

Policies and Procedures in addition to Mandatory Documents

Subject : Dealings between a client and a stock broker (trading members included) as per SEBI Norms

SEBI vide circular no. MIRSD/ SE /Cir-19/2009 dated December 3, 2009 required the stock broker (including trading members) to frame a mandatory document dealing with policies and procedures for each of the following:

- A. refusal of orders for penny stocks,
- B. setting up client's exposure limits,
- C. applicable brokerage rate,
- D. imposition of penalty/delayed payment charges by either party, specifying the rate and the period (This must not result in funding by the broker in contravention of the applicable laws),
- E. 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 (This shall be limited to the extent of settlement/margin obligation),
- F. shortages in obligations arising out of internal netting of trades,
- G. conditions under which a client may not be allowed to take further position or the broker may close the existing position of a client,
- H. temporarily suspending or closing a client's account at the client's request, and
- I. deregistering a client.

In order to comply with the above requirement, the following policies and procedures are prescribed by SKSE Securities Ltd. and shall be subject to any change from time to time in future and would be applicable to sub brokers, authorized persons and all clients of the company.

A. Refusal of orders for penny stocks,

SKSE Securities Ltd. shall have the absolute discretion to accept, refuse or partially accept any buy or sell order for execution from a client in respect of penny stocks, illiquid stocks, stocks having low liquidity, illiquid .options., far month .options., writing of .options., stocks in S, Z and B category and any other contracts which as per the perception of SKSE Securities Ltd. are extremely volatile or subject to Market manipulation.

SKSE Securities Ltd. may permit restrictive acceptance of orders in such scrips/contracts in controlled environments like orders received from clients being forwarded by branches to a centralized desk at HO instead of allowing trading in such scrips/Contracts at branch level or through Online trading platform. SKSE Securities Ltd. shall not be responsible for delay in execution of such orders and consequential opportunity loss or financial loss to the client.

SKSE Securities Ltd. may cancel orders in such scrips received from clients before execution or after partial execution without assigning any reasons thereof. SKSE Securities Ltd. may take appropriate declarations from the clients before accepting such orders.

SKSE Securities Ltd. shall have the prerogative 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 SKSE Securities Ltd. itself.

B. Setting up client's exposure limits,

Purchase Limit : SKSE Securities Ltd. may provide a exposure limit for intraday and delivery based purchases by a client which would be on real time basis of the clear ledger balance in the account of the client plus value of paid up collaterals computed after appropriate haircut. The value of the .haircut. shall be decided by SKSE Securities Ltd. based on Market Volatility and quality of collaterals.

Sell Limit : SKSE Securities Ltd. may provide a sell limit to the client equivalent to the value of securities held by the client in his POA enabled Demat account plus the collateral held by SKSE Securities Ltd. on behalf of the client in its Beneficiary and Margin Pool account after making appropriate adjustments for the unsettled delivery positions of the client.

Exposure for F&O : SKSE Securities Ltd. may provide exposure for F&O based on availability of initial margin (SPAN + Exposure) in the form of cash and approved securities (with appropriate hair cut).

Client-wise differential Limits : SKSE Securities Ltd. shall have the prerogative to allow differential purchase limits and sell limits varying from client to client, depending upon credit worthiness, integrity and past conduct of each client.

C. Applicable brokerage rate,

Brokerage shall be applied as per the rates agreed upon with the client in the KYC at the time of registration of the client subsequently through a written agreement between the client, sub brokers / authorized persons and SKSE Securities Ltd.. The rate of Brokerage shall not exceed the maximum brokerage permissible under Exchange bye-laws. SKSE Securities Ltd. shall charge the brokerage at the rates as may be prescribed from time to time and brokerage shall be shared with the sub brokers / authorized persons in such ratios as may be decided by SKSE Securities Ltd..

The slab rates of brokerage fixed by registered sub brokers / authorized persons of SKSE Securities Ltd. are function of the quality and cost of services provided to the client and the volume and revenue expected from an account. It can be reviewed from time to time and may be increased with prospective effect at a notice of 30 days sent to the E-mail address or postal address of the client registered with SKSE Securities Ltd..

The brokerage shall however be exclusive of the following:

- *Account Opening charges
- *Delayed Payment charges
- *Penalties levied by Exchange
- *Courier charges
- *Bank charges towards the cheques received unpaid,
- *Bank and other processing charges towards periodic settlement of Funds/Securities on periodic basis
- *Statutory charges payable to Exchange/SEBI/Govt. Authorities etc.,
- *SEBI/Exchange/Clearing Member Turnover charges
- *Other out of pocket and service related charges

**D. Imposition of penalty/delayed payment charges by either party, specifying the rate and the period (This must not result in funding by the broker in contravention of the applicable laws),
Delayed payment charges / Charges on Exposure against collaterals:**

Pursuant to Exchange Bye-laws, the Member broker is currently required to make pay-in of funds to the Exchange by T+2 morning and arrange delivery of securities to the Exchange latest by T+2 morning. Further Member broker is also required to maintain adequate upfront margins with the Exchange to avail exposure for trading. The Exchanges have also defined the ratios in which the cash and collaterals are to be deposited and maintained by the Member broker. In addition the Exchange requires the member broker to deposit some of the margins like MTM, in Cash only.

In order to manage its working capital, SKSE Securities Ltd. requires fullest cooperation of the clients in meeting their respective obligation towards pay-in and margins.

SKSE Securities Ltd. may therefore charge a delayed payment penalty, on monthly basis on account of delays/failure by the client in meeting the pay-in obligations on the scheduled date and also where the clients take exposure in F&O segment by depositing collaterals in a ratio which is disproportionate to the Cash versus collaterals ratios prescribed by the Exchanges. While levying delayed payment charges on the debit balance in the running account of a client, SKSE Securities Ltd. may not consider any credit balance in the other family or group account of the client.

Penalties levied by Exchanges:

Further Exchanges levy various penalties on the member brokers on auction resulting from short deliveries, non adherence to client-wise exposure limits, client-wise shortfall in F&O Margin and for other reasons which may be defined by the Exchange from time to time. SKSE Securities Ltd. shall pass on any penalty imposed by the Exchange/SEBI and or any other regulatory authority to the client, which arises on account of the client.

Interest Free Deposits:

SKSE Securities Ltd. 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 and collaterals at his discretion, SKSE Securities Ltd. shall not pay any interest or other benefit to the client for maintaining cash balances or depositing collateral margins with SKSE Securities Ltd..

E. The right to sell clients. securities or close clients. positions, without giving notice to the client, on account of non-payment of clients dues (This shall be limited to the extent of settlement/margin obligation),

SKSE Securities Ltd. through its sub brokers / authorized persons shall have right 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 a delay/ failure of the client to meet the pay-in obligations and / or there is a failure of the client to bring additional margins to cover the increase in risk in the dynamic market conditions.

a. Unpaid Securities in Capital Market:

- i. In case of unpaid obligation on T+3, SKSE Securities Ltd. may sell the unpaid/ partially paid securities. In addition SKSE Securities Ltd. may through its sub brokers / authorized persons sell the collaterals deposited by the client towards margins and/ or paid securities purchased by the client in earlier settlements where the sale of proceeds of unpaid securities are inadequate to cover the pay-in obligations and/ where the unpaid securities appear to be comparatively illiquid and cannot be sold at reasonable rates to the extent required.
- ii. SKSE Securities Ltd. may follow the LIFO method for liquidation of securities but it may not be binding on it to follow this method in all cases.

b. Margin shortfall in F&O:

- i. Positions of the client may be closed out to the extent of margin shortfall on the T+1 basis.
- ii. While computing margin shortfall, value of unapproved securities shall not be considered.
- iii. As per the current Exchange requirements, the Member Broker is required to maintain a 50:50 ratio between cash and collaterals margin deposited with the Exchange. SKSE Securities Ltd. shall therefore have the prerogative to insist for at least 50% of margin in cash and may not consider the value of securities over and above the cash component for the purpose of calculating margins shortfall and close the F&O position where it finds the deviation. However, sales made in capital market segment are not considered while closing F&O positions on T+1 basis due to margin shortfall.

c. Intra-day Positions:

SKSE Securities Ltd. shall have right to close out any intra-day positions taken by the client after a **defined Cutoff time (Presently 20 minutes before close of market).**

d. General:

- i. While selling the securities/ closing the clients positions, SKSE Securities Ltd. may take into account the sales made by the client, positions closed by the client or collections received from the client till a cut-off time (presently 12.45pm).
- ii. While selling the securities/ closing the clients positions, SKSE Securities Ltd. may not take into consideration Cheques/Bank drafts/Pay orders deposited by the client with SKSE Securities Ltd. until clear proceeds of such instruments are received by SKSE Securities Ltd. in its bank account.
- iii. SKSE Securities Ltd. shall have the right to sell client.s securities or close out client.s open positions but it shall not be under any obligations to undertake this exercise compulsorily. SKSE Securities Ltd. shall therefore not be under any obligation to compensate/ or provide reasons of any delay or omission on its part to sell clients securities or close open positions of the client.

F. Shortages in obligations arising out of internal netting of trades,

SKSE Securities Ltd. shall have the right to adopt a policy of its choice for internal auctions arising out of internal netting of trades and charge to defaulter seller and compensate the impacted purchaser as per the policy. The current procedure for internal auction may be amended from time to time with prospective effect.

SKSE Securities Ltd. will close out the client.s internal shortages by debiting or crediting the clients account with previous close price of the auction day + 10% or highest rate from the trade day upto auction day whichever is higher.

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

a. All Markets:

Where client is not having adequate margins as per conditions defined in Risk Management Policy and (B) above.

b. Capital Market:

- i. Where the client has not able to meet his pay-in obligation in cash by the schedule date of pay-in irrespective of the value of collaterals available with SKSE Securities Ltd..
- ii. Clear proceeds of the cheque deposited by the client to meet the pay-in obligations has not yet been received by SKSE Securities Ltd..
- iii. Client is trading in illiquid. scrips and volumes in his account exceed internal cut off limit fixed by SKSE Securities Ltd..
- iv. SKSE Securities Ltd. exposure at house level. in a specific scrip / contract exceeds the internal limits fixed by SKSE Securities Ltd..

c. F&O:

- i. Where the client has not met Market to Market loss in cash
- ii. Where the .open. positions in a contract exceed or are close to market wide cut-off limits
- iii. Where the client.s position is close to client-wise permissible .open. positions

d. INTRA-DAY:

Clients will not be able to place intra-day orders after a cut-off time fixed by SKSE Securities Ltd.. *(Presently 20 minutes prior to close of market)*

Event Based: Where based on happening of an event, SKSE Securities Ltd. has the risk perception that further trading in the securities/ contracts may not be in the interest of its clients and/or the market.

H. Temporarily suspending or closing a client.s account at the client.s request

SKSE Securities Ltd. may carry a periodic review of the client accounts and may suspend the accounts from Trading in the following circumstances:

IWhere the client is inactive for more than 3 months

IWhere the client has not cleared debits which are more than 10 days old.

IWhere the account is under investigation by any regulatory body.

- I Based on the recommendations made by the Sub broker / authorized person due to excessive speculations, un-cleared balances.
- I Physical contract notes are received back undelivered due to reasons like .no such person., addressee. left, refusal to accept mails, POD.s signed by the third persons, signature mismatch on POD.s or other reasons which may create suspicion, after .closeout. of the open positions.
- I DCN failed (Bounced email) on more than 3 instances until client submits and registers new email id.
- I Non delivery of the Statement of Account sent on periodic basis.
- I Non updation of communications details viz., email id, Mobile no, Land line details or it is found to be belonging to a third person.
- I Client lodges a complaint either directly with SKSE Securities Ltd. or through Exchange relating to alleged unauthorized Trades being executed in his account.
- I On notices received from statutory, Government or Local authorities and Income Tax, Service Tax, a Judicial or a Quasi Judicial authority, etc
- I Where a client is reported to or known to have expired.
- I SKSE Securities Ltd. may also suspend the account based on the written request received from the client.

I. Deregistering a client.

- SKSE Securities Ltd. may de-register the client account based on action taken by SEBI/NSE/BSE or being part of list of debarred entities published by SEBI.
- SKSE Securities Ltd. may also initiate action for deregistering a client on basis of information found in sites of SEBI, Watch out investors, world check or client having suspicious back ground, link with suspicious organization, etc.,
- SKSE Securities Ltd. shall have right to close out the existing positions; sell the collaterals to recover its dues, if any, before de-registering the client.
- SKSE Securities Ltd. may freeze the assets of the client where it deems prudent, at time of deregistering a client.
- SKSE Securities Ltd. shall have the right to deregister a client after serving a 30 days written notice without assigning any reason thereof.

J. Policy regarding treatment of inactive accounts

SKSE Sec. Ltd. prescribes the following policy regarding treatment of inactive accounts which inter-alia, covers aspects of time period, return of client assets and procedure for reactivation of the same. This policy is displayed on the web site, www.skse.com and shall be subject to any change from time to time in future and would be applicable to sub brokers, authorized persons and all clients of the company

If there is no transaction by the Client in its trading account opened and maintained with SKSE Securities Ltd., for a period of one year and more, Such account may be classified as .inactive. in the SKSE Securities Ltd. systems. It may be noted that system generated debits (like charges, debit interest etc) are not considered as transaction for classifying an account as active or inactive.

As a result of the client account being classified as .inactive., the Client may not be able to operate his account through our sub brokers / authorized persons during the time that it remains .inactive. on our systems.

To avoid this scenario, the Client should effect a transaction from his account by dealing in the market through SKSE Securities Ltd. sub broker / authorized person, at least once a year so that your account remains active at all times.

If the client account goes into the .inactive. state, Client needs to follow the below-mentioned procedure to reactivate it.

Procedure for reactivation - If the account has been .inactive. for less than TWO years

If the client account has become inactive, as elucidated above, but it has been less than two years since the last transaction, the client can reactivate his account through any one of the following options:

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1. In case the client has other accounts which are active (with .Either or Survivor. mandate in case of joint accounts), the client can send the SKSE Securities Ltd. a secure message through his sub broker / authorized person, to execute the transaction for selling or buying the securities through his account.
2. NRI customers can also submit a written request by a mail/courier through his sub broker / authorized person, to execute the transaction for sale or buy the securities.

Procedure for reactivation - If the account has been .inactive. for more than TWO years

If the client account has become inactive as elucidated above and it has been more than two years since the last transaction, the client is required to provide the following to reactivate his account:

1. A letter for activation of the account signed by each Account holder
2. A proof of photo identification such as Passport, Driving License, etc. for each account holder.
Passport is the only form of identification proof acceptable for Non Resident Customers.
3. Updated details as per KYC norms

All account holders (including joint account holders) would need to visit in person or any branch to submit these documents. The sub broker / authorized person shall require to certify the above documents. NRI customers would also be able to mail/courier the above documents through sub brokers / authorized person. Charges as per SKSE Securities Ltd. tariff, if any, shall be levied for all accounts where no transaction has been performed for more than two years.

Client Acceptance of Policies and Procedures stated herein above:

I/We have fully understood the policies and procedures stated herein above and do hereby sign the same and agree as to the validity, enforce ability and applicability of any provisions/ clauses mentioned in this document. These policies and producers may be amended/changes by the Member providing the changes is informed to me/us through any means by providing notices as may be duly stipulated by the regulator from time to time. The policies and procedures as stated herein above shall be deemed to form an integral part have been incorporated in the agreement by reference and the client hereby agrees to accept and be bound the by the provisions of the same. Accordingly the policies and procedures envisaged herein above shall be governed by the detailed terms and conditions of the agreement.

