

**RISK DISCLOSURE DOCUMENT
(TO BE GIVEN BY THE MEMBER TO THE CLIENT)**

This document is issued by the member of the Power Exchange India Limited (hereinafter referred to as "PXI"), which has been formulated as per the guidelines of the Central Electricity Regulatory Commission (hereinafter referred to as "CERC"), and contains important information on trading on the Exchange. All prospective constituents should read this document before trading on PXI. PXI/CERC does neither singly or jointly and expressly nor impliedly guarantee nor make any representation concerning the completeness, the adequacy or accuracy of this disclosure document nor has PXI/CERC endorsed or passed any merits of participating in the trading segments. This brief statement does not disclose all the risks and other significant aspects of trading.

In the light of the risks involved, you should undertake transactions only if you understand the nature of the contractual relationship into which you are entering and the extent of your exposure to risk.

You must know and appreciate that trading, which has varying element of risk, is generally not an appropriate avenue for someone of limited resources/limited investment and/or trading experience and low risk tolerance. You should therefore carefully consider whether such trading is suitable for you in the light of your financial condition. In case you trade on PXI and suffer adverse consequences or loss, you shall be solely responsible for the same and PXI shall not be responsible, in any manner whatsoever, for the same and it will not be open for you to take a plea that no adequate disclosure regarding the risks involved was made or that you were not explained the full risk involved by the concerned member. The constituent shall be solely responsible for the consequences and no contract can be rescinded on that account. You must acknowledge and accept that there can be no guarantee of profits or no exception from losses while executing orders for purchase and/or sale of a security or derivative being traded on PXI.

It must be clearly understood by you that your dealings on PXI through a member shall be subject to your fulfilling certain formalities set out by the member, which may interalia include your filling the know your client form, client registration form, execution of an agreement, etc., and are subject to the Rules, Byelaws and Regulations of PXI, guidelines prescribed by CERC and in force from time to time and Circulars as may be issued by PXI and in force from time to time.

PXI does not provide or purport to provide any advice and shall not be liable to any person who enters into any business relationship with any member and/or any third party based on any information contained in this document. Any information contained in this document must not be construed as business advice/investment advice. No consideration to trade should be made without thoroughly understanding and reviewing the risks involved in such trading. If you are unsure, you must seek professional advice on the same. In considering whether to trade or authorize someone to trade for you, you should be aware of or must get acquainted with the following:-

1. BASIC RISKS INVOLVED IN TRADING ON THE EXCHANGE

1.1 Risk of Higher Volatility:

Volatility refers to the dynamic changes in price when trading activity continues on the Exchange. Generally, higher the volatility of a contract, greater is its price swings. As a result of volatility, your order may only be partially executed or not executed at all, or the price at which your order got executed may be substantially different from the last traded price or change substantially thereafter, resulting in notional or real losses.

1.2 Risk of Lower Liquidity:

Liquidity refers to the ability of market participants to buy and/or sell contracts expeditiously at a competitive price and with minimal price difference. Generally, it is assumed that more the numbers of orders available in a market, greater are the liquidity. Liquidity is important because with greater liquidity, it is easier for traders to buy and/or sell Electricity swiftly and with minimal price difference, and as a result, investors are more likely to pay or receive a competitive price for contracts purchased or sold. As a result, your order may only be partially executed, or may be executed with relatively greater price difference or may not be executed at all.

1.2.1 Buying/selling without intention of giving and/or taking delivery of Electricity may also result into losses, because in such a situation, Electricity may have to be sold/purchased at a low/high prices, compared to the expected price levels, so as not to have any obligation to deliver/receive Electricity.

1.3 Risk of News Announcements:

Generators/ Distributors of Electricity make news announcements that may impact the price of the securities / contracts. These announcements may occur during trading, and when combined with lower liquidity and higher volatility, may suddenly cause an unexpected positive or negative movement in the price of the contract.

1.4 Risk of Rumours:

At times rumors float in the market through word of mouth, newspapers, websites or news agencies, etc. The members should be wary of and should desist from acting on rumours.

1.5 System Risk:

High volume trading will frequently occur at the market opening and before market close. Such high volumes may also occur at any point in the day. These may cause delays in order execution or confirmation.

1.5.1 Under certain market conditions, it may be difficult or impossible to liquidate a position in the market at a reasonable price or at all, when there are no outstanding orders either on the buy side or the sell side, or if trading is halted in a security due to any action on account of unusual trading activity or stock hitting circuit filters or for any other reason.

1.6 System/Network Congestion:

Trading on PXI is in electronic mode, based on Internet 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 the control of and may result in delay in processing or not processing buy or sell orders either in part or in full. You are cautioned to note that although these problems may be temporary in nature, but when you have

unexecuted orders, these represent a risk because of your obligations to settle all executed transactions.

2. GENERAL

2.1 Commission and other charges

Before you begin to trade, you should obtain a clear explanation of all commission, fees and other charges for which you will be liable. These charges will affect your net profit (if any) or increase your loss.

2.2 Deposited cash and property

You should familiarise yourself with the protections accorded to the money or other property you deposit particularly in the event of a firm insolvency or bankruptcy. The extent to which you may recover your money or property may be governed by specific legislation or local rules. In some jurisdictions, property which has been specifically identifiable as your own will be pro-rated in the same manner as cash for purposes of distribution in the event of a shortfall. In case of any dispute with the member, the same shall be subject to arbitration as per the byelaws/regulations of the Exchange.

2.3 For rights and obligations of the clients, please refer to Annexure-1 enclosed with this document.

2.4 The term 'constituent' shall mean and include a client, a customer or an investor, who deals with a member for the purpose of acquiring and/or selling of securities through the mechanism provided by PXI.

2.5 The term 'member' shall mean and include a trading member who has been admitted as such by PXI and who holds a valid certificate. I hereby acknowledge that I have received and understood this risk disclosure statement and APPENDIX-1 containing my rights and obligations. Customer Signature (If Partner, Corporate, or other Signatory, then attest with company seal.)

APPENDIX-1

CLIENT'S RIGHTS AND OBLIGATIONS:

1.1 You should familiarise yourself with the protection accorded to the money or other property you may deposit with your member, particularly in the event of a default on the Exchange or in the Member's firm's insolvency or bankruptcy.

1.1.1 Please ensure that you have a documentary proof of your having made deposit of such money or property with the member, stating towards which account such money or property deposited.

1.1.2 Further, it may be noted that the extent to which you may recover such money or property may be governed by the Bye-laws and Regulations of PXI.

1.1.3 Any dispute with the member with respect to deposits, margin money, etc., and producing an appropriate proof thereof, shall be subject to arbitration as per the Rules, Byelaws/Business Rules of PXI.

1.2 Before you begin to trade, you should obtain a clear idea from your member of all brokerage, commissions, fees and other charges which will be levied on you for trading. These charges will affect your net cash inflow or outflow.

1.3 You should exercise due diligence and comply with the following requirements of the PXI and/or CERC:

1.3.1 Please deal only with and through registered members of PXI who are enabled to trade on the Exchange.

1.3.2 Demand any such information, details and documents from the member, for the purpose of verification, as you may find it necessary to satisfy yourself about his credentials.

1.3.3 Furnish all such details in full as are required by the member as required in "Know Your Client" form, which may also include details of PAN or Passport or Driving Licence or Voters Id, or Ration Card, bank account and depository account, or any such details made mandatory by PXI/CERC at any time, as is available with the Client.

1.3.4 Execute a Member-client agreement in the form prescribed by the Relevant Authority of PXI, because this may be useful as a proof of your dealing arrangements with the member.

1.3.5 Give any order to the member for any bids/offers on PXI in writing or in such form or manner, as may be mutually agreed. Giving instructions in writing ensures that you have proof of your intent, in case of disputes with the member.

1.3.6 Ensure that a contract note is issued to you by the member which contains minute records of every transaction. Verify that the contract note contains details of order no., trade price, trade quantity, client code etc allotted to you and showing the brokerage separately. Contract notes are required to be given/ sent by the member to the Clients latest on the next working day of the trade. Contract note can be issued by the member either in electronic form using digital signature as required, or in hard copy. In case you do not receive a contract note on the next working day or at a mutually agreed time, please get in touch with the Investors Grievance Cell of PXI, without delaying.

1.3.7 Ensure that payment against settlement is given to the concerned member within one working day prior to the date of pay-in announced by PXI. Payments should be made only by account payee cheque in favour of the firm/company of the trading member and a receipt or acknowledgement towards what such payment is made be obtained from the member.

1.3.9 In case pay-out of money is not received on the next working day after date of pay-out announced by PXI please follow-up with the concerned member for its release. In case pay-out is not released as above from the member within five working days, ensure that you lodge a complaint immediately with PXI.

1.3.10 Every member is required to send a complete 'Statement of Accounts', for funds settlement to each of its constituents, at such periodicity as may be prescribed by time to time. You should report errors, if any, in the Statement immediately, but not later than 30 calendar days of receipt thereof, to the member. In case the error is not rectified or there is a dispute, ensure that you refer such matter to PXI, without delaying.

1.4 In case where a member surrenders his membership, PXI gives a public notice inviting claims, if any, from Clients. In case of a claim, relating to "transactions executed on the trading system" of PXI, ensure that you lodge a claim with PXI within the stipulated period and with the supporting documents.

1.5 In case where a member is expelled from trading membership or declared a defaulter, PXI gives a public notice inviting claims, if any, from Clients. In case of a claim, relating to "transactions executed on the trading system" of PXI, ensure that you lodge a claim with PXI within the stipulated period and with the supporting documents.

1.6 Notes:

1. The term 'constituent' shall mean and include a client or a customer who deals with a trading member of PXI
2. The term 'member' shall mean and include a member who has been admitted as such by PXI and who holds a registration certificate as a stock broker from CERC.
3. PXI may be substituted with names of the relevant exchanges, wherever applicable.