

# CLIENT REGISTRATION FORM



<b>Client Name</b>			
<b>Client Code</b>		<b>Branch</b>	
<b>Form No.</b>		<b>A/C Open Date</b>	

## INVESTSMART COMMODITIES LTD.

Member :  
NCDEX & MCX

---

Registered Office: 307-A, Shree Vardhan Complex, 4, R.N.T. Marg, INDORE  
(M.P.) Ph.: 2525476 Fax: (0731) 2529419 e-mail: ceompcdl@yahoo.co.in

---

## INDEX

S.NO.	NAME OF DOCUMENTS	BRIEF SIGNIFICANCE OF THE DOCUMENTS	PAGE NO.
<b>MANDATORY DOCUMENTS AS PRECIBED BY FMC &amp; EXCHANGES</b>			
1.	<b>KYC (Account Opening) application form</b>	A. Instruction / check list for filling KYC Form. B. KYC form - Document captures the basic information about the constituent.	1 to 2 3 to 8
2.	<b>Tariff Sheet</b>	Document detailing the rate/amount of brokerage and other charges levied on the client for trading on the Commodity Exchange(s) (to be added by the member.)	9
3.	<b>Uniform Risk Disclosure Document (RDD)</b>	Document detailing risks associated with dealing in the commodities market.	10 to 12
4.	<b>Rights and Obligations of Members, Authorized Persons and Clients</b>	Document stating the Rights & Obligations of member, Authorized Person and client for trading on exchanges (including additional rights & obligations in case of internet / wireless technology based trading).	13 to 19
5.	<b>Guidance Note- Do's and Don'ts for the Investors</b>	Document detailing do's and don'ts for trading on exchange, for the education of the investors.	20 to 21
<b>VOLUNTARY DOCUMENTS AS PROVIDED BY THE COMMODITY BROKER</b>			
6.	<b>Electronic Contract Notes Undertaking</b>	Acceptance to receive contract notes through e-mail /electronically.	23
7.	<b>Terms for clients registered through franchisee/Authorised Persons</b>	Describes the additional terms for clients registered through franchisee/Authorized Persons.	24
8.	<b>Declaration for Open Position</b>	Declaration by the client for their open position in commodity contract / commodity derivative contracts.	25
9.	<b>Authorization for Running Account</b>	For the operational convenience, describes the features of settlement of account between broker and client.	26
10.	<b>Authority Letter</b>	Letter to be given by client for authorizing other persons to act in his behalf.	27
11.	<b>Undertaking</b>	Describes Responsibilities of client	28
12.	<b>Verbal Order Acceptance Authorisation</b>	Authorisation from client for dealing with broker on verbal instructions	29
13.	<b>Suggested Formats</b>	Suggested Format : <ul style="list-style-type: none"> <li>■ for board resolution for Companies</li> <li>■ Partnership Firms</li> <li>■ Sole Proprietorship</li> <li>■ HUF Declaration Consent Letter NOC</li> </ul>	30to 31
14.	<b>SMS &amp; Email registration for Trade Alerts From Exchange</b>	Form for registration of Mobile No. & Email for receiving Trade alerts from Exchange	32to 33

**MANDATORY DOCUMENTS** ➡

## **INSTRUCTIONS / CHECK LIST FOR FILLING KYC FORM**

### **A. IMPORTANT POINTS :**

1. Self attested copy of PAN card is mandatory for all clients, including Promoters/Partners/Karta/Trustees and whole time directors and persons authorized to deal in commodity derivatives on behalf of company/firm/others.
2. Copies of all the documents submitted by the applicant should be self-attested and accompanied by originals for verification. In case the original of any document is not produced for verification, then the copies should be properly attested by entities authorized for attesting the documents, as per the below mentioned list.
3. If any proof of identity or address is in a regional language, then translation into English is required.
4. Name & address of the applicant mentioned on the KYC form, should match with the documentary proof submitted.
5. If correspondence & permanent address are different, then proofs for both have to be submitted.
6. Sole proprietor must make the application in his individual name & capacity.
7. For non-residents and foreign nationals, (allowed to trade subject to RBI and FIPB/FEMA guidelines and other applicable statutory approvals), copy of passport/PIO Card/OCI Card and overseas address proof is mandatory.
8. For foreign entities, CIN is optional; and in the absence of DIN no. for the directors, their passport copy should be given.
9. In case of Merchant Navy NRI 's, Mariner 's declaration or certified copy of CDC (Continuous Discharge Certificate) is to be submitted along with other statutory approvals required for investment in commodities.
10. Politically Exposed Persons (PEP) are defined as individuals who are or have been entrusted with prominent public functions in a foreign country, e.g., Heads of States or of Governments, senior politicians, senior Government/judicial/ military officers, senior executives of state owned corporations, important political party officials, etc.

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

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

### **C. Proof of Address (POA) : - List of documents admissible as Proof of Address : (Note: Documents having an expiry date should be valid on the date of submission.)**

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

### **D. Exemptions to PAN : (Note: Sufficient documentary evidence in support of such claims to be collected.)**

1. Transactions undertaken on behalf of Central Government and/or State Government and by officials appointed by Courts e.g. Official liquidator, Court receiver etc.
2. Investors residing in the State of Sikkim (subject to the continued exemption granted by Government).

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

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

**IN CASE OF NON-INDIVIDUALS. ADDITIONAL DOCUMENTS TO BE OBTAINED FROM  
NON-INDIVIDUALS, OVER & ABOVE THE POI & POA, AS MENTIONED BELOW:**

Type of Entity	Documentary Requirements
<b>Corporate</b>	<ul style="list-style-type: none"> <li>• Copy of the balance sheets for the last 2 financial years (to be submitted every year).</li> <li>• Copy of latest share holding pattern including list of all those holding control, either directly or indirectly in the company in terms of SEBI takeover Regulations, duly certified by the company secretary/W hole time director/MD (to be submitted every year).</li> <li>• Photograph, POI, POA, PAN and DIN numbers of whole time directors/two directors in charge of day to day operations.</li> <li>• Photograph, POI, POA, PAN of individual promoters holding control - either directly or indirectly.</li> <li>• Copies of the Memorandum and Articles of Association and certificate of incorporation.</li> <li>• Copy of the Board Resolution for investment in commodity market.</li> <li>• Copy of Board Resolution or declaration (on the letterhead) naming the persons authorized to deal in commodity derivatives on behalf of company/firm/others and their specimen signatures.</li> </ul>
<b>Partnership Firm</b>	<ul style="list-style-type: none"> <li>• Copy of the balance sheets for the last 2 financial years (to be submitted every year).</li> <li>• Certificate of registration (for registered partnership firms only).</li> <li>• Copy of partnership deed.</li> <li>• Authorised signatories list with specimen signatures.</li> <li>• Photograph, POI, POA, PAN of Partners.</li> </ul>
<b>Trust</b>	<ul style="list-style-type: none"> <li>• Copy of the balance sheets for the last 2 financial years (to be submitted every year).</li> <li>• Certificate of registration (for registered trust only).</li> <li>• Copy of Trust deed.</li> <li>• List of trustees certified by managing trustees/CA.</li> <li>• Photograph, POI, POA, PAN of Trustees.</li> </ul>
<b>HUF</b>	<ul style="list-style-type: none"> <li>• PAN of HUF.</li> <li>• Deed of declaration of HUF &amp; List of coparceners.</li> <li>• Bank pass-book/bank statement in the name of HUF.</li> <li>• Photograph, POI, POA, PAN of Karta.</li> </ul>
<b>Government Bodies</b>	<ul style="list-style-type: none"> <li>• Self-certification on letterhead.</li> <li>• Authorized signatories list with specimen signatures.</li> </ul>
<b>Registered Society</b>	<ul style="list-style-type: none"> <li>• Copy of Registration Certificate under Societies Registration Act.</li> <li>• List of Managing Committee members.</li> <li>• Committee resolution for persons authorised to act as authorised signatories with specimen signatures.</li> <li>• True Copy of Society Rules &amp; Byelaws certified by the Chairman / Secretary.</li> </ul>



# **INVESTSMART COMMODITIES LTD.**

**REGISTERED OFFICE: 307-A, Shree Vardhan Complex, 4, R.N.T. Marg, Indore - 452001 (M.P.)**

**Ph.: (0731) 2525476, 4025476, 3086022 Fax : (0731) 2529419**

**E-mail : ceompcdl@yahoo.co.in**

**: CORPORATE MEMBER OF:**

**NATIONAL COMMODITY AND DERIVATIVES EXCHANGE LTD. (NCDEX)**

**MULTICOMMODITY EXCHANGE OF INDIA LTD. (MCX)**

<b>Exchange</b>	<b>Segment</b>	<b>FMC Unique Member Code</b>
NCDEX MCX	COMMODITY COMMODITY	NCDEX/TCM/CORP/0126 MCX/TCM/CORP/1577

<b>EXCHANGE</b>	<b>MEMBERS</b>	<b>TRADING MEMBER CODE</b>	<b>CLEARING MEMBER CODE</b>
NCDEX	INVESTSMART COMMODITIES LTD.	00660	M50657
MCX	INVESTSMART COMMODITIES LTD.	35890	35890

## **COMPLIANCE OFFICER DETAILS**

**NAME: AMIT JAISWAL**

**Phone No. : (0731) 2525476**

**E-mail : ceompcdl@yahoo.co.in**

For any **grievance / dispute** please contact

**Investsmart Commodities Ltd.** at the above address or

**email id – [icl.grievances@gmail.com](mailto:icl.grievances@gmail.com) and Phone no. 0731-2525476, 4025476, 3086022**

**In case not satisfied with the response, please contact the concerned exchange(s) at**

<b>Exchange Name</b>	<b>Email ID</b>	<b>Phone no</b>
MCX NCDEX	<a href="mailto:grievance@mcxindia.com">grievance@mcxindia.com</a> <a href="mailto:askus@ncdex.com">askus@ncdex.com</a>	(022) 66494000 / 67318888 (022) 66406789

## KNOW YOUR CLIENT (KYC) APPLICATION FORM (INDIVIDUAL / NON INDIVIDUAL CLIENT REGISTRATION FORM)

Please paste  
a recent  
photograph  
and sign  
across it.

Please fill this form in ENGLISH and in BLOCK (CAPITAL) LETTERS

✓, r. \_\_\_\_\_

### A. IDENTITY DETAILS

Name of the Applicant Corporate / HUF / Firm / Individual																										
Name of Father / Spouse																										
Date of Birth	DD / MM / YYYY												Age		Years											
Date of Incorporation & Commencement of Business	DD / MM / YYYY												Place of Incorporation													
Gender (Sex)	Male <input type="checkbox"/> Female <input type="checkbox"/>																									
Marital Status	Married <input type="checkbox"/> Single <input type="checkbox"/>																									
Nationality	Indian <input type="checkbox"/> Other <input type="checkbox"/>																									
Residential Status	Resident Indian <input type="checkbox"/> NRI <input type="checkbox"/> Foreign National <input type="checkbox"/>																									
Status for Non-Individuals (Please tick any one)	<input type="checkbox"/> Pvt. Ltd. Co. <input type="checkbox"/> Public Ltd. Co. <input type="checkbox"/> Body Corporate <input type="checkbox"/> Partnership Firm <input type="checkbox"/> Trust <input type="checkbox"/> HUF <input type="checkbox"/> LLP <input type="checkbox"/> <input type="checkbox"/> Other (please specify) _____																									
(In case of foreign entity or entity with foreign shareholders, self certified copy of statutory approval obtained must be attached)																										
PAN													CIN Regn. No.													
Unique Identification Number (UID) / Aadhar, if available:																										
Any other additional proof of identity:																										

### B. ADDRESS DETAILS

Address for Correspondence																																				
	City/Town/Village																																			
	State												Country												Pin											
Contact Details	STD Code												Tel. (Off.) #												Tel. (Resi.) #											
	Mobile												Fax No. (with Std Code)																							
	E-mail ID																																			
Specify the Proof of Address submitted for Correspondence Address																																				
Permanent Address (If different from above or overseas address, mandatory for Non- Resident Applicant)																																				
	City/Town/Village																																			
	State												Country												Pin											
Specify the Proof of Address submitted for Permanent Address, if any :																																				
# If you have landline connection, kindly provide the same																																				

✓2 \_\_\_\_\_

C. OTHER DETAILS	
<b>For All Clients Gross Annual Income</b> (per annum). Please tick any of the options.	<input type="checkbox"/> Below - Rs. 1,00,000 <input type="checkbox"/> Rs. 5,00,000 to 10,00,000 <input type="checkbox"/> Above Rs. 25,00,000 <input type="checkbox"/> Rs. 1,00,000 to Rs.5,00,000 <input type="checkbox"/> Rs. 10,00,000 to Rs. 25,00,000
<b>Networth*</b> (Networth detail is compulsory for non-individuals clients)	As on date : __ DD / __ MM / __ YYYY (Rs. _____) (Networth should not be older than 1 Year)
<b>Occupation</b> (please tick any one & give brief detail). In case of Individuals Applicants	<input type="checkbox"/> Private Sector <input type="checkbox"/> Public Sector <input type="checkbox"/> Govt. Services <input type="checkbox"/> Business <input type="checkbox"/> Professional <input type="checkbox"/> Farmer <input type="checkbox"/> Others _____
<b>Please Tick</b> (if applicable)	<input type="checkbox"/> Politically Exposed Person (PEP) <input type="checkbox"/> Related to a Politically Exposed Person (PEP) <input type="checkbox"/> Not a Politically Exposed Persos (PEP) <input type="checkbox"/> Not Related to a Politically Exposed Person (PEP)

D. BANK ACCOUNT (S) DETAILS :	
Bank Name	
Branch Address	
Account Number	
Account Type	Saving <input type="checkbox"/> Current <input type="checkbox"/> Others <input type="checkbox"/>
MICR Number	
	IFSC Code

**Note :** Provide a copy of cancelled cheque leaf/pass book/bank statement specifying name of the client, MICR Code or/and IFSC Code of the bank.

E. DEPOSITORY ACCOUNT (S) DETAILS, if available :				
Depository Name	Name of DP	Beneficiary Name	DP ID	Beneficiary ID (BO ID)
NSDL				
CDSL				

**Note :** Provide a copy of either Demat Master or a recent holding statement issued by DP bearing name of the client.

F. TRADING PREFERENCES : Please Sign in the relevant boxes against the Exchange with which you wish to trade. The Exchange not chosen should be struck off by the client.			
Sr. No.	Name of the National Commodity Exchange	Date of Consent for trading On concerned Exchange	Signature of the Client
1	Multi Commodity Exchange of India Ltd. (MCX)		✓3
2	National Commodity and Derivatives Exchange Ltd. (NCDEX)		✓4

[If in future the client wants to trade on any new exchange seperate authorisation letter should be submitted by the client to the member.]

✓ 5 \_\_\_\_\_



<b>G. INVESTMENT/TRADING EXPERIENCE</b>
<input type="checkbox"/> No Prior Experience <input type="checkbox"/> If Yes Years in Commodities _____
<input type="checkbox"/> Years in other investment related fields _____

<b>H. SALES TAX REGISTRATION DETAILS (As applicable, State wise)</b>		
<b>Local Sales Tax</b>	<b>Central Sales Tax</b>	<b>Other Sales Tax</b>
a) State Registration No.	a) Registration No.	a) State Registration No.
c) Validity Date	b) Validity Date	b) Validity Date
c) Name of the State		c) Name of the State

<b>I. VAT DETAILS (As applicable, State wise)</b>	
<b>Local VAT</b>	<b>Other VAT</b>
a) Registration No.	a) Registration No.
b) Validity Date	b) Validity Date
c) Name of the State	c) Name of the State

<b>J. PAST REGULATORY ACTIONS</b>
Details of any action/proceedings initiated/pending/ taken by FMC/ SEBI / Stock exchange / Commodity exchange/any other authority against the client during the last 3 years : _____

<b>K. DEALING THROUGH AUTHORISED PERSON AND OTHER MEMBERS</b>
<b>If client is dealing through any other Member / Authorised Person, provide the following details (in case dealing with multiple Members / AP's, provide details of all in a separate sheet containing all the information as mentioned below) :</b>
Member's / Authorized Person (AP)'s Name   _____
Exchange :   _____ Exchange's Registration No. :   _____
Concerned Member's Name with whom the AP is registered :   _____
Registered office address :   _____ Ph. :   _____
Fax :   _____ Email :   _____ Website :   _____
Client Code :   _____
<b>Details of disputes / dues pending from / to such Member/AP : _____</b>

<b>L. INTRODUCER'S DETAILS (Optional)</b>	
Status of the Introducer	Authorised Person <input type="checkbox"/> Existing Client <input type="checkbox"/> Others Please Specify _____
Name of the Introducer	First Name Middle Name Surname _____
Address and Phone no	PIN _____ _____
Introducer's Signature	_____

✓ 6 \_\_\_\_\_

In case of Non-Individuals, name, designation, PAN, UID, signature, residential address and photograph of person authorised to deal in securities on behalf of Company / Firm / Others (Please Fill)

**Details of Promoters / Partners / Karta / Trustees / Wholetime Director**

Sr.	Name	1.	2.
1.	Designation		
2.	Residential Details		
	A. Residential Address		
	City	City	
	State	State	
	Pin	Pin	
3.	PAN / DIN / UID Number	PAN	PAN
		DIN / UID	DIN / UID
4.	Photograph	<div style="border: 1px solid black; padding: 10px; text-align: center;"> <b>(1)</b>  Please paste  a recent  photograph  &amp; sign across it </div>	<div style="border: 1px solid black; padding: 10px; text-align: center;"> <b>(2)</b>  Please paste  a recent  photograph  &amp; sign across it </div>
5.	Please Tick (if applicable)	<input type="checkbox"/> Politically Exposed Person (PEP) <input type="checkbox"/> Related to a Politically Exposed Person	<input type="checkbox"/> Politically Exposed Person (PEP) <input type="checkbox"/> Related to a Politically Exposed Person

**Details of Promoters / Partners / Karta / Trustees / Wholetime Director**

Sr.	Name	3.	4.
1.	Designation		
2.	Residential Details		
	A. Residential Address		
	City	City	
	State	State	
	Pin	Pin	
3.	PAN / DIN / UID Number	PAN	PAN
		DIN / UID	DIN / UID
4.	Photograph	<div style="border: 1px solid black; padding: 10px; text-align: center;"> <b>(3)</b>  Please paste  a recent  photograph  &amp; sign across it </div>	<div style="border: 1px solid black; padding: 10px; text-align: center;"> <b>(4)</b>  Please paste  a recent  photograph  &amp; sign across it </div>
5.	Please Tick (if applicable)	Politically Exposed Person (PEP) <input type="checkbox"/> Related to a Politically Exposed Person <input type="checkbox"/>	Politically Exposed Person (PEP) <input type="checkbox"/> Related to a Politically Exposed Person <input type="checkbox"/>
6.	Any other information		

<b>M. ADDITIONAL DETAILS</b>
------------------------------

**Whether you wish to receive communication from Member in electronic form on your Email-id [Yes / No] :**

**{If yes then please fill in Appendix-A}**                      Yes   ☐                      No   ☐

Yes ☐

No ☐

## N. NOMINATION DETAILS (ONLY FOR INDIVIDUAL CLIENT)

**I / We wish to Nominate** ☐ **I / We do not wish to Nominate** ☐

**I / We do not wish to Nominate** ☐

Name of the Nominee	Relationship with Nominee

Relationship with Nominee	
---------------------------	--

PAN of the Nominee		Date of Birth of Nominee	<u>DD</u> / <u>MM</u> / <u>YYYY</u>

Date of Birth of Nominee	<u>DD</u> / <u>MM</u> / <u>YYYY</u>
--------------------------	-------------------------------------

DD / MM / YYYY

Nominee Address			

Phone Number		Signature of Nominee	✓
--------------	--	----------------------	---

Signature of Nominee	✓
----------------------	---

✓

If Nominee is a Minor, details of Guardian	

Name of the Guardian	
----------------------	--

Guardian Address	
------------------	--

Contact Number		Signature of Guardian	✓
----------------	--	-----------------------	---

Signature of Guardian	✓
-----------------------	---

✓

<b>Witness</b> (Only Applicable in case the account holder has made nomination)			

Witness Name		Witness Name	
--------------	--	--------------	--

Witness Name	
--------------	--

Witness Signature	✓	Witness Signature	✓
-------------------	---	-------------------	---

Witness Signature	✓
-------------------	---

Address		Address	
---------	--	---------	--

Address	
---------	--

DECLARATION
-------------

1. I / W e hereby declare that the details furnished above are true and correct to the best of my/our knowledge and belief and I/we undertake to inform you of any change therein, immediately. In case any of the above information is found to be false or untrue or misleading or misrepresenting, I am/we are aware that I/we may be held liable for it.
2. I/We confirm having read/been explained and understood the contents of the tariff sheet and all voluntary/non-mandatory documents.
3. I/We further confirm having read and understood the contents of the „Rights and Obligations“ document(s), „Risk Disclosure Document “ and „Do “s and Dont “s “.I/We do hereby agree to be bound by such provisions as outlined in these documents. I/We have also been informed that the standard set of documents has been displayed for Information of Member “s designated website,if any.

Client Signature: ✓ 7

Signature of Client / (all) Authorised Signatory (ies)

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

**Note: Forms need to be signed by all authorized Signatories**

**FOR OFFICE USE ONLY**

UCC Code Allotted to the Client

Documents verified with Original

Name of the Employee

Employee Code

Designation of the Employee

Date

Signature

I / We undertake that we have made the client aware of tariff sheet and all the voluntary/non-mandatory documents. I/We have also made the client aware of „Rights and Obligations" document (s), RDD, „Do"s and Dont"s" and Guidance Note. I We have given/sent him a copy of all the KYC documents. I/We undertake that any change in the tariff sheet and all the voluntary/non-mandatory documents would be duly intimated to the clients. I/We also undertake that any change in the „Rights and Obligations" and RDD would be made available on my/our website, if any, for the information of the clients.

**For : Investsmart Commodities Ltd.**Date : DD / MM / YYYY
 Signature of Authorised Signatory  
 Seal/Stamp of the Member
**TARIFF SHEET****BROKERAGE****I Agree to the following terms of doing business in Commodity Segment :**

	<b>MCX</b>		<b>NCDEX</b>	
<b>BROKERAGE</b>	Square off %	Carry Forward %	Square off %	Carry Forward %
<b>IN %</b>				
<b>Fixed (If any)</b>				

Signature of Client : ✓ 8

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

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

## ANNEXURE - 2

### RISK DISCLOSURE DOCUMENT

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

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

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

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

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

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

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

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

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

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

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

- a. Liquidity refers to the ability of market participants to buy and/ or sell commodity derivative contract expeditiously at a competitive price and with minimal price difference. Generally, it is assumed that more the number of orders available in a market, greater is the liquidity. Liquidity is important because with greater liquidity, it is easier for investors to buy and/ or sell commodity derivatives contracts swiftly and with minimal price difference and as a result, investors are more likely to pay or receive a competitive price for commodity derivative contracts purchased or sold. There may be a risk of lower liquidity in some commodity derivative contracts as compared to active commodity derivative contracts. As a result, your order may only be partially executed, or may be executed with relatively greater price difference or may not be executed at all.
- b. Buying/ Selling without intention of giving and/ or taking delivery of certain commodities may also result into losses, because in such a situation, commodity derivative contracts may have to be squared-off at a low/ high prices, compared to the expected price levels, so as not to have any obligation to deliver/ receive such commodities.

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

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

### **iv. Risk-reducing orders :**

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

### **v. Risk of News Announcements :**

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

### **vi. Risk of Rumors:**

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

### **vii System Risk :**

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

### **viii. System/Network Congestion :**

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

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

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

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

- b. Trading in Futures Commodity Derivatives involves daily settlement of all positions. Every day the open positions are marked to market based on the closing price. If the closing price has moved against you, you will be required to deposit the amount of loss (notional) resulting from such movement. This margin will have to be paid within a stipulated time frame, generally before commencement of trading on the next day.
- c. If you fail to deposit the additional margin by the deadline or if an outstanding debt occurs in your account, the Member of the Exchange may liquidate/square -up a part of or the whole position. In this case, you will be liable for any losses incurred due to such square -up/ Close Outs.
- d. Under certain market conditions, an Investor may find it difficult or impossible to execute the transactions. For example, this situation can occur due to factors such as illiquidity i.e. when there are insufficient bids or offers or suspension of trading due to price limit or circuit breakers etc.
- e. Steps, such as, changes in the margin rate, increase in the cash margin rate etc. may be adopted in order to maintain market stability. These new measures may be applied to the existing open interests. In such conditions, you will be required to put up additional margins or reduce your positions.
- f. You must ask your Member of the Exchange to provide the full details of the commodity derivatives contracts you plan to trade i.e. the contract specifications and the associated obligations.

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

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

### **4. GENERAL**

#### **i. Deposited cash and property :**

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

#### **ii. Commission and other charges :**

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

- iii. For rights and obligations of the Members/Authorised Persons/ clients, please refer to Annexure 3
- iv. The term 'Constituent' shall mean and include a Client, a Customer or an Investor, who deals with a member for the purpose of trading in the commodity derivatives through the mechanism provided by the Exchange.
- v. The term 'member' shall mean and include a Trading Member or a Member/Broker, who has been admitted as such by the Exchange and got a Unique Member Code from FMC.

Signature of Client : ✓ 9 \_\_\_\_\_

**Annexure – 3**  
**RIGHTS AND OBLIGATIONS OF MEMBERS, AUTHORIZED PERSONS AND CLIENTS**  
**As prescribed by FMC and Commodity Exchanges**

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

\*Commodity derivative contract
7. The Authorized Person shall provide necessary assistance and co-operate with the Member in all its dealings with the client(s).

**CLIENT INFORMATION**

8. The client shall furnish all such details in full as are required by the Member in "Account Opening Form" with supporting details, made mandatory by commodity exchanges/FMC from time to time.
9. The client shall familiarize himself with all the mandatory provisions in the Account Opening documents. Any additional clauses or documents specified by the Member shall be non-mandatory; therefore, subject to specific acceptance by the client.
10. The client shall immediately notify the Member in writing if there is any change in the information in the 'account opening form' as provided at the time of account opening and thereafter; including the information on winding up petition/insolvency petition or any litigation which may have material bearing on his capacity. The client shall provide/update the financial information to the Member on a periodic basis.
- 11.A. Protection from unfair terms in financial contracts\*\*
  - a. An unfair term of a non-negotiated contract will be void.
  - b. A term is unfair if it –
    - i. causes a significant imbalance in the rights and obligations of the parties under the financial contract, to the detriment of the Client; and
    - ii. is not reasonably necessary to protect the legitimate interests of the Member.
  - c. The factors to be taken into account while determining whether a term is unfair, include –
    - i. the nature of the financial product or financial service dealt with under the financial contract;
    - ii. the extent of transparency of the term;

\*\*contracts offered by commodity exchanges

    - iii. the extent to which the term allows a Client to compare it with other financial contracts for similar financial products or financial services; and
    - iv. the financial contract as a whole and the terms of any other contract on which it is dependent.
  - d. A term is transparent if it –
    - i. is expressed in reasonably plain language that is likely to be understood by the Client;
    - ii. is legible and presented clearly; and
    - iii. is readily available to the Client affected by the term.



- e. If a term of a financial contract is determined to be unfair under point 11.A.c, the parties will continue to be bound by the remaining terms of the financial contract to the extent that the financial contract is capable of enforcement without the unfair term.
11. B.
- a. "Non-negotiated contract" means a contract whose terms, other than the terms contained in point 11.C. (given below) are not negotiated between the parties to the financial contract and includes –
    - i. a financial contract in which, relative to the Client, the Member has a substantially greater bargaining power in determining terms of the financial contract; and
    - ii. a standard form contract.
  - b. "Standard form contract" means a financial contract that is substantially not negotiable for the Client, except for the terms contained in point 11.C.
  - c. Even if some terms of a financial contract are negotiated in form, the financial contract may be regarded as a non- negotiated contract if so indicated by –
    - i. an overall and substantial assessment of the financial contract; and
    - ii. the substantial circumstances surrounding the financial contract
  - d. In a claim that a financial contract is a non-negotiated contract, the onus of demonstrating otherwise will be on the Member.
11. C.
- a. The above does not apply to a term of a financial contract if it –
    - i. defines the subject matter of the financial contract;
    - ii. sets the price that is paid, or payable, for the provision of the financial product or financial service under the financial contract and has been clearly disclosed to the Client; or
    - iii. is required, or expressly permitted, under any law or regulations.
  - b. The exemption under point 11.C does not apply to a term that deals with the payment of an amount which is contingent on the occurrence or non-occurrence of any particular event.
12. The Member and Authorized Person shall maintain all the details of the client as mentioned in the account opening form or any other information pertaining to the client, confidentially and that they shall not disclose the same to any person/authority except as required under any law/regulatory requirements. Provided however that the Member may so disclose information about his client to any person or authority with the express permission of the client.
13. A. Protection of personal information and confidentiality
- a. "Personal information" means any information that relates to a Client or allows a Client's identity to be inferred, directly or indirectly, and includes –
    - i. name and contact information;
    - ii. biometric information, in case of individuals
    - iii. information relating to transactions in, or holdings of, financial products
    - iv. information relating to the use of financial services; or
    - v. such other information as may be specified.
13. B.
- a. A Member must –
    - i. not collect personal information relating to a Client in excess of what is required for the provision of a financial product or financial service;
    - ii. maintain the confidentiality of personal information relating to Clients and not disclose it to a third party, except in a manner expressly permitted under point 13.B.b.;
    - iii. make best efforts to ensure that any personal information relating to a Client that it holds is accurate, up to date and complete;
    - iv. ensure that Clients can obtain reasonable access to their personal information, subject to any exceptions that the Regulator may specify; and
    - v. allow Clients an effective opportunity to seek modifications to their personal information to ensure that the personal information held by the Member is accurate, up to date and complete.
  - b. A Member may disclose personal information relating to a Client to a third party only if –
    - i. it has obtained prior written informed consent of the Client for the disclosure, after giving the Client an effective opportunity to refuse consent;
    - ii. the Client has directed the disclosure to be made;
    - iii. the Regulator has approved or ordered the disclosure, and unless prohibited by the relevant law or regulations, the Client is given an opportunity to represent under such law or regulations against such disclosure;
    - iv. the disclosure is required under any law or regulations, and unless prohibited by such law or regulations, the Client is given an opportunity to represent under such law or regulations against such disclosure;
    - v. the disclosure is directly related to the provision of a financial product or financial service to the Client, if the Member –
      1. informs the Client in advance that the personal information may be shared with a third party; and

- 2. makes arrangements to ensure that the third party maintains the confidentiality of the personal information in the same manner as required under this Part; or
  - vi. the disclosure is made to protect against or prevent actual or potential fraud, unauthorised transactions or claims, if the Member arranges with the third party to maintain the confidentiality of the personal information in the manner required under this Part.-
  - c. Third party” means any person other than the concerned Member, including a person belonging to the same group as the Member.
- 14.A Requirement of fair disclosure both initially and on continuing basis
- a. Member must ensure fair disclosure of information that is likely to be required by a Client to make an informed transactional decision.
  - b. In order to constitute fair disclosure, the information must be provided –
    - i. sufficiently before the Client enters into a financial contract, so as to allow the Client reasonable time to understand the information;
    - ii. in writing and in a manner that is likely to be understood by a Client belonging to a particular category; and
    - iii. in a manner that enables the Client to make reasonable comparison of the financial product or financial service with other similar financial products or financial services.
  - c. The types of information that must be disclosed to a Client in relation to a financial product or financial service, which may include information regarding –
    - i. main characteristics of the financial product or financial service, including its features, benefits and risks to the Client;
    - ii. consideration to be paid for the financial product or financial service or the manner in which the consideration is calculated;
    - iii. existence, exclusion or effect of any term in the financial product or financial contract;
    - iv. nature, attributes and rights of the Member, including its identity, regulatory status and affiliations;
    - v. contact details of the Member and the methods of communication to be used between the Member and the Client;
    - vi. rights of the Client to rescind a financial contract within a specified period; or
    - vii. rights of the Client under any law or regulations.
- 14.B.
- a. Member must provide a Client that is availing a financial product or financial service provided by it, with the following continuing disclosures –
    - i. any material change to the information that was required to be disclosed under point 14.A at the time when the Client initially availed the financial product or financial service;
    - ii. information relating to the status or performance of a financial product held by the Client, as may be required to assess the rights or interests in the financial product or financial service; and
    - iii. any other information that may be specified.
  - b. A continuing disclosure must be made –
    - i. within a reasonable time-period from the occurrence of any material change or at reasonable periodic intervals, as applicable; and
    - ii. in writing and in a manner that is likely to be understood by a Client belonging to that category.

## **MARGINS**

15. The client shall pay applicable initial margins, withholding margins, special margins or such other margins as are considered necessary by the Member or the Exchange or as may be directed by FMC from time to time as applicable to the segment(s) in which the client trades. The Member is permitted in its sole and absolute discretion to collect additional margins (even though not required by the Exchange or FMC) and the client shall be obliged to pay such margins within the stipulated time.
16. The client understands that payment of margins by the client does not necessarily imply complete satisfaction of all dues. In spite of consistently having paid margins, the client may, on the settlement of its trade, be obliged to pay (or entitled to receive) such further sums as the contract may dictate/require.

## **TRANSACTIONS AND SETTLEMENTS**

17. The client shall give any order for buy or sell of commodities derivatives contract in writing or in such form or manner, as may be mutually agreed between the client and the Member however ensuring the regulatory requirements in this regard are complied with. The Member shall ensure to place orders and execute the trades of the client, only in the Unique Client Code assigned to that client.
18. The Member shall inform the client and keep him apprised about trading/settlement cycles, Delivery/payment schedules, any changes therein from time to time, and it shall be the responsibility in turn of the client to comply with such schedules/procedures of the relevant commodity exchange where the trade is executed.
19. The Member shall ensure that the money deposited by the client shall be kept in a separate account, distinct from his/its own account or account of any other client and shall not be used by the Member for himself/itself or for any

other client or for any purpose other than the purposes mentioned in Rules, circulars, notices, guidelines of FMC and/or Rules, Business Rules, Bye-laws, circulars and notices of Exchange.

20. Where the Exchange(s) cancels trade(s) suo moto all such trades including the trade/s done on behalf of the client shall ipso facto stand cancelled, Member shall be entitled to cancel the respective contract(s) with client(s).
21. The transactions executed on the Exchange are subject to Rules, Byelaws and Business Rules and circulars/notices issued thereunder of the Exchanges where the trade is executed and all parties to such trade shall have submitted to the jurisdiction of such court as may be specified by the Byelaws and Business Rules of the Exchanges where the trade is executed for the purpose of giving effect to the provisions of the Rules, Byelaws and Business Rules of the Exchanges and the circulars/notices issued thereunder.

#### **BROKERAGE**

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

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

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

#### **DISPUTE RESOLUTION**

25. The Member shall co-operate in redressing grievances of the client in respect of all transactions routed through it.
26. The client and the Member shall refer any claims and/or disputes with respect to deposits, margin money, etc., to arbitration as per the Rules, Byelaws and Business Rules of the Exchanges where the trade is executed and circulars/notices issued thereunder as may be in force from time to time.
27. The client/Member understands that the instructions issued by an authorized representative for dispute resolution, if any, of the client/Member shall be binding on the client/Member in accordance with the letter authorizing the said representative to deal on behalf of the said client/Member.
28. Requirement for each Member to have an effective grievance redress mechanism which is accessible to all its Clients
- A Member must have in place an effective mechanism to receive and redress complaints from its Clients in relation to financial products or financial services provided by it, or on its behalf, in a prompt and fair manner.
  - A Member must inform a Client, at the commencement of relationship with the Client and at such other time when the information is likely to be required by the Client, of –
    - the Client's right to seek redress for any complaints; and
    - the processes followed by the Member to receive and redress complaints from its Clients.
- 29.A. Suitability of advice for the Client
- Right to receive advice that is suitable taking into account the relevant personal circumstances of the Client, such as the Clients financial circumstances and needs. This obligation would apply to persons who render advice to Clients and the regulator may specify categories of financial products and service that necessarily require such advice to be given.
- A Member must –
    - make all efforts to obtain correct and adequate information about the relevant personal circumstances of a Client; and
    - ensure that the advice given is suitable for the Client after due consideration of the relevant personal circumstances of the Client.
  - If it is reasonably apparent to the Member that the available information regarding the relevant personal circumstances of a Client is incomplete or inaccurate, the Member must warn the Client of the consequences of proceeding on the basis of incomplete or inaccurate information.
  - If a Client intends to avail of a financial product or financial service that the Member determines unsuitable for the Client, the Member –
    - must clearly communicate its advice to the Client in writing and in a manner that is likely to be understood by the Client; and

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

30. Dealing with conflict of interest

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

a. A member must –

- i. provide a Client with information regarding any conflict of interests, including any conflicted remuneration that the Member has received or expects to receive for making the advice to the Client; and
- ii. give priority to the interests of the Client if the Member knows, or reasonably ought to know, of a conflict between–
  - 1. its own interests and the interests of the Client; or
  - 2. the interests of the concerned Member and interests of the Client, in cases where the Member is a financial representative.

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

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

**TERMINATION OF RELATIONSHIP**

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

32. The Member, Authorized Person and the client shall be entitled to terminate the relationship between them without giving any reasons to the other party, after giving notice in writing of not less than one month to the other parties. Notwithstanding any such termination, all rights, liabilities and obligations of the parties arising out of or in respect of transactions entered into prior to the termination of this relationship shall continue to subsist and vest in/be binding on the respective parties or his/its respective heirs, executors, administrators, legal representatives or successors, as the case may be.

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

**ADDITIONAL RIGHTS AND OBLIGATIONS**

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

35. The Member shall issue a contract note to his clients for trades executed in such format as may be prescribed by the Exchange from time to time containing records of all transactions including details of order number, trade number, trade time, trade price, trade quantity, details of the derivatives contract, client code, brokerage, all charges levied etc. and with all other relevant details as required therein to be filled in and issued in such manner and within such time as prescribed by the Exchange. The Member shall send contract notes to the investors within 24 hours of the execution of the trades in hard copy and/or in electronic form using digital signature.

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

37. The Member shall send a complete ‘Statement of Accounts’ for both funds and commodities in respect of each of its clients in such periodicity and format within such time, as may be prescribed by the relevant Exchange, from time to time, where the trade is executed. The Statement shall also state that the client shall report errors, if any, in the Statement immediately but not later than 30 calendar days of receipt thereof, to the Member. A detailed statement of accounts must be sent every month to all the clients in physical form. The proof of delivery of the same should be preserved by the Member.

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

39. The Client shall ensure that it has the required legal capacity to, and is authorized to, enter into the relationship with Member and is capable of performing his obligations and undertakings hereunder. All actions required to be taken to ensure compliance of all the transactions, which the Client may enter into shall be completed by the Client prior to such transaction being entered into.
40. In case, where a member surrenders his/ her/ its membership, Member gives a public notice inviting claims, if any, from investors. In case of a claim relating to transactions executed on the trading system of the Exchange, ensure that client lodge a claim with the Exchange within the stipulated period and with the supporting documents.
- 41.A. Protection from unfair conduct which includes misleading conduct & abusive conduct
- a. Unfair conduct in relation to financial products or financial services is prohibited.
  - b. "Unfair conduct" means an act or omission by a Member or its financial representative that significantly impairs, or is likely to significantly impair, the ability of a Client to make an informed transactional decision and includes –
    - i. misleading conduct under point 41.B
    - ii. abusive conduct under point 41.C
    - iii. such other conduct as may be specified.
- 41.B.
- a. Conduct of a Member or its financial representative in relation to a determinative factor is misleading if it is likely to cause the Client to take a transactional decision that the Client would not have taken otherwise, and the conduct involves –
    - i. providing the Client with inaccurate information or information that the Member or financial representative does not believe to be true; or
    - ii. providing accurate information to the Client in a manner that is deceptive.
  - b. In determining whether a conduct is misleading under point 41.B.a, the following factors must be considered to be "determinative factors" –
    - i. the main characteristics of a financial product or financial service, including its features, benefits and risks to the Client;
    - ii. the Client's need for a particular financial product or financial service or its suitability for the Client;
    - iii. the consideration to be paid for the financial product or financial service or the manner in which the consideration is calculated;
    - iv. the existence, exclusion or effect of any term in a financial contract, which is material term in the context of that financial contract;
    - v. the nature, attributes and rights of the Member, including its identity, regulatory status and affiliations; and
    - vi. the rights of the Client under any law or regulations.
- 41.C.
- a. A conduct of a Member or its financial representative in relation to a financial product or financial service is abusive if it –
    - i. involves the use of coercion or undue influence; and
    - ii. causes or is likely to cause the Client to take a transactional decision that the Client would not have taken otherwise.
  - b. In determining whether a conduct uses coercion or undue influence, the following must be considered –
    - i. the timing, location, nature or persistence of the conduct;
    - ii. the use of threatening or abusive language or behaviour;
    - iii. the exploitation of any particular misfortune or circumstance of the Client, of which the Member is aware, to influence the Client's decision with regard to a financial product or financial service;
    - iv. any non-contractual barriers imposed by the Member where the Client wishes to exercise rights under a financial contract, including –
      - v. the right to terminate the financial contract;
      - vi. the right to switch to another financial product or another Member and
      - vii. a threat to take any action, depending on the circumstances in which the threat is made.

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

42. In case, client opts to receive the contract note in electronic form, he shall provide an appropriate e-mail id (created by the client) to the Member (Kindly refer Appendix A of Annexure 1). Member shall ensure that all the rules/Business Rule/Bye-Laws/ circulars issued from time to time in this regard are complied with. The client shall communicate to the Member any change in the email-id through a physical letter. If the client has opted for internet trading, the request for change of email id may be made through the secured access by way of client specific user id and password.
43. The Member shall ensure that all ECNs sent through the e-mail shall be digitally signed, encrypted, non-tamperable and in compliance with the provisions of the IT Act, 2000. In case, ECN is sent through e-mail as an attachment, the attached file shall also be secured with the digital signature, encrypted and non-tamperable.
44. The client shall note that non-receipt of bounced mail notification by the Member shall amount to delivery of the contract note at the e-mail ID of the client.

45. The Member shall retain ECN and acknowledgement of the e-mail in a soft and non-tamperable form in the manner prescribed by the exchange in compliance with the provisions of the IT Act, 2000 and as per the extant rules/circulars/guidelines issued by FMC/Commodity exchanges from time to time. The proof of delivery i.e., log report generated by the system at the time of sending the contract notes shall be maintained by the Member for the specified period under the extant rules/circulars/guidelines issued by FMC/Commodity exchanges. The log report shall provide the details of the contract notes that are not delivered to the client/e-mails rejected or bounced back. The Member shall take all possible steps to ensure receipt of notification of bounced mails by him at all times within the stipulated time period under the extant rules/circulars/guidelines issued by FMC/Commodity exchanges.
46. The Member shall continue to send contract notes in the physical mode to such clients who do not opt to receive the contract notes in the electronic form. Wherever the ECNs have not been delivered to the client or has been rejected (bouncing of mails) by the e-mail ID of the client, the Member shall send a physical contract note to the client within the stipulated time under the extant Regulations/ Rules, Bye-Laws, Business Rules and Circulars of FMC/commodity exchanges and maintain the proof of dispatch and delivery of such physical contract notes.
47. In addition to the e-mail communication of the ECNs to the client, the Member shall simultaneously publish the ECN on his designated web-site, if any, in a secured way and enable relevant access to the clients and for this purpose, shall allot a unique user name and password to the client, with an option to the client to save the contract note electronically and/or take a print out of the same.
48. The Electronic Contract Note (ECN) declaration form will be obtained from the Client who opts to receive the contract note in electronic form. This declaration will remain valid till it is revoked by the client.

#### **LAW AND JURISDICTION**

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

Signature of Client : ✓ **10** \_\_\_\_\_

## ANNEXURE - 4

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

#### DO'S

1. Trade only through Registered Members of the Exchange. Check from the Exchange website at following link <http://www.mcxindia.com/SitePages/MembersDetails.aspx> , <http://ncdex.com/Membership/MemberDirectory.aspx> ,  
To see whether the Member is registered with the Exchange.
2. Insist on filling up a standard 'Know Your Client (KYC)' form before you commence trading
3. Insist on getting a Unique Client Code (UCC) and ensure all your trades are done under the said UCC.
4. Insist on reading and signing a standard 'Risk Disclosure Agreement'.
5. Obtain a copy of your KYC and/ or other documents executed by you with the Member, from the Member.
6. Cross check the genuineness of trades carried out at the Exchange through the trade verification facility available on the Exchange website at the following link <http://www.mcxindia.com/SitePages/TradeVerification.aspx> , <http://ncdex.com/MarketData/VerifyTrade.aspx> , The trades can be verified online where trade information is available up to 5 working days from the trade date.
7. Insist on a duly signed Contract Note in specified format for every executed trade within 24 hours of trade, highlighting the details of the trade along with your UCC.
8. Ensure that the Contract Note contains all the relevant information such as Member Registration Number, Order No., Order Date, Order time, Trade No., Trade rate, Quantity, Arbitration Clause, etc.
9. Obtain receipt for collaterals deposited with the Member towards margins.
10. Go through the Rules, Bye-laws, Regulations, Circulars, Directives, Notifications of the Exchange as well as of the Regulators, Government and other authorities to know your rights and duties vis-à-vis those of the Member.
11. Ask all relevant questions and clear your doubts with your Member before transacting.
12. Insist on receiving the bills for every settlement.
13. Insist on Monthly statements of your ledger account and report any discrepancies in the statement to your Member within 7 working days. In case of unsatisfactory response report the discrepancy to the Exchange within 15 working days from the date of cause of action.
14. Scrutinize minutely both the transaction & holding statements that you receive from your Depository Participant.
15. Keep Delivery Instruction Slips (DIS) book issued by DPs in safe possession.
16. Ensure that the DIS numbers are preprinted and your account number (UCC) is mentioned in the DIS book.
17. Freeze your Demat account in case of your absence for longer duration or in case of not using the account frequently.
18. Pay required margins in time and only by Cheque and ask for receipt thereof from the Member.
19. Deliver the commodities in case of sale or pay the money in case of purchase within the time prescribed.
20. Understand and comply with accounting standards for derivatives.
21. Ensure to read, understand and then sign the voluntary clauses, if any, agreed between you and the Member. Note that the clauses as agreed between you and the Member cannot be changed without your consent.
22. Get a clear idea about all brokerage, commissions, fees and other charges levied by the Member on you for trading and the relevant provisions/ guidelines specified by FMC/Commodity exchanges.
23. Make the payments by account payee cheque in favour of the Member. Ensure that you have a documentary proof of your payment/deposit of commodities with the Member, stating date, commodity, quantity, towards which bank/ demat account such money or commodities (in the form of warehouse receipts) deposited and from which bank/ demat account.
24. The payout of funds or delivery of commodities (as the case may be) shall not be made to you within one working day from the receipt of payout from the Exchange, in case you have given specific authorization for maintaining running account to the member. Thus, in this regard, the running account authorization provided by you to the Member shall be subject to the following conditions:
  - a) Such authorization from you shall be dated, signed by you only and contains the clause that you may revoke the same at any time.
  - b) You need to bring any dispute arising from the statement of account to the notice of the Member in writing preferably within 7 (seven) working days from the date of receipt of funds/commodities or statement, as the case may be. In case of dispute, refer the matter in writing to the Investors Grievance Cell of the relevant Commodity exchanges without delay.
  - c) In case you have not opted for maintaining running account and pay-out is not received on the next working day of the receipt of payout from the exchanges, please refer the matter to the Member. In case there is dispute, ensure that you lodge a complaint in writing immediately with the Investors Grievance Cell of the relevant Commodity exchange.
  - d) Please register your mobile number and email id with the Member, to receive trade confirmation alerts/ details of the transactions through SMS or email, by the end of the trading day, from the commodity exchanges.

25. You should familiarize yourself with the protection accorded to the money or other property you may deposit with your member, particularly in the event of a default in the commodity derivatives market or the member becomes insolvent or bankrupt.
26. Please ensure that you have a documentary proof of having made the deposit of such money or property with the member, stating towards which account such money or property deposited.
27. In case your problem/grievance/issue is not being sorted out by concerned Member/Authorised Person then you may take up the matter with the concerned Commodity Exchange. If you are not satisfied with the resolution of your complaint then you can escalate the matter to FMC.

#### **DON'TS**

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

Signature of Client : ✓ **11** \_\_\_\_\_



## **VOLUNTARY DOCUMENTS**



APPENDIX - A

ELECTRONIC CONTRACT NOTE [ECN] - DECLARATION (VOLUNTARY)

To,  
**INVESTSMART COMMODITIES LTD.**

307-A, Shree Vardhan Complex,  
4, R.N.T. Marg,  
Indore (M.P.) 452 001

Dear Sir,

I, \_\_\_\_\_ a client with Member  
M/s. Investsmart Commodities Ltd., of National Commodity & Derivative Exchange Limited  
(NCDEX) and Multi Commodity Exchange of India Limited (MCX) undertake as follows:

- I am aware that the Member has to provide physical contract note in respect of all the trades placed by me unless I myself want the same in the electronic form.
- I am aware that the Member has to provide electronic contract note for my convenience on my request only.
- Though the Member is required to deliver physical contract note, I find that it is inconvenient for me to receive physical contract notes. Therefore, I am voluntarily requesting for delivery of electronic contract note pertaining to all the trades carried out /ordered by me.
- I have access to a computer and am a regular internet user, having sufficient knowledge of handling the email operations.
- My email Id is \_\_\_\_\_.

This has been created by me and not by someone else.

- I am aware that this declaration form should be in English or any other language known to me
- I am aware that non receipt of bounced mail notification by the member shall amount to delivery of the contract note at the above email ID
- **The above declaration and the guidelines on ECN given in the Annexure have been read and understood by me.. I am aware of the risk involved in dispensing with the physical contract note, and do hereby take full responsibility for the same**

\* (The email id must be written in own handwriting of the client)

Client Name: \_\_\_\_\_  
Unique Client Code \_\_\_\_\_  
PAN: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

Signature of the Client ✓ 12 \_\_\_\_\_

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

Verification of the client signature done by,

Name of the designated officer of the Member : \_\_\_\_\_

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

## **LETTER TO BE SIGNED BY ALL CLIENTS OF THE FRANCHISEE/AUTHORISED PERSON**

To,  
Investsmart Commodities Ltd.  
307-A, Shree Vardhan Complex ,  
4, R.N.T. Marg,  
Indore (M.P.) 452 001

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

Dear Sir,

**Subject : Registration as Client with Investsmart Commodities Ltd. (Through \_\_\_\_\_  
\_\_\_\_\_name of the Franchisee/AP)**

Dear Sir/Madam

This is with reference for registering as client with Investsmart Commodities Ltd. Through \_\_\_\_\_  
\_\_\_\_\_(name of the Franchisee/AP), place \_\_\_\_\_

, I hereby state as follows:

1. I am aware that I am registered as a client of Investsmart Commodities Ltd.
2. All payment of commodities purchased by me shall be made only through cheque / demand draft drawn in favour of **"Investsmart Commodities Ltd."**
3. No payment shall be made in cash.
4. All depository instructions shall be duly filled in by me before the same is lodged with this office. Investsmart Commodities Ltd. shall not be responsible for any loss, damages, and disputes arising out of incomplete/incorrect depository instruction being deposited with this office.
5. Investsmart Commodities Ltd. shall not be responsible for any of my personal dealings with \_\_\_\_\_  
\_\_\_\_\_ (name of franchisee/AP) or its employees.
6. Any grievances with regard to the transactions shall be directed to "Grievances Cell" of Investsmart Commodities Ltd. at the aforementioned address.

In acceptance of all the above clauses and the clauses mentioned , I request you to register me as client.

<b>The CLIENT's Signature / Authorized Signatory</b>
Signature ✓ 13 _____
Title :
Name :
1. Witness :
Name
Sign

<b>The Authorised Persons Signature / Authorized Signatory</b>
Signature _____
Title :
Name :
1. Witness :
Name
Sign

## **CLIENT OPEN POSITION DECLARATION**

To,  
Investsmart Commodities Ltd.  
307-A, Shree Vardhan Complex ,  
4, R.N.T. Marg,  
Indore (M.P.) 452 001

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

Dear Sir,

**Subject : My/our request for trading in commodity forward contracts/commodity derivatives on NCDEX/MCX as your client**

I/We the undersigned, have taken cognizance of circular no. NCDEX/TRADING-114/2006/247 dated September 28, 2006 issued by the National Commodity & Derivatives Exchange Limited (NCDEX) circular No. MCX/338/2006 dated August 21, 2006 issued by Multi Commodity Exchange of India Limited (MCX) on the guidelines for calculation of net open positions permitted in any commodity and I/We hereby undertake to comply with the same.

I/We hereby declare and undertake that we will not exceed the position limits prescribed from the to time by NCDEX, MCX, or Forward Markets Commission and such position limits will be calculated in accordance with the contents of above stated circular of NCDEX/MCX as modified from time to time.

I/We undertake to inform you and keep you informed if I/any of our partners/directors/karta/trustee or any of the partnership firms/companies/HUFs/Trusts in which I or any of above such person is a partner/director/Karta/trustee, takes or holds any position in any commodity forward contract/commodity derivative on NCDEX/MCX through you or through any other member(s) of NCDEX/MCX, to enable you to restrict our position limit as prescribed by the above referred circular of NCDEX/MCX as modified from time to time.

I/we confirm that you have agreed to enter orders in commodity forward contracts/commodity derivatives for me/us as your clients NCDEX/MCX only on the basis of our above assurances and undertaking.

In this connection I hereby submit the details of the entities with which I am related.

Yours sincerely,

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

Signature : ✓ 14 \_\_\_\_\_

Client Code : \_\_\_\_\_

## **MAINTENANCE OF RUNNING ACCOUNT**

From,

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

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

To,  
Investsmart Commodities Ltd.

307-A, Shree Vardhan Complex ,

4, R.N.T. Marg,  
Indore (M.P.) 452 001

Dear Sir / Madam

### **Subject : Maintenance of Running Account**

For the purpose of my / our comfort and operational convenience, I / we authorize you to maintain a running account instead of settlement to settlement payout of funds or delivery of commodities to me / us. All funds and commodities kept to my / our credit by you, may be treated as upfront margins and / or security or interest free deposit for allowing exposure to me / us. Under this arrangement made at my / our specific request, I / we shall not claim any interest on the funds and commodities kept in running account with you.

I/We request you to maintain running balance in my account & retain the credit balance in any of my/our account and to use the unused funds towards my/our margin/pay-in/other future obligation(s) at any segment(s) of any or all the commodity Exchange(s)/ Clearing corporation.

I / We hereby authorize you to keep the payout / margin money deposited by me / us with you in my / our account for meeting all my / our future obligations and for providing limits for trading purpose on the basis of this deposit. This funds can be released to me / us as and when requested by me / us in writing/email subject to availability of free and unutilized balance after taking into consideration all open positions and dues relating to my / our open positions.

. I/We request you to settle my fund and securities account except the funds given towards collaterals/margin in form of Bank Guarantee and/or Fixed Deposit Receipt as per the guidelines issued by Exchanges/SEBI from time to time as below:

Calendar Quarter ☐  
Calendar Month ☐  
(Client to select either of option)

I / We also authorize you to keep my / our commodities received in the payout in your pool or beneficiary account with a DP in case of default / delay on my / our part to pay the dues in time or as security margin for availing limit for trading purpose and further authorize you to utilize the same to meet my / our existing and future pay-in obligations with you.

I/we confirm you that I can revoke the abovementioned authority at any point of time .

Yours sincerely,

Signature: ✓15 \_\_\_\_\_

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

Client code : \_\_\_\_\_

## **AUTHORITY LETTER**

To,  
**INVESTSMART COMMODITIES LTD.**  
307-A, Shree Vardhan Complex,  
4, R.N.T. Marg,  
Indore (M.P.) 452 001

The following is the list of authorized signatories to represent us, their authority including but restricted to:

- Placing / Modifying / Cancelling orders on our behalf, etc.
- Acknowledging Contract Notes / Other Communication issued by you to me/us, etc.
- Communicating changes in our KYC details, etc.
- Confirmation of account, etc.

<b>Name of the signatory</b>	<b>Relation, if any</b>	<b>Specimen Signature</b>

Thanking you,

Yours truly,

Signature : ✓ **16** \_\_\_\_\_

Name \_\_\_\_\_

Place \_\_\_\_\_

Date \_\_\_\_\_

**Note: Please cancel the form if you don't want to authorize anybody.**

## UNDERTAKING

From,

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

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

To,

**INVESTSMART COMMODITIES LTD.**

307-A, Shree Vardhan Complex,  
4, R.N.T. Marg,  
Indore (M.P.) 452 001

We hereby agree that, we shall maintain margin with you as per MCX & NCDEX norms of our outstanding position. All margins will be paid by us either through cheque or in any other form as approved by MCX & NCDEX. If there is any fault on my/our part to maintain margin you are free to square-up the outstanding position in our account and if on square-up any loss is incurred it shall be fully my/our responsibility.

Thanking you,

Your Truly,

Signature ✓ **17**\_\_\_\_\_

Name\_\_\_\_\_

## VERBAL ORDER ACCEPTANCE AUTHORISATION

To,  
INVESTSMART COMMODITIES LIMITED  
307-A Shree Vardhan Complex,  
4, R.N.T Marg,  
Indore

Date: .....

Dear Sir,

I/We have been/shall be dealing through you as my/our broker on commodity market. I/We direct & authorize you to carry out trading/dealing on my/our behalf as per instructions given below.

I/We agree & acknowledge that it is advised and preferred by you that I/We give instructions for order placement/modification and cancellation in writing and to avoid disputes I/We must give instructions in exactly the format given below in duplicate (carbon copy/photocopy) and take signature of your duly authorized officers at the branch along with your company stamp on the carbon copy/photocopy of the instructions in acknowledgement of receipt of my/our instructions.

However as I/We shall be dealing by ordering over phone and even if we visit the branch/HO, the fluctuations in market are so rapid that it is not practical to give written instructions for order placements/modification/cancellation. I/We hereby authorized you to accept my/my authorized representative's verbal instructions for order placements/modification/cancellation in person or over the phone (fixed line or mobile phone) and execute the same. I/We understand the risk associated with verbal order and accept the same, and agree that I/We shall not be entitled to disown orders and consequent trades (if any) under the plea that same were not undermine/our instructions.

I/We shall be liable for all losses, damages and actions which may arise as a consequence of your adhering to and carrying out my/our directions given above.

Thanking you

Your's faithfully,

Client name: \_\_\_\_\_ Client signature: ✓18 \_\_\_\_\_

Client code: \_\_\_\_\_

TO,  
INVESTSMART COMMODITIES LIMITED  
307-A Shree Vardhan Complex,4, R.N.T Marg, Indore  
Dear Sir,

DATE: \_\_\_\_\_

### Please execute the following order in my account-

S No	Exchange Name	Commodity Name	Lot Size	Month	Order Type (Regular/ Stop Loss)	Buy/ Sell	Qty.	Rate	Trigger Price	Remarks

Client signature: \_\_\_\_\_

Client name: \_\_\_\_\_

Client code: \_\_\_\_\_

Order Instructions Date: \_\_\_\_\_

Time: \_\_\_\_\_



**DECLARATION TO BE GIVEN BY PARTNERSHIP FIRM ON LETTER HEAD OF THE FIRM**

To,  
**INVESTSMART COMMODITIES LTD.**  
 307-A, Shree Vardhan Complex,  
 4, R.N.T. Marg,  
 Indore (M.P.) 452 001

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

Dear Sir,

We refer to the trading account being opened or opened with you in the name of \_\_\_\_\_ and declare and authorise you as under.

We recognise that a beneficiary account cannot be opened with a depository participant in the name of a partnership firm as per Regulations. To facilitate the operation of the above trading account with you and for the purpose of completing the securities transfer obligations pursuant to the trading operations, we authorise you to recognise the beneficiary account No. \_\_\_\_\_ with depository \_\_\_\_\_ opened as a joint account in the name of the undersigned who is the sole proprietor of the firm. We agree that the obligations for commodities purchased and/or sold by the firm will be handled and completed through transfers to/from the above mentioned account. We recognise and accept transfers made by you to the beneficiary account as complete discharge of obligations by you in respect of trades executed in the above trading account of the firm.

We hereby authorise \_\_\_\_\_, partner in to execute/sign and submit such documents, agreement, deeds etc. as may be necessary to enter into the agreement and engage in business and to sell, purchase, transfer, endorse, negotiate and do other things that may be necessary to engage in business on behalf of the partnership and to sign the authority letter for adjustment of balances in family accounts.

Name of Partners (in block letters)	Signature with stamp of firm

**FORMAT OF BOARD RESOLUTION IN CASE OF CORPORATES/TRUSTS**

CERTIFIED TRUE COPY OF THE RESOLUTION PASSED AT THE MEETING OF THE BOARD OF DIRECTORS / TRUSTEES OF \_\_\_\_\_ LTD./TRUST AND HAVING ITS REGISTERED OFFICE AT \_\_\_\_\_ HELD ON \_\_\_\_\_ 20 \_\_\_\_ AT \_\_\_\_\_ A.M. / P.M.

Resolved that the Company / Trust be registered as Client with Member Investsmart Commodities Ltd., Member of the Multi Commodity Exchange of India Ltd. (MCX) AND National Commodity & Derivatives Exchange Ltd. (NCDEX) for the purpose of dealing in Commodities, Commodities derivatives & other products and the said Member be and is hereby authorized to honour instruction oral or written, given on behalf of the Company / Trust by any of the under noted authorized signatories,

SN.	Name	Designation	Operation Instruction Single or Jointly
1.			
2.			
3.			

Who are authorized to sell, purchase, transfer, endorse, negotiate and / or otherwise deal with / through Investsmart Commodities Ltd.,

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

AND RESOLVED FURTHER THAT, the Common Seal of the Company be affixed, wherever necessary, in the presence of any Directors or of any one director and Company Secretary, who sign the same in token of their presence.

For \_\_\_\_\_ Ltd.

Chairman / Company Secretary / All Trustees

Specimen Signatures of the Authorized Persons.

SN.	Name	Specimen Signature
1.		
2.		
3.		

(The Above signature should be attested by the person signing the resolution for account opening on behalf of the Company / Trust)

**FORMAT OF DECLARATION BY SOLE PROPRIETOR ON LETTERHEAD OF THE FIRM**

To,  
**INVESTSMART COMMODITIES LTD.**  
**Regd. Off.:** 307-A, Shree Vardhan Complex,  
 4 R.N.T. Marg, Indore – 452001 (M.P.)  
 Tel.: (0731) 2525476 Fax (0731) 2529419

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

Dear Sir,

I refer to the Trading Account Opened with you in the name of \_\_\_\_\_ and declare and authorize you as under.  
 I recognize that a beneficiary account cannot be opened with a depository participant in the name of sole proprietorship firm as per regulation. To facilitate the operation of the above trading account with you and for the purpose of completing the delivery / collateral/ margin obligation pursuant to the trading operations, I authorize you to recognize the beneficiary Account no. \_\_\_\_\_ (NSDL) with Depository Participant \_\_\_\_\_ and Account No. \_\_\_\_\_ (CDSL) with Depository participant \_\_\_\_\_ opened in the name of the undersigned who is the sole proprietor of the firm.  
 I agree that all the aforesaid obligation of the firm will be handled and completed through transferred to/ from the above mentioned account. I recognized and accept transfers made by you to the beneficiary account as completed discharge of your obligations in respect of trades executed in the above trading account of the firm.

**Signature (please sign with stamp of the firm)**

Further I the undersigned am the sole proprietor of the firm and am solely responsible for the liabilities thereof. I shall Advise you in writing of any changes take place in the constitution of the firm and I will be personally liable to you for all the obligation that the firm may incur in the course of dealing with you and undertaking to personally discharge such liabilities.

**Signature (please sign with stamp of the firm)**

**HUF Declaration consent Letter(NOC)**

To,  
**INVESTSMART COMMODITIES LTD.**  
**Regd. Off.:** 307-A, Shree Vardhan Complex,  
 4 R.N.T. Marg, Indore – 452001 (M.P.)  
 Tel.: (0731) 2525476 Fax (0731) 2529419

Date: .....

Dear Sir,

With regard to beneficiary account no. BO ID \_\_\_\_\_ with DP name \_\_\_\_\_ and Trading Account no. \_\_\_\_\_ maintained in the name & style" \_\_\_\_\_" with broker \_\_\_\_\_, We the following family members, being the co-partners in the HUF Account M/s \_\_\_\_\_ do hereby give our consent that the said Karta, viz \_\_\_\_\_ would operate above mentioned BO ID / Trading account as far as shares transactions of the HUF account is concerned.

**Details of our HUF and all its co-partners are stated as mentioned below:**

S.no	Name of Family Member	Date of Birth	Gender	Relationship with Karta	Signature

I, Here State that details mentioned above are true any change in them would be intimated to you in writing.

Title of HUF / Karta \_\_\_\_\_

Signature \_\_\_\_\_  
 (HUF Rubberstamp)

**Consent form for receiving trade alerts through SMS and/ or E-mail**

**To,**  
**Investsmart Commodities Limited**  
**Member ID: 35890**  
**307-A Shreevardhan Complex,**  
**4 R.N.T. Marg,**  
**Indore – 452001**

Dear Sir,

I/We, \_\_\_\_\_, a Client with Member **Investsmart Commodities Limited** (Member ID: 35890) of MCX undertakes as follows:

1. I/We are aware that Multi Commodity Exchange (MCX) provides the details of the trades executed on its trading platform to the concerned clients/ constituents through SMS and E-mail alerts.
2. I/We are aware that the Exchange has to provide the trade details through SMS/ E-mail alerts for my convenience at my request only.
3. I/We hereby confirm that I/We wish to receive trade alerts through:

a. SMS : ☐

b. E-mail: ☐

c. SMS and E-mail: ☐

4. The alerts should be sent on

a. Mobile No.: 

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

b. E-mail Address: \_\_\_\_\_

I/We hereby agree to the terms and conditions specified by the Exchange vide circular No. MCX/T&S/165/2012 date April 26, 2012 and circulars/ clarifications issued by the Exchange from time to time in this regard. We are also aware that this is an additional facility provided by the Exchange and we shall not solely rely or use such data for any purpose and, Exchange shall not be liable for any direct or indirect loss of any nature because of providing this additional facility.

Client Signature:      ✓19 \_\_\_\_\_

Client Name: \_\_\_\_\_

Unique Client Code : \_\_\_\_\_

PAN NO. : \_\_\_\_\_

**Form for registration and verification of mobile number and email  
address for NCDEX**

Date:

To,  
The Compliance Officer  
Investsmart Commodities Limited  
Member ID: 00660  
307-A Shreevardhan Complex,  
4 R.N.T. Marg,  
Indore - 452001

We/I are/ am aware that National Commodity & Derivatives Exchange Ltd (NCDEX) provides SMS/email alerts to the constituents (clients) of its member for trades executed on its platform. We/I hereby provide and confirm my/our mobile number and/or email address as stated below for the purpose of receipt of SMS/email alerts.

I want to receive transaction alerts in SMS as well as Email from NCDEX

I want to receive transaction alerts only in SMS from NCDEX

I want to receive transaction alerts only in Email from NCDEX

I do not want to receive any transaction alerts from NCDEX, specify reason

.....

The alerts should be sent on:

Mobile number (enter 10 digits mobile no):

Email Id: .....

We/I agree to the terms and condition specified by the Exchange in its circular no. NCDEX/Compliance-007/2012/093 as modified from time to time. We/I are/am aware that the receipt of SMS/Email alerts on the above mobile number and/or email address can be stopped only on our/my written request.

Name of the client: \_\_\_\_\_

Signature: ✓20 \_\_\_\_\_

Client ID: \_\_\_\_\_

## KYC FORM RECEIPT

To,  
**INVESTSMART COMMODITIES LTD.**  
307-A, Shree Vardhan Complex,  
4, R.N.T. Marg, Indore (M.P.) 452 001

**Subject : Acknowledgment of Receipt of a Copy of KYC / RDD / RIGHTS & OBLIGATIONS  
/GUIDANCE NOTE**

Dear Sir,

This is to acknowledge that I / We \_\_\_\_\_ with trading  
code \_\_\_\_\_ have received a copy of the duly complete all documents viz. Client  
registration Form (KYC), Risk Disclosure Documents (RDD) ,Rights and Obligations , Guidance Notes  
and copy of other document executed by me / us as a Client.

I / We hereby declare that I / We have the full intimation of trading code and email id for the purpose of  
receiving electronic contract note and other.

Thanking you

Clients Signature ✓ 21 \_\_\_\_\_

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