

POLICIES & PROCEDURES

a. Refusal of orders for penny stocks

Penny stocks are those stocks which are not very liquid in nature / which are very thinly traded in the Exchanges and trade at a relatively low price and with low market capitalization. These types of stocks are generally considered to be highly speculative and of high risk because of their lack of liquidity, large bid-ask spreads, small capitalization and limited following and disclosure. As per the directions of SEBI, the Exchanges draw a list of illiquid securities every month. Stock Exchanges have directed the Members to exercise due care and diligence while trading in the prescribed stocks on behalf of the Clients. Trading in Z category stocks are not allowed. Depending upon the market condition and RMS policy of the Company, the Member reserves the right to refuse to provide the limit in Penny stocks. The Client is informed that the Member at his discretion may refuse trading in the stocks falling under the prescribed list of the Exchanges.

b. Setting up Client's exposure limits

The Member may from time to time impose and vary limits on the orders that the client can place through the Member'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 Member may need to vary or reduce the limits to impose new limits urgently on the basis of the Member's risk perception and other factors including event based, considered relevant by the Member 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 Member may be unable to inform the client of such variation, reduction or imposition in advance, The client agrees that the Member shall not be responsible for such variation, reduction or imposition or the client's inability to route any order through the Member's trading system on account of any such variation, reduction or imposition of limits. The client further agrees that the Member 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 Member, or it 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 Member/ exchange / SEBI and any other reasons which the Member may deem appropriate in the circumstances. The client agrees that the losses, if any on account of such refusal or due to delay caused by such review, shall be borne exclusively by the client alone.

In case of exposure taken on the basis of shares margin, the payment towards settlement obligation 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.

Exposure will be allowed as per our Risk Management Policy guidelines. The Risk Manager will review the daily Exposure statement, based on end of the day positions. The limits allowed to the Client on the next day will be set based on this statement.

Margin requirement may differ as per product descriptions offered by TSL.

No fresh exposure will be allowed to Clients against securities in Ban period.

c. Applicable brokerage rate

Brokerage will be charged within the limits prescribed by SEBI/Exchange. The Client will be charged brokerage as per the scheme selected by the Client. The brokerage charged will be exclusive of any levies/ charges levied by the Exchanges/ SEBI/ Regulatory Authority etc. In case there is any change in the rate of brokerage , the same will be intimated to the Client by giving sufficient notice. The Member at his sole discretion and also depending upon the volume of trading and clearance of dues by the client, may alter the rate of brokerage from time to time.

d. Imposition of penalty/delayed payment charges by either party, specifying the rate and the period

Client will be liable to pay delayed payment charges upto 1.5% per month on the outstanding dues, for not making payment of their settlement / margin obligation

on time as per the exchange requirement/schedule. The Client hereby authorizes the Member to directly debit the same to the ledger account of the client. In case where at any point of time the Member delays payment to the client, reasons being settlement obligation to the client, margin refund is not done as per exchange requirement, the delayed payment charges applicable will be same as mentioned above. However the decision will depend upon the merit of the case and sole discretion of the Member.

Further where the Member 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. Any amount owed by the Client to the Member (including the late payment charges on delayed payment) shall be adjusted by the Member from the dues owed to the Client. Conversely, any money owed by the Member to the Client may be adjusted by the Member towards the dues owed by the Client to the Member.

e. Right to sell Clients' securities or close Clients' positions, without giving notice to the Client, on account of non-payment of Client's dues

The client shall ensure timely availability of funds/securities in the form and manner as prescribed by the Exchange/Member, for meeting his/her/its pay in obligation of funds and securities. Without prejudice to the Member's other right (including the right to refer the matter to arbitration), the Member shall be entitled to liquidate / close out at any time all or any of the client's position without giving notice to the client for non payment of margins or other amounts including the pay in obligation, outstanding debts etc within the scheduled time and adjust the proceeds of such liquidation/close out, if any, against the client's liabilities/obligations.

Any and all losses and financial charges on account of such liquidation / closing out shall be charged to and borne by the client. In cases of securities lying in margin account/client beneficiary account (Member) and having corporate actions like Bonus, Stock split, Right issue etc the same will be given when the shares is actually received in the respective demat account.

In case the payment of the margin/security is made by the client through a bank instrument, the Member 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 Member. Where the margin / security is made available by way of securities or any form of asset, the Member is empowered to decline its acceptance as margin / security and / or to accept it at such reduced value as the Member may deem fit by applying haircuts or by valuing it by marking it to market or by any other method as the Member may deem in its absolute discretion.

The Member 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 Member will have the 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.

f. Shortages in obligations arising out of internal netting of trades

If the Member is unable to deliver the securities on the pay-out day due to non-receipt of the said securities from another Client of the Member who has sold the securities against the said purchase transaction, the account of the Client, who has purchased the securities, will be settled as per the policy of the Member as amended from time to time.

For internal shortage the auction closeout policy is as follows:

T+3 closing rate of that scrip + 10%

OR

Highest Transaction rate of Clients traded through Member for that scrip between T to T+5 day,

From both the conditions, whichever is higher is charged to the Client.

g. Conditions under which a Client may not be allowed to take further position or the broker may close the existing position of a Client,

(i) For MTM shortfall

The MTM position of the Client would be monitored by the Risk Management department at the HO. If the Client's MTM loss reaches 50% of the margin, the Risk Management Department would intimate the concerned branch office and Customer Care department, about the amount of shortfall. The client will be informed by the Customer Care Executive or by the concerned Relationship Manager on recorded line. To the extent feasible or in such other manner as may be feasible. If the client does not fulfill the margin requirement, and the MTM loss reaches 70% of the initial margin requirement, the position will be squared-off by the Risk Management department. No exceptions will be allowed.

In extreme cases, i.e., on days of very high volatility, the Risk Management department may liquidate the position without intimating the Client also. In such cases, the client will be informed subsequently.

(ii) For Intra-Day trades:

For Client indulging in intra-day trading, the Risk Management department will start squaring off all the margin position from 3:00 p.m or if the Client reaches the blow out percentage of 70% of the initial margin whichever is earlier.

Clients with high open positions will be squared off first.

Before squaring off Clients' position at 3.00 p.m., all the pending orders of the Clients will be cancelled by the respective dealer.

No fresh purchase positions will be allowed to the Clients after 3.00 p.m. and all margin trading positions of the said Clients will be squared off from 3.00 p.m.

h. Temporarily suspending or closing a Client's account at the Client's request

Upon receipt of 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 in which client account is suspended, the market transaction in the client account will not be permitted. However delivery of shares to the client and payment of ledger balance can be effected.

Upon receipt of request of the client in writing, the client account will be closed provided the client's ledger balance is Nil. If the client wants to reopen the account in future client has to complete the KYC requirements again.

The request for suspending/ closing the Client's account will only be accepted if the same is provided as per the form prescribed by the Member. No request for closure via e-mail would be accepted. On receipt of the account closure request form, if the same is in order, the account would be closed within 1 working day after the settlement of dues.

i. Deregistering a Client.

Notwithstanding anything to the contrary stated in the agreement, the Member shall be entitled to terminate the agreement with immediate effect in any of the following circumstances:

- (i) If the action of the client is 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, steps are 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 Member;
- (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 has made any material misinterpretation of facts, including (without limitation) in relation to the Security;
- (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 suffers 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;
- (xiii) If he fails to update the Member of his/her/its financial status by providing networth certificate/ copy of IT returns / Balance Sheets and other financial statements/documents.

j. Inactive client account

Client account will be considered as inactive if the client does not trade for period of 6 months. Classification will be done periodically and those clients who have not traded even a single time will be considered as inactive. Member at his sole discretion may place restriction on the trading or deactivate the trading. The client has to make written request for reactivation of his/her account.

Client Acceptance of Policies and Procedures stated hereinabove:

I/We have fully understood the same and do hereby sign the same and agree not to call into question the validity, enforceability and applicability of any provision / clauses. These Policies and Procedures may be amended / changed unilaterally by the Member, provided the change is informed to me/us through any one or more means or methods including email on my designated email id. 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 Member before any court of law/judicial/ adjudicating authority including arbitrator / mediator etc.

X

Signature of Client

Date: _____

Place: _____