

## Policies and Procedures (Mandatory) of RIKHAV SECURITIES LTD.

### A. Refusal of orders for "Penny Stocks"

Although, the term "Penny Stock" has not been defined by BSE / NSE or any other stock exchange or by SEBI, a "Penny Stock" generally refers to a stock which has following characteristics:

- Has small market capitalization;
- Trades at a price less than its face value;
- Has unsound fundamentals;
- Is illiquid

(A list of illiquid securities is jointly released by NSE and BSE from time to time.)

Rikhav Securities Ltd. recognizes that it is the client's privilege to choose shares in which he / she would like to trade. However, Rikhav Securities Ltd. likes to pay special attention to dealing in "Penny Stocks". To this end:

- Rikhav Securities Ltd. may refuse to execute any client's orders in "Penny Stocks" without assigning any reason for the same.
- Any large order for purchase or sale of a "Penny Stock" should be referred to Head – Dealing before such orders can be put in the market for execution.
- Clients must ensure that trading in "Penny Stock" does not result in creation of artificial volume or false or misleading appearance of trading. Further, clients should ensure that trading in "Penny Stock" does not operate as a device to inflate or depress or cause fluctuations in the price of such stock.
- 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 Rikhav Securities Ltd.
- In case of sale of "Penny Stocks", clients should ensure the delivery of shares to Rikhav Securities Ltd. before the pay-in date.

### B. Setting up client's exposure limit

- Exposure limit for each client is determined by the Risk Management Department based on client's net worth information, client's financial capacity, prevailing market conditions and margin deposited by client in the form of funds / securities with Stock Broker. These limits may be set exchange-wise, segment-wise, and script-wise.
- The limits are determined by Risk Management Department based on the above criteria and the payment history of the client in consultation with Sales / Sales traders.
- Rikhav Securities Ltd. retains the discretion to set and modify, from time to time, any client's exposure limit decided as above.
- Whenever any client has taken or wants to take exposure in any security, Stock Broker 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 will be told to reduce the position immediately or they will be requested to deposit extra margin to meet the shortfall. Otherwise, Stock Broker may refuse to trade on behalf of such client at its own discretion.

### C. Applicable brokerage rate

- Brokerage Rate is mutually decided between Rikhav Securities Ltd. and each client based on client's net worth, expected trading volume, etc. The maximum brokerage chargeable will not exceed the rates prescribed by SEBI and the exchanges.
- The applicable brokerage rate will be mentioned in the Client registration form and any change in the brokerage rate in future will be 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 respective client.
- If there is delay on the part of the client in satisfying his / her margin obligation or settlement obligation then Rikhav Securities Ltd. shall levy delayed payment charges at the rate of 24% p.a. on such shortfall for the period of delay on such client. Rikhav Securities Ltd. shall recover such delayed payment charges from the client by debiting the client's account.
- No interest or charges will be paid by Rikhav Securities Ltd. 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

- Rikhav Securities Ltd. has the right to close out / liquidate or square off any open position of the client (limited to the extent of settlement / margin obligation), 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 margin or other amounts due from such client in respect of settlement or any other dues that are recoverable from the client by Rikhav Securities Ltd. The proceeds of the same shall be adjusted against the client's liabilities / obligations. Any loss or financial charges on account of such close-out / liquidation shall be debited to the client's account.

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

- In case of shortage in meeting the settlement obligation, either party shall endeavor to make good such shortage through securities / value of shortage as per the Rules, Regulations and Bye-laws of the respective stock exchange.

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

Rikhav Securities Ltd. shall have absolute discretion and authority to limit client's volume of business or to close any existing position of a client without giving any prior notice to the client under following conditions:

- Extreme volatility in the market or in particular scrip or in the F&O segment.
- There is shortfall in the margin deposited by client with Rikhav Securities Ltd.
- There is insider trading restrictions on the client.
- There are any unforeseen adverse market conditions or any natural calamity affecting the operation of the market.
- There are any restrictions imposed by Exchange or Regulator on the volume of trading outstanding positions of contracts.
- The client is undertaking any illegal trading practice or the client is suspected to be indulging in money laundering activities.
- Rikhav Securities Ltd. has reached its limit in that scrip.
- The client has breached the client-wise limit.
- The client has taken or intends to take new position in a security which is in the banned period.
- Due to abnormal rise or fall in the market, the markets are closed.

H. Temporarily suspending or closing a client's account based on the client's request:

- Any client desirous of temporarily suspending his or her trading account has to give such request in writing to the management. After management's approval, further dealing in such client's account will be blocked. Whenever trade has to be resumed in any suspended client account, a request in writing should be made by the client to the management and the management may ask for updated financial information and other details for reactivating such account. After receiving necessary documents, details, etc. and approval from the management, the client account will be reactivated and transaction will be carried out.
- Similarly, any client desirous of closing his / her account permanently is required to inform in writing and the decision in this regard will be taken by the management. After necessary approval from the management, the client code will be deactivated. Only after scrutinizing the compliance requirements and a "no pending queries" confirmation is taken, securities and funds accounts will be settled.

#### I. Deregistering a Client

Rikhav Securities Ltd. may, at its absolute discretion, decide to deregister a particular client. The illustrative circumstances under which Rikhav Securities Ltd. 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 or in the SEBI debarred list.
- Such client's account has been lying dormant for a long time or the client is not traceable.
- Such client has been declared insolvent or any legal proceedings to declare him / her as insolvent have been initiated.
- Such client has been irregular in fulfilling obligations towards margin or settlement dues.
- Such client has a tainted reputation and any business relationship with such clients is likely to tarnish the reputation of Rikhav Securities Ltd. or may act as detriment to Rikhav Securities Ltd's prospects.

#### J. Policy for inactive /dormant clients account:-

- Inactive client means client who is inactive during last 12 months immediately preceding the end of the previous month.
- A list of inactive clients shall be prepared from the back office software on the last day of every month and shall be submitted to the concerned department after confirmation with the management. The management will approve a final list of inactive clients.
- A copy of the list is also forwarded to dealers who operate our BOLT or NEAT terminals.
- The concerned department shall mark the client status as "inactive" or "dormant" in various front office software of CTCL and IML and back office accounting software.
- After inactive marking, if any orders are received, the dealer shall take reasonable steps to identify the identity of the client and to ensure that the orders are received from the same client. The dealer shall use various techniques like call back, asking personal detail questions, last trade date, outstanding positions etc to confirm the identity of the caller. They may use any other technique which is reasonable. In case of a doubt the case shall be referred to the management or concerned Sub-Broker or introducer.
- Dormant client has to update their KYC details at the time of fresh order, if required.



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Signature of Client