

## PHILLIPCAPITAL (INDIA) PVT. LTD.

(hereinafter referred to as 'PHILLIPCAPITAL')

### POLICIES & PROCEDURES

#### 1. Refusal of orders for penny / illiquid stock

Penny / illiquid stock is a stock that trades at a relatively low price, low liquidity, large bid-ask spread and low market capitalization and therefore considered to be prone to high volatility and speculation. SEBI has directed the Exchanges to draw up a list of illiquid securities based on criteria jointly decided by SEBI, NSE and BSE. List of such illiquid securities identified based on trading activity are issued by Exchanges on monthly basis. Exchanges have advised trading members to exercise additional due diligence while trading in these securities either on own account or on behalf of their clients. PhillipCapital may from time to time limit (quantity / value) or refuse orders in one or more stocks / commodity's due to various reasons including but not limited to market liquidity, price of stock(s), order size, the order being for stocks / commodities which are not in the permitted list of PhillipCapital / exchange(s) / SEBI. PhillipCapital may require compulsory settlement/ advance payment of expected settlement value/ delivery of securities for settlement prior to acceptance/ placement of order(s) in certain stock(s) as well. Losses, if any on account of such refusal or due to delay caused by such limits, shall be borne exclusively by the Client alone and the Client shall not hold PhillipCapital liable for the same.

#### 2. Setting up Client's exposure limits

PhillipCapital may from time to time in its sole discretion and without prior notice impose, prohibit, restrict and vary limits on the orders and trades which the Client can place and enter into through trading system (including margin percentage exposure limits, turnover limits, limits as to the number, value and/or kind of Securities / Commodities in respect of which orders can be placed, stocks / commodities in which orders can be placed etc). PhillipCapital may choose not to intimate the Client of the limits and any variation thereof. PhillipCapital may need to urgently vary the limits or impose new limits or prohibit or restrict the Client's ability to place orders or trade in Securities / Commodities through PhillipCapital on the basis of PhillipCapital's risk perception and other factors considered relevant by PhillipCapital, and PhillipCapital may not necessarily inform the Client of the same in advance. PhillipCapital shall not be responsible or liable for the Client's inability to place any order, enter into any trade and/ or square-off any transaction that PhillipCapital may need to initiate on account of any such variation, imposition, restriction or prohibition.

PhillipCapital may subject any order placed by the client to a review 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 / Commodities or the order being outside the limits set by PhillipCapital / exchange/ SEBI and any other reasons which PhillipCapital may deem fit in the circumstances. Losses, if any on account of such refusal or due to delay caused by such review, shall be borne exclusively by the Client alone.

PhillipCapital may charge margins in excess of Exchange requirement and client shall be required to fulfill the same within the time frame prescribed by PhillipCapital and client will be responsible for any loss/damages etc caused to the client for not paying the margin within the time frame prescribed by PhillipCapital

PhillipCapital 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 money instead of shares) & / or quantum & / or percentage of the margin & / or security required to be deposited / made available, from time to time.

PhillipCapital is entitled to disable / freeze the account & / or trading facility / any other service facility, if, in the opinion of PhillipCapital, the client has committed a crime / fraud or has acted in contradiction of this Document (other terms & conditions) or / is likely to evade / violate any laws, rules, regulations, directions of a lawful authority whether Indian or foreign or if PhillipCapital so apprehends.

### **3. Applicable brokerage rate**

Brokerage rate shall be mutually decided between PhillipCapital and the Client at the time of account opening. As required under Exchange / SEBI regulations, brokerage rate is shown separately on the contract notes.

PhillipCapital shall not charge the brokerage rate in excess of maximum brokerage prescribed by the Exchange(s) / SEBI from time to time.

Provided PhillipCapital may charge brokerage rates at maximum permissible limits in case:

- (a) there is delay in making payment by the client; or
- (b) forced liquidation of client's Securities / Commodities as per the Terms and conditions, Rights and Obligations and Rules, Bye-law and Regulations of Exchange ; or
- (c) If any adverse order/ruling/judgment is passed against the client by Exchange/SEBI/Court/Income tax or any other Regulatory authority; or
- (d) If any regulatory proceeding/investigation has been initiated against the client by Exchange/SEBI/Court/Income tax or any other Regulatory authority.

### **4. Imposition of penalty / delayed payment charges**

PhillipCapital may charge penalty charges, delayed payment charges, late pay-in charges, additional financial charges to clients for not making payment of their pay-in /margin obligation on time according to the Rules, Bye-laws and Regulations of the relevant Exchange and usual customs of the market and the rate and amount of such charges shall be penalty/delayed payment charges at 0.1% per day in cash and derivatives segment. Similarly, PhillipCapital will also be liable to pay delayed payment charges to the clients for not making payment on time except in cases where the client has given "Running Account Authorisation".

PhillipCapital may impose fines / penalties for any orders / trades / deals / actions of the Client which are contrary to this Document (other terms & conditions) / rules / regulations /bye laws of the exchange or any other law for the time being in force , at such rates and in such form as it may deem fit.

Further, where PhillipCapital 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.

### **5. The right to sell Clients' Securities / Commodities or close Clients' positions, without giving notice to the Client, on account of non-payment of Client's dues to the extent of settlement/ margin related obligation and other lawful outstanding dues**

It is the client's responsibility to clear his/her/its obligations on T+2 days (T being Trading day) for trades done through PhillipCapital on the Exchange platform. In case securities are transferred to the Client Unpaid Securities Account (CUSA) for non-payment of dues by the client, the same shall be liquidated by PhillipCapital within five trading days from pay-out day as per the regulatory requirement or the same shall be transferred in the demat account of the clients on payment of funds.

As per the Risk Management Policy of PhillipCapital, clients who have given the Power of Attorney to PhillipCapital, PhillipCapital shall transfer the securities in the demat account of the client.

PhillipCapital may at its sole and absolute discretion pledge the securities in its favour against the outstanding obligations of the clients and can sell/liquidate the same to recover its dues at such time and in such manner at its sole and absolute discretion and the client cannot and will not have claim of any nature whatsoever in this regard.

PhillipCapital may, but shall not be bound to, at its discretion and at the risk and cost of the Client, at any time Square-off all or any Outstanding Positions of the Client on any/ all Exchange(s) and segment(s) in such manner as PhillipCapital thinks fit and without any prior notice to or approval of the Client to the extent of settlement/ margin related obligation and other lawful outstanding dues. The Client agrees to bear and pay the losses arising from such Squaring-off. In particular and without prejudice to the generality of the above:

(a) If the Client has entered into a Short Sale or a Long Purchase then PhillipCapital shall be entitled to, at any time before the Client has Squared-off his Short Sale or Long purchase position Square-off and/ or carry forward the whole or part of the Short Sale or Long purchase position on any day, at the price determined by PhillipCapital or at market price and in any manner as PhillipCapital thinks fit, or permit the Exchange to close out or auction such position; and the aforesaid shall be at the Client's risk and cost including Brokerage, trade transaction charges and penalty on Square-Off/Close-out.

(b) If the Client has been permitted to do margin trading, PhillipCapital shall be entitled to Square-off the Client's Outstanding position, inter alia, where, in PhillipCapital opinion, the actual loss and/ or the market loss on the Outstanding positions of the Client has breached or may breach the margins maintained by the Client with PhillipCapital, where the margin or collateral placed by the Client and made available with PhillipCapital falls short of PhillipCapital requirements, where any limit given to the Client has been breached or where the Client has defaulted on any existing obligation.

(c) PhillipCapital may Square-off any Outstanding Position(s) of the client due to all or any of the following:

(i) the volatility in the market;

(ii) any restrictions in relation to volume of trading/outstanding business or margins stipulated by any Exchange, Clearing Corporation/Clearing House and/or PhillipCapital;

(iii) delays by the Client in meeting his obligations/dues to PhillipCapital and/or the Clearing Corporation/Clearing House

The Client shall ensure timely availability of funds/Securities / Commodities / Collaterals 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 / Commodities. PhillipCapital shall not be responsible for any claim/loss/damage arising out of non availability/short availability of funds/Securities / Commodities by the Client in the designated account(s) of PhillipCapital for meeting the pay in obligation of either funds or Securities / Commodities .

In case the payment of the margin / security/commodity is made by the Client through a bank instrument, PhillipCapital 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 PhillipCapital.

Where the margin /security / commodity is made available by way of securities / commodities, PhillipCapital is empowered to decline its acceptance as margin / security & / or to accept it at such reduced value as PhillipCapital may deem fit by applying haircuts atleast at the rate prescribed by the Exchanges or by valuing it by marking it to market or by any other method as PhillipCapital may deem fit in its absolute discretion.

PhillipCapital has the right but not the obligation, to cancel all pending orders and to sell/close/liquidate/square off all open positions/ securities/ shares/ commodities at the pre-defined square off time or when Mark to Market (M-T-M)

percentage reaches or crosses stipulated margin percentage as decided by PhillipCapital from time to time in its discretion depending on the market condition. In the event of such sell/close./ liquidate/square off, the Client agrees to bear all the losses based on actual executed prices. In case open position (i.e.short/long) gets converted into delivery due to non square off because of any reason whatsoever, the Client agrees to provide securities/funds to fulfill the pay-in 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). PhillipCapital is entitled to prescribe the date and time by which the margin / security is to be made available and PhillipCapital may refuse to accept any payments in any form after such deadline for margin / security expires.

If the Client fails to maintain or provide the required margin/fund/ security or to meet the funds/margins/ Securities / Commodities pay in obligations for the orders / trades / deals of the Client within the prescribed time and form, PhillipCapital shall have the right (but not the obligation), without any further notice or communication to the Client, to take any one or more of the following steps:

- (i) To withhold any payout of funds / Securities / Commodities.
- (ii) To withhold / disable the trading / dealing facility to the Client.
- (iii) To appropriate and/ or transfer and/ or sell all or any Securities / Commodities cash or collateral in the Client Account and/ or instruct the Designated Bank/ BusinessAssociate and/ or Designated Depository Participant (as the case may be) with whom the respective accounts are maintained to sell and/or transfer all or any funds or Securities / Commodities in any respective account and retain the proceeds thereof;
- (iv) To liquidate / square off partially or fully the position of sale & / or purchase in any one or more Securities / Commodities / contracts in such manner and at such rate which PhillipCapital may decide in its absolute discretion.
- (v) To prevent any new orders from being placed and/or executed by the Client; and/ or
- (vi) To take any other steps which in the given circumstances, PhillipCapital may deem fit. The loss(s) if any, on account of any one or more steps as enumerated herein above being taken by PhillipCapital, shall be borne exclusively by the Client alone.

Notwithstanding the above and without prejudice to any other rights available to PhillipCapital, PhillipCapital shall liquidate the securities in the market if the client fails to meet his/her/its funds pay-in obligation within five trading days from pay-out day. Profit/loss on the sale transaction of the unpaid securities, if any, shall be transferred to/adjusted from the respective client account.

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

PhillipCapital shall not be obliged to deliver any securities or pay any money to the Client unless and until the same has been received by PhillipCapital from the exchange, the clearing corporation/ clearing house or other company or entity liable to make the payment and the client has fulfilled his / her/ its obligations first.

As per Exchange guidelines, clients should deliver the securities to our Pool a/c on or before T+2. Deliveries received on pay-in-day will be treated as late pay-in. Late pay-in charges, as applicable from time to time, will be imposed.

In the event a client fails to deliver any securities to meet the sale obligation by the stipulated pay-in time, PhillipCapital may (without any obligation), in its sole discretion and at risk and cost to the defaulting client, buy / obtain such securities in accordance with the applicable rules, bye-laws, regulations and circulars of SEBI/Exchange from market in the defaulting client's trading account so as to enable PhillipCapital to deliver securities to the client who has purchased such securities. Thus, in case there is shortage in obligations arising out of internal netting of trades, PhillipCapital shall buy the equivalent number of shares in subsequent trading session(s) on best effort basis in the defaulting client account and give the delivery to the buyer of those shares. Any loss or profit, costs or any other liability of any nature whatsoever occurring as a result of such short delivery shall be borne by the defaulting client.

Any type of costs, risks, loss occurring as a result of treatment of internal shortages by PhillipCapital shall be solely on account of client and PhillipCapital shall not be responsible for the same. In the event a customer fails to deliver to PhillipCapital any securities that have been sold by the customer to meet the sale obligation by the stipulated pay-in time, PhillipCapital shall be entitled to obtain such securities in accordance with the applicable rules, bye-laws, regulations and circulars of SEBI/Exchange to enable PhillipCapital to deliver securities to client who has purchased these securities.

#### **Share Allocation of delivery payout:-**

Any type of costs, risks, loss and occurring as a result of such share allocation by PhillipCapital shall be solely on account of client and PhillipCapital shall not be responsible for the same. In the event the share payout received from Exchange is less than the total share payout receivable from Exchange, PhillipCapital shall do the share allocation among its clients in the following manner:-

1. 1st priority to clients who has given the excess stock
2. 2nd priority to minimum quantity first
3. Client code wise

#### **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**

Client may take exposures as per the company policy on setting up of clients exposure limits given in point 2 above. Client may not be allowed to take position in case of non availability/ shortage of margin as required by PhillipCapital from time to time. Clients need to adhere to various limits imposed by Exchanges from to time like market wide limits, scrip wise limit etc. Client may not be able to take further position in case of any trading restrictions put by Exchanges / SEBI on or PhillipCapital. The existing position of the client is also liable to square off/close out without giving notice due to shortage of margin/ non payment for their payin obligation/ lawful outstanding debts. PhillipCapital may also close the existing position of a client if any of the circumstances mentioned in point no. 9 below arise or for any other lawful reason as deemed fit by PhillipCapital from time to time.

#### **8. Temporarily suspending or closing a Client's account at the Client's request**

Based on the request of the Client PhillipCapital may temporarily suspend the client account and the same shall be activated on the written request of the Client only This suspension and activation will be subject to client accepting / adhering to conditions imposed by PhillipCapital including but not limited to settlement of account and/ or other obligation.

Based on the request of the Client in writing PhillipCapital can close the client account subject to client account being fully settled.

On the other hand, PhillipCapital may also withhold the payouts of Client and suspend the trading account due to internal compliance / surveillance action or judicial or / and regulatory order / action requiring client suspension. PhillipCapital can suspend the Client's trading account due to bouncing of contract notes on registered email id of the client or registered correspondence address of the Client or in case PhillipCapital is unable to complete any of its Client Identification process at any time during the continuance of the Document (other terms & conditions) between Client and PhillipCapital. PhillipCapital may also suspend the Client's trading account in its sole discretion for any other reason as deemed fit by PhillipCapital from time to time.

**Inactive Client account:** -Client account will be considered as inactive wherein no trades have been carried out since last 12 (Twelve) months across all Exchanges. Based on the request of the client PhillipCapital in its sole discretion may activate the client account after undertaking sufficient due diligence. PhillipCapital shall return the

securities/funds lying in such inactive account to the client as per the applicable rules, bye-laws, regulations, circulars, etc of the Exchange(s).

Excess securities, if any, lying with you in Client Collateral/Collateral account shall be released after making necessary retention at the time of release of funds every month/quarter.

## **9. De-registering a client**

Notwithstanding anything to the contrary stated in the Document (other terms & conditions), PhillipCapital shall be entitled to terminate the Document (other terms & conditions) with immediate effect in any of the following circumstances:

- (i) 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.
- (ii) If there is any commencement of a legal process against the Client under any law in force;
- (iii) On the death/lunacy or other disability of the Client;
- (iv) 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;
- (v) 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;
- (vi) If the Client being a partnership firm, has any steps taken by the Client and/ or its partners for dissolution of the partnership;
- (vii) If the Client have taken or suffered to be taken any action for its reorganization, liquidation or dissolution;
- (viii) If the Client has made any material misrepresentation of facts, including (without limitation) in relation to the Security;
- (ix) If there is reasonable apprehension that the Client is unable to pay its debts or the Client has admitted its inability to pay its debts, as they become payable;
- (x) If the Client suffers any adverse material change in his / her / its financial position or defaults in any other Document (other terms & conditions) with PhillipCapital;
- (xi) If the Client is in breach of any term, condition or covenant of this Document (other terms & conditions);
- (xii) If any covenant or warranty of the Client is incorrect or untrue in any material respect.

Client's Acceptance of Policies and Procedures stated hereinabove:

I/We have fully understood the above policies and procedures and do hereby sign the same. These Policies and Procedures may be amended / changed unilaterally by PhillipCapital, provided the change is informed to me / us through any one or more approved means or modes made by PhillipCapital by way of such as circulars / orders posted on website / back office login id / post / courier / registered post / registered A.D / facsimile / e-mail / 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 PhillipCapital; by publishing / displaying it on website of PhillipCapital / making it available in back office login / making it available as a download from the website of PhillipCapital; 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 suitable or applicable mode or manner as decided by PhillipCapital from time to time.. These Policies and Procedures shall always be read along with the Document (Other Terms & Conditions) and Exchange / SEBI guidelines in force from time to time and shall be compulsorily referred to while deciding any dispute / difference or claim between me/ us and PhillipCapital before any court of law / judicial/ adjudicating authority including arbitrator/ mediator etc