

**Addendum to the Rights and Obligations of Stock Brokers, Sub-Brokers and Clients (as prescribed by SEBI and Stock Exchanges), Do's and Don'ts & Policy, Procedure pursuant to SEBI'S circular & Running Account Authorisation clauses with respect to Settlement of Securities with effect from October 1, 2019**

In compliance with the provisions of SEBI circular CIR/HO/MIRSD/DOP/CIR/P/2019/75 dated June 20, 2019 on Handling of Clients' Securities by Trading Members/Clearing Members and subsequent FAQs issued by Exchanges thereto, the following documents:

- I. Rights and Obligations applicable to Stock Brokers, Sub-Brokers and Clients (R&O),
- II. Do's and Don'ts,
- III. Policy and Procedures

Shall be modified by inserting the following clauses:

1. In terms of extant regulations of SEBI and Stock Exchanges Trading Member are required to transfer the clients securities received in pay-out to clients demat account within one working day. In case the client does not pay for such securities received in pay-out, then the TM/CM shall be entitled to retain those securities up to five trading days after pay-out. Further if the Client fails to meet its funds pay-in obligation (i.e. clear funds to be received) within 5 trading days (i.e. T+2+5 = 7 days) from the pay-out date in such circumstances CBL shall liquidate the securities in the market to recover the dues and in such trades client's pre-trade confirmation is not required.
  - a) Under no circumstances, shall the securities of the clients received in pay-out be retained by the TM/CM beyond five trading days and be used for any other purpose.
  - b) The securities received in pay-out against which payment has been made by clients, shall be transferred to the demat account of the respective clients within one working day of the pay-out. Such securities shall be transferred directly from the pool account of the TM/CM to the demat account of the respective client.
  - c) With regard to securities that have not been paid for in full by the clients (unpaid securities), Such Unpaid securities shall be transferred to "client unpaid securities account" from the pool account.
  - d) The securities kept in the 'client unpaid securities account' shall either be transferred to the demat account of the respective client upon fulfilment of client's funds obligation or shall be disposed of in the market by TM/CM within five trading days after the pay-out.
  - e) The unpaid securities shall be sold from the Unique Client Code (UCC) of the respective client. Profit/loss on the sale transaction of the unpaid securities, if any, shall be transferred to/adjusted from the respective client account.
  - f) In case the clients' securities are kept in the 'client unpaid securities account' beyond seven trading days after the pay-out, the depositories shall under their bye-laws levy appropriate penalties upon the broker(CBL) which shall not be permitted to be recovered from the client.

2. Further The Running Account Authorisation authorisation given by the Clients along with KYC documents or otherwise with respect to Settlement of Securities & funds stands automatically modified and from 1<sup>st</sup> October 2019 onwards such authorisation shall be applicable only for “funds” of the clients.

However in terms of FAQs released by exchanges CBL is allowed to retain securities up to 225% of T Day Margin Requirement in Derivatives segment for settlement of client accounts so held in “Client Collateral/Collateral” account. Provided excess securities if any are released to the clients along with their funds at the time of quarterly /monthly settlement of the funds to the client.

This document form an integral part of the R & O, Do’s and Don’ts, Policy & Procedures and RAA as addendum.

Sd/-