

PRAGYA SECURITIES PVT. LTD. (PSPL)

Operational Business Policies

- **Refusal of orders for penny stocks.**

The Penny stocks shall be identified as stocks/securities below par value and the stocks/securities being notified/declared by BSE/NSE as illiquid and/or included in the any sort of caution lists by the Exchanges and/or any other authorities. PSPL do not ban dealings in such securities *ab-initio*, however, dealings by the clients in such securities shall be monitored online and the trades above certain threshold quantity/value shall be inquired upon as to its recent price/volume movements, profile and background of the client who have dealt and its objectives. The Indicative threshold quantity/value limit shall be 1000 quantity and Rs. 1.00 lakh as value, however it may be revised upwards or downwards on a scrip to scrip basis depending upon the market volumes and any other scrip specific market developments having reasons to attract the attention of the investors/traders. However, any such revision shall be within the limits/restriction, if any prescribed by the Exchanges/SEBI and if in the opinion of the person in charge of surveillance, any such scrip specific market development is likely to cause or induce some kind of market manipulation, the management may ban the dealings and/or deny to accept any order from any client in such securities and/or may call for the additional margins and/or advance pay-in of funds and securities before accepting such orders.

- **Setting up client's exposure limits.**

Default Exposure Limit to clients shall be set to five times of available margin deposits which includes ledger credits, collaterals and margins in any other Exchange approved form. The Exposure Limit can be revised upwards or downwards by the Surveillance desk after taking into account the client's profile, financial standing, client's business strategies and objectives, tenure of the business relationship and orderly conduct of the account. However, under any abnormal market conditions and/or any client or scrip specific risk perception, the exposure limits given to any clients may be revoked or reduced with or without any intimation to the clients. The Exposure limits shall always be subject to and within the prevailing limit prescribed by the Exchange/SEBI. It shall be an obligation of the client to declare and observe the compliance with regard to any such exposure limit applicable on across the market exposure, if client is dealing with more than one broker member of one or more than one Exchange.

- **Applicable brokerage rate.**

In general the brokerage rates shall always be equal to or lower than the maximum rates prescribed from time to time by the Exchanges/SEBI for various types of products and services. Within the said statutory limits, the Sub-broker, Authorised Persons, Branch Managers or sales persons (herein after referred to as 'sub-intermediaries') who are in charge of the respective client account or serving the client as an accounts manager or relationship manager have authority to offer any concession in brokerage rates or the rates lower than the maximum rates specified by the authorities, keeping in mind the clients business profile and potential business growth. Any such concession in brokerage rates shall be in conformity with the prevailing business policies of PSPL. It shall be an obligation of the client to verify

their daily contracts to ensure that the brokerage rates as agreed with their respective sub-intermediaries are applied properly and the discrepancies if any, should promptly be reported to the their sub-intermediaries and/or to the Head Office of PSPL within 7 working days. The upward revision in brokerage rates shall not be carried out without prior written consent of the client. However, sub-intermediaries are allowed to review and request PSPL for concession or lowering of brokerage rates from time to time for any of the client under them based upon their business considerations. The PSPL shall share with sub-intermediaries, a portion of the brokerage generated from the accounts under the respective sub-intermediaries as mutually agreed between the PSPL and sub-intermediaries from time to time which can be based on the volumes and/or lump sum fixed amount.

- **Imposition of penalty/delayed payment charges by either party, specifying the rate and the period.**

PSPL do not offer funding facilities in any of the exchange/segment. For operational convenience, it may agree to maintain a running account of client under their written authority and may retain the funds and securities for day to day margin and/or pay-in requirements. In consideration of such funds/securities of client retained by PSPL under the running account authorisation, PSPL shall not pay interest or any sort of charges to the clients. Same way, in case of client having given running account authorisation and having regular and orderly conduct of the account, PSPL shall not charge interest or delayed payment charges on any temporary overdue debits for a few days. Any such temporary overdue of the clients on account of margins and/or pay-in obligation shall be met with from the own funds while fulfilling its pay-in obligation with the Exchanges. However, in case of the delayed payments by the clients beyond 7 days, PSPL may, at its discretion, debit the clients account towards delayed payment charges @ 18% p.a. from the due date till the date of realisation of payments with a view to ensure orderly conduct of the account. However, any such debit of delayed payment charges shall, in no way be construed as part of the regular business practice for funding client's obligation by the client or by any authorities and the repetitive instances of delayed payment by the client may cause termination of business relationship and the PSPL may initiate the proceeding of arbitration for the recovery of overdue debits from the clients. Any penalties / charges imposed on PSPL by Exchanges/SEBI or any other authorities on account of violations of any Rules/Regulations or circulars on the part of client may be recovered from the client if it is not specifically prohibited by such authorities to do so.

- **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.**

Clients outstanding positions across all exchange/segment, the overdue pay-in obligation, online Mark to Market and Margins are monitored against the available funds and collaterals for the respective client as a stand alone account. No Group or Family account adjustments of funds and securities are permitted. However, while assessing potential default risk which may trigger the liquidation of outstanding positions and/or selling of collaterals, the available funds and securities in the close family members accounts of a client may be taken into account. When the short fall in MTM and/or Margins are observed, the concerned sub-intermediary and the client are instructed to bring back the account in order within the reasonable time frame taking into account the size and nature of the outstanding position and quantum of shortfall in the context of prevailing market conditions. If the client is unable to bring in the required additional funds/margins and/or to reduce the position, the client may be given an option to reduce the position at his own call failing which the position may be reduced and/or squared off fully or partially under the instruction of any of the

Director of PSPL and under intimation to the client. The squaring up of clients outstanding position and selling of collateral securities by the management of PSPL can be done to the extent of shortfall of margins and/or to meet the overdue outstanding of Mark to Market and pay-in obligations of the particular client.

- **Shortages in obligations arising out of internal netting of trades**

In case of internal off-setting delivery position, the deliveries being received from the selling client are first allocated to the buying client and thereafter the available quantity is being delivered for exchange pay-in. In some of the event when there is no market shortage, but the buying client is not getting the delivery due to the short delivery by the internal selling client, the buying client is given an option whether he wants to receive delivery late by a day or two either getting it late from the selling client or by way of squaring off the short position of selling client or he wants to receive close out difference as per the SEBI/Exchange guideline applicable in case of close out. If the buying client agrees and authorizes to receive the delivery late by getting it from the selling client within a day or two or by buying out from the market, the selling client is informed accordingly else the applicable close out difference is passed on to the buying client by debiting the selling client.

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

Under some abnormal and/or special circumstances, the clients may not be allowed to take further position or the positions of a client may be squared off regardless of availability of funds and margins. Such circumstances may include;

- i. Abnormal price movement in the market triggering index circuit or halting of the market.
- ii. Any major failure of vital infrastructure systems and services like Telecommunication, Electricity, Banking, Depositories, Transportation etc.
- iii. Situation of Floods, Epidemic, War and Political or Social disturbances.
- iv. Any other situation beyond the control of PSPL.

- **Temporarily suspending or closing a client's account at the client's request.**

If any client wish to temporarily suspend operation in his/her account or wish to close his/her account, he/she may intimate in writing or through email or communicate through the branch or sub-intermediaries through whom he/she is dealing. The person in charge and having authority shall carry out the necessary process after verifying the identity of the person requesting for suspension / closure and with the reasons for the same, if any.

- **Deregistering a client.**

PSPL may initiate the process of suspension/closure of the operation in clients account and/or deregistration of client in the event of any activities or dealings in the client's accounts are found to be in violation of any Rules, Regulations, Circulars of Exchanges/SEBI and/or in violation of any provisions of any other laws of the land. The deregistration may also be done by PSPL if any dealings or other activities in clients accounts are found to be suspicious and/or without any economic rational and/or likely to fall within the purview of manipulative market practices.

- **Treatment of inactive accounts.**

A client account in which there is no trade transaction during the whole of a financial year shall be identified as 'Inactive Account'. At the end of every financial year, a process shall be carried out to identify the account in which there is no transaction during the year and such accounts shall be marked as 'Inactive'. The credit of funds and securities, if any in such accounts shall be returned to the clients within one working day. In the event of activation of such account in future, the validity of all the relevant KYC data and documents shall be checked and the changes, if any shall be updated before putting such account in an active state.

- **Miscellaneous Operational Policies**

- i. PSPL do not accept or do any transaction in exchange of Cash Money. Therefore, client should not deal/exchange money in cash with any sub-intermediaries and/or any of the employee of PSPL.
- ii. PSPL shall not accept or recognize and give credit of any payment made by clients to PSPL other wise than in 'Crossed Account Payee' Cheque/DD in favour of PSPL or direct credit in the designated banking accounts of PSPL. Payments to client by PSPL shall also be made through 'Crossed Account Payee Cheque/DD' in the registered name of Client and/or through direct credit to the registered banking account of the client.
- iii. PSPL shall not give/receive any securities otherwise than to/from the registered demat account of client and shall not recognise any claim by the client for securities and/or its value for the securities delivered to any demat account other than the various designated demat account of PSPL.
- iv. The sub-intermediaries and the employees of PSPL are not authorised to manage discretionary account of the client and the client should promptly report the brokers office if unauthorised trades in his accounts are found.
- v. The sub-intermediaries and employees of PSPL are not authorised to recommend buy/sell of any securities and clients shall take their own informed decision and take into account the inherent risk involved in dealings into shares, securities, currencies and its derivative products.
- vi. PSPL and/or its group concerns do not accept Power of Attorney in favour of company, its directors, employees or sub-intermediaries for the exclusive operations of clients trading and/or bank/demat account except the limited POA in favour of PSPL for auto pay-in of client's sales obligations with PSPL from the demat account of client, if it is required and requested by the client.