

## POLICIES & PROCEDURES

The underlying document outlines various policies and procedures of SBICAP Securities Limited (hereinafter referred to as "SSL") framed with respect to its dealing with clients for capital market & future & options segment transactions. Kindly note that the below stated policies and procedures are subject to change from time to time, depending upon SSL's internal risk and surveillance framework, market and external environment and clients can refer SSL's website for the updated documents.

### 1. REFUSAL OF ORDERS FOR PENNY STOCKS ETC:

SSL offers trading facility in stocks / contracts which are listed or permitted by the Stock Exchanges. However, some of the stocks which are not compulsorily dematerialized/ or are illiquid stocks / have low liquidity, or securities which are listed in 'Z' group or series available for institutional category, and options / contracts in Derivatives Market which are illiquid options / far month options / long dated options, are not permitted for trading. Any other securities which do not meet SSL's internal risk and surveillance criteria or which as per SSL's perception are volatile or subject to market manipulation or have concentration risk at client level or at the company level are not permitted for trading. The stocks restricted by SSL will be duly updated on [www.sbicapsec.com](http://www.sbicapsec.com) (hereinafter referred as the website). SSL may at any time, at its sole discretion and without any prior notice, deactivate scrips from trading that do not meet SSL's internal risk and surveillance criteria, thereby restricting the client's ability to trade in the scrip(s). SSL may, subject to internal risk and surveillance criteria, accept/ place order (s) if the required settlement value / delivery of securities are provided prior to placing of the order. SSL will not be held responsible for any losses arising due to deactivation of the scrip / refusal or delay in providing limit.

SSL may refuse any order or transactions in respect of certain securities or segments which may be below/ above certain value/ quantity as may be decided by SSL from time to time without assigning any reasons thereof.

### 2. SETTING UP OF CLIENTS EXPOSURE LIMITS:

As part of risk management, SSL shall set client's \*limits for transacting in Cash and F&O segment depending on the \*\*collateral provided by the clients and as per the clients profile. Client shall abide by the limits, set by SSL or by the Exchange or Clearing Corporation or SEBI from time to time.

Collateral will be valued on a daily basis at latest / previous day's closing price and appropriate hair-cut shall be applicable. Securities that are acceptable as collateral and their haircut may be changed by SSL from time to time at its sole discretion depending upon the internal risk and surveillance criteria. The acceptable collateral and the applicable hair cut will be as per SSL's internal risk and surveillance criteria, which may/ may not be as specified by the Regulators/Exchanges.

Client profiling shall be based on various factors including trading pattern of clients, residential status / financial status. The profiling may be reviewed by SSL from time to time as per the internal risk and surveillance guidelines.

The exposure limits set by SSL do not by themselves create any right for the clients and are liable to be withdrawn at any time as per the internal risk and surveillance criteria and without any notice. The client agrees that any losses on account of such withdrawal shall be borne exclusively by the client alone. The client agrees not to claim any compensation from SSL in the event of withdrawal / refusal of the applicable limit. The client agrees to compensate SSL for any loss, harm or injury on account of exposure given and/or withdrawn.

In case of derivatives, clients shall be allowed to trade only upto the applicable position limits set by the Exchanges/Regulators from time to time. SSL may from time to time demand additional collateral from the client in the form of funds or securities if there is a requirement for the same and the client shall be required to provide the same.

### 3 BROKERAGE POLICY:

SSL is entitled to charge brokerage for trades facilitated on BSE/NSE/MCX-SX or any other recognized Exchange of which SSL is a Member. The Brokerage shall be paid in the manner intimated by SSL from time to time, including as a percentage of the value of the trade or as a flat fee or otherwise. Brokerage rate may vary from client to client, as per the terms agreed with the client at the time of registration (provided under the heading "Schedule of Charges" in this Form) or by way of any subsequent written communication between the client and SSL. The rate of brokerage shall however be exclusive of all statutory levies. The rate of Brokerage shall not exceed the maximum permissible brokerage stipulated by Exchange(s)/ SEBI which at present is as under:

- **For Cash Market Segment:** The maximum brokerage chargeable in relation to trades effected in the securities admitted to dealings on the Capital Market segment of the Exchange shall be 2.5 % of the contract price exclusive of statutory levies. Where the sale / purchase value of a share is Rs. 10/- or less, a maximum brokerage of 25 paise per share may be collected.

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\*Limits mean and includes exposure limits, turnover limits, intraday/delivery/carry forward positions, limits as to the number, value and/or kind of securities in respect of which orders can be placed etc.

\*\*Collateral means and includes clear credit lying in client's ledger, Bank lien marked funds, Bank transfer, DP free stock, DP lien/hold marked securities, unsettled payout securities stock held with SSL in beneficiary accounts, fixed deposits and Bank Guarantees etc.

*For Option Contracts:* Brokerage for option contracts shall be charged on the premium amount at which the option contract was bought or sold and not on the strike price of the option contract. It is hereby further clarified that brokerage on options contracts shall not exceed 2.5% of the premium amount or Rs. 100/- (per lot) whichever is higher.

#### 4. POLICY ON PENALTY/CHARGES:

SSL has to honour / adhere to various trading (margin/ adhoc margin) and settlement obligations (funds and/or securities) as per Exchange bye-laws in respect of trades executed on behalf of the client on BSE/NSE/MCX-SX. In order to enable SSL to meet the trading and settlement obligations as per the Exchange bye-laws, the clients are required to \*\*\*timely settle their trading and settlement obligations. SSL may impose penalty and other charges, subject to rules, regulations, byelaws, circulars, directives and guidelines of SEBI and Exchanges as well as considering the prevalent market and other circumstances at a related point in time.

These penalty/ charges include but are not limited to:

- i. Failure to settle/meet trading and settlement obligations.
  - Delayed payment charges not exceeding 2% per month or such other rate as may be determined by SSL from time to time. Interest shall be debited to the account of the client on fortnightly basis.
  - Charges for short selling of securities/Non-delivery of shares, at a rate not exceeding 2% of the sale value or such other rate as may be determined by SSL from time to time. Short selling penalty shall be debited to the account of the client on settlement day.
- ii. Dishonour of cheque issued, Bank charge at actual or and in cases of multiple/frequent instances the penal charges as may be determined by SSL from time to time.
- iii. Any penalties / levies by Exchange / Regulators, for any irregularities observed by them due to acts/ deed or transactions of the clients, at such rate as may be determined by Exchange / Regulators from time to time.

This is only a penal measure to bring in discipline in the clients to meet trading and settlement obligations as per schedule specified by SSL and should not be construed as an funding arrangement to the client.

#### 5. INTEREST FREE DEPOSITS:

SSL provides exposure against the upfront margin received in form of cash / collateral from the client and the client also has the prerogative to demand withdrawal of cash or collaterals at his discretion subject to surplus margin in place. SSL shall not pay any interest or other benefit to the client for maintaining cash balances or depositing collateral margins with SSL except for the corporate benefit received on such collateral securities, if any.

#### 6. LIQUIDATION POLICY:

SSL offers products and services to its clients, which are customized as per the trading preference and investment pattern of the client. The product feature / guidelines are broadly clarified on our web site. It will be the sole responsibility of the client to timely square-off / close / convert the position in products having specified time frame. If the client does not square off his open positions before the specified time frame SSL at its sole discretion would square off/close out the open positions on days of high market volatility, or reasons beyond the control, SSL reserves the right to change the timings by either pre-poning or postponing the same. For availing various trading/ investment products, in Cash / F&O or any other segment in which SSL is a member, the client shall maintain adequate collateral (as defined above) on or before the scheduled date. The client agrees and confirms that in case of any short fall or delay/default in meeting the obligation, which includes but not limited to pay-in / margin / mark-to-market / Cheque return or any other obligation, SSL shall have the right to sell client's collaterals to the extent of obligation and all such levies / expenses incurred by SSL, without giving any prior notice to the client. The client further agrees that SSL has the right to close his/her open position in circumstances as SSL might think just and proper (on case to case) basis. SSL offers trading facility as per internal risk and surveillance guidelines and rules, bye-laws, regulations, circulars of the Regulator / Exchanges. SSL shall have the right to sell / close clients position which violates any AML / internal risk and surveillance guidelines and rules, bye-laws, and regulations, circulars of the Regulator / Exchanges. SSL shall square off / close out the client open positions at any of the Exchanges and it can happen at either market price or limit price. SSL reserves the right to decide the limit price keeping in view of the size of the order and the depth of the market. Client shall be solely responsible for any resultant losses incurred to client due to selling of client's securities by SSL or squaring off the client's open positions or for not doing so. All losses in this regard shall be borne by the CLIENT and SSL shall be fully indemnified and held harmless by the CLIENT in this behalf.

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\*\*\* Timely settle, means one working day prior to the date of pay-in announced by Clearing Corporation / Clearing House of the respective Exchanges.

## **7. SHORTAGES IN OBLIGATIONS ARISING OUT OF INTERNAL NETTING OF TRADES:**

As per the prevailing guidelines, clients are required to make securities payin on or before settlement day. However, SSL is not obliged to deliver any securities to the client unless and until the same has been received by SSL from the clearing corporation/ clearing house or other entity liable to deliver their securities. In case of default in security pay-in by the client, SSL as per the internal settlement guidelines, shall debit an amount known as valuation debit to the clients. In case of default in security pay-in by the client there is a possibility of internal shortages at SSL. These internal shortages are marked against clients randomly at the sole discretion of SSL. In case of internal shortage, the obligation will be closed out at the highest traded price in Exchange from the day of trading till the auction day or at a percentage as applicable from time to time above the official closing price on the auction day, whichever is higher, as a penalty on the defaulting client and the benefit will be passed on to the respective beneficiary client. The close-out rate excludes any penalty levied due to short selling of securities/ Non-delivery of shares. Scrip which is settled on Trade to Trade basis at Exchange does not fall under the above mentioned policy.

## **8. CONDITIONS UNDER WHICH A CLIENT MAY NOT BE ALLOWED TO TAKE FURTHER POSITION OR SSL MAY CLOSE THE EXISTING POSITION OF A CLIENT:**

Under various circumstances outlined in the internal risk and surveillance guideline, the client may not be permitted to take any fresh or further position and SSL may at any time, and at its sole discretion and without prior notice, close all or part of the position of the client. The guidelines regarding restriction to take fresh or further position and close all or part existing position include but are not limited to :

- Default by the client in honoring its trading and settlement obligation. This includes dishonoring of cheque.
- Any further position which may result in violation of any rules, bye-laws, and regulations, circulars of the Regulator / Exchanges. In case of any violation, SSL without any intimation /prior notice will close all or part of the position of the client to ensure compliance.
- In case any of the account opening details are found to be false or untrue or misleading or misrepresented.
- Where a client is reported to or known to be insolvent / deceased / lunatic or other disability.
- Receipt of binding order or commencement of any legal proceeding against the client under any law / Regulator or authority in force.
- If the client has breached any term, condition or covenant of this agreement with SSL.

Further, it would be the duty of the client to monitor his/ her position with SSL from time to time. The client shall ensure to meet any trade and settlement obligation promptly to ensure that the payin shall be received and processed on or prior to the settlement date or a date intimated by the SSL, whichever is earlier. In case of any delay or failure by the client, SSL at its discretion, may close the open position / contracts without any further intimation to the client in this regard. In the event of liquidation of the open positions the client shall be liable for any resultant losses and all associated costs incurred by SSL.

## **9. SUSPENSION/DEREGISTERING OF CLIENTS TRADING ACCOUNT:**

The client understands and agrees that SSL may at any time, at its sole discretion and without prior notice, as a risk containment or surveillance measure prohibit or restrict his/its ability to trade in securities in the following circumstances:

- i. The client is not pursuing the internal risk and surveillance criteria. These Risk / surveillance criteria include but are not limited to:
  - Any investigation / action taken by Regulators (not restricted to SEBI)/ statutory / government or judicial authorities.
  - Irregular trading/investment pattern resulting in violation of any rules, bye-laws, regulations, circulars not restricted to SEBI.
  - Anti Money Laundering (AML) perspective.
  - Frequent default by the client in honouring his / her trading and settlement obligations.
  - Dishonour of Cheque issued by the client.
  - If the client fails to clear his / her outstanding debit within the specified time.
- ii. Failure to inform any updation/modification in personal details, due to which the client may be non-traceable. Personal Details include but not limited to:
  - Correspondence / Permanent Address
  - Designated Bank and Demat Account.
  - Email Id / Mobile Number.
  - Income and Financial details

- iii. The client account has been dormant or inactive during the period as specified in the internal risk and surveillance guidelines.
- iv. In case any of the account opening details are found to be false or untrue or misleading or misrepresented.
- v. Where a client is reported or known to be deceased or lunatic or has other disability which prevents from undertaking contractual liability or for any other justifiable reason .
- vi. Where client fails to provide / execute or renew mandatory documentary requirements as prescribed by Exchanges/ Regulators from time to time and /or refusal to do the periodic submissions as required by Exchanges/ Regulators.
- vii. Client having suspicious back ground, link with suspicious organization etc. based on information found from authentic channel including but not restricted to websites.
- viii. Within 15 days of receipt of the suspension / closure request from the clients, subject to clearance of all dues and settlement obligations.

Upon closure of the account, the agreement entered into by and between SSL and the client shall stand terminated. The termination of the Agreement shall not affect any rights or obligations of either party which have accrued prior to the termination or which may arise out of or in connection with acts done or omitted prior to the termination and the same shall continue to subsist and vest in / be binding on the respective parties or his / its respective heirs, executors, administrators, legal representatives or successors, as the case may be.

#### **10. DORMANT / IN-ACTIVE ACCOUNT:**

Where no transactions have taken place in clients account during the last 6 (Six) months from the date of last transaction, then such account will be considered dormant / in-active account.

If the account status is tagged as a dormant / in-active account, then the surplus funds or securities lying with SSL shall be refunded / returned to clients at his/her last known bank account / DP account for securities or at such other account(s) as mentioned in the Account Opening Form.

#### **11. REACTIVATION:**

Clients account will be re-activated, subject to fulfillment of such conditions as SSL may consider fit and proper –

- i. on submission of proof of identity and proof of address, where the account is suspended due to dormant / inactive status or on client's request, or on submission of such other information/ documents as deemed fit by SSL.
- ii. in other circumstances, at the discretion of SSL, provided there are no outstanding dues from the client or client has complied with all requirements of SSL of submission of information/ documents or on fulfillment of such other conditions that SSL may impose at its discretion.

#### **CLIENT ACCEPTANCE OF POLICIES AND PROCEDURES STATED HEREINABOVE:**

I have fully understood the policies and procedures stated hereinabove and do hereby sign the same and agree as to the validity, enforceability and applicability of any provisions /clauses mentioned in this document as applicable to my trading account. I understand that above policies & procedures are subject to the amendment /change at the discretion of SSL and shall be intimated to me/us by notice in writing / electronic communication and by a suitable modification to the policies & procedures on the website . Such amendment /change shall be binding upon us upon the expiry of 15 (Fifteen) days from such notifications and the continued use of SSL's service by me/us shall constitute acknowledgement and acceptance of such amendment(s) by me/us. 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 SSL before any court of law / judicial / adjudicating authority including arbitrator / mediator etc.

I have read and understood the above and I agree to abide by the same.