

SMC Comtrade Limited
Account Opening Department

Sub: Consent and request for allowing trading in additional segments of Commodity Exchange(s)

Ref: Trading Client Code _____ PAN _____

Dear Sir,

With reference to my aforementioned Client code, I/We am/are registered with you as a client and wish to enable Trading Preference mentioned below. I hereby accord my consent for trading in commodity option contract subject to regulatory requirements of the Exchange & SEBI from time to time and undertake that I am competent in all respect to participate to trade in Options on Commodity Derivatives.

Exchange	Date of Consent	Future	Options
National Commodity & Derivatives Exchange (NCDEX)		(Signature of Applicant)	(Signature of Applicant)
Multi Commodity Exchange of India Limited (MCX)		(Signature of Applicant)	(Signature of Applicant)

This letter is in addition to the authorization/preference given earlier by me/us. I/we have read the below given brokerage structure and agree to pay the same.

I further confirm that I have received a copy and have read & understood the contents of the Rights & Obligations, Risk Disclosure Document (RDD) including the Additional RDD for Option Trading and Policies & Procedure of the company. I/We do hereby agree to be bound by such provisions as outlined in these documents. I/We have also been informed that the standard set of documents has been displayed for Information on their website.

BROKERAGE STRUCTURE

Particular	%	Minimum	Particular	Charges
Square of same day (each side)			Agent Charges	
Delivery			Other Charges	

Note:

- Rs. 25/- will be charged minimum per contract note.
- Commodity Transaction Tax (CTT), GST, & Other Statutory Charges will be levied separately as applicable from time to time.
- Transaction Charges & other charges will be levied extra as per Company policy as application from time to time.
- The Company reserves the right to review brokerage, transaction charges and other charges after one year within limits set by appropriate authority, with sufficient prior notice.

Thanking You,

(Client Signature)

Client Name: _____

Date: ____/____/20____

Additional Risk Disclosure documents for Commodities Options Trading

Risk of Option holders:

1. An option holder runs the risk of losing the entire amount paid for the option in a relatively short period of time. This risk reflects the nature of an option as a wasting asset which becomes worthless when it expires. An option holder who neither sells his option in the secondary market nor exercises it prior to its expiration will necessarily lose his entire investment in the option. If the price of the underlying does not change in the anticipated direction before the option expires, to an extent sufficient to cover the cost of the option, the investor may lose all or a significant part of his investment in the option.
2. The Exchanges may impose exercise restrictions and have absolute authority to restrict the exercise of options at certain times in specified circumstances.

Risks of Option Writers:

1. If the price movement of the underlying is not in the anticipated direction, the option writer runs the risks of losing substantial amount.
2. The risk of being an option writer may be reduced by the purchase of other options on the same underlying interest and thereby assuming a spread position or by acquiring other types of hedging positions in the options markets or other markets. However, even where the writer has assumed a spread or other hedging position, the risks may still be significant. A spread position is not necessarily less risky than a simple 'long' or 'short' position.
3. Transactions that involve buying and writing multiple options in combination, or buying or writing options in combination with buying or selling short the underlying interests, present additional risks to investors. Combination transactions, such as option spreads, are more complex than buying or writing a single option. And it should be further noted that, as in any area of investing, a complexity not well understood is, in itself, a risk factor. While this is not to suggest that combination strategies should not be considered, it is advisable, as is the case with all investments in options, to consult with someone who is experienced and knowledgeable with respect to the risks and potential rewards of combination transactions under various market circumstances.