Securities lending and borrowing

SLB is an exchange traded transparent automated screen based trading platform. It facilitates online matching of trades based on price-time priority which gives immense opportunity to both lenders and borrowers for getting better returns on their investments.

Stock lending and borrowing where investor borrows shares that they do not hold, or lend the shares that they hold but do not intend to sell in near future. The lending price or borrowing cost is market determined.

All SLB transactions has fixed tenure with facility to repay and recall. All securities available for trading in F&O segment are eligible for lending and borrowing. Along with that there are certain non F & O stocks are also eligible. Securities in which there are corporate actions other than dividend and Split are either subject foreclosure of transactions on ex-date or adjustment depending on the type of corporate actions.

SEBI has permitted to all categories of investors like Retail & HNI clients, Mutual Funds, Insurance companies and Qualified FPIs to participate in lending and borrowing of securities.
To start with, client has to sign an agreement (Annexure I) with Keynote.

For rendering the SLB services KEYNOTE will charge a commission on the lending/borrowing fees depending upon the category of client. Statutory charges will be levied separately.

Execution Policy:

SLB orders shall be placed only if ALL following conditions are met,

1. Client must give his/her consent as per Annexure II for participation in SLB segment
2. Client should not be deactivated/suspended on any or both the exchanges
3. The client should have required shares in trading linked De-mat account
4. The list of eligible securities for lending/borrowing and repay/recall announced by NSE clearing are available on
   https://www.nseclearing.in/clearing-settlement/slbs
5. The order will be executed on NSE NEAT or BOW terminal.

Terms and Conditions:

This terms and conditions shall be read in conjunction with the KYC documents signed by the client during account opening with Keynote Capitals Limited (KEYNOTE).

This Facility shall be offered to the Clients at the sole discretion of KEYNOTE

- SLB order can be executed through NEAT/BOW terminal only.
- SLB will be available on NSE exchange and on the stocks which are available for trading on Derivatives segment.
- Customer who wish to lend the shares should have the required number of shares in his/her trading linked demat account before initiating the order placement, otherwise the order will get rejected.
- Customer who wish to borrow the shares should have clear credit balance of 100% of lending price, Value at Risk margins, Extreme Loss Margins (same as applicable in Cash market for buying or selling a security) in his/her trading account before placing an order.
- KEYNOTE reserves the right to refuse to offer this Facility to any Client or group of Clients and may withdraw the Facility at any time without prior notice or assigning any reason therefor.
- KEYNOTE will levy a minimum brokerage of 20% + GST on the lending/borrowing fee. Other statutory will be levy as per the exchange guidelines.
- For any further information you may contact email us at kcl@keynoteindia.net

Risk statement and disclaimer –

The Client agrees that KEYNOTE would not be liable in the event for reasons including but not limited to volatility or system problems or slow or delayed response from system or trading halt, or any such other problem/glitch whereby not being able to establish access to the trading system/network, which may be beyond control of KEYNOTE.

The Client hereby directs and authorises KEYNOTE as the Depository Participant to act on the directions given by KEYNOTE pursuant to the terms and conditions herein, power of attorney (POA) and Client Agreement / Rights and Obligations executed by the Client in favour of /with KEYNOTE.

KEYNOTE shall not be deemed to have received any electronically transmitted order or application until KEYNOTE has confirmed the receipt of such an order or application. The client further understands that trading through BOW / www.keynotecapitals.com is in electronic mode, based on satellite / leased line based communications, combination of technologies and computer systems to place and route orders. Thus, there exists a possibility of communication failure or system problems or slow or delayed response from system or trading halt, or any such other problem/glitch whereby not being able to establish access to the trading system/network, which may be beyond control and may result in delay in processing or not processing buy or sell orders either in part or in full. The client understands and agrees that although these problems may be temporary in nature, in case when the client has outstanding open positions or unexecuted orders, these represent a risk because of the client's obligations to settle all executed transactions. The Client understands that placing an order with KEYNOTE, either electronically or otherwise, does not guarantee execution of the said order or acceptance of an application. The Client shall not hold, nor seek to hold, KEYNOTE and/or any of its officers, directors, employees, agents, subsidiaries or affiliates, liable for any loss including but not limited to trading losses incurred by the Client due to exchange or market regulation, suspension of trading, war, strike, equipment failure, communication line failure, system failure, security failure on the Internet, unauthorised access, theft, or any problem, technological or otherwise, or other condition beyond the control of KEYNOTE that might prevent the Client from entering an order or KEYNOTE from executing an order.

The Client hereby agrees and undertakes not to hold KEYNOTE liable for any claim, action, grievance or dispute that the Client may suffer and shall indemnify and save harmless KEYNOTE from any claim, action, dispute or grievance that any third party may have, on account of KEYNOTE having acted in pursuance of the directions and/or authorisations of the Client and/or his /her agent.

By signing this document, the client agrees to following explicitly--

1. KEYNOTE has formulated best execution policy in accordance with specifications provided by SEBI/Exchanges from time to time.
2. Trading client(Client) has understood the best execution policy as explained by KEYNOTE above and agree that the orders entered by client through the facility offered by KEYNOTE will help client route the orders to a particular exchange or to a routing destination with or without the intervention of KEYNOTE
3. Client shall verify and confirm that all orders put through SLB facility are in order and further agree to notify KEYNOTE immediately of errors, if any observed
4. Client should be aware that the trading member shall carry out appropriate validation of all risk parameters before the orders are placed through the SLB system.
5. Client shall be responsible to comply with the settlement schedules/procedures of the relevant stock exchanges where the trades are executed
6. KEYNOTE shall notify clients of any material changes in its order execution policy. Such change needs to be preceded by a notice of 15 days.
7. Client shall abide to the terms and conditions as communicated regarding SLB facility from time to time or as is published on our website.
8. Client agrees and confirms that he has understood the features, possible risks, rights, responsibilities and liabilities associated with the smart order routing facility provided by the company.

PART B

Participant-Client Agreement for Securities Lending and Borrowing

This agreement is made and executed at _____ on this _____ day of _____ 20__.

Between:

M/s. KEYNOTE, a body corporate, registered / incorporated under the provisions of Companies Act, 2013, having its registered office at The Ruby, 9th Floor, S.B.MArg, Dadar W, Mumbai 400028, hereinafter referred to as "Participant" (which expression shall, unless repugnant to the context or meaning thereof, be deemed to mean and include his /her heirs, executors and administrators / the partners of the said firm for the time being, the survivor or survivors of them and the heirs, executors and administrators of such last survivor / its successors and legal representatives, as the case may be) of the One Part;
And

Mr./Ms./M/s. _____, an individual / a proprietary concern / a partnership firm / a body corporate, registered / incorporated under the provisions of the Indian Partnership Act, 1932 / Companies Act, 1956, having his /her / its Permanent Account Number _____ ("PAN") and his / her / its residence / registered office at _____ _____, hereinafter referred to as "Client" (which expression shall, unless repugnant to the context or meaning thereof, be deemed to mean and include his /her heirs, executors and administrators /the partners for the time being of the said firm, the survivor or survivors of them and the heirs, executors and administrators of such last survivor / its successors and legal representatives, as the case may be) of the Other Part.

WHEREAS:

i. The Securities and Exchange Board of India (hereinafter referred to as "SEBI") has formulated and issued the Securities Lending Scheme, 1997 (hereinafter referred to as "SEBI Scheme") and SEBI Circular No MRD/DoP/SE/Dep/Cir-14/2007 dated 20th December 2007 for facilitating lending and borrowing of securities through an "Approved Intermediary" registered with SEBI.

ii. The AI is registered as an approved intermediary under the SEBI Scheme and is, therefore, authorised to facilitate lending and borrowing of securities in accordance with the SEBI Scheme and Circulars of SEBI from time to time. Accordingly, the AI has framed the Securities Lending and Borrowing Scheme (hereinafter referred to as "SLBS") for facilitating lending and borrowing of securities through persons registered as "Participants".

iii. Under the said SEBI Circular, there would be one master agreement with two individual parts. The first part of the agreement would be between the AI and the Participants and the second part of the agreement would be between the Participants and the Clients. Securities lending and borrowing can be undertaken by the Participants either on their own account or on account of the Clients registered with them by entering into an agreement with them.

iv. Accordingly, the Participants who are desirous of lending or borrowing securities under the SLBS are required to enter into an agreement with the AI which shall be referred to as "Part A". The Participants are also required to enter into an agreement with their respective Clients which shall be referred to as "Part B". Part A and Part B together shall constitute the master agreement.

v. The Participant has accordingly approached the AI for participating in the SLBS and the AI has agreed to facilitate such participation subject to the terms and conditions contained in the master agreement.

vi. The Client is desirous of participating in the SLBS and, therefore, has approached the Participant. The Participant has satisfied itself about the genuineness and financial soundness of the Client and the objectives relevant to the services to be provided and is therefore, agreeable to facilitating such participation subject to the terms and conditions contained herein.

vii. The Participant has made the Client aware of and the Client has understood the precise nature of the Participant's liability under SLBS including any limitations, the liability and the capacity in which the Participant acts.

viii. Subject to the SEBI Scheme, Circulars of SEBI, SLBS and Circulars issued thereunder, and/or the Rules, Byelaws, Regulations of the AI as a Clearing Corporation as applicable and as in force from time to time, the parties hereto agreed as under.

NOW THEREFORE THIS AGREEMENT WITNESSETH AND IT IS HEREBY AGREED BY AND BETWEEN THE PARTIES HERETO AS UNDER:

1. LEGAL FRAMEWORK

1.1 Securities lending and borrowing shall be facilitated by the AI in accordance with the provisions of the SEBI Scheme, Circulars of SEBI, SLBS and the Circulars issued thereunder by the AI and the Rules, Byelaws and Regulations of the AI as a Clearing Corporation as applicable.

1.2 Unless the context otherwise requires, the words and expressions used herein shall have the same meaning as defined in Securities Contracts (Regulation) Act, 1956 or Securities and Exchange Board of India Act, 1992 or Securities Lending Scheme, 1997 or Depositories Act, 1996 or the rules and regulations made thereunder respectively or Circulars of SEBI or SLBS and the Circulars issued thereunder and the Rules, Byelaws and Regulations of the AI as a Clearing Corporation.

1.3 The provisions of the SEBI Scheme, Circulars of SEBI, SLBS and the Circulars issued thereunder and the Rules, Byelaws and Regulations of the AI as a Clearing Corporation as applicable and Part A of the Master Agreement shall be deemed to be an integral part of this agreement and all the transactions under the SLBS by the Client shall be strictly in accordance with thereof. In the event of any conflict or contradiction between the provisions of the SEBI Scheme, Circulars of SEBI, SLBS and the Circulars issued thereunder and the Rules, Byelaws, Regulations of the AI as a Clearing Corporation as applicable, and this agreement, the provisions of the SEBI Scheme, Circulars of SEBI, SLBS and the Circulars issued thereunder, the Rules, Byelaws and Regulations of the AI as a Clearing Corporation shall prevail over this agreement. The provisions of this agreement are in addition thereto and not in derogation thereof.

1.4 The provisions of this agreement shall become applicable to the SLBS or such other scheme as may be framed for securities lending and borrowing by the AI with the prior approval of SEBI or as may be permitted by SEBI unless otherwise specified by the AI.

1.5 Master Agreement

1.5.1 There shall be one Master Agreement with two individual parts viz. Part A and Part B.

1.5.2 The agreement between the AI and the Participant constitutes Part A and this agreement constitutes Part B.

1.5.3 The provisions of Part A shall form part and parcel of this agreement. A certified true copy of Part A is annexed to this agreement.

2. ELIGIBILITY CRITERIA

Any person(s) who meets the eligibility criteria as may be specified by the AI for the Clients under the SLBS, shall be eligible to participate in the SLBS by entering into this agreement with the Participant.

3. CONSIDERATION

In consideration of the Participant providing full-fledged securities lending and borrowing under the SLBS, the Participant shall be entitled for charges, fees, other levies and /or any such other charges, subject to such limits as may be permitted by the AI in its Circulars from time to time.

4. RIGHTS OF THE PARTICIPANT

4.1 Margins

The Participant is empowered to call upon the Client to pay such margins as may be specified by the AI from time to time.

4.2 Recovery

The Participant shall be entitled to recover from the Client the loss or charges, fees, other levies and /or any such other charges that has been paid by the Participant to the AI or imposed by the AI on account of its Client arising out of default or transactions under the SLBS whether current or past that are effected by the Client in meeting its obligations by adjusting margins and other deposits, if any, available with the Participant against the Client's liabilities / obligations.

5. OBLIGATIONS OF THE PARTICIPANT

5.1 Issue of Confirmation Memo

The Participant shall, upon execution of the Client's transaction on the order matching platform of the AI, issue the confirmation memo in the specified format or such other documents to the Client within such time as may be prescribed by the AI from time to time.

5.2 Money / Securities to be kept in Separate Bank Account

The Participant agrees that the money / securities deposited by the Client shall be kept in a separate bank account / settlement demat account, distinct from its own account or accounts of any other Clients, and shall not be used by the Participant for itself or for any other Clients or for any purpose other than the purposes mentioned in the SEBI Scheme, Circulars of SEBI, SLBS and Circulars issued thereunder.

5.3 Update on Settlement Process

The Participant agrees to inform and keep the Client apprised about securities lending and borrowing settlement cycles, delivery/payment schedules and any changes therein from time to time.

5.4 Compliance with Know Your Client Norms

The Participant undertakes to maintain the "Know Your Client" details of the Client as mentioned in the Client Registration Form or any other information pertaining to the Client in confidence and that it shall not disclose the same to any person / authority except to the AI or as required under any law / regulatory requirements or in compliance with any decree, order or direction of any Court, Tribunal, SEBI or other authority duly empowered in law; Provided however that the Participant may so disclose information about its Client to any person or authority with the express permission of the Client.

5.5 Reconciliation of Account

The Participant and the Client shall agree to reconcile their accounts regularly with reference to the transactions under the SLBS.

5.6 Return of Securities and Lending Fees

5.6.1. Where the Client is a lender unless otherwise agreed upon between the Participant and the Client -

5.6.1.1. The Participant shall ensure the return of securities to the Client by transferring the same to the Client's account within such time as may be prescribed by the AI.

5.6.1.2. The Participant shall ensure the return of the lending fees to the Client within such time as may be prescribed by the AI.

5.7 Delivery of Securities

5.7.1. Where Client is a borrower unless otherwise agreed upon between the Participant and the Client –

5.7.1.1. The Participant shall ensure the delivery of securities to the Client by transferring the same to the Client's account within such time as may be prescribed by the AI.

6. RIGHTS OF THE CLIENT

6.1. Where the Client is the lender unless otherwise agreed upon between the Participant and the Client -

6.1.1. The Client shall be entitled to receive the securities lent or financial compensation in lieu thereof, computed in such manner as may be specified by the AI from time to time.

6.1.2. The Client shall be entitled to receive lender's fee for the securities lent.

6.2. Where the Client is the borrower unless otherwise agreed upon between the Participant and the Client -

6.2.1. The Client shall be entitled to receive securities borrowed or financial compensation in lieu thereof, computed in such manner as may be specified by the AI from time to time.

6.2.2. The Client shall be entitled to receive from the Participant, the collateral in case the Client has deposited securities approved by the AI as collateral.

6.3. Notwithstanding any other provisions of the Master Agreement, the Client shall be entitled to have all the rights that are conferred on it from time to time under the SEBI Scheme, Circulars of SEBI, SLBS and the Circulars issued thereunder.

7. OBLIGATION OF THE CLIENT

7.1. Abide by Law & Acquaintance to Law

The Participant declares that it has brought the contents of the SEBI Scheme, Circulars of SEBI, SLBS and the Circulars issued thereunder from time to time, and the terms and conditions of the Master Agreement to the notice of the Client and the Client agrees to comply with and adhere to the same.

7.2. Update& Comply with the Settlement Process

Notwithstanding anything contained in Clause 4.4, the Client shall at all times make its own inquiries and keep itself updated on all settlement cycles, delivery/payment schedules and changes therein, and it shall be the responsibility of the Client to comply with such schedules/procedures of the AI.

7.3. Processing Charges

The Client agrees to pay the Participant, processing charges and statutory levies prevailing from time to time or any other charges for the services provided by the Participant. The Participant agrees that it shall not charge processing charges / fees beyond the maximum limit permissible under the SEBI Scheme, Circulars of SEBI, SLBS and the Circulars issued thereunder from time to time.

7.4. Change in Client Registration Form

The Client agrees to immediately notify the Participant in writing whenever there is any change of information in the "Client Registration Form" provided by the Client to the Participant.

7.5. Authorised Representative

The Client agrees to be bound by the instructions issued by its authorised representative, if any, in accordance with the letter authorising the said representative to deal on its behalf.

7.6. Return of Securities

The Client shall return the equivalent number of securities of the same type and class borrowed by it within the time specified by the AI in the Circulars issued from time to time.

7.7. Payment of Margins

The Client agrees to pay such margins as may be specified by the Participant in accordance with the requirement of AI or SEBI from time to time.

7.8. Exposure / Position Limits

The Client agrees to abide by the exposure / position limits, if any, set by the Participant or the AI or SEBI from time to time.

7.9. Securities lent to be Unencumbered

The Client agrees and warrants that the securities lent are free from lien, charge, pledge or any encumbrance(s) of whatsoever nature.

7.10. Collateral

At the discretion of the Participant, where the Client deposits the required collateral with the Participant, the same shall be free from any encumbrance(s) of whatsoever nature or defect in the title. If any encumbrance(s) or defect in the title is found subsequently, such collateral shall be immediately replaced by the Client.

7.11. Insolvency

The Client agrees to immediately furnish information to the Participant in writing, if any winding up petition or insolvency petition has been filed or any winding up or insolvency order or decree or award is passed against it or if any litigation which may have material adverse bearing on its net worth has been filed against it.

7.12. Cancellation of Transactions

Notwithstanding anything contained in the Master Agreement, the AI shall be entitled to cancel transactions under the SLBS, either on an application by a Participant or suo moto or under regulatory directions, and in such event, the transactions done on behalf of the Client shall ipso facto stand cancelled, and neither the AI nor the Participant shall be liable to compensate the Client for any loss whatsoever (including opportunity loss) arising out of such cancellation.

7.13. Discontinuation of SLBS and Participation in SLBS

The AI shall be entitled to discontinue the SLBS or the participation of the Participant in the SLBS at any time at its discretion. Such discontinuation may be subject to such terms and conditions as may be specified by the AI from time to time.

8. ARBITRATION

8.1. The Participant and the Client shall co-operate with each other and / or the AI in redressing their grievances in respect of transactions under the SLBS.

8.2. All disputes and differences or questions arising out of or in relation to this agreement including obligations, failure or breach thereof by any of the parties and/or of any matter whatsoever arising out of this agreement shall in the first instance be resolved mutually by the parties. If the parties fail to resolve the same mutually, then the same shall be referred to and decided by arbitration in accordance with the procedures as prescribed by the AI under the SLBS and the Circulars issued thereunder.

9. GOVERNING LAW AND JURISDICTION

9.1. This agreement shall be governed by and construed in all respects in accordance with the laws of India.

9.2. In relation to any legal action or proceedings to which the AI is a party, the parties irrevocably submit to the exclusive jurisdiction of the courts of Mumbai, India and waive any objection to such proceedings on grounds of venue or on the grounds that the proceedings have been brought in an inconvenient forum.

9.3. In relation to any legal action or proceedings to which AI is not a party, the parties irrevocably submit to the jurisdiction of any competent court of law where the Client ordinarily resides at the time of execution of the transactions under the SLBS.

10. EFFECTIVE DATE

    This agreement shall be effective as of the date first set forth above once executed by or on behalf of both parties from the date of execution and with immediate effect the Client shall be eligible to participate in the SLBS from such date the AI permits the Participant to participate in the SLBS subject to fulfillment of the terms and conditions as stipulated by the AI from time to time.

11. TERMINATION

    This agreement shall forthwith terminate if the Participant for any reason ceases to be a Participant under the circumstances as prescribed by the AI. This agreement may be terminated by either party by giving prior written notice of at least one month without assigning any reason. Such termination shall, however, not affect the liabilities/obligations of either party arising out of the transactions under the SLBS entered into prior to the date of the notice of termination.

12. AMENDMENT

    This agreement shall not be altered, amended and /or modified by the parties in a manner that shall be in contravention of the provisions of Clause 1 of this agreement pertaining to the Legal Framework.

13. HEADINGS

    The headings of the clauses are used for the purpose of convenience only and shall not affect the construction of the clauses or this agreement.

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

The Client's Signature / Authorized Signatory	The Participant's Signature / Authorized Signatory
Signed by:	Signed by:
Title:	Title:
Name of the Client:	Name of the Participant: KEYNOTE CAPITALS LTD
Witness:	Witness:
1.	1.
2.	2.