

POLICIES AND PROCEDURES

MANDATORY

The clients are required to note that the policies and procedures set out here below are mandatory and binding, if the clients want to avail the services of Canara Bank Securities Limited (herein after called as CBSL).

A. REFUSAL OF ORDERS FOR PENNY STOCKS:

Generally, Penny stocks have all or any of the following characteristics:

Trading at a price which is less than the Face value of the share.

Small Market Capitalization.

Poor / Unsound fundamentals.

Low liquidity.

Normally finds place in the list of illiquid shares published by the Exchanges.

Though the "Penny Stocks" have been not defined, it has been suggested to refer to list of illiquid scrip published by the Exchanges on a Monthly basis to monitor trading in penny scrip. CBSL may at its discretion categorize any stock as penny stock as per its Policy and risk perception. CBSL has adopted the following Policy on the Penny stocks:

CBSL shall have the absolute discretion to restrict its clients from placing buy or sell orders in Penny / illiquid stocks in spite of client providing adequate hold of funds, Margin / balance in his / her / its account. To this end CBSL, may at its discretion accept and /or refuse any buy or sell order for penny / illiquid stocks from clients over phone. CBSL at its sole discretion, introduce online blocks to restrict clients from order placement in such penny / illiquid stocks through the online trading portal. CBSL may seek declarations from the clients before accepting such orders. CBSL may place such restrictions at the beginning or in between the market hours notwithstanding the client has / had previously purchased and / or sold such scrip / contracts through CBSL itself in the past. Further, client while placing buy or sell order for penny stocks / illiquid stocks shall not specify the price which is substantially different from the then existing market price. Client must ensure that placing of such orders doesn't result in creation of artificial bid / offer / volume or misleading or false appearance of trading. Client shall also ensure that their trading in penny stocks doesn't operate as a device to inflate or depress or cause fluctuations in the price of such stocks. CBSL may at its discretion, restrict intraday trading in such illiquid / penny stocks and also does not make available far month future / option contracts for trading in FNO segment of NSE/BSE/BSE. CBSL shall provide intraday trading only in BSE "A" group scrip which are in FNO segment of NSE/BSE/BSE. CBSL at its sole discretion may restrict order placement in any other contracts or scrip which are extremely volatile and/or subject to market manipulations. CBSL at its discretion may cancel the pending orders in full or pending portion of the partly executed orders placed by the clients / dealers in respect of such illiquid / penny stocks. CBSL shall not be responsible for any opportunity loss or financial loss to the client consequent to non acceptance or cancellation of the pending orders. Further, the client shall indemnify CBSL for any loss caused / may cause to CBSL on account of client's trading in penny / illiquid stocks.

B. SETTING UP CLIENT'S EXPOSURE LIMITS:

Exposure is permitted based on the funds / securities put on hold by the client through the portal / the dealer in the account linked to the trading account or based on the deposits, balances and collateral available.

CBSL also permits exposure to the clients to the tune of value of sale proceeds of T day under the delivery based trading product. Unused exposure on account of such value of sale proceeds is carried forward till T+ 2 day. Mark to Market loss if any shall be reduced from the available exposure of the client.

CASH SEGMENT:

CBSL stipulates 100% margin by way of hold on funds for the value of buy orders and hold of securities to the extent of sale order for delivery trades. For non delivery (intraday) trades CBSL provides exposure based on the multiple of fund put on hold for both buy and sell orders. However, for trades under BITSOT (Buy in Today Sell out Tomorrow) no separate margins are stipulated by CBSL as the client has already paid the full value of share under delivery trade. Leveraged exposures are provided to the clients at the sole discretion of CBSL and are subject to change based on the market conditions and client profile.

F&O SEGMENT:

Clients are required to provide Initial Margin i.e. SPAN Margin and Exposure as stipulated by NSE/BSE and an additional margin as decided by CBSL from time to time and notified in the Initial / FNO margin report available in the trading page. Clients are required to provide the margins as stipulated above for both buy and sell of Future contracts and for Sell / Writing of Options. The premium on purchase of options is recovered upfront by way of available balance in the form of hold in bank accounts or credit in the account maintained with CBSL.

CDS SEGMENT:

Clients are required to provide Initial Margin i.e. SPAN Margin and Extreme Loss Margin as stipulated by NSE/BSE/BSE and an additional margin as decided by CBSL from time to time and notified in the Initial/FNO margin report available in the trading page. Clients are required to provide the margins as stipulated above for both buy and sell of Future contracts.

C. APPLICABLE BROKERAGE RATE:

CBSL client has the choice to select the brokerage scheme. If the client does not select the scheme, by default Normal brokerage scheme shall be applied to such clients. Client has the option to change the brokerage scheme by paying the applicable charges, details of the same are available in the Tariff of charges attached to the application which is also published at the web site. Apart from the brokerage the client is liable to pay other statutory charges / taxes imposed by the Regulators / Governments and DP charges like AMC, Transaction charges etc.

D. IMPOSITION OF PENALTY / DELAYED PAYMENT CHARGES BY EITHER PARTY SPECIFYING THE RATE AND THE PERIOD:

CBSL adheres to the pay out schedules specified by the Exchanges. Clients are also required to provide the funds / securities to CBSL well in advance to meet the Pay-in obligation to the Exchanges. CBSL reserves the right to charge / recover the penalty if any levied by the Exchanges or other Regulators from the respective clients for the client's orders / trades. Further, CBSL shall reserve the right to charge interest for delayed payments at the clean rate charged by Canara Bank for its clean loans.

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:

Client is required to maintain the requisite margin for the open positions under cash segment and open / carry forward positions under FNO / CDS at all the times. The intraday trades (IDT) in the Cash segment shall be squared off without referring the clients at the cut off time (presently 3.00 p.m.) or any other time decided by CBSL at its discretion. Further, CBSL shall monitor the client's positions through the RMS and has the following policy for squaring off the positions: 4% Cover (16% erosion in value of allocated funds under IDT) CBSL may at its discretion square off open position of the clients under IDT as soon as the clients MTM losses erode 16 % of the total used exposure. CBSL shall also resort to selling the clients' securities / square off the positions when the client fails to provide the funds towards the valuation debit / auction against the BITSOT trade. In case of FNO and CDS the client is required to maintain the margins stipulated by CBSL at all times. Whenever there is shortfall in the margins, client is required to replenish the same. CBSL shall square off the positions of the clients under FNO / CDS without further notice when the shortfall is to the extent of additional margin and exposure margin required for the open positions. All losses coNSE/BSEquential to such square off or sale of collaterals shall be borne by the client. In case CBSL is unable to square off or refrain from squaring off the position due to margin shortfall, the client shall not have a right to claim that the position was not squared off and the same has resulted in additional losses. Square off shall be at the discretion of CBSL and all coNSE/BSEquential losses and charges shall be borne by the client.

F. SHORTAGES IN OBLIGATIONS ARISING OUT OF INTERNAL NETTING OF TRADES:

There is a possibility that the delivery shortage of one client is compensated by the long position of other client of the Company. In such case the shortage will be an internal shortage and shall not be auctioned on the Exchange as the settlement takes place after netting out the position of all clients across the Trading Member.

Client hereby agrees that if he/she/it has short delivered any securities against this/her/its pay in obligation which resulted into internal shortage and could not be auctioned in the market, then CBSL may either go in for a Self Auction on BSE or close the transaction at and the closeout price will be 10% above, the closing price on the auction day or closing price of trading day or the settlement day whichever is higher. CBSL may revise the percentage from time to time. In case of purchaser he/she/it will receive accredit the amount calculated as per the above formula. CBSL may resort to any other method of settlement of transaction if it is mutually agreed by both the parties and CBSL. Decision of CBSL in the matter shall be final and binding upon both the parties.

G. CONDITIONS UNDER WHICH A CLIENT NEED NOT BE ALLOWED TO TAKE FURTHER POSITION OR THE CBSL MAY CLOSE THE EXISTING POSITION OF A CLIENT:

Apart from Exchange stipulated instances and technical failures, CBSL shall not allow the client to take further positions or close the existing positions whenever there is shortage of margins. This may be either security specific or client specific based on the circumstances.

Under Intraday Trading client is not allowed to take fresh positions after 3.00 p.m. or any other time stipulated by CBSL from time to time.

H. TEMPORARILY SUSPENDING OR CLOSING A CLIENT'S ACCOUNT AT THE CLIENT'S REQUEST:

Trading account opened shall be in inactive mode till the client makes a request over dedicated telephone no. to CBSL for activation of the same. CBSL may at any time temporarily suspend the trading account of the client based on the written request received in this regard from the client. Where the client has requested for temporary suspension of the account, no trades shall be permitted in such account. To reactivate such suspended accounts, Client is required to make a written request to CBSL. Before reactivating such accounts CBSL may ask the client to provide for financial statement or other documents as it deems fit and reactivation shall be solely at the discretion of CBSL. CBSL may suspend the accounts from trading on notices received from Statutory, Government or Local Bodies, Income Tax, Judicial or a Quasi-Judicial authority, Regulators etc. or client reported to have expired. For closure of the trading account, the client is required to submit a written request to CBSL. CBSL shall examine the same in the light of the compliance requirements, pending queries, security / funds dues if any from the client. The account shall be closed after the necessary approvals as above and after the notice period as decided by CBSL as per the terms of the Rights and Obligations and regulatory requirements from time to time.

I. DEREGISTERING A CLIENT:

CBSL at its sole / absolute discretion deregister a client and prohibit him / her / it from trading for the reasons it deems fit. Such deregistration shall not effect the rights and liabilities of the parties in respect of the transactions executed before the date of such deregistration. An inclusive list of such reasons for which a client shall be deregistered is provided here below:

SEBI or any other Regulator has passed an order against such client prohibiting or suspending such client from participating in the securities market.

A client who has been indicated 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, guidance or circular governing the Securities Market.

A client suspected of indulging in illegal or criminal activities including fraud or money laundering. A client's name appears in the UN list of prohibiting entities or SEBI debarred list.

A client's account has been lying dormant for a long time.

A client has a tainted reputation and any business relationship with such client is likely to tarnish the reputation of CBSL or may act as detriment to CBSL's prospects.

Company at its discretion shall review the aforesaid Policies and procedures based on the Regulatory requirements and market practice.

Note: The Member discloses herewith that it undertakes Proprietary trading in addition to client business.

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