



**JK SECURITIES PRIVATE LIMITED**

## Disclosure of Policies and Procedures to Clients

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## JK SECURITIES PRIVATE LIMITED

### 1. Policy for Penny Stock / Securities

A Security that trades at a relatively low price (generally such securities are trading below face value of the security) and has small market capitalization is a penny stock. These types of stocks are generally considered to be highly speculative & high risk because of their lack of liquidity, large bid-ask spreads, small capitalization and limited following and disclosure.

The Company recommends that its clients desist from trading in any penny stocks in view of the associated risk element while dealing in such stocks. Further, the client is also required to adhere to Exchange/ Members' guidelines and due diligence while trading in such stocks. Also SEBI / Exchange from time to time issues directives necessitating additional due diligence for dealing in such stock(s).

Depending on the market condition, applicable regulatory guidelines and applicable risk policy of the Company, the Company at its sole discretion, may impose certain restrictions and/ or conditions (on case to case basis) including but not limited to refusal, wholly or partly, for trading in penny stocks.

These restrictions/ conditions include but are not limited to the following -

- Restrictions on trading, either wholly or partly, in certain security(ies) or category of security(ies) contracts viz.

illiquid stocks / stocks having low liquidity,

– illiquid options / far month options / long dated options,

– securities listed in Z, T, TS, S, B group and/or securities listed in BE, IL, BT or EQ series on NSE,

– any other securities/ contracts which as per the perception of the Company are volatile or

subject to market manipulation or has concentration risk at client level or at the Company level,

- acceptance or partial acceptance of an order for buy and/or sell. Such acceptance may require execution in a controlled environment (for e.g. from centralised desk instead of from designated dealing area or electronic platform);

- cancellation of orders of the above securities contracts received from clients before execution or after partial execution without assigning any reasons thereof;

- Requirement to obtain appropriate declarations from the client before / after accepting such orders.

The Company shall –

- not be responsible for non-execution / delay in execution of such orders and consequential opportunity loss or financial loss to the client

- have the discretion to place such restrictions, notwithstanding the fact that the client has adequate credit balance or margin available in his account and/or the client had previously purchased or sold such securities / contracts through the Company itself;

- have the right to revise the list of such securities / contracts on a periodic basis.



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Client can obtain the information about the updated list of securities from the Relationship Manager / Dealing office

100% margin will be taken from the client and these shares will not be taken to as Margin deposit.

May require compulsory settlement/advance payment of expected settlement value/delivery of securities for settlement prior to acceptance/placement of order(s) as well, the order bring for securities which are not in the permitted list of the stock broker/exchange(s) as assessed by the Broker

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

Margin based limit / exposures will be set for clients for transacting in Cash and F&O segment. While computing the available margin, clear credit lying in client's settlement and margin ledger, securities held in client's beneficiary account with Member may be considered.

Margin can be paid in form of cash and approved collateral. Collateral will be valued on daily basis at latest / previous day's closing price and appropriate hair-cut shall be applicable. List of approved collaterals / securities along with applicable haircut, is subject to revision from time to time based on Exchange approved list, market volatility, quality of collateral and internal guidelines; and same can be obtained from the Relationship Manager / Dealing Office.

The Stock Broker may from time to time impose & vary limits on the orders that the client can place through the Stock Broker's trading system (including 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 Stock Broker may need to vary or reduce the limits or impose new limits urgently on the basis of the Stock Broker's risk perception and other factors considered relevant by the Stock Broker including but not limited to client's trade history / experience, if available, client's financial capacity and / or credit worthiness limits on account of the Exchange/SEBI directions/limits (such as broker level/market level limits in security specific/volume specific exposures etc.) and the Stock Broker may be unable to inform the client of such variation, reduction or imposition or the clients inability to route any order through the Stock Broker's trading system on account of any such variation, reduction or imposition of limits.

The client further agrees that the Stock Broker 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 the Stock Broker, or it may subject any order placed by the client to 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 Stock Broker / Exchange / SEBI and any other reasons which the Stock Broker may deem appropriate in the circumstances. Sometimes client's sauda go to IOC (immediate or cancel) instead of normal beading if broke terminals on square off mode.

The client agrees that the losses, if any on account of such refusal or due to delay caused by such review, shall be borne exclusively by the client.

### 3. Policy on Brokerage Rate and Other Charges

- Brokerage shall be applied as per the rates agreed upon with the client in the KYC at the time of registration of the client through a mentioned document between the client and JKSPPL.



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- The brokerage charged to the clients will not be more than the maximum brokerage permissible as per the rules, regulations and bye-laws of the relevant Exchange / SEBI.

- In consideration of providing broking and allied services, the client agrees to pay to the Member, brokerage and statutory levies as are prevailing from time to time and as they apply to the client's account, transactions and to the services that Member renders to the client.

- The brokerage and other charges (including taxes thereon) shall be communicated to the client at the time of registration and any variation thereon would be duly advised / mutually agreed from time to time.

- A schedule of fee and commission, applicable service taxes and other transaction expenses shall also be provided to the client from time to time, upon request.

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

As per the Exposure Limit section outlined earlier in the document, client shall maintain adequate margin / settle the obligation / top-up the margin by scheduled date. In case client fails to settle the dues in time, the Company reserves its right to levy late pay in / delayed payment charges at 21% p.a. calculated on daily basis on shortfall amount till the date of actual realization of money. for not making payment of their pay-in / margin obligation on time as per the Exchange requirement / schedule and

The above levy is only a penal measure in case of a client default in meeting settlement and margin obligation and should not be construed as funding arrangement by the client; and the client cannot demand continuation of service on a permanent basis citing levy of delayed payment charges. Further all fines/penalties and charges levied upon the client due to its acts/deeds or transactions will be recovered by the stock broker directly from the clients accounts.

The client agrees that the Stock Broker may impose fines / penalties for any orders / trades / deals / actions of the client which are contrary to the Member client agreement / Rights and Obligations document / 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.

The Company provides exposure against the upfront margin received in the form of cash / collateral from the client and the client also has the prerogative to demand withdrawal of cash or collaterals at his discretion, subject to surplus margin in place. The Company shall not pay any interest or other benefit to the client for maintaining cash balances or depositing collateral margins with the Company except for the corporate benefit received on such collateral securities, if any.

#### 5. Liquidation Policy

(The right to sell client's securities or close client's positions, without giving notice to the client, on account of non-payment of clients dues)

Without prejudice to the Stock Broker's other rights (including the right to refer the matter to arbitration), the Stock Broker shall be entitled to liquidate / close out all or any of the clients positions without giving notice to the client for non-payment of margins or other amounts including the pay in obligation,



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outstanding debts, etc to the extent of client's settlement / margin obligation only. The proceeds of such liquidation / close out, if any, would be adjusted against the clients liabilities / obligations. The client would be required to make good the shortfall, if any post liquidation, immediately on being intimated of the same by the Member.

The client shall ensure timely availability of funds / securities in form and manner at a designated time and in designated bank and depository accounts(s), for meeting his / her / its pay in obligation of funds and securities. Any and all losses and financial charges on account of such liquidations/closing out shall

be charged to & borne by the client. In case of securities lying in a client margin account / client beneficiary account and having corporate actions like bonus / stock split, the benefit of the same for margin or other purpose will be given when the shares are actually received in the Stock Broker's designated depository account.

In case the payment of the margin, settlement obligation 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. Where the margin is made available by way of securities the Stock Broker is empowered 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 the Stock Broker may deem fit in its absolute discretion.

The Stock Broker 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, whichever is earlier. The Stock Broker will have sole discretion to decide the stipulated margin percentage depending upon the market condition. In the event of such square off, the client agrees to bear all the losses based on actual executed prices, the client shall also be solely liable for all and any penalties and charges levied by the Exchange(s).

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

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

The Client hereby agrees that if he/she/it has short delivered any securities against his/her/its pay-in obligation which resulted into internal shortage i.e. buy position of another client of the Stock Broker and could not be auctioned in the market then close out price will be higher of the trade day's closing rate or 10 % above the closing price on settlement(Pay in Payout) day or such other % as may be revised by the Stock Broker from time to time.

### **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.**

The stock broker 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 stock broker/exchange/SEBI and any other reasons which the stock broker may deem appropriate in the circumstances.



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A. For nonpayment or erosion of margins or other amounts, outstanding debits etc. and adjust the proceeds of such liquidation/ closeout, if any, against the client's liabilities/ obligations.

B. Any order which is executed without the required margin in the Client's account or the broker exposure is more than 0% and above so no fresh trade will be taken.

C. The client hereby authorizes the Stock Broker to square up all his outstanding positions at the discretion of the Stock broker which are non marked for delivery 15 minutes before the closing time of normal market or if the client's margin is evaporated by 90% in any of exchanges/the Stock Broker reserves the right to square off positions without giving any notice to the client.

D. Under certain market conditions it may be difficult or impossible to liquidate a position in the market at a reasonable price or at all when there are no outstanding orders either on the buy side or sell side, or if trading is halted in a security due to any action on account of unusual trading activity or stock hitting circuit filtera or for any other reason as prescribed or instructed by SEBI.

E. The Stock Broker is entitled to disabled/ freeze the account or trading facility/any other service if, in the opinion of the stock broker, the client has committed a crime, fraud or has acted in contradiction of this agreement or/evade/violate any loss rules regulations directions of a lawful authority whether Indian or foreign or if the stock broker so apprehends.

F. Any profit\_/loss arising out of this transactions shall be at the risk of and borne by the client.

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

The client account can be suspended temporarily, on receipt of specific formal communication from the client. During the period the client account is suspended, the market transaction in the client account will be prohibited. However, at the time of making such request, the client has to ensure that the trading account has been duly settled (both for securities as well as funds). The Member shall also settle the funds and securities due to client, if any, within such period as prescribed by exchange for settlement of account.

Such accounts shall be re-activated and any new requests for orders to trade shall be accepted from such clients only on receipt of formal communication from the client requesting re-activation of account in order to enable the client to trade along with completion of all required formalities of KYC including updation thereof, if necessary.

The account may be suspended on following condition also

- On notices received from statutory, Government or Local authorities and Income Tax, Service Tax, a Judicial or a Quasi Judicial authority, etc.
- Where a client is reported to or known to have expired.

The client shall be entitled to close his trading account and terminate the member-client agreement/ relationship under the rights and obligations prescribed by SEBI which has been entered into between the client and the Stock Broker without giving any reasons to the Member.. Notwithstanding any such termination, all rights, liabilities and obligations of the client arising out of or in respect of transactions entered into prior to the termination shall continue to subsist and vest in / be binding on the client.



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At the time of making such request, the client has to ensure that all the open positions, if any, taken by the client are closed and the trading account has been duly settled (both for securities as well as funds). The Member shall settle the funds and securities due to client, if any, latest within a period of seven days from the date of closure of such account.

If the client wants to re-open the account, the client has to complete the applicable client registration process including due completion of applicable Know Your Customer (“KYC”) requirement.

### 9. De-registering a client

The Member shall be entitled to close a client’s trading account and terminate the Member-Client Agreement / Relationship under the rights and obligations prescribed by SEBI without giving any reasons to the client, after giving formal notice in writing of not less than one month to the client. The account shall be deemed to have been closed effective 30th day from the date of receipt of such termination notice by the client. Notwithstanding any such termination, all rights, liabilities and obligations of both, the client and the Member, arising out of or in respect of transactions entered into prior to the termination shall continue to subsist and vest in / be binding on both, the client and the Member.

The client has to ensure that all the open positions, if any, taken by the client are closed and the trading account has been duly settled (both for securities as well as funds). The Member shall settle the funds and securities due to client, if any, latest within a period of seven days from the date of closure of such account.

The Member recommends the client not to undertake any further trading during the notice period and any trades of urgent nature would be undertaken by the Member against receipt of funds and / or securities prior to execution of such orders.

Notwithstanding anything to the contrary stated above or in the Member-Client Agreement/ Rights and Obligations Document, the Stock Broker shall be entitled to terminate the relationship under the rights and obligations prescribed by SEBI / agreement with immediate effect in any of the following circumstances:

- If 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 securities or disturb the normal / proper functioning of the market, either alone or in conjunction with others.
- If there is any commencement of a legal process against the client under any law in force or the client is banned from accessing financial markets by any regulator or any such adverse orders is passed against the client;
- On the death / lunacy or other disability of the client;
- If the client being a partnership firm, has any steps taken by the client and/or its partners for dissolution of the partnership;
- If the client suffers any adverse material change in his / her / its financial position or defaults in any other agreement with the Stock Broker;
- 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;



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- If the client is in breach of any term, condition or covenant of the Member Client Agreement/ Rights and Obligations Document;
- If the client has made any material misrepresentation of facts or if any covenant or warranty of the client is incorrect or untrue in any material respect;
- 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;
- If the client has been taken or suffered to be taken any action for its re-organization, liquidation or dissolution; and defaults in any other agreement with the Stock Broker
- 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;
- If the client is in breach of any term, condition or covenant of the Member Client Agreement/ Rights and Obligations Document;
- If the client has made any material misrepresentation of facts or if any covenant or warranty of the client is incorrect or untrue in any material respect;

### 10. TREATMENTS OF INACTIVE ACCOUNTS

In case the Trading account of the client is not operated by the client for a continuous period of six months the same will be considered to be 'Inactive Account'. Such Inactive account may be reactivated for trading on receipt of application for re-activation from the client along with necessary supporting documents. JKSPPL employee may carry out "In person" verification of the Inactive client and shall validate the supporting documents submitted by the client with the originals.