

## POLICIES AND PROCEDURES

### 1. Refusal of orders for penny Stocks: -

The client is aware and agrees that the stock broker may refuse or restrict a client in placing the order in certain securities depending on various conditions like volume / value / part of illiquid scrips / Z group of securities, although a client may have credit balance or sufficient margin in the trading account. List of such scrips will be reviewed on a periodical basis and will be updated on MLB website.

However, stock broker under exceptional circumstances may execute cliential order. The stock broker has the discretion to reject execution of such orders based on its risk perception.

### 2. Setting Up client's Exposure Limit:-

The client is aware and agrees that the stock broker may set the Exposure limits on the basis of available base capital which may comprise of Ledger and stocks (after suitable margin hair cut). The limit may be allowed on a multiplier basis to the available capital or actual VAR margin basis or a specified margin depending on the Market condition. Client agrees that said limit parameters is a dynamic process that is allowed at the discretion of the stock broker based on the market conditions and their risk perception about the market. However on exceptional situations broker may use its own discretion in providing the limits and may change for a client or for all depending on market condition.

### 3. Applicable Brokerage Rate

- a) The stock broker is eligible to charge brokerage with respect to transactions effected by it in various segment as mentioned herein below-
  - For Capital Market Segment– The maximum brokerage in relation to trades effected in the securities admitted to trades effected in the securities admitted to dealing on the Capital Market Segment of the Exchange shall be 2.5% of the contract price exclusive of statutory levies. It is further clarified that where the sale / purchase price value of a share is Rs. 10/- or less, a maximum brokerage of 25 paise per share may be charged.
  - For option Contracts– Brokerage for options 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. The brokerage on option contracts shall not

- b) The stock broker may charge different Brokerage for Deliverable and intraday transactions.
- c) The client is aware that any request for change in the brokerage rate has to send in writing to the Branch who in turn will forward the request to Head Office of the stock broker. Acceptance / rejection of such request is at the discretion of stock broker.
- d) Other Levies, Charges, service tax etc. will be charged on brokerage as per the Rules prescribed by the Government / Regulatory Agencies.

All the above charges and levies debited to clients would be mentioned in the Contract note send to client.

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

- The client is required to pay all amounts due to the stock broker on its due date. The amount due to broker shall include all type of Margin and pay-in obligation or on account of any other reason.
- In case the client does not pay the amount due on time, the stock broker shall charge delayed payment charges up to the rate of 2% per month on the daily outstanding value or at such rates as may be determined from time to time by the stock broker. In case of Capital Market and F&O Segment, interest will be charged from the time it become due till the time obligation is cleared by the client. The objective of charging such a charge is to force a client to clear their dues on a timely basis.
- The client agrees that the stock broker may impose fines/penalties for any orders / trade of the client which are contrary to this agreement / rules / regulations of the Exchange. Further, under the instances where the stock broker has been penalized from any Authority on account of / as a consequence of orders / trades 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:-

The Client shall provide timely funds/securities for the purchase / sale of securities to the stock broker for meeting his obligation to the Exchange. In case of client falling short of providing

funds/securities the stock broker has the right to close the positions. The stock broker has the right to sell client's securities or close clients position with or without giving prior notice to client on account of non payment of dues to the extent of Ledger debit and/or to the extent of Margin obligation. The broker can liquidate the securities bought or collaterals given or any other securities given in any other from for clearing the clients obligation.

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

The client agrees to the laid down policy and procedure followed for handling shortages arising out of internal netting of trades, as mentioned herein below:

Close out price will be the highest weighted Average price for any day recorded in the scrip from the trading day on which the transaction took place up to the day of auction or the closing price on the day or auction ie. T+3 + 2% (for NIFTY INDEX scrips) and 5% (for other scrips)

To summarise the buyer will get credit as given below:

Highest Weight Average price (T to T+3) or closing price on T+3 (whichever is higher), + 2% (for NIFTY INDEX SCRIPS)

Highest Weighted Average price (T to T+3) or closing price on T+3 (whichever is higher), + 5% (for OTHER SCRIPS)

The seller will be debited by the same amount + 0.50% penalty. (Above defined parameters are subject to change 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: -**

In case overall position in a scrip / derivatives contract has reached the Regulators prescribed Exchanged limit / Market wide Open Interest limit, then client may not be allowed to take further position, till such time Regulator prescribed limits comes down to create a new position.

Further, the stock broker may close the existing position of a client to the extent of debit balances to release the Margin from the Exchange. In case if the stock broker has sufficient Margin cover on behalf of its client, it may still decide based on the market conditions or may close the existing position of a client.

#### **8. Temporary Suspension/Closure of Account**

- The client may request the stock broker for temporary suspension/closure of his trading account by sending a written request will be in turn sent by branch to Head Office for further processing where after verification of the client details, the trading account of the client will be suspended.
- The client would be required to clear all his dues / settlement of obligation before his account is temporarily suspended. The client may also be required to fulfill other conditions, on a case to case basis.
- The stock broker can withhold the payouts of client and suspend/close his trading account due to any internal / regulatory action.
- Upon suspension/closure of trading account an intimation will be sent to the client within 15 days of suspension.

#### **9. Deregistering a client**

In addition to what the client has agreed in the agreement, the stock broker may terminate a client with immediate effect, but not limited to the following reasons –

- If the client is debarred by SEBI or any other regulatory authority
- As a part of surveillance measure, if a client appears to be indulging in manipulative practices.
- Under the circumstances when there is a reasonable ground to believe that the client is unable to clear its dues or has admitted its inability to pay its debt.
- If the client violates any of the terms of the agreement.

#### **10. Treatment of Inactive Clients**

The client is aware that the policy for treatment of Inactive clients is displayed at the website [www.mlbcapital.com](http://www.mlbcapital.com).

**11. Handling of the Client securities – Policy on Client unpaid Securities Account (CUSA)**

With respect to SEBI Circular No. CIR/HO/MIRSD/DOP/CIR/P/2019/75 dated June 20, 2019 and FAQ issued by the Exchanges, on Handling of the clients Funds and Securities by Trading Members/ Clearing members ( TM /CM), the following changes have been made to the existing RMS Policy / Policies and Procedures.

- **Return of Excess Securities: -**  
Client may transfer the securities in “Client Collateral Account”/“Collateral Account” towards the margin obligations. Excess securities of the clients, if any, held in “Client Collateral/Collateral” account shall be released to clients along with their funds’ settlement (i.e. once in every 30/90 days) after making necessary retention in accordance with NSE circular NSE/INSP/36889 dated 02-Feb-2018. In case there are no fund payables to clients, securities shall be settled to the client in the same periodicity as consented by the client for the settlement of fund.
- **Liquidation of Securities in case of Non-fulfilment of client’s funds obligation –**  
If the client is not able to fulfil Funds Obligations, then the unpaid securities shall be transferred to “client unpaid securities account” either to be disposed-off within 5 trading days from the date of pay-out or may be transferred to client’s demat account as per the Risk Management (RMS) Policy of the “MLB”.
- **Payment Terms:-**  
The client is required to fulfil the pay-in obligations on or before T+2 day. If the client fails to meet its funds pay-in obligation on T+2 day, then the securities may be liquidated within 5 days from the Pay-out date or returned to the client as per the RMS policy of the MLB. Profit/loss on the liquidation of the unpaid securities, if any, shall be transferred to/adjusted from the respective client account. The losses, if any, incurred due to liquidation of the unpaid securities shall be adjusted from the other collateral of the client deposited with MLB.

*Client acceptance of policies and procedures mentioned hereinabove-*

*I / we have fully understood and agree to sign the same. Above polices and procedures may be amended / changed unilaterally by the stock broker provided the same is informed to me / us.*

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**Client Signature**