

POLICIES AND PROCEDURES

1. REFUSAL OF ORDERS FOR PENNY STOCKS

Rajgul Securities Private Limited ("RAJGUL") normally offers trading facility to its clients in all the compulsorily dematerialised stocks which are listed on the Stock Exchanges. However RAJGUL discourages / restricts trading in penny stocks by the clients as they are susceptible to manipulation and risky for investors and in turn to RAJGUL. "Penny Stocks" is a stock that trades at a relatively low price and market capitalization. These types of stocks are generally considered to be highly speculative and high risk because of their lack of liquidity, large bid- ask spreads, small capitalization and limited following and disclosure. "Penny Stocks" for this purpose shall include:

- a. Stocks appearing in the list of illiquid securities issued by the Exchanges from time to time.
- b. Stocks which are highly illiquid and have a low market capitalization and 'Z' Group Securities.
- c. Any securities as may be restricted for trading by Exchanges.
- d. Any other securities as may be restricted for trading by RAJGUL based on its internal evaluation.

As a part of Risk Management System, RAJGUL restricts clients to buy / sell in penny stocks only on the basis of 100% upfront margin and on delivery basis. Also the trading in penny stocks may be permitted only upto quantity / value together as notified by its extant circulars.

RAJGUL shall not be held liable for restricting / prohibiting trade in penny stocks at any time. Further 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. RAJGUL shall not be held liable or responsible in any manner whatsoever for any refusal/cancellation of orders for trading in penny stocks/other securities and the Client shall indemnify RAJGUL in respect of any loss caused to RAJGUL by virtue of the Client trading in penny stocks.

2. SETTING UP OF CLIENT'S EXPOSURE LIMITS

As part of risk management, Rajgul Securities Private Limited ("RAJGUL") shall set client's exposure limits depending on the type of securities provided as Margin / available funds in the client's ledger plus Fixed Deposits / Bank Guarantees provided by the client and the client profile/ financial status. Exposure limits are also set based on categories of stocks / position (derivatives) client can trade. Securities that are acceptable as margin and their categorization may be changed by RAJGUL from time to time at its sole discretion. Further client categorization may also be changed based on various factors



including trading pattern of clients, profile / residential status / financial status of client.

RAJGUL from time to time shall apply such haircuts as may be decided by RAJGUL on the approved securities against which the Exposure limits are given to the client. RAJGUL may from time to time change the applicable hair cut or apply a haircut higher than that specified by the Regulators/Exchanges as part of its Risk Management System.

RAJGUL 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 the stock broker, or it may subject any order placed by the client to a review before its entry into the trading systems any 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.

Subject to the client's exposure limits, client may trade in securities and / or take positions in the futures and options segment. Client shall abide by the exposure limits, if any, set by RAJGUL or by the Exchange or Clearing Corporation or SEBI from time to time. Limits/Exposure provided shall vary based on the intraday/ delivery / carry forward positions made by the client.

The exposure limits set by RAJGUL does not by itself create any right for the Client and are liable to be withdrawn at any time without notice and the client shall bear the loss on account of withdrawal of such limits. The client agrees to compensate RAJGUL in the event of RAJGUL suffering any loss, harm or injury on account of exposure given and/or withdrawn.

In case of sale of Securities, such sale may at the discretion of RAJGUL be provided only to the extent of the availability of securities in the account of the client (DP free Stock, DP lien/hold marked securities, beneficiary and collateral stock). Further the credit received against sale may be used for exposure as may be decided by RAJGUL from time to time.

In case of derivatives, Clients shall be allowed to trade only upto the applicable client wise position limits set by the Exchanges/Regulators from time to time. RAJGUL may from time to time demand additional margin from the client in the form of funds or securities if there is a requirement for the same and the client shall be required to provide the same.

3. APPLICABLE BROKERAGE RATES

The Schedule of Brokerage levied by RAJGUL on the clients is provided under the heading "Brokerage Structure" in the KYC Form. Within the mentioned scale, the brokerage as agreed by the client is indicated and duly signed by the client in that section. Only if there is any upward revision of brokerage, the same will be informed to the client with 15 days prior notice. However, all the brokerage and other



charges are subject to the maximum limits as prescribed by SEBI / Exchanges/ Government and other Regulatory authorities from time to time.

4. IMPOSITION OF PENALTY OR DELAYED PAYMENT CHARGES

The clients are required to settle the pay-in / provide margin within the time limits provided by Exchanges / SEBI/ RAJGUL risk management system. In case the client fails to provide the same within the prescribed time, delayed payment charges shall be levied on the client's account on any delayed payments towards trading either in the cash or derivatives segments or on account of any other reason beyond the due date of payment as may be prescribed by RAJGUL. Such delayed payment charges shall be directly debited to the account of the Client at the end of every week. This is only a penal measure and brings in discipline in the clients to clear the dues in time as RAJGUL had to clear its obligations to the Exchange as per the time limits set by the Exchanges. RAJGUL reserves the right of imposition of delayed payment charges on the client account and the client shall be liable for payment of such charges at such rate as may be prescribed by RAJGUL from time to time.

Clients will be liable to pay late pay in/delayed payment charges for non making payment of their pay-in/margin obligation on time as per the exchange requirement/schedule at the prevailing rate as mentioned in the website. Similarly RAJGUL will also be liable to pay delayed payment charges to the client for not making payment of their obligation on time, as per the Exchange requirement/schedule at the prevailing rate as mentioned in the website, except in the cases covered by the "Running Account Authorisation" given by the client to RAJGUL. RAJGUL may impose fines / penalties for any orders / trades / deals / actions of the client which are contrary to this 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 RAJGUL 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. RIGHT TO SELL CLIENTS SECURITIES OR CLOSE CLIENTS POSITIONS, WITHOUT GIVING NOTICE TO THE CLIENT ON ACCOUNT OF NON PAYMENT OF DUES. (LIMITED TO SETTLEMENT/MARGIN OBLIGATIONS)

As a part of its Risk Management System, RAJGUL shall have the sole discretion to square off the open position of the Client and / or sell clients' securities (including securities maintained as margin with RAJGUL and securities lying in client's beneficiary / demat account) in case the client fails to meet its settlement / margin obligations in time. The specific securities to be sold and the positions to be squared off shall be decided solely by RAJGUL. Further, the square off of client's open position or the selling of securities may be executed on such Exchanges and at such price as may be decided by RAJGUL.



RAJGUL shall have no obligation of communicating the same to the Client. RAJGUL shall not be responsible for any losses incurred by the client due to such squaring off of the open position of the client. RAJGUL reserves the right to square off client's open positions or sell clients' securities under following circumstances:

- a) where the limits given to the Client have been breached;
- b) where the Client has defaulted on their existing obligation and / or have failed to make payments/deliver securities to RAJGUL within the stipulated time period as may be prescribed by RAJGUL.
- c) In addition to above, in case of equity and currency derivatives transactions,
 - i) where the margin or security placed by the Client with RAJGUL falls short of the applicable minimum margin as may be required to be maintained by the client;
 - ii) where Mark to Market Loss on the open position has reached the stipulated % of the margins placed with RAJGUL and the Client(s) have not taken any steps either to replenish the margin or reduce the Mark to Market Loss;
 - iii) if the open position is neither squared off nor converted to Delivery by Client(s) within the stipulated time.

RAJGUL reserves the right to square off the open position of client and / or sell client's securities under the prescribed circumstances, however RAJGUL is not obligated and does not guarantee to square off the open positions and / or sell client's securities. The client shall be solely responsible for the trading decisions taken by the client. It shall be the responsibility of the client to make payments towards outstanding obligations and /or applicable margins to RAJGUL in time irrespective of whether RAJGUL exercises its right to square off the positions of the client in accordance with the provisions given herein above.

Client shall be solely responsible for any resultant losses incurred to client due to selling of client's securities by RAJGUL or squaring off the client's open positions or for not doing so. All losses in this regard shall be borne by the CLIENT and RAJGUL shall be fully indemnified and held harmless by the CLIENT in this behalf.

The CLIENT accepts to comply with RAJGUL's requirement of payment of Margin/settlement obligations of the Client, immediately failing which RAJGUL may sell, dispose, transfer or deal in any other manner the securities already placed with it as Margin/lying in the beneficiary account of RAJGUL or square-off all or some of the outstanding F&O positions of the CLIENT as it deems fit at its sole discretion without further reference to the CLIENT and any resultant or associated losses that may occur due to such square -off/sale shall be borne by the CLIENT and RAJGUL shall be fully indemnified and held harmless by the CLIENT in this behalf at all times.



6. SHORTAGES IN OBLIGATIONS ARISING OUT OF INTERNAL NETTING OF TRADES

In case the client defaults on its existing obligation and in the event the trade has been internally netted off by RAJGUL, there could be internal shortages. The internal shortages are marked against the client randomly at the sole discretion of RAJGUL taking into account the delivery obligations through Exchanges. In case of failure of delivery the client marked for internal netting of trade, the same shall be met through fresh market purchases and the loss on account of the said purchases will be charged to the defaulting client's account. However, defaulting client will not be eligible for any profit on account of this.

RAJGUL shall not be responsible for losses to the Client on account of such shortages. All losses to the client on this account shall be borne solely by the client and the Client shall indemnify RAJGUL in this respect.

The policy and procedure for settlement of shortages in obligations arising out of internal netting of trades is as under:

- a) The Short delivering client is debited by an amount equivalent to 20% above of closing rate of day prior to Payin/Payout Day. The securities delivered short are purchased from market on T+2 day and the purchase consideration (inclusive of all statutory taxes & levies) is debited to the short delivering seller client along with reversal entry of provisionally amount debited earlier.
- b) If securities cannot be purchased from market due to any force majeure condition, the short delivering seller is debited at the closing rate on T+2 day or Auction day on Exchange +10% 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.
- c) 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 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. CONDITIONS UNDER WHICH CLIENT MAY NOT BE ALLOWED TO TAKE FURTHER POSITIONS OR BROKER MAY CLOSE EXISTING POSITIONS OF CLIENT

In addition to the conditions as provided under the policy of right to sell securities and close out client's open position as detailed in point 4 above, RAJGUL shall have the right to refuse to execute trades/allow the client to take further positions and / or close out the existing positions of client under following circumstances:



- a. As a result of any Regulatory directive / restriction;
- b. Non-receipt of funds / securities and / or bouncing of cheque received from the client towards the obligations/ margin/ ledger balances;
- c. Due to technical reasons;
- d. securities breaching the limits specified by the Exchanges/regulators from time to time
- e. in case of failure to meet margin including mark to market margins by the client;
- f. In case securities to be transacted by client are not in dematerialized form
- g. Any other conditions as may be specified by RAJGUL from time to time in view of market conditions, regulatory requirements, internal policies etc and risk management system;
- h. Due to any force majeure event beyond the control of RAJGUL

RAJGUL shall not be responsible for any loss incurred and the client shall indemnify RAJGUL any loss borne by RAJGUL in this regard.

8. TEMPORARILY SUSPENDING OR CLOSING OF CLIENT'S ACCOUNT AT THE CLIENT'S REQUEST

RAJGUL may suspend or close the trading account of the client pursuant to SEBI or any other Regulatory directive for such period as may be prescribed by the respective Regulator. RAJGUL may further at its sole discretion and with/ without information to the CLIENT, prohibit or restrict or block the CLIENT's access to the use of the web site or related services and the CLIENT's ability to trade due to market conditions and other internal policies including policy with respect to prevention of money laundering.

Client can initiate temporary suspension / closure of its account at any time by giving a request to RAJGUL in writing 15 days in advance. However, such suspension / closure will be effected subject to clearance of all dues and settlement obligations by the client.

Trades in the account of the client during the period of such temporary suspension shall not be permitted. Notwithstanding any such suspension / closure, all rights, liabilities and obligations of the parties arising out of or in respect of transactions entered into prior to such closure / suspension shall continue to subsist and binding on the client.

In case the account has been temporarily suspended at the request of the client, the account shall be reactivated only on submission of a written request for reactivation by the client.



9. DEREGISTRATION OF A CLIENT

Notwithstanding anything to the contrary stated in the agreement, the stock broker shall be entitled to terminate the agreement and deregister the client with immediate effect. Deregistration/Termination of the client shall be at the sole discretion of RAJGUL. RAJGUL may deregister the client if :

- a) the client breaches the terms and conditions of the member–client agreement
- b) the client provides any false information or declarations.
- c) the client is suspected to be involved in any activities in violation of applicable Rules and Regulations.
- d) the client is deregistered due to any Regulatory directive, market conditions and other internal policies of RAJGUL including policy with respect to prevention of money laundering.
- e) the client acts in a manner that is prima facie illegal / improper or such as to manipulate the price of any securities or disturb the normal/proper functioning of securities or disturb the normal/proper functioning of the market, either alone or in conjunction with others.
- f) there is any commencement of a legal process against the client under any law in force
- g) On the death/lunacy or other disability of the Client;
- h) If the client being a partnership firm, has any steps taken by the Client and/or its partners for dissolution of the partnership;
- i) 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
- j) If the Client have taken or suffered to be taken any action for its reorganization, liquidation or dissolution;

Such deregistration/termination shall not effect the rights and liabilities of the parties in respect of the transactions executed before the date of such deregistration/termination.

10. TREATMENT OF INACTIVE ACCOUNTS

In case the Trading and / or demat account of the client is not operated by the client for a continuous period of six months the same will be considered to be 'Inactive Account'. Such Inactive account will be

blocked for further transactions by the client. The client will have to submit following documents /



RAJGUL SECURITIES PRIVATE LIMITED

Member : NSE. BSE. DSE. USE. CDSL

Segment : Capital. Future & Options. Currency Derivatives. Depositories



confirmation, for re-activation of such blocked account:

1. Call the Customer Care centre identifying himself (through validation questions) and requesting for activation of account for placing orders / transacting in the account; OR
2. Client can give the duly signed request in writing at any of the Branch offices of Rajgul Securities Ltd.

During the blocked period if there is any debit / dues to Rajgul Securities Ltd in client's account, RAJGUL shall have the authority to liquidate the client's position to the required extent during the block period.

During the block period if any corporate actions or pay-outs are due for return to the client, the same will be affected / returned by RAJGUL to the client's account.

The above policies and procedures are subject to change / updation by RAJGUL from time to time. The updated policies and procedures of RAJGUL shall be posted on the website www.rajgul.com. Clients are required to refer to the updated policies and procedures and abide by the same.

