

**1. Refusal of orders for penny / illiquid stocks / Commodity Derivatives**

The Stock Broker shall have the absolute discretion, from time to time, to refuse/partially refuse/accept orders in one or more securities / commodities due to various reasons including trading in penny stocks/commodity(ies), market liquidity, value of security(ies)/commodity(ies), illiquid options, far month options, writing of options, market capitalization of the stock /commodity(ies) and such stock/commodity(ies) not in demat form, securities which are not in the permitted list of the Stock Broker / exchange(s) / SEBI and/or appear under illiquid securities/commodity(ies) declared by the exchange(s). It is also provided further that Stock Broker may ask for compulsory settlement/advance payment of expected settlement value/delivery of securities/commodity(ies) for settlement prior to acceptance/placement of order(s) as well. Losses, if any, on account of such refusal by the Stock Broker or due to delay caused by such limits, shall be borne exclusively by the client alone. The Stock Broker shall not be responsible for any financial or other implications due to such execution, delay in execution or non-execution of any such orders.

The Stock Broker shall have the prerogative to place such restrictions, notwithstanding that the client has sufficient credit or margin available in his account. The Stock Broker, may however, allow for acceptance of such orders, for certain securities/commodity(ies) on its own discretion, through its specific internal process, instead of allowing such orders through the standard process like online trading platform or its branches.

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

The Stock Broker, may from time to time, vary limits or impose new limits for the orders that the client can place through the Stock Broker's trading platforms. The Stock Broker would have the sole discretion on setting these limits based on its risk perception of the client, Margin received from the client, Market conditions and other factors, but not limited to, limits on account of exchange/ SEBI directions/ limits (such as Stock Broker level/ market level limits in security specific/volume specific exposures etc.). This would include exposure limits, turnover limits, limits as to the number, value and/or kind of securities/commodity(ies) in respect of which orders can be placed etc.). The client is aware that the Stock Broker may be unable to inform the client of such variation, reduction or imposition in advance. The Stock Broker shall not be responsible for such variation, reduction or imposition or the client's inability to route any order through the Stock Broker's trading system on account of any such variation, reduction or imposition of limits.

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/commodity(ies) 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/commodity(ies) or the order being outside the limits set by the Stock Broker / exchange / SEBI and any other reasons which the Stock Broker may deem appropriate in the circumstances. Losses, if any, incurred by the client on account of such refusal or delay, shall be borne exclusively by the client alone.

The Stock Broker shall have the prerogative to allow differential buy and sell limits for its clients depending upon credit worthiness, integrity and past conduct of each client.

**3. Applicable brokerage rate**

The Stock Broker 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 further clarified that where the sale / purchase price value of a share is Rs 10/- or less, a maximum brokerage of 25 paise per share may be charged.
- b. **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 further

clarified that brokerage on the options contracts shall not exceed 2.5% of the premium amount or Rs 100/- (per lot), whichever is higher.

- c. **For Future 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. 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
- d. **For Commodity Derivative contracts:** The Stock Broker is entitled to charge brokerage within the limits imposed by exchange.

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

The Stock Broker would be entitled to levy or charge delayed payment charges not exceeding 24% per annum on any amounts which are overdue from the client towards trading or on account of any other reasons. The client shall pay to the Stock Broker brokerage, all taxes, duties, levies to the stock exchanges (including any amount due on account of reassessment / backlogs etc.), transaction expenses, F&O charges, delayed payment charges, short delivery charges, auction charges, cheque stop payment charges, cheque bounce charges, lost token 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 the Stock Broker.

The Stock Broker 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 the Stock Broker 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 client's securities/commodity(ies) or close client's positions, without giving notice to the client, on account of non-payment of client's dues.** The Stock Broker shall have the right and the prerogative to sell client's securities/commodity(ies), both unpaid securities/commodity(ies) 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/settlement 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.

The client would be responsible for monitoring his/her/its position (dealings/trades and valuation of security(ies))/commodity(ies) on his/her/its own and provide the required/deficit margin/security(ies)/commodity(ies) forthwith as required from time to time whether or not any margin call or such other separate communication to that effect is sent by the Stock Broker 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 the Stock Broker in such form and manner as may be required by the Stock Broker. The client shall ensure that funds/securities/commodity(ies) are made available in time and in designated form at designated bank(s) and depository account(s) of the Stock Broker, for meeting his/her/its pay-in/settlement obligation of funds and securities/commodity(ies). The Stock Broker shall not be responsible for any claim/loss/damage arising out of non-availability/short availability/delayed availability of funds/securities/commodity(ies) by the client in the designated account(s) of the Stock Broker for meeting the pay-in/settlement obligation of either funds or securities/commodity(ies). If the client gives orders/trades in the anticipation of the required securities/commodity(ies) being available subsequently for pay-in/settlement through anticipated pay out 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/commodity(ies)/funds for pay-in/settlement for any reason whatsoever including but not limited to any delays/shortages at the exchange or Stock Broker level/non-release of margin by the Stock Broker 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 Stock Broker shall not be responsible for the same in any form or manner whatsoever.

In case the payment of the margin/security/commodity(ies) is made by the client through a bank instrument, the Stock Broker shall be at liberty to give the benefit/credit for the same only on the realization of the funds from the said bank instrument & subsequent updation in records as per Stock Broker's process. Where the margin/security/commodity(ies) is made available by way of securities/commodity(ies), it is upto the Stock Broker's discretion to decline its acceptance as margin &/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 the Stock Broker may deem fit in its absolute discretion.

In the event of client failing to maintain or provide the required margin/fund/security(ies) /commodity(ies) or to meet the funds/ margins/securities/commodity(ies) pay-in obligations on immediate basis for the orders/trades/deals of the client and the Stock Broker shall have the right, without any further notice or communication to the client, to withhold pay-out of funds/securities/commodity(ies), to liquidate security(ies) /commodity(ies), to disable trading facility to the client.

Losses, if any, on account of any one or more steps, as enumerated herein above, being taken by the Stock Broker, shall be borne exclusively by the client alone.

In case the client does not pay for the securities/commodity(ies) received in pay-out, then the stock broker shall be entitled to retain those securities/commodity(ies) up to five trading days after pay-out. Further, where client fails to meet its funds pay-in obligation within five trading days from pay-out, the stock broker shall liquidate the securities/commodity(ies) to recover its dues.

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

Short delivery of shares by client(s) against his/her/its selling obligation shall result into either into one or both of the following -

**(a) Short Delivery to the Exchange for scrip at the Trading Member level:**

In case of short delivery to exchange, the settlement happens as per the auction/close-out mechanism of Exchange and auction/close-out debit is passed to the defaulting clients who did not fulfil his/her/its selling obligation.

**(b) Short delivery of pay-out to clients who bought the scrip on that day (Client to Client shortage):**

The shares delivered short shall be purchased on the pay-in date i.e. on T+2 from Normal Market and the purchase consideration amount shall be debited to the defaulting client(s). However when multiple settlements (say S1 and S2) are conducted on the same day (say T<sub>m</sub>), the shares delivered short shall be purchased as under –

1. The shares delivered short in first settlement (S1) shall be purchased on T+2 day (T<sub>m</sub>) from Normal Market and the purchase consideration amount shall be debited to the defaulting client(s).
2. The shares delivered short in second settlement (S2) shall be purchased on T+3 day (T<sub>m</sub>) from Normal Market along with shortages of that day and the purchase consideration amount shall be debited to the defaulting client(s).

If the covering rate (internal shortage repurchase) is more than the actual sell rate on T day, the difference amount will be borne by the defaulting client on sell side. If the covering rate (internal shortage repurchase) is less than the actual sell rate on T day, the difference amount will be debited to the defaulting client on sell side and credited in a separate account maintained with Dhani Stocks Limited (Formerly Indiabulls Securities Limited & Indiabulls Commodities Limited) (DSL).

Further, if ISL is unable to buy shares on T+2 day from normal market due to upper side freeze on the scrip or any other reason, the defaulting seller will be debited at the close-out rate and the corresponding buyer will be credited by equivalent amount. The close-out rate will be the highest between the trade date and (T+2) date or 20% above the official closing price on the (T+2) day, whichever is higher. Further if the shares covered against client to client shortages is again received short from any client, the trade will be settled by the close-out debit to seller client and

corresponding buyer for whom the shares were covered will be credited by equivalent amount. The close-out rate will be the highest rate between the repurchase date (T day) and auction date i.e. (Repurchase date +2) day or 20% above the official closing price on the auction day, whichever is higher. If the shares repurchased against client to client shortages received short from Exchange, the settlement happens as per the auction/close-out mechanism of exchange.

**(c) Mechanism of choosing corresponding clients on the buy side:**

Corresponding clients on the buy side of scrip A are chosen on the basis of the descending quantity of shares bought by them i.e. first the client (say X) who has purchased highest quantity of scrip A will be picked up and if the shortage of shares is more than the quantity of shares bought by the client X, then the client who has purchased the next highest quantity will be picked up so on and so forth. The shares bought on T+2 in case of Client to Client shortage and shares/credit received from Exchange through auction process in case of Trading Member level shortage are credited to the corresponding client on buy side of scrip A chosen through the aforesaid mechanism.

**7. Conditions under which a client may not be allowed to take further position or the Stock Broker may close the existing position of a client**

The Stock Broker may refuse to execute order of a client or may close the existing position of the client due to lack of margin / securities/commodity(ies) or the order being outside the limits set by Stock Broker / exchange/ SEBI. Other reasons for not allowing further positions or closing out of existing positions could be as:

- a. Client has not met his pay-in obligations in cash by the scheduled date of pay-in for purchases done in CM segment.
- b. Non-payment or erosion of margins or other amounts, outstanding debts, etc.
- c. Client is dealing in illiquid scrips or contracts/penny stock/commodity(ies).
- d. Cheque submitted by the client has bounced or clear funds not received with the Stock Broker for the cheque submitted by the client.
- e. If in the opinion of the Stock Broker, the client has committed a fraud, crime, or acted in contravention to the agreement.
- f. Non-Payment of Marked to Market loss in Cash.
- g. Open positions in a contract exceed or are close to market wide cut-off limits.
- h. Client's position is close to client-wise permissible "open" positions.
- i. Intraday orders after the cut-off time would not be allowed.

**8. Temporarily suspending or closing a client's account**

The Stock Broker 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. The Stock Broker can also suspend/close the client account if the Stock Broker observes any abnormal or suspicious activity in the client account through its monitoring and surveillance of the client account. The Stock Broker may also temporarily suspend/close the client account if there is no activity in the client account for a period, as deemed fit by the Stock Broker 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 the Stock Broker to fulfil its own surveillance or exchange related requirements.

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

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

## **9. De-registering a client**

The client has the option to De-register his account after settling his account with the Stock Broker. The client would be liable to pay all dues in his account before the De-registration. The Stock Broker shall have the right to terminate the agreement with immediate effect in any of the following circumstances:

- a. The client account figures in the list of debarred entities published by SEBI.
- b. The actions of the Client are prima facie illegal / improper or such as to manipulate the price of any securities/commodity(ies) or disturb the normal / proper functioning of the market, either alone or in conjunction with others.
- c. If there is any legal /regulatory proceeding against the client under any law in force.
- d. 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;
- e. If the Client is in breach of any term, condition or covenant of this Agreement;
- f. When the Stock Broker is informed or ascertains that the client has deceased / become insolvent / not able to act in the market due to lunacy/disability etc.
- g. The Stock Broker shall have the right to close out the existing positions, sell the collaterals to recover any dues with or without consent of the client before de-registration of the client.
- h. 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.

Notwithstanding any such termination/deregistering, all rights, liabilities and obligations of the parties arising out of or in respect of transactions entered into prior to the termination/deregistering, shall continue to subsist and vest in/ be binding on the respective parties or his/its respective heirs / executors / administrators / legal representatives / successors as the case may be.

## **10. INACTIVE CLIENT ACCOUNT**

A client account will be categorised as inactive, if no trades have been carried out since last 12 (Twelve) months across all exchanges.

Reactivation: Client accounts that have been categorised as 'Inactive', can be reactivated only after receiving updated information related to KYC from concerned client. Dhani Stocks Limited (Formerly Indiabulls Securities Limited & Indiabulls Commodities Limited) shall also have the discretion to reactivate a trading account, after doing adequate due diligence, as the company may consider fit and proper.

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### **CLIENT ACCEPTANCE AND ACKNOWLEDGEMENT**

These policies and procedures may be amended/changed by Dhani Stocks Limited (Formerly Indiabulls Securities Limited & Indiabulls Commodities Limited) (DSL), provided the change is informed to the client through any one of the means or method like posting on the website of Dhani Stocks Limited (Formerly Indiabulls Securities Limited & Indiabulls Commodities Limited) (DSL) or sending by speed post / courier / registered AD/ e-mail. These policies and procedures are to be read along with the document executed and shall be compulsorily referred to while deciding any dispute/difference in claims in between client and Dhani Stocks Limited (Formerly Indiabulls Securities Limited & Indiabulls Commodities Limited) (DSL) in any court of law, judicial / adjudicating authority, including arbitrator, mediator etc.