



## **BUSINESS RULES**

BUSINESS RULES FOR TRADING BY SUB-BROKER(S) / AUTHORISED PERSON(S) (MEMBERS OF DSE) ON THE STOCK EXCHANGE, MUMBAI (BSE), NATIONAL STOCK EXCHANGE OF INDIA LIMITED (NSE) AND ANY OTHER EXCHANGE OF WHICH DSE FINANCIAL SERVICES LIMITED WOULD BE HAVING MEMBERSHIP THROUGH ITS TRADING SYSTEM

In exercise of the powers conferred under Article 110 of the Articles of Association of DSE Financial Services Limited and all other enabling provisions contained therein, the Board of Directors hereby frames and adopts the following business rules for trading by Sub-Broker(s) / Authorised Person(s) at NSE, BSE and any other Exchange of which DSE Financial Services Limited would be acquiring membership.

Sub-Broker(s) / Authorised Person(s) shall also be bound by the Securities Contract (Regulation) Act, 1956, SEBI (Stock Broker & Sub-broker) regulation 1992 and directions/guidelines issued by SEBI from time to time relating to trading, margins, client relationship, documentation, account books, and other matter relating to Sub-Broker(s) / Authorised Person(s) and also by the Bye-laws, Rules and Regulations of the Principal Stock Exchange, in addition to these business Rules as and where so required.

### **DEFINITIONS**

#### **SEBI**

SEBI means the Securities & Exchange Board of India.

#### **Principal Stock Exchange:**

Principal Stock Exchange in respect of any particular deal would be the Exchange on which the Sub-Broker(s) / Authorised Person(s) effects the transaction, through DSE/DFSL e.g. BSE, NSE etc.

#### **DSE**

DSE means Delhi Stock Exchange Limited

#### **DFSL OR Company**

DFSL or Company means DSE Financial Services Limited



Expressions and words not specifically defined herein shall carry the same meaning and effect as contained in the Memorandum and the Articles of Association of DSE Financial Services Limited.

The Business Rules detailed herein shall become effective from 3<sup>rd</sup> October 2002.

#### **ELIGIBILITY**

Only the member-brokers of DSE, registered with SEBI/ Concerned Stock Exchange as Sub-Broker / Authorized Person, of DSE Financial Services Limited would be eligible for trading on Principal Stock Exchange(s) subject to fulfillment of other terms & conditions prescribed by DSE Financial Services Limited and Principal Stock Exchange(s) from time to time.

#### **AREA OF OPERATION**

The Sub-Broker(s) / Authorised Person(s) shall primarily be required to operate and trade on Principal Stock Exchange (s) through DSE Financial Services Limited only within the areas specified by the Principal Stock Exchange (s) from time to time.

#### **REGISTRATION**

The interested and eligible members of DSE shall be required to get themselves registered as Sub-Brokers/Authorized Persons of the DSE Financial Services Limited with SEBI/concerned Stock Exchanges separately for each Stock Exchange and shall be required to make an application to SEBI/ concerned Stock Exchanges in the prescribed application form for the aforesaid purpose.

#### **REFUSAL OF ACCEPTANCE AS SUB-BROKER(S) / AUTHORISED PERSON(S)**

The Board or any Committee constituted for the purpose may, in its discretion, refuse admission of a member broker of DSE as Sub-Broker(s) / Authorised Person(s) of DSE Financial Services Limited after recording the reasons thereof.

#### **AGREEMENT WITH DSE FINANCIAL SERVICES LIMITED**

It shall be mandatory for every Sub-Broker(s) / Authorised Person(s) to enter into an agreement with DSE Financial Services Limited in the format prescribed by SEBI. The agreement between DSE Financial Services Limited and Sub-Broker(s) / Authorised Person(s) can be terminated by a notice in writing of not less than two months by either party.



\*If the Sub-Broker(s) / Authorised Person(s) desires to close the business, then the full and final payment of the initial amount (if any) will be made to the Sub-Broker(s) / Authorised Person(s) after three months of their request/application subject to compliance of all formalities of SEBI/NSE/BSE/DFSL for close/surrender of business with DFSL.

If the Sub-Broker(s) / Authorised Person(s) desires to surrender his registration with the Exchange, then the full and final payment of the initial amount (if any) will be made to the Sub-Broker(s) / Authorised Person(s) only after cancellation of registration from the Exchange, subject to compliance of all formalities of DFSL for surrender of business with DFSL.

*[\*Applicable from April 5, 2013 pursuant to 113<sup>th</sup> Board Meeting held on April 5, 2013]*

### **SCRIPS PERMITTED FOR TRADING**

The trading through DSE Financial Services Limited shall be allowed only in the scrips earmarked by SEBI for Compulsory delivery in DEMAT form by all investors from time to time.

### **ELIGIBILITY FOR COMMENCEMENT OF TRADING**

Only the member-brokers of DSE registered with SEBI / concerned Stock Exchange as Sub-Broker(s) / Authorised Person(s) of DSE Financial Services Limited would be eligible for trading on Principal Stock Exchange (s) subject to fulfillment of other terms & conditions prescribed by DSE Financial Services Limited and Principal Stock Exchange (s) from time to time.

### **DEPOSITS**

- A) **Interest Free Security Deposit (IFSD):** Each registered Sub-Broker(s) / Authorised Person(s) would be required to pay interest free security deposit of Rs. 50,000/- per Exchange for cash segment and Rs. 1,00,000/- per Exchange for derivative segment in cash only. Based on this deposit, the registered Sub-Broker(s) / Authorised Person(s) shall be allowed to trade upto the limit as may be decided by the concerned Principal Stock Exchange from time to time.
- B) **Additional Security Deposit (ASD):** In case any registered Sub-Broker(s) / Authorised Person(s)/clients wants to increase his position beyond the limit allowed on prescribed cash deposit as above mentioned he would be required to deposit additional security deposit in the form of Cash, Fixed



Deposit Receipts, Bank Guarantees and Securities with DFSL as per the rules / regulations framed by the concerned Stock Exchange/SEBI from time to time.

## **EXPOSURE LIMITS**

### **Intra-Day Trading Limits (IDTL)**

DSE Financial Services Limited shall allow its Sub-Broker(s) / Authorised Person(s) an Intra-day trading limit up to such times of “interest Free Security Deposit (IFSD) and “Additional Security Deposit (ASD)” as may be permitted by the concerned Principal Stock Exchange from time to time.

On reaching 80% of the permissible limits, warning message shall be sent by the system itself to the concerned Sub-Broker(s) / Authorised Person(s) subsequent to the execution of every trade.

On reaching 100% of the permissible limits, the trading terminals of the concerned Sub-Broker(s) / Authorised Person(s) for respective Stock Exchange shall automatically be deactivated.

The terminal of the concerned Sub-Broker(s) / Authorised Person(s) shall be reactivated only on payment of “Additional Security Deposit” in the form and proportion prescribed by DSE Financial Services Limited from time to time subject to availability of adequate surplus limits on the Principal Stock Exchange (s) with the DSE Financial Services Limited.

The “Additional Security Deposit” thus deposited shall be permitted for withdrawal only after the expiry of time period specified by the Principal Stock Exchange (s) in this regard and the same would be refunded to the Sub-Broker(s) / Authorised Person(s) only after the receipt of the same from the Principal Stock Exchange (s).

### **Gross-Exposure Limit (GEL)**

DSE Financial Services Limited shall allow its Sub-Broker(s) / Authorised Person(s) a Gross-Exposure Limit upto such time of “interest free Security Deposit and “Additional Security Deposit” as may be decided by the concerned Principal Stock Exchange from time to time.

On reaching 80% of the permissible limits, warning message shall be sent by the system itself to the concerned Sub-Broker(s) / Authorised Person(s) subsequent to the execution of every trade.



On reaching 100% of the permissible limit, the trading terminals of the concerned Sub-Broker(s) / Authorised Person(s) for respective Stock Exchange shall automatically be deactivated.

The terminal of the concerned Sub-Broker(s) / Authorised Person(s) shall be reactivated only on payment of “Additional Security Deposit” in the form and proportion prescribed by the Board or any Committee constituted for the purpose from time to time subject to availability of adequate surplus limits on the Principal Stock Exchange (s) with the DSE Financial Services Limited.

The “Additional Security Deposits” thus deposited shall be permitted for withdrawal only after the expiry of time period specified by the Principal Stock Exchange (s) in this regard and the same would be refunded to the Sub-Broker(s) / Authorised Person(s) only after the receipt of the same from the Principal Stock Exchange (s).

Sub-Broker(s) / Authorised Person(s), however, shall be required to apply for increase in Intra Day Trading Limit (IDTL) and Gross Exposure Limit (GEL) at notice of such period as decided by the Company from time to time, after depositing requisite “Additional Security Deposit”, in the form and proportion prescribed by DSE Financial Services Limited, Subject to availability of adequate surplus limits on the Principal Stock Exchange (s) with the DSE Financial Services Limited.

The Board of Directors of DSE Financial Services Limited or any Committee/ Sub-Committee/Official of DSE Financial Services Limited authorized for the purpose may, as a risk management measure, reduce the trading limits of the Sub-Broker(s) / Authorised Person(s) in general or of any Sub-Broker / Authorised Person in particular on the basis of risk perception after recording the reasons thereof.

#### **TRADING AND SETTLEMENT CYCLE**

All the transactions made by the Sub-Broker(s) / Authorised Person(s) of DSE Financial Services Limited shall be subject to the Trading and Settlement Cycle prescribed by the Principal Stock Exchange from time to time. The Sub-Broker(s) / Authorised Person(s) shall be required to fulfill their obligations towards Securities and Funds to DSE Financial Services Limited by the time notified by the Principal Stock Exchange and shall be entitled to get credit for the Securities and Funds due from DSE Financial Services Limited on the same day or one day after the scheduled pay-out day notified by the Principal Stock Exchange in its schedule.



## **MARGINS**

The trades executed by the Sub-Broker(s) / Authorised Person(s) of DSE Financial Services Limited shall be subject to margin requirement of respective Principal Stock Exchanges.

### **Special / Adhoc Margin**

The Sub-Broker(s) / Authorised Person(s) shall be required to deposit special/adhoc/special adhoc margin as per the percentage prescribed by DSE Financial Services Limited on the basis of the requirements prescribed by the Principal Stock Exchange in this regard from time to time.

Further, the Board and/or any Committee and/or Sub- Committee constituted and/or officials authorized for the purpose may call upon the Sub-Broker(s) / Authorised Person(s) of the Company in general or any Sub-Broker / Authorised Person in particular, to furnish any special margins from time to time and the Sub-Broker(s) / Authorised Person(s) so called upon shall comply with the demand forthwith within the time as may be prescribed in the said demand..

### **Payment of Margins**

The margin from the Sub-Broker(s) / Authorised Person(s) will be collected in advance in line with the Principal Stock Exchange and if there is any shortfall, the same should be collected on T+1 basis.

In case of derivative segment

**Initial Margin** : Initial Margin as required by Stock Exchange has to be paid clients only.

**Exposure Margin** : This shall be payable either by Sub Broker (s) / Authorised Person (s) or client (s).

### **Lien on Deposits**

The monies, bank deposit receipts and other securities and assets deposited by a Sub-Broker(s) / Authorised Person(s) by way of security deposit and margin shall be subject to a first and paramount lien for any sum due to DFSL, Clearing House of DFSL, SEBI and investors for the due fulfillment of his engagements, obligation and liabilities arising out of or incidental to any bargains, dealings, transactions and contracts made as a Sub-Broker(s) / Authorised Person(s) of DFSL. Further, the Delhi Stock Exchange shall also have the right to recover and transfer the dues of Sub-Broker(s) / Authorised Person(s)



to the DSE Financial Services Limited from the assets of that particular Sub-Broker(s) / Authorised Person(s) deposited with it in the capacity of a member broker of a member broker of DSE and vice-versa.

In case of failure of a Sub-Broker(s) / Authorised Person(s) to deposit the required margin within the specified time on T+1 day then the concerned Sub-Broker(s) / Authorised Person(s) shall be required to square-up all his outstanding positions on T+1 day. Further, the terminal of the erring Sub-Broker(s) / Authorised Person(s) shall be de-activated after squaring of outstanding positions. In case the concerned Sub-Broker(s) / Authorised Person(s) is not available or does not opt for voluntary squaring of outstanding positions then the outstanding positions shall be squared by DSE Financial Services Limited without any notice to the Sub-Broker(s) / Authorised Person(s) at the sole risk and responsibility of the concerned Sub-Broker(s) / Authorised Person(s). The modalities for squaring-up of outstanding positions and de-activation of terminal (s) are detailed hereunder.

#### **PAY-IN OF SECURITIES**

The Sub-Broker(s) / Authorised Person(s) of the DSE Financial Services Limited having pay-in obligations towards securities shall be required to meet their obligations on scheduled pay-in day of the Principal Stock Exchange (s). Third party transfers directly to the account of DSE Financial Services Limited shall not be permitted.

#### **FAILURE TO MEET PAY-IN OBLIGATIONS TOWARDS SECURITIES**

In case of failure of Sub-Broker(s) / Authorised Person(s) to deliver the securities on the pay-in day specified by DSE Financial Services Limited, DSE Financial Services Limited shall debit the account of such Sub-Broker(s) / Authorised Person(s) at the standard rate charged by the respective Principal Stock Exchange for the quantity of shares short delivered and such securities shall be procured through auction and/or in any method by Principal Stock Exchange(s) and/or DSE Financial Services Limited at its own as the case may be, the procedure of which has been mentioned elsewhere in these Rules.

#### **PAY-IN OF FUNDS**

The Sub-Broker(s) / Authorised Person(s) of DSE Financial Services Limited having pay-in obligations towards funds with respect to trades made through DSE Financial Services Limited, shall be required to open their accounts with any of the bank prescribed by DSE Financial Services Limited and shall also be required to maintain adequate balance in their respective bank accounts on the day of pay-in before it is collected by respective Principal Stock Exchange (s) so as to enable DSE Financial Services Limited to meet its pay-in obligations towards funds at the Principal Stock Exchange (s) within the



stipulated time. The bank accounts of the Sub-Broker(s) / Authorised Person(s) having obligations towards funds shall be debited with the respective amount of pay-in obligations on the day of pay-in specified by DSE Financial Services Limited.

#### **DELAY IN MEETING PAY-IN OBLIGATIONS TOWARDS FUNDS**

In case Sub-Broker(s) / Authorised Person(s) fail(s) to meet the pay-in obligations towards funds within the specified time i.e. on the day of pay-in before it is collected by respective Principal Stock Exchange(s) but succeeds to meet the pay-in obligations after pay-in day of the Principal Stock Exchange(s) then the penalties as detailed hereunder shall be imposed on the erring Sub-Broker(s) / Authorised Person(s).

In case Sub-Broker(s) / Authorised Person(s) fail(s) to meet the margin and/or pay-in obligations on the day of trade/pay-in before it is collected by Principal Stock Exchange (s) but succeeds to meet the pay-in obligations after the margin obligation/ pay-in day of the Principal Exchange(s) then a penalty of 0.05% per day\* shall be levied and collected from the erring Sub-Broker(s) / Authorised Person(s).

*[\*Applicable from March 17, 2011 pursuant to 100<sup>th</sup> Board Meeting held on March 17, 2011]*

#### **FAILURE TO MEET PAY-IN OBLIGATION TOWARDS FUNDS**

In cases where Sub-Broker(s) / Authorised Person(s) of DSE Financial Services Limited fail(s) to meet his pay-in obligations towards fund(s) on NSE/BSE and the deficit amount after adjustment of all the cash margins and securities available with DSE Financial Services Limited **remain unrecovered then the said deficit shall be met out from Base Minimum Capital (BMC) of respective Sub-Broker (s)/ Authorised Person(s) lying with DSE.**

Such member of the DSE Financial Services Limited on whose behalf **deficit is recovered from BMC** would be allowed to trade only after he makes up shortfall (if any) of Base Minimum Capital and deposits another Rs.1.00 Lac as Additional Capital in the form of Cash/ Securities/Bank Guarantee / FDRs for a period of six months in addition to the amount contributed by the Exchange along with interest @ 12% p.a thereon computed from 30 days from the date of default in the first pay-out and a penalty @1% of the amount contributed by the Stock Exchange with a minimum of Rs. 500/-.

#### **DEFAULT PROCEEDINGS**

Where a member, on whose behalf a **deficit has been recovered from BMC** does not repay the amount so **recovered** to the Exchange / DSE Financial Services Limited within one month of the date of raising of first installment of such contribution, defaults proceeding would be initiated against the member by serving him a ten days notice of





show cause and then referring his case to the Board of Directors for their consideration for declaration of default.

Provided where a member repays a sum equivalent or more than the amount of contributed in installment (s) from **BMC**, the waiting period of one month for initiation of defaults proceedings will be postponed to date of next installment of contribution made from **BMC** on Behalf of that member.

In case of failure of a Sub-Broker(s) / Authorised Person(s) to meet the pay-in obligations towards trades executed through DSE Financial Services Limited, the deficit amount after adjustment of all the cash margins and securities available with DSE Financial Services Limited shall be met out of **BMC lying with DSE** of DSE. Further, the concerned Sub-Broker(s) / Authorised Person(s) shall be required to square-up all his outstanding positions and all his terminals shall be deactivated. In case the concerned Sub-Broker(s) / Authorised Person(s) shall not be available for voluntary squaring of outstanding positions then the outstanding position shall be squared-up by DSE Financial Services Limited without any notice to the Sub-Broker(s) / Authorised Person(s) at the sole risk and responsibility of the concerned stock-broker.

The terminals(s) of such Sub-Broker(s) / Authorised Person(s) shall be re-activated only after repayment of amount contributed from **BMC lying with DSE** along with penalty and interest and special margin, if any, demanded by DSE Financial Services Limited. In such cases, the Exposure limits of the erring Sub-Broker(s) / Authorised Person(s) shall be reduced by a minimum of 50% for a period of three months or as may deem fit by DSE Financial Services Limited.

In case the concerned Sub-Broker(s) / Authorised Person(s) fails to deposit the required amount within 30 days from the date of contribution then defaults proceedings shall be initiated against him and his case shall be forwarded to SEBI / Exchange for cancellation of registration as Sub-Broker(s) / Authorised Person(s) of DSE Financial Services Limited.

All the securities due to such Sub-Broker(s) / Authorised Person(s) shall be withheld by the DSE Financial Services Limited and/ or sold out any/ or all of such securities on any Exchange. The amount realized from the sale of such securities shall be adjusted against the pay-in dues of the concerned Sub-Broker(s) / Authorised Person(s).

#### **PAY-OUT OF SECURITIES**

The Sub-Broker(s) / Authorised Person(s) happening to receive securities from DSE Financial Services Limited shall receive the same either on the same day or within one day from the scheduled day of pay-out at the Principal Stock Exchange (s) for which



necessary notice shall be issued to the Sub-Broker(s) / Authorised Person(s) at appropriate times.

### **PAY-OUT OF FUNDS**

The bank accounts of the Sub-Broker(s) / Authorised Person(s) maintained with the bank specified by the company to receive funds from DSE Financial Services Limited shall be credited with the respective amounts within one working day from the scheduled day of pay-out at the Principal Stock Exchange (s).

### **SECURITIES PAY-IN**

The selling investor/ client shall be responsible to deliver undelivered shares on the day of pay-in either by purchase of shares or otherwise. In case the investor/ client fails to deliver the short delivered shares, DFSL/ buyer of the related shares will arrange to purchase shares through the concerned Stock Exchange on behalf of the defaulted seller and deliver the same to the buyer and debit the difference amount to the defaulting Sub-Broker(s) / Authorised Person(s)/ investor/ client and DFSL will charge 1% service charges for the same from the defaulted Sub-Broker(s) / Authorised Person(s)/ seller/ client.

In case there is a consequential loss to the buyer of security on account of non-delivery of concerned security which he may have sold in anticipation of transfer of securities in time and his such sale resulted in auction/ close-out by the Exchange, such loss shall be recovered from the defaulted investor/ client and paid to aggrieved buyer.

### **AUCTION**

In case of failure of Sub-Broker(s) / Authorised Person(s)/ clients to deliver shares against pay-in obligation towards securities, the outstanding positions shall be auctioned as under.

The close-out price will be the highest price recorded in that scrip on the Exchange in the settlement in which the concerned contract was entered into and upto the date of pay-in/ close-out.

OR

20% above the official closing price on the Exchange on the day on which pay-in is scheduled for (and in the event of there being no such closing price on that day, then the official closing price on the immediately preceding trading day on which there was an official closing price)



**“in case of internal shortage of delivery which is on “cum basis” will be closed out directly at 10 % above the latest available closing price at the Exchange.”**

#### **WHICHEVER IS HIGHER**

In addition to this, DFSL will also levy a penalty of 1% of the amount involved in close out on the defaulter seller client.

#### **AUCTION PAY-IN (SECURITIES)**

The Sub-Broker(s) / Authorised Person(s) having pay-in obligations towards securities in auction shall be requiring to meet their obligations towards securities prior to the pay-in fixed by the Principal Stock Exchange (s) for pay-in securities for auction.

#### **AUCTION PAY-IN (FUNDS)**

The Sub-Broker(s) / Authorised Person(s) having pay-in obligations towards funds in auction shall be requiring to maintain adequate balance in their respective bank account prior to the scheduled pay-in of Principal Stock Exchange (s) for pay-in of funds for auction.

#### **AUCTION PAY-OUT (SECURITIES)**

Securities which shall be received by DSE Financial Services Limited through auction shall be transferred to the concerned client’s demat account within one working day from the scheduled day of Principal Stock Exchange for pay-out of securities for auction.

#### **AUCTION PAY-OUT (FUNDS)**

The respective bank accounts of the Sub-Broker(s) / Authorised Person(s), who shall happen to receive funds in auction, shall be credited with their respective amounts within one working day from the schedule day of Principal Stock Exchange for pay-out of funds for auction.

#### **FAILURE OF TRADING SYSTEM**

In the event of failure of Trading System of DSE Financial Services Limited on account of any reason, DSE Financial Services Limited shall not be liable to any losses or costs incurred to the Sub-Broker(s) / Authorised Person(s). In such a situation, it would be obligatory on the part of concerned Sub-Broker(s) / Authorised Person(s) to settle the open positions, even if these arise out of breakdown in system, by delivery/payment.

#### **DISPUTES BETWEEN SUB-BROKER(S) / AUTHORISED PERSON(S) AND CLIENTS**



If any dispute arises between the Sub-Broker(s) / Authorised Person(s) and his client, the same shall be first brought to the notice of DSE Financial Services Limited within six months only from the date of dispute and the same shall as far as possible, be redressed through the grievance/ dispute redressal/ arbitration mechanism of DSE Financial Services Limited.

The complaint/ dispute referred to DSE Financial Services Limited by a client of a Sub-Broker(s) / Authorised Person(s) shall be forwarded to the concerned Sub-Broker(s) / Authorised Person(s) for reply/ redressal within 15 days from the date of letter. In case, no communication is received from the concerned Sub-Broker(s) / Authorised Person(s) within the stipulated time, then a reminder shall be sent to the concerned Sub-Broker(s) / Authorised Person(s) for reply/ redressal of the complaint within 10 days from the date of the letter. In case no communication is received from the concerned Sub-Broker(s) / Authorised Person(s) within the time stipulated in the reminder, then a penalty as decided by the Committee constituted for the purpose shall be imposed on the erring Sub-Broker(s) / Authorised Person(s) and the case shall be referred to the Committee constituted by the Board for the purpose wherein both the parties shall be called for presenting their case.

After hearing both the parties, the Committee shall give a decision, which shall be binding on both the parties. In case, a Sub-Broker(s) / Authorised Person(s) fails to implement the decision of the Committee, then the matter shall be referred to the committee constituted by the Board for taking disciplinary action against the erring Sub-Broker(s) / Authorised Person(s).

However, in cases where the Principal Stock Exchange(s) shall require a specific complaint/ dispute of an investor to refer to arbitration under its Arbitration Mechanism then the same shall be referred to such Arbitration Mechanism of the Principal Stock exchange(s). The expenses incurred by DSE Financial Services Limited towards such Arbitration shall be recovered from the concerned Sub-Broker(s) / Authorised Person(s).

#### **DISPUTED BETWEEN SUB-BROKER(S) / AUTHORISED PERSON(S) AND DSE FINANCIAL SERVICES LIMITED**

In case of any dispute between DSE Financial Services Limited and a Sub-Broker(s) / Authorised Person(s), the same shall as far as possible shall be settled mutually between the two parties and if no such settlement is possible, then such disputes shall be referred to the Arbitration in accordance with the Rules, Bye-laws and Regulations of the Principal Stock Exchange. In such a case, it shall be obligatory on part of the concerned Sub-Broker(s) / Authorised Person(s) to assist and co-operate with the Principal Stock Exchange and to provide all relevant documents in his possession so as to expedite the settlement through arbitration process.



## **BOOKS AND DOCUMENTS TO BE MAINTAINED BY SUB-BROKER(S) / AUTHORISED PERSON(S)**

Every Sub-Broker(s) / Authorised Person(s) of DSE Financial Services Limited shall keep and maintain the books of accounts, records and documents in terms of the provisions of SC(R) Act, Rules and SEBI Act, Regulations.

## **SUBMISSION OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT**

Without prejudice, every Sub-Broker(s) / Authorised Person(s) shall, after the close of each accounting period, furnish to the Board, but not later than seven months from the close of accounting period, a copy of the audited balance sheet and profit and loss account as at the end of the said accounting period.

## **REGISTRATION OF CLIENTS**

Sub-Broker(s) / Authorised Person(s) of DSE Financial Services Limited shall be required to enter into detailed tripartite agreements with all their clients. Further, it shall also be mandatory for every Sub-Broker(s) / Authorised Person(s) to get the registration form (KYC form) filled in all respects and signed by the client. The KYC forms must be accompanied with documentary proofs as prescribed by respective exchange and SEBI in support of the details filled in. Sub Broker would ensure that every client should have unique client code. It shall also be mandatory for every Sub-Broker(s) / Authorised Person(s) to submit information with regard to their clients as may be required by DSE Financial Services Limited from time to time. Sub Broker / Authorized Person shall abide by all the circulars issued by respective exchange and SEBI from time to time. Sub Broker / Authorised Person shall ensure all the compliances in respect of the KYC norms.

## **Dealing with DSE Financial Services Limited**

Sub-Broker(s) / Authorised Person(s) shall facilitate their clients in regarding trading with DSE Financial Services Limited.

DFSL shall issue the contract notes, as per the prescribed format issued by the respective Stock Exchange, against all the trades done through it in the name of clients. Sub-Broker(s) / Authorised Person(s) shall not issue any contract note to clients and shall not receive any fund or shares in its own name in respect of trading done through



DSE Financial Services Limited. The client shall be liable to pay / deliver the fund / securities directly to DSE Financial Services Limited.

### **PAYMENT AND DELIVERY**

DSE Financial Services Limited shall make payment to their clients or deliver the securities purchased within one working day of pay-out unless the client has requested otherwise.

### **COMMISSION to Sub Brokers**

Sub Broker (s) / Authorised Person(s) shall intimate to DFSL from time to time, the brokerage to be charged from their individual clients.

The difference between the brokerage charged from clients and brokerage charged by DFSL from Sub Broker / Authorised Person will be passed on to the respective Sub Broker / Authorised Person at the end of the each month upon issuing a bill by Sub Brokers.

### **CODE OF CONDUCT FOR SUB-BROKER(S) / AUTHORISED PERSON(S)**

Every Sub-Broker(s) / Authorised Person(s) of DSE Financial Services Limited shall abide by the code of conduct as specified in schedule II of the SEBI (Stock Broker & Sub-Broker) Regulation, 1992 or any amendment or variation thereof.

### **SUBMISSION OF INFORMATION**

It shall be mandatory for every Sub-Broker / Authorised Person to submit to the Board of Directors or to the Chairman or to a Committee and /or Officer of the Company authorized in that behalf, such books, correspondence, documents and papers or any part there of as maybe required to be produced or to appear and testify before the Board of Directors or the Chairman or such Committee and/or Officer of the Company.

Further, every Sub-Broker / Authorised Person shall be required to comply with or abide by any resolution, order, notice, direction, decision or ruling of the Board of Directors or the Chairman or of any Committee or Officer of the company or any other person authorized in that behalf.

### **PENALTY FOR BREACH OF BYELAWS AND REGULATIONS**

Every Sub-Broker / Authorised Person shall be liable to deactivation or withdrawal of all or any of his sub-brokership rights and/or to payment of fine and/or to be censured, reprimanded or warned for contravening, disobeying, disregarding or willfully evading



any of these Business Rules or any resolution, order, notices, directions, decision or ruling there under of DSE Financial Services Limited or the Board of Directors or the Chairman or any Committee or CEO or any Officer of the rank of Manager and above of DSE Financial Services Limited or for any disreputable or fraudulent transactions or dealings with any person or for any conduct procedures and methods of business which the Board of Directors in its absolute discretion deem unbecoming of a Sub-Broker(s) / Authorised Person(s) of the company or inconsistent with just and equitable principles of trade.

### **CHARGES AND FEES**

Brokerage and other charges may be fixed by the company from time to time. The Brokerage and charges are liable to be changed without any prior notice.

### **UNDERTAKING**

Each Sub-Broker / Authorised Person is required to furnish an undertaking as may be prescribed on a stamp paper of Rs 100/- to the company.

### **DEFAULT**

All consequences and losses arising out of default by the Sub-Broker(s) / Authorised Person(s) and their clients, shall be at the sole risk and responsibility of the concerned Sub-Broker(s) / Authorised Person(s).

### **JURISDICTION OF COURTS**

All cases against the DSE Financial Services Limited shall have jurisdiction of the Courts in Delhi only.