunder without first obtaining the prior written consent by an authorized officer of the Member. The Member may assign right and obligation hereunder without obtaining any prior consent or intimating the same to the Client.

During such period the account of the Client is under suspension or during the period of notice of termination, the Member shall be entitled to deny any exposure to the Client.

## **27. NOTICES**

27.1 All notices or communications issued under this agreement shall be served in anyone or more or all of the following ways and such notice or communication under (i) to (xi) below shall be served at the ordinary business address and/or ordinary place of residence and / or last known address of the party in any one or more of the following ways:

- (i) by post,
- (ii) by registered post,
- (iii) under certificate of posting,
- (iv) by express delivery post,
- (v) by telegram,
- (vi) by affixing it on the door of the last known business or residential address,
- (vii) by oral communication to the party or on the last known telephone number or on the recording machine of such number,
- (viii) by sending a message through trading system,
- (ix) A notice pasted on the notice board of the Exchange in case change in address is not notified;
- (x) by electronic mail or fax,
- (xi) by hand delivery

to the addressee at the address or (as the case may be), the e-mail or facsimile number (if any) of that party as given in the Account Application Form or at such other address, facsimile number or e-mail address as the party to be served may have notified the other in accordance with the provisions of this Clause.

27.2 Any communication sent by the Member to the Client shall be deemed to have been properly delivered or served, even if such communication is returned to the Member as unclaimed/refused/undelivered, if the same is sent to the ordinary business address and/or ordinary place of residence and/or last known address of the party, in anyone or more of the ways as mentioned in clause (I) above. Notwithstanding anything stated above, communication related to orders, margin call, maintenance calls and other similar matters by the Member to the Client may be communicated orally.

27.3 Any notice or communication served on the client under this agreement shall be valid and binding on the client and shall be deemed to be duly served, if conveyed by any of the modes mentioned in point (I) above.

27.4 Any communication by the Client to the Member in connection with this Agreement shall be served at the branch of the Member or sent to the e-mail ID of customer service desk as mentioned below : Email: [compliance@paterson.co.in](mailto:compliance@paterson.co.in)

27.5 The Member and the Client hereby agree that issuance/dispatch of contract notes, bills, ledgers, transaction statements, reports, letters, circulars, notices, etc. by Post (ordinary or registered or speed or UCP), courier, hand delivery to the Client is applicable only if so demanded by the Client in writing to the Member. Otherwise, the Client hereby agrees to receive the contract notes, bills, ledgers, transaction statements, reports, letters, circulars, notices, etc. digitally /in electronic form through email id provided by the Client to the Member. The contract note issued digitally shall be subject to relevant bye-Laws/rules/regulations of the Exchange.

27.6 Notices and other communications, including, but not limited to, margin and maintenance calls, delivered or mailed to the mailing address or to the electronic mail address provided by the Client shall, until the Member has received notice in writing of any different address, be deemed to have been personally

delivered to him whether actually received or not. Notices and other communications may also be provided to the Client orally or over the telephone.

**28. FOREIGN JURISDICTION**

This service does not constitute an offer to sell or a solicitation of an offer to buy any shares, securities or other instruments to any person in any jurisdiction where it is unlawful to make such an offer or solicitation. This service is not intended to be any form of an investment advertisement, investment advice or investment information and has not been registered under any securities law of any foreign jurisdiction and is only for the information of any person in any jurisdiction where it may be lawful to offer such a service. Further, no information on the Company's website is to be construed as a representation with respect to shares, securities or other investments regarding the legality of an investment therein under the respective applicable investment or similar laws or regulations of any person or entity accessing the website.

IN WITNESS THEREOF the parties to the Agreement have caused these presents to be executed as of the day and year first above written

**The Client's Signature/ Authorised Signatory:**

Signed by: \_\_\_\_\_

Title: \_\_\_\_\_

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

Witness Name: \_\_\_\_\_

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

**For Paterson Securities Private Limited**

Authorised Signatory: \_\_\_\_\_

Title: \_\_\_\_\_

Witness Name: \_\_\_\_\_

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

The following Clauses are not part of the model formats of Uniform Set of Documents prescribed by SEBI under Uniform Documentary requirements vide its Circular Number CIR/MIRSD/16/2011 dated August 22, 2011. These clauses have been added in order to ensure smooth functioning of trading and to enhance the transparency of Member-Client relation. While none of these clauses are in contravention of the rules, regulations, notices, circulars of the Exchanges / SEBI, if any of these additional clauses mentioned below are interpreted to be in contravention with the rules / regulations / notices / circulars of the Exchanges / SEBI, the provisions of the rules, regulations , notices and circulars of the Exchange / SEBI shall prevail. The Client is further informed that he/she/it may strike out any of these provisions, if he/she/it does not wish to accept the same.

The Client and the Member, in addition to the clauses mentioned in mandatory documents also agree to the additional clauses stated herein below:

**1. CLIENT'S ADDITIONAL REPRESENTATIONS AND WARRANTIES:**

The Client has represented to the Member that:

- 1.1 The Client represents and warrants to the Member that all the information provided and statements made in the Client's Account Application are true and correct and are not misleading (whether by reason of omission to state a material fact or otherwise) and the Client is aware that the Member has agreed to provide the Member's Service to the Client on the basis, inter alia, of the statements made in the Client's Account Application. The Client is aware and acknowledges that trading over the internet kiosk, telephones and through computers involves many uncertain factors and complex hardware, software, system, communication lines, peripherals, etc., which are susceptible to interruptions and dislocations; and the Member's Service may at any time be unavailable without further notice. The Member and the Exchanges do not make any representation or warranty that the Member's Service will be available to the Client at all times without any interruption. The Client further agrees that he shall not have any Claim against the Exchanges or the Member on account of any suspension, interruption, non-availability or malfunctioning of the Member's System and Service or the Exchanges' service or system for any reason whatsoever.
- 1.2 The Client has the required legal capacity, is authorized and eligible to enter into this Agreement and is capable of performing his obligations and undertakings hereunder
- 1.3 All actions required to be taken to ensure compliance of the transaction with all applicable laws have been completed by the client prior to such transactions being entered into.
- 1.4 The Client shall abide by the Exchange Provisions or the terms of the Member's Website and the various communications from member from time to time, which may be posted on website in force from time to time.
- 1.5 The Client represents, warrants and undertakes on an ongoing basis that there are no prior or pending criminal proceedings or proceedings relating to financial crime against him or any negative reputation issues involving the Client and in the event of any such issue or proceedings arising / being commenced against the Client, he shall promptly keep the Member informed of the same.
- 1.6 The client represents, warrants and undertakes not to act as a sub-broker without prior written permission of the member / exchange and without obtaining certificate of registration from Securities and Exchange Board of India (SEBI)
- 1.7 The trading and other instructions issued to the Member for facilitating and carrying out business issued telephonically or through any other means either express or implied by an authorized representative of the Client shall be binding on the Client
- 1.8 The Client shall notify the Member within seven days, of any change in the details set out in the Application form submitted to the Member at the time of opening the account or furnished to the Member from time to time.
- 1.9 The Client shall, at all times, be responsible for his investment decision and/or orders placed, or applications preferred by the Client, either electronically or otherwise. Client shall not hold, nor seek to hold, the Member and or any of their officers, directors, employees, agents, subsidiaries or affiliates, liable for any loss including but not limited to trading losses incurred by the Client. The Client understands that placing an order with the Member either electronically or otherwise, does not guarantee execution of the said order or acceptance of an application. The Member shall not be deemed to have received any electronically transmitted order or application until the Member has confirmed the receipt of such an order or application.
- 1.10 The Client agrees to execute Power of Attorney (POA) in favour of the Member / DP to facilitate Depository Participant operations, internet Trading Services and other operations pertaining to Investment

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Product offerings by the Member provided however the Member at its own sole discretion may dispense with or waive the requirement of execution of such POA. The format of the said POA may be amended from time to time to accommodate regulatory and non regulatory operational issues and the Client agrees to execute such amended/revised POA, whenever called upon to do so by the member.

- 1.11 The Client agrees and confirms that the use and storage of any information including without limitation, ASC, the passwords or digital signatures, as the case may be portfolio information, transaction activity, account balances and any other information or orders available on the client's personal computer is at the client's own risk and is the client's sole responsibility. Client is responsible for providing and maintaining the communications equipment (including personal computers and modems) and telephone or alternative services required for accessing and using the web-site or related services, and for all communications service fees and charges incurred by the client in accessing the website or related services.
- 1.12 The Client agrees to keep the Member updated of his financial status by providing net worth certificate / copy of IT returns / Balance Sheet and other financial statements / documents at regular intervals as may be required by Member from time to time and in any event at the end of each financial year by 30th June.
- 1.13 In case of offline clients, the client agrees, confirms and acknowledges to receive the welcome letter (kit) from the member by way of delivery at his address available in the records as provided by the client. Client further agrees, confirms and acknowledges to receive the welcome letter (kit) (excluding user name and password) from the member electronically on the Client's email-id registered with the Member in case of on line clients.
- 1.14 The Client acknowledges that trading/settlement cycles, delivery/payment schedules, any changes therein from time to time are hosted on the website of the Member and such disclosure by the Member shall be deemed to be acceptable to the Client.
- 1.15 The Client agrees and acknowledges that he will be responsible for the settlement / margin obligation arising out of the transaction executed by him despite interruption, non-availability or malfunctioning of the Member's System and Service or the Exchanges' service or system for any reason whatsoever.

### **2. DECLARATION OF CLIENT**

- 2.1 The Client confirms having read and understood the terms and conditions of this agreement and those relating to various services and products and accepts and agrees to be bound by the terms and conditions including those relating to exculpating limiting the Member's and Exchanges' liabilities
- 2.2 The Client further confirms and declares that investments in securities carries risk and notwithstanding any recommendation made by the Member, the Client will take buy/ sell decisions at his sole discretion after evaluating such risk and shall not hold the Member liable for any loss arising from such Purchases/ Sales
- 2.3 The Client confirms and declares that he will not indulge in any irregular activities not limited to synchronized trading, price ramp-up etc. resulting in violation of rules, regulations of the exchange and any such activity indulged into by the Client, the member shall be entitled to terminate the relationship and the agreement.

### **3. CLIENT'S AUTHORISATION**

- 3.1 The Client may authorise his representative either severally or jointly to trade and transact in securities for and on behalf of the Client and that the Member may act on the instructions of the said authorised representative. Client hereby agrees to execute requisite letter of authorization / Power of Attorney in respect of such representatives as the case may be in this regard and submit the same with Member. Board resolution in case of corporate Clients and a declaration signed by all partners in case of Partnership firms shall be furnished by such Client and the Client undertakes to review the same every year and inform the Member in case of any change.
- 3.2 The instructions issued by an authorized representative of the client shall be binding on the client in accordance with the letter authorizing the said representative to deal on behalf of the client.
- 3.3 If the authorised representative is intended to be replaced, the Client shall inform the Member / Sub broker of the change in writing immediately or within 24 hours of effecting such change along with the authorisation document failing which the Client undertakes to be responsible for the trade obligations arising out of the actions of the old representative and the Member will not be under any obligation to honour the orders for trades placed by the new representative. Any implication and consequences out of the failure on the part of the Client to provide the necessary intimation and authorisation will be the sole responsibility of the Client and the member will not be liable for any part of the same.
- 3.4 If any transaction(s) under this agreement or under any other agreement or otherwise with the Member, has/have been executed on behalf of Client by any other person, not mentioned above and the same has/have been accepted by him from time to time on the basis of the contract note(s)or bills or any other correspondence dispatched/communicated to the Client by the Member and/or by part or full settlement of

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the said transaction(s) by Client, then such transaction(s) shall be deemed to be executed by the person authorised by the Client and the Client agrees to ratify and accept all such or other actions of such persons and undertakes to meet all obligations arising from these transaction(s)

3.5 The Client undertakes to be bound by all the transactions undertaken by the Member pursuant to the instructions of the authorized representative(s)

3.6 The client acknowledges that the member shall not be liable to provide him any legal, tax, investment or accounting advice or advice regarding the suitability or profitability of a security or investment. The client assumes full responsibility with respect to his investment decisions and transactions. The member, its officers, directors, partners, employees, agents and affiliates will have no liability with respect to any investment decisions or transactions of the client.

3.7 The client agrees to keep the member updated on his financial status and provide such details as regards financial position, assets, liabilities etc., including net worth details etc., once in a year and also as and when required by the Member. The Client hereby permits the Member to provide such information any time to any statutory / regulatory authorities as may be required.

3.8 The client hereby agrees to ensure that before selling any shares, he has the same in hand. Any loss arising of auction / closeout on account of shares not cleared in the Member's account will be borne by the client. The client also agrees to bear any loss arising out of auctions due to incomplete instructions, illegible instructions, unclear instructions and instructions not received on time.

3.9 The client hereby authorizes the Member to transfer shares, lying in the Member's pool / beneficiary account for pay-in purposes for shares purchased by the client in previous settlements. In case the client does not want the Member to transfer these shares towards inter settlement from the Member's pool / beneficiary account for pay in purposes, he shall inform the Member in writing 24 hours before pay in date. In case the Member does not receive the same in writing or for a wrong settlement, the Member shall not be responsible for loss, if any.

3.10 The Member will not be liable to the client for loss arising due to fire, theft or loss due to human error in case of dematerialised shares, or any other unforeseen circumstances if the shares are in the custody of the Member beyond the stipulated time. In case of dematerialized shares, the Member will be entitled to recover the custody charges from the client, if the deliveries are not transferred out of the Member's depository account within the stipulated time. The stockbroker will not be responsible in case pay-in is not done in the proper settlement.

3.11 The client hereby unconditionally, absolutely and irrevocably undertakes to pay immediately any amount due and payable under this agreement on being called to do so without any demur merely on a demand from the Member stating that the amount claimed is due pursuant to this agreement and any such demand made on the client shall be conclusive as regards the amount due and payable by the client under this agreement.

3.12 The client hereby agrees and acknowledges that the member on best effort basis, based on POA authorization, will transfer the shares for pay-in obligation. However, member shall not be responsible for any auction / close-out due to non-delivery for any reason.

#### **4. FINE/PENALTY**

The member will be entitled to collect / recover any fine / penalties / charges or any other amount levied on the Member by Exchange / SEBI / any other authority due to any transaction / trade / act / omission (including non furnishing of the required detail of by the Client) from the Client. Further where the Member has to pay any fine or bear any punishment from any authority in connection with / as a consequence of / in relation to any of the orders / trades / deals / actions of the client, the same shall be borne by the client.

#### **5. DEMAT CHARGES**

The Client authorises to debit his trading account for the various charges due to the Depository section of the Member for the depository services which he is availing.

#### **6. DELAYED PAYMENT CHARGES**

Notwithstanding anything contained in these presents, the Client hereby agrees that any amounts which are overdue from the Client or a member of the Client's family or of sister concerns (where the Client is a firm or company) towards trading either in the Cash or Derivative segments or on account of any other reason to the Member or to any of the Member's group or associate companies may be charged the late payment charges at the rate of 2% per month of the sums in default or such other rate as may be determined by the Member. The Client hereby irrevocably authorizes the Member to directly debit the same to the account of the Client at the end of each month provided, however, that in the case of dues owing by the Client or a member of Client's family or sister concerns, to the Member's group or associate companies, such debit is not made by such group or associate company in the Client's Trading Account with it.

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The Client also agrees that any amount overdue from him/her/it (including the interest on delayed payment) shall be adjusted by the Member from dues owed to the Client by any group or associate company of the Member. Conversely, any money owed by any group or associate company of the Member to the Client shall be offset against the dues owed by the Client to the Member.

### **7. INTER SETTLEMENT**

The Client hereby authorizes the Member to transfer shares lying in the Member's pool account for pay-in purposes for shares purchased by the Client in previous settlements. In case the Client does not want the Member to transfer these shares towards inter settlement from the Member's pool account for pay-in purposes, he shall inform the Member in writing 48 hours before pay in date. In case the Member does not receive the same in writing or for a wrong settlement, the Member shall not be responsible for loss, if any.

### **8. LIENS AND SET OFF**

- 8.1 The Client agrees that all monies, securities or other property that may be held by the Member on the Client's account shall be held by the Member at the sole risk and cost of the Client and such monies, securities or other property shall be held subject to a general lien for the discharge of the Client's obligation to the Member under this agreement irrespective of whether such obligation of the client is disputed by the client. The Member shall be under no obligation to release such monies, securities or other property until the Client has discharged its entire obligation in full to the Member under this agreement to the due satisfaction of the Member.
- 8.2 All Securities and/or other property in any Account in which the Client has an interest or which at any time are in the possession or under the control of the Member, shall be subject to a lien for the discharge of any and all indebtedness or any other obligation that the Client may have to the Member.
- 8.3 All of the Client Securities and/or other property shall be held by the Member as security for the payment of any such obligation or indebtedness to the Member in any Account in which the Client has an interest.
- 8.4 In enforcing its lien, the Member at its sole discretion may determine which Securities and/or other property are to be sold or which contracts are to be closed.
- 8.5 The Member will adjust and set off the amounts and securities payable to the Client in respect of transactions done by the Client on the cash segment of the Exchanges, against the amounts receivable from the Client in respect of the transactions entered into, by the Client, on the cash segment of any other Exchange. The Client authorizes the Member to pass appropriate journal entries for the same.
- 8.6 The Client authorizes the Member to appropriate credits lying in his / her / its account on the Cash segments of the Exchange against debits in his / her / its account on the derivative segment of the Exchange and vice versa through issue of cheques or passing appropriate journal entries for the same.
- 8.7 The Member will adjust and set off the amounts and securities payable to the Client in respect of transactions done by the Client on the NSE/BSE/MCX-SX, against the amounts receivable from the Client in respect of the transactions entered into, by the Client, on NSE/BSE/MCX-SX as the case may be. The Client authorizes the Member to pass appropriate journal entries for the same.
- 8.8 The Client authorizes the Member to appropriate credits lying in his / her / its account on the NSE/BSE/MCX-SX against debits in his / her / its account on any NSE/BSE/MCX-SX and vice versa through issue of cheques or passing appropriate journal entries for the same.

### **9. RESTRICTIONS ON TRADING**

The Client understands and agrees that the Member may at any time, at its sole discretion and without prior notice, prohibit or restrict his ability to trade Securities, or to substitute Securities

### **10. SHORT SALE**

The Client hereby agrees to ensure that before selling any shares, he has the same in his possession. Any loss arising of auction /closeout on account of shares not cleared in Member's account shall be borne by the Client. The Client also agrees to bear any loss arising out of auctions due to incomplete instructions, illegible instructions, unclear instructions and instructions not received on time.

### **11. PROPRIETARY TRADING**

In compliance with the SEBI directive vide its Circular No. SEBI/MRD/SE/Cir 42/2003 dated 19th November 2003, the Member hereby notifies the Client and Client hereby acknowledges that here is aware that the Member may apart from carrying or executing the trades /orders on behalf of the Client, execute and carry out the trades on its own account (proprietary trading) confirms that the investments in the equity market are undertaken by the Member on its own account to deploy the temporary surpluses arising in the ordinary course of business

### **12. SHORTAGES**

It is agreed that in case of purchase of securities by the Client, if the Member is unable to deliver the securities on the pay-out day due to non-receipt of the securities from the stock exchange(s) or due to non-receipt of the said securities from another Client of the Member who has sold the securities against the said purchase transaction, the

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securities shall be delivered to the Client as per the policy of the Member as amended from time to time and communicated to the client.

### **13. ARRANGEMENT WITH RELATIONSHIP BANKS**

The Client understands that the Member has relationship with one or more banks ("the relationship banks"). The Member's Internet trading website has a payment window through a link to the website of the Relationship bank, which provides the facility. In such a case, the Client would make the payment for securities purchased by him/her/it by crediting the purchase amount (along with the indicated brokerage amount) directly to the account of the Member with the Relationship Bank by means of a fund transfer. Similarly, in the case where the Client specifically request to transfer the sale proceeds arising from the sale of securities, the Member would credit the account of the Client with the Relationship Bank by means of a fund transfer. The Member expressly states that the payment gateway mechanism is a service offered by the Banks with whom the Member has established relations for facilitating the transfer of funds between the Client's account and the Member's account. The Member expressly excludes liability for consequential loss or damage or loss of profit, business, revenue, goodwill or anticipated savings which may arise in respect of (i) the payment gateway offered by such Banks (ii) the payment mechanism.

### **14. TAPE RECORDING OF CONVERSATION**

The Client is aware that the Member may tape-record the conversations between the Client or its representative and the Member, either personally or over the telephone, and the Client hereby specifically permits the Member to do so. The Member may rely upon such recordings as and when required to resolve disputes in connection with the trading transactions

### **15. CANCELLATION / MODIFICATION OF ORDER / TRADE**

- 15.1 Member shall be entitled to cancel relative contract(s) with the Client in the following circumstances:
  - (i) When the Exchange(s) cancel a trade suo motto without giving reasons thereof or due to insufficient bids or offers or suspension of trading due to price limits or circuit breakers
  - (ii) When the electronic trading systems either at the Exchanges or in the Member's offices are vulnerable to temporary disruptions or failuresWhen due to unforeseen circumstances, the Member is not able to execute the desired transactions (either the Clients own transactions or transactions for enforcing margins as provided in this agreement) on a timely basis.  
The Member shall not be responsible for any losses that the Client may incur on account of such cancellation.
- 15.2 When the Client places a request to cancel / modify an order, the cancellation / modification of that order is not, guaranteed by the Member. The order will only be cancelled / modified if the Client requests for cancellation / modification of his / her order is received and the order is successfully cancelled or modified before it is executed. Such requests will be routed to the Exchange system and the Member will not be responsible for acceptance or rejection of such requests. Market orders are subject to immediate execution, wherever possible.
- 15.3 No order shall be assumed to be executed or canceled / modified until a transaction confirmation from the Member is received by the Client via the trading screen or telephone or facsimile. However, due to technical or other factors, the confirmation may not be immediately transmitted to or received by the Client and such delay shall not entitle the Client to presume that the order has not been executed, cancelled or modified unless and until the Member has so confirmed in writing.
- 15.4 The Member shall not be responsible for any losses that the Client may incur on account of such cancellations / modifications
- 15.5 The Client further agrees that he will not be compensated by the Member for 'lost opportunity' namely; notional profits / losses on buy / sell order which could not be executed.
- 15.6 The Exchange may annul a trade suo-moto without giving a reason therefore. In the event of such annulment, the Member shall be entitled to cancel the contract(s) with the Client.
- 15.7 Notwithstanding anything contained above, any orders not executed at the end of trading hours may be cancelled by the Member.
- 15.8 In the event, the Exchange suspends or cancels a pay out of funds / securities, the Member shall also be entitled to suspend, cancel or annul the relevant payout of funds / securities to the Client.
- 15.9 The Member shall not be responsible for any losses that the Client may incur on account of such cancellation / modification.
- 15.10 Member shall have the right to refuse to accept any buy or sell instructions from the Client without assigning any reasons thereof provided that the Member shall inform the Client of any such decision.

### **16. TRADE CONFIRMATION**

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- 16.1 Online confirmation will be available to the Client on the system upon execution of his order on the market. This would be followed by a confirmation by electronic mail or other electronic means. It is the responsibility of the Client to review upon first receipt, whether delivered to him in the mail, by electronic mail, or other electronic means, all confirmations of transactions. Transactions shall be binding upon him, if the Client does not object, either in writing or via electronic mail, within 24 hours after the confirmation is first received by him. The Client agrees that the information sent by Member by email is deemed to be a valid delivery of such information by the Member.
- 16.2 The Member shall send the trade confirmations to the Client over telephone or by way of short message services on the cellular phone of the Client. Trade confirmation shall also be available on the System of the Member and the same is followed up by the contract note-cum-bill or otherwise via mail, e-mail, fax, courier, Registered AD, oral communication or otherwise at the postal address, fax nos. e-mail addresses intimated by the Client to the Member. Notwithstanding what is stated hereinabove or elsewhere in the Agreement, the Client agrees to receive the trade confirmation at the end of the day of trading.
- 16.3 Client agrees that the Member will not be responsible for the non-receipt of the trade confirmation, contract note-cum-bill due to any change in the Client's address/e-mail address/telephone/cellular phone/ fax number or such other details which is not intimated to the Member in writing and/or where the communication remains undelivered due to non-availability of the Client at the given address / telephone/ cellular phone / fax number or client not opening e-mail box.
- 16.4 The Client understands that it is his/her/its responsibility to review the trade confirmations, the contract notes, the bills or statements of account immediately upon their receipt. All information contained therein shall be binding upon the Client, if the Client does not object in writing to any of the contents within twenty four hours of such intimation/confirmation
- 16.5 In all cases, the Member reserves the right to determine the validity of the Client's objection to the transaction
- 16.6 The Client agrees that the Member will not be responsible for the non-receipt of the trade confirmation due to any change in the Client's address which is not intimated to the Member in writing

#### **17. LEDGER STATEMENTS**

It is hereby agreed between the client and the Member that the ledger statements in respect of transactions entered into at the BSE and NSE cash / derivative / currency segments may be combined for the purpose of convenience of the Member and the client and the payments received and paid by the Member will be appropriated on a First-In- first-out basis The client agrees to download his account statements, from Member's website [www.paterson.co.in](http://www.paterson.co.in) on a weekly as well as monthly basis as and when such facility is given by the Member. Any discrepancy in the Account Statement shall be brought to the notice of Member by the client in writing within seven working days of receipt thereof.

The Member and the Client hereby agree that the procedure for sending the contract notes bills, ledgers, transaction statements, reports, letters, circulars, notices, etc. by Post (ordinary or registered or speed or UCP), courier, hand delivery to the Client is applicable only if so demanded by the Client in writing to the Member. Otherwise, the Client hereby agrees to receive the contract notes, bills, ledgers, transaction statements, reports, letters, circulars, notices, etc. digitally /in electronic form through email id provided by the Client to the Member. The contract note issued digitally shall be subject to relevant bye- Laws/rules/regulations of the Exchange. The stamp duty on such contract note shall be paid as per applicable law.

#### **18. DIGITALLY SIGNED CONTRACT NOTES, CONFIRMATION AND ELECTRONICS COMMUNICATION**

- 18.1 The Client hereby agrees and permits the Member to provide digitally signed contract notes through internet (web-based) /email. The Client also authorises the Member to send Welcome Kit (excluding user name and password), Statements of Account, Statement of Margin and Securities and other documents on email address. For the sake of clarity all of the above documents are referred to as "Digital Documents". The Client acknowledges that once Digital Documents are mailed by the Member at his email address registered with it, it shall be deemed to have been received by the Client and hence there will be no further requirement on the part of the Member to send the same physically in the paper based format to the Client unless Digital Documents are rejected by the Client's email id and is bouncing back to the Member. The Client hereby acknowledges that he has read and understood the following points governing issuance of the Digital Documents by the Member.
- 18.2 For the purpose of the above, the email id used would be the same as provided by the Client in the Client Registration Form at the time of opening of an account or email id subsequently notified by the Client in

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writing. Any change in the email id of the Client shall be immediately intimated by the Client to the Member.

18.3 The Client shall access the contract notes/ confirmations of the trades executed on his/her/their behalf on the trade date electronically. The Client understands that it is his/her/their responsibility to review all confirmations, contract notes, statements, notices and other communications including but not limited to margin and maintenance calls etc. All information contained therein shall be binding on the Client, if the Client does not object, either in writing or via electronic mail within 24 hours after any such documents are available to the Client

18.4 Should the Client experience any difficulty in opening a document electronically delivered by the Member, the Member may, on receipt of intimation from the Client in that behalf, make the required delivery by any other electronic means (e-mail, fax, electronic mail attachment, or in the form of an available download from the back-office website) or in paper based format. Failure to advise the Member of such difficulty within twenty four hours after delivery shall serve as an affirmation that Client was able to receive and open the said document. The Client hereby agrees to pay all such amounts that the Member may charge to cover the operational costs that the Member incurs in preparing and delivering the said communication, confirmation, contract notes, documents, reports and alerts;

18.5 The Client agrees to receive the contract notes in electronic form from the Member. Provided however that in case when the Member is not able to provide Contract Note to its Clients through (web based) electronic medium due to any unforeseen problems, the Member should ensure that the contract note reaches to the Client in physical form as per the time schedule stipulated in the Bye-Laws, Rules and Regulations of the Exchanges

18.6 The Client shall take all the necessary steps to ensure confidentiality and secrecy of the login name and password. Unless the Client lodges a complaint with the Member as to his/her/its inability to access the system, it would be presumed that contract notes and all have been properly delivered to the client.

18.7 The Client agrees that the Member fulfils its legal obligation to deliver to the Client any such document if sent via electronic delivery and the member has not received any report indicating bouncing back of such electronic delivery

18.8 The Client shall ensure that the mail servers pertaining to the email ids provided for delivery of digital documents i.e. Contract Notes etc. sends the delivery (i.e. Delivered / Un-delivered) status, if the recipient mail server does not send the same then it shall be assumed that the mail sent from the Member Mail Server has been Delivered to the Client. Further, the status 'Pending' shall mean that the delivery receipt has not been received by the mail server, but the mail has been sent to the client

18.9 Account Statements: The member shall forward Statements of Account for both funds and securities at such regular interval as it deems fit but not exceeding three months (calendar quarter) within thirty days of the expiry of the said period. It is the responsibility of the Client to review upon first receipt, whether delivered electronically or in hard copy, all account statements. The information contained in the account statements (excluding transactions which are covered under Confirmations above) shall be binding upon him and if he does not object, either in writing or via electronic mail, within 7 days after the account statement is first received by him. In all cases, the Member reserves the right to determine the validity of such objection to the information contained in the account statement.

18.10 Statement of Accounts in Digital format:

- (i) The Member may send the Statement of Trading Account, Demat statement of accounts/holding statement(s)/bills or other Statement(s), related notices, circulars, amendments and records and documents by whatever name called (hereinafter referred to as "Statement(s)") to the Client in physical and/ or electronic form.
- (ii) The Client hereby agrees and permits the Member under the terms of this agreement to provide to the Client, Statement(s) through Internet (web based). Such Statement(s) shall be duly authenticated by means of a digital signature as specified in the Information Technology Act, 2000 and the Rules made there under.

18.11 Copy of Client Registration Documents:

- (i) The Member may send the Client Registration documents viz., Client registration form/KYC, Member Client Agreement/Tripartite Agreement, Risk Disclosure Document and a copy of any other document executed with the client (hereinafter referred to as "Registration documents") to the Client in physical and/ or electronic form.
- (ii) The Client hereby agrees and permits the Member under the terms of this agreement to provide to the Client, the Registration documents through Internet (web based).

18.12 Clauses governing issue of digitally signed Contract Notes/ Statement(s)/ Client Registration documents / other documents (hereinafter collectively referred to as "the Documents") in electronic form]

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- (i) The Member shall send the Document(s) to the Client at his/her/its e-mail account(s) provided by the Client for the purpose.
- (ii) The Client undertakes to change the initial password of such e-mail account(s) upon first login. The Client shall take all necessary steps to ensure confidentiality and the secrecy of the login and password of such e-mail account(s). The Member shall not be liable to or responsible for any breach of secrecy. Unless the Client lodges a complaint with the Member as to his/her/its inability to access the system, it would be presumed that the documents have been properly delivered.
- (iii) The Client agrees to access the Document(s) electronically. The Client also agrees that it is his/her/their responsibility to review the same. All the information contained therein shall be binding on the Client, if the Client does not object, either in writing or via electronic mail within 15 days from the date on which the Document(s) is sent to the Client.
- (iv) The Client undertakes to check the Document(s) and bring the discrepancies to the notice of the Member within 24 hours from the date on which the Document(s) are sent to the Client, unless otherwise specifically provided under the regulations. Non verification by the Client or not accessing the Document(s) on regular basis shall not be a reason for disputing the same at any time.
- (v) Should the Client experience any difficulty in opening a document electronically delivered by the Member, the Member may on receipt of intimation from the Client in that behalf, make the required delivery by any other electronic means (e-mail, fax, electronic mail attachment) or in paper based format. Failure to advise the Member of such difficulty within 48 hours from the date of delivery of the Document(s) shall serve as an affirmation that Client was able to receive and open the said document.
- (vi) In cases when the Member is not able to provide the Document(s) through web based electronic medium due to any unforeseen problems, the Member shall ensure that the Document(s) reaches to the Client in physical form as per the time schedule stipulated in the Bye Laws, Rules and Regulations of the Stock Exchanges / NSDL / CDSL or any other Regulatory Authority.
- (vii) The Client agrees to take all the necessary steps to ensure confidentiality and secrecy of the login name and passwords of his/her/its email account. Unless the Client lodges a complaint with the Member as to his/her/its inability to access the system or receive the document(s), it would be presumed that the document(s) have been properly delivered to the Client. The Member shall not be responsible for any breach of secrecy.
- (viii) The Client agrees that the Member fulfils its legal obligation to deliver to the Client the documents if sent via electronic delivery at the email account provided by the Client for the purpose and the Member has not received any report indicating bouncing back of such electronic delivery from any of such electronic delivery from any of such e-mail account(s). Such statements shall be deemed to have been delivered on the day when the same is sent electronically by the Member. In other words, email sent to the e-mail account, which is not bounced back, shall be deemed to be duly delivered to the Client and sufficient compliance of issue of Document(s).
- (ix) The Client agrees that the Member shall not be responsible for non-receipt of Document(s) sent via electronic delivery due to change in/incorrect email address provided by the Client for the purpose or for any other reason which inter alia include insufficient space in the inbox of the Client, technical reasons or malfunction of the Client's computer system/server/internet connection etc. It shall be the responsibility of the Client to intimate the Member of any change in the Client's e-mail account(s).
- (x) The Member shall not be liable or responsible for any statement received from frauds or impostors or any consequences thereof.
- (xi) The Member shall not be liable for any problem, which arises at the Client's computer network because of the Client receiving any such statement from the Member.
- (xii) The Member agrees that in case of receipt of bounced back notification from all the email account(s), the Member shall make required delivery by any other electronic means (email, fax, electronic mail attachment or an available download from the back office website) or in paper-based format immediately thereafter. However the Client agrees that the Member shall not take cognizance of out-of -office/out-of-station auto replies and the Client shall be deemed to have received such electronic mails.
- (xiii) The Client hereby agrees to intimate the Member of any change in E-mail Id.
- (xiv) The Client understands and agrees that the Member shall be entitled to charge to the Client fees / charges for sending such Documents. Such fees and charges shall be intimated to the Client from time to time by the Member.
- (xv) The Member may also post the Document(s) on the website of the Member and the same can be accessed by the Client on the website with the help of the login and password in case of online clients. The Client

## **ADDITIONAL CLAUSES SUPPLEMENTAL TO THE NON MANDATORY CONTENTS OF THE ACCOUNT OPENING FORM**

shall ensure confidentiality and secrecy of the login id and password. The Member shall not be liable or responsible for any breach of secrecy.

### **19. SMS ALERT FACILITY**

The Client agrees and permits the Member to provide intimations and communications relating and including to but not limited to outstanding debit recovery intimations, trade confirmations, margin and maintenance calls (collectively "alerts") through the SMS alert facility on the mobile phone number which belongs to the client as provided in the Account Opening Form and understands and voluntarily agrees to the following terms and conditions:-

- 19.1 The service will be provided to the Member at the discretion of the Member. The service is being made available to the client since he has provided his mobile phone number/s to the Member in the client registration form.
- 19.2 The alerts will be provided to the client only if he/she remains within the range of the service provider's service area or within the range forming part of the roaming network of the service provider.
- 19.3 The BO is responsible for promptly intimating to the Member in the prescribed manner any change in mobile number. In case of change in mobile number not intimated to the Member, the SMS alerts will continue to be sent to the last registered mobile phone number. The client agrees to indemnify the Member for any loss or damage suffered by it on account of SMS alerts sent on such mobile number.
- 19.4 The Member shall send the alerts to the mobile phone number provided by the client in the client registration form while registering for the service or to any such number replaced and informed by the client to the Member from time to time. Upon such registration / change, the Member shall make every effort to update the change in mobile number within a reasonable period of time. The Member shall not be responsible for any event of delay or loss of message in this regard.
- 19.5 The client acknowledges that the alerts will be received only if the mobile phone is in 'ON' and in a mode to receive the SMS. If the mobile phone is in 'Off' mode i.e. unable to receive the alerts then the client may not get / get after delay any alerts sent during such period.
- 19.6 The client also acknowledges that the readability, accuracy and timeliness of providing the service depend upon many factors including the infrastructure, connectivity of the service provider. The Member shall not be responsible for any non-delivery, delayed delivery or distortion of the alert in any way whatsoever.
- 19.7 The client further acknowledges that the service provided to him is an additional facility provided for his convenience and is susceptible to error, omission and/ or inaccuracy. In case the client observes any error in the information provided in the alert, the client shall inform the Member immediately in writing and the Member will make best possible efforts to rectify the error as early as possible. The client shall not hold the Member liable for any loss, damages, etc. that may be incurred/ suffered by the BO on account of opting to avail SMS alerts facility.
- 19.8 The information sent as an alert on the mobile phone number shall be deemed to have been received by the client and the Member shall not be under any obligation to confirm the authenticity of the person(s) receiving the alert.
- 19.9 The Member will make best efforts to provide the service. The client cannot hold the Member liable for non-availability of the service in any manner whatsoever.
- 19.10 If the client finds that the information such as mobile number etc., has been changed without proper authorization, the client should immediately inform the Member in writing.
- 19.11 The Member reserves the right to charge such fees from time to time as it deems fit for providing this service to the BO.
- 19.12 The Member shall make reasonable efforts to ensure that the client's personal information is kept confidential. The Member does not warranty the confidentiality or security of the SMS alerts transmitted through a service provider. Further, the Member makes no warranty or representation of any kind in relation to the system and the network or their function or their performance or for any loss or damage whenever and howsoever suffered or incurred by the client or by any person resulting from or in connection with availing of SMS alerts facility. The Member gives no warranty with respect to the quality of the service provided by the service provider. The Member will not be liable for any unauthorized use or access to the information and/ or SMS alert sent on the mobile phone number of the client or for fraudulent, duplicate or erroneous use/ misuse of such information by any third person.
- 19.13 Liability and Indemnity: The Member shall not be liable for any breach of confidentiality by the service provider or by any third person due to unauthorized access to the information meant for the client. In consideration of the Member providing the service, the client agrees to indemnify and keep safe, harmless and indemnified the Member and its officials from any damages, claims, demands, proceedings, loss, cost, charges and expenses whatsoever which a Member may at anytime incur, sustain, suffer or be put to as a

**ADDITIONAL CLAUSES SUPPLEMENTAL TO THE NON MANDATORY CONTENTS OF THE ACCOUNT OPENING FORM**

consequence of or arising out of interference with or misuse, improper or fraudulent use of the service by the client.

**20. TERMS AND CONDITIONS FOR INVESTMENT PRODUCTS**

- 20.1 These terms and conditions are for online services provided by Paterson Securities Private Limited (hereinafter referred to as "PSPL" or "Member") and shall include but shall not be limited to transactions for the purchase or sale of shares and securities or an order for the purchase or sale of or an application for any offer or public issue of shares, scrips, stocks, bonds, debentures, units of any Mutual Fund or any other security or financial instrument, derivative, Small Saving Schemes, Bonds, Fixed Deposits, Public Provident Fund or such other products or services that PSPL may in its absolute discretion introduce or offer from time to time (hereinafter referred to as "Investment Products") and are in addition to and binding on the existing Power of Attorney and the Client Agreement and such other agreements that has been signed by you at the time of your becoming our Client.
- 20.2 This facility is offered to the Clients of PSPL. Notwithstanding the above, PSPL reserves the right to refuse this facility to any Client or group of Clients at its sole discretion and without assigning any reason.
- 20.3 PSPL shall decide upon the list of Investment Products, which shall be eligible for this facility. This list would be subject to change at the sole discretion of PSPL from time to time. PSPL may also at its sole discretion decide to withdraw a particular Investment Product from the list without notice to the clients and without assigning any reasons whatsoever
- 20.4 Member through its web-site [www.paterson.co.in](http://www.paterson.co.in) or any other means intends to offer various services ("the Services") to the Client. The Client may avail any or all such services that are introduced on [www.paterson.co.in](http://www.paterson.co.in) or any other application as may be offered (referred as "the Website")
- 20.5 The Client has satisfied itself of the capacity of Member to offer the Services relating to investment by Client in Investment Products and the Client shall continue to satisfy itself of such capacity of Member before availing any services.
- 20.6 The Member may from time to time impose and vary limits on the orders which the Client can place through the System (including exposure limits, turnover limits, limits as to the number, value and/or kind of securities in respect of which orders can be placed, the companies in respect of whose securities orders can be placed, etc.). The Client is aware and agrees that the Member may need to vary or reduce the limits or impose new limits urgently on the basis of the Member's risk perception and other factors considered relevant by the Member, and the Member may be unable to inform the Client of such variation, reduction or imposition in advance. The Client agrees that the Member shall not be responsible for such variation, reduction or imposition or the Client's inability to route any order through the System on account of any such variation, reduction or imposition of limits. The Client understands and agrees that the Trading Member may at any time, at its sole discretion and without prior notice, prohibit or restrict the Client's ability to place orders or trade in securities through the Member.
- 20.7 The transactions shall be executed in accordance with the applicable laws, byelaws, rules and regulations governing the specific Investment Product. Member may, from time to time, impose and vary limits on the orders which the Client may place including exposure limits, turnover limits, limits as to numbers, etc. The Client agrees that the Member shall not be responsible for any variation or reduction that may be deemed necessary by Member based on risk perception and other relevant factors reason for which may not be disclosed to Client
- 20.8 Terms and conditions governing the purchase, sale or any other transaction in each of these Investment Products shall be displayed on the Website as and when they are introduced. Member shall be entitled to modify/alter the said Terms and Conditions after communicating to the clients and such a change shall be displayed on [www.paterson.co.in](http://www.paterson.co.in). The use of services shall be deemed to be an acceptance by the Client of Terms and Conditions including any modifications/alteration thereto.
- 20.9 The Services shall be offered to the clients through the web-site [www.paterson.co.in](http://www.paterson.co.in) or any other application or mode.
- 20.10 The Client shall furnish a duly filled on-line application form to Member indicating their intention to avail of the Services being offered. In addition, the Client shall execute a Power of Attorney in the format prescribed by the Member authorizing Member to act on behalf of the Client. Member may require production of original documents for verification of genuineness of the Client and Client shall produce any other documents as and when demanded within the purview of the law.
- 20.11 The client shall make an advance payment or ensure that adequate amount is lying to his credit in the Client's Ledger account with the Member as may be required towards availing the Services being availed from time to time using the Website [www.paterson.co.in](http://www.paterson.co.in) or any other mode. If for any reason the service request is processed by Member without receiving advance payment or adequate funds in the

**ADDITIONAL CLAUSES SUPPLEMENTAL TO THE NON MANDATORY CONTENTS OF THE ACCOUNT OPENING FORM**

Client's Ledger account, the Client is obliged to pay the shortfall together with delayed payment charges at 2% per month to the Member immediately on demand. Provided that Member may, at their discretion, at any time during the subsistence of the arrangements described in this Agreement, dispense with the requirement of advance payment mentioned in this clause, unless such advance is required as part of the service process, in which case Member shall not proceed with rendering service on behalf of the client until such advance has been duly paid by the client.

20.12 It is explicitly stated herein that the Investment Products offered online, have not been recommended by Member, nor have been sponsored by Member, or its affiliates

20.13 **TRANSACTION PROCESSING**

20.13.1 The Client agrees that all transactions requested / initiated through the Website or otherwise will be forwarded to the concerned party in whose Investment Product, the Client is dealing with, in accordance with the terms and conditions as displayed on the Website and terms and conditions of the respective Investment Product as provided by the party issuing such Investment Product.

20.13.2 Member will update the Client with the status of transactions requests received by Member through the electronic medium. Member may also send such information / confirmation by electronic mail or through any other mode as specified in the terms and conditions mentioned on the Website, at the address mentioned in this Agreement, or any other address as may be specified expressly by the Client from time to time, to Member

20.13.3 The Client agrees that if, due to any reason whatsoever his transaction request is not accepted / processed, then in such an event the said transaction shall stand rejected and Member shall not be held responsible in any manner whatsoever. The Client agrees further that in case the party issuing the Investment Product or their authorized representatives do not accept / process the said transaction, then in such case the order shall remain declined and shall not be re-processed, in any event

20.13.4 Member may, at their sole discretion, reject any transaction/application/order/ bid placed on the Website or any other mode due to any reason including non-availability of funds.

20.13.5 The Client agrees further that Member shall have the right to reject any transaction placed by the Client, for any reason and at any time without notice to the Client. Provided that a transaction placed by the Client may be rejected by Member, in the event of impossibility, or pursuant to any of the terms mentioned in this Agreement, the circulars, rules, regulations, notifications, bye-laws or legislation of any regulatory authority, or pursuant to any terms/arrangement between the client and Member or the client and the depository participant, whether such arrangement is entered into prior to or during the subsistence of the this Agreement.

20.13.6 The Client agrees, that, if the transaction is not accepted on the Website or any other mode, for any reason, Member shall have the right to treat the transaction as having lapsed. The Client agrees that Member shall not be liable or responsible for non-acceptance of the transaction of the Client due to any link/system failure at the end of the Client, Stock Broker, Exchange, or any other party.

20.13.7 The Client agrees, that in the event that there is a shortfall in the account opened pursuant to this Agreement with the bank or the depository participant, Member may, at their discretion, reject the Client's transaction, or reduce the transaction size than that initiated by the Client, or carry out the transaction after the money is credited to the Client's account

20.13.8 Member shall have the right to collect any monies or part thereof, that may become payable by the Client at any time during the subsistence of the registration of the Client with Member

20.13.9 Member may at their sole discretion permit clients to use the Website for the routing of their transaction irrespective of the amount in balance in the account of the Client.

20.14 The Client agrees to abide with and be bound by all the rules and terms and conditions that Member may issue from time to time through its Website for the online clients and communicated through an appropriate mode to the offline clients, and all the rules, regulations and bye-laws of the Exchange, Securities and Exchange Board of India, any other regulatory body, or any other concerned person as are in force.

20.15 The Client hereby agrees to indemnify and keep indemnified and hold the Member harmless from any claim or losses claims, demands, actions, proceedings, losses, damages, liabilities, charges, and / or expenses and / or loss of profit incurred in the Investment Products, including but not related to arising from negligence of -the entity or its agent whose Investment Products are being availed by the Client, systems / software / website failure and / or inability in electronic connectivity resulting rejection of application of the Client for any reason whatsoever

20.16 The Client agrees that he shall adhere to the terms and conditions attached to this Agreement for various Investment Products, facilities and services that he may choose to avail

#### **ADDITIONAL CLAUSES SUPPLEMENTAL TO THE NON MANDATORY CONTENTS OF THE ACCOUNT OPENING FORM**

- 20.17 The Member agrees that it shall keep all Investment products belonging to the Client in separate accounts & shall transact in the same based only on the directions of the Client or his power of attorney holder or as authorized by this Agreement or as required by rules, regulation or law of any authority regulating, the Investment Products for the time being in force.
- 20.18 The Member shall credit the proceeds of the sale/redemption etc. of any of the Investment Products only after the Member has received the same unless specifically agreed otherwise. The proceeds of all sales will be credited to the Clients account directly on the designated date.
- 20.19 All Investment Products now or hereafter held, carried or maintained by the Member, in their possession or control, for any purpose, in or for the benefit of any of Clients accounts, now or hereafter opened, including any account in which Client may have an interest, shall be subject to a lien in a favour of the Member, for the discharge of all indebtedness and Client's other obligations to the Member, and are held by the Member, as security for the payment of any liability or indebtedness of Client's to the Member, in any of said accounts. Client authorizes the Member, that it shall have the right to transfer the Investment Products and other property so held from or to any other of Client's accounts at the Member, whenever, in the judgment of the Member, it is considered that such transfer is necessary for the protection of the Member's interest. In enforcing the Member's, lien, the Member shall have the right and discretion to determine which Investment Products and properties are to be sold and which contracts or positions are to be closed. In the event of a breach or default by Client under this Agreement, the Member shall have all rights and remedies available to a secured creditor under all applicable law in addition to the rights and remedies provided herein.
- 20.20 The Client understands that the terms and conditions governing a specific investment product or service will be binding on the Client only if such product or service is made available to the Client and Client trades in that investment product or avails of that particular service.

#### **21. INVESTMENT ADVICE / RECOMMENDATION**

- 21.1 The Client acknowledges that the Member shall not be liable to provide him with any legal, tax, investment or accounting advice or advice regarding the suitability or profitability of a security or investment
- 21.2 The Client also acknowledges that the Member's employees are not authorized to give any such advice unless the same is having regard to the financial status and the risk perception of the Client and that the Client will not solicit or rely upon any such advice from the Member or any of its employees
- 21.3 The Client understands without any ambiguity that the Member does not have any product which guarantees assured return and the Client is solely responsible for any market risk in respect of transaction conducted through the Member.
- 21.4 The Client agrees that in the event of the Member or any employee or official of the Member providing any information, recommendation or advice to the Client, the Client may act upon the same at the sole risk and cost of the Client, and the Member shall not be liable or responsible for the same
- 21.5 The Client assumes full responsibility with respect to his investment decisions and transactions in or for the Client's Account
- 21.6 The Member, its officers, directors, partners, employees, agents and affiliates will have no liability with respect to any investment decisions or transactions in or for the Client's Account
- 21.7 Any information on recommendations provided by any services of the Member ancillary, in addition to, or as part of the service of online brokerage must not be construed as investment advice given to the Client

#### **22. CONFIDENTIALITY**

The Client hereby agrees and consents for the disclosure by the Member to any person or entity including but not limited to any independent third parties or any entities of the Member Group, whether within or outside India, of any information and data relating to Client or relating to Client's trading account with Member for the purposes of or in connection with, any present or proposed initiatives, including but not limited to any marketing or cross sell initiatives, business proposals, activities, facilities or services availed of or to be availed, by Client in future.

#### **23. INDEMNIFICATION**

- 23.1 The Member does not warrant that the services will be uninterrupted or error free. The Member's Service is provided without warranties of any kind, either express or implied, including without limitation, those of uninterrupted availability or fitness for particular purpose.
- 23.2 The Client hereby indemnifies and keep indemnified and holds the Member harmless from and against all claims, demands, actions, proceedings, losses, damages, liabilities, charges, and/or expenses that are occasioned or may be occasioned to the Member directly or indirectly, owing to bad delivery of shares/securities and/or as a result of fake/ forged/stolen shares/securities/transfer documents that are introduced or that may be introduced by or through the Client during the course of its dealings/operations

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on the Exchange(s) and / or proof of address, identity and other supporting / documents provided by the client at the time of Client Registration and / or subsequently.

23.3 If the Client fails to notify the Member on the conditions stated in clauses in relevant clauses of this agreement the Client shall indemnify and hold the Member harmless from and against any and all claims, losses, liability, costs, expenses (including but not limited to lawyers fees) arising from such failure

23.4 The Client agrees that the Member will not be liable for any incidental, consequential, special or indirect damages including but not limited to lost profits, trading losses, or damages that result, from inconvenience, delay or loss of the use of the Service even if, the Member has been advised of the possibility of such damages.

23.5 The Member shall be fully indemnified by the Client from any losses arising from execution of shares held in street name.

23.6 The Client agrees to indemnify and hold the Member harmless from and against any and all claims, losses, liability, costs, expenses (including but not limited to lawyer's fees) arising from the Client's violation of this Agreement, breach of any of, the Client obligations or any third party's right arising out of the services rendered by the Member on behalf of the Client pursuant to this Agreement.

23.7 The Client agrees to fully indemnify the Member for any losses arising from execution of incorrect/ambiguous/fraudulent instructions provided by the Client and/or his authorized representative.

23.8 The Client acknowledges that he is fully aware of the risks involved in online trading activities, including the risk involved due to unauthorized access or any technical difficulties. Clients specifically agrees to hold the Member harmless from any and all claims, and agrees that the Member shall not be liable for any loss actual or perceived, caused directly by government restriction: exchange or market regulation, suspension of trading, war, strike, earth quakes, floods, accident, power failure, equipment failure, communication line failure (including but not limited to telephones, cellular phones, etc), system failure, security failure on the internet, unauthorized access, theft, or any problem, technological or otherwise or other conditions beyond the control of the Member that might prevent the client from entering an order or the Member, from executing an order. Client further agrees that he will not be compensated by the Member for "lost opportunity" via notional profit on buy/sell orders which could not be executed. Furthermore, in a technical environment should an error occur with respect to the tracking of an any account holding or order entry, the true, actual and correct transaction or position will be restored. It is a client's responsibility to ensure account correctness and accuracy and to contact the Member, immediately with respect of any discrepancies.

23.9 The Client agrees to fully indemnify the Member for any losses arising from execution of incorrect/ambiguous/fraudulent instruction provided by the Client and/or his authorised representative or in the name of the Client.

23.10 The Client will hereby agrees to indemnify and keep indemnified and hold the Member harmless from any claim or losses claims, demands, actions, proceedings, losses, damages, liabilities, charges, and / or expenses and / or loss of profit incurred in the Investment Products, including but not related to arising from negligence of the entity or its agent whose Investment Products are being availed by the Client, systems / software / website failure and / or inability in electronic connectivity resulting rejection of application of the Client for any reason whatsoever

23.11 The Client hereby agrees to indemnify and keep indemnified and hold the Member harmless from any claims, demands, actions, proceedings, losses, damages, liabilities, charges, and / or expenses arising from transactions in securities held jointly by the Client with any other person or persons, if any

#### **24. PREVENTION OF MONEY LAUNDERING**

The Prevention of Money Laundering Act (PMLA), 2002 has been made applicable to banks and intermediaries including the Member and as part of the regulatory requirements, the Member is expected to inform the concerned regulatory authorities about the transactions which are suspicious and provide them all the details as may be required. Accordingly, the Member may be required to report the details of the transactions undertaken by the clients to the concerned authorities if they are suspicious according to the Member's understanding.

#### **25. FORCE MAJEURE**

The Member shall not be responsible for any losses, costs, or damages resulting directly or indirectly from:-

25.1 any action, omission, suspension or trading, decision or ruling of any exchange or regulatory, governmental or other body or of any other person which is beyond the Member's control (including floor broker, exchange, dealing or clearing house); or

25.2 any war, strike, lock-out, natural disaster, act of terrorism, delay in postal service or any other delay or inaccuracy in the transmission of orders or other information, or any breakdown, failure or malfunction which is beyond the control of the Member of any telecommunication or computer system

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- 25.3 any government restriction, Exchange or market rulings, suspension of trading, computer, communication, telephone or system failure, war, earthquakes, flood, accident, power failure, equipment or software malfunction, strikes or any other conditions beyond the Trading Member's control.
- 25.4 Any other conditions beyond the control of the member.
- 25.5 The above Force Majeure events do not exempt the Client to fulfill the obligations in his account with the Member

### **26. AMENDMENT AND SUSPENSION OF AGREEMENT AND ASSIGNMENT**

The Client understands and agrees that the Member may discontinue any currently available service in its entirety. The Member may at any time amend this agreement including clauses pertaining to terms & conditions and Representations and Warranties of the Client, by modifying or rescinding any of the existing provisions or conditions or by adding any new provisions or conditions, by conspicuously posting notice of such amendment or the amended text of the agreement on the website or by the proving notice to the Client in writing or by an email. The continued use of the Member's services after such notice shall constitute acknowledgment and acceptance of such amendment.

Provided however, if the rights and obligations of the parties hereto are altered by virtue of and for complying with the change in rules and regulations of SEBI or Bye-laws, rules and regulations of the relevant stock exchange, or change in policy by member or for complying with the requirements of any competent authority or if required under its corporate policies, such changes shall be deemed to have been incorporated herein in modification of the rights and obligations of the parties mentioned in this Agreement.

In case the Client continues to deal with the Member subsequent to the intimation of such amendments, it shall be deemed that the Client is agreeable to the new clauses. However, the Client has the right to terminate the agreement through communication in writing subject to the clearance by the Client of its financial and other obligations under this agreement.

This Agreement represents the entire agreement between the Client and the Member, concerning the subject matter hereof. However certain policies and / or procedures including terms of service may be further outlined on the Member's website, if any, and by the Client's use of the web site and services, the Client agrees to be bound by any and all such postings.

In connection with these terms and conditions, as well as all transactions contemplated by this Agreement as offered by Member from time to time, each party agrees to execute and deliver such additional documents and to perform such additional actions as may be necessary, appropriate or reasonably requested to carry out or evidence the transactions in respect of the services availed by the Client from time to time.

The Client may not assign any right and obligations hereunder without first obtaining the prior written consent by an authorized officer of the Member. The Member may assign right and obligation hereunder without obtaining any prior consent or intimating the same to the Client.

During such period the account of the Client is under suspension or during the period of notice of termination, the Member shall be entitled to deny any exposure to the Client.

### **27. NOTICES**

27.1 All notices or communications issued under this agreement shall be served in anyone or more or all of the following ways and such notice or communication under (i) to (xi) below shall be served at the ordinary business address and/or ordinary place of residence and / or last known address of the party in any one or more of the following ways:

- (i) by post,
- (ii) by registered post,
- (iii) under certificate of posting,
- (iv) by express delivery post,
- (v) by telegram,
- (vi) by affixing it on the door of the last known business or residential address,
- (vii) by oral communication to the party or on the last known telephone number or on the recording machine of such number,
- (viii) by sending a message through trading system,
- (ix) A notice pasted on the notice board of the Exchange in case change in address is not notified;
- (x) by electronic mail or fax,
- (xi) by hand delivery

to the addressee at the address or (as the case may be), the e-mail or facsimile number (if any) of that party as given in the Account Application Form or at such other address, facsimile number or e-mail address as the party to be served may have notified the other in accordance with the provisions of this Clause.

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- 27.2 Any communication sent by the Member to the Client shall be deemed to have been properly delivered or served, even if such communication is returned to the Member as unclaimed/refused/undelivered, if the same is sent to the ordinary business address and/or ordinary place of residence and/or last known address of the party, in anyone or more of the ways as mentioned in clause (l) above. Notwithstanding anything stated above, communication related to orders, margin call, maintenance calls and other similar matters by the Member to the Client may be communicated orally.
- 27.3 Any notice or communication served on the client under this agreement shall be valid and binding on the client and shall be deemed to be duly served, if conveyed by any of the modes mentioned in point (I) above.
- 27.4 Any communication by the Client to the Member in connection with this Agreement shall be served at the branch of the Member or sent to the e-mail ID of customer service desk as mentioned below : Email: [compliance@paterson.co.in](mailto:compliance@paterson.co.in)
- 27.5 The Member and the Client hereby agree that issuance/dispatch of contract notes, bills, ledgers, transaction statements, reports, letters, circulars, notices, etc. by Post (ordinary or registered or speed or UCP), courier, hand delivery to the Client is applicable only if so demanded by the Client in writing to the Member. Otherwise, the Client hereby agrees to receive the contract notes, bills, ledgers, transaction statements, reports, letters, circulars, notices, etc. digitally /in electronic form through email id provided by the Client to the Member. The contract note issued digitally shall be subject to relevant bye-Laws/rules/regulations of the Exchange.
- 27.6 Notices and other communications, including, but not limited to, margin and maintenance calls, delivered or mailed to the mailing address or to the electronic mail address provided by the Client shall, until the Member has received notice in writing of any different address, be deemed to have been personally delivered to him whether actually received or not. Notices and other communications may also be provided to the Client orally or over the telephone.

**28. FOREIGN JURISDICTION**

This service does not constitute an offer to sell or a solicitation of an offer to buy any shares, securities or other instruments to any person in any jurisdiction where it is unlawful to make such an offer or solicitation. This service is not intended to be any form of an investment advertisement, investment advice or investment information and has not been registered under any securities law of any foreign jurisdiction and is only for the information of any person in any jurisdiction where it may be lawful to offer such a service. Further, no information on the Company's website is to be construed as a representation with respect to shares, securities or other investments regarding the legality of an investment therein under the respective applicable investment or similar laws or regulations of any person or entity accessing the website.

IN WITNESS THEREOF the parties to the Agreement have caused these presents to be executed as of the day and year first above written

**The Client's Signature/ Authorised Signatory:**

Signed by: \_\_\_\_\_

Title: \_\_\_\_\_

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

Witness Name: \_\_\_\_\_

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

**For Paterson Securities Private Limited**

Authorised Signatory: \_\_\_\_\_

Title: \_\_\_\_\_

Witness Name: \_\_\_\_\_

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

**PATERSON SECURITIES PRIVATE LIMITED**

**6. TARIFF SHEET**

**CASH SEGMENT**

	Trading			Delivery	
	Minimum Rs	1st Side (%)	2nd Side (%)	Minimum Rs	Percent
General Rates	0.05	0.50	0.50	0.05	NA
Specially Agreed Rates					

**EQUITY FUTURES**

	Trading			Delivery	
	Minimum Rs	1st Side (%)	2nd Side (%)	Minimum Rs	Percent
General Rates	0.02	0.10	0.10	0.02	0.10
Specially Agreed Rates					

**EQUITY OPTIONS**

	Trading			Delivery	
	Minimum Rs	1st Side (%)	2nd Side (%)	Minimum Rs	Percent
General Rates	50	1% OR Rs 50 Which Ever is higher	1% OR Rs 50 Which Ever is higher	1% OR Rs 50 Which Ever is higher	NA
Specially Agreed Rates					

**CURRENCY FUTURES**

	Trading			Delivery	
	Minimum Rs	1st Side (%)	2nd Side (%)	Minimum Rs	Percent
General Rates	-	0.02	0.02	NA	0.02
Specially Agreed Rates					

**CURRENCY OPTIONS**

	Trading			Delivery	
	Minimum Rs	1st Side (Rs )	2nd Side ( Rs)	Minimum (Rs)	Rs
General Rates	25	25	25	25	25
Specially Agreed Rates					

> The above rates are exclusive of Service Tax and education cess, SEBI/Exchange/Clearing Members Charges, Stamp Duty , Statutory Charges payable to exchange /SEBI/Govt. Authorities etc., which will be charged extra at the rate prevailing from time to time.

>In Addition to this DP Annual Maintenance Charges, DP Transaction charges/Pledge/Un-pledge/demat/remat charges ,DP Inter settlement charges, Account Opening charges, Bank charges towards cheques received unpaid, charges towards customised/special service , Other charges & processing fees not exceeding Rs 25 applicable per Contract note which will be charged extra at the rate prevailing from time to time

> The General rates as mentioned here shall be applied unless the special rates as may be agreed by the sub-broker/Authorised Person/Introducer and client and the same are mentioned here.

**POLICY FRAMEWORK FOR VOLUNTARY FREEZING/BLOCKING THE ONLINE  
ACCESS OF TRADING ACCOUNT FOR CLIENTS**

**ANNEXURE TO RISK MANAGEMENT POLICY**

**Background :**

SEBI vide it's circular SEBI/HO/MIRSD/POD-1/P/CIR/2024/4 dated January 12, 2024 and Exchanges vide their circulars dated April 08, 2024 mandated trading members to provide the facility of voluntary freezing/blocking the online access of the trading account to their clients on account of suspicious activities.

The said circular also requires the trading members to frame a policy in line with the framework specified by the Exchanges, which shall be the part of the trading member's Risk Management Policy. The trading members shall disclose the said policy on their website. The said policy shall also form a part of the account opening kit for all new clients on boarded with effect from July 01, 2024.

**Scope:**

This policy shall be applicable as and when clients requires to freeze / block online access to their trading account and subsequently desires to unfreeze the same.

Framework for voluntary freezing of online access of client's trading account –

**Request for freezing**

1. Client may request for voluntary freezing / blocking the online access to their trading account through any one of the following modes that shall be made –
  - Phone No. - +91-9444093567
  - Email - [stoptrade@paterson.co.in](mailto:stoptrade@paterson.co.in)
  
2. The client shall submit request for freeze.

On receipt of such request, the online access of the client's trading account shall be freezed/blocked and simultaneously all the pending orders including 'Good till date' and Equity SIP orders shall be cancelled.

3. The timelines for freezing/ blocking of the online access of the clients' trading account is as under:

<b>Scenario</b>	<b>Timelines for issuing acknowledgement aswell as freezing / blocking of the online access of the trading account.</b>
Request received during the trading hours andwithin 15 minutes before the start of trading.	Within 15 minutes
Request received after the trading hours and 15 minutes before the start of trading.	Before the start of next trading session

4. Post freezing/blocking the client's trading account, a communication shall be sent on the registered mobile number and registered e-mail ID of the client, stating that the online access to the trading account has been frozen/blocked. The communication shall also provide the details of all pending orders in the client's trading account, that have been cancelled along with the process of re-enablement for getting the online access to the trading account

5. Details of open positions (if any) shall also be communicated to the client along with contract expiry information within such time as prescribed by regulators. This will eliminate the risk of unwanted delivery settlement.

6. Once the online access of the trading account is freezed / blocked such client may place orders through alternate channels such as call and trade.

#### **Request for Un-freezing**

1. Client may request for unfreezing / unblocking the online access to their trading account through any one of the following modes that shall be made –
  - o Phone No. - +91-9444093567
  - o Email - [stoptrade@paterson.co.in](mailto:stoptrade@paterson.co.in)
2. An email acknowledgement shall also be sent to the client informing him / her of the unfreeze request and the date by which online access shall be activated.

#### **Important points**

All logs of freeze and unfreeze request and communications sent shall be maintained for audit trail.

Freezing/blocking is only for the online access to the client's trading account, and there shall be no restrictions on the Risk Management activities. The request for freezing/ blocking does not

constitute request for marking client Unique Client Code (UCC) as inactive in the Exchange records.

This policy shall be informed to all clients and shall also be a part of the account opening kit for all accounts opened with effect from July 01, 2024

The freeze, unfreeze, issue of communication shall be within the timelines specified by SEBI / Exchanges in this regard.

**Policy Review :**

The said policy shall be a part of Risk Management Policy and shall be reviewed along with the said policy on a half yearly basis.