



**POLICY FOR GRANTING EXPOSURE TO CLIENTS**

**ANJANEY STOCK BROKING LIMITED**

**MEMBER: NSE, BSE**

This document outlines various policies and procedures framed and followed by Anjaney Stock Broking Limited ("ASBL") with respect to its dealing with its clients as a stock broker on National Stock Exchange of India Limited ("NSE"). The policies and procedures outlined below are subject to change from time to time at the sole discretion of "ASBL" depending upon regulatory changes, its risk management framework, other market conditions, etc.

#### **A. Setting up the client's exposure limits**

While setting up the exposure limits for and on behalf of the clients, "ASBL" broadly takes into consideration the regulatory requirement, client profile, internal risk management policy, market conditions, etc. Considering the said parameters the exposure limit for a client would be set up as follows:

- Exposure limits to the client will be provided based on the available margin in the client's broking account maintained with ASBL.
- The exposure limits will be a certain multiple of the available margin. Such multiplier will be as decided by

"ASBL" from time to time and may vary from client to client.

- On a case to case basis ASBL, at its sole and absolute discretion, may allow higher exposure limits to the client.
- In case of cash segment, "ASBL" may at its sole and absolute discretion allow clean exposure limit up to certain amount to the client without insisting for any credit balance and/or margin. The quantum of clean exposure limit shall be decided by ASBL. On a case to case basis "ASBL" may, at its sole and absolute discretion, give higher clean exposure limits to certain set of clients. "ASBL" reserves the right to withdraw clean exposure limits granted to client at any point of time at its sole and absolute discretion. The client cannot raise any concern/dispute for the same.
- Available margin for the purpose of granting exposure is calculated as sum of free credit balance of the client in ASBL's books, margin in the form of funds, securities, bank fixed deposits, bank guarantee, etc. of the clients available with ASBL, and the value of securities held in the client's demat account for which power of attorney is granted in favor of ASBL.
- The choice of the securities to be considered as margin should be determined by "ASBL" at its sole discretion from time to time and client shall abide by the same.
- While granting the exposure limit, margin in the form of securities will be valued as per the latest available closing price on the exchange after applying appropriate haircut as may be decided by "ASBL" at its sole discretion.
- "ASBL" may from time to time depending on the market conditions, profile and history of the client, type and nature of scrip, etc., at its sole discretion charge/change the rate of haircut applicable on the securities given as margin, multiplier for granting exposure in cash/f & o segments and take such steps as "ASBL" may deem appropriate.
- The client will have to abide by the exposure limit set by ASBL.

## **B. Refusal of orders for Penny stocks and/or Illiquid stocks/contracts/options**

In view of the risks associated in dealing with Penny stocks and/or illiquid stocks/contracts/options, "ASBL" would generally advise its clients to desist from trading in them. Further SEBI, Exchanges or "ASBL" may issue circulars or guidelines necessitating exercising additional due diligence by the clients, for dealing in such securities. A security may be treated as penny stocks/illiquid stocks/contracts/options, if it falls in any one of the category as mentioned below:-

- Securities with face value of Rs. 10/- and above traded at less than Rs. 10/- on any of the exchanges.
- Securities appearing in the list of illiquid securities issued by the exchanges periodically
- Securities forming part of Trade to Trade segment
- Securities forming part of Z group
- Securities on which exchange VAR is more than 50%
- Scrip whose average daily volume in last seven days is less than 15,000 shares (collectively for all exchanges)
- Illiquid options/far month options/long dated options
- Any other securities /contracts/options as may be decided by "ASBL", which may be considered in its sole discretion of "ASBL" as volatile or subject to market manipulation or have concentration risk at client level or any other reason.

Trading in such securities will be allowed to the client at the sole and absolute discretion of ASBL. Such securities may be blocked in normal trading system and any dealing in such securities will be allowed only on the approval of the risk team as it may deem fit. "ASBL" may restrict the quantity of such securities if the client is allowed to buy/sell. "ASBL" may further insist up to 100% advance pay-in of funds/securities before allowing trades in such securities.

Under no circumstances, "ASBL" shall be responsible for non-execution/delay in execution of such orders and consequential loss or financial loss to the client. The above list of criteria is an indicative list. "ASBL" may at its sole and absolute discretion defines from time to time other category/criteria to treat a security as penny stocks/ illiquid stock / contracts/options.

## **C. Imposition of Penalty/Delayed Payment Charges by either party, specifying the rate and the period**

### Imposition of Penalties

The Exchange/ Clearing Corporation/SEBI levy penalties on the broker for irregularities observed by them during the course of business. "ASBL" shall recover such imposed penalties/levies, if any, by the exchange /regulators, from the client which arise on account of dealings by such client. Few of the examples of violations for which penalties may be levied are as follows:-

- Auction of securities pursuant to short deliveries by the client.
- Non adherence to client level exposure limits in Cash and F & O segment.

- Short margin reporting in F & O segment.
- Any other reasons which may be specified by the Exchanges/Clearing Corporation/SEBI from time to time. Such recovery would be by way of debit in the ledger of the client and amount would be adjusted against the dues owed by "ASBL" to clients.

#### Delayed payment charges

While dealing with "ASBL" it is responsibility of the client to ensure that the required margins (including but not limited to initial margin, mark to market and/or other margins), any outstanding settlement obligations and/or any other dues payable to "ASBL" are paid within the time period stipulated by the exchanges or ASBL, whichever is earlier.

In case of the client defaults in meeting its above said obligations towards "ASBL" and maintain any debit balance in ASBL's books beyond the stipulated time period, "ASBL" shall have the absolute discretion to charge and recover from the client's account, delayed payment charges at such rate/manner/interval as may be determined by "ASBL" from time to time for the delayed period.

A delayed payment charge is only a penal measure. The client should not take it as funding arrangement. The client cannot demand continuation of service on permanent basis citing levy of delayed payment charges.

The client will not be entitled to any interest on the credit balance/surplus margin available/kept with ASBL.

#### **D. The right to sell client's securities or close client's positions, without giving notice to the client, on account of non-payment of client's dues**

The client needs to furnish adequate margin as specified by "ASBL" from time to time at its sole and absolute discretion. It shall be client's responsibility to ascertain in advance the margin requirement from his/her/its order/trades/deals and to ensure that the required margin is made available to "ASBL" in such form and manner as may be required by ASBL.

The margin will have to be paid within the time frame stipulated by the exchanges or ASBL, generally in case of fresh positions upfront, in case of mark to market and/or any other additional margins before the commencement of trading on next trading day and in case where the exchange levy and/or increase any margin during the day, immediately upon levy and/or increase in any such margin.

The client shall fulfill all his/her/its settlement obligations and/or other liabilities including but limited to DP charges to "ASBL" within the time frame stipulated by the "ASBL" or the Exchanges, whichever is earlier.

Without prejudice to its other rights and remedies available under the member client agreement(s) executed/to be executed by and between the client and "ASBL" (hereinafter referred to as "the Agreement") or at law, "ASBL" shall be entitled, in its sole and absolute discretion, to liquidate/close out all or any of the client's open/outstanding position, sell the client's securities (whether approved by "ASBL" or not) available with "ASBL" and/or held in the client's demat account for which power of attorney is granted in favor of "ASBL" at any time to recover its dues without giving any notice to the client in the following circumstances:

"If the client fails to pay any margin, settlement obligations and/or other liabilities (including but not limited to DP charges) due to "ASBL" within the stipulated time frame;

"In the event that the market value of the client's securities, lying as margin or bought by the client for which payment is not made by the client, for any reason fall or is anticipated to fall, or circumstances arise or are likely to arise which may in the sole opinion of "ASBL" jeopardize its interest and expose it or is likely to expose it to any financial loss or damage.

Any and all losses (actual or notional), financial charges, damages on account of such liquidations/sell/closing-out shall be borne by the client only.

In case the payment of margin /security is made by the client through a bank instrument, "ASBL" shall be at liberty to give the benefit /credit for the same only on the realization of funds from the said bank instrument etc, at the sole and absolute discretion of ASBL. Where the margin/security is made available by way of securities or any other property, "ASBL" is empowered to decline its acceptance as margin/security &/or to accept it at such reduced value as "ASBL" may deem fit by applying haircuts or by valuing it by marking it to the market or by any other method as "ASBL" may deem fit in sole and absolute discretion.

**E. Conditions under which the client may not be allowed to take further position or "ASBL" may close the existing position of the client.**

An illustrative list of circumstance in which "ASBL" may not allow the client to take further positions or may close/liquidate a part of or whole of the existing position of the client are as follows:

- Failure by the client in providing sufficient/ adequate margin(s) and/or insufficient/ inadequate free credit balance available in clients' broking account with ASBL.
- If the client fails to deposit the margin/additional margin by the deadline or if an outstanding debt occurs in the client's brokerage account with "ASBL" beyond the stipulated time period;
- If the client fails to maintain the requisite margin in such form and manner as may be specified by "ASBL" from time to time;
- Settlement obligations are not paid by the client within the time frame allowed by the Exchanges or as per the norms specified by "ASBL" from time to time at its sole and absolute discretion;
- Securities falling in the category of Penny stocks/Illiquid stocks/Contract/Options as described in policy (b) above;
- Trades which apparently in the sole and absolute discretion of "ASBL" seems to be synchronized trades/circular trading/Artificial trading/ manipulative in nature, etc.;
- Securities/F&O contracts banned by the regulatory authorities;
- Where name of the client apparently resembles with the name appearing in the list of debarred entities published by SEBI/Exchanges (where the information available



for the debarred entity (other than name ) is not sufficient enough to establish that the client and such debarred entity are one and the same);

- The client fails to furnish documents/information as may be called for by “ASBL” from time to time as per regulatory requirement and/or as per its internal policy.
- In the event of death or insolvency of the client or the client otherwise becoming incapable of receiving and paying for or delivering or transferring securities which the client has ordered to be bought or sold;
- Depending on the market circumstances if “ASBL” is of the view that the positions of the clients are at risk then

“ASBL” may close the existing position without waiting for the pay-in schedule of the Exchanges.

“ASBL” may take the action under this policy with/without giving any notice or intimation to the client. “ASBL” will not be responsible for any opportunity loss or financial loss to the client in the event any action taken by it under this policy.

#### **F. Applicable Brokerage Rate**

For rendering the brokerage services, “ASBL” charges brokerage to the client. The brokerage rate will be as per the terms agreed with the client at the time of client registration. In case of Futures and options contract, the brokerage will be charged on expired futures contract and exercised/assigned options contracts also. The brokerage rate will be communicated to the client by way of welcome letter sent to him. The client shall verify the welcome kit and revert within 15 days of receipt of welcome kit in case the brokerage rate is not as per the terms agreed.

The brokerage rate may be varied in future as agreed between the client and “ASBL” in writing or orally from time to time. In case of oral agreement, if the brokerage is charged at such revised rate in contract note subsequent to revision and client doesn't raise any dispute on such brokerage within the time stipulated on contract note then the same will be considered as consented by the client.

- The brokerage rate at no point of time will exceed the rates as may be specified by the Exchanges/SEBI from time to time.
- The brokerage will be exclusive of the following except in cases where it is agreed otherwise:
  - Goods and Service Tax
  - SEBI/Exchange/Clearing Member charges
  - Stamp Duty
  - Statutory charges payable to Exchange /SEBI/Govt. authorities etc.
  - Any other charges towards customized / specialized service.

## **G. Temporary suspending or closing client's broking account at client's request**

A client who wishes to temporarily suspend or close his/her/its broking account can do so by submitting a written request or by e mail (through email id registered with ASBL) in the form and format as may be prescribed by ASBL. The request can be submitted to the servicing branch or sub broker or the head office of ASBL. Prior to submission of such request the client should ensure that the entire amount due and payable to "ASBL" is paid. Requests from a client where no dues are outstanding would be processed within 15 working days from the date of receipt of request.

If the client want to activate the broking account then a request for reactivating the broking account should be sent in writing/ via e mail (through email id registered with ASBL) to "ASBL" along with such documentary evidence as may be specified by "ASBL" from time to time.

## **H. Policy for Inactive Account**

Any client who has not traded in any segment of any of the exchanges with "ASBL" for last one year calculated from the beginning of every financial year or such other period as may be decided by "ASBL" at its sole discretion then such client would be termed as a Dormant/Inactive client.

The broking account of such client shall be deactivated / suspended temporarily by ASBL. If the client wants to activate the broking account then a request for reactivating the broking account should be sent in writing/ via e mail (through email id registered with ASBL) to ASBL. Such request for reactivation should be accompanied along with such documentary evidence as may be specified by "ASBL" from time to time.

If the client is tagged as Dormant/Inactive client, then the funds/securities lying with "ASBL" may be refunded/returned to the clients at his/her/its last know bank account/ demat account or send at last known address of the client as per "ASBL" record.

## **I. Deregistering a client**

Without prejudice to ASBL's rights and remedies available under the agreement, "ASBL" may forthwith, at its sole and absolute discretion, re-register the client with/without prior notice/intimation in the following circumstances:

- Where the client indulges in any irregular trading activities like synchronized trading, price manipulation, trading in illiquid securities/ options/contracts, self trades, trading in securities at prices significantly away from market prices, etc.,
- Any inquiry/investigation is initiated by the exchanges/regulators against the client
- Any regulatory action taken/initiated against the client by the exchanges/regulators including but not limited to debarring the client from accessing the capital market
- Where name of the client apparently resembles with the name appearing in the list of debarred entities published by SEBI/ Exchanges (where no information other than name is available)
- Name of the client appears in database/websites of CIBIL, Watch out investors, etc.,

- The client having suspicious background or link with suspicious organization
- Where the client is non-traceable, has pending disputes with ASBL, possibility of a default by the client
- Any other circumstances leading to breach of confidence in the client for reasons like return of undelivered couriers citing reasons like "No such person/addressee left/refusal to accept mails, etc." continues cheque bouncing or not furnishing the financial and other details as may be called for by "ASBL" from time to time.
- Upon receipt of written information about the death of the client
- Such other circumstances which in sole opinion of "ASBL" warrants to de-register the client

In all such case, "ASBL" shall have the right to close out the existing open positions/contracts, sell/liquidate the margin (in any form) to recover its dues, if any, before de-registering the client. Any action taken by "ASBL" in terms of this policy shall not be challenged by the client, and "ASBL" shall not be liable to the client for any loss or damage (actual/notional), which may be caused to the client as a result. Also while de-registering the client, "ASBL" may retain certain amount/securities due/belonging to the client for meeting any future losses, liability penalties, etc. arising out of the dealing of the client with ASBL. In case if any securities retained by "ASBL" is sold/liquidated to recover any such losses, liability, penalties, etc., "ASBL" shall have the sole authority to decide the mode, manner and the price at which to effect the sale of securities and the client can't raise any dispute as to the manner, mode and the price at which the securities are sold by ASBL.

In any of the above circumstances, if the client is liable to justify his/her/its innocence either by producing any record, document or otherwise to the full satisfaction of ASBL, "ASBL" may reconsider its decision of de-registering the client. However in no circumstances any action taken by "ASBL" till the date of re-registration shall be challenged by the client and "ASBL" shall not be liable to the client for any loss or damage (actual/notional) which may be caused to the client as a result.

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

"ASBL" has the following policy for settling transaction, which remains unsettled due to internal shortages:-

Internal shortages means one client has failed to give the delivery of the securities sold, which has resulted into short delivery to other client(s) of ASBL. The transactions, which remain unsettled due to the internal shortage of securities, shall be closed out as follows:-

For securities, which are part of Nifty or Sensex indices or traded in NSE Derivatives segment	The transactions will be closed out at 5% above the closing rate of the security on the T+3rd day i.e. the auction day
For All other securities	The transactions will be closed out at 10% above the closing rate of the security on the T+3rd day i.e. the auction day



Accordingly, if a client fails to give the delivery of the securities sold, which if resulted into internal shortage, such client will be debited for the transaction at the rates prescribed above. Similarly, if “ASBL” is unable to give the delivery of the securities bought by any client due to internal shortage, such client will receive the credit for the transaction rates prescribed above.

#### **K. General**

“ASBL” shall have the right at its sole and absolute discretion to amend/change/revise any of the above said policies and procedure at time in future and the same shall be binding on the client forthwith.