

**POLICIES AND PROCEDURES:****1. Refusal of orders for penny stocks:**

BHARAT BHUSHAN EQUITY TRADERS LIMITED shall have the absolute discretion to accept, refuse or partially accept any buy or sell order for execution from a client in respect of penny stock, illiquid stocks having low liquidity, illiquid "options", far month "option" writing of "options", stocks in S, Z and B2 Category and any other contracts which as per the perception of stock Broker are extremely volatile or subject to market manipulation.

Stock broker is advising to the clients not to deal in penny securities and if client deals with the penny stocks, 100% margin will be taken from the client and these shares will not be taken to as Margin deposit. The stock broker shall have authority from time to time limit (quantity/ value) or refuse orders in one or more securities due to various reasons including market liquidity, value of security(ies) or 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 order being for securities which are not in the permitted list of the stock broker / exchange(s) / SEBI or does not commensurate with the risk profile of the client as assessed by the broker. Decision of Broker will be binding on the client and will be final.

**2. Setting Up Client's Exposure Limits:**

The client agrees to abide by the exposure limits, if any, set by the stock broker or by the Exchange or Clearing Corporation or SEBI from time to time. The client is aware and agrees that the stock broker may need to vary or reduce or impose new limits urgently on the basis of the stock broker's risk perception, risk profile of the client 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 security specific / volume specific exposures etc.).

In case margin is kept in securities, Broker would value these securities after applying such haircut as it deems appropriate. Similarly for providing exposure to client, Broker can pledge such securities in favor of clearing member/ Clearing Corporation.

The stock broker may be unable to inform the client of such variation, reduction or imposition in advance. The client agrees that 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. Sometimes client's sauda may go to IOC (Immediate or Cancel) instead of normal bidding if broker terminal is on square off mode.

The Stock Broker at its sole discretion can give extra exposure or intraday limit to the client, such extra exposure will automatically be squared off by trading mechanism without any further reference to the client appx. 15 minutes before the scheduled closing.

**3. Applicable Brokerage Rate:**

Brokerage shall be applied as per the rates agreed upon with the client in the KYC at the time of registration of the client and/or subsequently through a written agreement between client and BHARAT BHUSHAN EQUITY TRADERS LIMITED. The rate of Brokerage shall not exceed the maximum brokerage permissible under Exchange bye-laws.

The slab rates of brokerage fixed by BHARAT BHUSHAN EQUITY TRADERS LIMITED are function of the quality and cost of services provided to the client and the volume and revenue expected from an account. It shall be reviewed by the BHARAT BHUSHAN EQUITY TRADERS LIMITED from time to time and may be increased with prospective effect at a notice of 15 Days sent to the E-mail address or postal address of the client registered with BHARAT BHUSHAN EQUITY TRADERS LIMITED.

The brokerage shall however be exclusive of the following:

- DP Annual maintenance charges
- DP transaction charges/Pledge/Re-pledge/Demat/ Re-mat Charges
- DP Inter settlement charges
- Account Opening Charges
- Delayed payment charges
- Penalties levied by Exchange
- Research advisory charges
- Courier charges
- Bank charges towards the cheques received unpaid
- DP, Bank and other processing charges towards periodic settlement of Funds/Securities on periodic basis.
- Statutory charges payable to Exchange/SEBI/Govt. Authorities etc.
- SEBI/Exchange/Clearing Member Turnover charges
- Other out of pocket and services related charges

**4. Imposition of penalty/delayed payment charges by either party, specifying the rate and the period (This must not**

**result in funding by the broker in contravention of the applicable laws)**

Client shall be liable to penalty and other charges on nonpayment of margin money, short selling of securities or units, failure on payment of auction, cheque bounce, non delivery of shares, increase open position or on 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 as per Rules, Regulations, Guidelines and Circulars issued by SEBI and stock exchange time to time and client will be kept informed about the rate of such penalties & fines. Similarly in case of non receipt of full payment of value of delivery purchased, margin imposed (initial + MTM) interest will be charged at 21% p.a. calculated on daily basis on shortfall amount till the date of actual realization of money.

However, broker will not pay any interest on unutilized margin or balance in trading Account of the clients. In case of repeated violation by client, additional penalty will be levied.

All fines/penalties and charges levied upon the Client due to its acts / deeds or transactions will be recovered by the Stock Broker directly from the client's account.

**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 (This shall be limited to the extent of settlement/margin obligation)**

BHARAT BHUSHAN EQUITY TRADERS LIMITED shall have right to sell client's securities, both unpaid as well as collaterals deposited towards margins, or close out client's open positions, without giving notice to the client where there is a delay/failure of the client to meet the pay-in obligations and /or there is a failure of the client to bring additional margin to cover the increase in risk in the dynamic market conditions.

**a. Unpaid Securities in Capital Market:-**

- i. In case of unpaid obligation on T+3, BHARAT BHUSHAN EQUITY TRADERS LIMITED may sell the unpaid/ partially paid securities. In addition BHARAT BHUSHAN EQUITY TRADERS LIMITED may sell the collaterals deposited by the client towards margin and/or paid securities purchased by the client in earlier settlements where the sale of proceeds of unpaid securities are inadequate to cover the pay-in obligations and where the unpaid securities appear to be comparatively illiquid and cannot be sold at reasonable rates to the extent required.

- ii. BHARAT BHUSHAN EQUITY TRADERS LIMITED may follow the LIFO method for liquidation of securities but it shall not be binding on it to follow this method in all cases.
- b. The Margin Shortfall in F&O:-
  - I. Positions of the client may be closed out to the extent of margin shortfall on the T+1 basis.
  - II. While computing margin shortfall, Value of unapproved securities shall not be considered.
  - III. As per the current Exchange requirements, the member Broker is required to maintain a 50:50 ratio between cash and collaterals margin deposited with the Exchange. BHARAT BHUSHAN EQUITY TRADERS LIMITED shall therefore have the prerogative to insist for at least 50% of margin in cash and may not consider the the value of securities over and above the cash component for the purpose of calculating margins shortfall and close out the F&O Position wherever it finds the deviation. However, sales made in capital market segment shall not be considered while closing F&O Positions on T+1 basis due to margin shortfall.
- C. Intra-day Positions:-

BHARAT BHUSHAN EQUITY TRADERS LIMITED shall have right to close out any intra-day Positions taken by the client after a defined " Cut-off" time (Presently 20 minutes before close of market).
- D. General
  - i. While selling the securities/ closing the clients positions, BHARAT BHUSHAN EQUITY TRADERS LIMITED may take into account the sales made by the client, Positions closed by the client or collections received from the client till cut-off time (Presently 12.45 pm).
  - ii. While selling the Securities/ Closing the clients positions, BHARAT BHUSHAN EQUITY TRADERS LIMITED may not take into consideration cheques/ Bank Drafts/ Pay orders deposited by the client with BHARAT BHUSHAN EQUITY TRADERS LIMITED until clear proceeds of such instruments are received by BHARAT BHUSHAN EQUITY TRADERS LIMITED in its bank account.
  - iii. BHARAT BHUSHAN EQUITY TRADERS LIMITED shall have the right to sell client's securities or close out client's open positions but it shall not be under any obligations to undertake this exercise

compulsorily. BHARAT BHUSHAN EQUITY TRADERS LIMITED shall therefore not be under any obligation to compensate/or provide reasons of any delay or omission on its part to sell client's securities or close open positions of the client.

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

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 Pay-in/Payout Day. The securities delivered short are purchased from market on T +3 day which is the Auction Day on Exchange, and the purchase consideration (inclusive of all statutory taxes & levies + 5 % extra) 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 reason, the short delivering seller is debited at the closing rate on T +3 day or Auction day on Exchange +10% and buyer will be given credit. 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 after deducting exchange penalties.
- c. In case 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

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

The stock broker 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.

1. for non-payment or erosion of margins or other amounts, outstanding debts, etc. and adjust the proceeds of such liquidation / close out, if any, against the client's liabilities/ obligations.
2. Any order which is executed without the required Margin in the Client's account or the brokers exposure is more than 90% and above so no fresh trade will be taken.

3. The client hereby authorizes the Stock Broker to square up all his outstanding positions at the discretion of the Stock Broker, which are not marked for delivery 15 minutes before the closing time of the normal market or if the client's margin is evaporated by 90% in any of exchanges, BHARAT BHUSHAN EQUITY TRADERS LIMITED reserves the right to square off positions.
4. Under certain market conditions, it may be difficult or impossible to liquidate a position in the market at a reasonable price or at all, when there are no outstanding orders either on the buy side or the sell side, or if trading is halted in a security due to any action on account of unusual trading activity or stock hitting circuit filters or for any other reason as prescribed or instructed by SEBI.
5. The stock broker is entitled to disable / freeze the account or trading facility / any other service if, in the opinion of the stock broker, the client has committed a crime, fraud or has acted in contradiction of this agreement or / evade / violate any laws, rules, regulations, directions of a lawful authority whether Indian or foreign or if the stock broker so apprehends.

Any profit/loss arising out of these transactions shall be at the risk of and borne by the client.

#### **8. Temporarily suspending or closing a client's account at the client's request**

Client may instruct the member to close out the account or suspend the trading through client's account for the period as specified in the request in written and duly signed by him. The stock broker can with hold the payouts of client and suspend his trading account due to his surveillance action or judicial or / and regulatory order/action requiring client suspension.

BHARAT BHUSHAN EQUITY TRADERS LIMITED may carry a periodic review of the client accounts and may suspend the accounts from Trading in the following circumstances:-

- Where the client is inactive for more than 6 months
- Physical contract notes are received back undelivered due to reasons like "no such person" , "addressee left", refusal to accept mails, POD's signed by the third persons, signature mismatch on POD's or other reasons which may create suspicion.
- ECN failed ( Bounced email) on more than 3 instances until client submits and registers new email id.

#### **9. Deregistering 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:

- i. 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.
- ii. 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;
- iii. If the Client has made any material misrepresentation of facts, including (without limitation) in relation to the security transactions;
- iv. 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;
- v. If the Client suffers any adverse material change in his / her / its financial position or defaults in any other agreement with the Stock broker;
- vi. If any covenant or warranty of the Client is incorrect or untrue in any material respect; 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 as per Exchange Rules, Regulations, Bye-laws and SEBI guidelines.

**Client Acceptance of Policies and Procedures stated hereinabove:**

I/We have fully understood the same and do hereby sign the same 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 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. 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 the stock broker 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.

I further undertake to adhere to the procedures & code of ethics prescribed by SEBI/Exchanges in this regard. Broker shall not be responsible for any transactions entered by the client in their personal capacity with the employees of broker, if any.

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