



# **MINIMUM REQUIREMENTS HANDBOOK**

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**FOR**

**INTERNET BASED TRADING THROUGH**

**ORDER ROUTING SYSTEM (ITORS)**

**&**

**SECURITIES TRADING USING WIRELESS**

**TECHNOLOGY (STWT)**

**BSE Ltd**

**September 2014**

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## Introduction

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On January 25, 2000, the Securities and Exchange Board of India (SEBI) approved the report of the *Standing Committee on Internet Based Trading and Services*, permitting Internet Based Trading through Order Routing System (ITORS) undertaken by Trading Members, subject to approval by the Stock Exchange concerned.

SEBI vide its Circular (SMDRP/POLICY/CIR-06/2000) dated January 31, 2000, and Circular (SMDRP/Policy/Cir-48/2000) dated October 11, 2000 notified all the stock exchanges of the same while requiring the exchange concerned to ensure that minimum requirements and conditions specified in the report be satisfied prior to initiation of such services.

SEBI vide its Circular CIR/MRD/DP/25/2010 dated August 27, 2010 has permitted SEBI registered brokers who provide Internet Based Trading as specified by SEBI circular no. MDRP/POLICY/CIR-06/2000 dated January 31, 2000 to provide securities trading using wireless technology, and has notified all the stock exchanges of the same while requiring the exchange concerned to ensure that minimum requirements and conditions specified in the above mentioned circulars be satisfied prior to initiation of such services.

SEBI vide its Circular CIR/MRD/DP/8/2011 dated June 30, 2011 has reviewed the requirements pertaining to Internet based trading and Securities Trading using Wireless Technology (STWT). SEBI has specified additional controls to be implemented to protect the interest of investors.

Pursuant to the above, BSE Ltd hereby permits its Trading Members to offer ITORS and STWT subject to the rules contained herein.

This document has been prepared by BSE Ltd. It contains proprietary information and has been prepared for the express purpose of allowing BSE Ltd to permit and enable their Trading Members to offer services of ITORS / STWT. Except as otherwise permitted by BSE Ltd, it may not

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## Chapter One

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### 1 Definitions

- 1.1 **"BOLT"** means BSE Online Trading System.
- 1.2 **"Trading Member Client Agreement"** means an agreement to be entered into between the Trading Member and his Client as prescribed by SEBI.
- 1.3 **"Exchange"** or **"BSE"** means BSE Ltd .
- 1.4 **"Firewall"** means a mechanism that includes hardware and or software to protect the System from unauthorized access through public/private networks.
- 1.5 **"Hyperlinks"** means electronic links to other Websites or Web pages
- 1.6 **"ITORS Trading Member ITORS Sub-Broker Agreement"** means an agreement between the ITORS Trading Member and ITORS Sub-Broker detailing the rights, liabilities and obligations of both the parties for availing the Service as defined hereinafter.
- 1.7 **"ITORS Client"** means a client registered with an ITORS Trading Member or an ITORS Sub-Broker for availing the Service as defined hereinafter.
- 1.8 **"ITORS Client Agreement"** means an agreement between the ITORS Trading Member or ITORS Sub-Broker and ITORS Client detailing the rights, obligations and liabilities of the parties in respect of the Service as defined hereinafter.
- 1.9 **"ITORS Trading Member"** means Trading Member of the Exchange who has received Approval or who has made an application in FORM A.
- 1.10 **"ITORS Sub-Broker"** means an ITORS Sub-Broker of the ITORS Trading Member.

- 1.11 **"Internet Based Trading"** means trading in securities using the Internet as a medium and includes trading through an Order Routing System.
- 1.12 **"Model Agreement"** means the draft of the ITORS Supplemental Trading Member - Client Agreement provided in Schedule C.
- 1.13 **"Operational Audit"** means an audit conducted by IS Auditors appointed by the Trading Member, to ensure the System's and services compliance with the Rules and guidelines issued by SEBI/Exchange from time to time.
- 1.14 **"Order"** means an instruction to buy or sell securities.
- 1.15 **"Order Routing System"** includes inter-alia all activities pertaining to order management like, capturing of an Order, Validation, Routing of the Order to the Exchange, Order Cancellation, Order Confirmation and Risk Management System.
- 1.16 **"Password"** means an alphanumeric code used by the ITORS Client (or ITORS sub-broker) to validate his identity and to access the Service (as defined hereinafter).
- 1.17 **"Rules"** means all the Rules, Byelaws, Regulations, procedures and notices of the Exchange, resolutions by the Governing Board, including the Minimum Requirements Handbook.
- 1.18 **"SEBI"** means the Securities and Exchange Board of India.
- 1.19 **"Service"** means the service of Internet Based Trading, rendered by the ITORS Trading Member, through Order Routing System (hereinafter referred as ITORS).
- 1.20 **"Site"** means the Website of the ITORS Trading Member.
- 1.21 **"Software Application"** means all object codes and/or source codes associated with implementation of the Order Routing System.

- 1.22 **"System"** includes the Software Application(s), Hardware and Networking components used to implement the Order Routing System and the Site.
- 1.23 **"Vendor"** means third-party developer(s) or supplier(s) of the System.
- 1.24 **"Webpage"** means a compilation of information available in electronic form on the World Wide Web.
- 1.25 **"Website"** means a Compilation of Web pages. References to a Website shall include a Web Page comprised in such website.
- 1.26 Words/Expressions not defined above shall have the same meaning as attributed to them under the Securities and Exchange Board of India Act 1992, Securities Contracts (Regulation) Act, 1956, Rules, and regulations prescribed under the aforesaid Acts and the Rules.

## 2 Eligibility

Trading members satisfying the following criteria will be eligible to apply for approval to render the Service:

- 2.1 Minimum Net worth, per trading member, of Rs. 50 lacs to be calculated in accordance with provisions of SEBI circular number FITTC/DC/CIR-1/98, dated June 16, 1998.
- 2.2 All requirements mentioned in Chapter Two of this Minimum Requirements Handbook.



### **3 Approval by Exchange**

3.1 Trading members who satisfy the requirements of rule 2, mentioned above, may render the Service only after obtaining the written approval of the Exchange (hereinafter referred to as "Approval") and subject to their continued compliance with the Rules.

3.2 Trading members desirous of implementing multiple Systems inter-alia for sub-brokers, for Order Routing shall apply separately to the Exchange for the Approval in respect of each of these Systems.

### **4 Application for Approval**

Application for obtaining Approval should be made in the form specified in Schedule A (hereinafter referred to as "**Form A**") to the Exchange.

### **5 Response to Application**

5.1 The Exchange shall, within 30 days from the date of receipt of a complete Application, communicate its acceptance of the Application in the form specified in Schedule B (hereinafter referred to as "**Form B**"), or rejection as the case may be.

5.2 An Application will be complete on the satisfaction of all requirements specified in Form A and all such information and clarification that the Exchange may call for during the Approval process.

5.3 The decision of the Exchange shall be final and binding.

### **6 Certification and Operational Compliance**

6.1 The ITORS Trading member shall ensure that at all times his System complies with the operational, technical and other parameters as prescribed by the Exchange and SEBI from time to time. In order to ensure the above, the Exchange may require ITORS Trading member to furnish certificates from time to time.

6.2 The Exchange for this purpose may conduct an Operational Audit at any time.

## **7 Termination or Suspension of Approval**

The Exchange reserves the right to terminate or suspend the Approval so given, where it finds the ITORS Trading member in violation of :

7.1 Any requirements mentioned in Chapter Two of the Minimum Requirements Handbook.

7.2 Other Provisions of the Minimum Requirements Handbook.

7.3 Any other criteria that the Exchange or SEBI may prescribe, from time to time.

## **8 Initiation of Service**

8.1 ITORS Trading members shall ensure that they initiate the Service within 90 days of receiving the Approval. In case, the ITORS Trading member fails to commence the Service within 90 days of receiving the Approval, he/she shall seek Exchange's approval for extension of period for commencement of the Service.

8.2 ITORS Trading members shall notify the Exchange before commencement of the Service.

## **9 Material Alterations**

Any change to the System with respect to Features and Functionality, as specified in Rule 10 of this Minimum Requirements Handbook, should be informed to the Exchange within 48 hours, in the format specified in Schedule D of this Minimum Requirements Handbook. Further, the ITORS Trading member should certify that such changes do not dilute the requirements mentioned in Rule 10 of the Minimum Requirements Handbook. The Exchange may at it's own discretion conduct an Operational Audit of the System and direct the ITORS Trading member / ITORS Sub-Broker to alter the System.

## Chapter Two

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### 10 System Features and Functionality Requirements

ITORS Trading members should ensure that the System should have following minimum features and functions:

#### 10.1 Order Tracking System that allows the ITORS Client to

- 10.1.1 Place an order
- 10.1.2 Modify and/ or delete orders pending execution
- 10.1.3 View order status
- 10.1.4 Order/Trade Confirmation

The ITORS Trading member shall ensure that order acceptance or rejection by the System is communicated to the ITORS Client within a reasonable period. The trade confirmation should be sent to the ITORS Client online. Trade confirmation shall also be sent to the ITORS Client through email. The ITORS Client should have the facility to choose the interval (daily/hourly) to receive such emails.

#### 10.2 Order Status should display:

- 10.2.1 Order ID generated by the BOLT
- 10.2.2 Date and Time of order placement
- 10.2.3 Scrip name
- 10.2.4 Scrip code
- 10.2.5 Action (Buy/Sell)
- 10.2.6 Quantity
- 10.2.7 Order type (Market Order / Limit Order etc.)

- 10.2.8 Order validity (EOSESS, EOTODY, GTC etc.)
- 10.2.9 Price
- 10.2.10 Classification of Order (Carry Forward, For Delivery)
- 10.2.11 Execution status

10.3 Order Capture including Validation feature that comprises among others, the following:

- 10.3.1 ITORS Client ID and type of ITORS Client
- 10.3.2 Scrip Name / Code
- 10.3.3 Buy / Sell
- 10.3.4 Quantity (ensure market lot depending on physical/dematerialization stock)
- 10.3.5 Type of order (market order/ limit order/ or such orders as allowed by BOLT)
- 10.3.6 Order validity (type as permitted by BOLT such as, EOTODY, EOSESS, GTC.)
- 10.3.7 Price (Ensure price band/circuit limit and minimum tick size as allowed by BOLT)
- 10.3.8 Classification of order - For Delivery or Carry Forward
- 10.3.9 Facility to prompt the ITORS Clients when he puts in orders that are over and above the normal limits set by the ITORS Trading member.
- 10.3.10 System shall generate a unique number for each Order.
- 10.3.11 ITORS Trading member shall ensure that logic / priorities used by the Exchange are followed by the System for treating ITORS Client Orders.

## 10.4 Risk Management

The ITORS Trading member shall ensure that adequate risk monitoring and control measures including System-based control on the pre-defined trading limits set by the ITORS Trading member and exposures taken by the ITORS Clients have been implemented in the Risk Management Module of the System. The System shall have a facility for review and release by the ITORS Trading member of orders that are not validated by the System.

## 10.5 Security

- 10.5.1 The System shall authenticate ITORS Clients with a User Name and password as first level of security. The password shall either be created by the ITORS Client or be automatically generated by the System and such password should be stored in encrypted form.
- 10.5.2 Two-factor authentication for login session may be implemented for all orders emanating using Internet Protocol. Public Key Infrastructure (PKI) based implementation using digital signatures, supported by one of the agencies certified by the government of India, is advisable. Further the two factors in the Two-factor authentication framework should not be same.
- 10.5.3 The System should ensure that the ITORS Client changes the password, the first time he logs into the System, before commencement of trading for the first time.
- 10.5.4 The system should provide for automatic expiry of passwords at the end of 6 (six) months. In the event the password has expired, the system will re-initialize access on the entry of a fresh password. Prior intimation will be given to the ITORS client before such expiry. During such change, System should not allow the ITORS Client to retain the same password.
- 10.5.5 The ITORS Client account shall be deactivated if the same is not used for a continuous period of 12 (Twelve) months from date of last use of the account.

10.5.6 The System shall allow ITORS Clients to change their passwords at their discretion and frequency.

10.5.7 The System shall have a facility by which ITORS Clients are logged out from the System after a configurable (as determined by the System) period of inactivity.

## 10.6 System Capacity

ITORS Trading member shall ensure that:

10.6.1 The System can handle his/her expected peak load.

10.6.2 Data Storage and Backup facilities are adequate to meet the operational requirement.

10.6.3 Proper archival and retrieval process is in place.

10.6.4 The back-up and restore systems implemented by the broker should be adequate to deliver sustained performance and high availability. The broker system should have on-site as well as remote site back-up capabilities.

10.6.5 Data is readily available for query to ITORS Clients at least till the payout date of the transaction. Archive shall be maintained at least for a period of 5 continuous years.

10.6.6 Adequate un-interrupted power supply for smooth operation of the System is available at the Site.

10.6.7 Service has adequate bandwidth and multiple links to the Internet to ensure reliability and redundancy.

## 10.7 Cross Trades

The ITORS Trading member shall ensure that the System passes all the Orders to the trading platform of the Exchange for execution and does not allow any crossing of orders that are routed through it.

## 10.8 Operational Integrity

ITORS Trading member shall ensure that the following minimum security requirements are adhered to :

- 10.8.1 The System shall use at least 128 bit Secure Socket Layer (SSL) to transport sensitive information such as User name, Password, personal information, and transactional information.
- 10.8.2 There should be secure end to end encryption for all data transmission between the client and the broker through a secure standardized protocol. A procedure for mutual authentication between the client and the broker server should be implemented.
- 10.8.3 The system should have adequate safety features to ensure it is not susceptible to internal or external attacks.
- 10.8.4 The Web server shall be kept separate of the Application and Database server. Further, Firewalls between the web server and Internet and between web server and the Order Routing System shall be deployed.
- 10.8.5 The System's data management component shall ensure data integrity and confidentiality. The System shall also generate appropriate audit logs and trails so as to facilitate tracking of events such as orders and trades with timestamp.
- 10.8.6 The system shall capture the IP (Internet Protocol) address from where the orders are originating, for all ITORS / STWT orders.

## **11 Software Application Version**

ITORS Trading Member should ensure that software version number is used to identify the system being approved by the Exchange.

## **12 Contingencies**

- 12.1.1 The systems should have built-in high system availability to address any single point of failure.
- 12.1.2 In case of System failure, alternative facility including contact over telephone shall be provided.

- 12.1.3 In case of failure of ITORS / STWT, the alternate channel of communication shall have adequate capabilities for client identification and authentication.

## **13 Qualified Personnel**

The ITORS Trading Member shall ensure that the service is supported by at least two persons, each having Bachelors degree OR Diploma in Engineering OR such other equivalent qualification. The Trading Member shall certify that the persons supporting the service possess requisite skills for technical support, System administration and other related functions pertaining to the System.

## **14 Written Procedures**

The ITORS Trading Member shall have a written procedure in place addressing among others:

- 14.1 Access Control for users of the service.
- 14.2 Encryption control for communication between ITORS Client and the System.
- 14.3 Backup and Archival process.
- 14.4 Disaster Recovery procedures.
- 14.5 Specific email id to receive mails from ITORS Clients. Procedure to escalate the issue if the email is not responded within one working day.



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## Chapter Three

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### 15 Registration of ITORS Clients

Prior to offering the Service to an ITORS Client, the ITORS Trading Member shall ensure the following

- 15.1 The ITORS Client has submitted ITORS Client registration form as prescribed by SEBI vide its circular SMD/Policy/CIR/5-97, dated April 11, 1997.
- 15.2 Execution of a Trading Member-Client Agreement as prescribed by Exchange vide notice number 1798/97, dated April 24, 1997.
- 15.3 Execution of the ITORS Trading Member - Client Agreement
- 15.4 ITORS Trading Members should note that while executing ITORS Client Agreements, they are required to ensure that they do not in any manner modify the Model Agreement as a result of which the terms and conditions of their agreement become less stringent or contrary to those laid down in the Model Agreement.

### 16 Site Policy

ITORS Trading Member shall ensure that the Site displays prominently, the following, or links to the following:

- 16.1 Disclaimers, if any. No disclaimer by the ITORS Trading Member, shall state anything contrary to the provisions of the Model Agreement or the liabilities/responsibilities imposed on the ITORS Trading Member by the Rules, Bye-laws and Regulations, procedures and notices of the Exchange, Rules, Regulations and Circulars of SEBI and any other law for the time being in force.
- 16.2 Terms of Use of the Site, if any.

16.3 Rules and regulations affecting Client Trading Member relationship, including rules related to arbitration and investor protection.

16.4 Hyperlink to investor complaint form on Website of the Exchange.

16.5 ITORS Trading Member shall display the following, prominently, on the Site:

*"BSE Ltd" is not in any manner answerable, responsible or liable to any person or persons for any acts of omission or commission, errors, mistakes and/or violation, actual or perceived, by us or our partners, agents, associates etc., of any of the Rules, Regulations, Bye-laws of the BSE Ltd, SEBI Act or any other laws in force from time to time.*

*BSE Ltd is not answerable, responsible or liable for any information on this Website or for any services rendered by us, our employees, and our servants. "*

16.6 Hyperlink to Website of the Exchange.

## **17 Misrepresentation of Exchange**

17.1 The ITORS Trading Member shall exercise extreme care and caution while displaying the information on the Site. The Exchange shall not be responsible for the accuracy or completeness of the information on the Site.

17.2 The ITORS Trading Member, while displaying the information on the Site, shall not represent itself to be an agent or partner of the Exchange.

17.3 The ITORS Trading Member shall ensure that the Site does not contain any material or information that is defamatory or libelous or in anyway harmful to the interests of the Exchange, or SEBI, or any other Trading Member.

- 17.4 The Exchange reserves the right to penalize the ITORS Trading Member in case of violation of this rule in any manner it deems necessary including termination or suspension of Approval.

## **18 Name of Site or Service**

The ITORS Trading Member shall ensure that no false or misleading names are used for the Site, which may cause an incorrect perception amongst people that the Site is sponsored/partnered by or associated with the Exchange.

## **19 Investor Information**

- 19.1 Ticker provided by the ITORS Trading Member on the Website shall mention the timestamp and the source of the information.
- 19.2 Reports on margin requirements, payment and delivery obligations shall be informed to the ITORS Client through the System.

## **20 Advertisement**

Subject to the Rules, Byelaws and Regulations of the Exchange, ITORS Trading Members can advertise their Service on the Site or other Websites. ITORS Trading Members are, however, prohibited from soliciting advertisements from or displaying advertisements of third parties. ITORS Trading Member should ensure that, at all times, he has sole and complete ownership over his Website.

## **21 Communication of Contract Notes**

- 21.1 Contract notes shall be issued to ITORS Client as per existing regulations, within 24 hours of the trade execution.
- 21.2 The System should be capable of issuing online contract notes as and when permitted by SEBI.

## **22 Indemnification**

The Exchange shall not be responsible or liable for any loss, damage or expenses, incurred to any persons, whether directly or indirectly, from any errors or omissions in the information on the Site, whether arising in contract, tort or otherwise. The ITORS Trading Member shall indemnify the Exchange in case any expenses are incurred by the Exchange in defending any suit or proceeding filed against it in respect of the same.

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## Chapter Four

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### Securities Trading Using Wireless Technology

#### 23 Definitions

- 23.1 **“Securities Trading using Wireless technology”** shall include devices such as mobile phone, laptop with data card, etc, that use Internet Protocol (IP).
- 23.2 A **handheld device** also known as cell phone device, mobile phone, handheld computer, Palmtop, PDA or simply handheld is a pocket-sized computing device, typically having a display screen with or without touch input and / or a miniature keyboard.
- 23.3 Words/Expressions not defined above shall have the same meaning as attributed to them under clause 1.26 of the Minimum Requirements handbook, the Securities and Exchange Board of India Act 1992, Securities Contracts (Regulation) Act, 1956, Rules, and regulations prescribed under the aforesaid Acts and the Rules.

#### 24 Eligibility

Trading members satisfying the following criteria will be eligible to apply for approval to render the Service:

- 24.1 SEBI registered brokers who provide Internet Based Trading as specified by SEBI circular no. SMDRP/POLICY/CIR-06/2000 dated January 31, 2000 shall be eligible to provide securities trading using wireless technology.
- 24.2 All relevant requirements applicable to internet based trading shall also be applicable for securities trading using wireless technology.
- 24.3 All requirements mentioned in Chapter Two, Three, Four and Five of this Minimum Requirements Handbook.

## **25 Approval by Exchange**

- 25.1 Trading members who satisfy the requirements of rule 24, mentioned above, may render the Service only after obtaining the written approval of the Exchange (hereinafter referred to as "Approval") and subject to their continued compliance with the Rules.

## **26 Application for Approval**

- 26.1 Application for obtaining Approval should be made in the form specified in Schedule A herein after referred to as "Form A") to the Exchange.

## **27 Response to Application**

- 27.1 The Exchange shall, within 30 days from the date of receipt of a complete Application, communicate its acceptance of the Application in the form specified in Schedule B (hereinafter referred to as "Form B"), or rejection as the case may be.
- 27.2 An Application will be complete on the satisfaction of all requirements specified in Form A and all such information and clarification that the Exchange may call for during the Approval process.
- 27.3 The decision of the Exchange shall be final and binding.

## **28 Certification and Operational Compliance**

- 28.1 The Trading member desirous of providing securities trading using wireless technology shall ensure that at all times his System complies with the operational, technical and other parameters as prescribed by the Exchange and SEBI from time to time. In order to ensure the above, the Exchange may require the Trading member to furnish certificates from time to time.
- 28.2 The Exchange for this purpose may conduct an Operational Audit at any time.

## **29 Termination or Suspension of Approval**

The Exchange reserves the right to terminate or suspend the Approval so given, where it finds the ITORS Trading member in violation of:

- 29.1 Any requirements mentioned in Chapter Two, Three, Four, Five of the Minimum Requirements Handbook.
- 29.2 Other Provisions of the Minimum Requirements Handbook.
- 29.3 Any other criteria that the Exchange or SEBI may prescribe, from time to time.

## **30 Initiation of Service**

- 30.1 Trading members desirous of providing securities trading using wireless technology shall ensure that they initiate the Service within 90 days of receiving the Approval. In case, the ITORS Trading member fails to commence the Service within 90 days of receiving the Approval, he/she shall seek Exchange's approval for extension of period for commencement of the Service.
- 30.2 Trading members shall notify the Exchange before commencement of the Service.

## **31 Material Alterations**

- 31.1 Any change to the System with respect to Features and Functionality, as specified in Rule 10 of this Minimum Requirements Handbook, should be informed to the Exchange within 48 hours, in the format specified in Schedule D of this Minimum Requirements Handbook. Further, the Trading member should certify that such changes do not dilute the requirements mentioned in Rule 10 of the Minimum Requirements Handbook. The Exchange may at its own discretion conduct an Operational Audit of the System and direct the Trading member / Sub-Broker to alter the System.

## **Chapter Five**

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### **32 System Features and Functionality Requirements**

The Trading members desirous of providing securities trading using wireless technology should ensure that the System should have following minimum features and functions:

- 32.1 All relevant requirements applicable to internet based trading shall also be applicable to securities trading using wireless technology.
- 32.2 Unique identification number as given in case of internet based trading shall be made applicable for securities trading using wireless technology.
- 32.3 As it may not be possible to give detailed information to the investor on a hand held device e.g. mobile phones, it may be ensured that minimum information may be given with addresses of the Internet web site/web page where detailed information would be available.
- 32.4 Order confirmation should be provided to the user on submitting the order. Order modification / cancellation facilities should also be provided. Trade confirmation should be provided to the user, along with history of trades for the day.

### **33 Security Measures**

- 33.1 There shall be secure access, encryption and security of communication for internet based trading and securities trading using wireless technology. DOT policy and regulation shall govern the level of encryption.
- 33.2 Adequate measures should be taken for user identification, authentication and access control using means such as user-id, passwords, smart cards, biometric devices or other reliable means, to prevent misuse of facility by unauthorized persons.



- 33.3 Session login details should not be stored on the devices used for internet based trading and securities trading using wireless technology.
- 33.4 Network security protocols and interface standards should be as per prevalent industry standards and sound audit trails should be available for all transactions conducted using wireless devices.

## **34 Registration of STWT Clients**

- 34.1 Additional provisions specifying possible risks, responsibilities and liabilities associated with securities trading using wireless technology should be incorporated in the Broker- Client agreement as an addendum or by bringing to the notice of clients, who are desirous of availing such facility, and taking their concurrence on the same.

## **35 Contingencies**

- 35.1 In case of failure of the wireless network, alternative means of communication for placing orders should be available.
- 35.2 The broker's server routing orders to the exchange trading system shall be located in India.

### SCHEDULE A – Form A

I/We \_\_\_\_\_ (Name), Trading Member of BSE Ltd. Ltd, having Clearing Number, \_\_\_\_\_, hereby apply for approval for the :

- i. Internet Based Trading Through Order Routing System ,
- ii. Securities Trading Using Wireless Technology,
- iii. Both.

(tick whichever is applicable)

to be provided by me/us, subject to the compliance of the provision of Rules, Bye-laws and Regulations of the Exchange and the Minimum Requirements Handbook, which now are or may, from time to time, be in force.

I/We have read the Rules, Bye-laws and Regulations of the Exchange and the rules as defined herein and agree to abide by the same.

(Please Attach Annexures, wherever necessary)

1.	Name of Applicant (refer note 1 and 4)	
2.	Registered / Office Address	
3.	Telephone Number(s)	
4.	Fax Number(s)	
5.	PAN (of applicant corporate entity)	
6.	Address of IML Location <b>(where Audit is to be conducted by Auditors)</b>	
7.	Email ID for further correspondence (Please give all email id's)	
8.	URL	//http:
9.	Clearing Number	
10.	SEBI Registration Number	
11.	Are you a Trading Member of any other Stock Exchange?	Yes/ No. If Yes, please provide details Trade Name:  Name of the Exchange: Clearing Number:
12.	If you are, are you providing or do you intend to provide the same service on the other Exchange(s)? if yes, Are you using the same System to route orders to other exchanges?	Yes/No. If Yes, please provide details
13.	Are you sharing this System with any other person or entity, including but not limited to Trading Members, sub-brokers etc to route the Orders to BSE Ltd or other exchanges?	Yes/No. please provide details

14.	Whether you have been rejected, suspended, expelled or declared a defaulter by the Exchange or by any other exchange.	Yes / No. If Yes, provide details.
15.	Net Worth in Rs. as on : (Refer to note 2 and 3)	Rs. _____/- As on Date : _____
16.	Please provide following <ul style="list-style-type: none"> <li>▪ Vendor Name(s)</li> <li>▪ Product name</li> <li>▪ Version number</li> <li>▪ Any other details</li> </ul>	
17.	Have you been approved by the exchange for <b>Internet Based Trading</b> for any other ITORS product?  If yes please provide the following: <ul style="list-style-type: none"> <li>▪ ITORS Product Approved</li> <li>▪ Vendor Name</li> <li>▪ Date of Approval Letter</li> <li>▪ Reference number of Approval Letter</li> </ul>	
18.	Have you been approved by the exchange for <b>Securities Trading using wireless technology</b> for any other product?  If yes please provide the following: <ul style="list-style-type: none"> <li>▪ Product Approved</li> <li>▪ Vendor Name</li> <li>▪ Date of Approval Letter</li> <li>▪ Reference number of Approval Letter</li> </ul>	
19.	a) Has the System in its entirety or in part already been Approved by the Exchange for other Trading Member/s?  <b>b) Is there any change to the approved parts?</b> If yes, provide details of functional changes made to the requirements mentioned in Chapter Two of the Minimum Requirements Handbook, for the specific installation.  if no, provide certificate from the Vendor to this effect.	Yes/No/Don't Know, If yes, provide details of the Trading Member using the same System. Provide details of the parts already approved.
20.	Tentative date of system readiness for conducting the system audit	

I/We shall at all times comply with all the requirements of Circular (SMDRP/POLICY/CIR-06/2000) dated January 31, 2000, and Circular (SMDRP/Policy/Cir-48/2000) dated October 11, 2000 issued by SEBI and all such rules, requirements and norms as may be specified by the Exchange or SEBI for approval by the Exchange for Internet Based Trading through Order Routing System.

I/We shall at all times comply with all the requirements of Circular CIR/MRD/DP/ 25/2010 dated August 27, 2010, & CIR/MRD/DP/8/2011 dated June 30, 2011 issued by SEBI and all such rules, requirements and norms as may be specified by the Exchange or SEBI for approval by the Exchange for ITORS/Securities Trading using wireless technology.

I/We submit herewith a certificate in the format annexed hereto as Annexure I and II to Form A (for ITORS ) and Annexure IA and IIA to Form A (for STWT), as applicable.

I/We undertake to inform the Exchange, as early as possible, if I am applying for any Membership with any of the other exchanges.

I/We am/are aware and agree that the Exchange may in its absolute discretion reject any application for registration on such grounds, as it considers fit and proper without assigning any reason

I \_\_\_\_\_ being a whole time director/partner/sole proprietor, *(strike out whatever is not applicable)* of \_\_\_\_\_ *(Trading Member Name)* having Clearing No. \_\_\_\_\_, applying for approval of the ITORS / Securities trading using wireless technology to the BSE Ltd do hereby solemnly declare and affirm that what is stated above is true to the best of my knowledge and belief.

For \_\_\_\_\_

Authorised Signatory(ies)

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 200

Place:

**Notes:**

1. In case, Trading Members collectively approach a service provider for providing ITORS / securities trading using wireless technology, each Trading Member must fill the application form individually and shall meet all the Net worth requirements including the requirement of minimum Net worth of Rs. 50 Lacs.
2. Net Worth certificate from a Chartered Accountant not older than six months from the date of submission of this application form to the Exchange.
3. Net worth to be calculated in accordance with provisions of Exchange/SEBI circular issued from time to time.
4. Trading Members who are Corporate Bodies are required to ensure that they obtain appropriate Resolutions from their Boards permitting them, inter alia, to offer the facility of the System to their ITORS / STWT Clients and authorise particular person(s) to act as authorised signatories.

**Annexure I to Schedule A (Form A)****Format for Self-Certification (on the letterhead of the applicant) for Internet Trading Order Routing System (ITORS)**

I/We hereby solemnly declare and certify:

- a) That this system fully complies with the System Feature and Functionality requirements as mentioned under Rule 10 and other Rules of the Minimum Requirements Handbook on Internet Based Trading through Order Routing System
- b) That the written procedures as required by Rule 14 of the Minimum Requirements Handbook on Internet Based Trading through Order Routing System are in place.
- c) That adequate risk monitoring and control measures have been incorporated in my/our system and are in compliance with the Rules as given in the Minimum Requirements Handbook on Internet Based Trading through Order Routing System.
- d) That adequate personnel possessing requisite skills for technical support, system administration and other related functions pertaining to Internet Based Trading through Order Routing System have been deployed.
- e) That we will ensure that the data is readily available for queries to ITORS Clients at least till the payout date of the transaction.
- f) That we ensure that all clients registering for internet based trading will have to comply with the ITORS Client Registration form as Prescribed by SEBI vide its circular SMD/Policy/CIR/5-97, Dated April 11, 1997.
- g) That we ensure Execution of a Member-Client Agreement as Prescribed by Exchange vide notice number 1798/97, Dated April 24, 1997.
- h) That we will further ensure Execution of the ITORS Member-Client Agreement.
- i) That we ensure that we will take extreme care & caution while displaying any information on the application / website.
- j) That we ensure that we will not represent ourselves as an agent or partner of the Exchange.
- k) That we are not soliciting advertisements from or displaying advertisements of third parties.
- l) That we ensure that the application / website will not contain any material or information that is defamatory or libelous or in anyway harmful to the interests of the Exchange, SEBI or any other member.

- m) That we ensure that at all times we shall have the sole and complete ownership over the application / website.
- n) That we shall indemnify the exchange in case any expenses are incurred by the exchange in defending any suit or proceeding filed against it in respect of the same.

I/We hereby undertake to notify the Exchange of any change in the system that would result in dilution of mandated functionality as prescribed under Chapter Two and other provisions of The Minimum Requirements Handbook.

For \_\_\_\_\_

Authorised Signatory(ies)

Date:

Place:

**Annexure IA to Schedule A (Form A)****Format for Self-Certification(on the letterhead of the applicant) for Securities Trading using Wireless Technology (STWT)**

I/We hereby solemnly declare and certify:

- a) That this system fully complies with the System Feature and Functionality requirements as mentioned under Rules of the Minimum Requirements Handbook on Internet Based Trading through Order Routing System & Securities Trading using Wireless Technology (STWT).
- b) That adequate risk monitoring and control measures have been incorporated in my/our system and are in compliance with the Rules as given in the Minimum Requirements Handbook on Internet Based Trading through Order Routing System & Securities Trading using Wireless Technology (STWT).
- c) Additional provisions specifying possible risks, responsibilities and liabilities associated with securities trading using wireless technology shall be incorporated in the Broker- Client agreement as an addendum or by bringing to the notice of clients, who are desirous of availing such facility, and taking their concurrence on the same.

I/We hereby undertake to notify the Exchange of any change in the system that would result in dilution of mandated functionality as prescribed under Chapter Five and other provisions of The Minimum Requirements Handbook.

For \_\_\_\_\_

Authorised Signatory(ies)

Date:

Place:

**Annexure II to Schedule A (Form A)****Format for Vendor Certification (on vendor's letterhead) for Internet Trading Order Routing System (ITORS)**

I/We hereby solemnly declare and certify:

That the Internet Based Trading through Order Routing System (ITORS) developed for \_\_\_\_\_ (Trading Member Name) fully complies:

- a) With the System Feature and Functionality requirements as mentioned under Rule 10 and other Rules of the Minimum Requirements Handbook of Internet Based Trading through Order Routing System.
- b) That adequate risk monitoring and control measures have been incorporated in the system and are in compliance with the Rules as given in the Minimum Requirements Handbook of Internet Based Trading through Order Routing System.
- c) Software Application version compliance as mentioned in Rule 11 of the Minimum Requirements Handbook.
- d) That in the \_\_\_\_\_ (Name of software) software all interactive communications i.e. order requests from the client and the order and trade responses from the server are encrypted using 128 bit encryption.
- e) That the \_\_\_\_\_ (Name of software) software for ITORS is targeted at connecting not more than \_\_\_\_\_ concurrent users, where the transactions load will be very minimal.
- f) That in order to use the \_\_\_\_\_ (Name of software) software, the member shall be required to open port number \_\_\_\_\_ in the firewall.

I/We hereby undertake to ensure adherence to the above Rules for any change in the system.

For \_\_\_\_\_

Authorised Signatory(ies)

Date:

Place:



**Annexure IIA to Schedule A (Form A)****Format for Vendor Certification (on the vendor's letterhead) for Securities Trading using Wireless Technology (STWT)**

I/We hereby solemnly declare and certify:

That the system for **Securities Trading using Wireless Technology (STWT)** developed for \_\_\_\_\_ (Trading Member Name) fully complies:

- a) With the System Feature and Functionality requirements as mentioned under the Rules of the Minimum Requirements Handbook of Internet Based Trading through Order Routing System & Securities Trading using Wireless Technology (STWT).
- b) That adequate risk monitoring and control measures have been incorporated in the system and are in compliance with the Rules as given in the Minimum Requirements Handbook of Internet Based Trading through Order Routing System & Securities Trading using Wireless Technology (STWT).
- c) That the \_\_\_\_\_ (Name of software) software for Securities Trading using Wireless Technology (STWT) is targeted at connecting not more than \_\_\_\_\_ concurrent users, where the transactions load will be very minimal.
- d) That in order to use the \_\_\_\_\_ (Name of software) software, the member shall be required to open port number \_\_\_\_\_ in the firewall.
- e) That in the \_\_\_\_\_ (Name of software) software all interactive communications i.e. order requests from the wireless terminal and the order and trade responses from the server are encrypted using 128 bit encryption.
- f) Session login details shall not be stored on the devices used for internet based trading and securities trading using wireless technology.

I/We hereby undertake to ensure adherence to the above Rules for any change in the system.

For \_\_\_\_\_

Authorised Signatory(ies)

Date:

Place:

**SCHEDULE B – Approval Notice  
BSE Ltd**

Ref No.:

Date

**Designated Director**

&lt;MEMBERS NAME&gt;

DEAR SIR,

Sub:Conditional approval for Going live on Internet Trading through Order Routing System /Securities Trading Using Wireless Technologies (ITORS/STWT)

With reference to your approval for **ITORS/STWT- (product name & version)** an audit of your system/s was conducted by IS Auditors appointed by you, as per the scope of Minimum Requirements Handbook for ITORS/STWT.

Based on the information, self-declarations and undertakings submitted by you and the audit findings by the auditors, we are pleased to inform you that you are permitted to go live on the aforesaid ITORS/STWT subject to your :

- Implementing the necessary Rules as prescribed under the Exchange Minimum Requirements Handbook for ITORS/STWT, the Rules, Bye-laws, Regulations and procedures of the Exchange & SEBI Regulations / Guidelines as amended from time to time and as per the undertaking given by the member for the same.
- Rectifications / Corrections / Enhancement of the controls (if any) as observed by the IS Auditors and implementing the recommendation/s for comments / observations as per their review report **(as submitted by your system auditors)**

You will also ensure that the ITORS/STWT service is commenced within 90 days from the date of grant of approval failing which the aforesaid approval stands cancelled.

**You are requested to submit the following :**

- i) Declaration letter stating that the member has complied / rectified the observations / deviations as pointed out by your system auditors alongwith the date of going live.**

Please note that in future, the periodic system audit report submitted to the Department of Surveillance and Supervision (DOSS) will include the system audit of ITORS/STWT.

Further, the member is required to use the relevant 16 digit location identifier for ITORS/STWT trading and confirm the turnover done through ITORS/STWT on BSE Portal (BEFS). **Please refer Exchange Notice No. 20110630-26 & 20120816-19 issued in this regard.**

The exchange has full right to withdraw the aforesaid approval if the member does not adhere with all the relevant requirements applicable as per the aforesaid circulars.

We wish you the very best in your new endeavor.

## **SCHEDULE C – Model Agreements**

- 1. Supplemental ITORS Trading Member- Client Agreement**
- 2. ITORS Trading Member -Sub-Broker Agreement**
- 3. Sub-Broker-Client Agreement**

**SUPPLEMENTAL ITORS TRADING MEMBER CLIENT AGREEMENT**

BETWEEN

\_\_\_\_\_ (Trading Member Name) \_\_\_\_\_

And

\_\_\_\_\_ (Client Name) \_\_\_\_\_

**SUPPLEMENTAL TRADING MEMBER-CLIENT AGREEMENT****(ITORS TRADING)**

**THIS SUPPLEMENTAL AGREEMENT ("this Agreement")** is executed at \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_, 200\_\_

**BETWEEN**

\_\_\_\_\_, an individual, having his/her office at \_\_\_\_\_, hereinafter referred to as **"the Trading Member"**, (which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to mean and include his / her heirs, executors, administrators and legal representatives) of the ONE PART;

**OR**

M/s. \_\_\_\_\_, a sole proprietary concern of Mr./Ms./Mrs. \_\_\_\_\_, having its principal office at \_\_\_\_\_, hereinafter referred to as **"the Trading Member"**, (which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to mean and include the sole proprietor's heirs, executors, administrators and legal representatives) of the ONE PART;

**OR**

M/s. \_\_\_\_\_, a partnership firm registered under the provisions of the Indian Partnership Act, 1932, having its address at \_\_\_\_\_, hereinafter referred to as **"the Trading Member"**, (which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to mean and include the partners or partner for the time being of the said firm, the survivors or survivor of them and its/his/her/their respective heirs, executors, administrators and legal representatives) of the ONE PART;

**OR**

M/s. \_\_\_\_\_, a company / body corporate incorporated under the provisions of the Companies Act, 1956 having its registered office at \_\_\_\_\_, and a branch office in Mumbai at \_\_\_\_\_, hereinafter referred to as **"the Trading**

**Member**", (which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to mean and include its successors) of the ONE PART;

**AND**

\_\_\_\_\_, an individual, having his/her office at \_\_\_\_\_, hereinafter referred to as **"the Client"**, (which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to mean and include his/her heirs, executors, administrators and legal representatives) of the OTHER PART;

**OR**

M/s. \_\_\_\_\_, a sole proprietary concern of Mr./Ms./Mrs. \_\_\_\_\_, having its principal office at \_\_\_\_\_, hereinafter referred to as **"the Client"**, (which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to mean and include the sole proprietor's heirs, executors, administrators and legal representatives) of the OTHER PART;

**OR**

M/s. \_\_\_\_\_, a partnership firm registered under the provisions of the Indian Partnership Act, 1932 having its address at \_\_\_\_\_, hereinafter referred to as **"the Client"**, (which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to mean and include the partners or partner for the time being of the said firm, the survivors or survivor of them and its/his/her/their respective heirs, executors, administrators and legal representatives) of the OTHER PART;

**OR**

M/s. \_\_\_\_\_, a company / body corporate incorporated under the provisions of the Companies Act, 1956 having its registered office at \_\_\_\_\_, and a branch office in Mumbai at \_\_\_\_\_, hereinafter referred to as **"the Client"**, (which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to mean and include its successors) of the OTHER PART;

**WHEREAS:**

- (i) The Trading Member is a Trading Member of BSE Ltd, ("**the Exchange**") and is also registered with the Securities & Exchange Board of India ("**SEBI**") as a stock broker with SEBI Registration No. \_\_\_\_\_;
- (ii) The Client is a client/constituent of the Trading Member, and the Trading Member and the Client have entered into a Trading Member-Client Agreement dated the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ in accordance with the model agreement prescribed by SEBI ("**the Main Trading Member-Client Agreement**");
- (iii) The Trading Member offers and/or proposes to offer the ITORS Service to its clients; and the Client desires to avail of the Trading Member's ITORS Service for purchasing, selling or otherwise dealing in securities;
- (iv) The Trading Member and the Client desire to enter into this Supplemental Agreement to the Main Trading Member-Client Agreement in order to record the agreement between them relating to the Trading Member's ITORS Service to be availed of by the Client.

IT IS HEREBY AGREED BETWEEN THE TRADING MEMBER AND CLIENT as follows:

**1. Definitions:**

1.1 In this Agreement (including the Recitals above), unless the context otherwise requires the following words shall have the following meanings:-

- (i) "**the Exchange**" means the BSE Ltd and includes a segment of the Exchange.
- (ii) "**Exchange Provisions**" means the Rules, Bye-laws, Regulations, Business Requirement, Specifications, handbooks, notices, circulars and resolutions of the Exchange or any segment of the Exchange in force from time to time and includes the Minimum Requirements Handbook for ITORS prescribed by the Exchange, as amended from time to time.

- (iii) **"ITORS"** means Internet based Trading Through Order Routing System, being a system approved by the Exchange for enabling clients to route their orders to their Trading Member/s over the internet.
- (iv) **"ITORS Account Application"** means the application submitted by the Client to the Trading Member to permit the Client to avail of the Trading Member's ITORS Service.
- (v) **"ITORS Service"** or **"Service"** means the service offered by the Trading Member to its clients through ITORS where under the clients can route their orders for purchase, sale and other dealings in securities through the Trading Member's ITORS System.
- (vi) **"Trading Member's ITORS System"** or **"Trading Member's ITORS WebSite"** means the web site hosted by the Trading Member on the internet through which the Trading Member offers the ITORS Service and includes the hardware and software used for hosting and supporting the WebSite.
- (vii) **"Password"** means an alphanumeric code used by the Client to validate his/her username and access the Service.
- (viii) **"SEBI"** means the Securities & Exchange Board of India.
- (ix) **"Username"** means an alphanumeric login identification used by the Client for accessing the Service.

1.2 In this Agreement, headings are used for convenience and ease of reference only and shall not affect the construction or interpretation of any provision of this Agreement.

1.3 In this Agreement, unless the context otherwise requires, reference to the singular includes a reference to the plural and vice-versa, and reference to any gender includes a reference to all other genders.

1.4 In this Agreement, unless the context otherwise requires, references to Recitals and Clauses shall be deemed to be a reference to the recitals and clauses of this Agreement.

1.5 References to any enactment are to be construed as referring also to any amendment or re-enactment thereof and to any rule, bye-law, regulation, business requirement, specification, order or other provision made under it.



## 2. **AGREEMENT TO PROVIDE AND AVAIL OF THE ITORS SERVICE:**

The Trading Member agrees to provide the Trading Member's ITORS Service to the Client, and the Client agrees to avail of the Trading Member's ITORS Service, on and subject to the terms and conditions of this Agreement, the Exchange Provisions and the terms of the Trading Member's ITORS Web Site.

## 3. **USER NAME AND PASSWORD:**

- 3.1 The Client will be entitled to a username and password, which will enable him to access the Trading Member's ITORS System for availing of the Service.
- 3.2 The Client is aware that the Trading Member's ITORS System itself generates the initial password and that the Trading Member is aware of the same. The Client agrees and undertakes to immediately change his initial password upon receipt thereof. The Client is aware that subsequent passwords are not known or available to the Trading Member.
- 3.3 The Client shall be responsible for keeping the Username and Password confidential and secure and shall be solely responsible for all orders entered and transactions done by any person whatsoever through the Trading Member's ITORS System using the Client's Username and/or Password whether or not such person was authorised to do so.
- 3.4 The Client shall immediately inform the Trading Member of any unauthorised use of the Client's Username or Password with full details of such unauthorised use including the date of such unauthorised use, the manner in which it was unauthorisedly used, the transactions effected pursuant to such unauthorised use, etc.
- 3.5 The Client acknowledges that he is fully aware of and understands the risks associated with availing of a service for routing orders over the internet including the risk of misuse and unauthorised use of his Username and/or Password by a third party and the risk of a person hacking into the Client's account on the Trading Member's ITORS System and unauthorisedly routing orders on behalf of the Client through the System. The Client agrees that he shall be fully liable and responsible for any and all unauthorised use and misuse of his Password and/or Username and also for any and all acts done by any person through the Trading Member's ITORS System on the Client's Username in any manner whatsoever.

- 3.6 The Client shall log off from the ITORS Service at any time the Client is not accessing or using the Service and any liability incurred to the Client as a consequence of the Client not logging off the Service shall borne solely by the Client.
- 3.7 Without prejudice to the provisions of Clause 3.5, the Client shall immediately notify the Trading Member in writing with full details if :
- (i) he discovers or suspects unauthorised access through his Username, Password or account,
  - (ii) he notices discrepancies that might be attributable to unauthorised access,
  - (iii) he forgets his password or
  - (iv) he discovers a security flaw in the Trading Member's ITORS System.
- 3.8 In any of the above events specified in Clause 3.7, the Client shall immediately change his Password. However, if the Client is unable to change his Password by reason of his having forgotten his Password or his Password having been unauthorisedly changed by some other person or for any other reason then the Client shall immediately request the Trading Member in writing to discontinue his old Password; and thereupon the Trading Member shall cause the Trading Member's ITORS System to discontinue the use of the Client's old Password and the Trading Member's ITORS System shall generate a new Password for the Client which shall be communicated to the Client. At no point in time shall the Trading Member be liable for any loss, whether notional or actual, that may be suffered by the Client on account of the misuse of the Password.

#### **4. TRANSACTIONS AND SETTLEMENTS:**

- 4.1 All orders for purchase, sale or other dealings in securities and other instructions routed through the Trading Member's ITORS System via the Client's Username shall be deemed to have been given by the Client.
- 4.2 The orders and instructions and all contracts and transactions entered into pursuant thereto and the settlement thereof will be in accordance with the Exchange Provisions.
- 4.3 The Trading Member may from time to time impose and vary limits on the orders which the Client can place through the Trading Member's ITORS System (including exposure limits, turnover limits, limits as to the number,

value and/or kind of securities in respect of which orders can be placed, the companies in respect of whose securities orders can be placed, etc.). The Client is aware and agrees that the Trading Member may need to vary or reduce the limits or impose new limits urgently on the basis of the Trading Member's risk perception and other factors considered relevant by the Trading Member, and the Trading Member may be unable to inform the Client of such variation, reduction or imposition in advance. The Client agrees that the Trading Member shall not be responsible for such variation, reduction or imposition or the Client's inability to route any order through the Trading Member's ITORS System on account of any such variation, reduction or imposition of limits. The Client understands and agrees that the Trading Member may at any time, at its sole discretion and without prior notice, prohibit or restrict the Client's ability to place orders or trade in securities through the Trading Member.

- 4.4 Though orders will generally be routed to the Exchange's computer systems within a few seconds from the time the order is placed by the Client on the Trading Member's ITORS System, the Trading Member shall not be liable for any delay in the execution of any order or for any resultant loss on account of the delay.
- 4.5 The Client agrees that the Trading Member may, at its sole discretion, subject any order placed by a Client to manual review and entry, which may cause delays in the processing of the Client's order or may result in rejection of such order.
- 4.6 In case of a market order, the Client agrees that he will receive the price at which his order is executed by the exchange's computer system; and such price may be different from the price at which the security is trading when his order is entered into the Trading Member's ITORS System.

## 5. **MARGIN:**

The Client agrees and undertakes to immediately deposit with the Trading Member such cash, securities or other acceptable security, which the Trading Member may require as margin. The Client agrees that the Trading Member shall be entitled to require the Client to deposit with the Trading Member a higher margin than that prescribed by the Exchange. The Trading Member shall also be entitled to require the Client to keep permanently with the Trading Member a margin of a value specified by the Trading Member so long as the Client desires to avail of the Trading Member's ITORS Service.

## **6. CANCELLATION REQUESTS**

- 6.1 When the Client places a request to cancel an order, the cancellation of that order is not guaranteed. The order will only be cancelled if the Client's request for cancellation is received and the order is successfully cancelled before it is executed.
- 6.2 The Client shall not be entitled to presume an order as having been executed or canceled until a confirmation from the Trading Member is received by the Client.
- 6.3 The Exchange may annul a trade suo-moto without giving a reason therefore. In the event of such annulment, the Trading Member shall be entitled to cancel the relative contract(s) with the Client.

## **7. BROKERAGE, COMMISSIONS AND FEES**

- 7.1 The Client agrees to pay the Trading Member brokerage, commission, fees, service tax and other taxes and transaction expenses as they exist from time to time and as they apply to the Client's account and transactions, and the services that he receives from the Trading Member.
- 7.2 A schedule of brokerage, fees and commissions, applicable service and other taxes and other transaction expenses shall be provided by the Trading Member to the Client from time to time upon request by the Client.

## **8. CONFIRMATIONS**

Online confirmation will be available to the Client upon execution or cancellation of an order placed by him through the Trading Member's ITORS System. This shall be followed by a confirmation, which may be sent by postal mail, electronic mail or other electronic means. It is the responsibility of the Client to review upon first receipt, whether delivered to him online, by postal mail, by electronic mail, or other electronic means, all confirmations of transactions or cancellations.

**9. INVESTMENT ADVICE**

- 9.1 The Client acknowledges that the Trading Member shall not be liable to provide him with any legal, tax, investment or accounting advice or advice regarding the suitability or profitability of a security or investment.
- 9.2 The Client also acknowledges that the Trading Member's employees are not authorized to give any such advice and that the Client will not solicit or rely upon any such advice from the Trading Member or any of its employees.
- 9.3 The Client agrees that in the event of the Trading Member or any employee or official of the Trading Member providing any information, recommendation or advice to the Client, the Client may act upon the same at the sole risk and cost of the Client, and the Trading Member shall not be liable or responsible for the same.
- 9.4 The Client assumes full responsibility with respect to his investment decisions and transactions.
- 9.5 The Trading Member, its officers, directors, partners, employees, agents and affiliates will have no liability with respect to any investment decisions or transactions of the Client.

**10. SUPPLEMENTAL TO MAIN TRADING MEMBER – CLIENT AGREEMENT:**

This Agreement is supplemental to, and does not supersede, the Main Trading Member-Client Agreement. Save and except as modified expressly or by implication by this Agreement the Exchange Provisions or the terms of the Trading Member's ITORS Website, the provisions of the Main Trading Member-Client Agreement shall apply *mutatis mutandis* to the extent applicable to dealings between the Trading Member and the Client pursuant to or otherwise relating to the Trading Member's ITORS Service.

**11. REPRESENTATIONS AND WARRANTIES OF CLIENT**

The Client represents and warrants to the Trading Member that:

- 11.1 All the information provided and statements made in the Client's ITORS Account Application are true and correct and are not misleading (whether by reason of omission to state a material fact or otherwise) and the Client is aware that the Trading Member has agreed to provide the Trading Member's ITORS Service to the Client on the basis, *inter alia*, of the statements made in the Client's ITORS Account Application.

- 11.2 The Client is aware and acknowledges that trading over the internet involves many uncertain factors and complex hardware, software, systems, communication lines, peripherals, etc. which are susceptible to interruptions and dislocations; and the Trading Member's ITORS Service may at any time be unavailable without further notice. The Trading Member and the Exchange do not make any representation or warranty that the Trading Member's ITORS Service will be available to the Client at all times without any interruption. The Client agrees that he shall not have any claim against the Exchange or the Trading Member on account of any suspension, interruption, non-availability or malfunctioning of the Trading Member's ITORS System or Service or the Exchange's service or systems for any reason whatsoever.
- 11.3 The Client has the required legal capacity to, and is authorised to, enter into this Agreement and is capable of performing his obligations and undertakings hereunder.
- 11.4 All actions required to be taken to ensure compliance of all the transactions, which the Client may enter into pursuant to this Agreement with all applicable laws, shall be completed by the Client prior to such transaction being entered into.
- 11.5 The Client shall abide by the Exchange Provisions and the terms of the Trading Member's ITORS Website in force from time to time.
- 11.6 Any instructions given by an authorised representative of the Client to the Trading Member (or to the Trading Member's representative) shall be binding on the Client.

## **12. REPRESENTATIONS AND WARRANTIES OF THE TRADING MEMBER:**

The Trading Member represents and warrants to the Client that:-

The Trading Member's ITORS System has been approved by the Exchange. Where the ITORS system has not been approved by the Exchange, the Trading Member has applied/ proposes to apply to the Exchange to approve the said ITORS System and the Trading Member will commence the Trading Member's ITORS Service only after the Exchange has approved the Trading Member's ITORS System.

## **13. MARKET DATA**

- 13.1 The Client understands that the Exchange asserts a proprietary interest in all of the market data it furnishes, directly or through the Trading Member or otherwise. The Client understands that the Exchange does not guarantee the timeliness, sequence, accuracy or completeness of market data or any other market information, or any messages disseminated by it. Neither the Trading Member nor the Exchange shall be liable in any way for incorrect, misleading, incomplete or dated data or information and, if the Client acts on the basis of the same, he shall do so at his own risk and cost.
- 13.2 The Client shall not furnish market information provided by the Exchange to any other person or entity for consideration or otherwise and in the event the Client uses such information he shall do so at his own risk and cost.

## 14. NOTICES

- 14.1 Any notice or other communication to be given by any party to the other in connection with this Agreement shall be in writing and shall be deemed duly served if delivered personally or sent by facsimile transmission or by prepaid registered post or by e-mail to the addressee at the address or (as the case may be), the e-mail or facsimile number (if any), of that party set opposite its name below:

**To the Trading Member at:**

Name of the person concerned :

Address :

Fax # :

e-mail :

**To the Client at:**

Name of the person concerned :

**Address** :

Fax # :

e-mail :

or at such other address, facsimile number or e-mail address as the party to be served may have notified the other in accordance with the provisions of this Clause.

Notwithstanding anything stated above, communication relating to orders, margins, maintenance calls and other similar matters in the ordinary course of dealings between the Trading Member and the Client may be communicated orally.

## **15. EXTRAORDINARY EVENTS**

The Trading Member and/or its agents will not be liable for losses caused directly or indirectly by government restriction, Exchange or market rulings, suspension of trading, computer, communication, telephone or system failure, war, earthquakes, flood, accident, power failure, equipment or software malfunction, strikes or any other conditions beyond the Trading Member's control.

## **16. AMENDMENT TO AGREEMENT**

The Client understands and agrees that the Trading Member may discontinue his ITORS Service in part or in its entirety and change the terms of the Service (including the terms on the Trading Member's ITORS WebSite) at any time and from time to time, without prior notice.

## **17. TERMINATION OF AGREEMENT:**

- 17.1 The Client agrees that the Trading Member may at any time terminate this Agreement. The Client is aware and accepts that in view of the nature of the transactions and dealings involved in providing the Service it may not be possible for the Trading Member to give advance notice of such termination or suspension to the Client.
- 17.2 The Client may at any time terminate this Agreement by not less than seven days notice to the Trading Member, provided that unless the Trading Member otherwise permits, the Client shall not be entitled to terminate this Agreement so long as any amount is payable or securities are deliverable by the Client to the Trading Member.
- 17.3 The termination of this Agreement shall not affect any rights or obligations of either party which have accrued prior to the termination or which may



arise out of or in connection with acts done or omitted prior to the termination.

- 17.4 The provisions of Clauses 14, 20 and 21 of this Agreement shall survive the termination of this Agreement.

## **18. SEVERABILITY**

In the event of any provisions of this Agreement being held to be or becoming invalid, unenforceable or illegal for any reason, this Agreement shall remain otherwise in full force apart from the said provision which will be deemed deleted. The parties shall however attempt to replace the deleted provision with a legally valid provision that reflects the same purpose as the deleted provision to the greatest extent possible.

## **19. WAIVER**

No forbearance, relaxation or inaction by any party at any time to require the performance of any provision of this Agreement shall in any way affect, diminish, or prejudice the right of such party to require the performance of that or any other provision of this Agreement or be considered to be a waiver of any right, unless specifically agreed in writing.

## 20. LAW AND JURISDICTION

20.1 This Agreement shall be governed by and construed in all respects in accordance with the laws of the Republic of India and, subject to the provisions of Clause 21, the courts at Mumbai, India shall have jurisdiction over this Agreement and the arbitration proceedings in relation to the Agreement.

20.2 This Agreement and all contracts and transactions between the Trading Member and the Client pursuant hereto shall be subject to the Exchange Provisions, the Rules, Bye-Laws, Regulations, and other provisions of its clearing house, if any, the provisions of the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act of 1956 and the rules and regulations made thereunder and as amended from time to time.

## 21. DISPUTE RESOLUTION

Any claim, dispute or difference arising between the Parties hereto in respect of this Agreement or any contracts, dealings or transactions pursuant hereto or any rights, obligations, terms or conditions as contained in this Agreement or the interpretation or construction of this Agreement shall be subject to the grievance redressal procedure of the Exchange and shall be subject to the arbitration procedure as prescribed by the Exchange Provisions.

IN WITNESS WHEREOF, **the Parties hereto have executed this Agreement as of the day and year first above written.**

**SIGNED SEALED AND DELIVERD** )

**By the within named Trading Member** )

**Through the hands of its** )

\_\_\_\_\_ )

**in the presence of ...** )

**1. Signature** )

2. **Name** )

3. **Address:** )

\_\_\_\_\_ )

\_\_\_\_\_ )

\_\_\_\_\_ )

**SIGNED SEALED AND DELIVERD** )

**By the within named Client** )

**Through the hands of its** )

\_\_\_\_\_ )

**in the presence of ...** )

1. **Signature** )

2. **Name** )

3. **Address:** )

\_\_\_\_\_ )

\_\_\_\_\_ )

\_\_\_\_\_ )

=====

DATED THIS \_\_\_\_ DAY OF \_\_\_\_\_, 200\_\_

=====

**BETWEEN**

\_\_\_\_\_ ... the Trading Member

**AND**

\_\_\_\_\_ ... the Client

**SUPPLEMENTAL**  
**Trading MEMBER - CLIENT AGREEMENT**  
**(ITORS TRADING)**

**ITORS TRADING MEMBER SUB-BROKER AGREEMENT**

BETWEEN

\_\_\_\_\_ (Trading Member Name) \_\_\_\_\_

And

\_\_\_\_\_ (Sub –Broker Name) \_\_\_\_\_

## AGREEMENT

This Agreement entered into this \_\_\_\_\_ day of \_\_\_\_\_ 2000\_ at \_\_\_\_\_ between \_\_\_\_\_, Trading Member of the \_\_\_\_\_ Exchange, ordinarily carrying on business in sale and purchase of shares and securities in the name and style of \_\_\_\_\_ from \_\_\_\_\_ (hereinafter referred to as "the Trading Member ") and \_\_\_\_\_ a sub-broker ordinarily carrying on/ desiring to start business in shares and securities in the name and style of \_\_\_\_\_ from \_\_\_\_\_ (hereinafter referred to as "the sub-broker".)

WHEREAS the said Trading Member is a Trading Member of \_\_\_\_\_ Stock Exchange (hereinafter referred to as "the Exchange") and also holds a certificate of registration granted under Rule 4 of the Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Rules & Regulations, 1992 (hereinafter referred to as "the said Rules and Regulations");

AND

WHEREAS the sub-broker is affiliated to the Trading Member Shri \_\_\_\_\_ and is eligible for grant of a certificate of registration granted under rule 5 of the said rules; AND

WHEREAS in terms of item (C) (4) of Schedule II under regulation 15(b) and item (m) of regulation 17(1) of the Securities and Exchange Board of India (Stock Brokers and Sub-brokers) Regulations, 1992 the sub-broker is required to enter into an agreement with the said Trading Member specifying the scope of their authority & responsibility, in relation to the business of dealing in securities between them.

NOW THEREFORE this agreement witnesseth as follows:

1. The Trading Member hereby acknowledges and confirms that the sub-broker is affiliated to him and that the sub-broker shall within the scope of the authority given under these presents, be entitled to act as a 'Sub-Broker' within the meaning and subject to SEBI (Stock Brokers & Sub-Brokers) Rules, 1992 as amended from time to time, between the said Trading Member and the investors for assisting the latter in buying, selling or dealing in securities through the said Trading Member.

2. The sub-broker may conduct business on behalf of his client with the Trading Member as may be mutually agreed upon and subject to such conditions as may be agreed to mutually between the Trading Member and the sub-broker. Such agreement shall not contravene any provisions of this agreement and said rules and regulation.
3. The Trading Member agrees that he shall not, except with the previous consent of the sub-broker, commit on the latter's behalf transactions in securities in excess of the amount mutually agreed upon in writing from time to time, being the aggregate value of such transactions agreed to be transacted during any settlement period of the exchange.
4. (a) The Sub Broker has declared that he/it is also presently affiliated as Sub-Broker with the Broker(s) detailed hereunder-

1	2	3	4
Name of the affiliated Trading Member	Name of Stock exchange	SEBI Reg. No. of the Broker.	SEBI Reg. No. of Sub-broker

(b) The Sub-broker has also declared that he/it has direct/indirect interest in the Trading Member (s)/Sub-broker(s) detailed hereunder:

Name & SEBI Reg. No. of Trading Member(s) directly or indirectly related to the present Sub-broker.	Name & SEBI Reg. No. of Sub-broker(s) directly or indirectly related to the present Sub-broker.	Name & SEBI Reg. No. of Trading Member(s) with whom the Sub broker mentioned at column( 2) is affiliated.	Name of the stock exchange.	Nature of interest.

The Trading Member(s) mentioned under column (1) of para 4(a)& column(3) of para 4(b) has/have given No objection certificate(s)(NOC)to the present Sub-broker to get affiliated to the new Trading Member M/S-----& seek registration with SEBI.

A Sub-broker is deemed to have direct/indirect interest in other Sub-broker(Broker) in following condition.

(i) Where he is individual, he or any of his relatives being a Sub-broker(Broker), he or any of his relative being partner in a Sub-Broking firm(Broking Firm), he or any of his relative being a director in a Sub-broking Company(Broking Company) or he or any of his relatives clubbed together holding substantial equity in any Sub-broking Company.

(ii) Where it is Partnership Firm/Company, the relative(s) of partners/directors in the Firm/Company being a Sub-broker (Broker) or being partner(s)/director(s) in a Sub-broking Firm/Company(Broking Firm/Company) or the same set of shareholders holding substantial equity in other Sub-broking(Broking) entity.



- (iii) Relative shall mean husband, wife, brother, unmarried sister or any linear ascendant or descendent of an individual.

The affiliated Trading Member through whom the Sub-broker has obtained registration with SEBI may withdraw his/its consent. It shall be the duty of the affiliated Trading Member withdrawing his/its consent to inform all the Trading Member/s mentioned in the column 1 of para 4 (a), Column 3 of Para 4 (b) and the concerned Stock Exchange regarding his/its withdrawal of consent and details of the reason thereof. Information about default in payment/delivery and related aspects by the sub-broker shall also be brought to the notice of all these Trading Members and the concerned Stock Exchange by the affected affiliated Trading Member. In case where defaulting sub-broker is corporate entity/partnership firm or any other artificial legal entity, then the name(s) of director(s)/promoter(s)/Partner(s) as the case may be, shall also be communicated to all the Trading Members mentioned under column 1 of Para 4(a) and Column 3 of Para 4(b) and the concerned Stock Exchange(s).

On withdrawal of consent, the sub-broker shall surrender his/its SEBI registration certificate which shall be forwarded to SEBI by the main Trading Member alongwith all the fees in arrears in respect of sub-brokers registration as required under Part II of schedule 3 of SEBI (Stock Broker & Sub-broker) Regulation 1992. (Regulation 10).

5. The sub-broker shall maintain separate books of accounts in respect of his dealings with each of affiliating Trading Members and under no circumstances, he shall mix the funds received from or payable to the one Trading Member with that of another Trading Members.
6. The Trading Member and the sub-broker agree that they shall abide by all the statutory responsibilities and obligations imposed on them by the said regulations and/or any other rules or regulations applicable to the Trading Members and sub-brokers in general either framed by the said Board or by the Exchange.
7. The Trading Member and the sub-broker shall abide by the code of conduct as specified in Schedule II of the said regulations or any amendment thereof;

8. The Trading Member can having regard to the size of the business handled on behalf of the sub-broker ask the sub-broker to deposit such amount as may be mutually agreed upon for securing sub-broker's obligations to his clients and to the Trading Member. The deposit of the Sub-broker shall be utilised by the Trading Member only for discharging the liabilities of the sub-brokers. On termination of the agreement, deposit shall be refunded to the Sub-broker. If the Trading Member wants to retain a part of the deposit to meet the anticipated future liabilities on account of past transactions of the Sub-broker the same shall be immediately transferred by the Trading Member to the stock exchange by way of deposit.
9. The sub-broker and the Trading Member shall co-operate and help each other in removing objections for bad delivery of shares, rectification of bad delivery, etc. in respect of shares and securities delivered/to be delivered or received/to be received by the sub-broker from the Trading Member and vice-a-versa.
10. The said Trading Member and the sub-broker agree that each of them shall ensure due protection to the investors regarding their rights to dividends, rights or bonus shares, etc. and neither of them shall jointly or severally do anything which is likely to harm the interest of investors with whom and for whom they may have had transactions in securities.  
  
The said Trading Member and the sub-broker agree that each of them shall ensure due protection to the investors regarding their rights to dividends, rights or bonus shares, etc. and neither of them shall jointly or severally do anything which is likely to harm the interest of investors with whom and for whom they may have had transactions in securities.
11. It shall be the responsibility of the Trading Member to inform the sub-broker 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 sub-broker to comply with such procedures of the said exchange of which the Trading Member is a Trading Member.
12. The Trading Member shall maintain a separate record including accounts in respect of the dealings in securities entered into on behalf of the Sub-broker. The Sub-brokers if he holds or

receives money on account of a client shall forthwith pay such money to current or deposit account at bank to be kept in the name of Sub-broker in the title of which the word "client" shall appear (hereinafter referred to as "client account"). The Sub broker may if he/it desires, keep one consolidated clients account for all the clients or account in name of each client as he thinks fit. If the Sub-broker receives a cheque or draft representing in part money belonging to client, and in part money belonging to sub-broker, he shall pay the whole of such cheque or draft into the client account and effect subsequent transfer to his own account of such amount that rightly belongs to him.

The Trading Member and sub-broker shall reconcile their accounts at the end of each Quarter with reference to all the settlements where payouts have been declared during the quarter.

13. The Trading Member shall issue consolidated scrip-wise contract notes to the sub-broker in respect of all the scrips traded on behalf of the latter showing execution price of transaction and brokerage separately. The sub-broker, in turn, shall issue split confirmation memos to each of his clients within 24 hours of receipt of contract note from the main Trading Member, wherein Sub-brokers SEBI registration number, the name of the Trading Member who has executed the order and Trading Members SEBI registration number, the name of Stock Exchange, reference number of the consolidated contract notes of the Trading Member, the rate at which the sale or purchase is made and the brokerage shall be shown separately. There shall be a clear mention on the face of the confirmation memo that disputes with the sub-broker shall be brought to the notice of main Trading Member by the client within 6 months from the date of dispute. Commission if any charged by the Sub-Broker shall not exceed one and one-half of one percent of the value mentioned in the respective sale or purchase note as required by Clause B(4)(C) of code of conduct under Regulation 15 of said Rules and Regulation, 1992. Also the Sum total of commission & Brokerage charged by the Sub Broker and the Trading Member shall not exceed the maximum brokerage as prescribed under the bye-laws of the Stock exchange(s).
14. The Trading Member and the sub-broker hereby agree that they will assist and co-operate with each other in ensuring faster settlement of any arbitration proceedings arising out of the

transactions entered into on behalf of the sub-broker and would accept arbitration awards in respect of the transactions entered into on his behalf.

15. The Trading Member and the sub-broker agree that they shall mutually decide from time to time the volume of business which will be transacted during a settlement period by the Trading Member with the sub-broker and if the sub-broker is dealing with more than one Trading Member, then the agreed aggregate volume of business of the sub-broker including that with the other Trading Member(s), shall also be informed to all the affiliating Trading Members.
16. The Trading Member and the sub-broker hereby mutually agrees that : -
  - (a) All transactions in securities on behalf of the clients of the sub-broker shall be settled by delivery and/or payment, between the contracting parties in accordance with the provisions and bye-laws of the said exchange and subject to the procedures for settlement of transactions laid down by the authorities of the said exchange from time to time.
  - (b) The Trading Member and sub-broker shall not encourage sales/purchase with the object of generating brokerage/ commission.
17. If any dispute arises between the Trading Member and sub-broker shall not encourage sales/purchase with the object of generating brokerage/ commission. Trading Member and the sub-broker the same shall as far as possible be settled with the help of the officials of the said exchange and if no such settlement is possible the parties hereby agree to refer such dispute to arbitration in accordance with the rules, byelaws and regulations of the said stock exchange. The Trading Member and the sub-broker hereby agree that they shall co-operate with the exchange officials and provide all relevant documents in their possession so as to expedite the settlement through arbitration process. If any dispute arises between Sub-Broker and client the same shall be brought to the notice of Trading Member within 6 months from the date of dispute and same shall as far as possible be settled with the help of Trading Member failing which it shall be brought to the notice of exchange officials for resolution. If the dispute persists, the same shall then be referred to the arbitration in accordance with the rules, by-laws and regulations of the said stock exchange. The Trading member shall

continue to be responsible for replacing bad deliveries in accordance with applicable "Good & bad delivery norms" even after termination of the agreement.

18. Either party shall be entitled to terminate this agreement at will and without giving any reasons to the other party notice in writing of not less than six months at their respective addresses mentioned above. The above shall also be intimated to stock exchange and SEBI.
19. This agreement shall forthwith terminate;
  - ( i ) if the Trading Member for any reason ceases to be a Trading Member of the Exchange including cessation of Trading Membership by reason of the Trading Member's death, resignation or expulsion or if the certificate issued by the Board is cancelled or suspended.
  - ( i i ) upon the demise/insolvency of the sub-broker or the cancellation or suspension of his/its registration with the Securities and Exchange Board of India.
  - ( i i i ) 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 agreement shall continue to subsist and vest in/be binding on the respective parties or his/her/its respective heirs, executors, administrators, legal representatives or successors, as the case may be.
20. The sub-broker agrees that he/it shall enter into detail agreement with all his/its clients & maintain database on the pattern of enclosed format specified in SEBI circular no. SMD/POLICY/CIR/5-97 dated April 11, 1997 and abide by the same.

IN WITNESS WHEREOF, the parties hereto have set their hands and signatures on the day, month and year first above written

**Signed for and on behalf of**

**Trading Member :**

**By :**

**Signature :**

**Title :**

**Witness :**

**Signed for and on behalf of**

**Sub-Broker :**

**By :**

**Signature :**

**Title :**

**Witness :**

**INDIVIDUAL CLIENT REGISTRATION APPLICATION FORM**

To,

XYZ (SUB-BROKER AFFILIATED WITH ABC TRADING MEMBER OF THE \_\_\_\_ BSE LTD HAVING SEBI REGISTRATION NO INB\_\_\_\_\_)

Name :

Address :

SEBI Registration No :INS\_\_\_\_\_.

Dear Sir,

We request you to register us as your client. In this regard the following information is furnished :

1. Name :
2. Address, Telephone/Fax numbers :
  - a. Residence :
  - b. Office :

Please sign on  
the  
photoaraph

3. Date of Birth :
4. Sex : Male/ Female
5. Educational Qualification : Photograph
6. Occupation :
7. Residential Status : Resident Indian/ Non- Resident Indian/Others
8. Particulars of the Bank Account
  - Name of the Bank
  - Branch ( Address & Tel No )
  - Bank Account Number

*(Please submit a letter from the banker certifying account number and the period from which this account is in operation)*

9. Annual Income in last three years :

10. Income Tax No. (PAN/GIR) :

11. Market Value of portfolio as on \_\_\_\_\_ :

12. Whether registered with any other broker - Trading Member/Sub-broker :

Name of Trading Member/Sub-broker & affiliated broker:

Name of Exchange :

Client Code No. :

13. Introduced by :

- Name and Address :
- Signature

14. Copy of any two of the following proof of identity should be submitted :

- Passport No, Place of Issue, Expiry Date
- Driving License
- Ration Card
- Voters Identity Card
- Copy of income tax return

The information furnished above is true to the best of my knowledge and belief, and I undertake to inform you of any changes therein immediately in writing. I am agreeable to enter into an agreement to abide by your terms and conditions.

Place :

Signature :

Date :

Name :

Note :



1. Each client has to use one registration form. In case of joint names/family Trading Members please submit separate form for each person.
2. Original documents may be verified at the time of filing of application.
3. The information given above would be confidential. However, if the information is required by any government agency, it may be given to them.

**NON- INDIVIDUAL CLIENT REGISTRATION APPLICATION FORM**

To,

XYZ (SUB-BROKER AFFILIATED TO ABC TRADING MEMBER OF THE \_\_\_\_\_ BSE LTD HAVING SEBI REGISTRATION NO.INB\_\_\_\_\_)

Name :

Address :

SEBI Registration No :INS\_\_\_\_\_.

Dear Sir,

We request you to register us as your client. In this regard the following information is furnished :

1. Name of the Company/Firm :
2. Address, Telephone/Fax numbers :
  - a. Registered Office
  - b. Correspondence Office
3. Date of Incorporation :
4. Date of Commencement of Business :
5. Copy of Memorandum and Articles of Association/Partnership Deed :
6. Details of Promoters/ Partners/ Key Managerial Personnel of the Company/Firm : ( as per Annexure - A )
7. Copies of the Annual Report of last three years: (If company has not completed three financial years of its operation, copy of annual reports for such completed financial years.)
8. Net Worth (certified) as on \_\_\_\_\_ (Excluding Revaluation Reserves) :
9. Particulars of the Bank Account from which the Company will carry out the transactions :
  - Name of the Bank
  - Branch ( Address & Tel No )

- Bank Account Number

(Please submit a letter from the banker certifying account number and the period from which this account is in operation)

10. Income Tax Number of the Company :

11. Annual Income in the past three years :

12. Market Value of the Portfolio as on \_\_\_\_\_ :

13. Whether registered with any other broker - Trading Member/sub-broker :

Name of Trading Member/Sub-Broker & affiliated Trading Member :

Name of Exchange :

Client Code No. :

The information furnished above is true to the best of my knowledge and belief, and I undertake to inform you of any changes therein immediately in writing. I am agreeable to enter into an agreement to abide by your terms and conditions.

Place : Authorized Signatory with Seal :

Date : Name :

Note :

1. Original documents may be verified at the time of filing of application.
2. The information given above would be confidential. However, if the information is required by any government agency, it may be given to them.

**Annexure - A (enclosed to the application form of \_\_\_\_\_)**

1. Name :

Designation :

Residential Address &amp; Telephone No. :

Qualification :

Experience :

Equity Stake :

Photograph

Income Tax No. (PAN/GIR) :

Bank Account Details: ( Name of the Bank, Address, Account No.)

(Any one of the following proof of identity should be submitted)

Passport No.:

- Place of Issue :
- Expiry Date :

Driving License No :

Ration Card No. :

Voters Identity Card :

Place :

Signature :

Date :

Name :

**Checklist of Enclosures for Corporate Clients:****Details of the Corporate Entity :**

1. Copy of Memorandum and Articles of Association.
2. Copies of Annual Reports of last three years.
3. Net Worth Certificate by a Chartered Accountant.

4. Letter from the Banker, certifying the Account Number and the period from which this Account is in operation.
5. Copy of Income Tax return.

***Personal Details of Promoters/Directors :***

1. Copy if Income Tax return.
2. Salary Certificate.
3. Proof of Residence (Copy of Passport/ Ration Card/ Driving Licence/ Voters Identity Card)
4. Letter from the Banker certifying the Account Number.

**SUB-BROKER - CLIENT AGREEMENT**

This agreement is made at \_\_\_\_\_ this \_\_\_\_ day of \_\_\_\_\_ between XYZ (Sub-broker affiliated with ABC Trading Member of \_\_\_\_\_ Bombay Stock Exchange Ltd having SEBI Registration No.: INS \_\_\_\_\_), hereinafter called Sub-broker and having his registered office at \_\_\_\_\_, and \_\_\_\_\_ - a individual/ company/ trust/ firm or any other body duly formed and registered under the relevant Act, hereinafter called the CLIENT, having it's residence/registered office at \_\_\_\_\_ .

WITNESSETH :

Whereas the Sub-broker is affiliated to \_\_\_\_\_ TRADING MEMBER of \_\_\_\_\_ Bombay Stock Exchange Ltd having SEBI Registration No. : \_\_\_\_\_ .

Whereas the CLIENT is desirous of investing/ trading in those securities admitted for dealing on the Exchange as defined in the Bye-Laws of the Exchange.

Whereas the CLIENT has satisfied itself of the capability of the Sub-broker to deal in securities and wishes to execute his orders through him and the CLIENT shall continue to satisfy itself of such capability of the Sub-broker before executing orders through him.

Whereas the Sub-broker has satisfied and shall continuously satisfy himself about the genuineness and financial soundness of the CLIENT and investment objectives relevant to the services to be provided.

Whereas the Sub-broker has taken steps and shall take steps to make the CLIENT aware of the precise nature of the Sub-broker liability for business to be conducted, including any limitations on that liability and the capacity in which it acts.

In consideration of the mutual understanding as set forth in this agreement, the parties thereto have agreed to the following terms and conditions:

1. The provisions of this agreement shall always be subject to Government notifications, any rules, regulations and guidelines issued by SEBI and Stock Exchanges rules, regulations and bye-laws that may be in force from time to time.

2. In the event of death or insolvency of the client or his otherwise becoming incapable of receiving and paying for or delivering or transferring securities which the client has ordered to be bought or sold, Sub-broker may close out the transaction of the client and the client or his legal representative shall be liable for any losses, costs and be entitled to any surplus which may result there from.
3. The agreement entered into between the Sub-broker and the CLIENT shall stand terminated by mutual consent of the parties by giving at least one month written notice. Such cancellation or termination shall not have any effect on transaction executed before the date of such notice of termination and the parties shall enjoy the same rights and shall have same obligations in respect of such transactions.
4. The instructions issued by an authorized representative of the client shall be binding on the client in accordance with the letter authorizing the said representative to deal on behalf of the client.
5. The Exchange may cancel a trade suo-moto without giving any reason thereof. In the event of such cancellation, Sub-broker shall be entitled to cancel relative contract(s) with CLIENT.
6. All trades, transactions and contracts are subject to the Rules and Regulations of the Exchange and shall be deemed to be and shall take effect as wholly made, entered into and to be performed in the city of \_\_\_\_\_ and the parties to such trade shall be deemed to have submitted to the jurisdiction of the Courts in \_\_\_\_\_ for the purpose of giving effect to the provisions of the Rules and Regulations of the Exchange. If any dispute arises between Sub-Broker and client the same shall be brought to the notice of Trading Member within 6 months from the date of dispute and same shall as far as possible be settled with the help of Trading Member failing which it shall be brought to the notice of exchange officials for resolution. If the dispute persists, the same shall then be referred to the arbitration in accordance with the rules, by-laws and regulations of the said stock exchange. The Trading

Member shall continue to be responsible for replacing bad deliveries in accordance with applicable "Good & bad delivery norms" even after termination of the agreement.

IN WITNESS THEREOF, the parties to agreement have caused these presents to be executed as of the day and year first above written.

Signed for and on behalf of

**Sub-broker :**

By :

Signature :

Title :

Witness :

**CLIENT :**

By :

Signature :

Title :

Witness :



## SCHEDULE D – Format for Informing Post Approval Changes

### Annexure - B

#### Auditor's Report on Testing

**(To be on the letterhead of the system auditor)**

I/We, M/s. (Name of the system auditor / system audit firm) have examined the reports of the tests conducted by the BSE members M/s. \_\_\_\_\_ (Membership No. :\_\_\_\_\_) in User Acceptance Testing (UAT), Exchange Mock trading and Exchange Simulated Test environments. This is to certify that the member has successfully completed testing of all the areas (impacted components as well as the entire facility) including the areas as laid down by the Exchange for the below mentioned software / facilities in the said test environments separately. The below mentioned software / facilities are in compliance of the SEBI/BSE requirements and can be deployed in live environment.

Category:	New / Modification
Name of the facility :	(IML/IBT/DMA/STWT/SOR/AT)
Exe/Browser/Lite (in case of IBT and STWT):	
Segment:	(CM / FO / CD)
Name of the Strategy/ies (in case of AT):	
Version No:	
Name of Software Vendor:	
Date/s of UAT performed	
Date/s of testing in Exchange test environment:	
Date/s of participation in Mock trading session:	

#### Declaration:

There is no conflict of interest with respect to the member being audited and our directors / promoters are not directly or indirectly related to the current directors or promoters of the member being audited.

Signature

(Name of the Auditor & Auditing firm)

CISA / DISA / CISM / CISSP Reg. No :

Date:

Place:

Stamp/Seal:

## SCHEDULE E – Checklist for ITORS Application to the exchange

1.	Schedule A- of Minimum Requirements Handbook for ITORS duly filled in & signed by an authorized signatory along with the Organisation Stamp.
2.	Member Self Certification – Annexure I to Schedule A
3.	Vendor Certificate(s) for system capacity – Annexure II to Schedule A
4.	Board Resolution permitting the company, inter alia to offer the facility of the system to their ITORS Clients and authorized particular person(s) to act as authorised signatories
5.	Copy of Networth Certificate (last submitted to BSE LTD.)
6.	Auditor Certificate on software Testing – (Annexure –B)
7.	Software Undertaking (Annexure – F)
8.	IBT system audit report (as per Annexure E_IBT format)

## SCHEDULE F – Checklist for documents to be submitted to auditors

1.	IT Environment form duly filled for each product to be audited - Schedule H
2.	Detailed Network diagram clearly depicting each server / network component in use for Internet Based Trading.
3.	Net Worth certificate from a Chartered Accountant not older than six months from the date of submission of this application form to the Exchange.
4.	Copy of bill / contract with Internet Service Provider
5.	Copy of the bill / AMC Contract / Service Report for UPS / Power Generator
6.	Copy of SSL Certificate
7.	Digital signature Certificate of the person signing the Digital Contract Notes
8.	Information Security Policy
9.	Document detailing process on backup and archival procedure
10.	Business Continuity Plan / Disaster Recovery Plan
11.	In case of System failure, how alternative facility including contact over telephone shall be provided.
12.	Procedure for escalating the issue if email is not responded within one working day
13.	Copy of latest IML System Audit report for the previous year.

## **SCHEDULE G – ITORS Audit Checklist**

### **Annexure E**

**Covering page of all the Pre-approval system audit reports pertaining to IBT/STWT/DMA/SOR submitted by the System Auditors :**

1. i. Appointment by the Member for system audit on : \_\_/\_\_/\_\_
- ii. System Audit Conducted on : \_\_/\_\_/\_\_
- iii. System Audit Report submitted to Exchange on : \_\_/\_\_/\_\_

2. The audit team comprises of the following team members :

Sr.	Name	Designation / Qualification	Location of the System Audit

3. Trading Application Details :

Name of the Application	
Application Developed by	
Application Version No.	
Location of Servers	

4. Auditee Representatives Name, Email & Mobile
5. Details of the Servers used for < **IBT/STWT/DMA/SOR** >

Server Name	OS	Configuration	Location/s

6. Overall Rating : (Strong / Medium / Weak) :
7. Opinion & conclusion

In our opinion, <**member name**> is in **compliance / non-compliance** with the requirements of BSE/SEBI for the < **IBT/STWT/DMA/SOR** > through <**application name, Version no., Vendor name**>.

We have reviewed the compliance with < **IBT/STWT/DMA/SOR** > checklist and SEBI/Exchange Circular/s in this regard.

Based on our review we conclude that BSE may grant the necessary approval to the <**member name**> for commencement of < **IBT/STWT/DMA/SOR** >.

There is no conflict of interest with respect to the member being audited and our directors / promoters are not directly or indirectly related to the current directors or promoters of the member being audited.

(Name of the Auditor & Auditing firm)

CISA / DISA / CISM / CISSP Regn. No. :

Date :                      Place :                      Stamp / Seal :

**Internet Based Trading Pre-approval System Audit Checklist**

Sr. No.	Area of Audit	Findings & Observations	Auditor Risk Rating
<b>A.</b>	<b>Operational Specifications</b>		
1.	Minimum Net worth, per Member, of Rs. 50 lacs.		
2.	Has the Broker implemented multiple Systems inter-alia for sub-brokers?		
<b>B.</b>	<b>System Features &amp; Functionality</b>		
3.	<b>Order Tracking</b> allows		
	a ITROS Client to place an Order		
	b Modify an Order		
	c Delete an Order		
	d View Order status		
	e Order / Trade Confirmation		
4.	<b>Order Status</b> displays:		
	a Order ID generated by the Exchange		
	b Date and Time of order placement		
	c Scrip name / code / symbol		
	d Action (Buy/Sell)		
	e Quantity		
	f. Order type (Market Order / Limit Order etc.)		
	g Order validity (EOSESS, EOTODY, IOC etc.)		
	h Price		
	i. Execution status		
	j. System should generate a unique number for each Order.		
5.	<b>Order Capture</b> should capture the following information:		
	a ITORS Client ID and type of ITORS Client		
	b Scrip Name / Code / Symbol		
	c Buy / Sell		
	d Quantity (ensure market lot depending on physical/dematerialization stock)		
	e Type of order (market order/ limit order/ or such orders as allowed by Exchange)		
	f. Order validity (type as permitted by exchange such as, EOTODY,		

		EOSESS, IOC.)		
	9.	Price (Ensure price band/circuit limit and minimum tick size as allowed by Exchange)		
6.		Acceptance / rejection of an order / trade is communicated to the ITORS client.		
7.		Is the trade confirmation sent to the client via e-mail?		
8.		Can the ITORS client choose the interval of receiving the e-mail?		
9.		The System generates appropriate audit logs and trails so as to facilitate tracking of events such as orders and trades with timestamp.		
10.		Whether the trading system captures the IP (Internet Protocol) address from where the orders are originating, for all ITORS orders.		
11.		System should be capable of deploying Digital Signature Certificate technology to issue digitally signed Contract notes to ITORS Client as per existing regulations, within 24 hours of the trade execution.		
<b>C.</b>		<b>Risk Management</b>		
12.		System-based control on the pre-defined trading limits set by the ITORS Member?		
13.		Exposures taken by the ITORS Clients have been implemented?		
14.		Facility to prompt the ITORS Clients when he puts in orders that are over and above the normal limits set by the ITORS Member.		
15.		System shall have a facility for review and release by the ITORS Member of orders that are not validated by the System		
16.		ITORS Member shall ensure that logic / priorities used by the Exchange are followed by the System for treating ITORS Client Orders.		
17.		Does the System pass all the Orders to the trading platform of the Exchange for execution and not allow any crossing of orders that are routed through it?		
<b>D.</b>		<b>Password Security</b>		
18.		Does the organization's policy and procedure document have a password policy?		
19.		Does the organization's policy and procedure document have a access control policy for users of the service?		
20.		System authenticates ITORS Clients with a User Name and password as first level of security?		
21.		Whether Two-factor authentication for login session has been implemented for all orders emanating using Internet Protocol.  Whether Public Key Infrastructure (PKI) based implementation using digital signatures, supported by one of the agencies certified by the		

	government of India has been considered for two factor authentication.		
22.	Whether it is ensured that the two factors in the Two-factor authentication framework are not the same.		
23.	System mandated changing of password when the user logs in for the first time?		
24.	Automatic disablement of the user on entering erroneous password on three consecutive occasions?		
25.	The system provides for automatic expiry of passwords at the end of a reasonable duration (maximum 6 months) and re-initialisation of access on entering fresh passwords.		
26.	Prior intimation is given to the ITORS client before such expiry?		
27.	System controls to ensure that the password is alphanumeric (preferably with one special character), instead of just being alphabets or just numerical?		
28.	System controls to ensure that the changed password cannot be the same as of the last 8 passwords?		
29.	System controls to ensure that the Login id of the user and password should not be the same?		
30.	System controls to ensure that the Password should be of minimum six characters and not more than twelve characters?		
31.	ITORS Client account is deactivated if the same is not used for a continuous period of 12 (Twelve) months from date of last use of the account?		
32.	System allows ITORS Clients to change their passwords at their discretion and frequency?		
33.	System controls to ensure that the Password is encrypted at members end so that employees of the member cannot view the same at any point of time?		
<b>E.</b>	<b>Session Security</b>		
34.	Whether the system has provision for security, reliability and confidentiality of data through use of encryption technology, SSL or similar session confidentiality protection mechanisms?		
35.	Whether there is secure end-to-end encryption for all data transmission between the client and the broker systems through a Secure Standardized Protocol and whether a procedure of mutual authentication between the client and the trading systems / servers has been implemented.		
36.	System has a facility by which ITORS Clients are logged out from the System after a configurable (as determined by the System) period of inactivity? (In case of no activity by the client, the system shall provide for automatic trading session logout.)		

<b>F.</b>	<b>Network Security</b>		
37.	Whether backup network link is available in case of failure of the primary link to the BSE?		
38.	Service has adequate bandwidth and multiple links to the Internet to ensure reliability and redundancy?		
39.	The Webserver is kept separate of the Application and Database server.		
40.	Whether suitable firewalls are present between the member trading setup and internet.		
<b>G.</b>	<b>Operational Integrity</b>		
41.	Whether adequate controls have been implemented for admission of personnel into the server rooms / place where servers are located and whether audit trails of all the entries-exits at the server room / location are maintained?		
42.	ITORS Member ensures that software version number is used to identify the system being approved by the Exchange.		
43.	The ITORS Member ensures that the service is supported by at least two persons, each having Bachelors degree OR Diploma in Engineering OR such other equivalent qualification. The Member shall certify that the persons supporting the service possess requisite skills for technical support, System administration and other related functions pertaining to the System		
44.	The ITORS member ensures that a specific email id to receive mails from ITORS Clients is communicated to all clients.		
45.	Member has documented and implemented a procedure to escalate the issue if the email is not responded within one working day.		
46.	Reports on margin requirements, payment and delivery obligations shall be informed to the ITORS Client through the System.		
<b>H.</b>	<b>Backup &amp; Recovery Procedures</b>		
47.	Does the organization's documented policy include a backup policy and procedures		
48.	Are the backup logs maintained and are the backups been verified and tested?		
49.	Are the backup media stored safely in line with the risk involved?		
50.	Whether the member has on-site as well as remote site back-up capabilities?		
51.	Are there any recovery procedures and have the same been tested?		
52.	Whether the back-up and restore systems are adequate to deliver sustained performance and high availability.		

I.	Business Continuity & Disaster Recovery Procedures		
53.	Does the organization's documented policy include a business continuity and disaster recovery policy and procedures?		
54.	In case of System failure, alternative facility including contact over telephone shall be provided.		
55.	Whether the alternate channel of communication have adequate capabilities for client identification and authentication.		
56.	Whether Mission-critical systems been identified and provision for backup for such systems been made?		
57.	Whether the trading system have built-in high system availability to address any single point of failure.		
58.	Whether the member has implemented adequate safety features / controls to ensure the trading system it is not susceptible to internal / external attacks.		
59.	Adequate un-interrupted power supply for smooth operation of the System is available at the Site?		
J.	Website Policy		
60.	No false or misleading name is used for the Site, which may cause an incorrect perception amongst people that the Site is sponsored/partnered by or associated with the Exchange.		
61.	Ticker provided by the ITORS Member on the Website shall mention the timestamp and the source of the information.		
62.	Displays disclaimers, if any. No disclaimer by the ITORS Member, shall state anything contrary to the provisions of the Model Agreement or the liabilities/responsibilities imposed on the ITORS Member by the Rules, Bye-laws and Regulations, procedures and notices of the Exchange, Rules, Regulations and Circulars of SEBI and any other law for the time being in force.		
63.	Terms of Use of the Site, if any.		
64.	Rules and regulations affecting Client Member relationship, including rules related to arbitration and investor protection.		
65.	Hyperlink to investor complaint form on Website of the Exchange.		
66.	<p>ITORS Member shall display the following, prominently, on the Site:</p> <p><i>"The Stock Exchange, Mumbai is not in any manner answerable, responsible or liable to any person or persons for any acts of omission or commission, errors, mistakes and/or violation, actual or perceived, by us or our partners, agents, associates etc., of any of the Rules, Regulations, Bye-laws of the Stock Exchange, Mumbai, SEBI Act or any other laws in force from time to time.</i></p> <p><i>The Stock Exchange, Mumbai is not answerable, responsible or liable for any information on this Website or for any services rendered by</i></p>		



	<i>our employees, our servants, and us. "</i>		
67.	Hyperlink to Website of the Exchange.		

## **SCHEDULE H – IT Environment Form for ITORS**

This document details the compliance requirements to be fulfilled by the trading member prior to conduct of the audit. A copy of this document along with the necessary documents mentioned should be submitted to the auditor prior to the audit date.

**Note:**

1. *Kindly attach separate sheets if space provided is insufficient.*
2. *Please fill in all the details and strike out whichever is not applicable*

1. Name of the Member:
2. Clearing Number:
3. Trading Application Details

a. Trading Application Details

<b>Name &amp; Version</b>	
Order Gateway Version	
Risk Administration / Manager Version	
Front End / Order Placement Version	
Database Details	
No. of supported users	
Location of Server	
Application Developed by	
Application Maintained by	
Name of Administrator	

b. Application Materiality (To be provided by Application Vendor)

Brief Description of the application (Include the volume of the business handled)	
Programming Language	
Known Problems or limitations of application	

## 4. Infrastructure Details (To be provided by trading member)

a. Details and configuration of the Servers

Please give details of all the servers that will be used for Internet Trading  
(Eg. Order Gateway, Risk Administration / Manager, Front End / Order Placement)

	Server Name	OS	Configuration
1			
2			
3			

b. Details and Configuration of Network Components

Please give details of all network components used for Internet Based Trading  
(Eg. Routers, Switches, Firewalls, Anti-virus, etc)

	Device	Name	Details
1			
2			
3			
4			

c. Details and Configuration of Internet Connection

Please give details of all modes of connection to the Internet (Eg. Leased Line, Broadband etc). **Copy of the bill / Contract also to be attached**

	ISP Name	Connection Details
1		
2		
3		

d. Details and Configuration of Connectivity to Exchange

Please give details of all modes of connection to BSE (Eg. Leased Line, V-SAT, MPLS etc).

	ISP Name	Connection Details
1		
2		
3		

e. Details and Configuration of UPS

Please give details of all UPS and other alternative power supplier.(Eg. UPS, Generator). **Copy of the bill / AMC Contract / Service Report also to be attached**

	UPS Make	Details
1		
2		
3		

5. Access Control Matrix (To be provided by trading member)

\_\_\_\_\_ System used for Internet trading is having \_\_\_\_\_ types of users:

1. \_\_\_\_\_
2. \_\_\_\_\_

For all the above types of users we have set access control system and is defined below:

Sr.	Access Allowed	(Type -1)	(Type 2)
1.	Placing Order	(ie.Y/N)	
2.	Modifying Order		

3.	Cancel Order		
4.	Square Off Order		
5.	Viewing reports related to Order Status		
6.	Viewing reports related to the margin / exposure available		
7.	Viewing market watch		
8.	Surveilling the other users of the system		

#### 6. Qualified Systems Personnel (To be provided by trading member)

Please give details of all persons managing the IT Infrastructure and related systems.

	<b>Name</b>	<b>Qualification</b>	<b>Designation</b>	<b>Total Experience in IT</b>	<b>Joined your Org. on</b>
1					
2					
3					

#### 7. Documents Required (To be provided by trading member)

The list provides all the documents that need to be submitted along with this form.

<b>Sr.</b>	<b>Requirements</b>	<b>Attached Y / N</b>
1	Detailed Network diagram	
2	Net Worth certificate from a Chartered Accountant not older than six months from the date of submission of this application form to the Exchange.	
3	Copy of bill / contract with Internet Service Provider	
4	Copy of the bill / AMC Contract / Service Report for UPS / Power Generator	
5	Copy of SSL Certificate	
6	Digital signature Certificate of the person signing the Digital Contract Notes	

7	Information Security Policy	
8	Document detailing process on backup and archival procedure	
9	Business Continuity Plan / Disaster Recovery Plan	
10	Contingency plan for contact in case of smaller disaster	
11	Procedure for escalating the issue if email is not responded within one working day	
12	Password Management Certificate (applicable for in-house developed application)	

8. Items required to be incorporated in the website of the trading member. (To be implemented by trading member)

1. Trading Member's Disclaimer
2. Terms of Use of the Site
3. Rules and regulations affecting Client Member relationship, including rules related to arbitration and investor protection.
4. Hyperlink to investor complaint form on website of the Exchange.
5. BSE Disclaimer
6. Hyperlink to website of the Exchange.

9. Guidelines for Development of Policy Documents (Recommendations)

Mentioned below are the important points which must be considered in drafting IS Security Policy, Backup Policy, Business Continuity Plan, Disaster Recovery Plan.

**These are only guidelines and not the complete policy.**

- a. Elements of Information Security Policy

Sr.	Area
1	Information security program, Rules, Threats, Incidents/ Attacks.
2	Security Incidents and Reporting
3	Individual Use/E-Mail, Internet, Rules
4	Individual Use/Copyright rule
5	Information security training and awareness.
6	Physical Security of Secure areas
7	Procedure for storage of database, system and Application level password.
8	Punitive action against breach of information security
9	Extension of IS Security to 3 <sup>rd</sup> party such as vendors, service providers etc.

- b. Elements of Business Continuity Planning

Sr.	Area
1	Risk assessment.
2	Business impact analysis
3	Strategy development
4	Classification of applications in terms of criticality
5	Project initiation
6	Goal definition
7	Technical requirements for the various continuity options.
8	Roles and Responsibilities/Escalation hierarchy of the DRP Team
9	Detailed process of a Response to a Disaster.
10	Procedure for testing
11	Activities of the Test plan
12	Emergency list of hospital, police station etc...
13	Business person responsible for process
14	DRP Training
15	DRP Ownership
16	Insurance

c. Elements of Backup, Archival & Restoration

Sr.	Area
1	Data encryption while transporting to offsite location
2	Maintenance of backup log.
3	Daily Backup.
4	Application Backup
5	Files and Folders Backup.
6	Backup Strategy
7	Daily, Weekly, Monthly, Year backup.
8	Restoration Plan
9	Data Validation Check
10	Rotation of Tapes
11	Backup Tapes movement out ward register
12	Backup Tapes movement Inward register
13	Storage Policy for SAN, NAS and DAS devices



## SCHEDULE I – Checklist for STWT Application to the exchange

1.	Schedule A- of Minimum Requirements Handbook for ITORS duly filled in & signed by an authorized signatory along with the Organisation Stamp.
2.	Member Self Certification – Annexure IA to Schedule A
3.	Vendor Certificate(s) for system capacity – Annexure IIA to Schedule A
4.	Board Resolution permitting the company, inter alia to offer the facility of the system to their STWT Clients and authorized particular person(s) to act as authorised signatories
5.	Copy of Networth Certificate (last submitted to BSE LTD.)
6.	Auditor Certificate on software Testing – (Annexure –B)
7.	Software Undertaking (Annexure – F)
8.	IBT system audit report (as per Annexure E_STWT format)

## SCHEDULE J – Checklist for documents to be submitted to auditors

1.	IT Environment form duly filled for each product to be audited - Schedule K
2.	Detailed Network diagram clearly depicting each server / network component in use for Securities Trading Using Wireless Technology (STWT)
3.	Net Worth certificate from a Chartered Accountant not older than six months from the date of submission of this application form to the Exchange.
4.	Copy of bill / contract with Internet Service Provider
5.	Copy of the bill / AMC Contract / Service Report for UPS / Power Generator
6.	Copy of SSL Certificate
7.	Information Security Policy
8.	Document detailing process on backup and archival procedure
9.	Business Continuity Plan / Disaster Recovery Plan
10.	In case of System failure, how alternative facility including contact over telephone shall be provided.
11.	Procedure for escalating the issue if email is not responded within one working day
12.	Copy of latest IML System Audit report for the previous year.
13.	Copy of approval letter from BSE approving Internet Based Trading using Order Routing System (ITORS)

## SCHEDULE K – STWT Audit Checklist

### Annexure E

**Covering page of all the Pre-approval system audit reports pertaining to IBT/STWT/DMA/SOR submitted by the System Auditors :**

8. i. Appointment by the Member for system audit on : \_\_\_\_/\_\_\_\_/\_\_\_\_
- ii. System Audit Conducted on : \_\_\_\_/\_\_\_\_/\_\_\_\_
- iii. System Audit Report submitted to Exchange on : \_\_\_\_/\_\_\_\_/\_\_\_\_

9. The audit team comprises of the following team members :

Sr.	Name	Designation / Qualification	Location of the System Audit

10. Trading Application Details :

Name of the Application	
Application Developed by	
Application Version No.	
Location of Servers	

11. Auditee Representatives Name, Email & Mobile

12. Details of the Servers used for < **IBT/STWT/DMA/SOR**>

Server Name	OS	Configuration	Location/s

13. Overall Rating : (Strong / Medium / Weak) :

14. Opinion & conclusion

In our opinion, **<member name>** is in **compliance / non-compliance** with the requirements of BSE/SEBI for the < **IBT/STWT/DMA/SOR**> through **<application name, Version no., Vendor name>**.

We have reviewed the compliance with < **IBT/STWT/DMA/SOR**> checklist and SEBI/Exchange Circular/s in this regard.

Based on our review we conclude that BSE may grant the necessary approval to the **<member name>** for commencement of < **IBT/STWT/DMA/SOR**>.

There is no conflict of interest with respect to the member being audited and our directors / promoters are not directly or indirectly related to the current directors or promoters of the member being audited.

(Name of the Auditor & Auditing firm)

CISA / DISA / CISM / CISSP Regn. No. :

Date :

Place :

Stamp / Seal :

**STWT Pre-approval System Audit Checklist**

Sr. No	Area of Audit	Findings & Observations	Auditor's Risk / Rating
<b>A.</b>	<b>System Features &amp; Functionality</b>		
1.	<b>Order Tracking</b> allows		
	a Client to place an Order		
	b Modify an Order		
	c Delete an Order		
	d View Order status		
	e Order / Trade Confirmation		
2.	<b>Order Status:</b>		
	The system should generate a unique number for each order originating from a wireless device.		
3.	It may not be possible to give detailed information about the order status on mobile phones, it should be ensured that minimum information may be given with addresses of the Internet web site / web page where detailed information would be available		
4.	The System generates appropriate audit logs and trails so as to facilitate tracking of events such as orders and trades with timestamp.		
5.	Whether such audit trails are provided to the user on the wireless device.		
6.	Whether the trading system captures the IP (Internet Protocol) address from where the orders are originating, for all STWT orders.		
<b>B.</b>	<b>Risk Management</b>		
7.	System-based control on the pre-defined trading limits set by the trading Member?		
8.	Exposures taken by the Clients have been implemented?		
9.	Facility to prompt the Clients when he puts in orders that are over and above the normal limits set by the Member.		
10.	Member shall ensure that logic / priorities used by the Exchange are followed by the System for treating Client Orders.		
11.	Does the System pass all the Orders to the trading platform of the Exchange for execution and not allow any crossing of orders that are routed through it?		
<b>C.</b>	<b>Password Security</b>		
12.	System authenticates Clients with a User Name and password as first level of security?		
13.	Whether Two-factor authentication for login session has been implemented for all orders emanating using Internet Protocol.  Whether Public Key Infrastructure (PKI) based implementation using digital signatures, supported by one of the agencies certified by the government of India has been considered for two factor authentication.		
14.	Whether it is ensured that the two factors in the Two-factor authentication framework are not the same.		
15.	System mandated changing of password when the user logs in for the first time?		
16.	Automatic disablement of the user on entering erroneous password on three consecutive occasions?		
17.	The system provides for automatic expiry of passwords at the end of a reasonable duration (maximum 6 months) and re-initialisation of access on entering fresh passwords.		
18.	Prior intimation is given to the client before such expiry?		

19.	System controls to ensure that the password is alphanumeric (preferably with one special character), instead of just being alphabets or just numerical?		
20.	System controls to ensure that the changed password cannot be the same as of the last 8 passwords?		
21.	System controls to ensure that the Login id of the user and password should not be the same?		
22.	System controls to ensure that the Password should be of minimum six characters and not more than twelve characters?		
23.	Client account is deactivated if the same is not used for a continuous period of 12 (Twelve) months from date of last use of the account?		
24.	System allows Clients to change their passwords at their discretion and frequency?		
25.	System controls to ensure that the Password is encrypted at members end so that employees of the member cannot view the same at any point of time?		
26.	If the system is enabled for trading using wireless technology whether any additional measures have been taken for user identification, authentication and access control, to prevent misuse of facility from unauthorized persons.		
<b>D.</b>	<b>Session Security</b>		
27.	Whether the system has provision for security, reliability and confidentiality of data through use of encryption technology, SSL or similar session confidentiality protection mechanisms?		
28.	Whether there is secure end-to-end encryption for all data transmission between the client and the broker systems through a Secure Standardized Protocol and whether a procedure of mutual authentication between the client and the trading systems / servers has been implemented.		
29.	Whether provision has been made to lock the trading application in case of loss of the hand held device.		
30.	It must be ensured that the session login details should not be stored on the devices used for securities trading using wireless technology.		
31.	System has a facility by which ITORS Clients are logged out from the System after a configurable (as determined by the System) period of inactivity? (In case of no activity by the client, the system shall provide for automatic trading session logout.)		
<b>E.</b>	<b>Network Security</b>		
32.	Whether backup network link is available in case of failure of the primary link to the BSE?		
33.	Service has adequate bandwidth and multiple links to the Internet to ensure reliability and redundancy?		
34.	The Webserver is kept separate of the Application and Database server.		
35.	Whether suitable firewalls are present between the member trading setup and internet.		
<b>F.</b>	<b>Backup &amp; Recovery Procedures</b>		
36.	Does the organization's documented policy include a backup policy and procedures		
37.	Are the backup logs maintained and are the backups been verified and tested?		
38.	Are the backup media stored safely in line with the risk involved?		
39.	Whether the member has on-site as well as remote site back-up capabilities?		
40.	Are there any recovery procedures and have the same been tested?		
41.	Whether the back-up and restore systems are adequate to deliver sustained performance and high availability.		
<b>G.</b>	<b>Business Continuity &amp; Disaster Recovery Procedures</b>		
42.	Does the organization's documented policy include a business continuity and disaster recovery policy and procedures?		

43.	In case of System failure, alternative facility including contact over telephone shall be provided.		
44.	Whether the alternate channel of communication have adequate capabilities for client identification and authentication.		
45.	Whether Mission-critical systems been identified and provision for backup for such systems been made?		
46.	Whether the trading system have built-in high system availability to address any single point of failure.		
47.	Whether the member has implemented adequate safety features / controls to ensure the trading system it is not susceptible to internal / external attacks.		
48.	Adequate un-interrupted power supply for smooth operation of the System is available at the Site?		
<b>H.</b>	<b>Operational Integrity</b>		
49.	The broker's server routing orders to the exchange trading system shall be located in India.		

## **SCHEDULE L – IT Environment Form for STWT**

This document details the compliance requirements to be fulfilled by the trading member prior to conduct of the audit. A copy of this document along with the necessary documents mentioned should be submitted to the auditor prior to the audit date.

**Note:**

1. *Kindly attach separate sheets if space provided is insufficient.*
2. *Please fill in all the details and strike out whichever is not applicable*

1. Name of the Member :
2. Clearing Number:
3. Trading Application Details

a. Trading Application Details

<b>Name &amp; Version</b>	
Order Gateway Version	
Risk Administration / Manager Version	
Front End / Order Placement Version	
Database Details	
No. of supported users	
Location of Server	
Application Developed by	
Application Maintained by	
Name of Administrator	

b. Application Materiality (To be provided by Application Vendor)

Brief Description of the application (Include the volume of the business handled)	
Programming Language	

Supportive Hand held devices	
Supporting Operating System	
Supportive Bandwidth	
Supportive Screen Size	
Minimum Power requirements of Hand held devices	
Minimum Memory requirements in Hand held devices	
Known Problems or limitations of application	

#### 4. Infrastructure Details (To be provided by trading member)

##### c. Details and configuration of the Servers

Please give details of all the servers that will be used for Internet Trading

(Eg. Order Gateway, Risk Administration / Manager, Front End / Order Placement)

	Server Name	OS	Configuration
1			
2			
3			

d. Details and Configuration of Network Components

Please give details of all network components used for Internet Based Trading

(Eg. Routers, Switches, Firewalls, Anti-virus, etc)

	Device	Name	Details
1			
2			
3			

e. Details and Configuration of Internet Connection

Please give details of all modes of connection to the Internet (Eg. Leased Line, Broadband etc). **Copy of the bill / Contract also to be attached**

	ISP Name	Connection Details
1		
2		
3		

f. Details and Configuration of Connectivity to Exchange

Please give details of all modes of connection to BSE (Eg. Leased Line, V-SAT, MPLS etc).

	ISP Name	Connection Details
1		
2		



g. Details and Configuration of UPS

Please give details of all UPS and other alternative power supplier.(Eg. UPS, Generator). **Copy of the bill / AMC Contract / Service Report also to be attached**

	UPS Make	Details
1		
2		
3		

## 5. Access Control Matrix (To be provided by trading member)

\_\_\_\_\_ System used for Securities Trading using wireless Technology is having \_\_\_\_ types of users:

1. \_\_\_\_\_
2. \_\_\_\_\_

For all the above types of users we have set access control system and is defined below:

Sr.	Access Allowed	(Type -1)	(Type 2)
1.	Placing Order	(ie.Y/N)	
2.	Modifying Order		
3.	Cancel Order		
4.	Square Off Order		
5.	Viewing reports related to Order Status		
6.	Viewing reports related to the margin / exposure available		
7.	Viewing market watch		
8.	Surveilling the other users of the system		

## 6. Qualified Systems Personnel (To be provided by trading member)

Please give details of all persons managing the IT Infrastructure and related systems.

	Name	Qualification	Designation	Total Experience in IT	Joined your Org. on
1					
2					
3					

## 7. Documents Required (To be provided by trading member)

The list provides all the documents that need to be submitted along with this form.

Sr.	Requirements	Attached Y / N
1	Detailed Network diagram	
2	Net Worth certificate from a Chartered Accountant not older than six months from the date of submission of this application form to the Exchange.	
3	Copy of bill / contract with Internet Service Provider	
4	Copy of the bill / AMC Contract / Service Report for UPS / Power Generator	
5	Copy of SSL Certificate	
6	Information Security Policy	
7	Document detailing process on backup and archival procedure	
8	Business Continuity Plan / Disaster Recovery Plan	
9	Contingency plan for contact in case of smaller disaster	
10	Procedure for escalating the issue if email is not responded within one working day	
11	Copy of latest IML System Audit report for the previous year.	
12	Copy of approval letter from BSE approving Internet Based Trading using Order Routing System (ITORS)	

## 8. Guidelines for Development of Policy Documents (Recommendations)

Mentioned below are the important points which must be considered in drafting IS Security Policy, Backup Policy, Business Continuity Plan, Disaster Recovery Plan.

**These are only guidelines and not the complete policy.**

### h. Elements of Information Security Policy

Sr.	Area
1	Information security program, Rules, Threats, Incidents/ Attacks.
2	Security Incidents and Reporting
3	Individual Use/E-Mail, Internet, Rules
4	Individual Use/Copyright rule
5	Information security training and awareness.
6	Physical Security of Secure areas
7	Procedure for storage of database, system and Application level password.
8	Punitive action against breach of information security
9	Extension of IS Security to 3 <sup>rd</sup> party such as vendors, service providers etc.

### i. Elements of Backup, Archival & Restoration

Sr.	Area
1	Data encryption while transporting to offsite location
2	Maintenance of backup log.
3	Daily Backup.
4	Application Backup
5	Files and Folders Backup.
6	Backup Strategy
7	Daily, Weekly, Monthly, Year backup.
8	Restoration Plan
9	Data Validation Check
10	Rotation of Tapes
11	Backup Tapes movement out ward register
12	Backup Tapes movement Inward register
13	Storage Policy for SAN, NAS and DAS devices

j. Elements of Business Continuity Planning

<b>Sr.</b>	<b>Area</b>
1	Risk assessment.
2	Business impact analysis
3	Strategy development
4	Classification of applications in terms of criticality
5	Project initiation
6	Goal definition
7	Technical requirements for the various continuity options.
8	Roles and Responsibilities/Escalation hierarchy of the DRP Team
9	Detailed process of a Response to a Disaster.
10	Procedure for testing
11	Activities of the Test plan
12	Emergency list of hospital, police station etc...
13	Business person responsible for process
14	DRP Training
15	DRP Ownership
16	Insurance