POLICIES & PROCEDURES

1. Refusal of order for penny stocks:

Clients may note that all the stock and securities listed on the Stock Exchange are not actively traded. In other words, there are no readily available sellers or buyers in some securities and / or there are not sufficient trades or volumes from which the market price may be arrived at with some reliability. Such stocks are called “illiquid securities” or “Penny stocks”. They are comparatively more vulnerable to market manipulation/ price rigging. The spread, i.e., the difference between the offer price and bid price is usually wide and their purchase or sale at a given time may be difficult and, in any case, uncertain. Exchanges bring out a monthly list of such securities based on the volume during the last calendar month. The Stockbroker does not encourage trading in penny stocks and trade is not allowed in illiquid securities. In exceptional cases, before allowing a trade in illiquid securities or less liquid securities, the Stockbroker may make further enquiry, in case of instructions for sale, into the nature and duration of holding and in case of purchase instructions, into the client’s trading experience, knowledge about the risks in penny stock, risk appetite and proportion of such stocks to total investment, etc. This may cause time gap between placing an order and its execution. The clients will have to bear that risk of delay in execution or rejection in respect of illiquid securities. Client’s instructions for trading in illiquid securities may be rejected without assigning any reason.

2. Setting up Client’s Exposure Limit:

The Exchange may from time-to-time fix client exposure limits in the interest of orderly working of the markets. Within that overall ceiling, a client can trade within the exposure limit set from time to time by the Broker for the client. Exposure Limit is fixed based on the funds and value after hair cut of the securities provided by the client for margin. Clients are requested to adhere to the exposure limits as crossing the limit may involve either a call for margin or restriction on further position/ exposure. The Stockbroker may need to vary or reduce or impose new limits urgently based on risk perception, risk profile of the client and other factors considered relevant 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.). Sometimes the Stockbroker may be unable to inform the client of such variation, reduction or imposition in advance. The Stockbroker shall not be held responsible for such variation, reduction or imposition or the client’s inability to route any order through trading system on account of any such variation, reduction or imposition of limits. In the sole discretion of the Stockbroker, a client may be allowed to trade beyond exposure limit, or the limit may be increased. A client having availed such indulgence shall not be heard to complain about his trades only on this account and shall meet the margin shortfall at the earliest without waiting for reminder. The golden rules is Limit your exposure so as to limit your risk to your means.

3. **Applicable brokerage rate:**
The broker is entitled to charge brokerage within the limits imposed by exchange/ SEBI
4. Penalties:
The Credit Balance (Funds / Shares) lying with the Stockbroker will not attract any interest. The Stockbroker may impose reasonable penalties for bouncing of cheques, bad deliveries, non-delivery, auction, on non-payment of margin money on any trades, actions or omissions contrary to the Rules, Regulations and Byelaws of the SEBI or Exchange, to discourage such violations and recover the same from the client's Account directly. Where the Company has to pay or suffer any penalty from any authority as a consequence of/ in relation to/ in connection with any orders/ instructions/ trades/ deals or actions of a client, the same shall be borne by the client.

5. Right of Sale of client's securities or closing the open position without giving notice:
The Stock Broker maintains specific banking and depository accounts, informed to the clients from time to time, for handling clients" funds and securities. The clients shall ensure timely availability of funds/ securities in the required form and manner, within stipulated time and in the designated bank and depository account(s) for meeting their liabilities and obtaining proper credit thereof. The Stockbroker does not undertake responsibility for any delay or other consequences arising from payment to any other account or non receipt in time and manner in the designated account(s). The Stockbroker does not believe in selling clients' securities or closing out their positions without sufficient notice to them. On the other hand, the Stock Broker expects esteemed clients to be regular and punctual in meeting their fund obligations. The requirement of margin and the value of any given security as margin varies with market volatility. The Stock Broker would have the discretion to square off the position of Client's where the margin or security placed by the Client falls short of the requirement of where the limits given to the Client have been breached or where the Client has defaulted on his existing obligation within the stipulated time. The client may, however, have no grievance if the Stockbroker does not take such action and waits for the client's margin/ response.

6. Client may not be allowed to take further position or closure his existing position:
Subject to client's KYC verification and his meeting initial margin and other margin requirements, a client may take positions. However, he may not be allowed to take further position under any of the following circumstances:
a. SEBI or Exchange imposing restrictions on further exposures in cases of extreme volatility in the market or in a security or group of securities.
b. Client or the Broker exceeding or touching exposure limits set by the Exchange in the particular scrip.
c. Reasonable doubt as to bonafide of the transaction or identity of the client in the light of the financial status and objectives as disclosed in the KYC form.
d. Reasonable doubt as to the transaction being cross trade, circular trade, fraudulent practice or connected with price manipulation or market rigging.
e. SEBI or other competent authority issuing a debarment order against the client from buying, selling or dealing in securities, unless the order is vacated.

7. Temporary Suspension or Closing of Account at Client's Request:

The client may, at times, like to suspend his account for some time due to reasons like illness, holidaying or pilgrimage. The Stockbroker will act on the instruction to suspend the transactions in an account on receipt of a written request by the client. However, the client will be responsible for all his positions till that time and shall decide for due discharge of his obligations in respect of such transactions and account maintenance charges. A suspended account may be made active by another instruction in writing by the client. The client, subject to his meeting all obligations regarding pending positions, may seek closure of his account by a letter in writing duly signed by him. Such request shall be effective from the time it has been noted in Stockbroker's computer system and the client shall be liable to meet all his obligations. The request for suspension, re-activation or closure of the account should be made by the client and not by his Power of Attorney Holder (POA). The Stockbroker may also withhold any payouts of client or suspend his trading account due to any surveillance action or judicial/ regulatory direction.

8. De-registering a client:

The Stockbroker may de-register a client in any of the following events:

a. Death of a client who is a natural person.

b. Liquidation or winding up of a client who is a corporate, Dissolution of Partnership if client is partnership firm.

c. Insolvency or bankruptcy of the client.

d. The client being debarred from dealing in securities by an order of SEBI, another Regulatory Authority or court.

e. The client is convicted of fraud or other offence in relation to securities and the said conviction is not stayed by that authority or court or superior thereto.

f. The account being inactive has not been reactivated within two years of inactivation. De-registering of a client will not absolve him of his obligations for transactions at the time of de-registration.

9. Policy for Inactive Accounts:

Inactive accounts are more vulnerable to fraud or manipulation and the clients are advised to be careful not to allow their accounts to be inactive. An inactive account is one in which there is no operation during the last six calendar months. Such accounts may be marketed as "inactive" in the Back Office without any request by the client. No operation shall be permitted in an inactive account except collection of dividends on securities and debiting of charges, if any. An inactive account may be activated only on request of the client (Not of a POA). Before activating, the Stockbroker may like to re-verify the client's particulars as an abundant caution. If a request for re-activation is not received within two years of its being noted as "inactive", the Stock Broker may deregister it, after informing the client at his last known address by the available means, i.e., telephone, post, e-mail and return the available balance, if any, to the person(s) entitled to it.

10. Policy for Outsource Activities

In the light of this policy and in due compliance of SEBI's captioned circular dated December 15, 2011, we Singhal Capital Services Limited have decided that we will not be outsourcing any core compliance activities relating to trading operations.