

## **POLICY AND PROCEDURES**

This is a mandatory / compulsory document from Broker and requires your utmost care, attention and understanding. This is an additional requirements from Broker which if contravenes any rules, regulations, articles, byelaws, circulars, directives and guidelines of SEBI and Exchanges, shall be null and void.

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### **Dealing in Penny Stocks:**

Generally, the Broker refuses to enter any order of clients for penny stocks. The client is required to adhere to exchange/members' guidelines and due diligence while trading in such scrips. Even trading in such scrips is very risky. As such, the stock 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 the stock broker / exchange(s) / SEBI or illiquid scrips. Depending on the market condition and risk management policy of the company, the stock broker reserves the right to refuse to provide limit in Penny Stocks and losses if any on account of such refusal shall be borne by the client only. We the broker, do hereby warn the client not to deal in any penny stocks. However, Broker at its sole discretion, may allow or disallow the clients (on case to case basis) to deal in penny stocks, subject to rules, regulations, articles, byelaws, circulars, directives and guidelines of SEBI and Exchanges as well as considering the prevalent market and other circumstances, at related point of time. The exposure limit in such scrips shall vary from client to client subject to RMS Policy of Broker and prevalent market condition from time to time without prior notice.

### **Client's Exposure Limit:**

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 to number, value and/or kind of securities in respect of which order 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 securities specific/volume specific exposure etc.) and the stock broker may be unable to inform the client of such variation, reduction or imposition in advance. The client agree that the stock broker shall not be responsible for such variation, reduction or imposition or client's inability to route any order through stock broker's trading system on account of such variation, reduction or imposition 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 order 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 fit and proper 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 clients alone. The Stock broker has margin based Risk Management System. Client exposure limits are set based on collateral and funds deposited by the client. The type of acceptable collateral as well as the exposure limit varies from client to client depending upon the profile and the channel of trading of the client.

### **Brokerage Rate:**

The Broker discloses that it shall charge a brokerage at the rate being agreed by the client with Broker (including its branches or sub-brokers) as per tariff sheet executed by the client and depending upon market circumstances or as may be prescribed in KYC document / Back office Software. However, the Broker shall adhere to the maximum permissible limit (presently not to exceed 2.5 %) as may be prescribed by SEBI / Exchanges from time to time. On option segment of Exchange, it is hereby disclosed that brokerage shall not exceed 2.5% of the premium amount or Rs 100/- (per lot) whichever is higher.

**Imposition of Penalty/Delayed payment Charges:**

The client agrees that any amounts which are overdue from clients towards trading or on account of any other reason to the stock broker, will be charged with delayed payment charges @ 12 % to 24 % p.a. (depending upon prevalent market rate). The client agrees that the stock broker may impose fines / penalties for any orders / trades / deals / actions of client which are contrary to this agreement or understanding as per KYC documents / rules / regulations / byelaws / circulars / guidelines / direction of the Exchange or SEBI or under any other law for 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 or as a consequence of or in relation to any of the orders / trades / deals / actions of the client, the same shall be borne by the client.

However, the client discloses that he/she/it is aware and specifically agree that charging of delayed payment charge by stock broker is just an additional / ad-hoc facility and shall not be construed / resulted into permanent practice leading to funding by broker in contravention of applicable laws.

**Sell of Securities or Closing Open Position:**

The Client also agrees and confirms and undertake to immediately deposit with the stock broker such funds, securities or other acceptable security which the stock broker may in its own discretion from time to time require as margin. The client agrees that the stock broker shall be entitled to require the client to deposit with the stock broker a higher margin than that prescribed by the Exchange. The client is liable to pay an initial margin upfront on or before creating a position in any Derivatives Contract. Such margin shall be decided upon by the Stock Broker or the Exchange from time to time. Furthermore, the client is liable to pay (or receive) daily margins depending on whether the price of derivatives contract moves for or against the position undertaken. The client may also be liable to pay withholding margin, special margin or such other margins as are considered necessary by the stock broker or the Exchange from time to time. The stock broker is permitted in its sole and absolute discretion to collect additional margins (even though not imposed by any exchange or SEBI) and the client shall be obliged to pay such margins. In case the client does not provide the required margin or any other payment whatsoever within the time frame specified by the stock broker, the stock broker shall have the right to appropriate and / or sell and /or instruct to sell and/or transfer all or any securities or money in client's account and/or any associated account and/or any proceeds thereof, square-off all or any outstanding positions, prevent any new orders from being placed and / or executed by the client or take such other action as the stock broker thinks fit and proper. The stock broker may exercise all or any of the above rights in such manner as the stock broker may think appropriate, without demand for additional margin, security or collateral or advance notice or advertisement, on any exchange or other market where such business can be transacted, at a public auction or by private sale and the stock broker may be the purchaser/seller for its own account. The giving of any prior demand, call or notice shall not be considered as a waiver of the stock broker's right to exercise its rights without any such demand, call or notice. The client agrees that in case of high market volatility, the stock broker may require the client to pay instantaneous margins in addition to the margins that may already have been paid the client as per margin calls. The client agrees that the stock broker may be compelled to in such circumstances of market volatility, in absence of the payment of the said instantaneous margins by the client, square-off all or any outstanding positions, prevent any new orders from being placed and / or executed by the client or take such other action as the stock broker thinks fit and proper. The client agrees that the stock broker may be compelled to in circumstances of extreme market volatility, square-off all or any outstanding positions, prevent any new orders from being placed and / or executed by the client or take such other action as the stock broker thinks fit and proper, even without calling for the payment by the client, of the aforesaid instantaneous margins by the client. In case of short fall in the margin, the stock broker shall check for availability of additional limits in client's associated account(s) to see whether adequate additional limits are available to restore the margin level to the initial margin level and if no such limits are available then the client's outstanding positions may be squared-off by the stock broker, at its discretion, without notice to client. If the client has entered into a short sale or long purchase then the stock broker shall be entitled to, at any time before the

client has squared-off his short sale or long purchase position, square-off and/or carry forward the whole or part of the same on any day, at any place and in any manner as the stock broker thinks fit, or permit the exchange to close out or auction such position, and the aforesaid shall be at the client's sole risk and cost.

If the client has been permitted to do margin trading (if and when provided by the stock broker) or otherwise, the stock broker shall be entitled to square-off client's outstanding position, inter-alia, where, in the stock broker's opinion, the mark-to-market loss, has breached or may breach the margins available with the stock broker, where the margin or security(ies) placed by the client and available with the stock broker falls short of the stock broker's requirement, where any limit given to the client has been breached or where the client has defaulted on any existing obligation. The client do hereby authorizes the stockbroker to, at stock broker's discretion, should the stock broker deem fit necessary for the stock broker's own protection, to buy, sell or close out any part or all of the Derivative Contracts held in the Client's account with the stock broker. Any or all such incidental expenses, costs incurred by the stock broker will be reimbursed by the client. In enforcing its set-off, lien and/or other rights, the stock broker may, in its absolute discretion, determine which securities are to be sold or appropriated, which account is to be debited or which contracts are to be closed. Thus, In case of any delay (beyond permissible time limit as per SEBI's or Exchange's rules, regulations, byelaws, circulars and other applicable laws/ provisions) or in-ordinate delay in making the payment or clearance of or meeting up of any obligations, dues, debit balances, margin, MTOM debit balance etc. by client, then client's open positions might be squared-off, credit balances of securities or securities lying with Broker might be sold off, credit balance of funds might be adjusted against client's obligation, debit balances or liabilities WITHOUT ANY NOTICE from Broker as per prevalent RMS policy from time to time.

### **RMS Liquidation Policy:**

#### **Clients Obligation**

It is client's obligation to clear his obligations on T+2 days (T indicates Trading day). The client shall timely provide funds / securities to TIPSONS STOCK BROKERS PVT LTD for the purchase / sale of securities for meeting his obligations to the Exchange. In case of client falling short of providing fund / securities, TIPSONS STOCK BROKERS PVT LTD has the right to close the positions / sell the clients securities with or without giving prior notice to client to the extent of ledger debit and / or to the extent of margin obligations. TIPSONS STOCK BROKERS PVT LTD can liquidate the securities bought or collaterals given or any other securities given by client in any other form for clearing the clients obligations.

#### **Liquidation Policy**

This is with reference to SEBI circular reference no. *CIR/HO/MIRSD/DOP/CIR/P/2019/75* dated 20th June 2019 and further NSE circular reference no. *NSE/INSP/42052* dated 04th September 2019 and BSE circular reference no, 20190904-38 dated 04th September 2019 regarding the captioned subject which is effective from 1st October 2019, accordingly RMS Liquidation policy is revised as under:

- As per SEBI guidelines, it has been clarified that the securities received in pay-out against which payment has been made by clients, securities shall be transferred to the respective demat account within one working day of the pay-out and the securities for which payment has not been paid in full or has been made in partial by the clients (unpaid securities), such securities shall be kept in the Client Unpaid Securities Account. (CUSA) by the Stock Broker.
- It is imperative for the clients to clear the total debit balance arising out of such purchases within 5 days from the Trade day.
- The Payments needs to be cleared by fund transfer, NEFT/ RTGS / IMPS or cheque such that clear funds are received by us latest by 12.30 pm on 5<sup>th</sup> day from the Trade day. Another option for the client is to sell stocks held by him within 5 days from the Trade day before 12.30 pm.

- In case payments are not received as mentioned above or client has himself not sell the stock before 12.30 pm, Tipsons shall be forced to liquidate client's stocks to clear the total debits as on T+5 days. Such Liquidation shall be carried out after 12.30 pm of 5<sup>th</sup> day from the Trade day.
- MTM loss arising in futures/ cash segment or debit arising through trading in options and not settled by the client on due date basis shall also be considered for liquidation under Trade day +5 days total debit clearance.
- On the day of liquidation, client shall be blocked from taking fresh positions in all the segments i.e. Equity Cash / equity derivatives / Currency / Commodities and would not be allowed to create any fresh positions in any segments enlisted here.
- Further Tipsons shall it in own discretion and depending upon facts and circumstances shall allow continue debit balance beyond T+5 days but No further exposure will allow for the same unless and until total debits are not clear. Further Tipsons shall it in such case (debit allow beyond T+5 days) also right to liquidate or clear total debit balance of clients as decided by RMS department on case to case basis depending upon facts and circumstances or depends on risk attached with Clients / Market or Market volatility as the case may be.

#### **Stock Pick up logic for liquidation**

- The stocks of the client for which payments have not been made will be held in "Unpaid Securities Account". However, Tipsons, at its own discretion, can transfer such shares from "Unpaid Securities Account" to the Client's own beneficiary account.
- The client can transfer shares from his beneficiary account to "Client collateral account" or "collateral account" for availing margin benefits.
- Thus, the shares of the client will be lying in "Unpaid Securities Account", "Client collateral account", "Collateral account" or client's own beneficiary account.
- Stocks shall be picked up for liquidation from "Unpaid Securities Account", "Client Collateral A/c", "Collateral Account" and finally from Client own beneficiary account as decided by RMS department.
- Stock shall be valued at latest available Closing Price.
- Stock equivalent to 105% of the debit amount shall be picked up for liquidation.
- In case price of a particular share held by the client is greater than the debit of the client, still system may pick up one share of that particular scrip and liquidate the same.

#### **Other Important Points to be considered**

- No exposure shall be granted from stock liquidation on 5<sup>th</sup> day from Trade day even though the client has himself sold the stock on 5<sup>th</sup> day from trade day. Further there shall be clear fund require on 5<sup>th</sup> day from trade day for grant further exposure (i.e. based on cheque deposit – No further exposure allow).
- Third Party Cheques shall not be considered as credit balance for adjustment against liquidation amount. In case client transfers funds from any bank account which is not mapped to his trading account, it shall be treated as third party payment.
- Stock picked up from Clients own beneficiary Account shall not be checked for any Income-tax regulations (LTCG/ STCG).
- TIPSONS Management will have a discretion to alter/change any of selling parameter defined in this policy on the basis of prevailing market conditions with or without prior intimation and can use their discretion to grant any kind of exemption/permission in case they deem fit on case to case basis.
- In case of any disagreement and/or ambiguity, Management reserves the right to make the decision, which shall be final and binding.

- Any loss/ damage arising out of compulsory square-off of trades towards outstanding debits from clients, the same will be debited to the clients account for which the clients will have to make the full payments. Please note that further exposure will not be allowed in case of any outstanding debits in the clients account.

**Shortages in Obligation and Internal Auction:**

The 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 Exchange, the clearing corporation/house or other company or entity liable to make the payment and the client has fulfilled his / her /its obligation first. In case of default in security pay in by the client and the shortage is at member level i.e. internal shortage then the benefit calculated at the next day's closing rate after pay-out day shall be recovered from the defaulting client and passed on to the respective beneficiary client.

In case of the default of securities pay-in by the client and the shortage is from the exchange, auction value of the respective exchange plus penalty (decided by the member from time to time) plus brokerage and other statutory charges shall be recovered from the defaulting client.

In the case of funds default by the client, the member shall be liquidating the stocks to recover the money. Any shortfall arising out of liquidating securities by the members shall also be recovered from the defaulting client along with interest (decided by the member from time to time).

**Restrictions/Prohibition to take further position or closing existing position:**

Under any of the circumstances, such as, client's failure to meet pay-in or margin obligations or clearance of outstanding / debit balance with broker before permissible time limit or beyond such period as may be allowed by broker as per its RMS policy, the Client may not be permitted to take any fresh or further position until the full clearance of earlier dues, obligation, outstanding etc. Even, broker can firstly set-off or adjust the payment or securities towards various dues and obligation of the client and until the full clearance of the same, shall not allow the client to take further / fresh position. Further, it would be the duty of the client to monitor his/her/its position with the Broker from time to time. In case of any delay or failure in meeting any obligation, margin requirements etc. from client side, broker might close the existing position or open position WITHOUT ANY FURTHER INTIMATION to the client as per RMS policy. Notwithstanding anything contrary stated in the KYC documents, the stock broker in its absolute discretion, shall impose such restriction(s) or prohibit the client from taking further position or close out existing position or terminate broker – client relationship, in happening of any of the following or under any of the following circumstances which may include without any limitation,

- (i) Failure to meet pay-in obligation on T+1 day;
- (ii) Delay in meeting the pay-in or margin requirement;
- (iii) Delay or failure in clearance of outstanding or dues to the broker; (iv) returning or frequent returning of cheque(s) of the client;
- (v) Unnecessary / Unwarranted dispute from client without any substantial cause / reason;
- (vi) Client's attitude of not coming to the amicable settlement for any dispute that can be settled without involvement of Exchange and /or SEBI;
- (vii) As per prevalent surveillance action or RMS policy of the Broker from time to time;
- (viii) Any direction from SEBI / Exchange or such other authorities, or any commencement of legal process against the client under any law in force;
- (ix) On the death / lunacy or any other disability of client;
- (x) If a receiver / liquidator / administrator has been appointed or allowed to be appointed for all or any part of the undertaking of the client;
- (xi) If the action of the client is/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;
- (xii) 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 to itself to the BIFR or under any other law providing protection as a relief undertaking;

- (xiii) In case of partnership client, the partnership has taken any steps for dissolution of partnership;
- (xiv) If the client has made any material misrepresentation of the facts, including without limitation in relation to the funds and/or security;
- (xv) If there is reasonable apprehension to the Stock broker that the client is unable to pay his/her/its debts or has admitted its inability to pay, as they become payable;
- (xvi) If the client suffers any adverse material change in his/her/its financial position or defaults in any other agreement or understanding or obligation with the stock broker;
- (xvii) If any covenant or warranty of the client is incorrect or untrue in any material respect;
- (xviii) Under such other circumstances as the Broker might think just and proper on case to case basis.

**Suspension / Deregistering of Client Account:**

The Broker and/or client may suspend Client's Trading Account from further dealing in the securities market through the broker in following circumstances:

- (a) as per Client's prior written request of atleast 3 days submitted to Broker at its Ahmedabad H.O. duly acknowledged by Broker (subject to clearance of entire outstanding/obligations) subject to client accepting / adhering to conditions imposed by the stock broker including but not limited to settlement of account / release of holds and/or other obligation;
- (b) Dormant or in-active status of client account beyond specified time limit as may be prescribed by Broker from time to time,
- (c) Under any circumstances mentioned in (i) to (xviii) above.

**Policy for Dormant / In-active account:**

As per Broker's RMS policy, the account in which no transactions has took place during the period of not less than 6 months (presently 12 months) or such other period from the date of last transaction, the same shall be considered as Dormant / In-active account. Such transaction date may relate to any of the following date, whichever is later:

- (a) Entry related to contract or bill generation for buy/sell transaction or
- (b) Entry related to payment of funds or securities by client or
- (c) Entry passed by the broker by way of JV due to any dues / obligation recoverable from client including but not limited to auction charges, any penalty amount whether or not imposed by Exchange or SEBI or other authorities etc.

To designate the client's account as Dormant / In-active account, the period of 12 months shall be counted from the last day of respective month in which any of the aforesaid last transaction took place. In case Broker treats the account of client as a dormant / in-active account, the funds or securities lying with the broker shall be refunded / returned to clients immediately on demand by the client. In order to reactive the account, client needs to instruct the Broker in writing atleast 2 days in advance at its Ahmedabad H.O. The Broker will try to promptly reactivate the said account subject to fulfillment of such conditions as Broker may consider fit and proper. Such written request may also be sent by Client himself to Mr. Prabhakar Kamurti (Trading Account Dept.) in physical or e-mail on prabhakar.kamurti@truevalueindia.com from client's own e-mail account registered with Broker. However, Broker may, in its own discretion, waive / reduce the period of 2 days as the circumstances may warrant on case to case basis.

**Client's acceptance of policies and procedures stated herein above:**

I / We have thoroughly read and fully understood the same and do hereby sign and agree not to call into question the validity, enforce ability and applicability or any provision/clauses of this document under any circumstances what so ever. These policies may be amended / changed unilaterally by the stock broker provided the change is informed to me/us through any one or more means / methods such as post / speed post / courier / regd. post / regd. ad / facsimile / telegram / e-mail / voice-mail / telephone (telephone includes such devices as mobile phone etc. ) including SMS on the mobile phone or any other similar device / by messaging on the computer screen of client's computer / informing the client through the employees / agents / sub-brokers / authorised persons of the stock broker / by publishing or displaying it on the website of stock-broker / making it available

as a download from the website of the stock broker / broad-cast / newspaper advertisement etc. or any other suitable or applicable mode or manner. I / We agree that the delivery shall be complete when communication is given to the postal department / courier company / the e-mail/voice mail / SMS service provider etc. by the stock broker and I / We agree never to challenge the same on any grounds including the delayed receipt / non-receipt of any other reason what so ever. These policies and procedures shall always be read along with other provisions of the KYC mandatory documents and shall compulsorily referred to while deciding any disputer / difference or claim between me/us and stock broker before any court of law / arbitrator or mediator / judicial / adjudicating authority etc.

**Provision related to Running Account Settlement and Return of excess securities:**

In view of SEBI circular reference no. CIR/HO/MIRSD/DOP/CIR/P/2019/75 dated 20th June 2019, the running account authorization w.r.t "securities" shall deemed to be deleted. However, while doing the fund settlement the stock broker is entitled to retain the funds / securities so held in Client Collateral / Collateral Account towards any outstanding obligations on the settlement date and may also retain the funds expected to meet margin obligation for next 5 trading days, calculated in the manner specified by the exchanges. The excess securities so held in client collateral/ collateral account may be released by the stock broker at the time of funds settlement as per the preference opted by the client.