

Overview

Mr. R. C. Paterson established Paterson & Company in 1935, continuing the activities of the first stock broking firm in South India, Huson, Tod & Co. (estd. 1892). Today, **Paterson Securities Pvt. Ltd.** is the oldest surviving stock broking firm in India and has expanded its offerings to bring world-class financial services solutions to its clients.

We are a subsidiary of **Hinduja Bank (Switzerland) Ltd.**, a Swiss Banking Institution established in 1994, continuing on the asset management activities of a finance company created in 1978. Headquartered in Geneva, Hinduja Bank has developed its network in Switzerland with Zurich, Lucerne, Basle and St Margrethen offices and its global reach to include a presence in Dubai, London, Paris, New York, Mauritius, Mumbai and Chennai. The consolidated Banking Group is under the regulation and supervision of the Swiss Federal Banking Commission.

As part of the **Hinduja Group**, one of Asia's premier transnational conglomerates, Hinduja Bank offers innovative solutions in wealth management & private banking, trade finance and corporate advisory services to both individuals and institutions, with strong entrepreneurial and growth interests.

Our aim is to provide world-class wealth management, broking and other financial services to our clients and generate superior returns for all stakeholders. We have over 25 centres and a network of over 75 business associates across the country. We believe in a lean organizational structure which gives us the ability to move quickly and service our clients more effectively. We have over 150 professionals serving over 12,000 clients comprising of financial institutions, large corporate groups, high net worth individuals, NRIs and a large retail base. Our dedicated Research team provides economic research and covers more than 120 companies in diversified sectors.

We are proud to be:

- ▶ Initiator and founder member of the Madras Stock Exchange, established in 1937
- ▶ Pioneers of Institutional Broking in India
- ▶ Members of
 - ✓ NSE (cash, derivatives and currency)
 - ✓ BSE (cash and derivatives)
 - ✓ MSE (cash)
 - ✓ MCX-SX (currency)
 - ✓ AMFI registered Mutual Fund distributors
 - ✓ Depository Participant of CDSL
- ▶ Regularly featured in Dun & Bradstreet 's annual report on **India's Leading Equity Broking Houses**

Our Services

Equities & Derivatives

(Member: NSE, BSE and MSE)

We offer equity broking services to retail as well as institutional investors. Given the low penetration of equity trading activities in India, we see a huge growth potential in this field. Operating more than 60 Trading Terminals at over 25 Branches servicing a client base of over 12,000, we combine excellent execution capabilities with absolute credibility and trustworthiness and provide you the right expertise and tools to help you achieve your customer's long and short term goals. We offer trading in equities in cash segments through NSE, BSE and MSE, in derivatives segment through NSE and BSE.

We stand for **Trust and Performance**. Paterson is the only Broking firm that has never had a single case of arbitration against it, in its entire 100-year history.

Equity Product Offerings:

- ▶ Flexible brokerage schemes
- ▶ Intra-day products
- ▶ MTM based products
- ▶ Delivery based trading

Depository Services

(Member: CDSL)

The depository system has effectively eliminated paper-based certificates which were prone to irregularities like fake / forged / counterfeit documents, resulting in delays and bad deliveries. We offer an efficient and instantaneous transfer of securities in demat form through CDSL. If required, we can share this service with our business associates.

Currency Derivatives

(Member: NSE and MCX-SX)

Currency derivative is a contract between the seller and buyer, whose value is to be derived from the underlying asset, the currency amount. We offer clients advisory and brokerage services for trading in the world's most traded financial instrument – Currency Futures – through MCX-SX and NSE. Currency Futures, an instrument in the Currency Derivatives segment, are similar in nature to Stock or Index Futures contracts.

We offer a comprehensive portfolio with the most traded exchange rates as the underlying for currency futures contracts:

- ▶ INR: USD
- ▶ INR:EUR
- ▶ INR:CHF
- ▶ INR:JPR

Portfolio Management Services (PMS)

(SEBI registered Portfolio Manager)

PMS is a comprehensive service offered by **portfolio managers** to investors seeking a client-specific investment approach. Our Portfolio Manager typically invests the client's money in one or more asset classes consisting of stocks, mutual funds and bonds based on the client's investment goals, risk-return profile and investment horizon.

Debt Instruments

We offer our clients the opportunity to participate in one of the safest financial instruments – Debt. A debt instrument is any document used or issued for raising money, for example, a bill of exchange, bond, or promissory note. It is in essence a contractual or written promise to repay a debt.

We specialize in the offering the following services:

- ▶ Government Securities
- ▶ Bonds issued by Corporate bodies, including Banks and Public Financial Institutions

Provident Fund Services

Paterson is a pioneer in the field of managing Provident Fund requirements of small and medium sized firms and is among the few broking houses to offer this value added service. We ensure that our clients to get the right type of securities for their investments so as to maximize the returns from their investments. We offer PF services to companies who qualify under the Exempted Provident Fund Scheme.

Other Investment Avenues

Mutual Funds

(AMFI registered Mutual Fund Distribution)

A Mutual Fund is a financial product that pools money from different individuals and invests it on their behalf in various assets such as equity, debt or gold. There are several MF schemes to choose from based on one's financial goals and risk appetite, and through our Mutual Fund Advisory services we guide clients according to their requirements and help allocate funds to meet their financial needs. We cover the entire spectrum by offering Debt Funds for short term investments, Bond Funds for income, Equity Funds for growth potential and Tax savers for Tax benefits. We are AMFI registered and empanelled with almost all the Fund Houses in India, offering clients a wide choice of Mutual Fund Schemes.

IPOs

An Initial Public Offering (IPO) is the first issue of a company's stock or shares to the public for investing. They are issued by smaller, younger companies seeking capital to expand, and even by large privately-owned companies looking to become publicly traded. We help our clients make the right investment decision on upcoming IPOs through in-depth research updates.

Value Added Services

3-in-1 Account

We understand that time means money, and delays of any kind could result in unnecessary losses. To ensure smooth and quick flow of transactions and funds, we offer 3-in-1 consolidation by integrating the bank account, trading account and demat account. For our clients convenience we have tied up with the following banks to provide a hassle free trading experience – IndusInd, ICICI and HDFC.

We offer additional benefits as well:

- ▶ Real time transfer and enhanced limit
- ▶ No need for physical cheques/transfer instruction slips

For trading and transactions

- ▶ Detailed portfolio information
- ▶ Complete transaction statements
- ▶ Tracking portfolio performance vis-à-vis benchmarks
- ▶ Detailed year-end reporting for tax compliance
- ▶ Advice based broking
- ▶ Experienced Dealers at the terminals process transactions quickly and accurately

Research

The first step to a successful decision lies in thorough research. We help you take that first step by giving you the right information. Our dedicated Research team provides economic research and covers more than 120 companies in diversified sectors:

- ▶ Research inputs designed to benefit both long term investors and short term trading clients
 - Parameters covered include fundamentals, technicals and market information on equity markets, MFs, NFO update, IPOs, derivatives, announcements, etc. (accessible on the website free of cost).
 - Stocks tips, research inputs and market updates can be provided via SMS and E-mails.
 - Frequency: Daily, Weekly, Monthly.

Online Access

We offer our clients online trading facility so that all they need to do is log in and start trading from the comfort of their home, office or while on the move:

- ▶ Online access to trading, transactions statements and confirmations through our web site

Support

Centralized Billing

To simplify the administrative aspects of your business, we send contract notes, DP bills, transaction statements, etc. directly to your clients thereby saving you cost as well the hassles of compliance management.

Connectivity

We provide hassle free connectivity through the Internet. Log in from anywhere, anytime to address your business requirements on your time.

Trading Platform

We provide you a web-based trading platform – NowOnline and ODIN (FT). This includes the facility of Electronic Contract Notes (ECN).

Marketing Support

We provide you the right marketing support to help your business stand apart from the crowd and attract more clients. The support we offer may include one or more of the following:

- ▶ Company newsletter
- ▶ Brochures
- ▶ Banners
- ▶ Umbrella
- ▶ Databases
- ▶ Investor conferences (to be provided on sharing basis)

Terms & Conditions (For Franchisees)

Deposit Requirement (Refundable)

Interest free security deposit of Rs. 50,000/- to Rs. 1,00,000/-

Expectations from Franchisees

- ▶ Revenue:
 - 3rd month to 10th month : Rs. 50,000/- gross revenue
 - 10th month onwards : Rs. 1,50,000/- gross revenue
- ▶ Minimum account acquisition
 - Before launch of business : 25 accounts
 - End of 10th month : 250 accounts
- ▶ Investment capability: Rs. 1 lakhs to 2 lakhs minimum
- ▶ Team size (minimum): Dealers (2) and BO executive (1)
- ▶ An individual/company/partnership firm with good track record and reputation in financial services or relevant fields.
- ▶ An individual/company/partnership firm should possess good relationship building skills and should have a good client base.
- ▶ An individual/company/partnership firm should have good understanding of the equity broking business.
- ▶ Adherence to compliance norms.
- ▶ Franchisees not meeting the above criteria will come under review.

Registration

- ▶ NSE Registration: Rs. 10,000/- in favor of 'Paterson Securities Private Limited'
- ▶ BSE Registration: Rs. 10,000/- in favor of 'Paterson Securities Private Limited'
- ▶ NSE F&O Authorized Person application processing fee: Rs. 2,500/- in favor of 'Paterson Securities Private Limited'
- ▶ NSE Currency Authorized Person application processing fee: Rs. 2,500/- in favor of 'Paterson Securities Private Limited'

Infrastructure Specifications

- ▶ Basic facilities like A/C, telephone, fax, internet, etc.
- ▶ Hardware for trading:
 - Pentium core 2 duo, Intel mother board, 1 GB RAM (memory), 160 GB hard disk or more
 - DVD writer, T F T monitor, cabinet, keyboard and mouse
- ▶ Software for trading:
 - Windows XP or above, MS office, Adobe Reader, Anti virus softwares
- ▶ Broadband connectivity expenses to be borne by the Franchisee.

Certification Requirements

- ▶ The franchisee/employees of the franchisee should hold valid NCFM certifications for Cash, F&O and Commodity segments. They should ensure that the person in whose name the terminal ID has generated is an NCFM certificate holder and sits at the terminal in person.
- ▶ To be eligible for Mutual Funds distribution and commission (both ongoing as well as NFOs), the sub-broker/his employees should be certified by AMFI.

Revenue Sharing

- ▶ Offline Broking – Equity, Derivatives and Commodities:
 - Revenue to be shared on flat 50:50 basis
 - OR**
 - Fixed brokerage of 0.30% (Delivery) and 0.03% (Trading) with a minimum committed revenue of Rs. 50,000/- per month in the share of Paterson Securities Private Limited (from 3rd month onwards)
 - OR**
 - As per mutually agreed terms and conditions
- ▶ Internet Trading: Revenue to be shared on 40:60 basis in favor of Paterson.
- ▶ IPOs:
 - Revenue to be shared on 50:50 basis
 - OR**
 - As per slabs communicated on case to case basis
- ▶ DP: AMC and Transaction charges (less actual CDSL and other charges) to be shared on 30:70 basis in favor of the Paterson.
- ▶ Mutual Funds: Commission to be shared on 50:50 basis
- ▶ In case of other financial products, other than the ones mentioned above, the revenue sharing ratio would be decided by the HO and communicated to the franchisees from time to time.

Minimum Brokerage charges for end clients

- ▶ Cash segment of BSE and NSE
 - Intra-day: minimum 0.05% on each side subject to minimum of 5 paisa
 - Delivery: minimum 0.5% on each side subject to minimum of 5 paisa
- ▶ Derivatives Segment (F&O): minimum 0.05% on each side subject to minimum of 5 paisa
- ▶ Any brokerage rate below the prescribed levels should be offered only after prior approval from the Paterson.

Special Case

In case a franchisee moves association from another broker to Paterson:

- ▶ The clients of the said franchisee would be registered with Paterson at zero cost.
- ▶ Account opening charges, comprising BSE and NSE trading accounts, DP with POA, would be borne by Paterson. This scheme would be offered to the franchisees for a period of two months.
- ▶ DP transaction charges would be charged as applicable.
- ▶ From 2nd year onwards, the regular DP AMC charges would be applicable.

Other Conditions

- ▶ Internet trading clients would be required to transact as per standard risk management and settlement procedures as applicable under the Paterson Internet Trading Client Policy.
- ▶ Franchisee must get AMFI certification and put all business sourced in Mutual Funds through Paterson's agency code. Franchisee should not associate with any other Mutual Fund distributor or AMC directly.

Terms & Conditions (For Remisers)

Deposit Requirement

NIL

Infrastructure Requirements

No infrastructure required.

Revenue Sharing

Revenue sharing to be on 30:70 basis in favor of Paterson.

OR

As per mutually agreed terms and conditions.

Other Terms & Conditions

- ▶ Securities Transaction Tax and other exchange charges and taxes will be levied as and when applicable.
- ▶ The brokerage accrued will be returned to the Business Associate on a monthly basis subject to receipt of audit report.
- ▶ TDS on pay out to Business Associate will be charged as applicable.
- ▶ For MF/IPO: The Business Associate should ensure that for payments, the franchisee/remiser code is stamped prominently in the specified box on all application forms that are used by them.
- ▶ Trading Limit will be given based on credit/deposit (margin) in the form of cash or approved securities (value after hair cut). No limit will be given to clients' a/c which is in naked debit.
- ▶ Statutory Levies (borne by clients): Service tax, stamp duty, STT, exchange transaction charges, SEBI fees, etc. will be levied at actuals for all clients without any exception.
- ▶ Client Code (allotted by Paterson): Original Client Registration forms completed in all respects need to be forwarded to Paterson, Chennai for allotment of code for each and every client.
- ▶ Funds pay-in/pay-out: All clients' collections are to be deposited with ICICI Bank, Pondicherry or HDFC Bank, Chennai anywhere banking account. Pay-out cheques will be issued from the same bank payable at par.
- ▶ No clients will be allowed to take any position in the F&O segment without adequate up front margin both SPAN and Exposure.
- ▶ It is the responsibility of Business Associates to manage all their debtors. Paterson will liquidate stocks if pay-in is not collected before exchange pay-in date.

- ▶ Business Associates will bear all expenses towards infrastructure requirement at his/her premises.
- ▶ Business Associates will bear all revenues expenses to maintain his/her office premises.
- ▶ Account opening charges (borne by client): Rs. 250 towards stamp paper for broking account and Rs. 270 towards demat account.
- ▶ Payment delayed after T+2 day, will be charged @ 18% interest for both cash and F&O segments.
- ▶ The above rates of sub-brokerage payable to the sub-broker are subject to modification from time to time to be mutually agreed between Paterson and the Business Associates.

Risk Management

- ▶ Complete risk of the business is borne by the Business Associate.
- ▶ The responsibility of managing his/her clients' risk and collection rests with the Business Associate.
- ▶ In case any delay in pay-in charge is not borne by the Business Associate's clients, it will be borne by the Business Associate.
- ▶ Upfront margin will be required for placing orders.

Compliance

- ▶ It is compulsory for Business Associates to be registered in SEBI/Exchanges through Paterson Securities Pvt Ltd, without which the remittance of accrued brokerage to them will be kept on hold till registration is complete.
- ▶ Client registration is a must before executing any trade for them.
- ▶ All Marketing and Brand norms to be adhered to completely.

Exclusivity

As a Business Associate of Paterson you are required to sell all the products promoted by the company which includes IPO, MF, PMS, etc. exclusively for the Paterson.

Contact Details

E-mail: franchisee@paterson.co.in, sathya@paterson.co.in
Call: (044) 25340745 OR +91 93810 52139