

**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.

**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 21 % 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.

## **Liquidation:**

The client has to meet-up with his pay-in / dues / funds obligation in prescribed time limit as per prevalent RMS policy of KIFS. In case of non-payment or partial payment, KIFS in its absolute discretion shall decide on case to case basis whether to retain full value of securities (in case of partial payment) or to transfer such unpaid client securities to client's demat account despite the client having debit balance or moving to Client Unpaid Securities Account (CUSA) or dispose off the securities (in case of non-payment) within 5 trading days from the date of pay-out. KIFS may sale securities lying in client collateral / collateral account based on client's specific instruction and can consider the same towards such unpaid securities provided clear funds are received within such 5 trading days. KIFS shall, on a demand made by client, release the securities to the client to the extent of the amount received or lying to the credit of the client.

KIFS may take such decision w.r.t. transfer of securities from Pool / Unpaid Securities demat account to Clients' own demat Account / CUSA on case to case basis. In case where Securities are transferred to CUSA then KIFS shall be at liberty to sell such client's securities as per prevalent market rate of such security(ies) from time to time to the extent of Unpaid amount. However, KIFS upon receipt of instruction from client may also sell the securities of respective client lying in "Client Collateral Account" instead of securities lying in CUSA and consider the said credit amount towards unpaid securities. KIFS shall not be held responsible if it is unable to sell the unpaid securities within 5<sup>th</sup> day from pay-out date due to reasons such as inactive/suspended shares/securities, lower circuit, litigations, regulatory enforcement / court directions, other trading restrictions like GSM or any other reason specified from time to time.

In case KIFS is unable to transfer the securities to client's BO account due to any legitimate reasons, KIFS may proceed to liquidate the securities lying in demat accounts and transfer the funds to the bank account of the client. If KIFS is unable to transfer the funds due to client's bank account becoming dormant and client is not contactable, KIFS shall set aside such funds till the client is contactable and correct bank account details are obtained.

For e.g. If client has purchased securities on Monday, then he is supposed to meet-up his funds pay-in obligation by Wednesday end of the day under T+2 regime. If he fails to clear his dues, then KIFS may transfer his securities to CUSA. If client fulfills his pay-in obligation or clears or attempt to clear his dues with KIFS by 11.00 a.m. upto Friday, then KIFS shall transfer his securities to his demat account upon fulfilment of such funds obligation or achieving clear credit balance with KIFS. Else at any time thereafter but within 5 trading days of pay-out, KIFS shall proceed further with disposing off his securities as per Client's instructions, if any, given to RMS department. Else KIFS shall apply ISINwise FIFO method for squaring off and resultant profit or loss on such sale transaction shall be transferred to or adjusted from respective client account. Should KIFS opt for liquidation of client securities in case of non-payment within 5 days from the pay-out date, no pre-order confirmation is required to be obtained, as this being SEBI circular mandate.

Further, in running account authorization w.r.t. clauses applicable to settlement of securities shall deemed to be deleted in terms of SEBI circular dated 20/06/2019. The above

provisions as mentioned in RMS policy shall apply mutatis mutandis to the policies and procedure of KIFS. Further, the excess securities if any lying with KIFS shall be returned to the client upon demand by the client.

**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, which ever 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. Sunil Khatri (Trading Account Dept.) in physical or e-mail on [sunil.khatri@kifs.co.in](mailto:sunil.khatri@kifs.co.in) 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.