

**A. Refusal of orders for penny stocks:**

Although, the term 'Penny Stock' has not been defined by SEBI or any stock exchange, a penny stock generally refers to a stock which may have following characteristics:

- trades at a price less than Rs.10/- or at a price less than its face value;
- has small market capitalization;
- has unsound fundamentals;
- is illiquid security (A list of illiquid securities is jointly released by NSE & BSE from time to time.) Asset Alliance Securities Pvt. Ltd. (AASPL) recognizes that it is client's prerogative to choose shares in which he/she would like to trade. However, AASPL pays special attention to dealing in "Penny stocks". To this end,
- Any large order for purchase or sale of a "Penny Stock" should be referred to Head - Dealing to decide whether such order should be placed in the market for execution and the manner in which such order should be placed in the market for execution. Only after the approval of Head - Dealing, such orders can be put in the market for execution.
- Clients are expected not to place orders in penny stocks at prices which are substantially different from the prevailing market prices. Any such order is liable to be rejected at the sole discretion of AASPL.
- Clients must ensure that trading in "Penny stock" doesn't result in creation of artificial volume or false or misleading appearance of trading. Further, clients should ensure that trading in "Penny stock" doesn't operate as a device to inflate or depress or cause fluctuations in the price of such stock.
- In case of sale of penny stocks, client should ensure delivery of shares to AASPL before the pay-in date.
- In case of sale of penny stocks, client should ensure that shares were purchased at AASPL & are available in the demat account of the client maintained with AASPL.

**B. Setting up client's exposure limit:**

- Exposure limit for each client is determined by the Risk Management Department based on client's KYC information, Net-worth information, clear ledger balance in the account of client and Margin deposited by

client in the form of funds/securities with the AASPL after appropriate haircut plus value of securities held by the client in his POA enable demat account. These limits may be set exchange-wise, segment-wise & scrip-wise.

- AASPL may provide a sell limit to the client equivalent to the value of securities held by the client in his POA enabled demat account plus the collateral held by AASPL on the behalf the client in its account after making appropriate adjustments for the unsettled delivery positions of the clients.
  - The limits are determined by Risk Management Department based on the above criteria and payment history of the client in consultation with Relationship Manager of the Respective Client.
  - The Risk Management Department continuously monitors the various limits set by it.
  - AASPL may, on an upfront basis, collect span margin, exposure margin, adhoc margin and additional margin as per the guidelines of exchanges / SEBI or its risk management policy.
  - Whenever, any client has taken or wants to take exposure in any security, AASPL, may call for appropriate margins in the form of early pay-in of shares or funds before or after execution of trades in the Cash segment. In case of any margin shortfall, the clients are told to reduce the position immediately or requested to deposit extra margin to meet the shortfall. Otherwise, AASPL may refuse trading on behalf of such client in its own discretion.
- C. Applicable brokerage rate:**
- Brokerage Rate is mutually decided between the Management of AASPL and each client based on client's net worth, expected volume etc. The maximum brokerage chargeable will be within the Rules & Regulations of the Exchanges.
  - The applicable brokerage rate is mentioned in the KYC and any future change in the brokerage rate is communicated to the client.
- D. Imposition of penalty/delayed payment charges by either party, specifying the rate**

**and the period:**

- Penalty and other charges levied by Exchanges pertaining to trading of the client shall be recovered from the client. If there is delay on part of client in fulfilling his/her margin obligations or settlement obligations, then, AASPL shall levy interest at the rate of 1.5% per month on such shortage amount for the period of delay on such client. AASPL shall recover such penalty or delayed payment charges from the client by debiting the client's account.
- No interest or charges will be paid by AASPL to any client in respect of retention of funds or securities towards meeting future settlement obligations and in respect of running account authorizations.

**E. Right to sell clients' securities or close clients' positions, without giving notice to the client, on account of non-payment of client's dues:**

- AASPL has the right to liquidate/close out, without giving any prior notice, all or any of the client's positions as well as securities/collaterals placed as margins for non-payment of margins or other amounts due from such client in respect of settlement or any other dues that are recoverable by AASPL from the client. The proceeds of the same shall be adjusted against the client's liabilities/ obligations. Any loss or financial charges on account of such liquidation/close-out shall be debited to the client's account.

**F. Shortages in obligations arising out of internal netting of trades:**

- To determine the net obligation of a broker / trading cum clearing member (for securities and funds) in a settlement, clearing house does the netting of trades at the broker level. Due to default by one or more clients in fulfilling their obligations towards the broker, the broker internally might have shortages to fulfill its obligations towards the other client(s). In such situation, AASPL shall endeavor to collect the securities from the selling client and deliver it to the purchasing client within 48 hours of the settlement date. In case the selling client is not able to deliver the securities within 48 hours, then AASPL shall attempt to purchase the security from the market and deliver it to the purchasing client. The purchase cost as well as all the incidental

charges shall be debited to the account of the defaulting client. If AASPL is not able to procure the securities from the market, then the transaction will be closed out as per the auction rate prescribed by the Exchange for that scrip and the closing amount will be credited to the purchasing client and debited to the selling client.

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

AASPL shall have absolute discretion and authority to limit clients' volume of business or to close any existing position of client under following conditions:

- Extreme volatility in the market or in particular scrip or in the F&O segment.
- If there are insider trading restrictions on the client.
- If there is shortfall in the margin deposited by client with AASPL.
- If there are any unforeseen adverse market conditions or any natural calamities affecting the operations of market.
- If there are any restrictions imposed by Exchange or Regulator on the volume of trading outstanding positions of contracts.
- If the client has breached the client-wise limit.
- If the client has taken or intends to take new position in a security which is in the ban period.
- If the client is undertaking any illegal trading practice or the client is suspected to be indulging in money laundering activities.
- If the broker has reached its limit in that scrip.

**H. Temporarily suspending or closing a client's account based at the client's request**

- Any client desirous of temporarily suspending his/her trading account has to give such request in writing to the management. Any further dealing in such client's account will be blocked. Whenever, any suspended account wants to resume trading, a written request should be made to the management and management may ask for updated financial information & other details for reactivating such account. After receiving necessary documents, details etc. and approval from the management, client is reactivated & is allowed to carry out

transaction.

- Similarly, any client desirous of closing his/her account permanently is required to inform in writing and the decision in this regard is taken by the management. After necessary approval from the management, the client code is deactivated. Only after scrutinizing the compliance requirements and "no pending queries" confirmation is taken, securities and funds accounts are settled. In case of closure of dormant accounts, the compliance officer checks in case trades are executed in such accounts and the account is checked for funds and securities settlement to avoid chances of errors.

#### **I. Deregistering a Client**

AASPL may, in its absolute discretion, decide to deregister a particular client. The illustrative circumstances under which AASPL may deregister a client are given below:

- SEBI or any other regulatory body has passed an order against such client, prohibiting or suspending such client from participating in the securities market.
- Such client has been indicted by a regulatory body or any government enforcement agency in case of market manipulation or insider trading or any other case involving violation of any law, rule, regulation, guideline or circular governing securities market.
- Such client is suspected of indulging in illegal or criminal activities including fraud or money laundering.
- Such client's name appears in the UN list of prohibited entities as mentioned under the AASPL AML Policy & Procedures.
- AASPL may also initiate action for the deregistering a client on the basis of information found in sites of CIBIL, watch out investors, world check or client having suspicious background, link with suspicious organization, etc.
- Such client's account has been lying dormant for a long time.
- Such client has been declared insolvent or any legal proceedings to declare him/her as such have been initiated.
- Such client has a tainted reputation and any business relationship with such client is likely to tarnish the reputation of AASPL

or may act as detriment to AASPL's prospects.

- Such client has been irregular in fulfilling obligations towards margin or settlement dues. Any outstanding dues in the client's account will be communicated and collected from the client and the client will be liable to pay such dues immediately on receiving such communication.

#### **J. Policy for Dormant / In-active account:**

As per Broker's RMS policy, the account in which no transactions has taken place during the period of 6 months from the date of last transaction, the same shall be considered as Dormant / In-active account.

Such transaction date may relate to any of the following date, which ever is later:

- (a) entry related to contract or bill generation for buy/sell transaction or
- (b) entry related to payment of funds or securities by client or
- (c) entry passed by the broker by way of JV due to any dues / obligation recoverable from client including but not limited to auction charges, any penalty amount whether or not imposed by Exchange or SEBI or other authorities etc.

In order to reactivate the account the client shall have to request AASPL in writing.

However AASPL may at its discretion reactivate the account after obtaining a request over telephone or email. AASPL reserves the right to enquire about the request, with the client, if it so desires. Dormant/ in active accounts may be prohibited from executing transactions till the time of reactivation of his account.

#### **K. Client Acceptance of Policies and Procedures stated hereinabove:**

I/We have clearly understood and agree to abide by aforesaid policies and procedures. I/ we also understand and agree that these policies and procedures can be changed by AASPL from Time to time subject to posting of the amendments and modification therein on its website and their applicability with prospective effect.

I/We have fully understood the same and do hereby sign the same and agree not to call into question the validity, enforceability and applicability of any provision/clauses this document any circumstances what so ever.