

POLICIES AND PROCEDURES

(AS PER SEBI CIR. NO. MIRS/SE/CIR-19/2009 DATED 3RD DECEMBER, 2009)

1. REFUSAL OF ORDER FOR PENNY STOCKS.

Stock broker is advising to the clients not to deal in penny stocks and if client deal with the penny stocks, 100% margin will be taken from the client and these shares will not be taken to as Margin Deposit. The stock broker shall have authority from time to time to set the limit (in quantity/value) and/or refuse to entry any orders of the clients in one or more penny securities. The client is required to adhere to exchange/members guidelines and due diligence while trading in such illiquid scrip. A typical penny stock is highly illiquid and even trading in such scrip is very risky. As such the Trading Member as its discretion may allow or disallow the clients to deal /trade in the penny stocks and other stocks which are illiquid if trading member is of the view that such trading may adversely affect the market condition or it will make the price manipulation. To deal in penny stocks is subject to rules, regulations, articles, byelaws, circulars and guidelines of SEBI and Exchange as well as considering the prevalent market conditions at related point of time.

2. SETTING UP CLIENTS EXPOSURE LIMIT

Trading Member may at its discretion allow client exposure limit to client. Trading member can derive combine exposure limit for Capital & Derivatives Segment of NSE & BSE by taking into consideration of the credit balance in the ledger, securities hold in Beneficiary account, POA stocks, Margin accounts, Stock consider as collaterals, and also his financial capacity and/or credit worthiness and referrals. Permission of higher authority is generally required for giving exposure limit exceed the certain amount say Rs. 500000. The exposure limit in penny stocks shall vary from client to client subject to RMS policy of Broker and prevalent market condition from time to time.

3. BROKERAGE RATE:

The broker shall charge the brokerage at the rate being agreed by the client with broker. However the broker shall not charged more than 2.5% as it is the maximum permissible limit prescribed by SEBI/Exchange from time to time. Brokerage on

option contracts shall not exceed 2.5 % of the premium amount or Rs.100/- per lot single side whichever is higher.

4. Imposition of Penalty/Delayed payment charges by either party:

The clients must aware and agree that pay-in of Securities and/or Funds are required to be delivered / made to Broker before the time of pay-in obligation in the exchange. In case of any default or if any amount is overdue from client over & above the prescribed time limit of pay-in Broker may charged penalty/delayed payment charges, to that client, ranging start from 12% but not more than 24% p.a. or such other rate as may be specified by the Executive Committee from time to time for the period of such default. In case the client has failed to make the payment of any of the amounts liable to pay, Member shall have the right to discontinue services till such time he makes the payment along with interest, if any, after giving two days notice to the client.

5. Right to Sell Client's Securities or Close Clients Position after intimating and giving notice to client, on account of non-payment of clients dues (Limited to the extent of settlement/margin obligation)

The Trading Member shall have the right and the prerogative to sell client's securities, both unpaid securities as well as collaterals deposited towards margins, or close out client's open positions, after intimating & giving notice to the client where there is either a delay or failure of the client to meet the pay-in obligations and / or there is delay /failure of the client to bring additional margins to cover the increase in risk in dynamic and volatile market conditions.

The client would be responsible for monitoring his / her / its position (dealings/trades and valuation of security(ies)) on his / her / its own and provide the required/deficit margin / security(ies) forthwith as required from time to time whether or not any margin call or such other separate communication to that effect is sent by the Trading Member to the client and / or whether or not such communication is received by the client. The client is not entitled to trade without adequate margin and that it shall be client's own responsibility to ascertain beforehand the margin requirements for its orders/ traders/deals and to ensure that the required margin is made available to the Trading Member in such form and manner as may be required by the Trading Member.

The client shall ensure that funds/securities are made available in time and in designated form at designated bank(s) and depository account(s) of the Trading Member, for meeting his/her/its pay-in obligation of funds and securities.

The Trading Member shall not be responsible for any claim/loss/damage arising out of non availability/short availability/delayed availability of funds/securities by the client in the designated account(s) of the Trading Member 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 pay out 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 Trading Member level/non release of margin by the Trading Member 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 Trading Member shall not be 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 Trading Member shall be at liberty to give the benefit/credit for the same only on the realization of the funds from the said bank instrument & subsequent updation in records as per Trading Member's process.

Where the margin/security is made available by way of securities, it is up to the Trading Member's discretion to decline its acceptance as margin &/or to accept it at such reduced value as the Trading Member may deem fit by applying haircuts or by valuing it by marking it to market or by any other method as the Trading Member may deem fit in its absolute discretion.

In the event of client failing to maintain or provide the required margin/fund/security(ies) or to meet the funds/ margins/securities pay-in obligations on immediate basis for the orders/trades/deals of the client and the Trading Member shall have the right, without any further notice or communication to the client, to withhold payout of funds/securities, to liquidate security(ies), to disable trading facility to the client.

Losses, if any, on account of any one or more steps, as enumerated herein above, being taken by the Trading Member, shall be borne exclusively by the client alone.

6. Shortage in obligation and Internal Auction.

Trading Member 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 Trading Member 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) Short Delivery to the Exchange for scrip at the Trading Member 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 is passed to the defaulting client(s) who did not fulfill his/her/its selling obligation.

(B) Short delivery of pay-out to clients who bought the scrip on that day (Client to Client shortage): The shares delivered short will be purchased on the pay-in date i.e. on T+2 from Normal Market and the purchase consideration amount will be debited to the defaulting client(s). However, when multiple settlements (say S1 and S2) are conducted on the same day (say T_m) the shares delivered short shall be purchased as under:

1. The shares delivered short in first settlement (S1) shall be purchased on T+2 day (T_m) from Normal Market and the purchase consideration amount will be debited to the defaulting clients.

2. The shares delivered short in second settlement (S2) shall be purchased on T+3 day (T_m+1) from Normal Market along with the shortages of that day and the purchase consideration amount will be debited to the defaulting clients.

If the covering rate (internal shortage repurchase) is more than the actual sell rate on T day, the difference amount will be borne by the defaulting client on sell side.

If the covering rate (internal shortage repurchase) is less than the actual sell rate on T day, the difference amount will be debited to the defaulting client on sell side and credited in a separate account maintained with **RCSPL SHARE BROKING PVT LTD.**

Further, if **RCSPL SHARE BROKING PVT LTD** is unable to buy shares on T+2 day from normal market due to upper side freeze on the scrip or any other reason, the defaulting seller will be debited at the close-out rate and the corresponding buyer will be credited by equivalent amount. The close-out rate will be the highest between the trade date and (T+2) date or 20% above the official closing price on the (T+2) day, whichever is higher.

Further, if the shares covered against client to client shortages are again received short from any client, the trade will be settled by the close-out debit to seller client and corresponding buyer for whom the shares were covered will be credited by equivalent amount. The close-out rate will be the highest rate between the repurchase date (T day) and auction date i.e. (Repurchase date +2)

day or 20% above the official closing price on the auction day, whichever is higher.

If the shares repurchased against client to client shortages received short from Exchange, the settlement happens as per the auction/close-out mechanism of exchange.

(C) Mechanism of choosing corresponding clients on the buy side: Corresponding clients on the buy side of scrip A are chosen on the basis of the descending quantity of shares bought by them i.e. first the client (say X) who has purchased highest quantity of scrip A will be picked up and if the shortage of shares is more than the quantity of shares bought by the client X, then the client who has purchased the next highest quantity will be picked up so on and so forth. The shares bought on T+2 in case of Client to Client shortage and shares/credit received from Exchange through auction process in case of Trading Member level shortage are credited to the corresponding client on buy side of scrip A chosen through the aforesaid mechanism.

7. Conditions under which a client may not be allowed to take further position or the Trading Member may close the existing position of a client

The Trading Member may refuse to execute order of a client or may close the existing position of the client due to lack of margin / securities or the order being outside the limits set by Trading Member / exchange/ SEBI. Other reasons for not allowing further positions or closing out of existing positions could be as:

- A) Client has not met his pay-in obligations in cash by the scheduled date of pay-in for purchases done in CM segment.
- B) Non-payment or erosion of margins or other amounts, outstanding debts, etc.
- C) Client is dealing in illiquid scrips or contracts/penny stock.
- D) Cheque submitted by the client has bounced or clear funds not received with the Trading Member for the cheque submitted by the client.
- E) If in the opinion of the Trading Member, the client has committed a fraud, crime, or acted in contravention to the agreement.
- F) Non Payment of Marked to Market loss in Cash.
- G) Open positions in a contract exceed or are close to market wide cut-off limits.
- H) Client's position is close to client-wise permissible "open" positions.
- I) Intraday orders after the cut-off time would not be allowed.

8. Temporarily suspending or closing a client's account:

The Trading Member can suspend/close the client account and also withhold the payouts of client if there is any judicial or/and regulatory order/action requiring suspension/closure of client's account. The Trading Member can also suspend/close the client account if the Trading Member observes any abnormal or suspicious activity in the client account through its monitoring and surveillance of the client account. The Trading Member may also temporarily suspend/close the client account if there is no activity in the client account for a period, as deemed fit by the Trading Member from time to time. The client's account can also be put under temporary suspension/closure if the client has not cleared the uncovered debit in its account or if the client has not submitted Know Your Client (KYC) details sought by the Trading Member to fulfill its own surveillance or exchange related requirements.

In the event of information/reports reaching the Trading Member of the client's death, the account can also be put under temporary suspension/closure.

The Trading Member can also put the client's account under temporary suspension/closure if the client has failed to provide or update its communication details like correspondence address, Mobile number, landline numbers or E-mail ID.

The client may also request the Trading Member to temporarily suspend/close his account, Trading Member may do so subject to client accepting / adhering to conditions imposed by Trading Member including but not limited to settlement of account and / or other obligation.

9. De-registering a client:

The client has the option to De-register his account after settling his account with the Trading Member. The client would be liable to pay all dues in his account before the De-registration.

The Trading Member shall have the right to terminate the agreement with immediate effect in any of the following circumstances:

- a) The client account figures in the list of debarred entities published by SEBI.
- b) 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 functioning of the market, either alone or in conjunction with others.

- c) If there is any legal /regulatory proceeding against the client under any law in force.
- d) 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;
- e) If the Client is in breach of any term, condition or covenant of this Agreement;
- f) When the Trading Member is informed or ascertains that the client has deceased/become insolvent/not able to act in the market due to lunacy/disability etc.
- g) The Trading Member 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.
- h) Either party will be entitled to terminate the agreement without assigning any reason, after giving notice in writing of not less than 30days to the other party.

Notwithstanding any such termination/deregistering , all rights, liabilities and obligations of the parties arising out of or in respect of transactions entered into prior to the termination/deregistering , shall continue to subsist and vest in/ be binding on the respective parties or his/its respective heirs/executors/administrators/legal representatives/ successors as the case may be.

Client Acceptance & Acknowledgement:

I/We have fully read & understood the Policies and Procedures and do hereby acknowledge the same and give our unequivocal consent not to question the validity, enforceability and applicability of any provision/clauses of this document under any circumstances what so ever. I/We also understand & acknowledge that these policies and procedures are subject to amendment / change(s) as thought necessary by the Trading Member from time to time.

I/We understand that any such amendment(s)/change(s) to be effected shall be the sole prerogative of the Trading Member. I/We are aware that these Policies and Procedures and/or any subsequent amendment(s) made thereto are available on the Trading Member's website (<https://www.rcspl.trade>) & I/We acknowledge to keep myself/ourself abreast of the same. I/We are also aware that the copy of such Policies & Procedures can also be availed on request being made to the centralized helpdesk (compliance@rcspl.trade, +91-81413 87060).

I/We acknowledge that I/we have fully read and understood the terms of the Member client Agreement, Agreement between the Trading Member and the client, Do's and Don'ts document that are integral part & parcel of the account opening kit. I/We also acknowledge that I/we are aware that the copy of the aforesaid documents containing the terms are also available on the website of the Trading Member and a duplicate copy of the same can be availed on a request being made to the centralized customer care helpdesk. I/We also acknowledge that the aforesaid policies and

procedures along with amendment(s) made thereto shall be read along with the Member Client Agreement and the Agreement between the Trading Member and Client. I/We also understand & acknowledge that these would be compulsorily referred to while deciding any difference/dispute between me/us and the Trading Member before any court of law/judicial /arbitrator or any other adjudicating authority.

Revision

| Date | Version | Comment | Authorised |
|----------------|----------------|----------------|-------------------|
| September 2013 | 1.0 | Policy created | Maulik Shah |
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