

1. Policy on 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 of 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 RMS policy of the company, the stock broker reserve the right to refuse to provide the limit in Penny stocks, losses if any on account of such refusal shall be borne by the client only.

2. Policy on 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 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 stock broker shall not be responsible for 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 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 losses, if any on account of such refusal or due to delay caused by such review, shall be borne exclusively by the client alone.

The stock broker follows a margin based RMS system. 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 their risk perception and considering the other factors such as the securities held and receivables, funds receivables or payables, M2M loss, age of debit, non accessibility and/or non response of the client. Client may take benefit of "credit for sale" i.e. benefit of share held as margin by selling the same by selecting Delivery option through order entry window on the trading platform, the value of share sold will be added with the value of deposit and on the basis of that client may take fresh exposure.

In case of exposure taken on the basis of security 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.

3. Policy on Applicable brokerage rate

Brokerage will be charged within the limits prescribed by SEBI/Exchange. If customer has opted for any plan, brokerage will be reset to normal slab, once the plan is finished as per its conditions.

4. Imposition of penalty/delayed payment charges

Clients will be liable to pay late payin/delayed payment charges for non payment of their payin/ margin obligation on time as per the exchange requirement/schedule at the stock broker's discretion on prevailing rates on a daily basis.

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 clients securities or close clients positions without giving notice to the client on account of non-payment of clients dues5.

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 funds and securities.

In cases of securities lying in margin account/client beneficiary account and having corporate actions like Bonus, Stock split, Right issue etc, for margin or other purpose the benefit of shares due to receive under Bonus, Stock split, Right issue etc will be given when the shares is actually received in the stock broker's designated demat account.

In case the payment of the margin/security is 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 any other property, the stock broker is empowered to decline its acceptance as margin/security and/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 (MTM) percentage reaches or crosses stipulated margin percentage, whichever is earlier. The stock broker will have sole discretion to decide margin percentage depending upon the market condition. The client is liable for all losses incurred due to the non availability of the scrip's during the square off time due to upward/downward ceiling. 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).

6. Policy on 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:

- a) An amount equivalent to 125% of previous day's closing rate is reduced from the short delivering client's exposure from the next trading day until the auction settlement. No charges are debited to the ledger till the auction pay in. The securities delivered short are purchased from the open market on T+2 day and the cost (inclusive of all statutory taxes and exchange levies) is debited to the short delivering client in a non profitable manner to the client. The shares are delivered to the buyer immediately on receipt of the same from the Exchange.
- b) If securities cannot be purchased from the market due to any force majeure condition, the short delivering seller is debited at the close out price. Close out will be at the highest price prevailing in the Exchange from the day of trading till the auction day or the Fair Market Value (FMV) whichever is higher. The FMV shall be the upper ceiling rate of the scrip on T+1 day of the auction day or 20% above the official closing price on the auction day, whichever is lower.
- c) 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 pay out is after the book closure / 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 the trading day till the auction day.

7. Policy on conditions under which a client may not be allowed to take further position or the broker may close the existing position of a client.

The stock broker follows a margin based RMS system. Client may take exposure up to the amount of margin available with the stock broker. Client may not be allowed to take position in case of non availability/ shortage of margin as per the RMS policy of the stock broker. The existing position of the client is also liable to square off/close out without giving notice due to shortage of margin/non making of payment for their payin obligation/outstanding debts. As per NSE circular [NSE/INSP/20638](#) if the customer has not cleared the debit before pay-in date, the stock broker is at liberty to sell the securities received in pay-out in proportion to the amount due from the customer, within a period not later than the fifth trading day reckoned from the date of pay-in.

8. Policy on temporarily suspending or closing a client's account on client's request.

On the request of the client in writing/email request from registered ID, 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's funds/security settlement can take place.

On the request of the client by giving closure request form 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. Policy on 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;

UAE Exchange may also restrict, terminate or suspend the trading code at any time without prior notice if the broker reasonably believes it is necessary for business or security reasons and/ Or at the request of any law enforcement agency, and/or any government authority and/or under the laws & regulations which apply to the stock broker & its customer.

10. Policy on treatment of Inactive Client Accounts

Definition on Inactive Client Account

Client account will be considered inactive if any client has not done any transaction for a period of 365 days or more/ customer has not given any request to us for modifying or updating any details in the client master like Address, Email ID, Mobile Number, Landline Number, Income

Range, Bank account number etc. Customers who have not done any trade for one year shall be changed to inactive status.

Reactivation procedure

If the customer wants to reactivate their account they have to give periodic updation request form to reactivate their trading account. Reactivation will be allowed only if the customer is meeting the requirements as per the latest policies, rules, regulations of the Exchange/Company during the period of being inactive. Customer has to confirm their current details like address/bank account/demat account/contact numbers/email id/Income range is same as updated with us & in case of any changes they have to submit a request with proper supporting documents to update the changes. However, in those situations customer is unable to send the periodic updation request signed, as an alternative option, customer's account may also be re-activated based on mail request from the registered **email ID**/ confirmation from customer over phone. The alternative option shall be accepted by staff, only on being convinced that customer is not able to send periodic updation request form.

Also, customer account will be changed to active status, if customer is giving any change request form

11. Policy fund receipt through pre-funded instrument and online transfers.

Policy of UAE Exchange on Pre-funded instruments shall be as follows.

Transactions through Cheque/Online Transactions only are insisted on customers to the maximum possible extent. Pre Funded Instruments (*subject to the below conditions*) can be resorted to only during an unavoidable circumstance where broker left with no other options to recover the pay-in dues or collect the margin.

- 1 Pre Funded Instruments of value less than Rs.50,000/- may be accepted, ONLY along with DD declaration form.
2. Pre Funded Instruments of value above Rs.50,000/- may be accepted, ONLY if it is accompanied with the supportings viz: a) Certificate stating the (a) Name of the Client, (b) Account Number, (c) Amt of the Instrument, & (d) the Instrument Number, from the Issuing Banker with their seal.
- 3) Copy of the Pass Book or Bank Statement showing all the four details as mentioned in the point no.[2] above, with certification from the Banker.

Policy of UAE Exchange on receiving fund through online transfer

We have followings system to cross check online fund transfer account number match with customer account updated with us.

- 1) Online Fund Transfer through Trading Portal- Customer should transfer fund from their account which is updated with us.

2) Online fund transfer through other mode

When customers are transferring funds to us online like fund transfer, NEFT, RTGS etc, the debit account shown in our statement shall be cross checked with the updated details of the Customer. In cases where, the debit account is not shown in our statement, online transaction statement or cyber receipt which clearly shows the debited account number of customer, date of debit, amount etc should also be forwarded to us for the accounting of the fund. In cases where both the above are not possible, the funds will be transferred back to the account from which we received it.

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. The client should 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 stock broker's control and may result in delay in processing or not processing buy or sell Orders either in part or in full. Client shall be fully liable and responsible for any such problem/fault

**Policy for Voluntary Freezing/Blocking of Trading Accounts in the light of SEBI circular
SEBI/HO/MIRSD/POD-1/P/CIR/2024/4 dated January 12, 2024**

Category: RMS-Compliance

Reference : Exchange Circular dated NSE/INSP/60277 dated January 16, 2024

Objective

To provide a mechanism for investors to voluntarily freeze/block their trading accounts upon detecting suspicious activities, thereby enhancing the ease of doing business and safeguarding investor interests.

Applicability

This policy is applicable to all trading members and their clients in the stock broking industry, with mandatory implementation by July 01, 2024, as per the SEBI directive.

Policy Guidelines

1. Modes of Request

Clients can request the freezing/blocking of their trading accounts through various modes, including:

- Online portal provided by the Trading Member.
- Email communication to the designated email address of the Trading Member.
- Written request submitted to the office of the Trading Member.
- Telephonic request through a dedicated helpline number.

2. Acknowledgement of Request

Upon receiving a request for freezing/blocking, the Trading Member shall:

- Issue an immediate acknowledgment to the client through the same mode of communication used by the client.
- Provide a reference number for tracking the request.

3. Processing Time

The Trading Member shall process the request and freeze/block the trading account within a maximum of 24 hours from the receipt of the request.

The client shall be notified once the account is successfully frozen/blocked.

4. Action Upon Freezing/Blocking

The Trading Member shall:

- Suspend all trading activities in the frozen/blocked account.
- Ensure no unauthorized transactions occur in the account during the freeze/block period.

5. Re-enabling Trading Accounts

Clients wishing to re-enable their trading accounts must submit a formal request through the same modes mentioned above.

The Trading Member shall verify the client's identity and the authenticity of the request before re-enabling the account.

The re-enabling process shall be completed within 24 hours of receiving the request, and the client shall be notified upon completion.

6. Client Intimation

Trading Members shall:

- Inform their clients about the introduction of the freezing/blocking facility through official communication channels, including emails, SMS, and website notifications.
- Provide detailed instructions on how to use the freezing/blocking facility.

Implementation and Compliance

Stock Exchanges

Ensure that the guidelines are implemented by all Trading Members by the specified date.

Amend relevant bye-laws, rules, and regulations to incorporate the provisions of this policy.

Disseminate the policy details to all Trading Members and publish the same on their websites.

Reporting Requirements

Trading Members shall submit periodic reports on the usage and compliance of the freezing/blocking facility to the Stock Exchanges.

Stock Exchanges shall compile these reports and submit a consolidated compliance report to SEBI by August 31, 2024.

Conclusion

This policy aims to empower investors with the ability to secure their trading accounts promptly, thereby preventing unauthorized activities and enhancing overall trust in the trading ecosystem.