

Policies s Procedures

1. **Refusal of orders for penny/illiquid stock:** The Member may from time-to-time limit (quantity/value)/refuse orders in one or more securities/commodities due to various reasons including market liquidity, value of security(ies), the order being for securities/commodities which are not in the permitted list of the Member/exchange(s)/SEBI. Provided further that Member may require compulsory settlement/advance payment of expected settlement value/delivery of securities/commodities for settlement prior to acceptance/placement of order(s) as well. The client agrees that the trade related losses, if any on account of such refusal or due to delay caused by such limits, shall be borne exclusively by the client alone. The Member may require reconfirmation of orders, which are larger than that specified by the Member's risk management and is also aware that the Member has the discretion to reject the execution of such orders based on its risk perception.

2. **Setting up client's exposure limits and conditions under which a client may not be allowed to take further position or the broker may close the existing position of a client**

The Member may from time to time impose and vary limits on the orders that the client can place through the Member's trading system (including exposure limits, turnover limits, limits as to the number, value and/or kind of securities/commodities in respect of which orders can be placed etc.). The client is aware and agrees that the Member may need to vary or reduce the limits or impose new limits urgently on the basis of the Member's risk perception and other factors considered relevant by the Member including but not limited to limits on account of exchange/ SEBI directions/limits (such as broker level/ market level limits in security specific/volume specific exposures etc.) , and the Member may be unable to inform the client of such variation, reduction or imposition in advance. The client agrees that the Member shall not be responsible for such variation, reduction or imposition or the client's inability to route any order through the Member's trading system on account of any such variation, reduction or imposition of limits. The client further agrees that the Member may at any time, at its sole discretion and without prior notice, prohibit or restrict the client's ability to place orders or trade in securities/commodities through the Member, or it may subject any order placed by the client to a re- view before its entry into the trading systems and may refuse to execute/allow execution of orders due to but not limited to the reason of lack of margin/securities or the order being outside the limits set by Member/ex- change/ SEBI and any other reasons which the Member may deem appropriate in the circumstances.

The client agrees that trade related losses, if any on account of such refusal or due to delay caused by such review, shall be borne exclusively by the client alone. The Member is required only to communicate/advise the parameters for the calculation of the margin/security requirements as rate(s)/percentage(s) of the dealings, through anyone or more approved means or methods such as post/speed post/courier/registered post/registered A.D/facsimile/e- mail/voice mails/telephone (telephone includes such devices as mobile phones etc.) including SMS on the mobile phone or any other similar device; by messaging on the computer screen of the client's computer; by informing the client through employees/agents of the Member; by publishing/displaying it on the website of the Member/making it available as a download from the website of the Member; by displaying it on the notice board of the branch/office through which the client trades or if the circumstances, so re- quire, by radio broadcast/television broadcast /newspapers advertisements etc; or any other suitable or applicable mode or manner.

The client agrees that the postal department/the courier company/newspaper company and the e-mail/voice mail service provider and such other service providers shall be the agent of the client. Once parameters for margin/security requirements are so communicated, the client shall monitor his/her/its position (dealings/trades and valuation of security) on his/her/its own and provide the required/deficit margin/security forth- with as required from time to time.

The client is not entitled to trade without adequate margin/security and that it shall be his/her/its responsibility to ascertain beforehand the margin/security requirements for his/her/its orders/trades/deals and to ensure that the required margin/security is made available to the Member in such form and manner as may be required by the Member. If the client's order is executed despite a shortfall in the available margin, the client shall make up the shortfall immediately. The client further agrees that he/she/it shall be responsible for all orders (including orders that may be executed without the required margin in the client's account) s/or any trade related claim/loss/damage arising out of the non availability/shortage of margin/security required by the Member s/or exchange s/or SEBI.

The Member is entitled to vary the form (i.e., the replacement of the margin/security in one form with the margin/security in any other form, say, in the form of funds instead of shares) s/or quantum s/or percentage of the margin s/or security required to be deposited/made available, from time to time.

The margin/security deposited by the client with the Member are not eligible for any interest. The Member is entitled to include/appropriate any/all payout of funds s/or securities/commodities towards margin/security without requiring specific authorizations for each payout.

The Member is entitled to transfer funds s/or securities from his account for one exchange s/or one segment of the exchange to his/her/its account for another exchange s/or another segment of the same exchange whenever applicable and found necessary by the Member.

The client also agrees and authorises the Member to treat/adjust his/ her/its margin/security lying in one ex- change s/or one segment of the exchange/towards the margin/security/pay in requirements of another ex- change s/or another segment of the exchange.

The Member is entitled to disable/freeze the account s/or trading facility/any other service. facility, if, in the opinion of the Member, the client has committed a crime/fraud or has acted in contradiction of the Mandatory and Voluntary Client Registration Documents or/is likely to evade/violate any laws, rules, regulations, directions of a lawful authority whether Indian or foreign or if the Member so apprehends.

3. Applicable brokerage rate

The Member is entitled to charge brokerage within the limits imposed by exchange which at present is as under:

- a. For Cash Market Segment: The maximum brokerage chargeable in relation to trades effected in the securities admitted to dealings on the Capital Market segment of the Exchange shall be 2.5 % of the contract price exclusive of statutory levies. It is hereby further clarified that where the sale/purchase value of a share is Rs.10/- or less, a maximum brokerage of 25 paise per share may be collected.

- b. For Option contracts: Brokerage for option contracts shall be charged on the premium amount at which the option contract was bought or sold and not on the strike price of the option contract. It is hereby clarified that brokerage charged on options contracts shall not exceed 2.5% of the premium amount or Rs 100/- (per lot) whichever is higher.

4. Imposition of penalty/delayed payment charges

The client agrees that any amounts which are overdue from the client towards trading or on account of any other trade related reason to the Member will be charged with delayed payment charges at 0.05% per day. The client agrees that the Member may impose fines/penalties at 0.05% per day for any orders/trades/deals/actions of the client which are contrary to the Mandatory and Voluntary Client Registration Documents/rules/regulations/bye laws of the exchange or any other law for the time being in force.

Further where the Member has to pay any fine or bear any punishment from any authority in connection with/as a consequence of/in relation to any of the orders/trades/deals/actions of the client, the same shall be borne by the client. The client agrees to pay to the Member brokerage, commission, fees, all taxes, duties, levies imposed by any authority including but not limited to the stock exchanges.

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. (Limited to Margin/Settlement Obligations)

The Member maintains centralized banking and securities handling processes and related banking and depository accounts at designated place. The client shall ensure timely availability of funds/securities in designated form and manner at designated time and in designated bank and depository account(s) at designated place, for meeting his/her/its pay in obligation of funds and securities. The Member shall not be responsible for any claim/loss/damage arising out of non-availability/short availability of funds/securities by the client in the designated account(s) of the Member for meeting the pay in obligation of either funds or securities. If the client gives orders/trades in the anticipation of the required securities being available subsequently for pay in through anticipated payout from the exchange or through borrowings or any off market delivery(s) or market delivery(s) and if such anticipated availability does not materialize in actual availability of securities/funds for pay in for any reason whatsoever including but not limited to any delays/shortages at the exchange or Member level/non release of margin by the Member etc., the losses which may occur to the client as a consequence of such shortages in any manner such as on account of auctions/square off/closing outs etc., shall be solely to the account of the client and the client agrees not to hold the Member responsible for the same in any form or manner whatsoever. In case the payment of the margin/security is made by the client through a bank instrument, the Member shall be at liberty to give the benefit/credit for the same only on the realization of the funds from the said bank instrument etc. at the absolute discretion of the Member. Where the margin /security is

made available by way of securities or any other property, the Member is empowered to decline its acceptance as margin/security s/or to accept it at such reduced value as the Member may deem fit by applying haircuts or by valuing it by marking it to market or by any other method as the Member may deem fit in its absolute discretion.

The Member has the right but not the obligation, to cancel all pending orders and to sell/close/liquidate all open positions/ securities/shares at the pre-defined square off time or when Mark to Market (M-T-M) percentage reaches or crosses stipulated margin percentage mentioned on the website, whichever is earlier. The Member will have sole discretion to decide referred stipulated

margin percentage depending upon the market condition. In the event of such square off, the client agrees to bear all the trade related losses based on actual executed prices.

In case open position (Le. short/long) gets converted into delivery due to non-square off because of any reason whatsoever, the client agrees to provide securities/funds to fulfil the payin obligation failing which the client will have to face auctions or internal close outs; in addition to this the client will have to pay penalties and charges levied by exchange in actual and losses, if any. Without prejudice to the foregoing, the client shall also be solely liable for all and any penalties and charges levied by the exchange(s).

The Member is entitled to prescribe the date and time by which the margin/security is to be made available and the Member may refuse to accept any payments in any form after such deadline for margin/security expires. Notwithstanding anything to the contrary in the Mandatory and Voluntary Client Registration Documents or elsewhere, if the client fails to maintain or provide the required margin/ fund/security or to meet the funds/margins/ securities pay in obligations for the orders/trades/deals of the client within the prescribed time and form, the Member shall have the right without any further notice or communication to the client to take any one or more of the following steps:

- a. To withhold any payout of funds/securities.
- b. To withhold/disable the trading/dealing facility to the client.
- c. To liquidate one or more security(s) of the client by selling the same in such manner and at such rate which the Member may deem fit in its absolute discretion. It is agreed and understood by the client that securities here include securities which are pending delivery/receipt.
- d. To liquidate/square off partially or fully the position of sale s/or purchase in anyone or more securities/contracts in such manner and at such rate which the Member may decide in its absolute discretion.
- e. To take any other steps which in the given circumstances, the Member may deem fit. The client agrees that the trade related loss(s) if any, on account of anyone or more steps as enumerated herein above being taken by the Member, shall be borne exclusively by the client alone and agrees not to question the reasonableness, requirements, timing, manner, form, pricing etc., which are chosen by the Member.

6. Auction for Internal Shortages at Vachana

The settlement of trades on the Stock Exchange/Clearing Corporation is processed on a net basis, aligned to a settlement number. When clients who have conducted delivery sale transactions fail to deliver stocks toward their obligations, and other clients have made corresponding (counter) purchases during the same settlement, the failure to deliver the shares results in the purchasing clients not receiving them. This situation is referred to as an Internal Shortage.

Vachana has appointed NSE Clearing Limited (NCL) as its designated Clearing Corporation, responsible for clearing all trades carried out by Vachana's clients.

To facilitate the resolution of internal shortages, TM/CM shall manage such shortages through the voluntary auction process. The National Clearing Limited (NCL) will identify pay-in shortages, including internal shortages, and conduct auctions for internal shortages of its members.

In the event of a short delivery by a client, they will be debited an amount equivalent to 20% above the closing rate on the day of sale. The securities that were short-delivered will be purchased from NSE Clearing Ltd under the Voluntary Auction Facility on the auction day. The purchase consideration, inclusive of all statutory taxes, levies, and fees, will then be transferred to the account of the client who sold and short-delivered the securities. Furthermore, the provisional margin entry posted on the client's account will subsequently be reversed.

- a. If an auction is not conducted due to reasons such as valuation debit not paid by the member, excess pay-in by any member/client, corporate actions in the security, an unsuccessful auction by the Clearing Corporation (CC), file not uploaded by the custodian member or any other reason specified from time to time, a closeout entry shall be passed.

The closeout amount will be the higher of the highest price prevailing on NSE from the trading day until the auction day or 20% above the official settlement price on the auction day. This amount will be debited from the seller's account (who failed to deliver the securities) and credited to the buyer (who did not receive delivery).

- b. Additionally, after the netting off of securities between equity market and derivative trades, all internal shortages arising out of non-delivery of securities will also be handled via the Voluntary

Auction mode. If National Clearing Limited (NCL) is unable to take part in the voluntary auction due to any of the reasons mentioned above, then the transaction will be settled through a closeout.

The closeout amount will be equivalent to the highest price prevailing in the NSE from the day of trading until the auction day, or 20% above the official settlement price on the auction day, whichever is higher. This amount will be debited from the client's account who sold and did not deliver the securities, and a subsequent credit will be given to the buyer of the securities who did not receive delivery.

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

BSE has a window wherein the internal short deliveries can get auctioned as per the normal auction process. Internal short deliveries are not covered by the auction conducted on the NSE. It is due to this limitation on the NSE we follow the procedure as mentioned below:

- a. The client may not receive shares on T+2 in case there is an internal shortage situation with VACHANA i.e. the buyer and seller are both VACHANA clients and the seller defaults in delivery due to which the buyer may not receive the shares.
- b. In case of an internal shortage firstly the defaulting seller would be debited with value as on the previous day of the pay-in-day plus 30% for the default till such time the auction process is completed
- c. In case there is an internal shortage in BSE the exchange conducts an auction through which the shares would be purchased and delivered to the buyer. The seller would be debited at the rate at which the exchange would have purchased these shares. Additionally, brokerage, statutory costs and other incidental charges including penalty for non-delivery may be debited to the client. In case the exchange is unable to purchase these shares, the exchange will inform ZERODHA of a close out rate, at which the buyer would be allowed credit and the seller would be debited for the same amount.
- d. If securities cannot be purchased from market due to any reason whatsoever on T+3 day they can be covered from the market on any subsequent trading days. In case any reason whatsoever (any error or omission) any delay in covering of securities leads to higher losses, stock broker will not be liable for the same. Where the delivery is matched partially or fully at the Exchange

Clearing, the delivery and debits/credits shall be as per Exchange Debits and Credits.

e. In cases of securities having corporate actions all cases of short delivery of cum transactions which cannot be auctioned on cum basis or where the cum basis auction payout is after the book closure / record date, would be compulsory closed out at higher of 10% above the official closing price on the auction day or the highest traded price from first trading day of the settlement till the auction day.

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

We have margin-based RMS System. Client may take exposure up to the amount of margin available with us. Client may not be allowed to take position in case of non-availability/ shortage of margin as per our RMS policy of the company. The existing position of the client is also liable to square off/ close out without giving notice due to shortage of margin/non making of payment for their pay-in obligation/outstanding debts.

9. De-registering a client Notwithstanding anything to the contrary stated in the Mandatory and Voluntary Client Registration Documents the Member shall be entitled to terminate the Mandatory and Voluntary Client Registration Documents with immediate effect in any of the following circumstances:

- a. If the action of the Client are prima facie illegal/ improper or such as to manipulate the price of any securities or disturb the normal/proper functioning of the market, either alone or in conjunction with others.
- b. If there is any commencement of a legal process against the Client under any law in force.
- c. On the death/lunacy or other disability of the Client.
- d. If a receiver, administrator or liquidator has been appointed or allowed to be appointed of all or any part of the undertaking of the Client.
- e. If the Client has voluntarily or compulsorily become the subject of proceedings under any bankruptcy or insolvency law or being a company, goes into liquidation or has a receiver appointed in respect of its assets or refers itself to the Board for Industrial and Financial Reconstruction or under any other law providing protection as a relief undertaking.
- f. If the Client being a partnership firm, has any steps taken by the Client and/ or its partners for dissolution of the partnership.
- g. If the Client have taken or suffered to be taken any action for its reorganization, liquidation or dissolution.
- h. If the Client has made any material misrepresentation of facts, including (without limitation) in relation to the Security.
- i. If there is reasonable apprehension that the Client is unable to pay its debts or Client has admitted its inability to pay its debts as they become payable.
- j. If the Client suffers any adverse material change in his/her/its financial position or defaults in any other agreement with the Member.

k. If the Client is in breach of any term, condition or covenant of this Mandatory and Voluntary Client Registration Documents.

l. If any covenant or warranty of the Client is incorrect or untrue in any material respect.

However notwithstanding any termination of the Mandatory and Voluntary Client Registration Documents, all transactions made under/pursuant to this Mandatory and Voluntary Client Registration Documents shall be subject to all terms and conditions of this Mandatory and Voluntary Client Registration Documents and parties to this Mandatory and Voluntary Client Registration Documents submit to exclusive jurisdiction of courts of law at the place of execution of this Mandatory and Voluntary Client Registration Documents by Member. Client Acceptance of Policies and Procedures stated here in above:

I/We have fully understood the same and do hereby sign the same. These Policies and Procedures may be amended/changed by the broker, provided the change is informed to me/us with through anyone or more approved means or methods such as post/speed post/courier/registered post/registered AD/telegram/e-mail/voice mails/telephone (telephone includes such devices as mobile phones etc.) including SMS on the mobile phone or any other similar device; by messaging on the computer screen of the client's computer; by informing the client through employees/agents of the Member; by publishing/displaying it on the website of the Member/making it available as a download from the website of the Member; by displaying it on the notice board of the branch/office through which the client trades or if the circumstances, so require, by radio broadcast/television broadcast/newspapers advertisements etc; or any other approved suitable or applicable mode or manner by an advance notice of 15 days.

I/we agree that the postal department/the courier company /newspaper company and the voicemail/e-mail service provider and such other service providers shall be my/our agent. These Policies and Procedures shall always be read along with the Mandatory and Voluntary Client Registration Documents and shall be compulsorily referred to while deciding any dispute/difference or claim between me/us and Member before any court of law/judicial/adjudicating authority including arbitrator/mediator etc.

10. Temporarily suspending or closing client's account at Client's request

On the written request of the client, the client account can be suspended temporarily and can be re-activated on the written request of the client only. During suspension period, the market transaction will be prohibited.

However client's pending settlement can take place. VACHANA can withhold the payouts of client and suspend his trading account due to surveillance action or judicial or /and regulatory order/action requiring client suspension.

On the written request of the client, the client account can be closed provided the client adheres to formalities for account closure including settlement of all dues in the account and closing of all open position. If the client wishes to again open a broking account then the client shall have to complete the KYC and account opening formalities once again.

11. Policy for Dormant Accounts

A Trading Account (irrespective whether having debit or credit balance) shall be classified as dormant account in case there are no transactions for a period in excess of 24 calendar months from the last transaction date. The Dormant Accounts shall be frozen for further transaction(s). Transactions here mean any of the following:

- a. No purchase or sale transaction in the Cash Segment of NSE s BSE.
- b. No purchase or sale transaction in the Derivative segment of NSE, BSE.

- c. No purchase or sale transaction in the Commodity Derivative segment of NSE MCX.
- d. No purchase or sale transaction in the Currency Derivative segment of NSE.
- e. No Bank Receipts or Payments (Client Funds Pay-in or Pay-out).
- f. Any other Financial or Security transaction as provided on the website or through the offline mode affecting the common ledger of the customer maintained in the back office for Vachana.
- g. Not logged in with security token.

On classification of any account as dormant account as stated above, Vachana will inform the client within seven days of such classification. A dormant account can be re-activated on receipt of a request for reactivation along with valid proof of identity. These policies and procedures can be changed by Vachana from time to time with prior notice of 15 days.