

Morgan Stanley India Company Private Limited

INVESTOR CORNER – STOCK BROKING

Name of the Company	Morgan Stanley India Company Private Limited
Registered Office	18th Floor, Tower 2, One World Center, Plot- 841, Jupiter Textile Mill Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400013
Tel. No.	+91-22-61181000
SEBI Registration No. for Stock Broking	INZ000244438
Exchange Registration Nos.	BSE – 457; NSE - 10542
Corporate Identification No (CIN)	U22990MH1998PTC115305
Investor grievance ID	msic-compliance@morganstanley.com

Advisory for investors

A. INVESTOR AWARENESS AND SAFEGUARDING CLIENTS' ASSETS¹

Attention Investors!

- Beware of fixed/guaranteed/regular returns/ capital protection schemes. Brokers or their authorized persons or any of their associates are not authorized to offer fixed/guaranteed/regular returns/ capital protection on your investment or authorized to enter into any loan agreement with you to pay interest on the funds offered by you. Please note that in case of default of a member claim for funds or securities given to the broker under any arrangement/ agreement of indicative return will not be accepted by the relevant Committee of the Exchange as per the approved norms.
- Do not keep funds idle with the Stock Broker. Please note that your stock broker has to return the credit balance lying with them, within three working days in case you have not done any transaction within last 30 calendar days. Please note that in case of default of a Member, claim for funds and securities, without any transaction on the exchange will not be accepted by the relevant Committee of the Exchange as per the approved norms.
- Check the frequency of accounts settlement opted for. If you have opted for running account, please ensure that your broker settles your account and, in any case, not later than once in 90 days (or 30 days if you have opted for 30 days settlement). In case of declaration of trading member as defaulter, the claims of clients against such defaulter member would be subject to norms for eligibility of claims for compensation from IPF to the clients of the defaulter member. These norms are available on Exchange website at following link:

BSE: https://www.bseindia.com/static/investors/Claim_against_Defaulter.aspx

NSE: <https://www.nseindia.com/invest/about-defaulter-section>

¹ Ref: [NSE Circular NSE/INSP/49434 dated August 27, 2021](#) & [BSE Notice 20210827-44 dated August 27, 2021](#)

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- Brokers are not permitted to accept transfer of securities as margin. Securities offered as margin/ collateral MUST remain in the account of the client and can be pledged to the broker only by way of 'margin pledge', created in the Depository system. Clients are not permitted to place any securities with the broker or associate of the broker or authorized person of the broker for any reason. Broker can take securities belonging to clients only for settlement of securities sold by the client.
- Always keep your contact details viz. Mobile number/Email ID updated with the stock broker. Email and mobile number are mandatory and you must provide the same to your broker for updating in Exchange records. You must immediately take up the matter with Stock Broker/Exchange if you are not receiving the messages from Exchange/Depositories regularly.
- Don't ignore any emails/SMSs received from the Exchange for trades done by you. Verify the same with the Contract notes/Statement of accounts received from your broker and report discrepancy, if any, to your broker in writing immediately and if the Stock Broker does not respond, please take this up with the Exchange/Depositories forthwith.
- Check messages sent by Exchanges on a weekly basis regarding funds and securities balances reported by the trading member, compare it with the weekly statement of account sent by broker and immediately raise a concern to the exchange if you notice a discrepancy.
- Please do not transfer funds, for the purposes of trading to anyone, including an authorized person or an associate of the broker, other than a SEBI registered Stock broker.

B. AWARENESS ON UNAUTHORISED MARKET PRACTICES AND PRECAUTIONS FOR CLIENTS DEALING IN OPTIONS²

- Abstain from dealing in any schemes of unauthorised collective investments/portfolio management, indicative/ guaranteed/fixed returns / payments etc.
- Avoid practices like:
 - a) Sharing
 - i. trading credentials – login id & passwords including OTP's
 - ii. trading strategies
 - iii. position details.
 - b) Trading in leveraged products/derivatives (including Options) without proper understanding, which could lead to losses
 - c) Writing/ selling options or trading in option strategies based on tips, without basic knowledge & understanding of the product and its risks

² Ref: [NSE Circular NSE/INSP/51770 dated March 25, 2022](#), [BSE Notice No. 20220325-58 dated March 25, 2022](#), [NSE Circular NSE/INSP/52900 dated July 6, 2022](#) & [BSE Notice No. 20220706-55 dated July 6, 2022](#)

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- d) Dealing in unsolicited tips through like Whatsapp, Telegram, Instagram, YouTube, Facebook, SMS, calls, etc.
- e) Trading in any product (including “Options”) based on recommendations from unauthorised / unregistered investment advisors and influencers.

C. AWARENESS ON RIGHTS ENTITLEMENT³

SEBI vide circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 has streamlined the process to be followed in case of Rights Issue. One of the key features introduced in the process of Rights Issues was dematerialization of Rights Entitlements (REs) and ability to renounce Rights Entitlements (REs) by trading on stock exchange platform or off-market transfer through depository mechanism. REs shall be traded in the secondary market platform of stock exchanges with T+2 rolling settlement similar to equity shares.

As the launch of trading of REs in the secondary market platform of stock exchanges is very recent, it is felt that there is a need to increase awareness to guide the investors with respect to procedural and operational aspects of REs issued under Rights Issue. In view of the same, the investors are informed about the commencement of trading in REs (refer the relevant circular/notice issued by BSE and NSE from time to time, specifying the details about each Right Issue, including the relevant ISIN of the RE) and that the same shall not be mistaken for ordinary shares of the concerned company.

BSE Notices: <https://www.bseindia.com/markets/MarketInfo/NoticesCirculars.aspx>

NSE Circulars: <https://www.nseindia.com/resources/exchange-communication-circulars>

Disclaimer: The purchase of REs only gives investors the right to participate in the ongoing Rights Issue of the concerned company by making an application with requisite application money or renounce the REs before the issue closes. REs which are neither subscribed by making an application with requisite application money nor renounced, on or before the Issue closing date shall lapse and shall be extinguished after the Issue closing date.

D. INVESTOR AWARENESS REGARDING THE REVISED GUIDELINES ON MARGIN COLLECTION⁴

Attention Investors

1. Stock Brokers can accept securities as margin from clients only **by way of pledge in the depository system w.e.f. September 1, 2020.**
2. **Update your mobile number & email Id** with your stock broker/depository participant and receive OTP directly from depository on your email id and/or mobile number to create pledge.
3. **Pay 20% upfront margin** of the transaction value to trade in cash market segment.
4. Investors may please refer to the **Exchange's Frequently Asked Questions (FAQs) issued vide NSE circular reference NSE/INSP/45191 dated July 31, 2020 and NSE/INSP/45534 dated August 31,**

³ Ref: [NSE Circular NSE/INSP/47782 dated March 25, 2021](#) and [BSE Notice 20210326-3 dated March 26, 2021](#)

⁴ Ref: [NSE Circular NSE/INSP/45565 dated Sept 2, 2020](#) and [BSE Notice 20200903-1 dated Sept 3, 2020](#)

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2020 and BSE notice no. 20200731-7 dated July 31, 2020 and 20200831-45 dated August 31, 2020 and other guidelines issued from time to time in this regard.

5. Check your Securities /MF/ Bonds in the consolidated account statement issued by NSDL/CDSL every month.

..... **Issued in the interest of Investors**

E. INFORMATION REGARDING SEBI COMPLAINT REDRESS SYSTEM (SCORES)⁵

Filing Complaints on SCORES - Easy & quick

- a. Register on SCORES portal (<https://scores.gov.in/scores/Welcome.html>)
- b. Mandatory details for filing complaints on SCORES:
- i. Name, PAN, Address, Mobile Number, Email ID
- c. Benefits:
- i. Effective Communication
 - ii. Speedy redressal of the grievances

F. UPDATION OF MOBILE NUMBER AND EMAIL ID OF CLIENTS⁶

Attention Investors

- Prevent Unauthorised transactions in your account --> Update your mobile numbers/email IDs with your stock brokers. Receive information of your transactions directly from Exchange on your mobile/email at the end of the day **Issued in the interest of investors**

G. CLIENT REGISTRATION DOCUMENTS (RIGHTS & OBLIGATIONS, RISK DISCLOSURE DOCUMENT, DO'S & DON'T'S) IN VERNACULAR LANGUAGE.

Assamese	Bengali	Gujrati	Hindi	Kannada
Kashmiri	Konkani	Malayalam	Marathi	Oriya
Punjabi	Sindhi	Tamil	Telegu	Urdu

These are also available on the websites of the BSE and NSE.

[Link to BSE website](#)

[Link to NSE website](#)

⁵ Ref: [NSE Circular NSE/ISC/2019/41519 dated July 4, 2019](#) and [BSE Notice 20190704-44 dated July 4, 2019](#)

⁶ Ref: [NSE Circular NSE/INSP/27436 dated Aug 26, 2014](#) and [BSE Notice 20140822-30 dated Aug 22, 2014](#)

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H. POLICIES AND PROCEDURES

The policies and procedures governing Stock Broking account with Morgan Stanley India Company Private Limited (hereinafter referred to as the 'Firm') are given hereunder. The Firm has framed this with respect to its dealing with clients for stock market transactions to ensure transparency and facilitate understanding on various aspects related to service delivery. Kindly note that the below stated policies and procedures are subject to change from time to time, depending upon our internal risk management framework, market and external environment.

You are requested to read and understand the policies and procedures governing your stock broking account with the Firm. These Policies and Procedures shall always be read along with the Rights & Obligations of Stock Broker and Client for trading on exchanges and shall be compulsorily referred to while deciding any dispute / difference or claim between you and the Firm before any court of law / judicial / adjudicating authority including arbitrator / mediator etc.

1. Penny Stocks :

Penny Stock means such securities based on market price and market capitalization and also include illiquid securities as defined by the stock exchange(s) from time to time, list of which is available on the website of the stock exchange(s). These types of stocks are generally considered to be highly speculative and high risk because of their lack of liquidity, large bid-ask spreads, smaller capitalization and limited following and disclosure. Depending on the market condition and Firm policies, the Firm reserves the right to accept, refuse or partially accept any buy or sell orders for execution from a client in respect of penny stocks. The Firm will not be responsible for delay in execution of, partial execution of or refusal to execute such orders and the Firm shall not be responsible for any loss and/or opportunity loss suffered by client only.

2. Setting up of client's exposure limits :

The Firm may from time to time impose and vary limits on the orders that the client can place through the Firm's trading 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 etc.). The client is aware and agrees that the Firm may need to vary or reduce the limits or impose new limits urgently on the basis of the Firm's risk perception and other factors considered relevant by the Firm including but not limited to limits on account of stock exchange(s)/SEBI directions/limits (such as broker level/market level limits in security specific/volume specific exposures etc.), and the Firm may be unable to inform the client of such variation, reduction or imposition in advance. The client agrees that the Firm shall not be responsible for such variation, reduction or imposition or the clients' inability to route any order through the Firm's trading system on account of such variation, reduction or imposition of limits. The client further agrees that the Firm 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 Firm, or it may subject any order placed by the client to

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a review before its entry into the trading systems and may refuse to execute/allow execution of orders due to but not limited to the reason of lack of margin/securities or the order being outside the limits set by the Firm/stock exchange(s)/SEBI and any other reasons which the Firm may deem appropriate in the circumstances. The client agrees that the losses, if any on account of such refusal or due to delay caused by such review, shall be borne exclusively by the client alone.

3. Applicable brokerage rate:

Brokerage will be charged as per the agreement between the Firm and the client from time to time, which will be within the limits prescribed by SEBI/stock exchange(s).

4. Imposition of penalty / delayed payment charges:

The Firm may charge the clients, at its discretion, delayed payment charges @ 18% per annum for not making payment of their pay-in/margin obligation on time as per the stock exchange(s) requirement/schedule. The client agrees to pay delayed payment charges for not making payment of their obligation on time, as per the stock exchange(s) requirement/schedule @ 18% per annum.

The client agrees that the Firm may impose fines/penalties for any orders/trades/deals/ actions of the client which are contrary to the client broker agreement/rules/regulations/ bye laws of the stock exchange(s) or any other law for the time being in force, at such rates and in such form as it may deem fit. Further, where the Firm has to pay any fine or bear any penalty or punishment from any authority in connection with/as a consequence of/in relation to any of the orders/trades/deals/actions of the client, the same shall be borne by/reimbursed to the Firm by the client.

5. Right to sell client's securities or close clients' positions, without giving notice to the client, on account of non- payment of client's dues:

Without prejudice to the Firm other rights (Including the right to refer the matter to arbitration) the Firm shall be entitled to liquidate/close out all or any of the clients' position without giving notice to the clients for non-payment of margins or other amounts including the pay in obligation, outstanding debts etc. and adjust the proceeds of such liquidation/ close out, if any, against the clients' liquidation/ obligations.

Any and all losses and financial charges on account of such liquidations/ closing out shall be charged to & borne by the client.

6. Shortages in obligations arising out of internal netting of trades:

The policy and procedure for settlement of shortages in obligations arising out of internal netting of trades is as under:

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The Firm may debit the short delivering client by an amount equivalent to 20 % or such other percentage as per Firm may deem fit, above of closing rate of day prior to Pay-in/Pay-out Day.

7. Conditions under which a client may not be allowed to take further position or the Firm may close the existing position of a client:

Client may not be allowed to take position in case of non-fulfillment of obligations towards settlement, margins or other dues, payable by the client. In addition, the existing position of the client may also be liable to square off/ close out without giving notice due to non-fulfillment of obligation/outstanding debts.

8. Temporarily suspending or closing a client's account at the client's request:

On the request of the client in writing, the client account can be suspended temporarily and same can be activated on the written request of the client only. During the period the client account is suspended, the market transaction in the client account will be prohibited. However, client shares/ledger balance settlement can take place.

On the request of the client in writing, the client account can be closed provided the client account is settled. If the client wants to reopen the account, in that case client has to again complete the KYC requirement.

9. Deregistering a client:

Notwithstanding anything to the contrary stated in the client broker agreement, the Firm shall be entitled to terminate the agreement with immediate effect in any of the following circumstances:

- i. If the action of the client is prima facie illegal / improper or such as to manipulate the price of any securities or disturb the normal/proper functioning of securities or disturb the normal/proper functioning of the market, either alone or in conjunction with others;
- ii. If there is any commencement of a legal process against the client under any law in force;
- iii. On the death/lunacy or other disability of the client;
- iv. If the client being a partnership firm, has any steps taken by the client and/or its partners for dissolution of the partnership;
- v. If the client suffers any adverse material change in his/her/its financial position or defaults in any agreement with the Firm;
- vi. If there is reasonable apprehension that the client is unable to pay its debts or the client has admitted its inability to pay its debts, as they become payable;
- vii. If the client is in breach of any term, condition or covenant of client broker agreement;

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- viii. If the client has made any material misrepresentation of facts, including (without limitation) in relation to the security;
- ix. If a receiver; administrator or liquidator has been appointed or allowed to be appointed of all or any or any part of the undertaking of the client;
- x. If the client has taken or suffered to be taken any action for its reorganization, liquidation or dissolution;
- xi. If the client has voluntarily or compulsorily become the subject of proceedings under any bankruptcy or insolvency law or being a company, goes into liquidation or has a receiver appointed in respect of its assets or refers itself to the Board for Industrial and Financial Reconstruction or under any other law providing protection as a relief undertaking;
- xii. If any covenant or warranty of the client is incorrect or untrue in any material respect.

10. Dormant/inactive client account:

A dormant / in-active account is defined as an account, where no transactions have taken place in client's account for 12 months from the date of last transaction. If the account status is tagged as a dormant / in-active account, then the surplus funds or securities lying with the Firm shall be refunded / returned to clients at his last known bank account /DP account for securities or at such other address as mentioned in the Account Opening Form.

A client's account will be re-activated, on clients' request, or on submission of such other information/ documents as deemed fit by the Firm.