

Competent Finman Private Limited

Trading Account – Policies & Procedures

1	<p>Refusal of orders for penny Stocks</p> <p>Penny stocks are defined as the stocks appearing in the list of illiquid securities issued by the exchange(s) every month. The Member Broker may from time to time set/vary limits (quantity/value) or refuse orders in one or more securities due to various reasons including but not limited to market liquidity, value of security(s) limit if any, defined by the exchange either client wise or member wise, or if the order is for securities which are not in the permitted list of the Member Broker/exchange(s)/SEBI.</p> <p>Provided further that Member Broker may require compulsory settlement/advance payment of expected settlement value/delivery of securities for settlement prior to acceptance/placement of orders as well. The client agrees that the losses, if any, on account of such refusal shall be borne exclusively by the client alone. The Member Broker may require reconfirmation of orders, which are larger than that specified by the Member Broker's risk management, and the Client is also aware that the Member Broker has the discretion to reject the execution of such orders based on its risk perception.</p>
2	<p>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 positions of a client –</p> <p>The client is aware and agrees that the stock broker may set the Exposure limits on the basis of available base capital which may comprise of Ledger balance and stocks (after suitable margin hair cut). The limits may be allowed on a multiplier basis to the available capital or actual VAR margin basis or a specified margin depending on the Market conditions and CFPL perception. Client agrees that said limit parameters is a dynamic process that is allowed at the discretion of the stock broker based on the Market conditions and their risk perception about the market. However in exceptional situations and circumstances broker may use its own discretion in providing the limits and may change for a client or for all depending on market condition. In case overall position in a scrip / derivatives contracts has reached the Regulators prescribed Exchange limit / Market Wide Open Interest limit, then client may not be allowed to take further position, till such time Regulator prescribed limits comes down to create a new position.</p> <p>Further, the stock broker may close the existing position of a client to the extent of Debit balances to release the Margin from the Exchange. In case if the stock broker has sufficient Margin cover on behalf of its client, it may still decide based on the market conditions and risk perception not to allow further position or may close the existing position of a client.</p> <p>In case the Client makes the payment through a bank instrument, the Member 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 Member Broker.</p> <p>The Client accepts to comply with the Member Broker's requirement of payment of Margin in the form of funds and/or securities and/or any other asset acceptable to Member Broker immediately failing which the Member Broker may sell, dispose, transfer or deal in any other manner the securities and/or any other asset already placed with the Member Broker on any account or square off all or some of the positions of the Client as it deems fit in its discretion without further reference to the Client and any resultant and/or associated losses that may occur due to such square off/ sale transfer etc. shall be borne by the Client, and the Member Broker is hereby fully indemnified, absolved and held harmless by the Client in this behalf.</p> <p>The Member Broker shall not be liable for any losses, damage or claims on account of rejection or cancellation of any trade for any reason whatsoever. The Member Broker is required only to communicate /devise the parameters for the calculation of the margin/security requirements as rate(s) /percentage(s) of the dealings, through anyone or more means or methods such as post/ speed post/ courier/ registered post/ registered A.D./ facsimile/ email/ voicemails /telephone (telephone includes such devices as mobile phone 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 Member Broker.</p> <p>The client agrees that all securities and/or money and/or assets belonging to the client which are deposited and/or submitted and/or under the control or possession of the Member Broker and/or its group/ associate companies shall be subject to a general lien and/or set off, for discharge of any obligation or indebtedness, in any exchange/segment, in which the client and/or its family members are/will be dealing, of the client and/or Member(s)of the client's family, to the Member Broker and/or any of its group/ associate companies. In enforcing the right of lien and/or set off, the Member Broker and/or its group/associate companies shall have the sole discretion of determining the manner and time in which the securities and/or money and/or assets are to be appropriated/ liquidated. The Client, for the purpose of this clause further authorizes Member</p>

	<p>Broker to receive and/or issue cheque(s) from and/or to its group/associate companies. The Member Broker is entitled to include/appropriate any/all payout of funds and/or securities towards margin/security without requiring specific authorizations for each payout. The Member Broker is entitled to disable/freeze the account and/or trading facility or any other services/facilities if in the opinion of the Member Broker, the client has committed a crime/fraud or has acted in contradiction of the agreement/contract or is likely to evade/violate any laws, rules, regulations, directions of a lawful authority whether Indian or Foreign or if the Member Broker so apprehends.</p>
3	<p>Applicable Brokerage Rate The brokerage shall comprise of two broader segments, namely (a) Brokerage (b) Other levies (a) Brokerage shall be applied as per the rates agreed upon with the client. The rate of brokerage shall not exceed the maximum brokerage permissible under exchange rules, regulations, byelaws, notices and circulars issued by exchange from time to time. (b) Other charges shall be applied as per the rates agreed upon with the client and shall comprise of Transaction. Charges, other levies as Clearing Charges, Admin Charges etc., Stamp duty, GST, STT and other taxes as may be applicable from time to time.</p>
4	<p>Imposition of penalty/delayed payment charges / other levies: The client is required to pay all amounts due to the stock broker before its due date. The amount due to broker shall include all type of Margin and Pay-in-obligation / Settlement Obligation on account of any other reason. In case the client does not pay the amount due on time, the stock broker shall charge delayed payment charges up to the rate of 2% per month on the daily outstanding value or at such rates as may be determined from time to time by the stock broker. These penal amount/delayed payment charges will be charged from the time it becomes due till the time obligation is cleared by the client. The objective of charging such a charge is to force a client to clear their dues on time. Since Member Broker incurs expenditure to provide requisite customized services e.g. Home service to collect delivery instruction slips (DIS), home delivery of payment of cheques, reminder of delivery shortages, updating of balances of clients on their mobile, back office access of internet to the clients, transfer of payment to the client's account, organizing seminars, arranging meetings with analysts and other allied services etc. also CFPL has accepted 100% security with appropriate hair cut for margin purpose, but has to deploy its own funds / securities (approved) for meeting clients' / their all type of margin requirements to the Exchange(s) as per the applicable norms of the exchange, the client agrees and authorizes Member Broker to recover such cost from clients by <i>levying</i> other charges as maybe agreed between the Client and the Member Broker from time to time and/or notified by Member Broker on the website(s) and/or sent by electronic communication and/or sent by any other mode from time to time and in the event of default of payment of any of the <i>above</i> mentioned charges, without prejudice to the other rights of the Member Broker, member broker shall <i>levy penalty, delayed</i> payment charges, other levies at rates as may be applicable from time to time. The client hereby agrees that he/they will be charged transaction processing charges which shall be levied by the Stock Broker. Further the client also agrees that these charges will include charges incurred by CFPL towards pledging / unpledging of your securities to Exchange(s) for meeting your margin requirements in connection with the trades executed on the stock exchange(s). The client agrees that under the instances where the stock broker has been penalized from any Exchange/Regulation/Authority on account of / as a consequence of orders /trades/acts of the client, the same shall be borne by the client.</p>
5	<p>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 shall provide timely funds/securities for the purchase/sale of securities to the stock broker for meeting his obligation to the Exchange. In case of client falling short of providing fund/securities the stock broker has the right to close the positions. The Stock Broker has the right to sell client's securities or close clients position with or without giving prior notice to client on account of non payment of dues to the extent of Ledger debit and/or to the extent of Margin obligation. The broker can liquidate the securities bought or collaterals given or any other securities given in any other form for clearing the clients obligation. The client agrees that all securities and/or money and/or assets belonging to the client which are deposited and/or submitted and/or under the control or possession of the Member Broker and/or anyone or more companies which are of the group to which Member belongs (herein referred to as Competent Group) shall be subject to a general lien and/or set off, for discharge of any obligation or indebtedness of the client and/or its family member and/or client's group/associate companies/firms/entities etc. in any exchange/segment in which Client and/or its family members and/or client's group/associate companies/firms/entities are dealing to the Memembr Broker and/or any of Competent Group companies and refers to and include any account(s) with the Member Broker and/or with Competent Group companies including any account opened after signing</p>

the agreement/contract. In enforcing the right of lien and/or set off, the Member Broker and/or Competent Group companies shall have the sole discretion of determining the manner and time in which the securities and/or money and/or assets are to be appropriated/liquidated.

In case the Client makes the payment through a bank instrument, the Member 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 Member Broker.

When the margin is made available in form of securities and/or any other property by the Client, the Member Broker is empowered to decline its acceptance as margin. The Client agrees and authorizes the Member Broker to determine the market value of securities placed as Margin after applying a haircut that the Member Broker may deem appropriate and/or by marking it mark to market and/or by any other method as the Member Broker may deem appropriate. The Client's positions are valued at the latest market price available (mark to market) on a continuous basis by the Member Broker. The Client undertakes to monitor the adequacy of the collateral and the Market value of such securities on a continuous basis. If due to any reason but not limited to price fluctuations, there is erosion/shortfall in the *value* of the margins, the client agrees to replenish any shortfall in the value of the margins immediately, whether or not the Member Broker intimates such shortfall.

The client hereby authorizes the Member Broker to square off/sell/liquidate all his/her/its outstanding positions/ securities/shares and to cancel all pending orders at the discretion of the Member Broker, for any reason including but not limited to the following –

(a) Which are not marked for delivery, **15 minutes before the closing** time of the relevant segment of the exchanges or any other time which the member Broker may notify through electronic communication or otherwise from time to time;

(b) When mark to market percentage reaches or crosses stipulated percentage mentioned on the website or any other percentage which the Member Broker may notify through electronic communication or otherwise. The member broker will have the sole discretion to decide above referred stipulated percentage/time depending upon the market condition. Any direct or indirect profit/loss arising out of square off cancellation shall be the risk of and shall be borne by the client.

In case any open position (i.e. short or 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 pay-in obligation failing which the client will have to face auctions or internal closeouts. 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 is liable for all and any penalties/charges/fees/fines levied by the exchange(s).

Without prejudice to the Member Broker's other rights including the right to refer the matter to Arbitration. If payments/ securities towards the margin and/or shortfall in margin and/or any other payment obligation of the client, and/or his/her/its family member(s) towards the member broker and/or Competent group is not received instantaneously to enable restoration of sufficient Margin/balances in the client's account and/or in the account of his/her/its family Member(s) with the member broker and/or Competent group, without any reference or prior notice or communication to the Client, the Member Broker has the right but not the obligation to take one or more of the following steps:

- I. All or some of the positions/securities/shares of the Client as well as the securities placed as margin or otherwise including but not Limited to securities which are pending delivery/receipt with Member Broker may be liquidated/closed out by the Member Broker at its sole discretion and at such rate and time as the Member Broker may deem fit.
- II. To withhold any payout of funds/securities.
- III. To withhold/disable the trading/dealing facility to the client.
- IV. To cancel all pending orders.
- V. To take any other steps, which in the given circumstances, the Member Broker may deem, fit. The resultant or associated losses that may occur due to such squaring off/cancellations and/or sale of securities/positions shall be borne by the Client and the Member Broker is hereby fully indemnified and held harmless by the Client in this regard. Such liquidation and/or close out or cancellations of such securities/positions shall apply to any segment/exchange in which the client does business with the Member Broker.

The Member Broker is entitled to prescribe the date and time by which margin/security is to be made available and the Member broker may refuse to accept any payment in any form after such deadline for margin/security expires.

Any reference to sale or transfer of securities and/or any other asset by the Member Broker shall be deemed to include sale or transfer of all the securities and/or any other asset lying with member broker for any reason

	including all which form the part of the Margin maintained by the client with the Member Broker. In exercise of the Member Broker's right to sell or transfer securities and/or any other asset, the Client agrees that the choice of specific securities and/or any other asset to be sold or transferred shall be solely at the Member Broker's discretion, and shall be unchallengeable at any time, whatsoever.
6	<p>Shortages in obligation arising out of internal netting of trades</p> <p>The client agrees to the laid down policy and procedure followed for handling shortages arising out of internal netting of trades, as mentioned herein below:</p> <p>Close out price will be the Highest Weighted Average price for any day recorded in the scrip from the trading day on which the transaction took place up to the day of auction or the closing price on the day of auction, i.e. T+2, + 2% (for NIFTY INDEX scrips) and 5% (for other scrips).</p> <p>(Above defined parameters are subject to change from time to time)</p>
7	<p>Temporary Suspension/Closure of Accounts:</p> <ul style="list-style-type: none"> • The client may request the stock broker for temporary suspension/closure of his trading account by sending a written request to Branch. This request will be in turn sent by Branch to Head Office for further processing where after verification of the client details, the trading account of the client will be suspended. • The client would be required to clear all his dues/settlement of obligations before his account is temporarily suspended. The client may also be required to fulfill other conditions, on a case to case basis. • The stock broker can withhold the payouts of client and suspend/close his trading account due to any internal / regulatory action. <p>Upon Suspension / closure of trading account an intimation will be sent to the client within 15 days of suspension.</p>
8	<p>Treatment of Inactive Clients</p> <ul style="list-style-type: none"> • In case of dormant accounts i.e. clients who have not traded for more than Six months (or as decided by exchanges/SEBI from time to time), first transaction executed is confirmed over telephone with clients, if such transactions are executed after a gap of such period. In addition to above, as a part of surveillance if any delivery based sell trades are executed in any account which is inactive for more than six months, there is a proactive calling from head office to check the authenticity of the client and trade. • In case of very old dormant accounts, CFPL identifies such client codes / trading accounts that are inoperative for a minimum period of preceding 18 months. Accordingly, such trading accounts are made inactive in the Trading System and an email/letter/SMS or by way of any other mode the client is informed about the status of his trading account maintained with us. • Further, if the client has any dues / obligation to CFPL, then any securities bought or collaterals given or any other securities given by the client in any other form for clearing his obligation; will be adjusted and the balance would be returned to the client. • For re-activation of such trading account, the client shall be required to make a request to reopen the account and submit all necessary information with regard to updation of his / their KYC requirement. CFPL upon verifying at its end may activate client's trading code in the Trading System and an email/letter/SMS or by way of any other mode the client is informed about the status of his trading account. Upon re-activation, the stock broker may execute the order on behalf of its client. <p>Client acceptance of policies and procedures mentioned here in above– I / We have fully understood and agree to sign the same.</p> <p>Above policies and procedures may be amended / changed unilaterally by the stock broker provided these policies and procedures are kept/available on the member broker's website and are accessible at any point. I/we undertake to keep ourselves abreast and updated about the same.</p>