

POLICIES AND PROCEDURES

(1) Policy for Penny Stock

Penny stocks are stocks that trade at a relatively low price and market capitalization. These type 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 following and disclosure. Depending on the market condition and Risk Management System (RMS) policy of the company the RMS department reserves the right to refuse to provide the limit in penny stocks and losses, if any, on account of such refusal shall be borne by client only. Further RMS department may refuse to allow to place buy / sell trades even client having sufficient margin in any penny stocks as referred above and losses, if any, on account of such refusal shall be borne by client only.

It is also informed here that above policy is also applicable to all stock falling under exchange specified as GSM, Long Term ASM, Short Term ASM and Trade to Trade category, and losses, if any, on account of such refusal shall be borne by client only.

(2) Setting up client's exposure limits

As per RMS policy, published in separate file.

3) Applicable brokerage rate

Brokerage will be charged within the limits prescribed by SEBI / Exchange.

4) Imposition of penalty/delayed payment charges

Clients will be liable to pay late Pay-in / delayed payment charges for not making payment of their pay-in / margin obligation on time as per the exchange requirement / schedule at the rate of 2% per month.

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 agreement/ 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.

5) The 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

As per RMS policy, published in separate file.

6) Shortages in obligations arising out of internal netting of trades/ internal close out:

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:

The short delivering seller is debited as internal close out amount and shall be credited to corresponding buyer and internal close out will be done at the highest price prevailing in the NSE from the day of trading till the Internal close out day or 3% above the official closing price on the Internal close out day, whichever is higher.

7) Conditions under which a client may not be allowed to take further position or the broker may close the existing position of a client

As per RMS policy, published in separate file.

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 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 agreement, the stock broker shall be entitled to terminate the agreement with immediate effect 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 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 Agreement;
- (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;

10) Inactive Client account

Client account will be considered as inactive if the client does not trade for period of one year. Calculation will be done at the beginning of every month and those clients who have not traded even a single time/not applied in IPO/ not subscribed in Mutual Funds through us will be considered as inactive, credit ledger balance if any will be transferred to the client within one week of the identifying the client as inactive.

The client has to make request for reactivation of their account through email/letter/online portal.

Client's Acceptance of Policies and Procedures stated hereinabove:

Trading in Exchange is in Electronic Mode, based on VSAT, leased line, ISDN, Modem and VPN, combination of technologies and computer systems to place and route orders. I / we understand that there exists a possibility of communication failure or system problems or slow or delayed response from system or trading halt or any break down in our back office /front end system, or any such other problems/glitch whereby not being able to establish access to the trading system/ network, which may be beyond your control and may result in delay in processing or not processing buy or sell Orders either in part or in full. I/We shall be fully liable and responsible for any such problem/fault.

I/We have fully understood the same and agree not to call into question the validity, enforceability and applicability of any provision/ clauses this document any circumstances what so ever. These Policies and Procedures may be amended/ changed unilaterally by the broker, provided the change is informed to me/ us with through any one or more means or methods.

I/We agree never to challenge the same on any grounds including delayed receipt / non receipt or any other reasons whatsoever. These Policies and Procedures shall always be read along with the agreement 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.