POLICIES & PROCEDURES

1. Refusal of orders for penny / illiquid stock

A stock that trades at a relatively low price and market capitalization is a penny stock. Penny stock companies often have low liquidity, making it difficult to sell shares. In extreme cases, investors may encounter difficulty liquidating their positions. Low liquidity also translates into easy manipulation of penny stocks due to most penny stocks being thinly traded. Both NSE and BSE list out penny stocks/illiquid stocks by way of circulars under the surveillance and investigation section. We advise clients to abstain from investing/trading in penny stocks.

We therefore reserve the right to refuse to allow trading/provide limits / use as collateral, penny stocks. We however have no restriction whatsoever on sale of penny stocks held in the demat account of the client. Further CIPL may ask for compulsory settlement / advance payment of expected settlement value/delivery of securities for settlement prior to acceptance / placement of order(s) as well. Losses, if any, on account of such refusal by CIPL or due to delay caused by such limits, shall be borne exclusively by the client alone. The Stock Broker shall not be responsible for any financial or other implications due to such execution, delay in execution or non execution of any such orders. The Stock Broker shall have the prerogative to place such restrictions, notwithstanding that the client has sufficient credit or margin available in his account.

2. Setting up client's exposure limits

CIPL, may from time to time, vary limits or impose new limits for the orders that the client can place through CIPL's trading platforms. CIPL would have the sole discretion on setting these limits based on its risk perception of the client, Margin received from the client, Market conditions and other factors, but not limited to, limits on account of exchange/ SEBI directions/ limits (such as Stock Broker level/ market level limits in security specific / volume specific exposures etc.). This would include exposure limits, turnover limits, limits as to the number, value and/or kind of securities in respect of which orders can be placed etc.. The client is aware that CIPL may be unable to inform the client of such variation, reduction or imposition in advance. CIPL shall not be responsible for such variation, reduction or imposition or the client's inability to route any order through it's trading system on account of any such variation, reduction or imposition of limits.

CIPL 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 through it, or it 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 or the order being outside the limits set by CIPL / exchange / SEBI and any other reasons which CIPL may deem appropriate in the circumstances. Losses, if any, incurred by the client on account of such refusal or delay, shall be borne exclusively by the client alone.

CIPL shall have the prerogative to allow differential buy and sell limits for its clients depending upon credit worthiness, integrity and past conduct of each client.

3. Applicable brokerage rate

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

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. 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 further clarified that brokerage on the options contracts shall not exceed 2.5% of the premium amount or Rs.100/- (per lot), whichever is higher.

Brokerage for future contracts shall be charged on the value at which the contracts are bought or sold. It is hereby further clarified that brokerage on the futures contracts shall not exceed 2.5% of the Contract value exclusive of statutory levies.

The slab rates of brokerage are function of the cost of the services being provided to the client and would be reviewed from time to time.

4. Imposition of penalty/delayed penalty charges/other charges

CIPL would charge delayed payment charges on any amounts which are overdue from the client towards trading or on account of any other reasons, at such rates as may be determined by the Stock Broker from time to time to time. The client shall pay to the Stock Broker brokerage, all taxes, duties, levies to the stock exchanges, transaction expenses, penalties for short margin levied by Exchange, delayed payment charges, short delivery charges, auction charges, cheque stop payment charges, cheque bounce charges, RTGS/NEFT charges, incidental expenses such as postage, courier etc. as they apply from time to time to the client's account / transactions / services that the client avails from CIPL.

CIPL may impose penalties / fines for any orders/trades / deals / actions of the client which are contrary to Stock Broker Client Agreement/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 the Stock Broker 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 client's securities or close client's positions, without giving notice to the client, on account of non-payment of client's dues

CIPL shall have the right and the prerogative to sell client's securities, both unpaid securities as well as collaterals deposited towards margins, or close out client's open positions, without giving notice to the client where there is either a delay or failure of the client to meet the pay-in obligations and / or there is delay /failure of the client to bring additional margins to cover the increase in risk in dynamic and volatile market conditions. CIPL further has the right but not the obligation to cancel all pending orders and to sell/buy/liquidate all open positions /securities/shares at a pre-determined square-off time or when pre-determined MTM % is reached whichever is earlier in case of intra-day positions.

The client would be responsible for monitoring his / her / its position (dealings/trades and valuation of security(ies)) on his / her / its own and provide the required/deficit margin / security(ies) forthwith as required from time to time whether or not any margin call or such other separate communication to that effect is sent by CIPL to the client and / or whether or not such communication is received by the client. The client is not entitled to trade without adequate margin and that it shall be client's own responsibility to ascertain beforehand the margin requirements for its orders/ trades/deals and to ensure that the required margin is made available to CIPL in such form and manner as may be required.

The client shall ensure that funds/securities are made available in time and in designated form at designated bank(s) and depository account(s) of CIPL, for meeting his/her/its pay-in obligation of funds and securities. CIPL shall not be responsible for any claim/loss/damage arising out of non availability/short availability/delayed availability of funds/securities by the client in the designated account(s) of the Stock Broker 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 pay out 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 Stock Broker level/non release of margin by the Stock Broker 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 CIPL shall not be 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 Stock Broker shall be at liberty to give the benefit/credit for the same only on the realization of the funds from the said bank instrument & subsequent updation in records as CIPL's process.

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

In the event of client failing to maintain or provide the required margin/fund/security(ies) or to meet the funds/ margins/securities pay-in obligations on immediate basis for the orders/trades/deals of the client CIPL shall have the right, without any further notice or communication to the client, to withhold payout of funds/securities, to liquidate security(ies), to disable trading facility to the client , to liquidate/square off partially or fully the position of sale and/or purchase in anyone or more securities or contracts in such manner and at such rates which CIPL may decide in it's absolute discretion.

Losses, if any, on account of any one or more steps, as enumerated herein above, being taken by CIPL shall be borne exclusively by the client alone and he/she/it agrees not to question the reasonableness, requirements, timing , manner, form, price etc which are chosen.

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

CIPL shall not be obliged to deliver any securities or pay any money to the client unless and until the same has been received by the Stock Broker 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.

The policy and procedure for settlement of shortages in obligations arising out of internal netting of trades is as under:

(a) Short Delivery to the Exchange for scrip at the Stock Broker level: In case of short delivery to exchange, the settlement happens as per the auction/close-out mechanism of Exchange and auction/close-out debit and all related charges is passed on to the defaulting clients who did not fulfill his/her/it's selling obligation.

(b) Short delivery in case of internal netting of trades :

The short delivery client is debited by an amount equivalent to 30% above the closing price of the day prior to payin/payout date. The shares delivered short will be purchased on the pay-in date i.e. on T+2 from Normal Market and the purchase consideration amount along with brokerage and related charges will be debited to the defaulting client along with reversal of the provisional amount debited earlier.

Further if CIPL is unable to buy shares on T+2 day from normal market due to upper side freeze on the scrip

Then

The valuation price that shall be debited to the short delivering client shall be, higher of, 5% above the closing price of Auction date i.e. T+2 day in normal market of the exchange,

or

Highest traded price between trade date and auction date.The defaulting client on sell side will be debited by the amount equivalent to the quantity short delivered multiplied by the valuation price. The client on the buy side will be credited by the same amount debited to defaulting client on sell date as computed above. All losses to the client on account of the above shall be borne solely by the client and CIPL shall not be responsible for the same. In case of any claim against CIPL, the Client shall indemnify CIPL in this regard. Corresponding clients on the buy side of scrip A are chosen on the basis of the descending quantity of shares bought by them i.e. first the client (say X) who has purchased highest quantity of scrip A will be picked up and if the shortage of shares is more than the quantity of shares bought by the client X, then the client who has purchased the next highest quantity will be picked up so on and so forth. The shares bought on T+2 in case of Client to Client shortage and shares/credit received from Exchange through auction process in case of CIPL level shortage are credited to the corresponding client on buy side of scrip A chosen through the aforesaid mechanism.

7. Conditions under which a client may not be allowed to take further position or the Stock Broker may close the existing position of a client

CIPL may refuse to execute order of a client or may close the existing position of the client due to lack of margin / securities or the order being outside the limits set by CIPL / exchange/ SEBI. Other reasons for not allowing further positions or closing out of existing positions could be as:

1. Client has not met his pay-in obligations in cash by the scheduled date of pay-in for purchases done in CM segment.
2. Non-payment or erosion of margins or other amounts, outstanding debts, etc.
3. Client is dealing in illiquid scrips or contracts/penny stock.
4. Cheque submitted by the client has bounced or clear funds not received with the Stock Broker for the cheque submitted by the client.
5. If in the opinion of the Stock Broker, the client has committed a fraud, crime, or acted in contravention to the agreement.
6. Non Payment of Mark to Market loss in Cash.
7. Open positions in a contract exceed or are close to market wide cut-off limits.
8. Client's position is close to client-wise permissible “open” positions.
9. Intraday orders after the cut-off time would not be allowed.

8. Temporarily suspending or closing a client's account

The Stock Broker can suspend/close the client account and also withhold the pay-outs of client if there is any judicial or/and regulatory order/action requiring suspension/closure of client's account. The Stock Broker can also suspend/close the client account if the Stock Broker observes any abnormal or suspicious activity in the client account through its monitoring and surveillance of the client account. The Stock Broker may also temporarily suspend/close the client account if there is no activity in the client account for a period, as deemed fit by the Stock Broker from time to time. The client's account can also be put under temporary suspension/closure if the client has not cleared the uncovered debit in its account or if the client has not submitted Know Your Client (KYC) details sought by CIPL to fulfill its own surveillance or exchange related requirements.

In the event of information/reports reaching CIPL of the client's death, the account can also be put under temporary suspension/closure.

CIPL can also put the client's account under temporary suspension/closure if the client has failed to provide or update its communication details like correspondence address, mobile number, landline numbers or e-mail ID.

The client may also request CIPL to temporarily suspend/close his account. CIPL may do so subject to client accepting / adhering to conditions imposed by CIPL including but not limited to settlement of account and / or other obligation.

9. De-registering a client

The client has the option to De-register his account after settling his account with CIPL. The client would be liable to pay all dues in his account before the De-registration.

CIPL shall have the right to terminate the agreement with immediate effect in any of the following circumstances:

1. The client account figures in the list of debarred entities published by SEBI.
2. The actions 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.
3. If there is any legal /regulatory proceeding against the client under any law in force.
4. 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;
5. If the Client is in breach of any term, condition or covenant of this Agreement;
6. When CIPL is informed or ascertains that the client is deceased / has become insolvent / not able to act in the market due to lunacy/disability etc.
7. CIPL shall have the right to close out the existing positions, sell the collaterals to recover any dues with or without consent of the client before the de-registration of the client.
8. Either party will be entitled to terminate the agreement without assigning any reason, after giving notice in writing of not less than 30 days to the other party.

Not withstanding any such termination/deregistering, all rights, liabilities and obligations of the parties arising out of or in respect of transactions entered into prior to the termination/ deregistering, shall continue to subsist and vest in/ be binding on the respective parties or his/her/its respective heirs/executors/administrators/legal representatives/ successors as the case may be.

10. Inactive client account

Client account will be considered as inactive if the client does not trade for period of one year. Calculation will be done at the beginning of every month and those clients who have not traded even a single time will be considered as inactive, the shares/credit ledger balance if any will be transferred to the client within one week of the identifying the client as inactive. The client has to make written request for reactivation of their account.