

POLICIES AND PROCEDURES

This is a mandatory document dealing with policies and procedures for each of the following headings, as followed by **Kalash Shares & Securities Pvt. Ltd. (KSSPL)** for its clients:

A) REFUSAL OF ORDERS FOR PENNY STOCKS:

Penny stocks are scrips which have low value/low capitalization /less liquidity /illiquid scrips as specified by the Exchange or any other stock as KSSPL may feel proper. KSSPL reserves the right to refuse orders for penny stocks unless and until the client is able to provide sufficient reason for investment /divestment in such stock, as well as bring in the total funds/securities in advance towards intended funds/securities obligation as the case may be.

B) SETTING UP CLIENT'S EXPOSURE LIMITS:

KSSPL computes and assigns exposure limits based on its own assessment of market/security risks in combination with its assessment of client specific risk. The limits and exposures shall therefore vary from client to client and portfolio to portfolio. In the F&O segment, the minimum margin applicable shall be the statutory margin as required to be collected upfront by the concerned exchange. The risk management team shall be available during market hours to inform the clients of their set exposure limits upon request/telephonic enquiry.

C) APPLICABLE BROKERAGE RATE:

The brokerage to be levied on trades executed through KSSPL shall not exceed the rates as prescribed by exchange/SEBI. KSSPL shall take written consent of the client, should the applied brokerage be revised upwards within the limits, prescribed by exchange/SEBI from the amounts stated below. Brokerage applied at rates equal to or below the stated rates shall not need client consent.

D) PENALTY / DELAYED PAYMENT CHARGES:

Clients may be charged delayed payment charges on debit balances overdue @18% p.a. from the date such amounts become due till the time of realization of such amounts on reducing balance basis.

Only clients who are levied delayed payment charges shall receive delayed payment charges on credit balances overdue @18% p.a. on reducing balance basis under the following conditions:

- a) For clients who are not maintaining funds on a running / current a/c basis with KSSPL, from the date such amounts become due till the time of payment of such amounts provided client has no outstanding funds / securities / trade obligation / position on such due date.
- b) For client who are maintaining funds on a running / current a/c basis with KSSPL, from the date +2 working days such amounts were demanded till the time of payment of such amounts, provided client has no outstanding funds / securities / trade obligation / position on the date of such demand.

The client shall also indemnify KSSPL against all charges / penalties / costs that KSSPL may incur due to non fulfillment of client's obligations with respect to trades / positions / limits / deliveries / funds pay ins / margins / etc and KSSPL shall debit the client account with such charges / penalties / costs.

E) RIGHT TO SELL CLIENT'S SECURITIES OR CLOSE CLIENT'S POSITION:

KSSPL reserves the right to sell client's securities and/or close out position without any intimation to the extent of margin settlement related obligation to the client in the following circumstances:

- a) The client is running a debit balance which is overdue by more than 24 hrs.
- b) In circumstances where the real time MTM loss of the client crossing 90% of the total available credit balance at the time.
- c) The client fails to bring in minimum margins as required to be collected by the respective exchanges as per the margin statement send to the client.
- d) The client fails to bring in additional margins over and above statutory margins as required by KSSPL based on its own assessment of risk within 24hrs of receiving written / email communication from KSSPL of such requirements.
- e) The cash component of margins provided by the client falls below 50% of the total margins provided by the client. In these circumstances, KSSPL reserves the right to liquidate securities to the extent required to increase the cash component to 50%.
- f) KSSPL also reserves the right to close out position of the client who is in breach of any of the terms and conditions.

Provided that KSSPL shall client's securities and/or close out position to the extent of the debit balance/margin required for compliance as mentioned above, rounding off amounts excluded.

F) SHORTAGE ARISING OUT OF INTERNAL NETTING OF TRADES:

If the client fails to deliver a stock sold for delivery which is to be received internally by another client, client shall be given till T+1 day to buy the stock to enable delivery to the receiving client. The following rules shall apply for the same:

- The client responsible for the first instance of shortage shall be responsible for any further auction of securities should the receiving client fail to deliver the same owing to delay in the pay out to him.
- For clients not covering the short on T+1 day, a close out at LTP +10% shall be effected on the price of the security on T+1 day.

G) CONDITIONS UNDER WHICH CLIENTS MAY NOT BE ALLOWED TO TAKE FURTHER POSITION OR THE EXISTING POSITION MAY GET CLOSED:

KSSPL reserves the right to refuse any order that increase the position / exposure of the client at any time without assigning any reason whatsoever. In such a situation, the client may withdraw the excess margin forthwith, but cannot force KSSPL to fill the order to increase position further. Client cannot claim "opportunity loss" from KSSPL under any circumstances.

Clients' existing position may be closed under the same circumstances as listed in point E herein before for close outs / sale of securities.

H) TEMPORARILY SUSPENDING OR CLOSING A CLIENT'S ACCOUNT AT THE CLIENT'S REQUEST:

The account of the client can be suspended temporarily on specific written request received from the client.

I) DEREGISTERING A CLIENT:

The Member will be-register a client without any prior intimation / notice, in addition to the termination clause of the "mandatory & voluntary client registration document", with regards to :

- a) The client being declared a defaulter by any of the regulatory bodies of the country or under any law being in force.
- b) In the event of member becoming aware of any proceedings being initiated against the client by any of the regulatory bodies of the country or under any law being in force or the client being involved in any criminal proceedings or any illegal business or the member becoming aware of the client's past offences which are illegal or prohibited by the regulatory bodies of the country or under any law being in force.
- c) The death of the client.
- d) The depository account with member is closed and no alternative depository account details are provided:3
- e) The client makes a voluntary written request to de-register itself/himself.
- f) In the event of member becoming aware of client defaulting in meeting its obligation to the member
- g) On the specific written directions of any statutory / legal authority / Regulatory Authority.

J) POLICY ON INACTIVE (DORMANT) ACCOUNT:

In order to protect the account of customer, the trading accounts will be deactivated, which are identified as "Dormant".

Dormant account will be those accounts where more than six month has elapsed from last trade date.

Once the account is deactivated, the customer will not be able to place any orders in any trade segments.

After deactivation we return all client assets (Securities & funds) to his registered bank and Demat Account.

Client can get his account reactivated by calling following below process after due authentication:-

- Submit us the physical letter of request request for reactivation.

I / We have read and understood the above policy for RMS and Controls of the member and state that I / We will strictly abide by the conditions laid in this policy.

X

Signature

(Please affix Stamp of HUF / Sole Proprietorship / Firm / Corporate if applicable)

Date : _____

Place : _____