

## **POLICIES & PROCEDURES (Arihant Futures & Commodities Limited)**

### **1. Refusal of orders for penny / illiquid stock**

The broker may from time to time limit (quantity/ value) / refuse orders in one or more securities due to various reasons including market liquidity, value of security (ies), the order being for securities which are not in the permitted list of exchange(s) / SEBI. The broker may add / modify the list of illiquid commodities from time to time in addition to those provided by stock exchange(s) / SEBI. Further that the broker may require compulsory settlement / advance payment of expected settlement value/ delivery of Commodities for settlement prior to acceptance / placement of order(s) as well. The client agrees that the losses, if any on account of such refusal or due to delay caused by such limits, shall be exclusively borne by the client. The broker may require reconfirmation of orders, which are larger than that specified limits by the stock broker's risk management team, and is also aware that the broker has the discretion to reject the execution of such orders based on its risk perception.

### **2. Setting up client's exposure limits and 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 Broker may at its sole discretion prescribe the payment of margin in the form of cash instead of securities/commodities. The Client accepts to comply with the Broker's requirement of payment of margin in the form of cash immediately failing which the Broker may sell, dispose, transfer or deal in any other manner the securities already placed with it as Margin or square off all or some of the positions of the Client as it deems fit in its discretion without further reference to the Client and any resultant or associated losses that may occur due to such square off / sale shall be borne by the Client, and the Broker is hereby fully indemnified and held harmless by the Client in this behalf.

Any reference in these terms to sale or transfer of securities by the Broker shall be deemed to include sale of the securities/commodities which form part of the margin maintained by the Client with the Broker. In exercise of the Broker's right to sell securities/commodities under the Agreement, the Client agrees that the choice of specific securities/commodities to be sold shall be solely at the Broker's discretion.

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/commodities 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/commodities 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 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 position 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/commodities 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 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 is entitled to vary the form (ie the replacement of the margin / security/commodities in one form with the margin / security/commodities in any other form, say, in the form of money instead of shares) & or quantum & / or percentage of the margin & / or security required to be deposited / made available, from time to time.

The Client agrees and authorizes the Broker to determine the market value of securities placed as margin. The Client undertakes to monitor the market value of such securities on a continuous basis. The Client further undertakes to replenish any shortfall in the value of the margin consequent to a fall in the market value of such securities placed as margin immediately whether or not the Broker intimates such shortfall.

If payment / securities towards the margin or shortfall in margin is not received instantaneously to enable restoration of sufficient Margin in the Clients account, all or some of the positions of the Client may be squared off or the securities/commodities placed as margin by the Client may be sold off by the Broker at its sole discretion, without any further reference to the Client and without prior notification and any resultant or associated losses that may occur due to such squaring off or sale of securities shall be borne by the Client, and the Broker is hereby fully indemnified and held harmless by the Client in this behalf. Such liquidation or close out of positions shall apply to any segment in which Client does business with the member. The margin / security deposited by the client with the stock broker are not eligible for any interest. The stock broker is entitled to include / appropriate any / all payout of funds & / or securities towards margin / security without requiring specific authorizations for each payout.

The stock broker is entitled to transfer funds &/ or securities from his account for one exchange & / or one segment of the exchange to his / her / its account for another exchange & / or another segment of the same exchange whenever applicable and found necessary by the stock broker. The client also agrees and authorises the stock broker to treat / adjust his/ her / its margin / security lying in one exchange & / or one segment of the exchange / towards the margin / security / pay in requirements of another exchange & / or another segment of the exchange.

The stock broker is entitled to disable / freeze the account & / or trading facility / any other service. facility, if, in the opinion of the stock broker, the client has committed a crime / fraud or has acted in contradiction of conditions mentioned or / is likely to evade / violate any laws, rules, regulations, directions of a lawful authority whether Indian or foreign or if the stock broker so apprehends.

### **3. Applicable brokerage rate**

The stock broker is entitled to charge brokerage within the limits imposed by SEBI/exchanges from time to time.

### **4. Imposition of penalty / delayed payment charges**

The client agrees that any amounts which are overdue from the client towards trading or on

account of any other reason to the stock broker will be charged with delayed payment charges at such rates as may be determined by the stock broker however the same shall not exceed 24% p.a.

The client agrees to pay to the stock broker brokerage, commission, fees, all taxes, duties, levies imposed by any authority including but not limited to the stock exchanges (including any amount due on account of reassessment / backlogs etc.), transaction expenses, incidental expenses such as postage, courier etc. as they apply from time to time to the client's account / transactions / services that the client avails from the stock broker.

#### **5. The 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 stock broker maintains centralized banking and securities handling processes and related banking and depository accounts at designated place. The client shall ensure timely availability of funds/securities in designated form and manner at designated time and in designated bank and depository account(s) at designated place, for meeting his/her/its pay in obligation of funds and securities. The stock broker shall not be responsible for any claim/loss/damage arising out of non availability/short availability of funds/securities by the client in the designated account(s) of the stock broker for meeting the pay in obligation of either funds or securities.

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 & / 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. In case open position (Le. short/long) gets converted into delivery due to non square off because of any reason whatsoever, the client agrees to provide securities/funds to fulfill the pay-in obligation failing which the client will have to face auctions or internal close outs; in addition to this the client will have to pay penalties and charges levied by exchange in actual and losses, if any. Without prejudice to the foregoing, the client shall also be solely liable for all and any penalties and charges levied by the exchange(s).

#### **6. Shortages in obligations arising out of internal netting of trades**

Stock broker shall not be obliged to deliver any commodities 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 client is debited by an amount equivalent to 20% above of closing rate of

day prior to Pay-in/Payout Day. The differences / penalties are debited to short delivering clients as per Exchange norms and credited to purchaser.

## **7. Temporarily suspending or closing a client's account at the client's request**

- i. The client may request the stock broker in writing to temporarily suspend his account, stock broker may do so subject to client accepting / adhering to conditions imposed by stock broker including but not limited to settlement of account and/ or other obligation.
- ii. The stock broker may temporarily suspend the client account on its sole discretion in case the client is not approachable or communication sent to the client whether by post / any other electronic media is not deliverable / not reachable to the client or the client is not responding to the communications sent by the stock broker from time to time or the broker has reasons to believe that the details given by the client are incorrect or improper.
- iii. The stock broker can with hold the payouts of client and suspend his trading account due to his surveillance action or judicial or / and regulatory order/action requiring client suspension.

## **8. Conditions under which a client may not be allowed to take further position or the broker may closed the existing position of a client:**

We have margin based RMS system. Client may take exposure upto the amount of margin available with us. Client may not be allowed to take position in case of non availability of/ shortage of margin as per RMS policy of the company. 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 pay in obligation / lawful outstanding debts.

## **9. De-registering a client**

Notwithstanding anything to the contrary stated in the prescribed terms & conditions, the stock broker shall be entitled to terminate the trading account 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 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 a receiver, administrator or liquidator has been appointed or allowed to be appointed of all or any part of the undertaking of the Client;
- v. 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;
- vi. If the Client being a partnership firm, has any steps taken by the Client and/ or its partners for dissolution of the partnership;
- vii. If the Client have taken or suffered to be taken any action for its reorganization, liquidation or

dissolution;

- viii. If the Client has made any material misrepresentation of facts, including (without limitation) in relation to the Security;
- ix. 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;
- x. If the Client suffers any adverse material change in his / her / its financial position or defaults in any other agreement with the Stock broker;
- xi. If the Client is in breach of any term, condition or covenant of the prescribed terms & conditions;
- xii. If any covenant or warranty of the Client is incorrect or untrue in any material respect;

## **9. Inactive & Dormant Account Policy**

The stock broker has in place an Inactive & Dormant Account Policy whereby any account marked as Inactive or Dormant as the case may be restricted for further trading for want of proper due-diligence and additional documents / clarifications / submissions to the satisfaction of the Broker.

Client will be considered 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 day will be considered as inactive, the credit balance their ledger account if any will be transferred to the client within one week of the identifying the client as inactive. The client has to make written request for reactivation of their account.

### **Client's Acknowledgement Acceptance of Policies and Procedures stated hereinabove:**

I/We have fully understood the same and do hereby sign and acknowledge 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 anyone or more means or methods such as post / speed post / courier / registered post / registered AD / facsimile / telegram / cable / e-mail / voice mails / telephone (telephone includes such devices as mobile phones etc.); by informing the client through employees / agents of the stock broker; by publishing / displaying it on the website of the stock broker / making it available as a download from the website of the stock broker; by displaying it on the notice board of the branch / office through which the client trades or if the circumstances, so require, by radio broadcast / television broadcast / newspapers advertisements etc; or any other suitable or applicable mode or manner. I/we agree that the postal department / the courier company / newspaper company and the e-mail/ voice mail service provider and such other service providers shall be my/our agent and the delivery shall be complete when communication is given to the postal department / the courier company / the e-mail/voice mail service provider, etc. by the stock broker and 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 prescribed terms & conditions 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.