

## POLICIES AND PROCEDURES

### 1. Refusal of orders for penny / illiquid stock/non permitted stock

A stock that trades at a relatively low price and market capitalization is a penny stock. Penny stock companies often have low liquidity, making it difficult to sell shares. In extreme cases, investors may encounter difficulty liquidating their positions. Low liquidity also translates into easy manipulation of penny stocks due to most penny stocks being thinly traded. Both NSE and BSE list out penny stocks/illiquid stocks by way of circulars under the surveillance and investigation section. We advise clients to abstain from investing/trading in penny stocks.

TFSP 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 TFSP / exchange(s) / SEBI. Provided further that stock broker 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 client agrees that the losses, if any on account of such refusal or due to delay caused by such limits, shall be borne exclusively by the client alone. The stock broker may require reconfirmation of orders, which are larger than that specified by the stock broker's risk management, and the client is also aware that TFSP has the discretion to reject the execution of such orders based on its risk perception. TFSP shall have the prerogative to place such restrictions, notwithstanding that the client has sufficient credit or margin available in his account.

### 2. Setting up client's exposure limits

Setting up client's exposure limits and conditions under which a client may not be allowed to take further position or the broker may close the existing position of a client. TFSP 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 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 TFSP may need to vary or reduce the limits or impose new limits urgently on the basis of TFSP's risk perception and other factors considered relevant by TFSP 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 TFSP may be unable to inform the client of such variation, reduction or imposition in advance. The client agrees that TFSP shall not be responsible for such variation, reduction or imposition or the client's inability to route any order through TFSP's trading system on account of any 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 orders or trade in securities through TFSP, 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 appropriate 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 client alone.

TFSP is required only to communicate / advise the parameters

for the calculation of the margin / security requirements as rate(s) / percentage(s) of the dealings, through anyone or more means or methods such as post /speed post / courier / registered post / registered A.D / facsimile / telegram / cable / e-mail / voice mails / telephone (telephone includes such devices as mobile phones etc.) including SMS on the mobile phone or any other similar device; by messaging on the computer screen of the client's computer; by informing the client through employees / agents of the stock broker; by publishing / displaying it on the website of the stock broker / making it available as a download from the website of the stock broker; by displaying it on the notice board of the branch / office through which the client trades or if the circumstances, so require, by radio broadcast / television broadcast / newspapers advertisements etc; or any other suitable or applicable mode or manner. The client agrees that the postal department / the courier company / newspaper company and the e-mail / voice mail service provider and such other service providers shall be the agent of the client and the delivery shall be complete when communication is given to the postal department / the courier company / the e-mail/voice mail service provider, etc. by TFSP and the client agrees never to challenge the same on any grounds including delayed receipt / non receipt or any other reasons whatsoever and once parameters for margin / security requirements are so communicated, the client shall monitor his / her / its position (dealings / trades and valuation of security) on his / her / its own and provide the required / deficit margin / security forthwith as required from time to time whether or not any margin call or such other separate communication to that effect is sent by TFSP to the client and /or whether or not such communication is received by the client.

The client is not entitled to trade without adequate margin / security and that it shall be his / her / its responsibility to ascertain beforehand the margin / security requirements for his/ her /its orders / trades / deals and to ensure that the required margin / security is made available to TFSP in such form and manner as may be required by TFSP. If the client's order is executed despite a shortfall in the available margin, the client, shall, whether or not TFSP intimates such shortfall in the margin to the client, make up the shortfall suo moto immediately. The client further agrees that he /she / it shall be responsible for all orders (including any orders that may be executed without the required margin in the client's account) & / or any claim /loss/ damage arising out of the non availability /shortage of margin /security required by TFSP & / or exchange & / or SEBI. TFSP is entitled to vary the form (I.e., the replacement of the margin / security in one form with the margin / security in any other form, say, in the form of money instead of shares) & / or quantum & / or percentage of the margin & / or security required to be deposited / made available, from time to time.

The margin / security deposited by the client with the stock broker are not eligible for any interest. TFSP is entitled to include / appropriate any / all payout of funds & / or securities towards margin / security without requiring specific authorizations for each payout. TFSP is entitled to transfer funds &/ or securities from his account for one exchange & / or one segment of the exchange to his / her / its account for another exchange & / or another segment of the same exchange whenever applicable and found necessary by TFSP. The client also agrees and authorises TFSP to treat / adjust his/ her / its margin / security lying in one exchange & / or one segment of the exchange / towards the margin / security / pay in requirements of another exchange & / or another segment of the exchange.

TFSP is entitled to disable / freeze the account & / or trading

facility / any other service. facility, if, in the opinion of TFSPL, the client has committed a crime / fraud or has acted in contradiction of this agreement or / is likely to evade / violate any laws, rules, regulations, directions of a lawful authority whether Indian or foreign or if the stock broker so apprehends

### 3. Applicable brokerage rate

TFSPL is entitled to charge brokerage within the limits imposed by exchange which at present is as under:

#### a. For Cash Market Segment:

The maximum brokerage chargeable in relation to trades effected in the securities admitted to dealings on the 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.

#### b. For Derivative contracts:

Brokerage for future contracts shall be charged on the value at which the contracts are bought or sold. It is hereby further clarified that brokerage on the futures contracts shall not exceed 2.5% of the Contract value exclusive of statutory levies.

#### c. For Option Contracts :

Brokerage for option contracts shall be charged on the premium amount at which the option contract was bought or sold and not on the strike price of the option contract. It is hereby clarified that brokerage charged on options contracts shall not exceed 2.5% of the premium amount or Rs 100/- (per lot) whichever is higher.

The slab rates of brokerage are function of the cost of the services being provided to the client and would be reviewed from time to time

### 4 . Imposition of penalty / delayed payment charges

TFSPL would charge delayed payment charges on any amounts which are overdue from the client toward trading or on account of any other reasons, at such rates as may be determined by TFSPL from time to time. The client shall pay to TFSPL brokerage, all taxes, duties, levies to the stock exchanges, transaction expenses, penalties for short margin levied by Exchange, delayed payment charges, short delivery charges, auction charges, cheque stop payment charges, cheque bounce charges, RTGS/NEFT charges, incidental expenses such as postage, courier etc. as they apply from time to time to the client's account / transactions / services that the client avails from TFSPL.

TFSPL may impose penalties / fines for any orders/trades / deals / actions of the client which are contrary to Stock Broker Client Agreement/rules / regulations / Bye-Laws of the exchange or any other law for the time being in force, at such rates and in such form as it may deem fit. Further where TFSPL 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.

### 5. 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.

The stock broker maintains centralized banking and securities handling processes and related banking and depository accounts at designated place. The client shall ensure timely availability of funds

securities in designated form and manner at designated time and in designated bank and depository account(s) at designated place, for meeting his/her/its pay in obligation of funds and securities. The stock broker shall not be responsible for any claim/loss/damage arising out of non availability/short availability of funds/securities by the client in the designated account(s) of TFSPL for meeting the pay in obligation of either funds or securities. If the client gives orders / trades in the anticipation of the required securities being available subsequently for pay in through anticipated payout from the exchange or through borrowings or any off market delivery(s) or market delivery(s) and if such anticipated availability does not materialize in actual availability of securities / funds for pay in for any reason whatsoever including but not limited to any delays / shortages at the exchange or stock broker level / non release of margin by TFSPL etc., the losses which may occur to the client as a consequence of such shortages in any manner such as on account of auctions / square off / closing outs etc., shall be solely to the account of the client and the client agrees not to hold TFSPL responsible for the same in any form or manner whatsoever. In case the payment of the margin / security is made by the client through a bank instrument, TFSPL 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 TFSPL. Where the margin /security is made available by way of securities or any other property, TFSPL is empowered to decline its acceptance as margin / security & / or to accept it at such reduced value as the stock broker may deem fit by applying haircuts or by valuing it by marking it to market or by any other method as TFSPL may deem fit in its absolute discretion.

TFSPL 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 (M-T-M) percentage reaches or crosses stipulated margin percentage mentioned on the website, whichever is earlier. The stock broker 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. In case open position (Le. short/long) gets converted into delivery due to non square off because of any reason whatsoever, the client agrees to provide securities/funds to fulfill the payin obligation failing which the client will have to face auctions or internal close outs; in addition to this the client will have to pay penalties and charges levied by exchange in actual and losses, if any. Without prejudice to the foregoing, the client shall also be solely liable for all and any penalties and charges levied by the exchange(s).

TFSPL is entitled to prescribe the date and time by which the margin / security is to be made available and TFSPL may refuse to accept any payments in any form after such deadline for margin / security expires. Notwithstanding anything to the contrary in the agreement or elsewhere, if the client fails to maintain or provide the required margin/fund / security or to meet the funds/margins/ securities pay in obligations for the orders / trades / deals of the client within the prescribed time and form, TFSPL shall have the right without any further notice or communication to the client to take any one or more of the following steps:

- i. To withhold any payout of funds / securities.
- ii. To withhold / disable the trading / dealing facility to the client.

iii. To liquidate one or more security(s) of the client by selling the same in such manner and at such rate which the stock broker may deem fit in its absolute discretion. It is agreed and understood by the client that securities here includes securities which are pending delivery / receipt.

iv. To liquidate / square off partially or fully the position of sale & / or purchase in anyone or more securities / contracts in such manner and at such rate which TFSPL may decide in its absolute discretion.

v. To take any other steps which in the given circumstances, TFSPL may deem fit. The client agrees that the loss(s) if any, on account of anyone or more steps as enumerated herein above being taken by TFSPL, shall be borne exclusively by the client alone and agrees not to question the reasonableness, requirements, timing, manner, form, pricing etc., which are chosen by TFSPL.

TFSPL shall have the right and the prerogative to sell client's securities, both unpaid securities as well as collaterals deposited towards margins, or close out client's open positions, without giving notice to the client where there is either a delay or failure of the client to meet the pay-in obligations and / or there is delay /failure of the client to bring additional margins to cover the increase in risk in dynamic and volatile market conditions. TFSPL further has the right but not the obligation to cancel all pending orders and to sell/buy/liquidate all open positions /securities/shares at a pre-determined square-off time or when pre-determined MTM % is reached whichever is earlier in case of intra-day positions.

The client would be responsible for monitoring his / her / its position (dealings/trades and valuation of securityies) on his / her / its own and provide the required/deficit margin / securityies forthwith as required from time to whether or not any margin call or such other separate communication to that effect is sent by TFSPL to the client and / or whether or not such communication is received by the client. The client is not entitled to trade without adequate margin and that it shall be client's own responsibility to ascertain beforehand the margin requirements for its orders/ trades/deals and to ensure that the required margin is made available to TFSPL in such form and manner as may be required.

#### **6. Shortages in obligations arising out of internal netting of trade:**

BSE has a window wherein the internal short deliveries can get auctioned as per the normal auction process. In case there is an internal shortage in BSE the exchange conducts an auction through which the shares would be purchased and delivered to the buyer. The seller would be debited at the rate at which the exchange would have purchased these shares. Additionally brokerage, statutory costs and other incidental charges including penalty for non-delivery may be debited to the client. In case the exchange is unable to purchase these shares, the exchange will inform TFSPL of a close out rate, at which the buyer would be allowed credit and the seller would be debited for the same amount.

Internal short deliveries are not covered by the auction conducted on the NSE. It is due to this limitation on the NSE we follow the procedure as mentioned below:

i. The client may not receive shares on T+2 in case there is an internal shortage situation with TFSPL i.e. the buyer and seller are both TFSPL clients and the seller defaults in delivery due to which the buyer may not receive the shares.

ii. In case of an internal shortage firstly the defaulting seller would be debited with a value as on the previous day of the pay-in-day plus 30% for the default till such time the auction process is completed.

iii. If securities cannot be purchased from market due to any reason whatsoever on T+3 day they can be covered from the market on any subsequent trading days. In case any reason whatsoever (any error or omission) any delay in covering of securities leads to higher losses, stock broker will not be liable for the same. 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.

iv. 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.

#### **7. Temporarily suspending or closing a client's account**

TFSPL can suspend/close the client account and also withhold the pay-outs of client if there is any judicial or/and regulatory order/action requiring suspension/closure of client's account. TFSPL can also suspend/close the client account if TFSPL observes any abnormal or suspicious activity in the client account through its monitoring and surveillance of the client account. TFSPL may also temporarily suspend/close the client account if there is no activity in the client account for a period, as deemed fit by TFSPL from time to time. The client's account can also be put under temporary suspension/closure if the client has not cleared the uncovered debit in its account or if the client has not submitted Know Your Client (KYC) details sought by TFSPL to fulfill its own surveillance or exchange related requirements.

In the event of information/reports reaching TFSPL of the client's death, the account can also be put under temporary suspension/closure.

TFSPL can also put the client's account under temporary suspension/closure if the client has failed to provide or update its communication details like correspondence address, mobile number, landline numbers or e- mail ID.

The client may also request TFSPL to temporarily suspend/close his account. TFSPL may do so subject to client accepting / adhering to conditions imposed by TFSPL including but not limited to settlement of account and / or other obligation.

#### **8. Conditions under which a client may not be allowed to take further position or the broker may close the existing position of a client.**

We have margin based RMS System. Client may take exposure up to the amount of margin available with us. 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.

**9. De-registering a client Notwithstanding anything to the contrary stated in the agreement, the stock broker shall be entitled to terminate the agreement with immediate effect in any of the following circumstances:**

The client account figures in the list of debarred entities published by SEBI

1. 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 the market, either alone or in conjunction with others.
2. If there is any commencement of a legal process against the Client under any law in force.
3. On the death/lunacy or other disability of the Client.
4. 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.
5. 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.
6. If the Client being a partnership firm, has any steps taken by the Client and/ or its partners for dissolution of the partnership.
7. If the Client have taken or suffered to be taken any action for its reorganization, liquidation or dissolution.
8. If the Client has made any material misrepresentation of facts, including (without limitation) in relation to the Security.
9. 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.
10. If the Client suffers any adverse material change in his / her / its financial position or defaults in any other agreement with TFSP.
11. If the Client is in breach of any term, condition or covenant of this Agreement. If any covenant or warranty of the Client is incorrect or untrue in any material respect.
12. If any covenant or warranty of the client is incorrect or untrue in any material respect. Either party will be entitled to terminate the agreement without assigning any reason, after giving notice in writing of not less than 30 days to the other party.

**10. Inactive client account**

Client account will be considered as inactive if the client does not trade for period of one year. 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

However notwithstanding any termination of the agreement, all transactions made under / pursuant to this agreement shall be subject to all the terms and conditions of this agreement and parties to this agreement submit to exclusive jurisdiction of courts of law at the place of execution of this agreement by Stock Broker. Client Acceptance of Policies and Procedures stated here in above:

I/We have fully understood the same and do hereby sign the same and agree not to call into question the validity, enforceability and applicability of any provision/clauses this document any circumstances what so ever. These Policies and Procedures may be amended / changed unilaterally by the broker, provided the change is informed to me / us with through anyone or more means or methods such as post / speed post / courier / registered post / registered AD / facsimile / telegram / cable / e-mail / voice mails / telephone (telephone includes such devices as mobile phones etc.) including SMS on the mobile phone or any other similar device; by messaging on the computer screen of the client's computer; by informing the client through employees / agents of TFSP; by publishing / displaying it on the website of the stock broker / making it available as a download from the website of TFSP; by displaying it on the notice board of the branch / office through which the client trades or if the circumstances, so require, by radio broadcast / television broadcast / newspapers advertisements etc; or any other suitable or applicable mode or manner.

I/we agree that the postal department / the courier company / newspaper company and the e-mail/ voice mail service provider and such other service providers shall be my/our agent and the delivery shall be complete when communication is given to the postal department / the courier company / the e-mail/voice mail service provider, etc. by TFSP and I/we agree never to challenge the same on any grounds including 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 me / us and stock broker before any court of law / judicial / adjudicating authority including arbitrator / mediator etc.