

## POLICIES AND PROCEDURES

Mandatory Document : This is a mandatory / compulsory document from stock broker and requires your utmost care, attention and understanding. This is disclosure of an additional requirements from stock broker which if contravenes any rules, regulations, articles, byelaws, circulars, directives and guidelines of SEBI and Stock Exchanges, shall be null and void. [Refer SEBI Circular No. MIRSD / SE / Cir- 19/2009 dated 03.12.2009]

### **A) Policy for Penny Stock:**

Penny stock is a stock that trades at a relatively low price and market capitalization. These types of stocks are generally considered to be highly speculative and high risk because of their lack of liquidity, large bid-ask spreads, small capitalization and limited disclosure. Generally, the stock broker refuses to enter any order of clients for penny stocks.

The client is required to adhere to exchange / member's guidelines and due diligence while trading in such penny stocks. Even trading in such stock is very risky. As such, we the stock broker, do hereby warn the client not to deal in any penny stocks. However, Broker at its sole discretion may allow or disallow the clients (on case to case basis to deal in penny stocks, subject to rules, regulations, articles, byelaws, circulars, directives and guidelines of SEBI and Stock Exchanges as well as considering the prevalent market and other circumstances, at related point of time. The exposure limit in such script shall vary from client to client subject to Risk Management System (RMS) policy of stock broker and prevalent market condition discuss from time to time without prior notice.

### **B) Dealing in Physical Shares:**

The stock broker hereby suggest that the client should not deal, in any physical shares as such dealing involve various risks like bad delivery, forgery of physical share certificates, less volume for trading etc.

Further, any such dealing by the client will be at his/her/their sole risk.

### **C) Setting up client's exposure limits:**

The stock broker may from time to time impose and vary limits on the orders that the client can place through the stock broker'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 stock broker may need to vary or reduce the limits or impose new limits urgently on the basis of the stock broker's risk perception and other factors considered relevant by the stock broker including but not limited to limits on account of exchange / SEBI directions/limits ( such as broker level / market level limits in security specific / volume specific exposures etc.), and

The stock broker may be unable to inform the client of such variation, reduction or imposition in advance. The client agrees that the stock broker shall not be responsible for any such variation, reduction or imposition or the client's inability to route any order through the stock broker's trading system on account of any such variation, reduction or imposition of limits. The client further agrees that the stock broker 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 stock broker, or it may subject any order placed by the client to 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 stock broker/exchange/SEBI and any other reasons which the stock broker may deem appropriate in the circumstances. The client agrees that the trade related losses, if any on account of such refusal or due to delay caused by such review, shall be borne exclusively by the client alone.

We have margin based RMS. Total deposits of the clients are uploaded in the system and client may take exposure on the basis of margin applicable for respective security as per VAR based margining. System of the stock exchange and /or margin defined by RMS based on client risk perception.

In case of exposure taken on the basis of shares margin the payment is required to be made before the exchange pay in date otherwise it will be liable to square off after the pay in time or any time due to shortage of margin.

### **D) Applicable brokerage rate:**

The stock broker discloses that it shall charge a brokerage at the rate being agreed by the client with Broker (including its branches or sub-brokers or any other registered authorized intermediaries depending upon market circumstances and as prescribed in KYC document. However, the stock broker shall adhere to the maximum permissible limit (presently not to exceed 2.5%) as may be prescribed by SEBI / stock Exchanges from time to time. In option segment of Exchange, it is hereby disclosed that brokerage shall not exceed 2.5% of the premium amount or Rs. 100/- (per lot) whichever is higher.

### **E) Imposition of penalty / delayed payment charges:**

Clients will be liable to pay late pay in/delayed payment charges for not making payment of their payin / margin obligation on time as per the exchange requirement / schedule at the rate of 12% per annum. However, the client discloses that he/she/it is aware and specifically agree that this is just an additional / ad-hoc facility and shall not be construed / resulted into permanent practice leading to funding by broker in contravention of applicable laws.

Similarly the stock broker will also be liable to pay delayed payment charges to the client for not making payment of their obligation on time, as per the exchange requirement / schedule at the rate of 12% per annum, except in the cases covered by the "Running Account Authorisation" given by the client to the stock broker;

The client agrees that the stock broker may impose fines / penalties for any orders / trades / deals / actions of the client which are contrary to this Client Registration Documents / rules / regulations / bye laws of the exchange 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 stock broker has to pay any fine or bear any 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 the client.

**F) The right to sell client's securities or close Client's positions, without giving notice to the client on account of non-payment of client's dues:( limited to the extent of settlement Margin obligation).**

The Client also agree and confirm that in case of any delay (beyond permissible time limit as per SEBI's or Exchange's rules, regulations, byelaws, circulars and other applicable laws / provisions) or in-ordinate delay in making the payment or clearance of or meeting up of any obligations, dues, debit balances, margin, M to M debit balance etc. by client, then client's open positions might be squared-off, credit balances of securities or securities lying with Broker might be sold off, credit balance of funds might be adjusted against client's obligation, debit balances or liabilities WITHOUT ANY NOTICE from Broker as per prevalent RMS policy from time to time. This right of stock broker is without prejudice of other rights of stock brokers (Including the right to refer the matter to arbitration).

The client shall ensure timely availability of funds/securities in form and manner at designated time and in designated bank and depository account(s) for meeting his/her/its pay in obligation of fund and securities. Any and all trade related losses and financial charges on account of such liquidations / closing out shall be charged to & born by the client. In cases of securities lying in margin account / client beneficiary account and laving corporate actions like Bonus, Stock split, Right issue etc, for margin or other purpose the benefit of shares due to be received under Bonus, Stock split, Right issue etc will be given when the shares is actually received in the stock broker designated demat account.

In case the payment of the margin / security made by the client through a bank instrument, the stock broker shall be at liberty to give the benefit / credit for the same only on the realization of the funds from the said bank instrument etc, at the absolute discretion of the stock broker. Where the margin / security is made available by way of securities or define the stock broker is empowered to decline its acceptance as margin / security & / or to accept it at such reduced value as the stock broker may deem fit by applying haircuts or by valuing it by marking it to market or by any other method as the stock broker may deem fit in its absolute discretion.

The stock broker has the right but not the obligation to cancel all pending orders and to sell/close/liquidate all open positions / securities / shares at the pre-defined square off time or when Mark to Market (M-T-M) percentage reaches or crosses stipulated margin percentage, whichever is earlier. The stock broker will have sole discretion to decide referred stipulated margin percentage depending upon the market condition. In the event of such square off, the client agrees to bear all the losses based on actual executed prices, the client shall also be solely liable for all and any penalties and charges levied by the exchange(s).

**G) Shortages in obligations arising out of internal netting of trades:**

Stock broker shall not be obliged to deliver any securities or pay any money to the client unless and until the same has been received by the stock broker from the exchange, the clearing corporation / clearing house or other company or entity liable to make the payment and the client has fulfilled his/her/its obligations first.

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

i) The short delivering client is provisionally debited by on amount equivalent to 20% above of closing rate of day prior to payin / payout day. The securities delivered short are purchased from market on T + 2 day and the purchase consideration (inclusive of all statutory taxes & levies) is debited to the short delivering seller client along with reversal entry of provisionally amount debited earlier;

ii) If securities cannot be purchased from market due to any force majeure condition, the short delivering seller is debited at the closing rate on T + 2 day or Auction day on Exchange + 10% where the delivery is matched partially or fully at the Exchange Clearing, the delivery and debits / credits shall be as per Exchange Debits and Credits.

iii) In cases of securities having corporate actions all cases of short delivery of cum transactions which cannot be auctioned on cum basis or where the cum basis auction

Payout is after the bookclosure / record date, would be compulsory closed out at higher of 10% above the official closing price on the auction day or the highest traded price from first trading day of the settlement till the auction day.

iv) In the case of funds default by the client, the member shall be liquidating the stocks to recover the money. Any shortfall arising out of liquidating securities by the members shall also be recovered from the defaulting client along with interest (decided by the member from time to time)

#### **H) Restriction / Prohibition to take further position or closing existing position :**

Under any of the circumstances, such as client's failure to meet pay in or margin obligations or clearance of outstanding/debit balance with broker before permissible time limit or beyond such period as may be allowed by broker as per its RMS policy, the client may not be permitted to take any fresh or further position until the full clearance of earlier dues, obligation, outstanding etc. Even broker can firstly set-off or adjust the payment or securities towards various Trade related dues and obligation of the client and until the full clearance of the same, shall not allow the client to take further /fresh position.

Further, it would be the duty of the client to monitor his/her/its position with the Broker from time to time. In case of any delay or failure in meeting any obligation, margin requirements etc. from client side, broker might close the existing position or open position WITHOUT ANY FURTHER PRIOR INTIMATION to the client as per RMS policy, Such Circumstances may include (but not limited to ):

- ( i ) Failure to meet pay-in obligation on T + 1 day in F&O Segment, T + 2 day in cash segment.
- ( ii ) Delay in meeting the pay-in or margin requirement.
- (iii) Delay or failure in clearance of outstanding or dues to the broker.
- (iv) Returning or frequent bouncing of cheques of the client.
- (v) Unnecessary / Unwarranted dispute from client without any substantial cause / reason.
- (vi) Client's attitude of not coming to the amicable settlement for any dispute that can be settled without involvement of Exchange and /or SEBI.
- (vii) As per prevalent RMS policy of the Broker.
- (viii) Any direction from SEBI/Exchange or such other authorities.

#### **I) Re-activation of Temporarily Suspended Client Account.**

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 client account is suspended, the market transaction in the client account will be prohibited. However client shares / ledger balance settlement can take place;

#### **J) Re-activation of already closed Client Account.**

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.

#### **K) Deregistering a client :**

Notwithstanding anything to the contrary stated in the Client Registration Documents, the stock broker shall be entitled to terminate the Client Registration Documents with immediate effect at its sole discretions in any of the following circumstances:

- ( i ) If the action of the client are prima facie illegal / improper or such as to manipulate the price of any 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 other agreement with the Stock broker.
- ( 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 this Client Registration Documents.
- (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 part of the undertaking of the Client.

( x ) If the Client have 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

**L) Policy for Dormant / In-active account :**

As per stock broker's RMS policy, the client account in which no transactions have taken place during the period of not more than 6 months from the date of last transaction, the same shall be considered as Dormant / in-active account. Such transaction date may relate to any of the following date, which ever is later:

( a ) Entry related to contract or bill generation for buy / sell transaction or

( b ) Entry related to payment of funds or securities by client or

( c ) Entry passed by the broker by way of JV due to any dues / obligation recoverable from client including but not limited to auction charges, any penalty amount whether or not imposed by Exchange or SEBI or other authorities etc.

To designate the client's account as Dormant / In-active account, the period of 6 months shall be counted from the last day of respective month in which any of the aforesaid last transaction took place, In case Broker treats the account of client as a dormant / in-active account, the funds or securities lying with the broker shall be refunded / returned to clients immediately to the client. In order to reactive the account, client needs to instruct the Broker In writing at least 3 working days in advance at its Mumbai H.O./Regional office / branch office. The stock broker will try to promptly reactivate the said account subject to fulfillment of such conditions as stock broker may consider fit and proper. Such written request may also be sent by Client himself to compliance department through Fax on 022 – 43629035 or e-mail on [mukulsonawala@gmail.com](mailto:mukulsonawala@gmail.com) from client's own e-mail account registered with stock broker, However, stock broker may, at its own discretion, waive / reduce the period of 3 working days as the circumstances may warrant on case to case basis.

Client Acceptance of Policies and Procedures stated hereinabove :

I/We have fully understood the above policies & procedures and do hereby sign the same. These Policies and Procedures may be amended / changed by the broker provided the change is with my / our consent and informed to me / us at least 15 days advance with through any one or more means or methods, These policies and Procedures shall always be read along with the client Registration Documents and shall be compulsorily referred to while deciding any dispute / difference or claim between me / us and stock broker before any court of law / judicial / adjudicating authority including arbitrator / mediator etc.

Client Signature X

Client Name

Date

Place