

## POLICIES AND PROCEDURES

### a) Penny Stocks :

Penny Stock - A stock that trades at a relatively low price and market capitalization. These types of stocks are generally considered to be highly speculative and high risk because of their lack of liquidity, large bid-ask spreads, small capitalization and limited disclosure.

The clients is advised not to deal in penny stocks and if a client deals in the such stocks, 100% margin will be taken from him in advance and these shares will not be taken to as Margin deposit.

SATCO shall have authority from time to time to limit (quantity/ value) or refuse orders in one or more securities due to various reasons including market liquidity, value of security/ ies or may require compulsory settlement / advance payment of expected settlement value/ delivery of securities for settlement prior to acceptance / placement of order(s) as well, the order being for securities which are not in the permitted list of SATCO / exchange(s) / SEBI or does not commensurate with the risk profile of the client as assessed by the broker. Decision of Broker will be binding on the client and will be final.

### b) Setting Up Client's Exposure Limits :

SATCO may from time to time impose and vary limits on the orders that the client can place through SATCO's 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 SATCO may need to vary or reduce the limits or impose new limits urgently on the basis of SATCO's risk perception and other factors considered relevant by SATCO 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 SATCO may be unable to inform the client of such variation, reduction or imposition in advance.

The client agrees that SATCO shall not be responsible for such variation, reduction or

imposition or the client's inability to route any order through SATCO's trading system on account of any such variation, reduction or imposition of limits.

The client further agrees that SATCO 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 SATCO, 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 order being outside the limits set by SATCO/exchange/SEBI and any other reasons which SATCO may deem appropriate in the circumstances. The client agrees that the losses, if any, on account of refusal to delay caused by such review, shall be borne by the client alone.

SATCO has 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.

In case of exposure taken on the basis of shares 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.

### c) Applicable Brokerage Rate :

Brokerage will be charged within the limits prescribed by SEBI / Exchange:

#### i. For Cash Market Segment:

The maximum brokerage chargeable in relation to trades affected in the securities admitted to dealings on the Cash/Capital Market segment of the Exchange shall be 2.5% of the contract price exclusive of statutory levies. It is hereby further clarified that where the sale/purchase value of a share is Rs.10/- or less, a maximum brokerage of 25 paise per share may be collected.

ii. For Option contracts:

Brokerage for option contracts would not exceed Rs.100/- per lot single side or such other rates as provided by the exchanges.

d) **Imposition of penalty/delayed payment charges :**

Client shall be liable to penalty and other charges on nonpayment of margin money, short selling of securities or units, failure on payment of auction, cheque bounce, non delivery of shares, increase open position.

Similarly in case of non receipt of full payment of value of delivery purchased, margin imposed (initial + MTM) delayed payment charges will be charged upto 0.5% per day calculated on daily basis on shortfall amount till the date of actual realization of money, however the same will not amount to margin funding . All fines/ penalties and charges levied upon the Client due to its acts / deeds or transactions will be recovered by SATCO directly from the client's account.

Further where SATCO 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.

e) **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 :**

Without prejudice to SATCOs other right (Including the right to refer the matter to arbitration), SATCO shall be entitled to liquidate/close out 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. and adjust the proceeds of such liquidation/close out, if any, against the liabilities / obligations.

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. Any and all losses and financial charges on

account of such liquidations/ closing out shall be charged to & borne by the client. 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 when the shares is actually received in SATCO designated demat account.

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

SATCO 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. SATCO 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, the client shall also be solely liable for all and any penalties and charges levied by the exchange(s).

f) **Shortages in obligations arising out of internal netting of trades :**

The policy and procedure for settlement of shortages in obligations arising out of internal netting of trades is as under:

- i. The short delivering client is debited by an amount equivalent to 20% above the closing rate of day prior to Pay-in/Payout Day. The securities delivered short are purchased from market on T+2 day and the purchase consideration (inclusive of all statutory taxes & levies) is debited to

the short delivering seller client along with reversal entry of provisionally amount debited earlier.

- ii. If securities cannot be purchased from market due to any force majeure condition, the short delivering seller is debited at the closing rate on T +2 day or Auction day on Exchange +10% where the delivery is matched partially or fully at the Exchange Clearing, the delivery and debits/ credits shall be as per Exchange Debits and Credits.
- iii. 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 payout 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 first trading day of the settlement till the auction day.

**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 :**

SATCO has margin based RMS system. Client may take exposure up to the amount of margin available with SATCO. Client may not be allowed to take position in case of non-availability/shortage of margin as per our 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/outstanding debts.

SATCO 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 SATCO / exchange/ SEBI and any other reasons which SATCO may deem appropriate in the circumstances:

1. For non-payment or erosion of margins or other amounts, outstanding debts, etc. and adjust the proceeds of such liquidation/ close out, if any against the client's liabilities/ obligations.
2. Any order which is executed without the required margin in the client's account or the

brokers' exposure is more than 90% and above so no fresh trade will be taken.

3. The client authorizes SATCO to square up all his outstanding positions at the discretion of SATCO, which are not marked for delivery 15minutes before the closing time of the normal market or if the client's margin is evaporated by 90% in any of the exchanges, reserves the right to square off positions.
4. Under certain market conditions, it may be difficult or impossible to liquidate a position in the market at a reasonable price or at all, when there are no outstanding orders either on the buy side or the sell side, or if trading is halted in a security due to any action on account of unusual trading activity or stock hitting circuit filters or for any other reason as prescribed or instructed by SEBI.
5. SATCO is entitled to disable/freeze the account or trading facility/ any other service if, in the opinion of SATCO, the client has committed a crime, fraud or has acted in contradiction of this agreement or /evade / violate any laws, rules, regulations, directions of a lawful authority whether Indian or foreign or if SATCO so apprehends.

Any profit/loss arising out of these transactions shall be at the risk of and borne by the client.

**h) Temporarily suspending or closing a client's account at the client's request :**

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. During the period client account is suspended, the market transaction in the client account will be prohibited. However client shares/ledger balance settlement can take place.

Client may instruct the member to close out the account or suspend the trading through client's account for the period as specified in the request in written and duly signed by him.

SATCO can hold with the payouts of client and suspend his trading through client account due to his surveillance action or judicial or/ and regulatory order/action requiring client suspension. On the request of the client in writing, 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.

**i) Deregistering a client :**

Notwithstanding anything to the contrary stated in the agreement, SATCO 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 SATCO;
- (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;

**j) Inactive Client account :**

Client account will be considered as inactive if the client does not trade for six months. Calculation will be done at the beginning of every month and those clients who have not traded even a single time will be considered as inactive, the shares/ credit ledger balance 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.

**k) Non-execution of orders due to connectivity failure :**

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. I 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 SATCO's control and may result in delay in processing or not processing buy or sell Orders either in part or in full. SATCO shall not be fully liable and responsible for any such problem/fault.

**l) Client Acceptance - Policies and Procedures :**

These Policies and Procedures may be amended / changed by the broker, by giving due notice of the change to the client with through any one or more means or methods.

The client agrees not to challenge the same on grounds of delayed receipt / non receipt or any other reasons whatsoever.

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 the client and SATCO before any court of law / judicial / adjudicating authority including arbitrator / mediator etc.

**m) KRA Policy :**

A KRA is a SEBI-registered agency that centrally maintains KYC (Know-Your-Client) records of investors on behalf of Stock broker and other intermediaries. Investors opening new accounts with SATCO will have to complete the KYC formalities only once, which will get uploaded to a KRA. In future if the investor changes the broker, the letter can retrieve the information from a KRA. He need not to undergo KYC process again. For new client accounts opened after February 1, 2012, the KYC data and requisite documents will be sent to CVL within 10 working days from the date of submission of all documents duly executed by the client.

Satco is registered with CVL, CAMSKRA, NDML & Dot-Ex. KYC official of SATCO are responsible for KRA compliance.

On receipt of client registration/account opening documents, SATCO will first identify whether the client is already KYC compliant. To confirm the same the SATCO will verify the same through the KRA'S website. If client is registered with KRA, then satco will collect required documents & will sent to the KRA for verification within 10 working days from the date of submission of all documents executed by clients. In case any discrepancy in the KYC documents, SATCO inform the client regarding the discrepancy. If discrepancy is not solved by clients within stipulated time, SATCO will stop client's trading.

For Existing clients, registered prior before 1<sup>st</sup> January 2012, SATCO will upload the KYC details in the KRA system & will send required original pages of KYC to KRA for verification within the prescribed time limits specify by SEBI /Exchanges. When the existing client registered with other broker approaches SATCO for registration, then SATCO downloads the data of that client from the KRA system, to update the missing information, will do in person verification as per requirements(If not done already) and sends the relevant supporting documents, if any to the KRA. Thereafter, the KRA system shall indicate the records as updated.

☞ Client's Signature \_\_\_\_\_

Place: \_\_\_\_\_

Date 

D	D	M	M	Y	Y	Y	Y
---	---	---	---	---	---	---	---