

## POLICIES & PROCEDURES

This document outlines various policies and procedures framed and followed by **Churiwala Securities Private Limited** with respect to its dealing with its clients and as a Stock Broker on Bombay Stock Exchange Ltd. ("BSE") & National Stock Exchange Ltd. ("NSE")

The policies and procedures as stated herein below are subject to change from time to time at the sole discretion of **Churiwala Securities Private Limited**, depending upon regulatory changes, its risk management framework, other market conditions, etc.

The said policies and procedures which are subject to upgradation in the same from time to time are produced below for the benefit and notice of all our clients.

### **A. Refusal of orders for Penny Stocks and / or Illiquid Stocks**

In view of the risks associated in dealing with Penny Stocks and/or Illiquid Stocks, **Churiwala Securities Private Limited** would generally advise its client to desist from trading in them. Further, SEBI, BSE, NSE or **Churiwala Securities Private Limited** may issue circulars or guidelines necessitating exercising additional due diligence by the clients, for dealing in such securities.

Although, the term "Penny Stock" is not defined by BSE / NSE / SEBI, a "Penny Stock" generally refers to a stock whose characteristics include but are not limited to:

- Small market capitalization;
- Trading at a price less than its face value;
- Have unsound fundamentals and or which may/may not be liquid (A list of illiquid securities is jointly released by BSE and NSE from time to time.)
- **Churiwala Securities Private Limited** recognizes that it is the client's privilege to choose shares in which he / she would like to trade. However, **Churiwala Securities Private Limited** likes to pay special attention to dealing in "Penny Stocks". To this end:
  - **Churiwala Securities Private Limited** 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 **Churiwala Securities Private Limited**.
  - In case of sale of "Penny Stocks", clients should ensure the delivery of shares to **Churiwala Securities Private Limited** before the pay-in date.

· Under no circumstances, **Churiwala Securities Private Limited** shall be responsible for non-execution/delay in execution of such orders and consequential opportunity loss or financial loss to the client.

The above list of criteria is an indicative list. **Churiwala Securities Private Limited** may at its sole and absolute discretion define from time to time other category/criteria to treat a security as Penny Stocks and/or Illiquid Stocks.

## **B. Setting up the clients' exposure limits**

While setting up the exposure limits for and on behalf of the clients, **Churiwala Securities Private Limited** broadly takes into consideration the regulatory requirement, client profile, internal risk management policy, market conditions, etc. Considering the said parameters the exposure limit for a client would be set up as follows:

· 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 **Churiwala Securities Private Limited**. These limits may be set exchange-wise, segment-wise, and scrip-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.

· **Churiwala Securities Private Limited** 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 an exposure in any security, **Churiwala Securities Private Limited** 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, **Churiwala Securities Private Limited** may refuse to trade on behalf of such client at its own discretion.

· In case of cash segment, **Churiwala Securities Private Limited** may at its sole and absolute discretion allow clean exposure limit up to certain amount to the client without insisting for any credit balance and/or margin. The quantum of clean exposure limit shall be decided by **Churiwala Securities Private Limited** on case to case basis. **Churiwala Securities Private Limited** may, at its sole and absolute discretion, give higher clean exposure limits to certain set of clients. **Churiwala Securities Private Limited** reserves the right to withdraw clean exposure limit granted to the client at any point of time as its sole and absolute discretion. The client cannot raise any concern/dispute for the same.

· The Client will have to abide by the exposure limit set by **Churiwala Securities Private Limited**

## **C. Applicable Brokerage Rate**

For rendering the broking services, **Churiwala Securities Private Limited** charges brokerage to the client. The Brokerage rate will be as per the terms agreed with the client at the time of client registration.

· Brokerage Rate is mutually decided between the **Churiwala Securities Private Limited** 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.

- BSE, NSE and / or Securities Contract Act and Rules or any other relevant statutes.
- 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. ·

The brokerage will be exclusive of the following except in cases where it is agreed otherwise:

- Service Tax and Education Cess
- SEBI/Exchange /Clearing member charges
- Stamp duty
- Statutory charges payable to BSE / NSE / SEBI / Govt. Authorities etc.
- Any other charges towards customized / specialized service

**D. Imposition of penalty / delayed payment charges by either party .specifying the Rate and the period.**

**(i) Imposition of Penalties**

BSE/NSE/Clearing Corporation/SEBI levies penalties on the broker for irregularities observed by them during the course of business. **Churiwala Securities Private Limited** shall recover such imposed penalties/levies, if any, by BSE/NSE/regulator/Clearing Corporation, from the client which arise on the account of dealings by such client. Such recovery would be by way of debit in the ledger of the client and amounts would be adjusted against the dues owed by **Churiwala Securities Private Limited** to the clients.

**(ii) Delayed payment charges**

While dealing with **Churiwala Securities Private Limited** it is a responsibility of the client to ensure that the required margin obligation or settlement obligation or any other dues payable to **Churiwala Securities Private Limited** are paid within the time period stipulated by BSE/NSE or Churiwala Securities Private Limited, whichever earlier.

In the event if the client defaults in meeting its above said obligations towards Stock brokers, **Churiwala Securities Private Limited** shall have absolute discretion to charge and recover from the client's account, delayed payment charges at such rate/manner/interval as may be determined by **Churiwala Securities Private Limited** from time to time for the delayed period.

Delayed payment charge is only a penal measure. The client should not construe it as funding arrangement. The client cannot demand continuation of service on a permanent basis citing levy of delayed payment charges.

The client will not be entitled to any interest on the credit balance/surplus margin available/kept with **Churiwala Securities Private Limited**.

No interest or charges will be paid by **Churiwala Securities Private Limited** to any client in respect of retention of funds or securities towards meeting future settlement obligations and in respect of running account authorizations.

**E. The right to sell clients' securities or lose clients' positions without giving notice to the client on account of non-payment of client's dues.**

The client shall fulfill all his/her/its settlement obligations and/or other liabilities to **Churiwala Securities Private Limited** within the time frame stipulated by the Stock broker, BSE or NSE, whichever is earlier.

Without prejudice to its other rights and remedies available under the member client agreement(s) executed/to be executed by and between the client and Stock broker (hereinafter referred to as "the Agreement") or at law, **Churiwala Securities Private Limited** shall be entitled, in its sole and absolute discretion, to liquidate/close out all or any of the client's open/outstanding position, sell the client's securities (whether approved by Stock broker, **Churiwala Securities Private Limited** or not) available with **Churiwala Securities Private Limited** at any time to recover its dues without giving any notice to the client in the following circumstances:

- If the client fails to pay any margin, settlement obligations and/or other liabilities due to **Churiwala Securities Private Limited** within the stipulated time frame;
- In the event that the market value of the client's securities, lying as margin or bought by the client for which payment is not made by client, for any reason fall or is anticipated to fall, or circumstances arise or are likely to arise which may in the sole opinion of **Churiwala Securities Private Limited** jeopardize its interest and expose it or is likely to expose it to any financial loss or damage.

Any and all losses (actual or notional), financial charges, damages on account of such liquidation/sell/closing-out shall be borne by the client only.

**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. It is possible that a broker's net obligation towards clearing house may be nil but because of default by one or more clients in satisfying their obligations towards the broker, the broker internally might have shortages in fulfilling its obligation towards the other client(s). In such a situation, **Churiwala Securities Private Limited** 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 unable to deliver the securities within 48 hours, then **Churiwala Securities Private Limited** shall attempt to purchase the securities from the market and deliver it to the purchasing client. If **Churiwala Securities Private Limited** is unable to obtain 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 same will be debited to the selling client.

· 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(s).

**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**

**Churiwala Securities Private Limited** 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 **Churiwala Securities Private Limited**.
- 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.
- **Churiwala Securities Private Limited** 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.
- Failure by the client in providing sufficient/adequate margin(s) and/or insufficient/inadequate free credit balance available in clients' broking account with **Churiwala Securities Private Limited**.

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

- Any client desirous of temporarily suspending his / her / its 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 / its 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**

**Churiwala Securities Private Limited** may, at its sole and absolute discretion, decide to deregister a particular client. The illustrative circumstances under which **Churiwala Securities Private Limited** 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 his / her / its 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 **Churiwala Securities Private Limited** or may act as detriment to Stock broker prospects.
- Under no circumstances, any action taken by **Churiwala Securities Private Limited** in any of the above circumstances till the date of re-registration shall be challenged by the client and **Churiwala Securities Private Limited** shall not be liable to the client for any loss or damage (actual/notional), which may be caused to the client as a result.

#### **J. Policy for Inactive clients**

- Any client who has not traded in any segment of BSE, NSE with **Churiwala Securities Private Limited** for last one year calculated from the beginning of every financial year or such other period as may be decided by **Churiwala Securities Private Limited** at its sole and absolute discretion then such client would be termed as a Dormant/Inactive Client.
- The broking account of such client shall be deactivated / suspended temporarily by **Churiwala Securities Private Limited**. If the client wants to activate the broking account then a request for reactivating the broking account should be sent in writing. Such request for reactivation should be accompanied along with such documentary evidence as may be specified by **Churiwala Securities Private Limited** from time to time.
- If the client is tagged as a Dormant/Inactive client, then the funds / securities lying with **Churiwala Securities Private Limited** may be refunded / returned to the clients at his/her/its last known bank account/DP account or send at last known address of the client as per **Churiwala Securities Private Limited** record.