

Annexure 7

POLICIES AND PROCEDURES FOR CLIENT DEALINGS – ALL EXCHANGES - MANDATORY
(as required by SEBI circular MIRSD/ SE /Cir-19/2009 dated December 3, 2009)

1) Policy for Penny Stock

S.P.Jain Securities Pvt Ltd (“SPJSPL”) discourages / restricts trading in penny stocks by the client as they are susceptible to manipulation and risky for investors and in turn to our Company.

“Penny Stock” for this purpose shall include :

- a) Stocks appearing in the list of illiquid securities issued by the Exchange from time to time.
- b) Stocks which are highly illiquid and have a low market capitalization and ‘Z’ group Securities or any group which ‘Exchange’ may define in future as a group which requires strict surveillance for investors.
- c) Any securities as may be restricted for trading by Exchanges.
- d) Any securities as may be restricted for trading by SPJSPL based on it’s internal evaluation.

Usually SPJSPL does not allow a client to trade in penny stock. On client request, trade can be allowed but against 100 % payment for buy of shares and against transfer of securities to SPJSPL’s DP/Pool account for sale of shares. SPJSPL will not be responsible in any manner for trades done by clients in penny stocks. For trades done in “Penny Stocks” any requisite information sought by BSE/NSE/SEBI or any Governing authority or Government authority will be provided to them & in case of any penalty levied thereon by such authorities for whatever reason such penalties will be debited to client’s ledger account & client will be totally responsible to repay the same.

Depending on the market condition and RMS policy of the SPJSPL, RMS reserve the right to refuse to provide the limit/trade in Penny stocks.

2) Setting up client's exposure limits

The SPJSPL may from time to time impose and vary limits on the orders that the client can place through the SPJSPL'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 SPJSPL may need to vary or reduce the limits or impose new limits urgently on the basis of the it’s risk perception and other factors considered relevant by the SPJSPL 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 client agrees that the SPJSPL shall not be responsible for such variation, reduction or imposition or the client's inability to route any order through the SPJSPL's trading system on account of any such variation, reduction or imposition of limits. The client further agrees that the SPJSPL 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 SPJSPL, 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 SPJSPL 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.

As a part of RMS SPJSPL will allot the exposure limits depending on the type of securities provided by as Margin / funds in client’s ledger or any other collateral as accepted by SPJSPL differs from time to time on the discretion of the SPJSPL. Securities & other collaterals accepted as margin from client will be subject to change from time to time and at its discretion of the SPJSPL.. Further client can be allotted the exposure limits depending on the trading pattern / profile & financial status of the client at the discretion of the SPJSPL.

Apart from above SPJSPL will can apply the haircut at its discretion apart from the normal haircut applied by the Exchanges / Regulator from time to time for securities & collaterals deposited by the client with SPJSPL. The exposure limits set by SPJSPL does not by itself create any right for the Client and are liable to be

withdrawn at any time without notice and the client can not held SPJSPL responsible in any manner for the loss on account of withdrawal of the limit to the client.

As a part of RMS SPJSPL may provide the limits to the client's on its instruction & client will not be allowed to differ from the limits allowed & will be responsible for the trades done on account of the same & client can not held SPJSPL responsible in any manner for trades done by SPJSPL or by client himself.

3) Applicable brokerage rate

Brokerage will be charged within the limits prescribed by SEBI/Exchange & as agreed with the client. Any upward revision in the brokerage will be informed to the client & will be made applicable on acceptance of the same by client . Client will not object to any downward revision in the brokerage made by SPJSPL & will be binding on the client.

4) Imposition of penalty / delayed payment charges

Clients are required to settle the pay in obligation / pay the margin within the time limits provided by Exchanges / SEBI / SPJSPL's RMS . In case of client fails to provide the same within the prescribed time, delayed payment charges shall will be levied on the client's account on any such delayed payment. Such delayed payment charges @2% per month or at reasonable rates which may be prescribed by SPJSPL from time to time shall be directly debited to the account of the client. The Client agrees that the SPJSPL 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 SPJSPL 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

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. Without prejudice to the SPJSPL's other right (Including the right to refer the matter to arbitration), the SPJSPL shall be entitled to square off / liquidate /close out at its sole discretion all or any of the clients position without giving notice to the client for non payment of margins or other amounts including the pay in obligation, outstanding debts etc in time and adjust the proceeds of such liquidation/close out, liabilities/ obligations. Any and all losses and financial charges on account of such liquidations/ closing out shall be charged to & born by the client & SPJSPL can not be held responsible in any manner what so ever. 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 received under Bonus, Stock split, Right issue etc will be given within reasonable period of time when the shares is actually received in the SPJSPL designated demat account. In case the payment of the margin / security is made by the client through a bank instrument, the SPJSPL 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 SPJSPL.. Further the square off / liquidate / close out of client's open position or the selling of securities mat be executed on such Exchanges and at such price as may be decided by SPJSPL.. SPJSPL shall have no obligation of communicating the same to the client.

Where the Collateral for margin is made available by way of securities or any other property, the SPJSPL is empowered to decline its acceptance as margin / security &/or to accept it at such reduced value as the SPJSPL may deem fit by applying haircuts or by valuing it by marking it to market or by any other method as the SPJSPL may deem fit in its absolute discretion. The SPJSPL 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 SPJSPL will have sole discretion to decide referred stipulated margin percentage depending upon the market condition.

SPJSPL reserves the right to square off / liquidate / closeout open positions or sell securities under following circumstances.

- a) Where the limits given to the Client has been breached
- b) Where the Client has defaulted on their existing obligation / and /or have failed to make payment / deliver securities to SPJSPL within stipulated time period as may be prescribed by SPJSPL.
- c) Where Mark to Market Loss on the open position has reached the stipulated % of the margins placed with SPJSPL and Client(s) have not taken any steps either to replenish the margin or reduce the Mark to Market Loss.
- d) Where the margin or security placed by the Client with SPJSPL falls short of the applicable minimum margin as may be required to be maintained by the Client.
- e) Where the open position is neither squared off nor converted to Delivery by Clients within the stipulated time.
- f) Where the client has failed to make available funds for the debit in the account within the stipulated time.

SPJSPL reserves the right to square off / liquidate / close out the open position and/or sell client's securities under the prescribed circumstances, however SPJSPL is not obliged and does not guarantee to square off / liquidate / close out the open position and/or sell client's securities. Client shall be solely responsible for any resultant losses incurred to the client due to squaring off / liquidating / closing out the open position and/or selling client's securities or for not doing so. All losses in this regard in addition to any penalties and charges levied by the Exchange(s) shall be borne by the Client and SPJSPL shall be fully indemnified and can not be held responsible for the same.

6) Shortages in obligations arising out of internal netting of trades

Internal Shortages arising out of internal netting of trades on seller client's default in delivering the shares will be marked against the buyer client's position at randomly & at the sole discretion of the SPJSPL.

SPJSPL 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 SPJSPL 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 terms and conditions for settlement of shortages in obligations arising out of internal netting of trades is as under:

- a) SPJSPL will report defaulting seller's position to the exchange / clearing corporation where ever applicable for completing the payout obligation of the buyer's position.
- b) The defaulting seller client's account will be debited by the amount of auction rate / close out rate along with any other charges / penalties as may be given by the exchange(s) for the same.
- c) SPJSPL in exceptional cases can debit the defaulting sellers account & credit the buyer client's account with the close out rate as may be decided by SPJSPL in line with the Exchange's normal close out rate procedures.

SPJSPL shall not be responsible for losses due the client on account of such shortages for buyer as well as for seller. All losses due to the client on this account shall be borne solely the client and the client shall indemnify SPJSPL in this respect.

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

In addition to the conditions as provided under the policy of right to square off / liquidate / close out client's position or sell client's securities as detailed in point 4 above, SPJSPL shall have the right to refuse to execute trades / allow the client to take further positions and / or square off / liquidate / close out the seller's position under the following circumstances.

- a) As a result of any Regulatory directive / restriction;

- b) Non receipt of funds / securities and / or bouncing of cheque received from the client towards the margin obligation / settlement obligation / ledger balances;
- c) Due to technical reasons;
- d) Securities breaching the limits specified by the Exchange / Regulators from time to time;
- e) In case of failure to meet margin obligation including mark to market margins by the client;
- f) In case of securities to be transacted by the client are not in dematerialized form;
- g) Any other conditions as may be specified by SPJSPL from time to time in view of market conditions, regulatory requirements, internal policies etc and Risk Management System;
- h) Due to any force majeure event beyond the control of SPJSPL
- i) In case of deposit amount is fully utilized against the position taken by the client
- j) MTM limit exceeded by % of the margin amount at the sole discretion of the SPJSPL with the intimation to the client and / or sub broker by way of telephone call or email / messenger or any other mode of information.

SPJSPL shall not be responsible for any loss incurred there on and the client shall indemnify the SPJSPL in this regard.

8) Temporarily suspending or closing a client's account at the client's request

SPJSPL may suspend or close the trading account of the client pursuant to SEBI or any other Regulatory directive for such period as may be prescribed by the respective Regulator. SPJSPL may further at its sole discretion and with/without information to the client, prohibit or restrict or block the Client's access to the use of the website if any or related services and the Client's ability to trade due to market conditions and other internal policies including policy with respect to prevention of money laundering or any other act governing the financial market.

Client can initiate temporary suspension / closure of account at any time by giving the written request in advance not less than 15 days. Such suspension / closure request will be effected subject to the clearance of all dues and settlement obligations by the client. 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. However client's shares/ ledger balance settlement can take place.

During the period client account is suspended, the market transaction in the client account will be prohibited. Notwithstanding any such suspension / closure, all rights, liabilities and obligations of the parties arising out of or in respect of transactions entered into prior to the such suspension / closure shall continue to subsist and binding on the client.

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:

- a) If the action of the client alone or in conjunction with others are prima facie illegal / improper or such as not in accordance with the rules and byelaws of the stock exchange(s) / regulators;
- b) If there is any commencement of a legal process against the client under any law in force or by any competent authority;
- c) On the death / lunacy or other disability of the client;
- d) If client fails to disclose any material change in his/her/its KYC norms or violates any of the terms and conditions laid down in the agreement with the SPJSPL;
- e) If the client has made any material misrepresentation of facts, including (without limitation) in relation to the KYC or any other details;
- f) If there is a reasonable apprehension that the Client is unable to pay its debts or the Client has admitted its inability to pay its debts ;
- g) Deregistration of the client / termination shall be at the sole discretion of the SPJSPL apart from above circumstances.

Such deregistration / termination of the client shall not effect the rights and liabilities of the parties in respect of the transactions executed before the date of such deregistration / termination.

Inactive Client account: -

Client account will be considered as inactive if the client does not trade for a period of one year. Client account made as inactive can be made active again on receipt of the request from the client on telephone / email or by any other mode of information / communication.

I/We hereby agree that I/We have read and understood all the above policies and procedures of SPJSPL as applicable to my trading account. This policy has been adopted by the trading member at the time of signing the agreement and subject to change from time . Any revision of the policy will be made available on the website <_____> and will be binding to the client & no separate acceptance of the client is required in that case.

(Client Signature)

Place : _____

Date :- _____