

## **ASIT C. MEHTA INVESTMENT INTERMEDIATES LIMITED (ACMIL)**

### **POLICY DOCUMENTS**

#### **GUIDELINES FOR DEALING**

You have executed various documents with us, which include:

##### **Know Your Client Form (KYC):**

1. The Account will be in the name indicated in the KYC Form and the Statement of Accounts, contract cum bill and other documents will be issued only in this name.
2. Payments will be made only to the bank account indicated in the KYC Form or as requested by you in any subsequent modification form and full details about the bank account should be mentioned in the KYC /modification form as reflected on the cheque.
3. You should indicate any change in the information supplied by you in the KYC Form by submitting the account modification form along with valid proof of such changes.
4. Receipt of shares will be only from the DP account indicated in the account opening form. If the shares are delivered from a different DP account then your shares may be auctioned, unless the shares are received, from you within stipulated time in ACMIL's pool account by way of off-market transfer.
5. Our delivery will be only to the account stated by you and our CDSL DP account will be treated as default delivery account. If you have more than one account in your name, give details and proofs of all the accounts.
6. You should provide relationship if you are sharing mobile number or email ids with other clients through the 'Common mobile no and email id declaration'. Please note that only immediate family relationship (i.e. Self, spouse, son, daughter, dependent father and dependent mother) relationship is permitted.

##### **Rights and Obligations Documents:**

You have received, read and understood the rights and obligations pertaining to Stock market and depository operations of the company. These documents contain the rights and obligations of ACMIL as a Stock broker and a Depository Participant, the Client (Beneficial Owner) and the Sub-broker/Authorised Person:

##### **Risk Disclosure Document:**

You have received the Risk Disclosure Document which lists the various risks associated with dealing in the stock markets. The Client is advised to read this Risk Disclosure Document carefully and in detail. Specific attention is invited, but not limited to the following:

1. Market Investments are subject to risks such as volatility, lower liquidity, wider spreads etc.

2. News Announcements have an impact on share prices. These may be through formal channels such as the company, exchange or news media or through rumors.

3. Technology risk is a major risk that should be understood since there is lot of reliance on technology. Network congestion could lead to inability of our systems in executing the trades. We will not compensate loss of money or opportunity arising out of such failures. While every attempt is made to keep the systems up and running, at times the situation is beyond our control due to the complexity of the components involved in the network.

4. In case of derivatives trading including currency derivatives trading, you are exposed to the Effect of Leverage or Gearing, Risk of option holders, Risks of option writers, Currency volatility etc

5. The general section includes the rights and obligations of investors towards receipt and payment of shares and money. It is also important to note that in event of any dissatisfaction a formal complaint should be filed with the broker to safeguard your legal interest.

### **Guidance Note**

You have received, read and understood the documents relating to Do's and Don'ts for trading on the Exchange (s) for Investors which list down the care to be taken by investors before they begin to trade, when their trading account is active and thereafter.

### **Running Account Authority Letter:**

You are aware that the transaction confirmations, contracts/bills, etc. would be processed Exchange wise, Segment wise. However, for ease of fund movement, you have requested ACMIIL to maintain a single financial account on running account basis in the books of ACMIIL for both exchanges. Kindly note that this running account authority is valid until you revoke the same in writing. Further note that you have authorized us to retain Rs.10,000/- (net amount across segments and across stock exchanges) as permitted by Exchanges while settling your account.

### **Important Policies and Procedures**

#### **Placing of Order:**

Orders should be placed with our local representative's office. Please take the following precautions while placing the order:

1. Orders can be placed only in your name and against the trading account code allotted to you.
2. Do not trade in name of any other person such as ACMIIL's associate or his relatives. ACMIIL will not be responsible for trades that are done in such accounts.
3. Please indicate clearly the scrip name, quantities, rates, expiry month etc. of the transactions that you wish to execute.
4. In the event that there are multiple names having a few common names then please take extra precaution in giving the full name of the scrip.

5. Check if the scrip is in Trade-to-Trade Segment. In this segment no square off is possible during the day and you have to deliver what you have sold and will have to pay for and receive for your purchases.
6. The stock exchange has put many shares in Z group, because these companies are not complying with their obligations to investors. Exercise extra caution in dealing with Z group shares.
7. Exercise caution while dealing in illiquid scrips. The Exchanges may ask you for justification for dealing in such scrips.
8. ACMIIL follows the VAR based limit as available in the Exchange whereby scrips which are highly volatile and risky requires 100% margin. ACMIIL generally does not refuse orders for penny stocks. However, at times, based on market conditions and volatility in particular scrip as well as in exceptional circumstances, ACMIIL may refuse an order for any stock (including those considered as penny stocks). It is advisable not to deal in penny stocks as it contains higher risk.
9. In case of Derivatives (including currency derivatives) trades please understand the working of the derivatives market especially frequent changes in margins during the period of open positions. You may have to pay higher margins on same positions if there is increase in volatility in the scrip.
10. Exchange has introduced 'Graded Surveillance Measures' (GSM). You need to take adequate precautions while trading in the securities under GSM, as the settlement shall be done on trade-to-trade basis and no netting off shall be allowed.
11. Avoid trading in such shares/securities in respect of which tips have been circulated by unsolicited SMS and always rely on your own judgment for trading in any security.

**Order Confirmation / Contracts:**

1. Please obtain oral order confirmation from ACMIIL's local representative's office immediately on placing the order. Written/SMS confirmation is available every day in the evening for all the orders that were placed during the day.
2. ACMIIL Head office arranges to dispatch contracts within 24 hours of the trades. There could be delay in receipt by you due to delivery / courier delays.
3. Wherever you give consent for E-Contract along with your email ID, contract will be directly sent to respective email ID on same day of trading. It is advisable to provide e-mail id and mobile number so that you are aware of the trades in your account on real-time basis.
4. The contracts contain time stamp of the execution of the order on the trading system. Trade ID generated from the stock exchange system is also printed on the contract.
5. You can check the authenticity of the contract by logging onto BSE or NSE website (i.e., on [www.bseindia.com](http://www.bseindia.com) or [www.nseindia.com](http://www.nseindia.com))
6. The contract is a legal document. Please preserve it for Income Tax purpose and for future references (if any).
7. No separate bill will be issued to make payment. The document given to you is contract cum bill.

8. ACMIIL will not be responsible for trades that are not done through it or contracts that do not have the statutory information about the time and identity of the trades.

9. ACMIIL sends you quarterly statements of funds and securities. Please do go through the same carefully.

### **Risk Management**

ACMIIL has a unique system to monitor risk at the client level and not just at the branch level. This system has been introduced for your safety. It should not so happen that a handful of clients overtrade and defaults on their commitments and honest clients are not paid for their dues. ACMIIL has the following system:

1. Asit C. Mehta Investment Intermmediates Limited (ACMIIL) has mandated that payments should be in the name of Asit C. Mehta Investment Intermmediates Limited and by crossed cheque/National Electronic Funds Transfer only in favor of ACMIIL. ACMIIL will not be responsible for cheques that are written in any other name and delivered to ACMIIL's associates.
2. Cash payments to ACMIIL or any other person are not allowed for any contracts entered into by ACMIIL's office.
3. Cheques are to be given/payments are to be made only against the contracts entered/executed in the client's own name. ACMIIL does not accept responsibility for cheques issued in ACMIIL's favor but against the dues of some other client/client code.
4. ACMIIL will issue cheques only in favor of account name and account number indicated in the Registration kit given by /modification form submitted by the client subsequent to the opening of account. These cheques will be payable only at the location where the client is registered with ACMIIL. If a client is mapped with Jagdishpur and he is having his bank in Lucknow, the payment released by ACMIIL will be payable at Jagdishpur and not payable at Lucknow. If the client wishes to be paid at Lucknow, then it is desirable for him to have an account with a bank that provides online banking.
5. ACMIIL has the facility of directly crediting client's registered bank account through National Electronic Fund Transfer (NEFT) whereby the said bank account is credited with the fund in a day's time after ACMIIL issues a payout. For NEFT transfer, the client's registered bank account needs to be under core banking solution (CBS) network and should have IFSC code. If the bank account does not have IFSC code, then at par cheque will be issued to you and payable at the client's registered location. **In case there is NEFT failure, Payment of AT PAR cheque will be processed only on request in case of failure of NEFT. These cheques will be payable only at the location where the client is registered with ACMIIL.**
6. Several clients want to reinvest funds and due to time taken for transfer of funds to and from the broker, they prefer to take payouts on request only. Therefore, ACMIIL has assigned systems, which has a request from the investor as a starting point for making payments. If the client desires to pay and receive amounts contract wise, he/she needs to inform ACMIIL about the same through its local representative/ concerned officials at head office or through his secured log-in on the website (for on line customers) about such request. Payouts will be released based on the settlement preference given by the client
7. All requests received by ACMIIL by 10.00 a.m. are processed for payment by 1.30 p.m on the same day.
8. ACMIIL has an automated program that checks the net receivable for each client and give necessary instructions to the bank as registered in ACMIIL's records, based on documentation submitted by the client from time to time.

9. The client is advised not to give instructions to pay in any account which is not registered in ACMIIL's records. ACMIIL will only honor one instruction at a time. If there are any changes in the client's bank details, the client is required to write to ACMIIL about the same with relevant self-attested proofs, well in advance. It will take at least 48 working hours to make the changes.
10. In case the client does not pay for securities bought within stipulated time of T+2 days, then ACMIIL may, at its discretion auto square off the client's position on T+3rd day.
11. In the event that the auto square off fails due to any reason, then the said securities will be transferred to ACMIIL's designated "Client Unpaid Securities Account" and in case the client still does not pay the due amount for such securities by T+6 trading day, ACMIIL may at its discretion either liquidate the securities in the market to recover the outstanding dues or transfer the said securities to the client's demat account with POA in favor of ACMIIL. For this purpose, payment by client means receipt of clear funds in ACMIIL's account.
12. In case of squaring off, the unpaid securities shall be sold from the Unique Client Code (UCC) of the respective client. Profit/Loss on the sale transaction of the unpaid securities, if any shall be transferred to/adjusted from the respective client's account.
13. The securities of latest payout released with lowest haircut as per ACMIIL will be marked as unpaid first to the extent of Adjusted debit balance is in 'Debit'
14. In case of partial payment or based on the client profile, ACMIIL at its discretion may retain full value of securities till the 5th day (i.e. T+6 date) from the pay-out date. However, ACMIIL may at its discretion release securities to the extent of payment made, even in case of partial payment.
15. ACMIIL has a system to sell securities on failure to clear the Fund obligation/margin shortage by the client. ACMIIL intimates the shortage of margin and Fund obligation by SMS on the client's registered mobile number and on website [www.investmentz.com](http://www.investmentz.com). ACMIIL will levy late payment @ 18% p.a +GST, in case debits are not settled through payment within 2 trading days for cash segment and 1 trading day for derivatives segment. This is irrespective of shares sold off in auto square off.
16. Combine ledgers are maintained for ease of movement of funds and securities.
17. ACMIIL retains Rs. 1000/- from the payout request and balance amount is released to the client on monthly/quarterly basis as per the client preference and/or as per request made by the client from time to time towards available credit balance in ledger account. The amount of Rs. 1000/- (time to time) is retained towards CDSL and other charges (including future debits). However, in the case of clients through Bank Tie-ups, the funds and securities are settled on a bill-to bill basis.
18. In case where client requests for closure of account, the account is closed and any available balance in the account is released within 10 days of closure of account. This amount is released after adjusting CDSL charges (if any) due.

### **Margin Calculation and retention**

1. In case of trading accounts, the limits are given based on ledger balance and 50% of DP stock with ACMIIL for intraday trades (the % may changed depends upon the volatility of the market). The trading multiple depends upon the VAR of the securities traded. For delivery limit only ledger balance is given. For FNO segment ledger credit + collateral given by clients (after haircut) are considered.
2. Initial margin deposit is mandatory for trading in cash, derivatives and currency derivatives segment.
3. Limit can be upgraded on handing over additional margin/deposit through ACMIIL's local representative office.
4. In the event client has not cleared debits on account of shares purchased or mark to market loss within 4 days, then ACMIIL's system will block the trading limit for next trading day.

5. Margin may be given in the form of funds and shares. Ratio of shares to funds is based on cash margin available in ledger and revised the same on time to time. ACMIIL separately maintains Margin accounts for shares and funds, special instructions have to be given to release the shares from the margin account other than quarterly settlement.
6. The client is graded separately based on positive and negative parameters. Exposure limit is provided to the client based on funds and securities balance available with ACMIIL. The exposures are blocked based on VAR and ELM margins as stipulated by the Exchange.
7. ACMIIL may add extra margin for a particular scrip or all scrips when the particular scrip or market as a whole witnesses high volatility.
8. Margin is maintained separately for shares and funds. Special instructions are required to be given to ACMIIL to release the shares from the client collateral account.

*At the time of monthly/quarterly settlement, ACMIIL retains the requisite funds towards such obligations and also retain the funds expected to be required to meet margin obligations for next 5 trading days, calculated in the manner specified by the exchanges.*

9. For the purpose of settlement, ACMIIL settles the client account for across segments with in exchange.

In respect of Derivative Market transactions, apart from the margin liability as on the date of settlement, the Member may retain **additional margin requirement** of maximum up to 2.25 times of margin requirement on the day of settlement to take care of any margin obligation arising in next 5 days.

The actual settlement of funds shall be done by the Member, at least once in a calendar quarter or month, depending on the preference of the client, as per aforesaid circulars.

10. To address the administrative/operational difficulties in settling the accounts of regular trading clients (active clients), ACMIIL retains an amount of up to Rs 1,000/- to Rs. 5,000/- due and payable on a calendar year basis (depending upon the Demat tariff plan opted for by the client since we are also registered Depository Participants (net amount across segment and across stock exchanges).

### **Closure/Suspension of client Accounts**

#### 1. ACMIIL will close the Client's account

- (i) on receipt of account closure request from the Client,
- (ii) if the Client is not traceable,
- (iii) if the Client fails to fulfill his obligations,
- (iv) if the Client indulges in unfair trade practices,
- (v) at its (ACMIIL's) discretion if it is so determined that the Client is risky for the overall well being of the systems in place,
- (vi) any direction from SEBI/Exchange or such other authorities, (vii) such other circumstances as ACMIIL might think just and proper.

#### 2. A Client may be suspended

- (i) on receipt of Client's prior written request,
- (ii) on continuous default by the Client in meeting his obligations,

- (iii) under any circumstances mentioned in the clause 8 above.
- (iv) if mobile number and/or e-mail id is not provided.

21. ACMIIL has also introduced the auto collateral margin for the shortages in future and option segment to be debited in clients demat account. ACMIIL will take standing instruction one time to debit the clients demat account for debiting approved securities towards Margin shortage.

### **Brokerage Rates:**

The brokerage is charged on the intraday / squared-off transaction and delivery transaction, separately. These rates are indicated in the Welcome Letter sent to you along with your login ID and Password for viewing your reports/placing orders through our website.

Statutory charges include stamp duty, as per rates applicable. We pay stamp duty as per the deadline prescribed by authority. Service Tax is deducted as per service tax rules. Transaction charges are the fees charged by stock exchanges. These rates vary as per the instructions of collecting authority.

### **Close Out Procedure:**

The stock exchange settles the trades done by the brokers at the net exchange level and not gross client level. Hence it is ACMIIL's responsibility to settle the deliveries between its clients. Shares which are delivered short by the clients and which have to go to the exchange are auctioned by the exchange. But shares that are delivered short internally are settled in the following manner:

- 1.If a client "A" has failed to deliver to client "B" in settlement "X" then ACMIIL purchases short delivery from the market on the day following the settlement of "X" trades.
2. These shares are purchased in the name of client "B", the recipient of shares.
3. The price at which the shares are purchased is taken as a base and 4% is added to the same. This price is used for the purpose of closing out the trade in Settlement "X".
- 4 .In case there is upper circuit on the shares to be purchased, then the same will be purchased only after the day the circuit is removed and there is free trading on shares.
5. There are requests received from the investors either to purchase or not to purchase the shares that are received short. It is ACMIIL's duty to deliver and the system adopted by ACMIIL ensures delivery. Since the entire procedure is system driven it is not possible to adhere to individual requests.
- 6.It also helps ACMIIL to keep an audit trail of trades and deliveries.

### **IST Procedure:**

This is a facility provided by ACMIIL to you to adjust your deliveries, which are yet to be received from the market. It is again an automated procedure that adjusts the sales against purchases made during the last two days. Please note that Inter Settlement Transfer (IST) may not always happen since deliveries may not be received against your purchases. The transaction could be under auction / close out. You would run the risk of auction if you sell before T+3 day of purchase or actual receipt of the delivery. The law requires that you should deliver the shares on T+1 day of your transaction. Currently the charge on

IST transaction is Rs. 12/- (inclusive of service tax). These charges are subject to change from time to time.

**Account Information:**

ACMIL has provided you a 24 X 7 access to our back office systems to get all the information related to your dealing with us. Please obtain a password from our office to access the systems. The first password is included in the mail enclosed with the welcome kit. Please put a new password in order to maintain confidentiality. ACMIL's advice is to change the password every 15 days to prevent misuse.

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

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

**TRANSACTIONS AND SETTLEMENTS**



8. The stock broker may issue electronic contract notes (ECN) if specifically authorized by you in writing. You should provide your email id to the stock broker for the same. Don't opt for ECN if you are not familiar with computers.

9. Don't share your internet trading account's password with anyone.

10. Don't make any payment in cash to the stock broker.

11. Make the payments by account payee cheque in favour of the stock broker. Don't issue cheques in the name of sub-broker or authorised person. Ensure that you have a documentary proof of your payment/deposit of securities with the stock broker, stating date, scrip, quantity, towards which bank/ demat account such money or securities deposited and from which bank/ demat account.

12. Note that facility of Trade Verification is available on stock exchanges' websites, where details of trade as mentioned in the contract note may be verified. Where trade details on the website do not tally with the details mentioned in the contract note, immediately get in touch with the Investors Grievance Cell of the relevant Stock exchange.

13. In case you have given specific authorization for maintaining running account, payout of funds or delivery of securities (as the case may be), may not be made to you within one working day from the receipt of payout from the Exchange. Thus, the stock broker shall maintain running account for you subject to the following conditions:

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

b) The actual settlement of funds and securities shall be done by the stock broker, at least once in a calendar quarter or month, depending on your preference. While settling the account, the stock broker shall send to you a 'statement of accounts' containing an extract from the client ledger for funds and an extract from the register of securities displaying all the receipts/deliveries of funds and securities. The statement shall also explain the retention of funds and securities and the details of the pledged shares, if any.

c) On the date of settlement, the stock broker may retain the requisite securities/funds towards outstanding obligations and may also retain the funds expected to be required to meet derivatives margin obligations for next 5 trading days, calculated in the manner specified by the exchanges. In respect of cash market transactions, the stock broker may retain entire pay-in obligation of funds and securities due from clients as on date of settlement and for next day's business, he may retain funds/securities/margin to the extent of value of transactions executed on the day of such settlement in the cash market.

d) You need to bring any dispute arising from the statement of account or settlement so made to the notice of the stock broker in writing preferably within 7 (seven) working days from the date of receipt of funds/securities or statement, as the case may be. In case of dispute, refer the matter in writing to the Investors Grievance Cell of the relevant Stock exchanges without delay.

14. In case you have not opted for maintaining running account and pay-out of funds/securities is not received on the next working day of the receipt of payout from the exchanges, please refer the matter to the stock broker. In case there is dispute, ensure that you lodge a complaint in writing immediately with the Investors Grievance Cell of the relevant Stock exchange.

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

#### **IN CASE OF TERMINATION OF TRADING MEMBERSHIP**

16. In case, a stock broker surrenders his membership, is expelled from membership or declared a defaulter; Stock exchanges give a public notice inviting claims relating to only the "transactions executed on the trading system" of Stock exchange, from the investors. Ensure that you lodge a claim with the relevant Stock exchanges within the stipulated period and with the supporting documents.

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

#### **DISPUTES/ COMPLAINTS**

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

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

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