

## POLICIES AND PROCEDURES

### a. Refusal of Orders for Penny Stocks :

Penny stocks are low-priced shares of small companies which are traded infrequently. It may be difficult to sell penny stocks once you have them, as it is difficult to find quotations for penny stocks. Penny stocks include the equity securities of with no active trading market. CDE shall from time to time classify and publish on its website a list of securities which are illiquid as per the list of the securities notified on a periodic basis by the Stock Exchanges.

For Dealing in penny stock following procedures is being followed :

1. Authorization of the Senior Officer is to be taken if any client wants to invest in penny stocks.
2. The valid reason of the client to trade in penny stock is taken.
3. The financial position, background of the client is reviewed.

CDE reserves the right to refuse execution of any transaction requests of the client on such illiquid securities or to reduce the open market interests of the client in such securities. The order of a client shall be refused by the Member when it appears that :

1. If the dealing amounts to manipulation of the price of the security.
2. If the dealing creates false or misleading appearance of trading in the securities market.
3. If the dealing in the security is not intended to effect transfer of beneficial ownership but intended to operate only as a device to inflate, depress or cause fluctuations in the price of the penny stock for wrongful gain or avoidance of loss and CDE shall not be responsible for any consequential opportunity loss or financial loss that a client may incur from delay or non execution of orders in penny stock.

### b. Setting up Client's Exposure Limits :

CDE shall be entitled to sanction trading limits to the Client based on the margin lying to the credit of the Client in the form of funds/ securities/bank guarantees fixed deposit receipts. Client exposure is settled on the basis of financial soundness (such as high, medium or low net worth client), turnover position of the client, integrity and past conduct of the client. CDE follow the trading limit given by the Exchange for intra-day trading based on the base minimum and additional capital. In F&O segment exposure is given on the value of initial margin, after applying appropriate hair cut on the securities given as collateral. The exposure limit may be changed based on the volatility in the market and quality of collaterals. CDE shall from time to time publish a list of securities which would be acceptable as collateral/margin. CDE officials, directors, employees shall in any circumstances are not liable for any kind of loss arising from any variation or reduction of exposure or turnover limits.

There are two types of exposures :

1. Gross Exposure:- Gross Exposure is calculated considering clients open positions and pending positions. On every order entry Gross Exposure is increased and on trade confirmation Gross Exposure is decreased.
2. Net Exposure:- When a trade confirmation is received then Clients Net Exposure is calculated based on the amount, which is traded. Net Exposure is increased on Trade Confirmation but if a Square off order gets traded then Net Exposure is decreased.

### c. Applicable Brokerage Rate :

CD Equisearch (P) Ltd (CDE) shall levy brokerage for the client 's transactions as per the brokerage slabs mutually agreed with the Client in writing in the Client Registration Form subject to the maximum rate prescribed by the Stock Exchanges/SEBI.

The Brokerage amount debited to the Client does not include any exchange related charges or statutory levies as applicable. The Client shall pay such fees, all costs, expenses, damages, losses, interest charges, Service Tax, Stamp Charges, Transaction Charges, account opening charges, ODIN charges and other charges and commissions as may be notified by CDE from time to time depending upon the services availed by the Client.

The brokerage slab of the client shall be reviewed at intervals after assessment of the amount and quality of volume generated by the client as per his commitment. The brokerage rate may be revised from time to time after intimation to the client of the revised rates and the date on and from which the revised rates shall take effect at the Email address or postal address of the client registered with CDE.

CDE may debit to the client account any charges incurred by it in connection with settlement transactions in funds and securities and the Client hereby authorizes CDE to do the same.

**d. Imposition of penalty/delayed payment charges**

In the event if the client defaults in meeting its obligations towards required margin, any outstanding settlement /or obligations and/ or any other dues payable to the company within the time stipulated by the Exchanges or the Company (whichever is earlier) the Company shall have absolute discretion to charge and recover from clients' account the delayed payments, maximum of 2 % p.m. till the dues are settled.

**e. The right to sell client's securities or close client's positions, without giving notice to the client, on account of nonpayment of client's dues**

Without prejudice to its other rights and remedies available under the member client agreement(s) executed/to be executed by and between the client and CD Equisearch (hereinafter referred to as the Agreement) or at law CDE shall be entitled, in its sole and absolute discretion, to liquidate/close out all or any of the client's open/outstanding position, sell the client's securities in the following circumstances :

1. "If the client fails to pay any margin, settlement obligations and /or other liabilities (including but not limited to DP charges) due to CDE within the stipulated time frame.
2. "In the event that the market value of the client's securities, lying as margin or bought by the client for which payment is not made by the client, for any reason fall or is anticipated to fall ,or circumstances arise or are likely to arise which may in the sole opinion of CDE jeopardize its interest and expose it or is likely to expose it to any financial loss or damage.

Any and all losses (actual or notional), financial charges, damages on account of such liquidation/sell/closing-out shall be borne by the client only.

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

CDE has the following policy for settling transaction, which remains unsettled due to Internal shortages :

Internal shortages means one of the client has failed to give the delivery of the securities sold, which has resulted into short delivery to other client(s) of CDE. The transactions, which remain unsettled due to the Internal shortage of securities, shall be closed out as follows :

For securities, which are part of NIFTY or Sensex/Indices or traded in NSE Derivatives segment	The transaction will be closed out at 10% above the market rate or the closing rate of the security from trade date to T+2 day i.e. the auction day, whichever is higher
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Accordingly, if a client fails to give the delivery of the securities sold, which if resulted into Internal shortage such client will be debited for the transaction at the rates prescribed above. Similarly, if CDE is unable to give the delivery of the securities bought by any client due to the Internal shortage, such client will receive the credit for the transaction at the rates prescribed above.

**g. Conditions under which a client may nor be allowed to take further position or the broker may close the existing position of a client**

A client is not allowed to take further position or the existing position of a client is closed on account of any of the following conditions:

- If the ledger of a client shows continuous debit balances.
- Failure by the client in providing sufficient/ adequate margin(s) and /or insufficient/ inadequate free credit balance available in client's broking account with CDE.
- If the client fails to maintain the requisite margin in such form and manner as may be specified by CDE from time to time.
- Settlement obligations are not paid by the client within the time frame allowed by the Exchanges or as per the norms specified by CDE from time to time as its sole and absolute discretion.
- Securities falling in the category of Penny Stocks / Illiquid Stocks / Contract / Options as described in policy (a) as above.
- Trades which apparently in the sole and absolute discretion of CDE seems to be Synchronized trades/ Circular Trading / Artificial trading / manipulative in nature etc.;
- Securities / F&O contracts banned by the regulatory authorities.
- Any ban imposed on the client by the regulatory authorities.

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

The account of the client shall be suspended/ closed on receipt of written request from the client specifying the reasons to close the account. Prior to submission of such request the client should ensure that all amount due and payable to CDE are paid.

**i. Deregistration of a client :**

Without prejudice to CDE's rights and remedies available under the Agreement, CDE may forthwith as its sole and absolute discretion, de-register the client with/without prior notice / intimation in the following circumstances :

- Where the client indulges in any irregular trading activities like synchronized trading, price manipulation. trading in illiquid securities/ options/contracts, self trades, trading in securities at prices significantly away from market prices etc.
- Any enquiry/investigation is initiated by the Exchange/ regulators against the client.
- Any regulatory action taken /initiated against the client by the Exchange /regulators including but not limited to debarring the client from accessing the capital market.
- Where the name of the client apparently resembles with the name appearing in the list of debarred entities published by SEBI/ Exchanges (where no information other than name is available).
- Name of the client appears in database /websites of CBIL, Watch Out Investors, World Check etc.
- The client having suspicious background or link with suspicious organization.
- Where the client is non- traceable, has pending disputes with CDE, possibility of a default by the client.,
- Any other circumstances leading to a breach of confidence in the client for reasons like return of undelivered couriers citing reason of " No such person/ Addressee left / Refusal to accept mails, etc.," continuous cheque bouncing, or not furnishing the financial and other details as may be called for by CDE from time to time etc.
- Upon receipt of written information about the death of the client.
- Such other circumstances which in the sole opinion of CDE warrants to de-register the client. In all such cases, CDE shall have the right to close out the existing open positions /contracts sell/liquidate the margin (in any form) to recover its dues, if any before de-registering the client.

Any action taken by CDE in terms of this policy shall not be challenged by the client, and CDE shall not be liable to the client for any loss or damage (actual/ notional), which may be caused the client as a result. . Also while de-registering the client, CDE may retain certain amount/ securities due/belonging to the client for meeting any future loses, liability, penalties, etc arising out of the dealing of the client with CDE. In case if any securities retained by CDE is sold / liquidated to recover any such losses, liability, penalties etc CDE shall have the sole authority to decide the mode, manner and the price at which to effect the sale of securities and the client cannot raise any dispute as to the mode, manner and the price at which securities are sold by CDE. In any of the above circumstances, if the client is able to justify his/her/its innocence either by producing any record, document or otherwise to the full satisfaction of CDE, CDE may reconsider its decision of de-registering the client. However in no circumstances any action taken by CDE till the date of registration shall be challenged by the client and CDE shall not be liable to the client for any loss or damage (actual/ notional), which may be caused to the client as a result.

**j. Policy for Dormant/Inactive Account :**

When no transactions have taken place in client account during the last 12 months from the date of last transaction, it will be considered as dormant/in-active account. Any surplus funds or securities of the Dormant/Inactive Account shall be refunded/returned to clients immediately on demand by the clients. A client account will be re-activated only on the receipt of the request letter from the client for the reactivation of his/her/their account along with necessary documentary proof in case of any change in the details registered with us and the deposit of margin by the client as per the requirement of the Exchange.

**Client Acceptance of Policies and Procedures stated herein above**

I have read and understood the policies and procedures described in this above schedule and agree to be bound by the same.

