

**1. Refusal of orders for penny / illiquid stock**

The stock broker may from time to time limit (quantity/ value) refuse orders in one or more securities due to various reasons including market liquidity, value of security(ies), the order being for securities which are not in the permitted list of the stock broker / exchange(s) / SEBI. Provided further that stock broker 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 client agrees that the losses, if any, on account of such refusal or due to delay caused by such limits, shall be borne exclusively by the client alone.

The stock broker may require reconfirmation of orders, which are larger than that specified by the stock broker's risk management, and is also aware that the stock broker has the discretion to reject the execution of such orders based on its risk perception.

**2. Setting up client's exposure limits and 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 from time to time impose and vary limits on the orders that the client can place through the stock broker's trading 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.). The client is aware and agrees that the stock broker may need to vary or reduce the limits or impose new limits urgently on the basis of the stock broker's risk perception 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.), and 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. The client further agrees that 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 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 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. The client agrees that the losses, if any on account of such refusal or due to delay caused by such review, shall be borne exclusively by the client alone.

Ordinarily, the client is not entitled to trade without adequate margin /security and that it shall be his / her/ its responsibility to ascertain beforehand the margin / security requirements for

his/ her /its orders / trades / deals and to ensure that the required margin / security is made available to the stock broker in such form and manner as may be required by the stock broker. If the client's order is executed despite a shortfall in the available margin, the client, shall, whether or not the stock broker intimates such shortfall in the margin to the client, make up the shortfall suo moto immediately. The client further agrees that he /she / it shall be responsible for all orders (including any orders that may be executed without the required margin in the client's account) & / or any claim /loss/ damage arising out of the non availability /shortage of margin /security required by the stock broker & / or exchange & / or SEBI.

The stock broker is entitled to vary the form (i.e., the replacement of the margin / security in one form with the margin / security in any other form, say, in the form of money instead of shares) & / or quantum & / or percentage of the margin & / or security required to be deposited / made available, from time to time. The margin / security deposited by the client with the stock broker are not eligible for any interest. The stock broker is entitled to include / appropriate any / all payout of funds & / or securities towards margin / security without requiring specific authorizations for each payout. The stock broker is entitled to transfer funds W or securities from client's account for one exchange & / or one segment of the exchange to his / her / its account for another exchange & / or another segment of the same exchange whenever applicable and found necessary by the stock broker. The client also agrees and authorises the stock broker to treat / adjust his/her / its margin / security lying in one exchange & / or one segment of the exchange / towards the margin / security / pay in requirements of another exchange & / or another segment of the exchange.

The stock broker is entitled to disable / freeze the account & /or trading facility / any other service facility, if, in the opinion of the stock broker, the client has committed a crime / fraud or has acted in contradiction of this agreement or / is likely to evade / violate any laws, rules, regulations, directions of a lawful authority whether Indian or foreign or if the stock broker so apprehends.

**3. Applicable brokerage rate**

The stock broker is entitled to charge brokerage within the limits prescribed by the Regulators 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. Where the sale / purchase value of a share is Rs. 10/- or less, a maximum brokerage of 25 paise per share may be collected.
- 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 options contracts shall not exceed 2.5% of the premium amount or Rs. 100/- (per lot) whichever is higher.

The stock broker shall be entitled to increase the brokerage applicable to the client within the overall limit stipulated by the Regulator after giving the client fifteen days notice.

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

The client shall be liable to penalty and other charges on non-payment of margin money, short selling of securities or units, failure of payment of auction, cheque bounce, non-delivery of shares, increase in open position or any orders/trades/deals/actions of the clients 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 from time to time. Similarly, in case of non receipt of full payment of value of delivery purchased, margin imposed (initial plus exposure margin plus marked to market loss plus any other margin as imposed) delayed payment charges will be charged at 18% per annum (subject to increase with prior notice of 15 days) calculated on daily basis on shortfall amount and the amount of delayed payment charges shall be debited to the account of the client on fortnightly basis.

The client further agrees that the stock broker may impose fines/penalties for 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, at such rates and in such form as it may deem fit.

All fines/penalties and charges levied due to acts/deeds or transactions of the client will be recovered by the stock broker by debiting directly to the trading account of the client.

It is expressly stated that the stock broker shall not pay any interest whatsoever on the credit balances and/ or funds of the client available with the stock broker unless otherwise explicitly and specifically agreed to.

#### **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.**

The stock broker maintains centralized banking and securities handling processes and related banking and depository accounts at designated place. The client shall ensure timely availability of funds/securities in designated form and manner at designated time and in designated bank and depository account(s) at designated place, for meeting his/her/its pay in obligation of funds and securities. The stock broker shall not be responsible for any claim/loss/damage arising out of non availability/short availability of funds/securities by the client in the designated account(s) of the stock broker for meeting the pay in obligation of either funds or securities. If the client gives orders / trades in the anticipation of the required securities being available subsequently for pay in through anticipated payout 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 / funds for pay in 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 client agrees not to hold the stock broker responsible for the same in any form or manner whatsoever. In case the payment of the margin / security 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 etc. at the absolute discretion of the stock broker.

Where the margin /security is made available by way of securities or any other property, the stock broker is empowered to decline its acceptance as margin / security & / 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.

The stock broker has the right but not the obligation, to cancel all pending orders and to sell/close/liquidate all open positions/securities / shares at the pre-defined square off time or when Mark to Market (M to M) percentage reaches or crosses a stipulated margin percentage, whichever is earlier. The stock broker will have sole discretion to decide referred stipulated margin percentage depending upon the market condition. In the event of such square off, the client agrees to bear all the losses based on actual executed prices. In case open position (i.e. short/long) gets converted into delivery due to non square off because of any reason whatsoever, the client agrees to provide securities/funds to fulfill the payin obligation failing which the client will have to face and bear consequent losses, auctions or internal close outs, and, the sale of securities at the sole discretion of stock broker; in addition to this the client will have to pay penalties and charges levied by exchange in actual and losses, if any. Without prejudice to the foregoing, the client shall also be solely liable for all and any penalties and charges levied by the exchange(s).

Notwithstanding anything to the contrary in the agreement or elsewhere, if the client fails to maintain or provide instantaneously the required margin/fund / security or to meet the funds/margins/ securities pay in obligations for the orders / trades / deals of the client, the stock broker shall have the right without any further notice or communication to the client to take any one or more of the following steps:

- i. To withhold any payout of funds / securities.
- ii. To withhold / disable the trading / dealing facility to the client.
- iii. To liquidate one or more security(s) of the client by selling the same in such manner and at such rate which the stock broker may deem fit in its absolute discretion. It is agreed

and understood by the client that securities here includes securities which are pending delivery / receipt.

- iv. To liquidate / square off partially or fully the position of sale and / or purchase in anyone or more securities /contracts in such manner and at such rate which the stock broker may decide in its absolute discretion.
- v. To take any other steps which in the given circumstances, the stock broker may deem fit.

The client agrees that the loss(es) if any, on account of anyone or more steps as enumerated herein above being taken by the stock broker, shall be borne exclusively by the client alone and agrees not to question the reasonableness, requirements, timing, manner, form, pricing etc., which are chosen by the stock broker.

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

Stock broker shall not be obliged to deliver any securities or pay any money to the client unless and until the same has been received by the stock broker from the exchange, the clearing corporation/ clearing house or other company or entity liable to make the payment and the client has fulfilled his / her/ its obligations first.

The policy and procedure for settlement of shortages in obligations arising out of internal netting of trades is as under:

- a. The securities delivered short are purchased from market on T+2 day which is the Auction Day on Exchange, and the purchase consideration (inclusive of all statutory taxes & levies) is debited to the short delivering seller client.
- b. If securities cannot be purchased from market due to any reason whatsoever on T+2 day they can be covered from the market on any subsequent trading days. In case any reason whatsoever (any error or omission) any delay in covering of securities leads to higher losses, stock broker will not be liable for the same. 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.
- c. In cases 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 day.

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

These are the following:

- Receipt of a binding order issued by any regulator/authority
- Where taking further position may result in violation of permissible limits

- Where taking further position, in the opinion of stock broker, may be against public policy or any
- Prescribed Law, Rule or Regulation
- Where there is failure on part of the client to meet his obligation
- In the event of stock broker coming to know of Client's insolvency, death or becoming of unsound mind
- Where the stock broker in its absolute discretion considers it to be not prudent to increase its exposure towards the client.

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

- i. The stock broker can withhold the payouts of client and suspend his trading account due to his surveillance action or judicial or/ and regulatory order/action requiring client suspension.
- ii. The client may request the stock broker to temporarily suspend or close permanently 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**

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 there is any commencement of a legal process against the Client under any law in force;
- iii. On the death/lunacy or other disability of the Client;
- iv. If a receiver, administrator or liquidator has been appointed or allowed to be appointed of all or any part of the undertaking of the Client;
- v. 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;
- vi. If the Client being a partnership firm, has any steps taken by the Client and/ or its partners for dissolution of the partnership;
- vii. If the Client have taken or suffered to betaken any action for its reorganization, liquidation or dissolution;
- viii. If the Client has made any material misrepresentation of facts.
- ix. 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;

- x. If the Client suffers any adverse material change in his /her/ its financial position or defaults in any other agreement with the Stock broker;
- xi. If the Client is in breach of any term, condition or covenant of this Agreement;
- xii. 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.

### 10. Treatment of Inactive Accounts

- a) **Definition of Inactive Trading Accounts:** In case of trading account, the term inactive account refer to such account wherein no trades have been carried out since last 12 (Twelve) months across all Exchanges
- b) **Transaction in Inactive Trading Accounts:** The inactive accounts identified based on the above criteria shall be flagged as 'Inactive' by Stock broker in UCC database of all the respective Exchanges. The Stock broker are also required to ensure that any further trading by such client should be allowed only after undertaking sufficient due diligence (including IPV) and obtaining the updated information related to KYC from the concerned Client. Appropriate disciplinary actions may be initiated in case of any trades are executed in any account flagged as 'Inactive'.
- c) All trading stock broker are advised to upload correct status of the client code in the UCC database of the Exchanges prior to the execution of the trades.
- d) **Return of Client Assets:** Stock broker are required to ensure that all client accounts are settled on monthly or quarterly basis (as per the client preferences) in the manner prescribed from time to time.

In case a stock broker is unable to settle the client accounts due to non-availability of client's bank account and demat account details and non-traceability of client, stock broker are advised to make all efforts to trace the clients to settle their funds and securities lying with them and maintain an audit trail for such efforts made for tracing such clients and settling funds and securities of such clients.

### 11. Proprietary Trading

The Stock Broker (Jyoti Portfolio Pvt. Ltd.), hereby informs and declares to the Client that, in addition to the Client level trading, the Stock Broker, undertakes Proprietary Trading.

### 12. Mode of Payment - to and from the clients

- a) Stock Broker doesn't deal with its Client vis-a-vis their trading by way of cash, accordingly all payments are made

or received by them only through banking channels. Further the Client must make payment to the Stock Broker from his designated (as mentioned in the KYC) bank account only.

- b) Stock Broker does not deal with its client vis-a-vis their trading by way of third party cheques. Accordingly, if any payment is made otherwise, then it is not credited to the client account and is held in suspense account.

### 13. ADDENDUM TO POLICIES AND PROCEDURES AS PER SEBI CIRCULAR CIR / HO / MIRSD / DOP / CIR / P / 2019 / 75 dated 20th JUNE 2019 AND SUBSEQUENT FAQ'S ISSUED BY RESPECTIVE EXCHANGES

The securities purchased by the client in CM Segment and or F&O segment (under physical settlement) shall be settled as under:

- a) The securities purchased by the client in CM Segment and or F&O segment (under physical settlement) for which the payment is made/credit balance is available, in full on or before pay in day shall be transferred to beneficiary demat a/c of the client from Pool a/c within 24 hours of pay out.
- b) The securities purchased by the client in CM Segment and/or F&O segment (under physical settlement) for which the full credit balance is not available in the account of the client or the payment is not/partially made by the client, shall be transferred to Client Unpaid Securities Account (CUSA)
- c) The securities lying in the CUSA shall be transferred to the beneficiary demat account of the client only on the receipt/availability of full amount from the client
- d) The securities lying in the CUSA shall be liquidated to the extent of debit balance within 5 trading days from the pay-out date of such securities without further notice to the client and the securities so liquidated shall be transferred to Pool Account for meeting payin obligation. No securities shall be kept in CUSA for more than 5 trading days from the pay-out date of such securities.
- e) The choice of selection of securities to be liquidated against debit balance from CUSA will be at the sole discretion of the Member Broker depending upon the liquidity of the scrip, volatility in the market or any other factor as the Member Broker deem fit in each case.
- f) The securities of the client can be transferred in the beneficiary demat account of the client without/partial receipt of the payment at the sole discretion of the Member Broker in those cases where the said Beneficiary Demat Account is opened with Member Broker DP and the client has executed Power Of Attorney (POA) in favour of Jyoti Portfolio Pvt. Ltd



Signature of the Client :

Date : --

( 32 ) Name of the Client : .....