

POLICY AND PROCEDURES PERTAINING TO DEALINGS WITH CLIENTS

1. REFUSAL OF ORDER(S) FROM THE CLIENTS INCLUDING FOR PENNY STOCKS:

JKB Financial Services Ltd. ("JKBFSL") offers trading in most of the liquid stocks traded on the stock exchanges. Some of the stocks such as penny stocks i.e. stocks whose market price is less than their face value, scrips traded in physical mode or scrips which do not meet JKBFSL's internal criteria may not be allowed by JKBFSL for trading. "Penny Stocks" also include, scrips having large bid-ask spreads, low market capitalization due to unsound fundamentals, "Z" Category stocks or stocks, which have high chances of manipulations. Also, the Exchanges from time to time provide a list of securities categorized as "illiquid Securities". JKBFSL may at its discretion or based on directives of the Exchanges may also restrict trading in illiquid securities from time to time. Any existing scrip enabled for trading may be deactivated by JKBFSL as and when such scrips meet the criteria as defined by JKBFSL for illiquid scrips, even if the Client had purchased the scrips through JKBFSL. Further, JKBFSL may also at any time, at its sole discretion as a risk containment or surveillance measure and without prior notice to the client, restrict client's ability to trade in any specific security through JKBFSL. Such restrictions could be only on buy or sell or both. Any losses if any on account of such restriction shall be borne by the client only.

2. CLIENT'S EXPOSURE LIMITS:

JKBFSL from time to time may impose quantity and/or value limits on the orders that a client can place through its 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.). JKBFSL may need to vary or reduce the limits or impose new limits urgently on the basis of risk perception and other factors considered relevant including but not limited to restrictions on limits on account of exchange/SEBI directions/limits (such as broker level/market level limits, security specific/volume specific exposures etc.). JKBFSL may be unable to inform the client of such variation, reduction or imposition in advance. JKBFSL shall not be responsible for consequences of such variation, reduction or imposition or the client's inability to route any order through JKBFSL on account of any such variation, reduction or imposition of limits. Such exposure limits may be set upto a pre-determined number of times of the Margin (the "Multiple") and the quantum of the Multiple shall be decided at sole option or discretion of JKBFSL. Such multiple may be changed at the discretion of JKBFSL from client to client depending on various factors, which inter alia include factors like market conditions. Client shall abide by the exposure limits, if any, set by JKBFSL or by the Exchange or Clearing Corporation or SEBI from time to time. The exposure limits set by JKBFSL do not create any right in favour of 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. JKBFSL 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 JKBFSL, 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 various factors including but not limited to the reason of lack of margin/securities or the order being outside the limits set by JKBFSL/ Exchange/ SEBI and any other reasons which JKBFSL may deem appropriate in the circumstances.

Limits/Exposure provided shall vary based on the intraday profit /loss made by the client. Exposure limits against collateral/stocks shall be given only against approved securities as decided by the Exchanges/JKBFSL from time to time and subject to such haircut and valuations as may be decided by JKBFSL from time to time. JKBFSL from time to time may change the applicable haircut or apply a haircut higher than that specified by the Exchanges. In case of derivatives, Clients shall be allowed to trade only upto the applicable clientwise position limits set by the Exchanges/Regulators from time to time.

3. BROKERAGE POLICY:

Brokerage will be charged within the limits prescribed by SEBI/ Exchange (currently 2.5%). Further, statutory levies shall be charged as applicable. Schedule of Brokerage currently applicable is attached as Schedule A .The slab rate of brokerage shall be reviewed by JKBFSL from time to time and may be changed in such manner as JKBFSL may deem fit provided that the same would not contradict the regulatory provisions.

4. IMPOSITION OF PENALTY / DELAYED PAYMENT CHARGES:

The client shall pay JKBFSL settlement dues, brokerage, statutory levies and taxes etc. as are applicable from time to time. If the client fails to make payment of the amount due within the time frame specified by JKBFSL, it shall be entitled to levy such charges by way of penalty or delayed payment charges not exceeding 18% per annum on monthly rests (or other rate as may be decided from time to time by JKBFSL) on amount due as JKBFSL may deem fit. This levy is only penal measure in case client defaults in meeting settlement and margin obligations and should not be construed as funding arrangement by the client and further the client cannot demand continuation of service on a permanent basis by citing this levy of delayed payment charges. Further, where JKBFSL has to pay any fine or bear any punishment from any authority in connection with/a consequence of/in relation to any of the orders/trades/deals/actions of the client, the same shall be recovered from the client. JKBFSL shall not be liable to make payment of any interest or delayed payment charges on the credit balance, if any, lying in the client's ledger, margin account, deposit etc. with JKBFSL .

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:

JKBFSL shall have the rights to square off the position of the Client (Including the right to refer the matter to arbitration) with no obligation of communicating the same to the Client, for non payment of margins or other amounts, including the pay in obligations, outstanding debts etc. and adjust the proceeds of such liquidation/close out, if any, against the clients liabilities/obligations. JKBFSL reserves the right to decide the order price keeping in view of the size of the order and the depth of the market.

If the client does not square off his open Intraday positions before the specified time as fixed by JKBFSL or the client does not convert the open positions to delivery, JKBFSL shall attempt to square off/close out the open positions on the same day before closure of the market. On the days of market volatility or when there are system issues, JKBFSL shall have the right to change/modify the timings of square off by either pre-poning or postponing the same. Further, whenever any price of stock or underlying contract breaches the internally prescribed percentage change, JKBFSL may at its discretion square off the existing open positions in the Intraday Margin segment(s) without giving any prior notice to the customers. However, JKBFSL does not guarantee square-off of open positions. Clients solely are responsible for profit/ losses from open positions.

However in case of Intraday Derivative positions, JKBFSL shall attempt to square off/close the open positions on the same day or in case of any difficulties/issues, on the next trading day. JKBFSL does not guarantee square off of such open positions. Clients are solely responsible for profit/losses arising out of such positions.

The Client accepts to comply with JKBFSL's requirement of payment of Margin/settlement obligations of the Client, immediately failing which JKBFSL may sell, dispose, transfer or deal in any other manner the securities already placed with it as Margin/lying in the beneficiary account of JKBFSL and/ or cancel pending orders and/ or square-off all or some of the outstanding margin/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. JKBFSL shall be fully indemnified and held harmless by the Client in this behalf at all times.

In exercise of JKBFSL's right to sell securities, the choice of specific securities to be sold and/or orders to be cancelled shall be solely at JKBFSL's discretion. Where the margin/security is made available by way of securities or any other property, JKBFSL shall have the discretion to decline its acceptance as margin/security and/or to accept it at such reduced value as JKBFSL may deem fit by applying haircuts or by valuing it by marking it to market or by any other method as JKBFSL may deem fit in its absolute discretion. The resultant or associated losses that may occur due to such squaring-off or sale of such securities shall be borne by the Client. Such liquidation or close out of positions shall apply to any segment/exchange in which the Client does business with JKBFSL. The client has to maintain applicable margin all the time i.e. till positions are open. JKBFSL reserves the right to change/modify the margin requirements at any point of time and if the client fails to meet the margin requirements, JKBFSL has the discretion to square off the open positions to the extent that the existing margin after deducting MTM losses meets the Initial Margin requirements of JKBFSL for the remaining open positions. JKBFSL may decide at its sole discretion to exercise or not to exercise the rights to square off the positions, which are failing to meet the margin requirements. Further, the client has been provided with tool/web page on the trading website through which he can ascertain details of his open positions, amount of margin blocked, margins required, MTM loss, margin percentage etc. The MTM losses and margin requirement displayed on these web pages will be considered as demand for the additional margin required by JKBFSL. JKBFSL may not inform each and every client (one to one), regarding the margin requirements/additional margin top up calls/margin availability before squaring off the open positions. Clients are responsible/bound to monitor and review their open positions and margin requirements all the times and furnish the additional margin to JKBFSL before the positions are squared off by JKBFSL.

Where there is breach in shares/ underlying scrips, specific market wide position limit (MWPL) as specified by Exchanges, client will not be permitted to take fresh positions in that share/ underlying but he can square off his existing open positions. In case any of the positions limits (client level, Trading Member level, market level) are breached, JKBFSL may initiate square off. Products specific terms, if any, shall be displayed on the web site.

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

The treatment of shortages shall be as below:

a) Short Delivery to the Exchange for scrip at the broker 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 received shall be passed to the defaulting client who did not fulfill his selling obligation.

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

The Valuation price shall be higher of, 5% above the closing price of Auction date in normal market of the exchange,

or

Highest traded price between Trade date and Auction date

The defaulting client on sell side will be debited by the amount equivalent to the quantity short delivered multiplied by the valuation price. The client on the buy side will be credited by the same amount debited to defaulting client on sell date as computed above. All losses to the client on account of the above shall be borne solely by the client and JKBFSL shall not be responsible for the same. In case of any claim against JKBFSL, the Client shall indemnify JKBFSL in this regard.

7. CONDITIONS UNDER WHICH CLIENT IS NOT ALLOWED TO TAKE FURTHER POSITIONS OR BROKER MAY CLOSE THE EXISTING POSITIONS OF THE CLIENT:

JKBFSL have margin based Risk Management System (RMS) policy. Client may take exposure upto the amount of margin available with JKBFSL. Client may not be allowed to take position in case of non-availability/ shortage of margin as per RMS policy of the Company, securities breaching the limits specified by the Exchanges/regulators from time to time, regulatory restrictions/directives and other conditions as may be specified by JKBFSL from time to time in view of market conditions etc. The existing positions of the client are 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. In the event of liquidation/square off of the open positions, the client shall be liable to pay for any resultant losses and all associated costs incurred by JKBFSL.

JKBFSL at any point of time and on its sole discretion and without prior notice to the client may prohibit or restrict client's access to trade in all securities or in any specific security either buy or sell or both. In case of securities/underlying in ban period, JKBFSL may not accept further orders in contracts for such securities/underlying. This action of JKBFSL may also restrict the client from rolling over an existing position. JKBFSL shall not be liable for any resultant losses.

In case the client has given a Power of Attorney to JKBFSL, may use its discretion to debit the bank/ demat accounts of the customer to recover dues/margin etc.

All losses to the client on account of the above shall be borne solely by the client and JKBFSL shall not be responsible for the same. In case of any claim against JKBFSL, the Client shall indemnify JKBFSL in this regard.

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

The Client may request JKBFSL by giving a prior notice in writing, to suspend his account temporarily. JKBFSL may suspend/close the client account, if JKBFSL observes any abnormal or suspicious activity in the client account through its monitoring and surveillance of the client account. JKBFSL may also at any time, suspend or close the client account due to any action from SEBI (e.g. SEBI orders) or Exchanges/ Circulars or other regulatory actions. Further, JKBFSL may also temporarily suspend/close the client account if there is of account by giving 30 days written notice.

All losses to the client on account of the above shall be borne solely by the client and JKBFSL shall not be responsible for the same. In case of any claim against JKBFSL, the Client shall indemnify JKBFSL in this regard.

9. DEREGISTRATION OF A CLIENT:

JKBFSL shall also be entitled to deregister the client:

1. If the client breaches any terms, conditions.
2. Upon the death, winding up, bankruptcy, liquidation or legal incapacitation of the client or is designated as a defaulter by any credit rating agency or any action or proceedings have been initiated by the relevant Regulation/Authority including without limitation to SEBI.
3. The client has misrepresented facts at the time of giving instructions or otherwise.
4. Any proceedings or investigations that involve the client or his/its properties have been initiated or is ongoing.
5. The client has violated the applicable law particularly the securities law and Bye-laws, Rules and Regulations of the respective Stock Exchanges on which the client trades.
6. If the actions of the client are prima facie illegal/improper or such as to manipulate the price of any securities or disturb the normal/proper trading in securities or disturb the normal/proper functioning of the mar-

ket, either alone or in conjunction with others.

7. On receipt of the order from the Regulatory authorities/SEBI/Police Authorities/Others.
8. If the client is declared as debarred entity by the regulatory authorities.
9. Where the client has not cleared debits in his/her account in prescribed time.
10. Irregular trading pattern from surveillance /Money Laundering perspective.
11. Where the client is categorized as ineligible due to being non- traceable, pending disputes, and any other circumstances leading to raising non confidence in client including return of undelivered couriers citing reason of no such person / addressee left /refusal to accept mails/ PODs signed by the third persons or Digital Contract Notes (DCN) failed (Bounced email) on more than 3 instances or non-updation of financial and other details viz email id, mobile no., land line, details or it is found to be belonging to a third person.
12. Under such other circumstances as JKBFSL might think just and proper on case-to-case basis.
13. If the client is found to be KYC non compliant.JKBFSL 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 the de-registration of the client.

10. CLIENT ACCEPTANCE & ACKNOWLEDGEMENT:

These policies and procedures may be amended/ changed unilaterally by JKBFSL, provided the change is informed to the client through any one of the means or method like posting on the website of JKBFSL or sending by speed post / courier / registered AD/ e-mail , or through a download on the website or through displays on the notice boards of branch / main office, or by news paper or by any other suitable means. I agree that the communication delivery by JKBFSL is complete upon posting on the website or delivery to postal department / courier company or e-mail, by messaging on the computer screen of the client, 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 JKBFSL in any court of law, judicial / adjudicating authority, including arbitrator, mediator etc.

11. INACTIVE CLIENT ACCOUNT:

A Client account will be considered as inactive if the client account does not record any trade or does not register any financial transaction like IPO, Bonds, Mutual Fund etc, for a period of 2 years. Calculation will be done at the beginning of every month and those clients who have not traded even a single time or did not execute any financial transaction like IPO, Mutual Fund etc. through JKBFSL in the preceding 24 months will be considered as inactive. If the account is tagged as a dormant/inactive then the surplus Funds or Securities lying with JKBFSL shall be refunded/returned to clients at his/her last known Bank account/DP account or at such other address as mentioned in the account opening form.

12. REACTIVATION:

The client can reactivate his/her trading account by calling the Call centre (after due authentication) or by sending a request email from his/her registered email id or by submitting a physical letter duly signed. The company shall also have the discretion to reactivate a trading account, after doing adequate due diligence, as the company may consider fit and proper.