Annexure-3

**RIGHTS AND OBLIGATIONS OF STOCKBROKERS WITH CONSTITUENTS**

1. The stockbroker and Client shall be bound by all the Rules, Byelaws and Regulations of the Exchange and circulars/notices issued there under and Rules and Regulations of SEBI and relevant notifications of Government authorities as may be in force from time to time.
2. The stockbroker shall continuously satisfy itself about the genuineness and financial soundness of the client and investment objectives relevant to the services to be provided.
3. The stockbroker shall take steps to make the client aware of the precise nature of the Stockbroker's liability for business to be conducted, including any limitations, the liability, and the capacity in which the stockbroker acts.

**CONSTITUENT INFORMATION**

1. At the time of establishing a relationship with a new Constituent, the stockbroker must take reasonable steps to assess the background, genuineness, beneficial identity, financial soundness of such person, and his investment objectives by obtaining all necessary documents, including account opening documents executed by such Constituent, as may be prescribed by SEBI/Exchange from time to time. The stockbroker shall also obtain from all Constituents, other than individual Constituents, an authenticated copy of the board resolution/authority letter permitting execution of transaction on the Exchange.
2. The stockbroker shall perform such other specific verification of the Constituent as may be deemed necessary by him or as may be required by SEBI and/or the Exchange or in terms of any law for the time being in force.
3. The stockbroker shall, before registering a Constituent, furnish him with an account opening form, which shall be in such format, shall be accompanied by such documents, including segregation into mandatory and non-mandatory documents, and shall have such further and other requirements, as may be specified by SEBI and/or the Exchange.
4. A stockbroker may use the Constituent’s Know Your Client (KYC) information which is available with a KYC Registration Agency registered with SEBI under the Securities and Exchange Board of India {KYC (Know Your Client) Registration Agency} Regulations, 2011 or any amendment thereof, subject to such conditions and restrictions as may be specified by SEBI or the Exchange from time to time.

**TRANSACTIONS AND SETTLEMENTS**

1. The stockbroker shall ensure that appropriate confirmed order instructions are obtained from the Constituents before placement of an order on the Platform and shall keep relevant records or documents of the same and of the completion or otherwise of these orders.
2. The stockbroker shall make available to his Constituent the electronic order receipt which shall include all details as prescribed by SEBI/BSE from time to time and shall dispatch copies of the order confirmation slips/ modification slips/ electronic order receipt/ transaction receipt.
3. The procedure and conditions for amendment or cancellation of pending orders would be as specified by the Exchange from time to time. However, the orders executed through Platform are irrevocable and 'locked in'.
4. The stockbroker shall be solely responsible for the accuracy of details of all orders entered on the Platform including orders entered on behalf of his Constituents.
5. Orders entered on the Platform shall be subject to various validation requirements as specified by the Exchange from time to time including but not limited to parameters for placement and execution of order, and/or other restrictions placed on such execution. Orders that do not meet the validation checks shall not be accepted on the Platform. If, however such orders are accepted on the Platform due to any reason whatsoever, such orders will be deemed to be placed in terms of EOP segment, the member shall be liable and responsible to honour the same or comply with such other directions as may be given by the Exchange.
6. Stockbroker shall continue to be liable for all orders executed on the Platform. Stockbroker shall be responsible for all the actions of its Approved Users.

**BROKERAGE**

1. All the orders entered on the Platform shall be at prices exclusive of brokerage. The members shall charge transaction fee in the manner specified by SEBI and / or the Exchange from time to time.

**DISPUTE RESOLUTION**

1. The stockbroker shall co-operate in redressing grievances of the constituents in respect of all transactions routed through it.
2. The constituent and the stockbroker shall refer any claims and/or disputes to a sole arbitrator or a panel of arbitrators as per the Rules, Byelaws and Regulations of the Exchange or any alternative mechanism that may be put in place by SEBI / Exchange from time to time.
3. The parties to the arbitration will strictly follow the procedure prescribed by the Exchange for conducting the arbitration.

**TERMINATION OF RELATIONSHIP**

1. This relationship between the stockbroker and the constituent shall be terminated; if the stockbroker for any reason ceases to be a member of the stock exchange including cessation of membership by reason of the stockbroker's default, death, resignation, or expulsion or if the certificate is cancelled by the Board.
2. The stockbroker and the constituent 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.

**ADDITIONAL RIGHTS AND OBLIGATIONS**

1. Stockbroker shall not furnish any false or misleading information or advice to induce the Constituent to execute order in particular mutual fund schemes and which will enable the member to make unfair gains.
2. Stockbroker shall explain the Platform and the order placement mechanism to the Constituent before accepting any orders from him.
3. Where a Constituent requires an order to be placed or any of his orders to be modified after the order has entered the Platform but has not been executed, stockbroker may obtain order placement / modification details in writing from the Constituent. The stockbroker shall accordingly provide to the Constituent the relevant order confirmation / modification slip or copy thereof, forthwith, if so, required by the Constituent.
4. Where the Constituent requires any of his orders to be cancelled after the order has been entered on the Platform but has not been executed, the member may, obtain order cancellation details from the Constituent. The stockbroker shall provide to the Constituent the relevant order cancellation details, forthwith, if so, required by the Constituent.
5. Where a stockbroker receives a request for order modification or order cancellation from the Constituent, it shall duly bring it to its notice that if the order results into execution in the meantime, the request for modification or cancellation cannot be executed.
6. Stockbroker shall not handle pay-in/pay-out of funds/mutual fund units of the Constituent in any manner or form.
7. Stockbroker shall neither make nor receive payment in cash from his Constituent.
8. Stockbroker shall not accept mandates/one-time mandates for Systematic Investment Plans (SIPs) or lumpsum transactions from the Constituent.
9. Constituent understands that the Exchange would entertain only such grievances as permitted in terms of the framework prescribed by SEBI/Exchange from time to time.

**LAW AND JURISDICTION**

1. The stockbroker and the constituent shall be entitled to exercise any other rights which the stockbroker or the constituent may have under the Rules, Byelaws and Regulations of the Exchanges in which the client chooses to trade, and circulars/notices issued thereunder or Rules and Regulations of SEBI.
2. The stockbroker and the client shall abide by any award passed by the Arbitrator(s) under the Arbitration and Conciliation Act, 1996.