

Mandatory document dealing with policies and procedures Pursuant to SEBI's Circular MIRSD/SE/Cir-19/2009 dated December 3, 2009: Policies and Procedures forms integral part of the Member Constituent Agreement

### 1. Refusal of order for Penny Stock

Unifi Capital Private Ltd (herein after referred to as UCPL) shall have the absolute discretion to accept, refuse or partially accept any buy or sell order for execution from a client in respect of penny stocks, illiquid stocks, stocks having low liquidity, illiquid "futures and options", far month "futures and options", stocks in BE, S, Z, T and B2 category and any other contracts which as per the perception of UCPL are extremely volatile or subject to Market manipulation.

UCPL may permit restrictive acceptance of orders in such scrips in controlled environments like orders received from clients being forwarded by branches to a centralized desk at HO instead of allowing trading in such scrips at branch level. UCPL shall not be responsible for delay in execution of such orders and consequential opportunity loss or financial loss to the client.

UCPL may cancel orders in such scrips received from clients before execution or after partial execution without assigning any reasons thereof. UCPL may take appropriate declarations from the clients before accepting such orders.

UCPL shall have the prerogative to place such restrictions, notwithstanding the fact that the client has adequate credit balance or margin available in his account and/or the client had previously purchased or sold such securities / contracts through UCPL itself.

### 2. Setting up client's Exposure Limits

**Purchase Limit:** UCPL may set exposure limit for intra-day and delivery based purchases by a client which would be at the sole discretion of the relationship officer and the Executive Director of the company. The exposure limit shall predominantly be based on the clear ledger balance in the account of the client plus value of paid up collaterals/margins computed after appropriate haircut. The limit allowed to clients' and the "haircut" shall also be based on Market Volatility and quality of collaterals.

**Sell Limit:** UCPL 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 UCPL on behalf of the client in its Beneficiary and Margin Pool account after making appropriate adjustments for the unsettled delivery positions of the client.

**Exposure for F&O:** UCPL may provide exposure for F&O based on availability of initial margin (SPAN + Exposure) in the form of cash and approved securities (with appropriate hair cut).

**Client-wise differential Limits:** UCPL shall have the prerogative to allow differential purchase limits and sell limits varying from client to client, depending upon credit worthiness, integrity and past conduct of each client.

### 3. Applicable Brokerage Rates

Brokerage shall be applied as per the rates agreed upon with the client in the KYC at the time of registration of the client. The rate of Brokerage shall not exceed the maximum brokerage permissible under Exchange byelaws.

### 4. Imposition of Penalty / delayed payment charges by either party, specifying the rate and the period (This must not result in funding by the broker in contravention of the applicable laws)

**Delayed payment charges / Charges on Exposure against collaterals:** Member broker is currently required to make pay-in of funds and securities to the Exchange by T+2 morning. Member broker is also required to maintain adequate upfront margins with the Exchange to avail exposure for trading. The Exchanges have also defined the ratios in which the cash and collaterals are to be deposited and maintained by the Member broker. In addition the Exchange requires the member broker to deposit some of the margins like MTM, in Cash only. Member brokers are required to collect adequate margins as stipulated by the exchange from the respective clients to ensure proper mitigation of risk exposure.

UCPL is authorised by the client to charge a delayed payment penalty, not exceeding 2% per month, on account of delays/failure by the client in meeting the pay-in obligations on the scheduled date and also where the clients take exposure in F&O segment by depositing collaterals in a ratio which is disproportionate to the Cash versus collaterals ratios prescribed by the Exchanges. While levying delayed payment charges or interest on the debit balance in the running account of a client, UCPL shall reserve the discretion of not considering any credit balance in the other family or group account of the client.

### Penalties levied by Exchanges

Exchanges levy various penalties on the member brokers on auction resulting from short deliveries, non adherence to client-wise exposure limits, client-wise shortfall in F&O Margin and for other reasons which may be defined by the Exchange from time to time. UCPL is therefore authorised by the client to pass on any penalty imposed by the Exchange/SEBI and or any other regulatory authority to the client, which arises on account of the client.

5. **The right to sell clients' securities or close clients' positions, without giving notice to the client, on account of non-payment of client's dues (This shall be limited to the extent of settlement/margin obligation) UCPL shall have right to sell client's securities, both unpaid securities as well as collaterals deposited towards margins, or close out client's open positions, without giving notice to the client where there is a delay/ failure of the client to meet the pay-in obligations and/or there is a failure of the client to bring additional margins to cover the increase in risk in the dynamic market conditions.**

**a. Unpaid Securities in Capital Market**

i In case of unpaid obligation on T+3, UCPL may sell the unpaid/ partially paid securities. In addition UCPL may sell the collaterals deposited by the client towards margins and/or paid securities purchased by the client in earlier settlements where the sale or proceeds of unpaid securities are inadequate to cover the pay-in obligations and/ where the unpaid securities appear to be comparatively illiquid and cannot be sold at reasonable rates to the extent required.

**b. The margin shortfall**

- i Positions of the client may be closed out to the extent of margin shortfall on the T+1 basis.
- ii. While computing margin shortfall, value of unapproved securities shall not be considered.
- iii. As per the current Exchange requirements, the Member Broker is required to maintain a 50:50 ratio between cash and collaterals margin deposited with the Exchange. UCPL shall therefore have the prerogative to insist for at least 50% of margin in cash and may not consider the value of securities over and above the cash component for the purpose of calculating margins shortfall and close the positions where it finds the deviation.

**c. Intra-day Positions**

UCPL reserve the sole discretion to close out any intra-day positions taken by the client.

**d. General**

- i While selling the securities/closing the clients positions, UCPL may take into account the sales made by the client, positions closed by the client.
- ii. While selling the securities/closing the clients positions, UCPL may not take into consideration Cheques/Bank drafts/Pay orders deposited by the client with UCPL until clear proceeds of such instruments are received by UCPL in its bank account.
- iii. UCPL shall have the right to sell client's securities or close out client's open positions but it shall not be under any obligations to undertake this exercise compulsorily. UCPL shall therefore not be under any obligation to compensate/or provide reasons of any delay or omission on its part to sell client's securities or close open positions of the client.

**6. Shortages in obligations arising out of internal netting of trades**

UCPL shall have the right to adopt a policy of its choice for internal auctions arising out of internal netting of trades and charge to defaulter seller and compensate the impacted purchaser as per the policy. The policy shall be amended from time to time.

The current procedure for internal auction is to buy the securities in the market and deliver the same to the buyer at the original purchase price. The additional cost, if any, of such purchase (including brokerage, turnover charges, taxes and other levies) shall be debited to the original seller of the shares.

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

**a. All Markets**

Where client is not having adequate margins. Where the client has a track record of delay in payment of funds and non-delivery of shares.

**b. Capital Market**

- i Where the client has not been able to meet his pay-in obligation in cash by the schedule date of pay-in irrespective of the value of collaterals available with UCPL.
- ii. Clear proceeds of the cheque deposited by the client to meet the pay-in obligations has not yet been received by UCPL.
- iii. Client is trading in "illiquid" scrips and volumes in his account exceed internal cut off limit fixed by UCPL.
- iv. UCPL exposure overall limits fixed in a specific scrip/contract exceeds the internal limits fixed by UCPL.

**c. F&O**

- i Where the client has not met Mark to Market loss in cash
- ii. Where the client does not bring in additional upfront margins
- iii. Where the "open" positions in a contract exceed or are close to market wide cut-off limits
- iv. Where the client's position is close to client-wise permissible "open" positions

### **d. Intra-Day Trades**

Clients will not be able to place intra-day orders after a cut-off time fixed by UCPL. (Presently 15 minutes prior to close of market)

### **e. Event Based**

Where based on happening of an event, UCPL has the risk perception that further trading in the securities/contracts may not be interest of its clients and/or the market.

- Where the account is under investigation by any regulatory body
- Based on the recommendations made by the relationship manager due to excessive speculations, uncleared balances.
- Physical contract notes are received back undelivered due to reasons like “no such person”, “addressee” left, refusal to accept mails, POD’s signed by the third persons, signature mismatch on POD’s or other reasons which may create suspicion, after” close out of the open positions”.
- E-mail bounce on more than 3 instances until client submits and registers new email id.
- Non delivery of the Statement of Account sent on periodic basis.
- Non updating of communications details viz., email id, Mobile no, Land line details or it is found not belonging to the client.
- Client lodges a complaint either directly with UCPL or through Exchange relating alleged unauthorised Trades being executed in the account.
- On notices received from statutory, Government or Local authorities and Income Tax, Service Tax, a Judicial or a Quasi Judicial authority, etc
- Where a client is reported to or known to have expired.

UCPL may also suspend the account based on the written request received from the client.

### **8. Temporarily suspending or closing a client’s account at the client’s request UCPL may carry a periodic review of the client accounts and may suspend the accounts from Trading in the following circumstances.**

- Where the client is inactive for more than 12 months
- Where the client has not cleared the debits which are more than 30 days’ old.

### **9. Deregistering of Client**

- UCPL may de-register the client account based on action taken by SEBI/NSE/BSE or being part of list of debarred entities published by SEBI.
- UCPL shall terminate the account in the event of death, insanity or insolvency of the client
- UCPL may also initiate action for deregistering a client on basis of information found in sites of FIU, UN, etc or client suspected to having suspicious back ground, clients suspected to have links with suspicious organization, etc.,
- UCPL shall have right to close out the existing positions, sell the collaterals to recover its dues, if any, before de-registering the client.
- UCPL may freeze the assets of the client where it deems prudent, at time of de-registering a client.
- UCPL shall have the right to deregister a client after serving a 15 days written notice without assigning any reason thereof.