

POLICIES AND PROCEDURES

A) Refusal of Orders for penny stocks :

Penny stocks are thinly traded shares of small companies which are traded infrequently. It may be difficult to buy/sell Penny stocks. Penny stocks include the equity securities with no active trading market.

For Dealing in penny stock following procedures is being followed :

1. Authorization of the Senior Officer is to be taken if any client wants to invest in penny stocks.
2. The valid reason of the client to trade in penny stock is taken.
3. The financial position, background of the client is reviewed.

The order of a client shall be refused by the Member when it appears that

1. If the dealing amounts to manipulation of the price of the security.
2. If the dealing creates false or misleading appearance of trading in the securities market.
3. If the dealing in the security is not intended to effect transfer of beneficial ownership but intended to operate only as a device to inflate, depress or cause fluctuations in the price of the penny stock for wrongful gain or avoidance of loss.

B) Setting up client's exposure limits :

At the time of entering into agreement with the clients and branches we require them to agree to abide by the exposure limits set by us from time to time subject to the availability of funds in their accounts & margins given by them in form of cash, FDRs, BGs, shares etc also. Client exposure is set on the basis of financial soundness (such as high, medium or low net worth client) and turnover position of the client.

C) Applicable Brokerage Rate :

The brokerage rate that would be applicable on the client shall be decided mutually between **Probulls Stockbroking Private Limited** and client. Such brokerage rate might increase/decrease during the course of time. Any such change would be intimated to the clients before implementing the same. However, the brokerage rate in any case would not exceed maximum brokerage rate of the transaction value as prescribed under SEBI/Exchange regulations.

D) Imposition of Penalty / Delayed Payment :

As per the laws of Exchange /SEBI, the client must make the payment of securities/funds he/ she sold/purchased before the Pay-In date. If the client fails to make the Payment before the said period, **Probulls Stockbroking Private Limited** may impose penalty or delayed payment charges not exceeding 2% per month for not making payment of their payin obligation on time as per the exchange requirement or net ledger debit balance as applicable.

No interest / delayed payment charges will be payable by the Trading Member on the credit balance lying in the margin account or ledger balance of the Client.

E) 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 :

- a) Even after regular reminders, if client fails to make the payment of the margin money or pay-in amount, then we would square off his/her/their position and before taking such action in this direction, we telephonically/vide e.mail explain all the details to the client about our proposed action in this regard.
- b) Principally, company follows the practice of giving reasonable opportunity of being heard and gives a verbal show cause notice to such clients. Thereafter, if company finds after giving reasonable time that the client has failed to pay the money due from him, we square off their position. However, in exceptional cases, like in case of those clients with whom company has a long term bonding and there is reassurance from the concerned client that they will make the payment in due course of time, in such circumstances, company may consider allowing them to continue with their positions. Further, this shall be limited to the extent of settlement / margin obligations.

F) Shortages in obligations arising out of internal netting of trades :

Subject to the rules, regulation and bye-laws of the relevant stock exchange/ SEBI, if the seller of the security, in case of internal netting of trades has failed to deliver the security in the scheduled settlement number in the designated settlement account of the member, the seller has to deliver the security in the designated Auction settlement for scheduled settlement.

However, if the client fails to deliver the shares, then the seller will be debited with the highest prevailing price in the NSE from the first day of the relevant trading period till the auction day or 2% above the closing price on auction day for the particular security, whichever is higher, along with charges and the buyer will get the credit for the same.

G) Conditions under which a client neither may nor be allowed to take further position or the broker may close the existing position of a client :

A client is not allowed to take further position or the existing position of a client is closed on the following conditions:

1. If the ledger of a client shows continuous debit balances.
2. If the client defaults in meeting funds / securities obligation, it will lead to compulsory close out of the position.
3. If the client fails to submit any information / document as are mandatory or relevant, the client may not be allowed to take further position.
4. If the exchange is not allowing any further position in that scrip.
5. If broker's limit of taking exposure in that particular scrip comes to an end.

H) Temporarily suspending or closing a client's account at the client's request :

- a) The account of the client shall be suspended/ closed on receipt of written request from the client specifying the reasons to close the account. If the reasons given are justified then the account of that client is suspended after effecting the settlement of the account.
- b) The Trading Member can withhold the pay out of Client and suspend his trading amount due to his surveillance action or judicial or/and regulatory order/action requiring client suspension.

I) Deregistration of a client :

A client shall be deregistered upon fulfillment of the following conditions after effecting full and final settlement of account with respect to funds and securities :

- a) On receipt of the specific request from the client to deregister himself and to close his accounts.
- b) 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.
- c) If there is any commencement of a legal process against the Client under any law in force;
- d) On the death/lunacy or other disability of the Client;
- e) 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;
- f) 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;
- g) If the Client being a partnership firm, has any steps taken by the Client and/ or its partners for dissolution of the partnership;
- h) If the Client have taken or suffered to be taken any action for its reorganization, liquidation or dissolution;
- i) If the Client has made any material misrepresentation of facts, including (without limitation) in relation to the Security;
- j) 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;
- k) If the Client suffers any adverse material change in his / her / its financial position or defaults in any other agreement with the Trading Member;
- l) If the Client is in breach of any term, condition or covenant of this Agreement;
- m) 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 and parties to this agreement submit to exclusive jurisdiction of courts of law at the place of execution of this agreement by Trading Member.

J) Inactive accounts :

The account of a client who do not trade and remain inactive for 12 (twelve) months shall be declared "inactive account" and will be temporarily suspended.

The Member reserves the right to ask for any documents in support of current address, bank account, demat account, financial status, etc before reactivating such inactive accounts.

K) Policies & Procedures :

"As per the SEBI circular no. CIR/HO/MIRSD/DOP/CIR/P/2019/75 dated 20.06.2019 on Handling of Client's Securities, Probulls Stockbroking Private Limited shall transfer the securities purchased by the client to client's demat account within 1 working day of the pay out if clear payment is received from the client and if the client fails to make the payment in full then Probulls Stockbroking Private Limited shall transfer the securities to the "client unpaid securities account (CUSA)". The securities kept in the CUSA shall either be transferred to the demat account of the client upon fulfillment of its funds pay- in obligation or in case of the payment is not received by the client it shall be disposed off in the market by Probulls Stockbroking Private Limited within 5 trading days after the date of pay out without any notice to the client to the extent of debit balance of the client and/or as per Probulls Stockbroking Private Limited Risk Management policy and balance securities shall be transferred to the respective client's demat account."

L) Running Account Authorization

"Please note that, running account authorisation for funds and securities earlier provided by you to us at the time of account opening is now restricted to funds only and not for securities as per the recent SEBI's circular - CIR/HO/ MIRSD/DOP/CIR/P/2019/75 dated 20.06.2019. So, w.e.f. 01.10.2019 as per the said circular, the revised running account authorisation clause will be read as follows: "Funds shall not be paid immediately until/unless specifically demanded by client and member is free to use the same for the future settlement/margin obligations etc of the client".

M) Voluntary Clauses

I/We are aware and agree that as per the SEBI circular no. CIR/HO/MIRSD/DOP/CIR/P/2019/75 dated 20.06.2019 that Probulls Stockbroking Private Limited shall transfer the securities bought by me/us received in pay-out, to my/our demat account within 1 working day if clear payment is received from the client and if I/We fail to make the payment in full then Probulls Stockbroking Private Limited shall transfer the securities to the "client unpaid securities account (CUSA)". I/We further agree and confirm that, the securities kept in the CUSA shall either be transferred to my/our demat account upon fulfilment of my/our funds pay-in obligation or it shall be disposed of in the market by Probulls Stockbroking Private Limited within 5 trading days after the date of pay out without any notice to the client to the extent of debit balance of the client and/or as per Probulls Stockbroking Private Limited Risk Management policy and balance securities shall be transferred to the respective client's demat account. Any profit/ loss occurred on such sale transactions of unpaid securities, will be borne by me/us and transferred to/ adjusted in my/our ledger. If any such stock will remain in CUSA due to my/our default, Probulls Stockbroking Private Limited may charge a fine/penalty as levied by the exchange/depositories to me and I/We shall not object the same.

Client acceptance of policies and procedures stated herein above

I/We have fully understood the same and do hereby sign the same and agree not to call into question the validity, enforce ability and applicability of any provision/clauses this document any circumstances whatsoever. These Policies and Procedures may be amended/ changed unilaterally by the broker, provided the change is informed to me/us with through any one or more means or methods. I/We agree never to challenge the same on any ground including delayed receipt / non receipt or any other reasons whatsoever. These Policies and procedures shall always be read along with the agreement and shall be compulsorily referred to while deciding any dispute /difference or claim between me/us and stock broker before any court of law/judicial/ adjudication authority.

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