

# **Murari securities Limited**

## **INTERNAL CODE OF CONDUCT POLICY**

<b>Policy created by</b>	<b>Compliance Team</b>
<b>Policy reviewed by</b>	<b>Principal Officer</b>
<b>Policy reviewed on</b>	<b>31/12/2023</b>
<b>Policy Approved by</b>	<b>Board of Directors</b>
<b>Policy approved on</b>	<b>17/01/2024</b>

**Version - 1.3**

## 1. Background

The SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Markets) Regulations, 2003 are wide enough to cover transacting in any way in any security by any person as principal, agent or intermediary. While carrying on stock broking activities or executing orders for clients, or dealing with clients, or transacting on proprietary account, certain conduct is expected of all the officers and employees of the Company. The company or the employees shall not buy, sell or deal in securities in a fraudulent manner. 'Fraud' includes any act, expression omission or concealment committed whether in a deceitful manner or not by a person or by any other person with his connivance or by his agent while dealing in securities in order to induce another person or his agent to deal in securities, whether or not there is any wrongful gain or avoidance of any loss, and shall also include:

- ✓ Knowing misrepresentation of the truth or concealment of material fact in order that another person may act to his detriment;
- ✓ Suggestion as to a fact which is not true by one who does not believe it to be true
- ✓ an active concealment of a fact by a person having knowledge of belief of the fact;
- ✓ A promise made without any intention of performing it
- ✓ A representation made in a reckless and careless manner whether it be true or false;
- ✓ Any such act or omission as any other law specifically declares to be fraudulent;
- ✓ Deceptive behavior by a person depriving another of informed consent or full participation
- ✓ A false statement made without reasonable ground for believing it to be true
- ✓ Nothing in this clause shall apply to any general comments made in good faith in public or in private, regard to
- ✓ the economic policy of the government
- ✓ the economic situation of the country
- ✓ trends in the securities markets
- ✓ any other matter of a like nature

### **The company or the employees shall not deal in securities in an unfair manner:**

- ✓ Indulging in an act which creates false or misleading appearance of trading in the securities markets
- ✓ Dealing in a security not intended to effect transfer of beneficial ownership but intended to operate only as a device to inflate, depress or cause fluctuations in the price of such security for wrongful gain or avoidance of loss;
- ✓ Any act or omission amounting to manipulation of the price of a security.
- ✓ Entering into a transaction in securities without intention of performing or without intention of change of ownership of such security.
- ✓ Promising a certain price in respect of buying or selling of a security to a client and waiting till a discrepancy arises in the price of such security and retaining the difference in prices as profit for himself.
- ✓ Providing clients with such information relating to a security as cannot be verified by the clients before dealing in such security.
- ✓ Reporting trading transactions to clients entered into on their behalf in an inflated manner in order to increase his commission and brokerage.

- ✓ Not disclosing to client transactions entered into on his behalf including taking an option position.
- ✓ Circular transactions in respect of a security entered into between intermediaries in order to increase commission or to provide a false appearance of trading in such security or to inflate, depress or cause fluctuations in the price of such security.
- ✓ Encouraging the clients to deal in securities solely with the object of enhancing his brokerage or commission
- ✓ Predating or otherwise falsifying records such as contract notes.
- ✓ Buying or selling securities in advance of a substantial client order or whereby a futures or options position is taken about an impending transaction in the same or related futures or options contract.
- ✓ Planting false or misleading news which may induce sale or purchase of securities.
- ✓ Taking part in or entering into either directly or indirectly transactions with the intention of artificially raising or depressing the prices of securities and thereby reducing the sales or purchases of securities by any person.
- ✓ Indulging in any act which results in reflection of prices of securities based on transactions that are not genuine trade transactions.
- ✓ Indulging in falsification of books of accounts and records whether maintained manually or in computer or in any other form.
- ✓ Counseling any person to deal in securities on the basis of unpublished price sensitive information.
- ✓ Indulging in manipulative, fraudulent or deceptive transactions or schemes or spread rumors with a view to distorting market equilibrium or making personal gains.
- ✓ Creating false market either singly or in concert with others or indulge in any act detrimental to investors interest or which leads to interference with the fair and smooth functioning of the market.
- ✓ Disclosing or discussing with any other person or make improper use of the details of personal investments and other information of a confidential nature which he comes to know in his business relationship.
- ✓ Deal or transact business knowingly, directly or indirectly or execute an order for a client who has failed to carry out his commitments in relation to securities with another stock broker.
- ✓ Make a recommendation to any client who might be expected to rely thereon to acquire, dispose of, and retain any securities unless she has reasonable grounds to believe that the recommendation is suitable for such a client upon the basis of the facts, by such a client as to his own security holdings, financial situation and objectives of such investment. He should seek such information from clients whenever he feels it is appropriate to do so.
- ✓ Front-running and dealing on the back of (piggybacking) customer or proprietary orders.
- ✓ Employees may not pre-arrange any transaction between their Personal Accounts and an account of a client.
- ✓ Dealers/Employees should be careful not to make any reckless comments to clients on phone or otherwise while interacting with them.

**Being a stock broker, the company is also a 'deemed connected person' under the SEBI (Prohibition of Insider Trading) Regulations. The company and the employees shall;**

- ✓ Not to deal in securities either on own behalf or on behalf of any other person when in possession of any unpublished price sensitive information;

- ✓ Not communicate, counsel or procure directly or indirectly any unpublished price sensitive information to any person who while in possession of such unpublished price sensitive information shall not deal in securities;

## 2. CODE OF CONDUCT SPECIFIED BY SEBI IN THE SEBI (STOCK BROKERS AND SUB-BROKERS) REGULATIONS, 1992

### GENERAL

- ✓ **Integrity:** A stock-broker, shall maintain high standards of integrity, promptitude and fairness in the conduct of all his business.
- ✓ **Exercise of Due Skill and Care:** A stock-broker, shall act with due skill, care and diligence in the conduct of all his business.
- ✓ **Manipulation:** A stock-broker shall not indulge in manipulative, fraudulent or deceptive transactions or schemes or spread rumors with a view to distorting market equilibrium or making personal gains.
- ✓ **Malpractices:** A stock-broker shall not create false market either singly or in concert with others or indulge in any act detrimental to the investor's interest or which leads to interference with the fair and smooth functioning of the market. A stock-broker shall not involve himself in excessive speculative business in the market beyond reasonable levels not commensurate with his financial soundness.
- ✓ **Compliance with Statutory Requirements:** A stock-broker shall abide by all the provisions of the Act and the rules, regulations issued by the Government, the Board and the stock exchange from time to time as may be applicable to him.

### DUTY TO THE INVESTOR

- ✓ **Execution of Orders:** A stock-broker, in his dealings with the clients and the general investing public, shall faithfully execute the orders for buying and selling of securities at the best available market price and not refuse to deal with a Small Investor merely on the ground of the volume of business involved. A stock-broker shall promptly inform his client about the execution or non-execution of an order, and make prompt payment in respect of securities sold and arrange for prompt delivery of securities purchased by clients.
- ✓ **Issue of Contract Note:** A stock-broker shall issue without delay to his client a contract note for all transactions in the form specified by the stock exchange.
- ✓ **Breach of Trust:** A stock-broker shall not disclose or discuss with any other person or make improper use of the details of personal investments and other information of a confidential nature of the client which he comes to know in his business relationship.
- ✓ **Business and Commission:**
  - A stock-broker shall not encourage sales or purchases of securities with the sole object of generating brokerage or commission.
  - A stock-broker shall not furnish false or misleading quotations or give any other false or misleading advice or information to the clients with a view of inducing him to do business in particular securities and enabling himself to earn brokerage or commission thereby.

- ✓ **Business of Defaulting Clients:** A stock-broker shall not deal or transact business knowingly, directly or indirectly or execute an order for a client who has failed to carry out his commitments in relation to securities with another stock-broker.
- ✓ **Fairness to Clients:** A stock-broker, when dealing with a client, shall disclose whether he is acting as a principal or as an agent and shall ensure at the same time that no conflict of interest arises between him and the client. In the event of a conflict of interest, he shall inform the client accordingly and shall not seek to gain a direct or indirect personal advantage from the situation and shall not consider clients' interest inferior to his own.
- ✓ **Investment Advice:** A stock-broker shall not make a recommendation to any client who might be expected to rely thereon to acquire, dispose of, retain any securities unless he has reasonable grounds for believing that the recommendation is suitable for such a client upon the basis of the facts, if disclosed by such a client as to his own security holdings, financial situation and objectives of such investment. The stock-broker should seek such information from clients, wherever he feels it is appropriate to do so.

#### **Investment Advice in publicly accessible media -**

- ✓ A stock broker or any of his employees shall not render, directly or indirectly, any investment advice about any security in the publicly accessible media, whether real - time or non-real-time, unless a disclosure of his interest including the interest of his dependent family members and the employer including their long or short position in the said security has been made, while rendering such advice.
- ✓ In case, an employee of the stock broker is rendering such advice, he shall also disclose the interest of his dependent family members and the employer including their long or short position in the said security, while rendering such advice.]
- ✓ **Competence of Stock Broker:** A stock-broker should have adequately trained staff and arrangements to render fair, prompt and competent services to his clients.

### **3. STOCK-BROKERS VIS-A-VIS OTHER STOCK-BROKERS**

- ✓ **Conduct of Dealings:** A stock-broker shall co-operate with the other contracting party in comparing unmatched transactions. A stock-broker shall not knowingly and willfully deliver documents which constitute bad delivery and shall co-operate with other contracting party for prompt replacement of documents which are declared as bad delivery.
- ✓ **Protection of Clients Interests:** A stock-broker shall extend fullest co-operation to other stock-brokers in protecting the interests of his clients regarding their rights to dividends, bonus shares, right shares and any other right related to such securities.
- ✓ **Transactions with Stock-Brokers:** A stock-broker shall carry out his transactions with other stock-brokers and shall comply with his obligations in completing the settlement of transactions with them.
- ✓ **Advertisement and Publicity:** A stock-broker shall not advertise his business publicly unless permitted by the stock exchange.

**Change in the Policy will be adopted as and when required by the company and is binding on all the Staff/Employees/and Directors of the Company.**

**For M/s. Murari Securities Limited**

---

**Ishwar Dass Dhyawala**

**Director**

CONFIDENTIAL

# Murari securities Limited

## INTERNAL SHORTAGE POLICY

Circular: - Ref.

Policy created by	Compliance Team
Policy reviewed by	Compliance Officer
Policy reviewed on	31/12/2023
Policy Approved by	Board of Directors
Policy approved on	17/01/2024

Version - 1.0

## **Purpose**

The company shall have followed the policy for internal auction arising out of pay in shortage by a client against the purchase by other client and charge to defaulter seller and compensate the impacted purchaser. Proper communication to be provided to clients that they should not sell securities purchased on previous trading day before getting delivery of the securities from the exchange because sold stocks if purchased on previous trading day and received short from the exchange it goes to auction and the client's account is debited on account of auction.

## **Introduction**

In case of short sell of securities by clients and he/she fails to meet his/her pay in obligation then either such shares will go for self-auction (auction by PRSSB in case of Internal Shortage) or these will be short delivered to the exchange (in case of actual shortage).

We have following process to handle actual shortage, internal shortage and Internal as well as Actual shortage:

### **Actual Shortage**

If client has short delivered any securities against his/her pay-in - obligation towards exchange, which has resulted into actual shortage, i.e. there is no buy position of other clients of PRSSB then pay in obligation of the seller would be in short delivery to the exchange herein after termed as actual shortage. In such case, seller will be debited with the rate as communicated by the exchange on the quantity delivered short to the exchange.

### **Internal Shortage**

If client has short delivered any securities against his/her pay-in - obligation towards a counter party who is a client of PRSSB and it resulted into internal shortage, self - Auction of Internal short scrip will be carried out by PRSSB and such securities will be purchased from open market on T+2 day and the buyer will be credited and the seller will be debited with the amount on which such shares have been bought along with the levies and other taxes or the Sale rate whichever is higher and 0.5% of Buy price as Auction penalty. If the shares could not be bought from the open market, then the position of buyer and seller would be closed out on T+3 Day by debiting the seller and crediting the buyer at the rate higher of the following:

- The highest price for the securities prevailing in NSE or BSE as the case may be on any date commencing from the date of transaction till the day of auction relevant to the trade (auction day i.e. T+2 Day)

Or

- The closing price for the securities on the auction day as increased by 10% of the closing price for F & O traded scrip or 20% for other scrip or such other % as may be revised by PRSSB from time to time.

The amount so determined shall be debited to the account of the Seller who defaulted to deliver and the account of the buyer will be credited by the same amount.

### **Internal and Actual Shortage:**



The client hereby agrees that if he/she has short delivered any securities against his pay-in obligation which resulted into actual as well as internal shortage, i.e. buy position of other clients of PRSSB is less than the pay in obligation of the seller, part obligation would be in the process of self-Auction and balance would be in short delivery to the exchange herein after termed as actual shortage.

Here, in such cases, if the part of securities lying for internal shortage could be bought from the market on T+2 Day, then such securities will be purchased from open market on T+2 day and the buyer will be credited and the seller will be debited with the amount on which such shares have been bought or the sale rate whichever is higher. And, the proportion of actual shortage will be debited to the seller at T+2 day at the rate as decided by the Exchange.

If in any case, the part of the securities went in self-auction process could not be bought from the exchange, then the position of the buyer and seller would be closed out on T+2 Day by debiting the seller and crediting the buyer at the rate as communicated by the exchange on internal as well as actual short delivered quantity of the shares.

## **Murari securities Limited**

---

**Designated Director**

**Dated: - 17/01/2024**

# Murari securities Limited

## LIMIT SETTING POLICY

Circular: - Ref.

Policy created by	Compliance Team
Policy reviewed by	Compliance Officer
Policy reviewed on	31/12/2023
Policy Approved by	Board of Directors
Policy approved on	17/01/2024

Version - 1.0

## **Objective**

To pre- define limits for each terminal and monitor the same on a continuous basis.

## **Background**

Trading Terminals are allotted to Members by exchanges. These terminals enable members to place, modify and execute orders on behalf of clients. There may be instances where due to punching error unusual orders may be placed at high prices which might lead to execution of unrealistic orders or orders being executed at unrealistic prices. In cases where the order/price of such orders is high, it might lead to huge losses to broker. In order to avoid such a situation, it is imperative that certain limits are prescribed for each terminal allotted to member broker.

## **Scope of the Policy**

This policy covers the procedure and checks and balances in place for allotting limits to each direct and CTCL / IML terminals.

## **Defining of Limits**

The following limits shall be defined for each terminal:

- Quantity Limit for each order
- Value Limit for each order
- User value limit for each user ID
- User quantity limit for each user ID
- Branch value limit for each Branch ID
- Spread Order Quantity and Value Limit (Equity Derivatives segment)
- Market Price Protection Percentage

## **Procedure for setting of Limits**

The company follows the practice of setting of limits at each level namely Admin, Branch Manager, Direct Terminal / CTCL / IML and Dealer. The limits have been set each level is reviewing the historical data of peak utilization at respective levels. Limits are reviewed on a regular basis and if required revised post consultation of Compliance Officer during the day. The Limits utilization is continuously monitored during the day. Any request of upward revision in limits by dealer is done post receipt of specific consent of Branch Head and after necessary risk assessment.

## **Checks in place**

- Limits of terminals will be defined and reassigned on daily basis only after analyzing past trading history and assessment of risk.

- Terminals limits will be set up by the Front Office official designated at Registered Office.
- No user/ branch will be provided unlimited limit.

### **Review of process and maintenance of records**

The Compliance Officer at Registered Office shall be responsible for maintenance of records as prescribed by regulators and demonstrating the adequacy of system to auditors and exchanges.

The process of setting of limits shall be reviewed on a quarterly basis by Compliance officer and review the process on test check basis. The Compliance officer shall issue a certificate to the exchange on quarterly basis.

## **Murari securities Limited**

---

**Designated Director**

**Dated: - 17/01/2024**

# Murari securities Limited

## MARGIN TRADING FACILITY POLICY

Circular: - Ref.

Policy created by	Compliance Team
Policy reviewed by	Compliance Officer
Policy reviewed on	31/12/2023
Policy Approved by	Board of Directors
Policy approved on	17/01/2024

Version - 1.0

## **Introduction**

The company is registered as a Stock Broker with NSE and BSE. SEBI vide circular ref. no. CIR/MRD/DP/54/2017 dated June 13, 2017 has provided a comprehensive framework for stock brokers wishing to provide Margin Trading Facility. The Board Directors of the Company at their meeting held on \_\_\_\_\_ had accorded their approval to apply to NSE and BSE for seeking approval for provision of Margin Trading Facility to its Stock Broking clients. Pursuant to application made to BSE and NSE, the company has received approval from NSE on October 3, 2018 and from BSE on November 29, 2018 to provide Margin Trading Facility to its clients. This Policy has been framed to outline the Risk Containment Measures governing the Margin Trading Facility provided by the company to its Stock Broking clients.

## **Definitions**

“Margin Trading Facility/MTF” is a facility offered by the company which allows the Client to take positions by providing prescribed margin and the balance amount is funded by the company to meet pay-in obligations of the Client. The Client can later take delivery either by making the necessary funds settlement or square off of such positions “Client” shall mean a customer of the company who has executed the documents required for opening of trading account with the company and who has opted for the Margin Trading Facility having accepted the Terms and Conditions thereto and is aware of the Rights & Obligations with regard to the provision of the said facility.

## **Margin Requirement**

- Initial margin shall be collected upfront from all clients availing of the margin trading facility through the company.
- Minimum initial margin as specified by SEBI shall be as follows:

<b>Category of Stock</b>	<b>Applicable margin</b>
Group I stocks available for trading in the F & O Segment	VaR + 3 times of applicable ELM*
Group I stocks other than F&O stocks	VaR + 5 times of applicable ELM*

\*For aforesaid purpose the applicable VaR and ELM shall be as in the cash segment for a particular stock as notified by the Exchanges from time to time.

- The Risk Management Team with approvals from the Risk Management Committee of the Company may from time to time specify higher initial margins than that specified above.
- The initial margin payable by the client to the company for Margin Trading Facility shall be in the form of cash, cash equivalent or Group I equity shares, with appropriate hair cut as specified in the Regulators from to time. Such haircut at the discretion of the RMS Team having regard to market conditions, nature of stock etc., may exceed that specified by the Regulators from time to time.

- Collateral
  - Margin for MTF may be accepted in the form of Group I equity shares, with appropriate hair cut as specified by Regulators from time to time. The RMS Team may from the universe of Group I equity shares permit only liquid stocks as specified by the Exchanges from time to time to be accepted as collateral.
  - The stocks deposited as collateral with the company for availing margin trading facility (Collaterals) and the stocks purchased under the margin trading facility (Funded stocks) shall be identifiable separately and no comingling shall be permitted for the purpose of computing funding amount.
  - Collateral and Funded stocks shall be marked to market on a daily basis.
  - In case of increase in the value of Collaterals, the company shall have the option of granting further exposure to their clients subject to applicable haircuts;  
  
Such further exposure can be granted by the RMS Team having due regard to market conditions, risk assessment of the client, funded stocks etc.
  - However, no such exposure shall be permitted on the increased value of Funded stocks.
- RMS Team shall ensure maintenance of the aforesaid margin at all times during the period that the margin trading facility is being availed by the client.
- In case of short fall, RMS Team shall make necessary margin calls.

### **Treatment of Default of Margin Requirements**

RMS Team shall have the discretion to liquidate the collaterals/positions of the client in the event of shortfall of margin depending on the security and market volatility as it deems fit at its sole discretion as necessary for risk mitigation.

### **Leverage and Exposure Limits**

- At any point of time, the total indebtedness of the company shall not exceed 5 times of its net worth, calculated in the manner specified by SEBI from time to time.
- The maximum allowable exposure of the company towards the margin trading facility shall be within the prudential limits specified by the RMS Committee of the company from time to time and shall not, in any case, exceed the borrowed funds and 50% of net worth of the company calculated as specified in above clause.
- While providing the margin trading facility, RMS Team shall ensure that:

- exposure to any single client at any point of time shall not exceed 10% of the company's maximum allowable exposure, as specified in para b above.
- exposure towards stocks purchased under margin trading facility and collateral kept in the form of stocks are well diversified.

### **Review of The Policy**

This Policy shall be reviewed annually and updated periodically to incorporate the changes if any made by SEBI, Exchange or any other regulators or to incorporate the changes necessitated due to changes in the market condition or to strengthen the internal control or for such other reason as deemed fit.

## **Murari securities Limited**

---

**Designated Director**

**Dated: - 17/01/2024**



## **Murari securities Limited**

### **POLICY FOR MAINTENANCE AND PRESERVATION OF RECORDS**

<b>Policy created by</b>	<b>Compliance Team</b>
<b>Policy reviewed by</b>	<b>Principal Officer</b>
<b>Policy reviewed on</b>	<b>31/12/2023</b>
<b>Policy Approved by</b>	<b>Board of Directors</b>
<b>Policy approved on</b>	<b>17/01/2024</b>

**Version - 1.2**

## **1. INTRODUCTION:**

We should take appropriate steps to evolve an internal mechanism for proper maintenance and preservation of relevant records and information in a manner that allows easy and quick retrieval of data as and when requested by the competent authorities. Further, the records have to be maintained and preserved for a period five years from the date of cessation of the transactions between the Client and us.

We should formulate and implement the client identification program containing the requirements as laid down and such other additional requirements that it considers appropriate for a period of five years from the date of cessation of the transactions between the Client and us.

We should obtain a certification from their internal auditors that we have drawn up a policy on Anti Money Laundering Measures in compliance with the relevant laws, rules and instructions. In addition, in every quarterly report, the internal auditor must check and certify whether we have complied with the Policy so drawn up. Any deficiencies should be specifically pointed out in the report.

## **2. BACKGROUND FOR MAINTENANCE OF RECORDS:**

We have incorporated under the provisions of the Companies Act, A depository Participant and stock broker shall also comply with the relevant provisions of the Companies Act with respect to preservation of records and archiving of records. In addition to the above, as a listed entity, we shall also comply with the policies for such record maintenance and archiving under Securities and Exchange Board of India ((Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR").

In terms of regulations 38 and 49 of the SEBI (Depositories and Participants) Regulations, 1996 (hereinafter referred to as D&P Regulations, 1996), it is required to preserve the records and documents for a minimum period of 5 years. It is noticed that enforcement agencies like CBI, Police, and Crime Branch etc. have been collecting copies of the various records/documents during the course of their investigation. These original documents both in physical form and electronic form would be required by such enforcement agencies during trial of the case also.

In view of the above, notwithstanding anything contained in D&P Regulations, 1996, we are required to preserve the originals of the documents, both in electronic and physical form, copies of which have been taken by CBI, Police or any other enforcement agency during the course of any investigation till the trial is completed.

SEBI vide its circular SEBI/HO/MRD2/DDAP/CIR/P/2020/153 dated August 18, 2020 has informed regarding Corrigendum to Master Circular for Depositories dated October 25, 2019 on preservation of records. In terms of Regulations 54 and 66 of the SEBI (Depositories and Participants) Regulations, 2018 (herein referred to as D&P Regulations, 2018) notified on October 03, 2018, Depositories and Depository Participants are required to preserve the records and documents for a minimum period of eight years.

### **Accordingly, in compliance to the provision of**

- ✓ Regulations 9 of Listing Regulations,
- ✓ Prevention of Money-laundering (Maintenance of Records) Amendment Rules, 2015, Rule 9
- ✓ Regulations 54 and 66 of the SEBI (Depositories and Participants) Regulations, 2018 and
- ✓ All the other Regulations as per Exchange and SEBI guidelines

We will preserve the records and documents for a minimum period of 8 years. We shall ensure compliance with the record keeping requirements contained in the SEBI Act, 1992, Rules and Regulations made there-under, PMLA as well as other relevant legislation, Rules, Regulations, Exchange Bye-laws and Circulars.

### **3. APPICABILITY AND MODES OF PRESERVATION:**

This Policy is applicable to all documents maintained in physical and electronic mode by us. The preservation of documents should be such as to ensure that there is no tampering, alteration, destruction or anything that endangers the content, authenticity, utility or accessibility of the documents. The documents not specifically covered under this policy shall be preserved and maintained in accordance with the provisions of the respective acts, rules, guidelines and regulations as applicable under which those documents are maintained.

### **4. ROLES & RESPONSIBILITIES:**

The respective Functional / Departmental heads of our organizations shall be responsible for maintenance and preservation of documents in respect of the areas of operations falling under the charge of each of them, in terms of the Policy.

### **5. AUTHENTICITY:**

Where a document is being maintained both in physical form and Electronic form, the authenticity with reference to the physical form should be considered for every purpose.

### **6. REVIEW OF POLICY:**

Notwithstanding anything contained in this policy, we shall ensure compliance with any additional requirements as may be prescribed under any laws/regulations either existing or arising out of any amendment to such laws/regulations or otherwise and applicable to us from time to time. This Policy shall be subject to review, if necessary. Any change/amendments in Applicable Laws with regard to maintenance and preservation of documents and records shall be deemed to be covered in this Policy without any review. Any change / amendments to this Policy shall be approved by the Board of Directors.

**Change in the Policy will be adopted as and when required by the company and is binding on all the Staff/Employees/and Directors of the Company.**

For M/s. **Murari securities Limited**

---

**Ishwar Dass Dhyawala**  
**Director**

**Annexure - A:**

**Records as per Companies Act, 2013**

<b>Sr. No.</b>	<b>Record Type</b>	<b>Preservation Period</b>
1.	Memorandum and Articles of Association	Permanent
2.	Certificate of Incorporation	Permanent
3.	Minutes of Board and Committee Meetings	Permanent
4.	Minutes of Shareholders' Meetings	Permanent
5.	Register and Index of Members	Permanent
6.	Resolutions passed by circulation	8 Financial Years
7.	Listing Agreement executed with the stock exchanges	Permanent
8.	Attendance Register - Board and Committee Meetings	8 Financial Years
9.	Register of investments in securities not held in the name of the Company	Permanent
10.	Register of renewed and duplicate certificates	Permanent
11.	Register of contracts in which Directors are interested	Permanent
12.	Register of Directors, Managing Director, Manager and Secretary	Permanent
13.	Register of Directors' Shareholding	Permanent
14.	Register of Inter-corporate loans and investments	Permanent
15.	Register of transfer of shares	Permanent
16.	Register of Transmission of shares	Permanent
17.	Forms filed with Registrar of Companies (ROC)	Permanent
18.	Notice and Agenda of the Board and Committee Meetings	8 Financial Years
19.	Notices pertaining to disclosure of Interest by the Directors	8 Financial Years
20.	Annual Returns	8 Financial Years
21.	Correspondence with shareholders	8 Financial Years
22.	Disclosures under SEBI - Substantial acquisition of shares and Takeovers, Regulations	8 Financial Years
23.	Disclosures under SEBI - Prohibition of Insider Trading Regulations	8 Financial Years
24.	Postal Ballot forms	8 Financial Years
25.	Scrutinizer's Reports on voting at General Meetings/ Postal Ballot	8 Financial Years
26.	Newspaper cuttings of notices of Board Meeting and Financial Results	8 Financial Years
27.	Investor meet presentations	8 Financial years

**Accounts and Finance Records**

<b>Sr. No.</b>	<b>Record Type</b>	<b>Preservation Period</b>
1.	Annual Audited and Financial Statements	Permanent
2.	Books of Accounts, Ledgers & Vouchers	8 Financial Years

3.	Investment Records	8 Financial Years from the date of redemption
4.	Engagement letters from Auditors	8 Financial Years
<b>Tax Records</b>		
<b>Sr. No.</b>	<b>Record Type</b>	<b>Preservation Period</b>
1.	Excise Returns, Income Tax Returns, Sales Tax/ VAT Returns, Service Tax Return.	8 Financial Years
2.	Documents, Challans and other details/correspondence related to Excise, Income Tax, Sales Tax/ VAT, Service tax	8 Financial Years
<b>Records to be maintained as per Exchange</b>		
1	Maintain separate books of accounts and records for trades executed on each recognised stock exchange.	5 Financial Years
2	Statements of funds and securities obligations received from NSCCL.	5 Financial Years
3	Client Ledger, Margin Register, Register of Complaints.	5 Financial Years
4	Records in respect of brokerage collected separately from constituents.	5 Financial Years
5	Register of Transactions.	5 Financial Years
6	Register or Ledger Account of Securities, client wise and security wise.	5 Financial Years
<b>Records to be maintained as per Depository</b>		
1	All the documents related to account opening activity	8 Financial Years
2	All the written instructions with the enclosures received from the BO	8 Financial Years
3	The DRF and supporting documents	8 Financial Years
4	All DIS received from BO	8 Financial Years
5	All the documents related to closure / transmission	8 Financial Years
6	All Pledge Request Forms (PRF), Unpledge Request Forms (URF) & Invocation Request Forms (IRF)	8 Financial Years
7	All RRF / Repurchase Request Forms	8 Financial Years
8	All FRF, URF, Orders for freezing/unfreezing from Court, Tribunal, Statutory, Revenue or Regulatory Authorities and other supporting documents	8 Financial Years
9	All records pertaining to Arbitration proceedings including the Arbitration Award	8 Financial Years
10	Documents related to change in DP name and registered office address	8 Financial Years
11	Record of proof of dispatch of statements to the BO and any other supporting documents	8 Financial Years
12	All NDU forms	8 Financial Years

# Murari securities Limited

## POLICY ON CLIENT CODE MODIFICATION

Circular: - Ref.

Policy created by	Compliance Team
Policy reviewed by	Compliance Officer
Policy reviewed on	31/12/2023
Policy Approved by	Board of Directors
Policy approved on	17/01/2024

Version - 1.0

## Objective

To frame the guidelines for rare / exceptional modification to client codes post trade execution and reporting of such Client Code Modifications.

### Brief about Client Code Modification

Client Code Modification means modification / change of the client codes after execution of trades in rare or exceptional cases. Stock Exchanges provide a facility to modify any client code after the trade has been executed to rectify any error or wrong data entry done by the dealers at the time of punching orders. However, such Client Code modification is subject to certain guidelines as to the time limit within which the client code modification is to be carried out, terminal / system on which such modifications can be done etc. The facility is mainly to provide a system for modification of client codes in case genuine errors in punching / placing the orders. It is to be used as an exception and not as a routine process. To prevent misuse of the facility Stock Exchanges levy penalty / fine for all non-institutional client code modification.

### Scope of the Policy

This policy covers all the Client Code Modifications carried out / to be carried out in any of the client accounts, subject to the guidelines issued by the SEBI / Stock Exchanges from time to time, in any segment of any exchange for which Axis Capital Ltd. is a member.

"**Error Trades**" means the trades which will be modified / to be modified / allowed, to be modified subject to guidelines of the SEBI / Stock Exchanges and this policy. For the purpose of this Policy, only the following types of trades shall be modified / allowed to be modified, genuineness or error if the pre-condition of error modification:

- Error due to communication and/or punching or typing such that the original client code/ name and the modified client code / name are similar to each other.
- Modification within relatives ('Relative' for this purpose would mean "Relative" as defined under the Companies Act, 1956) iii. Punching error / typing error of client codes due to any genuine error or mistake in order entry, while punching the order, by any of dealer.
- Trade entered for wrong client due to any miscommunication from the client.
- Modification within family members.
- Institutional trades modified to broker error account.

### General Conditions

- The facility for Client Code Modification can be used only in case of Error Trade.
- The Client Code Modification shall be carried out only on the designated system and / or as per the process as may be prescribed by SEBI / Stock Exchange and this policy.

- The client code modification shall be carried out after due approval from compliance / senior management i.e. the modification needs to be done by Risk Team only after due approval by Compliance head / Dealing Head or Organization Head.

### **Internal Control**

No client code modification shall be done save and except in unavoidable, rare or exceptional cases, without first informing the CEO or the Business Head and the Senior Sales Traders, Compliance Officer and Head of Back office.

### **Surveillance**

A record for client code modification cases will be maintained on every financial year basis.

## **Murari securities Limited**

---

**Designated Director**

**Dated: - 17/01/2024**



# Murari securities Limited

## CODE OF CODUCT FOR PREVENTION OF INSIDER TRADING

Circular: - Ref.

Policy created by	Compliance Team
Policy reviewed by	Compliance Officer
Policy reviewed on	31/12/2023
Policy Approved by	Board of Directors
Policy approved on	17/01/2024

Version - 1.0

## **Background**

The Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, was amended on 22nd February 2002 (hereinafter referred to as "Regulations") in terms of which a Stock Broker is required, inter alia, to frame a Code of Conduct for Prevention of Insider Trading by Employees of a Stock Broker, including its Directors.

### **Prevention of "Price Sensitive Information"**

Employees / Directors shall maintain the Confidentiality of all Price Sensitive Information. Employees / Directors must not pass on such Information directly or indirectly by way of making a Recommendation for the Purchase or Sale of Securities.

### **Need to Know**

- Price Sensitive Information is to be handled on a "Need to Know" basis, i.e. Price Sensitive Information should be disclosed only to those within the company who need the Information to discharge their Duty and whose Possession of such Information will not give rise to a Conflict of Interest or Appearance of Misuse of the Information.
- Limited Access to Confidential Information - Files containing Confidential Information shall be kept Secure. Computer Files must have Adequate Security of Login and Password, etc.

### **Chinese Wall**

- To prevent the Misuse of Confidential Information, Company shall adopt a "Chinese Wall" Policy which separates those Areas of COMPANY which routinely have access to Confidential Information, considered "Inside Areas" from those Areas which deal with Sale / Marketing / Investment Advice or other Departments providing Support Services, considered "Public Areas"
- The Employees in the Inside Area shall not communicate any Price Sensitive Information to anyone in Public Area
- The Employees in Inside Area may be physically segregated from Employees in Public Area
- Demarcation of the various Departments as Inside Area may be implemented by Company
- In Exceptional Circumstances, Employees from the Public Areas may be brought "Over the Wall" and given Confidential Information on the basis of "Need to Know" Criteria, under Intimation to the Compliance Officer

### **Prevention of Misuse of Price Sensitive Information**

- Employees / Directors shall not use Price Sensitive Information to Buy or Sell Securities of any sort, whether for their Own Account, their Relative's Account, Company Account or a Client's Account. The following Trading Restrictions shall apply for Trading in Securities
- Pre-clearance of Trades

- All Directors / Designated Employees of COMPANY who intend to deal in the Securities of the Client Company (above a Minimum Threshold Limit to be determined by Company) shall pre-clear the Transactions as per the pre-dealing Procedure as described hereunder
- An Application may be made in such form as Company may specify in this regard, to the Compliance Officer indicating the Name and Estimated Number of Securities that the Designated Employee / Director intends to deal in, the Details as to the Depository with which he has a Security Account, the Details as to the Securities in such Depository Mode and such other Details as may be required by any rule made by Company in this behalf
- An Undertaking shall be executed in favor of Company by such Designated Employee / Directors incorporating, inter alia, the following Clauses, as may be applicable
  - That the designated Employee / Director does not have any Access or has not received any "Price Sensitive Information" up to the time of signing the Undertaking
  - That in case the designated employee / director/partner has access to or receives "Price Sensitive Information" after the signing of the undertaking but before the execution of the transaction he/she shall inform the Compliance officer of the change in his position and that he/she would completely refrain from dealing in the securities of the client company till the time such information becomes public.
  - That he / she has not contravened the Code of Conduct for prevention of Insider Trading as specified by Company from time to time that he / she has made a Full and True Disclosure in the matter

### **Restricted / Grey List**

- In order to monitor Chinese Wall Procedures and Trading in Client Securities based on Inside Information, COMPANY shall restrict Trading in certain Securities and designate such List as Restricted / Grey List
- Security of a Listed Company shall be put on the Restricted / Grey List if COMPANY is handling any Assignment for the Listed Company or is preparing Appraisal Report or is handling Credit Rating Assignments and is Privy to Price Sensitive Information
- Any Security, which is being purchased or sold or is being considered for Purchase or Sale by COMPANY on behalf of its Clients / Schemes of Mutual Funds, etc shall be put on the Restricted / Grey List
- As the Restricted List itself is a Highly Confidential Information it shall not be communicated directly or indirectly to anyone outside Company. The Restricted List shall be maintained by Compliance Officer
- When any Securities are on the Restricted List, trading in these Securities by Designated Employees / Directors may be blocked or may be disallowed at the time of pre-clearance

### **Other Restrictions**

- All Directors / Designated Employees shall execute their Order within One Week after the approval of pre-clearance is given. If the Order is not executed within One Week after Approval is given, the Employee / Director must pre-clear the Transaction again
- All Directors / Designated Employees shall hold their Investments for a Minimum Period of 30 Days in order to be considered as being held for Investment Purposes
- The Holding Period shall also apply to Purchases in the Primary Market (IPOs). In the case of IPOs, the Holding Period would commence when the Securities are actually allotted
- In case the Sale of Securities is necessitated by Personal Emergency, the Holding Period may be waived by the Compliance Officer after recording in writing his / her reasons in this regard
- Analysts, if any, employed with COMPANY while preparing Research Reports of a Client Company(s) shall disclose their Share Holdings / Interest in such Company(s) to the Compliance Officer
- Analysts, who prepare Research Report of a Listed Company shall not Trade in Securities of that Company for 30 Days from Preparation of such Report

#### **Penalty for Contravention of the Code**

- Any Designated Employee / Director who trades in Securities or communicates any Information or counsels any Person Trading in Securities, in Contravention of the Code may be penalized and appropriate Action may be taken by COMPANY
- Designated Employees / Directors of Company, who violate the Code may also be subject to Disciplinary Action by the Company, which may include Wage Freeze, Suspension, etc
- The Action by COMPANY shall not preclude SEBI from taking any Action in case of Violation of SEBI (Prohibition of Insider Trading) Regulations, 1992

#### **Information to SEBI in case of Violation of SEBI (Prohibition of Insider Trading) Regulations**

In case it is observed by COMPANY / its Compliance Officer that there has been a Violation of these Regulations, SEBI shall be informed by COMPANY

#### **Listed Intermediaries to comply with both Part A and B of Schedule I**

The Intermediaries such as Credit Rating Agencies, Asset Management Companies, or Broking Companies etc who's Securities are listed in Recognized Stock Exchange shall comply with both Part A and Part B of this Schedule in respect of its Own Securities and Client's Securities

## **Murari securities Limited**

---

**Designated Director**

**Dated: - 17/01/2024**

# Murari securities Limited

## POLICY ON COMPLIANCE OFFICER

Circular: - Ref.

Policy created by	Compliance Team
Policy reviewed by	Compliance Officer
Policy reviewed on	31/12/2023
Policy Approved by	Board of Directors
Policy approved on	17/01/2024

Version - 1.0

As per Regulation 18A of SEBI (Stockbroker) Regulation, 1992, Company will appoint a Compliance Officer who shall be responsible for monitoring the compliance of the Act, rules and regulations, notifications, guidelines, instructions, etc., issued by SEBI or Central Government or Exchanges for redressal of investors' grievances.

The Compliance Officer is required to immediately and independently report to SEBI/Exchanges any non-compliance observed by him.

Following key factors will play an important role and same will be applied throughout the tenure:

- Compliance Officer appointed Shall be a graduate or an equivalent examination from a Government recognized institution.
- At the time of appointment, the candidate should at least have 2 years of prior work experience in banking or financial services, handling Audit/Finance/Compliance/ Legal/Operations/Risk Management functions.
- The eligible candidate should have good understanding of securities market industry, risk management, knowledge of regulations, legal framework and regulatory expectations.
- Compliance officer will obtain NISM-Series-III A: Securities Intermediaries Compliance (Non-Fund) Certification Examination within 1 year from the date of employment in terms of SEBI notification dated March 11, 2013.
- The Compliance Officer shall ensure that the certification is renewed before the completion of its validity, as per the procedure specified by NISM, from time to time.
- In order to ensure that the Compliance Officer is well informed of all relevant laws and amendments thereof, it is essential that there should be a continuing education program for him/her and half-yearly training will be Imparted to the team of compliance officer which will cover subject-wise key regulatory requirements and regulatory changes made in the last six months.
- Any transfer / removal of Compliance Officer will be done with explicit prior approval of the Board/ Partners as the case may be and, after following a well- defined and transparent internal administrative procedure and reasons be recorded in writing.
- In case of any change in Compliance Officer due to any reasons beyond the control of the Company such as death, resignation etc., Company is required to intimate the Exchange within 7 working days of such a change. In case of such unforeseen change, the Compliance Officer should be appointed within three months from the date of death/resignation of the erstwhile Compliance Officer and confirm the same to the Exchange.
- Notwithstanding the above, the office of the Compliance Officer shall not remain vacant for more than 15 calendar days. In the event of resignation/demise etc. Company should appoint an interim Compliance Officer till such time a regular Compliance Officer is appointed within 3 months from the date of vacation of office.
- Company shall ensure that the person appointed as Compliance Officer is "fit and proper" in terms of Schedule II of SEBI Intermediaries Regulations, 2008.
- The Compliance Officer shall have the ability to independently exercise judgement in all matters of compliance and regulations. The Compliance Officer should have the freedom and sufficient authority to interact with regulators/supervisors directly and ensure compliance. In addition, he/she shall have the necessary authority to communicate with any staff of the Company and have access to all records or files that are necessary to carry out entrusted responsibilities in respect of the compliance issues.

- It shall be ensured that the Compliance Officer or any staff of his office is not assigned any responsibility which brings elements of conflict of interest, especially any role relating to business development/sales. The Compliance Officer shall under no circumstances act in such a dual capacity.
- Company shall ensure that no trading terminal is allotted to the Compliance Officer or any staff of his office except for the purpose of risk management/monitoring/testing or for view only purpose and no trades shall be executed from such terminals.
- Company shall also reserve the right to seek necessary explanations from the Compliance Officer or record his/her statements in terms of the relevant rules/regulations of the Exchange and initiate suitable disciplinary action against him/her including debarment or removal, if he/she is found to have failed to carry out his/her responsibilities in a reasonable manner. All actions in this regard shall be initiated by the Exchange, after following due process and providing an opportunity of hearing to the Company/Compliance officer.

**The policy may be reviewed as and when there is any change introduced by any statutory authority or as and when it is found necessary to change on account of need for an Improved compliance.**

## **Murari securities Limited**

---

**Designated Director**

**Dated: - 17/01/2024**



## **Murari securities Limited**

### **POLICY FOR DEALING WITH CONFLICTS OF INTEREST OF INTERMEDIARIES**

**(Issued as per the requirements of PMLA Act 2002)**

**Master Circular: - Ref. SEBI has issued circular No. CIR/MIRSD/5/2013 dated August 27, 2013**

<b>Policy created by</b>	<b>Compliance Team</b>
<b>Policy reviewed by</b>	<b>Principal Officer</b>
<b>Policy reviewed on</b>	<b>31/12/2023</b>
<b>Policy Approved by</b>	<b>Board of Directors</b>
<b>Policy approved on</b>	<b>17/01/2024</b>

**Version - 1.2**

## **1. Introduction**

Our organization is officially recognized as a stock broker and depository participant, having registered with Market Infrastructure Institutions (MIIs) such as stock exchanges and depositories through the Securities and Exchange Board of India (SEBI). We offer a range of services related to trading and depository operations.

## **2. Background**

SEBI has issued guidelines vide their circular Ref No. CIR/MIRSD/5/2013 dated August 27, 2013, regarding Conflicts of Interest of Intermediaries, Recognised Stock Exchanges, Recognised Clearing Corporations, Depositories and their Associated Persons in Securities Market.

In view of the above, the meaning of "Associated Person" and "Intermediaries" are provided hereunder:

- ✓ "Associated person" means a principal or employee of an intermediary or an agent or distributor or other natural person engaged in the securities business and includes an employee of a foreign institutional investor or a foreign venture capital investor working in India;
- ✓ "Intermediary" means an entity registered under sections 11 or 12 of the SEBI Act, 1992 and includes any person required to obtain any membership or approval from a stock exchange or a self-regulatory organization; therefore, in view of the above all employees, agents (sub broker and AP), distributors engaged in securities business will be covered under this policy.

In order to ensure the protection and primacy of client's interests and to comply with the applicable regulations, we have framed a policy and procedures and aims at preventing situations involving conflicts of interests and resolving such situations if they could arise. This policy describes our approach to the identification, prevention and management of conflicts of interests that may arise in the conduct of our activities.

## **3. Definition of Conflict of Interest:**

Broadly, a conflict of interest is likely to arise when a given situation conflicts with the interests of a client.

**The three categories of potential conflict are as follow:**

- ✓ Conflicts between clients, for example giving one client preferential treatment in comparison to another client for the same service;
- ✓ Conflicts involving clients and organization and / or its Associated Persons, for example, if we offer a service that would give it a higher return to the detriment of the client's interest;
- ✓ Conflicts involving clients and employees, for example, our employees use confidential information about clients for the purpose of performing transactions on their own account.

## **4. Identification of Potential Conflict of Interest:**

For this purpose, we identify various possible conflicts of interest situations that could arise in the conduct of its activities and that could conflict the interest of a client because of the Company or other related person:

- ✓ Is likely to make a financial gain, or avoid a financial loss, at the expense of the client;
- ✓ Has an interest in the outcome of a service provided to the client or a transaction carried out on behalf of the client, which is distinct from the client's interest in that outcome;
- ✓ has a financial or other incentive to favour the interest of another client (or group of clients) over the interest of the client to whom the service is provided;

- ✓ operates the same business activity as the client receives or will receive from someone other than the client a benefit in connection with the service provided to the client, in any form whatsoever, other than the standard commission or fee for that service.

It is used as a basis to ensure that appropriate organizational arrangements and procedures are in place to prevent and manage potential conflicts of interest and that appropriate controls are performed.

## **5. Measures to curb conflicts of interests:**

### **Organizational measures:**

We are structured in such a way so as to segregate functions that are vulnerable to conflicts of interest. Right from Senior Management level to marketing teams, the functions should be clearly segregated.

Control functions (Compliance, Risk Management) are completely independent and they monitor the business activities on a continuous basis so as to make sure that internal control procedures are appropriate.

Security of confidential information held, is also ensured in a way that limited access is given on a strictly need to know basis only.

The employees are given the opportunity to report any potential or actual conflict of interest situations to the senior management level.

## **6. Procedures and rules governing the handling of orders and primacy of the client interest:**

We comply strictly with the rules of the financial markets in which it operates and does not allow orders to be given preferential treatment. Appropriate training of employees is being conducted to ensure that they are fully aware of their responsibilities and obligations. There may be some complex or specific cases where we believe that control functions are not sufficient to guarantee, with reasonable certainty, that the risk of harming the client interest will be prevented. In these cases, we will clearly inform the client of the general nature and source of the conflict of interest before acting so that the client can take an informed investment decision.

Any service provided by or activity carried on by organization that gives rise to or may give rise to a conflict of interest involving a significant risk of adversely affecting the interest of one or more clients must be recorded and presented before the Management so as to put in place the systems for resolving such conflicts by reviewing the implementation of the said policy as and when necessary.

## **7. Guiding Principles of the Policy:**

All employees and Associated Person/s with the Company covered under this Policy shall adhere to following principles and practices to avoid conflict of interest at all points:

- ✓ To maintain high standards of integrity in the conduct of business at all times.
- ✓ To ensure to communicate policies, procedures and code to all concerned.
- ✓ To ensure fair treatment of clients and not to discriminate amongst them;
- ✓ To ensure that Company's personal interest does not, at any time conflict with our duty towards our clients and clients' interest shall always take primacy in our advice, investment decisions and transactions;
- ✓ To make appropriate disclosure to the clients of possible source or potential areas of conflict of interest which would impair our ability to render fair, objective and unbiased services;
- ✓ Endeavor to reduce opportunities for conflicts through prescriptive measures such as through information barriers to block or hinder the flow of information from one department/ unit to another, etc.;

- ✓ To place appropriate restrictions on transactions in securities while handling a mandate of issuer or client in respect of such security so as to avoid any conflict;
- ✓ Not to deal in securities while in possession of material non-published information;
- ✓ Not to communicate the material non-published information while dealing in securities on behalf of others;
- ✓ Not to contribute in manipulating the demand for or supply of securities in the market or to influence prices of securities;
- ✓ Not to provide incentive structure that encourages sale of products not suiting the risk profile of clients;
- ✓ Not to share information received from clients or pertaining to them, obtained as a result of our dealings, for our personal interest.

**Change in the Policy will be adopted as and when required by the company and is binding on all the Staff/Employees/and Directors of the Company.**

**For M/s. MURARI SECURITIES LIMITED,**

---

**Ishwar Dass Dhyawala**

**Director**

# Murari securities Limited

## POLICY ON DEALING WITH INACTIVE AND DORMANT CLIENTS

Circular: - Ref.

Policy created by	Compliance Team
Policy reviewed by	Compliance Officer
Policy reviewed on	31/12/2023
Policy Approved by	Board of Directors
Policy approved on	17/01/2024

Version - 1.0

## Definition

A Trading account in which no transaction has been carried out for a period of more than 365 days (Three Hundred and Sixty-Five days) i.e., 12 calendar months shall be classified as an Inactive/Dormant Account. The Terms "Dormant" and "Inactive" shall be used interchangeably.

## Treatment of Inactive/Dormant Accounts

### Transactions in Dormant Trading Accounts

- In case of dormant trading accounts in which no transaction has been placed during the last 365 days (Three Hundred and Sixty-Five days) i.e., 12 calendar months, the account of the client shall be suspended and the client shall not be permitted to execute a fresh transaction in the account unless the client provides either of the following:
  - A written request in hard copy to reactivate the account and process the transaction duly signed by Client and submitted to the company along with the latest 6 months' bank statements for financial updation.
  - Concerned Dealers are required to check the identity of the person before taking down orders.
  - The said client before placing orders has to confirm their KYC requirements as provided earlier and in case the KYC requirement stands changed meanwhile, he will be required to first comply with the latest one.
- The Compliance Team shall take the necessary measures as formulated in this policy to reactivate the dormant clients.

### Monitoring of Transactions

- Evaluation for dormant account will be done on a daily basis for Trading accounts.
- Sudden activity in dormant accounts in large volume shall be viewed as a suspicious transaction and report will be generated.
- Such reports shall be reviewed by the Authorized Official.
- Transactions found to be suspicious shall immediately be reported to the Risk Management and Compliance Department.

### Others

#### **Return on Assets**

The Balances lying in the Dormant Trading accounts shall be returned to the client at the time of the calendar quarterly/monthly settlement. In the event the client wishes to receive the funds/securities from such Trading account before the calendar quarterly/monthly settlement, the Client shall make a request in writing which shall be submitted to us. The funds/securities from such Trading account shall be returned within 7 days from receipt of the request.

## **Review of Policy**

The policy may be reviewed as and when there is any change introduced by any statutory authority or as and when it is found necessary to change on account of business needs or Risk Management Policy.

**Murari Securities Limited**

---

**Designated Director**

**Dated: 17/01/2024-**

# Murari securities Limited

## LIMIT SETTING POLICY

Circular: - Ref.

Policy created by	Compliance Team
Policy reviewed by	Compliance Officer
Policy reviewed on	31/12/2023
Policy Approved by	Board of Directors
Policy approved on	17/01/2024

Version - 1.0



## **Objective**

To pre- define limits for each terminal and monitor the same on a continuous basis.

## **Background**

Trading Terminals are allotted to Members by exchanges. These terminals enable members to place, modify and execute orders on behalf of clients. There may be instances where due to punching error unusual orders may be placed at high prices which might lead to execution of unrealistic orders or orders being executed at unrealistic prices. In cases where the order/price of such orders is high, it might lead to huge losses to broker. In order to avoid such a situation, it is imperative that certain limits are prescribed for each terminal allotted to member broker.

## **Scope of the Policy**

This policy covers the procedure and checks and balances in place for allotting limits to each direct and CTCL / IML terminals.

## **Defining of Limits**

The following limits shall be defined for each terminal:

- Quantity Limit for each order
- Value Limit for each order
- User value limit for each user ID
- User quantity limit for each user ID
- Branch value limit for each Branch ID
- Spread Order Quantity and Value Limit (Equity Derivatives segment)
- Market Price Protection Percentage

## **Procedure for setting of Limits**

The company follows the practice of setting of limits at each level namely Admin, Branch Manager, Direct Terminal / CTCL / IML and Dealer. The limits have been set each level is reviewing the historical data of peak utilization at respective levels. Limits are reviewed on a regular basis and if required revised post consultation of Compliance Officer during the day. The Limits utilization is continuously monitored during the day. Any request of upward revision in limits by dealer is done post receipt of specific consent of Branch Head and after necessary risk assessment.

## **Checks in place**

- Limits of terminals will be defined and reassigned on daily basis only after analyzing past trading history and assessment of risk.

- Terminals limits will be set up by the Front Office official designated at Registered Office.
- No user/ branch will be provided unlimited limit.

### **Review of process and maintenance of records**

The Compliance Officer at Registered Office shall be responsible for maintenance of records as prescribed by regulators and demonstrating the adequacy of system to auditors and exchanges.

The process of setting of limits shall be reviewed on a quarterly basis by Compliance officer and review the process on test check basis. The Compliance officer shall issue a certificate to the exchange on quarterly basis.

## **Murari securities Limited**

---

**Designated Director**

**Dated: - 17/01/2024**

# Murari securities Limited

## INTERNAL SHORTAGE POLICY

Circular: - Ref.

Policy created by	Compliance Team
Policy reviewed by	Compliance Officer
Policy reviewed on	31/12/2023
Policy Approved by	Board of Directors
Policy approved on	17/01/2024

Version - 1.0

## **Purpose**

The company shall have followed the policy for internal auction arising out of pay in shortage by a client against the purchase by other client and charge to defaulter seller and compensate the impacted purchaser. Proper communication to be provided to clients that they should not sale securities purchased on previous trading day before getting delivery of the securities from the exchange because sold stocks if purchased on previous trading day and received short from the exchange it goes to auction and the client's account is debited on account of auction.

## **Introduction**

In case of short sell of securities by clients and he/she fails to meet his/her pay in obligation then either such shares will go for self-auction (auction by PRSSB in case of Internal Shortage) or these will be short delivered to the exchange (in case of actual shortage).

We have following process to handle actual shortage, internal shortage and Internal as well as Actual shortage:

### **Actual Shortage**

If client has short delivered any securities against his/her pay-in - obligation towards exchange, which has resulted into actual shortage, i.e. there is no buy position of other clients of PRSSB then pay in obligation of the seller would be in short delivery to the exchange herein after termed as actual shortage. In such case, seller will be debited with the rate as communicated by the exchange on the quantity delivered short to the exchange.

### **Internal Shortage**

If client has short delivered any securities against his/her pay-in - obligation towards a counter party who is a client of PRSSB and it resulted into internal shortage, self - Auction of Internal short scrip will be carried out by PRSSB and such securities will be purchased from open market on T+2 day and the buyer will be credited and the seller will be debited with the amount on which such shares have been bought along with the levies and other taxes or the Sale rate whichever is higher and 0.5% of Buy price as Auction penalty. If the shares could not be bought from the open market, then the position of buyer and seller would be closed out on T+3 Day by debiting the seller and crediting the buyer at the rate higher of the following:

- The highest price for the securities prevailing in NSE or BSE as the case may be on any date commencing from the date of transaction till the day of auction relevant to the trade (auction day i.e. T+2 Day)

Or

- The closing price for the securities on the auction day as increased by 10% of the closing price for F & O traded scrip or 20% for other scrip or such other % as may be revised by PRSSB from time to time.

The amount so determined shall be debited to the account of the Seller who defaulted to deliver and the account of the buyer will be credited by the same amount.

### **Internal and Actual Shortage:**

The client hereby agrees that if he/she has short delivered any securities against his pay-in obligation which resulted into actual as well as internal shortage, i.e. buy position of other clients of PRSSB is less than the pay in obligation of the seller, part obligation would be in the process of self-Auction and balance would be in short delivery to the exchange herein after termed as actual shortage.

Here, in such cases, if the part of securities lying for internal shortage could be bought from the market on T+2 Day, then such securities will be purchased from open market on T+2 day and the buyer will be credited and the seller will be debited with the amount on which such shares have been bought or the sale rate whichever is higher. And, the proportion of actual shortage will be debited to the seller at T+2 day at the rate as decided by the Exchange.

If in any case, the part of the securities went in self-auction process could not be bought from the exchange, then the position of the buyer and seller would be closed out on T+2 Day by debiting the seller and crediting the buyer at the rate as communicated by the exchange on internal as well as actual short delivered quantity of the shares.

## **Murari securities Limited**

---

**Designated Director**

**Dated: - 17/01/2024**

# Murari Securities Limited

## POLICY ON DEBIT BALANCE FOR MORE THAN T+5 DAYS

Circular: - Ref.

Policy created by	Compliance Team
Policy reviewed by	Compliance Officer
Policy reviewed on	31/12/2023
Policy Approved by	Board of Directors
Policy approved on	17/01/2024

Version - 1.0

## Background

With a view to NSE circular ref no. NSE/INSP/20638 dated 26th April 2012 and further clarification vide NSE Circular Ref No. NSE/INSP/29662 dated May 8, 2015 relating to Client funding, it has been decided by the management that we will strictly follow and implement this circular to avoid unnecessary non-compliance.

### Steps to be taken:

- Clients Position will be squared up to meet the Debit balance requirement and in case of any loss arising out of it then company will not be held responsible to meet the loss.
- Further the clients' exposure can be increased in compliance with the NSE Circular Ref No.NSE/INSP/29662 dated 8th May, 2015.
- No client will be allowed trading in their account unless the previous debit balance is cleared.

### Exception to the above compliance

- If debit balance arises out of client's failure to pay such amount for less than fifth Trading day reckoned from date of pay-in, such debit balances would not be construed as violation relating to funding.
- If debit balance arises out of client's failure to pay such amount for more than Fifth trading day reckoned from date of pay-in, and no further exposure is granted to client from the sixth trading day reckoned from the date of pay-in, such debit Balance would not be construed as violation relating to funding.
- If debit balances arise out of client's failure to pay such amount for more than fifth trading day reckoned from date of pay-in, and further exposure is granted to client it would be construed as a funding violation even if fully paid collaterals are available for margins.
- Delayed Payment Charges or interest charge for the funds deployed by the member may be charged at the rate/s consented by the client.
- For the purpose of reckoning debit balance stated above, the debit balance in the client ledger consolidated across segments (not across Exchanges) after giving effect to the release of margin to be considered.
- Further, if subsequently any complaint is received regarding selling of collaterals for recovery of debit balance, as per the Regulation 3.11 of Part A of the Capital Market Regulations of the Exchange quoted above, the securities shall be deemed to have been closed out at the closing price declared by the Exchange for fifth trading day reckoned from the date of pay-in.

**Murari Securities Limited**

**Designated Director**

**Dated: - 17/01/2024**

# Murari Securities Limited

## POLICY ON CLIENT CODE MODIFICATION

Circular: - Ref.

Policy created by	Compliance Team
Policy reviewed by	Compliance Officer
Policy reviewed on	31/12/2023
Policy Approved by	Board of Directors
Policy approved on	17/01/2024

Version - 1.0



## Background

The "Beneficial Owner" is the natural person or persons who ultimately own, control or influence a client and / or persons on whose behalf a transaction is being conducted. It also incorporates those persons who exercise ultimate effective control over a legal person or arrangement.

### Explanation on who is a Beneficial Owner as per SEBI & Exchanges Guidelines

Where the client is an Unlisted company/ Firm/ Unincorporated Association /Body of Individuals:

- The identity of the natural person, who, whether acting alone or together, or through one or more juridical person, exercises control through ownership or who ultimately has a controlling ownership interest.

#### **Controlling ownership interest means**

- ownership of /entitlement to more than 10% of shares or capital or profits of the juridical person, where the juridical person is a company;
  - ownership of /entitlement to more than 15 % of capital or profits of the juridical person, where the juridical person is a partnership; or,
  - ownership of/ entitlement to more than 15% of the property or capital or profits of the juridical person where the juridical person is an incorporated association or body of Individuals.
- Where no natural person is identified under I & II above, the beneficial owner is the relevant natural person who holds the position of the senior managing official.
  - Where client or owner of the controlling interest is a company listed on a stock exchange, or is a subsidiary of such a company, it is not necessary to identify and verify the identity of any shareholder or beneficial owner of such companies.

#### **Where the client is a Trust**

The trustee, the protector, the beneficiaries with 10% or more interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership.

## Murari Securities Limited

---

**Designated Director**

**Dated: - 17/01/2024**

# Murari Securities Limited

## POLICY ON INTERNAL CONTROL

Circular: - Ref.

Policy created by	Compliance Team
Policy reviewed by	Compliance Officer
Policy reviewed on	31/12/2023
Policy Approved by	Board of Directors
Policy approved on	17/01/2024

Version - 1.0

## **Introduction**

The company is Securities and Exchange Board of India (SEBI) registered Stock broker of the National Stock Exchange of India Ltd. (NSEIL) & BSE LTD.

## **Background**

To Protect the risk arising from any unforeseen events that may occur, it is required by the exchanges to frame an Internal Control Policy.

## **Registration of Clients**

We follow dual check registration of clients, in Trading Segments. All the client registration kits along with necessary documentary proofs are being checked with original documents at our registered office. All these registration kits are being dual checked at our corporate office before allotment of UCC.

The Exchanges and SEBI are issuing circulars mentioning the name of clients who has been suspended for trading in securities market. We block that name in our back office software. If any clients of same name apply for allotment of client code, our system generates a pop up at the time of making entries in the software. This ensures that no defaulted / suspended clients get registered with us.

Regular training programme is being arranged for training and orientation of front office staffs, which receive and check the client registration kit.

Only after successful upload of UCC file, the client gains the active status in our back office software. All the clients are being mapped for trading only after verification from back office software.

## **Following Activities are done before Registration of Clients:**

- Client Visit: - Client is visited by our representative to prove the existence of the client and address provided by the client.
- Documentary Evidence: - Proper documentary evidence is taken from clients and is verified with original to prove the actuality. Evidences are rechecked by designated person sitting at Head Office.
- KYC Norms: - We always comply with the KYC norms prescribed by SEBI and exchange and comply with all the documentary requirements.
- PAN: - PAN is verified with Income Tax website for its authenticity.

## **Receiving, Validating & Entering the orders of clients in trading platform**

All the clients are mapped to the trading terminals of respective dealers only. One client cannot enter trades from multiple locations except from surveillance department. Most of the orders are received over telephone and entered in the respective client code as instructed by the client. All the trades are being confirmed after-market hours with the respective clients by the dealer who is executing his / her trade.

## **Collection and Release of Payments**

Collection from clients is being done on T+2 basis. However, if the client has liquid position in another segment / exchange, payment flexibility may be allowed. Daily reports of the portfolio valuations are being made to control the risk. Limits of clients are being set on the basis of portfolio of client with us.

Payment to the client is being made on the request of the client. We are maintaining running account of clients for which we have authority from the respective clients. This authority letter forms part of our client registration Kit.

### **Collection and Delivery of Securities of Clients**

Collection of securities is done as per pay in requirements. For delivery of securities to the clients we maintain the same procedure as in case of payments.

### **Operations and Compliance Requirements**

The Compliance officer is looking after operations and Compliance requirements of the Exchange/s. Circulars issued by the exchanges are being taken care of by the compliance officer. All the relevant circulars are communicated to the respective departments / branches automatically on daily basis. The Compliance officer, to ensure compliance at branch level, conducts regular visits to all the branches. Further, test check is done of all the client registration kits and acknowledgement on contract notes.

### **Payment of Dividend**

Dividend is distributed among the clients within 7 days of receipt of the same. Proper record of entitlement and distribution is maintained both in soft and hard form. Test check is done of these records on regular interval.

### **Continuity Plan / Alternate plan in case of disasters etc.**

We have fully operational offices at different locations as backup in case of disaster at any particular office. We periodically take back up of all the data and are safely preserved for recovery in case of disaster. Power failure is the most common factor that interrupts the continuity of trading. To ensure uninterrupted power supply we have following infrastructure:

- Power KVA UPS/ KVA Generator at our registered office.
- To ensure connectivity we have alternate sources of connectivity. In case there is interruption in lease line there is appropriate back up of V Sat for the entire user Ids.

## **Murari Securities Limited**

---

**Designated Director**

**Dated: - 17/01/2024**

# Murari Securities Limited

## POLICY ON INTRODUCTION & REGISTRATION OF CLIENTS INCLUDING IPV & POLICY ON ONBOARDING OF NEW CLIENTS & POLICY ON ACCEPTANCE OF CLIENTS

CONFIDENTIAL

Circular: - Ref.

Policy created by	Compliance Team
Policy reviewed by	Compliance Officer
Policy reviewed on	31/12/2023
Policy Approved by	Board of Directors
Policy approved on	17/01/2024

Version - 1.0

## Acceptance of clients

The company is governed by the byelaws, rules, and regulations of the SEBI and Multi Commodity Exchange of India Limited and National Commodity and Derivatives Exchange Limited. The authorities have specified minimum documentation and verification required before opening an account of a client, which is quite extensive. We do not outsource client registration service. Apart from that the authorities have made rules and regulations and issued circulars from time to time for proper governance of securities market. Compliance of these rules and regulations ensures that all the transactions have proper audit trail as well as client verification. However, all representatives of the company must ensure following while opening an account of a client and doing transaction with them:

- No account is opened in a fictitious / benami name or on an anonymous basis.
- Factors of risk perception (in terms of monitoring suspicious transactions) of the client are clearly defined having regard to clients' location (registered office address, correspondence addresses and other addresses if applicable), nature of business activity, trading turnover etc. and manner of making payment for transactions undertaken. The parameters shall enable classification of clients into low, medium and high risk. Clients of special category (as given below) may, if necessary, be classified even higher. Such clients require higher degree of due diligence and regular update of Know Your Client (KYC) profile.
- Documentation requirements and other information to be collected in respect of different classes of clients depending on the perceived risk and having regard to the requirements of Rule 9 of the AML Rules, Directives and Circulars issued by SEBI from time to time.
- Ensure that an account is not opened where the company is unable to apply appropriate Client Due Diligence measures/ KYC policies. This shall apply in cases where it is not possible to ascertain the identity of the client, or the information provided to the intermediary is suspected to be non - genuine, or there is perceived non - co-operation of the client in providing full and complete information. The company shall not continue to do business with such a person and file a suspicious activity report. It shall also evaluate whether there is suspicious trading in determining whether to freeze or close the account. The company shall be cautious to ensure that it does not return securities of money that may be from suspicious trades. However, the company shall consult the relevant authorities in determining what action it shall take when it suspects suspicious trading.
- The circumstances under which the client is permitted to act on behalf of another person / entity shall be clearly laid down. It shall be specified in what manner the account shall be operated, transaction limits for the operation, additional authority required for transactions exceeding a specified quantity/value and other appropriate details. Further the rights and responsibilities of both the persons i.e. the agent- client registered with the intermediary, as well as the person on whose behalf the agent is acting shall be clearly laid down. Adequate verification of a person's authority to act on behalf of the client shall also be carried out.

- Necessary checks and balance to be put into place before opening an account so as to ensure that the identity of the client does not match with any person having known criminal background or is not banned in any other manner, whether in terms of criminal or civil proceedings by any enforcement agency worldwide
- The Client Due Diligence process shall necessarily be revisited when there are suspicions of money laundering or financing of terrorism (ML/FT)

## **Registration Procedure**

### **Individual Clients**

- Generally, a client is introduced by another existing client or by new/existing branch head/relation managers/ Authorised Persons. However, if a client approaches directly, a proper verification of address, occupation and credential must be carried out by the Compliance Officer.
- Know your client (KYC) / Client Registration form must be duly filled up and the information regarding residence/correspondence address, bank details, depository details must be verified with the original documents and if required from any other authentic sources.
- The Client must provide a recent photograph and necessary identity proof and address proof as specified in the KYC form.

### **Non Individual Clients**

- The company will open a trading account for Non-individual entity, if the Partner/ Director/ Karta of Partnership Firm/ Company/ HUF respectively is our client and he/she has been properly verified as mentioned for individual clients.
- Copies of PAN card, financials for last 2 years or from inception of such entity if such entity is not older than 2 years, must be obtained strictly.
- Shareholding pattern and list of controlling persons must be obtained
- Photograph of each Partner/Whole time Director/Karta/controlling person and details must be obtained as specified by the SEBI and Stock Exchange.

The registration forms which are duly filled in and signed are collected and sent to the Head Office. In-person Verification/ Digital KYC is done by the employees/Authorised Person (AP). Verifying Personnel's Name, Designation Signature and date of verification is marked in the Registration form. Then the client details are entered in the Back Office software after receipt of the original forms and supporting documents.

For outstation clients an online verification through SKYPE or any other such mode is carried out after receiving the hard copy of account opening form in HO.

Defective forms are sent back to the clients/AP for rectification with a covering note. For all satisfactory forms, PAN is checked with IT site and then required additional details, if any are entered in the back office, based on the Original form.

For individual clients we have incorporated financial details in our client registration kit and it is ensured that the same is duly filled by the client and the bank statement for the previous three months and minimum six months for derivative clients/ last ITR copy is also collected from the clients. For Corporate clients we are collecting at least 2 years' audited financial statements and income tax return.

Thereafter, the Unique Client Code (UCC) code is generated and activates the account after cross verification of all the details once again. The Required client details are then uploaded to Commodity Exchange site. After obtaining the Success file the same is given for mapping in the trading terminal.

A welcome kit including a welcome letter mentioning the Client code, Xerox copy of the Client registration form are sent to the Client and the proof of dispatch is maintained. The Unique Client Code activated for the client is intimated to the client by means of E-mail & SMS simultaneously.

All the Client forms and the supporting documents are kept in safe custody at the Head Office. We have also started the process of updating the Client details including the financial details at regular intervals. This process is done in co-ordination with the APs.

### **Execution Procedure**

#### **Client Registration Policy**

- The agreement along with the Know Your Client (KYC) and Risk disclosure document (RDD) should be signed by the client. The required documents should be collected from the clients strictly as per the documents mentioned in the checklist of the agreement book.
- Primary Client Agreement checking by Back Office executive.
- Final Checking by Senior Back Office Executive including interview if required.
- Allotment of Client Code.
- Uploading the client details to the MCX by Senior Back Office executive or Compliance Officer.
- On receipt of Valid Report, confirming the codes allocated to clients by Back office executive.



- Final Review by Internal Auditors.
- Periodical Review of financial data by Compliance Officer on yearly basis of all active clients by Back Office executive.
- Deactivation of Client Code by Senior Back Office executive on receipt of written documents from Client and/or written instruction from Compliance Officer/ Board of Directors.
- Intimation in writing to Client regarding deactivation of client code & reason thereof.
- Keeping client Registration kit of closed account separately and/or handover records to legal department.
- Accounts introduced by 'deactivated client' to review & report the same to Compliance Officer.

### **Closure of Client Accounts**

The Client accounts shall be closed upon receipt of a closure request received from the client as per the specific format as decided by the Company, from time to time. The closure shall be effective only after a period of one month has elapsed from the date of application/intimation or the date of settlement of account or the date of re-activation of dormant account whichever is later.

Settlement of account shall mean that there is no outstanding balance in the books of the client and the same is confirmed by the client. The date of confirmation shall be the effective date of settlement. If the Client has credit balance in his/ her account, the remaining amount will be refunded to the client and if the client has debit balance in his/ her account, he/she will clear all his/ her dues first before closing the accounts.

If the account is dormant and the client wants to close his/ her account, he/ she will follow the procedure of re-activation of dormant account first as per the Company's policy on Re-activation of Dormant Accounts. His/ her account will be closed only after re-activation of dormant accounts successfully.

### **Dormant Accounts & Procedure of Re-activation**

In case of dormant trading accounts in which no transaction has been placed during the last 365 days (Three Hundred and Sixty-Five days) i.e., 12 calendar months, the account of the client shall be suspended and the client shall not be permitted to execute a fresh transaction in the account unless the client provides either of the following:

- A written request in hard copy along with completed & signed Dormant Account Reactivation Form to reactivate the account and process the transaction duly signed by Client and submitted to HO along with the latest 6 months' bank statements for updating the financial details.
- Concerned Dealers are required to check the identity of the person before taking down orders.

- The said client before placing orders has to confirm their KYC requirements as provided earlier and in case the KYC requirement stands changed meanwhile, he will be required to first comply with the latest one.

The Compliance Team shall take necessary measures to reactivate the dormant clients after verifying all the documents.

## **Murari Securities Limited**

---

**Designated Director**

**Dated: - 17/01/2024**

# Murari Securities Limited

## Policy on Investor Grievance Redressal Mechanism

Policy created by	Compliance Team
Policy reviewed by	Principal Officer
Policy reviewed on	31/12/2023
Policy Approved by	Board of Directors
Policy approved on	17/01/2024

Version - 1.2

## **1. Purpose**

Our organization is dedicated to addressing all complaints related to service deficiencies or causes for grievance in a timely and effective manner. Recognizing that prompt and efficient resolution of client and investor grievances is crucial for providing excellent service, we have established a clearly documented policy for redressing investor grievances. Through this policy, we aim to ensure the existence of a suitable mechanism for receiving and addressing complaints, with a specific emphasis on resolving grievances fairly and expeditiously.

### **This policy seeks to ensure that:**

- ✓ Grievances, if any, are resolved in a proper and time-bound manner, providing detailed advice to the client or investor. In cases where resolution requires additional time, an interim response acknowledging the grievance or complaint will be issued.
- ✓ The Compliance Officer will provide a monthly report on client grievances to the Directors of the company, including details such as the client's name and account number, nature of the complaint, date of receipt, and the status of resolution. Grievances unresolved for more than 21 days will be justified by the Compliance Officer.
- ✓ Proper records of all received and resolved grievances will be maintained by the Compliance Officer.
- ✓ All personnel and employees at customer-facing channels and other support departments will undergo periodic training in handling client complaints.
- ✓ The Grievance Redressal Mechanism along with updated contact details and email IDs, will be provided to clients and uploaded on the company's website.
- ✓ Clients shall be treated fairly at all times.
- ✓ Clients shall be informed of avenues to raise their queries and complaints within the organization, and their rights if they are not satisfied with the resolution of their complaints.
- ✓ Queries and Complaints shall be treated efficiently and fairly.
- ✓ The employees of our organization shall work in good faith and without prejudice, towards the interests of the Clients.

## **2. Awareness of the Grievance Redressal Mechanism**

- ✓ Client queries/ complaints arise due to lack of understanding or a deficiency of service experienced by Clients. Deficiency of service may include lack of explanation, clarifications, understanding which escalates into shortfalls in the expected delivery standards, either due to inadequacy of facilities available or through the attitude of staff towards Clients.
- ✓ Clients can seek clarification to their query and are further entitled to make a complaint in writing, orally or telephonically.
- ✓ All queries/ complaints received shall be handled & coordinated by Investor Grievance Officer and shall inform the Client on the status of the Client query.
- ✓ In case Clients do not receive a response within 21 working days of approaching us or if they are not satisfied with the resolution received from the Company, they can escalate their issues to respective Stock Exchange / Depository.

- ✓ Clients can also escalate their issues to Securities and Exchange Board of India (SEBI) and update their complaints on SCORES (SEBI Complaints Redress System). SCORES allows the client to lodge his complaint online with SEBI and subsequently view its status at <http://scores.gov.in> and can obtain any feedback, assistance on contacting SEBI Office on Toll Free Helpline at 1800 22 7575/ 1800 266 7575.
- ✓ Clients can also escalate their issues Online Dispute Resolution (ODR) portal that provides an efficient and convenient avenue for clients to address grievances. To initiate the ODR process, a client typically begins by accessing the designated online platform established by the service provider or organization. Here, the client can submit details about their grievance, attaching relevant documents or evidence to support their case. This online environment facilitates a transparent and accessible dispute resolution process, enabling clients to track the progress of their case in real-time. Ultimately, ODR empowers clients by providing them with a user-friendly and technologically-driven means to resolve grievances swiftly and fairly.

**Communication can be done through the following sources -**

Clients are requested to approach the Investor Grievance Officer

- ✓ Clients can call the Investor Grievance Officer on 03322357713 any working day between 10.00 am & 6.00 pm to provide feedback & register their queries / complaints.
- ✓ Clients can send an email to [murarisecurities@gmail.com](mailto:murarisecurities@gmail.com)
- ✓ Clients can write a letter to us with their query/complaint at the registered office address.
- ✓ Clients can also write to us by accessing the website - [murarisecurities.com](http://murarisecurities.com)

**Contact details at Stock Exchange/ Depository:**

NAME OF STOCKEXCHANGE / DEPOSITORY	WEB ADDRESS	CONTACT TELEPHONE NOS.	CONTACT TELEPHONE NOS.
NATIONAL STOCK EXCHANGE OF INDIA LTD	<a href="http://www.nseindia.com">www.nseindia.com</a>	(91 22) 2272 8517 / 8097	is@bseindia.com
BOMBAY STOCK EXCHANGE LTD	<a href="http://www.bseindia.com">www.bseindia.com</a>	(91 22) 2659 8190 / 91	ignse@nse.co.in
MULTI COMMODITY STOCK EXCHANGE OF INDIA	<a href="http://www.mcxindia.com">www.mcxindia.com</a>	(91 22) 6649 4070	grievance@mcxindia.com
CENTRAL DEPOSITORY SERVICES (INDIA) LIMITED	<a href="http://www.cdslindia.com">www.cdslindia.com</a>	1800-200-5533	complaints@cdslindia.com
NATIONAL SECURITIES DEPOSITORY LIMITED	<a href="http://www.nsdl.co.in">www.nsdl.co.in</a>	(91 22) 2499 4200	relations@nsdl.co.in

**Contact details at Securities & Exchange Board of India:**

Addresses of SEBI Offices	Contact Telephone Nos.	Contact E-Mail Id
SEBI - HEAD OFFICE: SEBI BHAVAN, PLOT NO. C4 - A, "G" BLOCK, BANDRA KURLA COMPLEX, BANDRA EAST,	(91 22) 2644 9200 (91 22) 2644 9000	iggc@sebi.gov.in sebi@sebi.gov.in

MUMBAI - 400 051	4045 9000	sundaresanvs@sebi.gov.in
SEBI - NORTHERN REGIONAL OFFICE: 5TH FLOOR, BANK OF BARODA BUILDING, 16, SANSAD MARG, NEW DELHI - 110 001	(91 11) 2345 6085 (91 11) 2372 4001 - 05	sebinro@sebi.gov.in narendrar@sebi.gov.in
SEBI - EASTERN REGIONAL OFFICE: L&T CHAMBERS, 3RD FLOOR 16, CAMAC STREET KOLKATA - 700 017	(91 33) 2302 3110 (91 33) 2302 3000	sebiero@sebi.gov.in amarn@sebi.gov.in
SEBI - SOUTHERN REGIONAL OFFICE: OVERSEAS TOWER, 7TH FLOOR, 756-L ANNA SALAI, CHENNAI - 600002	(91 44) 2888 0105 (91 44) 2888 0222 (91 44) 2852 6686	sebisro@sebi.gov.in manjeshsr@sebi.gov.in
SEBI - WESTERN REGIONAL OFFICE: UNIT NO. 002, GROUND FLOOR SAKAR I, NEAR GANDHIGRAM RAILWAY STATION, OPP. NEHRU BRIDGE ASHRAM ROAD, AHMEDABAD - 380 009	(91 79) 2658 7108 (91 79) 2658 3633 - 35	sebiwro@sebi.gov.in sudeepm@sebi.gov.in

### 3. Internal Mechanism to handle Client Queries / Complaints

- ✓ Register of Complaints shall be centrally maintained; however, all the Branches are required to maintain Grievance Register at the Branch Level for registration of Client Grievances.
- ✓ All the clients shall be informed about the e-mail for redressal of Client Grievance.
  - Through Welcome Letter at the time of Opening the Trading Account.
  - Display on official Web-Site.
  - Display on the Notice Board of the Head & Branch Offices.

### 4. Educating Staff on Handling Complaints (Training):

The Grievance Redressal Team is specially trained for handling queries/ complaints. Training includes both operations and soft skills, as different clients perceive and react differently to the aspects of complaint handling. The staff is encouraged to have an open attitude towards service recovery and winning the clients' confidence.

### 5. Reporting of Queries / Complaints:

On a monthly basis queries/ complaint with the resolution shall be informed to the Exchange and Depository in the specified format as mandated.

### 6. Record Maintenance:

- ✓ Investor Grievance Officer of the Grievance Redressal Team shall be responsible for the record maintenance of such activities, under the supervision of The Compliance Officer.
- ✓ The Compliance Officer shall be assisted by the Investor Grievance Officer and shall have the discretion to take assistance/help from any professionals and/or software for the better monitoring and implementation of Grievance Redressal Policy, with prior approval of the Board of Directors, without diluting the accountability and responsibility of the Compliance Officer.

Change in the Policy will be adopted as and when required by the company and is binding on all the Staff/Employees/and Directors of the Company.

For M/s. Murari Securities Limited

---

Ishwar Dass Dhyawala

Director

# Murari Securities Limited

## POLICY ON CLIENT CODE MODIFICATION

Circular: - Ref.

Policy created by	Compliance Team
Policy reviewed by	Compliance Officer
Policy reviewed on	31/12/2023
Policy Approved by	Board of Directors
Policy approved on	17/01/2024

Version - 1.0



## **Brief**

SEBI issued Notification according to which, following categories of associated persons. Persons associated with a registered stock broker / trading member / clearing member in any recognized stock exchanges, who are involved in, or deal with any of the following

- Assets or funds of investors or clients (b) Redressal of investor grievances
- Internal control or risk management
- Activities having a bearing on operational risk

Shall be required to have a valid certificate of NISM Series VII \_ operation & Risk Management (SORM) from (NISM). NSE & BSE has also issued circulars requesting the to comply with the requirement of said SEBI Notification.

### **Definition of Associated Person**

"Associated Person" means a principal or employee of an intermediary or an

Agent or distributor or other natural person engaged in the securities business and includes an employee of a foreign institutional investor or a foreign venture capital investor working in India.

### **Exemption**

Associated persons handling the basic clerical / elementary functions in the aforesaid specified areas shall be exempted from obtaining the certification of NISM Series VII - Securities Operation and Risk Management (SORM).

For this purpose, the company considers following activities as basic elementary level / clerical level1.

### **Internal Control or Risk Management**

- Inwarding of collateral's / Cheques
- Person performing market entries
- Maker entry in the database
- Photocopying, printouts, scanning of documents
- Preparing of MIS
- Sending of letters / reports to clients, Exchanges, SEBI
- Attending Calls, etc.

### **Redressal of Investor Grievances**

- Inwarding of complaints
- Seeking documents from clients

- Person performing maker entries
- Maker entry in the database
- Photocopying, printouts, scanning of documents
- Preparing of MIS
- Sending of letters / reports to clients, Exchanges, SEBI Updation, data entry, uploading on SCORES
- Attending calls, etc

**Activities having a bearing on operational risk and dealing with assetsof funds of investors of clients**

- Person performing maker entries
- Maker entry in the database
- Preparing of MIS
- Generating of reports, Files
- Photocopying, printouts, scanning of documents
- Dispatching documents to clients
- Sending of letters / reports to clients, Exchanges, SEBI
- Attending calls, etc

However, any of the work (as stated herein above) being performed by such persons, obtaining NISM-SORM Certification shall be optional Provided that they are supervised by his / her supervisor who shall have to obtain / continue to have NISM - SORM Certification or such other prescribed certification at all times.

In case of any Query, employees are requested to obtain clarification from the Compliance Officer of the Company.

## **Murari Securities Limited**

---

**Designated Director**

**Dated: - 17/01/2024**

# Murari Securities Limited

## POLICY ON PRE-FUNDED INSTRUMENTS

Circular: - Ref.

Policy created by	Compliance Team
Policy reviewed by	Compliance Officer
Policy reviewed on	31/12/2023
Policy Approved by	Board of Directors
Policy approved on	17/01/2024

Version - 1.0

## **Background**

This is with reference to the SEBI circular No. CIR/MIRSD/03/2011 dated June 09, 2011 regarding pre-funded instruments / electronic fund transfers.

**In order to curb the inflow of third party funds/unidentified money, which is not in accordance with the provision of the relevant circular and which also affects the integrity of the securities market, the following mechanism have been put in place:**

- If the aggregate value of pre funded instrument is Rs 50000/- or more per day per client, the instruments can be accepted only if the same are accompanied by the name of the bank account holder and number of the bank account debited for the purpose duly certified the issuing bank. The mode of certification may include the following:
  - Certificate from the issuing bank on its letterhead or on a plain paper with the seal of the issuing bank.
  - Certified copy of the requisition slip (portion which is retained by the bank) to issue the instrument.
  - Certified copy of the passbook/ bank statement for the account debited to issue the instrument.
  - Authentication of the bank account number debited and name of the account holder by the issuing bank on the reverse of the instrument.
- Further in case of Electronic fund transfer, we ensure that the funds are received from the respective client account provided by the client. In case the client wishes to transfer the funds from the account which is not registered with us then he needs to provide a documentary proof for the same.

## **Murari Securities Limited**

\_\_\_\_\_  
**Designated Director**

**Dated: - 17/01/2024**

# Murari Securities Limited

## POLICY REGARDING THE USE OF FACSIMILE SCANNED SIGNATURES FOR PHYSICAL CONTRACT NOTES

Circular: - Ref.

Policy created by	Compliance Team
Policy reviewed by	Compliance Officer
Policy reviewed on	31/12/2023
Policy Approved by	Board of Directors
Policy approved on	17/01/2024

Version - 1.0

The Company will affix facsimile/ scanned signatures on the physical contract notes issued to its clients. The following controls and procedures are being put in place regarding the use of facsimile/ scanned signature:

- Mr. Murli Dhar Dhyawala Designated Director is hereby authorised to affix his facsimile/ scanned signatures in the Contract Notes and other documents issued to its clients.
- The procedure/ controls for the same is as under;
  - The signature shall be scanned and uploaded into the back office systems/software
  - The signature would be affixed only on documents generated by the Back Office Software c. In case of change of authorized signatories, the signatures would be replaced after due Board Approval
- In case Mr. Murli Dhar Dhyawala no longer holds the position of Director of the company, then the use of his signature should not be continued afterwards under any circumstances.

The contract note issued with facsimile/scanned signature shall be deemed to have been signed by the authorized signatory notwithstanding any misuse of facsimile/scanned signature and the ultimate responsibility to prove its genuineness shall rest with.

## **Murari Securities Limited**

---

**Designated Director**

**Dated: - 17/01/2024**

# Murari Securities Limited

## REFERRAL POLICY

Circular: - Ref.

Policy created by	Compliance Team
Policy reviewed by	Compliance Officer
Policy reviewed on	31/12/2023
Policy Approved by	Board of Directors
Policy approved on	17/01/202

Version - 1.0

All clients of the company shall be eligible to receive an incentive for referring friends/family and prospective clients at the company. Clients would earn 20% of all brokerage generated from referred clients, till such time Murari Securities Limited continues to carry on this Referral Incentive Scheme if all the following conditions are met:

- All such referred clients must complete their account opening process & have their trading and demat account activated within 60 days of being referred on company's website/application.
- In case a referred client completes his/her account opening within 60 days of being referred, using the same contact number & email ID as the client referring had inputted during referring such client, it would be recognised as a "Completed Referral".
- An act of being referred would include: (a) the referrer inputting the referee's details, i.e. contact number and email ID, on the referral page of company's website or application; & (b) the referee inputting his/her own contact number & email ID on a referral link/page of our company, created by the referrer.
- All Completed Referrals who have opened an account on or after January 1, 2024 will be eligible for brokerage sharing towards clients/referees who have referred clients under this Referral Incentive Scheme.
- Mapping will only be considered to introducer/referrer having a prospect sign up and register initially. If the client is already registered and then later uses an introducer/referrer's affiliate link to complete the account opening process, this new account will not be mapped to the referrer.
- Individual clients cannot refer another non-individual account (eg. HUF, Corporate, Partnership/LLP, Trust) with the same contact details as their own account. All referred non-individual accounts must be referred by inputting the contact details via Console before any such non-individual account application is initiated.
- To begin earning incentives as per this scheme, an existing client would have at least 5 Completed Referrals against his/her Client ID/trading account. Referred clients from one Client ID are not transferable to another Client ID in any way possible.
- To request for withdrawal of any such incentives, the minimum payout amount from all brokerage generated, post having 5 Completed Referrals against his/her Client ID, must be Rs. 1,000 (One Thousand Rupees).
- All payouts made to such clients under this Scheme shall be post Tax Deducted at Source (TDS) which shall be at 5% or as per Applicable Law.
- In case the amount payable is at least Rs. 1000 a withdrawal request would be accepted as per the Rules of this Scheme.
- Any additional payments with respect to GST or any other such taxes, even if any such person is eligible for the same, will not be made over and above the amount eligible to be withdrawn as per the brokerage generated shown on the referral page.
- In case any client under a Client ID is eligible to withdraw an amount (i.e. the amount payable is above Rs. 1000 post deductions, and the client has 5 Completed Referrals), he/she shall withdraw such amount within a period of 365 days from such date of being eligible to withdraw. In case such amount is not withdrawn within 365 days from such date of eligibility, all such eligible amount payable shall lapse for the client.
- No eligible amount shall be paid out to any client, in case the Client ID/trading account of the client has been closed/deactivated for any reason whatsoever.



- All eligible amounts available for withdrawal will be deposited towards the client's linked bank account which is in his/her own name and not in any other person's name.
- The breakup of brokerage generated from each Completed Referral will not be shown to all referees/clients, and only a total of all brokerage generated from all Completed Referrals will be shown to clients/referees referring prospective clients under this Referral Incentive Scheme.
- Only 20% brokerage generated from such Completed Referrals shall be shared, and this shall not include any other charges, such as; taxes, transaction charges, SEBI/Exchange related charges and such other charges.
- All clients requesting for withdrawal of any incentive payouts must abide by, declare and agree to all clauses stated below. In case any misrepresentation or incorrect declaration is provided, such clients shall indemnify the company for any such damages, direct or consequential, with respect to any violations of Circulars, Rules & Regulations, Bye-Laws of all Recognized Stock Exchanges (as defined by SEBI) and any such Applicable Law in India.
- The referring person shall not conduct IPV/OSV. However, referring person who are under an obligation to undertake IPV/OSV under their respective governing regulations, may continue to do so.
- The company ensures that incentive amount shall not be recovered from the client being referred and no obligation whatsoever should be cast on such client. There should be no financial transaction between the referred client and the referring person under the arrangement.
- The company ensures that all correspondences viz. contract notes, daily margin statement, statement of accounts, Annual global transaction statements etc. shall be sent to the respective client only and under no circumstances will go to the referring person.
- All the details/information pertaining to the client shall be maintained confidentially and the same should not be disclosed to any person except as required under any law/regulatory requirements or with the express written permission of the client.
- The referred client shall not be subjected to any kind of trade inducement by the referring person and it shall be ensured that all instructions for placement of orders are obtained from the respective clients only.
- The company ensures that the referring person should not undertake any form of selling/advisory activities w.r.t securities and should not manage the portfolio of any person who is being referred. He/she should strictly limit his/her role to "Referral" only.

The company shall be directly and wholly liable in case of any dispute w.r.t. referral program/incentive scheme or calculation of referral income between the company-referred/ referring person. Such disputes/grievances will not be covered under investor protection or grievance redressal measures of the Exchange.

## **Murari Securities Limited**

**Designated Director**

**Dated: - 17/01/2024**

# Murari Securities Limited

## RISK MANAGEMENT POLICY

Circular: - Ref.

Policy created by	Compliance Team
Policy reviewed by	Compliance Officer
Policy reviewed on	31/12/2023
Policy Approved by	Board of Directors
Policy approved on	17/01/2024

Version - 1.0

## Objective

The company is Securities and Exchange Board of India (SEBI) registered Stock broker of the National Stock Exchange of India Ltd. (NSEIL) & BSE LTD. The company broadly takes into consideration the regulatory requirement, Client Profile, Internal Risk Management Policy, Market Conditions etc., while setting up the exposure limits for and on behalf of its Clients.

The Policy envisage collection of pay in, margin, limits setting for exposures & turnover for clients, terminals, branches & AP level, Monitoring of Debit Balances, Periodicity of such monitoring, periodic reconciliation wherein client has expressly accepted the balance confirmation, Steps taken for recovery of old debts, penal interest charged for long outstanding debts, Mechanism of pay-in and pay-out of funds and securities, Payment, Receipt of funds from/to clients, Policy of square off of positions.

## Responsibility

- The Compliance Officer shall be responsible for the implementation and supervision of this Policy.
- The Associate Compliance Officer and Risk Management Officer (RMS Officer) shall assist and report to the Compliance Officer on a daily basis in respect of the Client Codes Modified/Transferred.
- The Compliance Officer shall take all necessary steps to monitor, document, analyze and report the findings to the Board Members as well as the relevant Stock Exchanges and/or regulatory bodies, in a time bound manner, as detailed hereunder and/or as mandated by the Stock Exchanges and/or regulatory bodies.
- The Compliance Officer shall exercise his/her independent judgment and take adequate precautions to ensure implementation of an effective monitoring mechanism, based on the day-to-day activities of the clients, general market information and the facts and circumstances.
- The Internal Auditor of the Company, shall review the implementation, documentation, effectiveness and review the actions taken during the period of audit and shall record the observations with respect to the same in their Internal Audit Reports.
- The Board of Directors shall peruse, review and provide necessary guidance with regard to the “**Risk Management Policy**”, periodically, for strengthening the processes.

## Exposure Limit for the client

The exposure limits for a Client shall be set up considering the following parameters:

- The Client shall have to maintain “upfront margin” in the form of Cash, Approved Securities and Bank Guarantee(s) for availing trading exposures in the Capital Market Segment and in the Derivative - Market Segment(s).
- The Client is not entitled to trade without adequate margin/security and that it shall be his/her/its responsibility to ascertain in advance the margin/security requirements for his/her/its orders/trades/deals and to ensure that the required margins/security is made available to THE COMPANY, in such form and manner as may be required by THE COMPANY.
- The Exposure Limit will be a certain multiple of the available margin. Such multiplier will be as decided by THE COMPANY from time to time and may vary from Client to Client.

- THE COMPANY may from time to time impose and vary limits on the orders that the Client can place through trading system of THE COMPANY, including exposure limits, turnover limits, limits as to the number, value and/or kind of securities/contracts in respect of which orders can be placed, etc. THE COMPANY may need to vary or reduce the limits or impose new limits urgently on the basis of the risk perception of THE COMPANY and other factors considered relevant by THE COMPANY, including but not limited to limits on account of Exchange/Regulatory directions/limits (such as Broker Level /Market Level Limits in security/contract specific/volume specific exposures etc.) and THE COMPANY may be unable to inform the Client of such variation, reduction or imposition in advance. THE COMPANY shall not be responsible for such variation, reduction or imposition or the Clients inability to route any order through the Trading System of THE COMPANY on account of any such variation, reduction or imposition of limits.
- On a case-to-case basis THE COMPANY at its sole and absolute discretion, may allow higher exposure limits to the Client. THE COMPANY shall have the prerogative to allow differential purchase and sell limits varying from Client to Client, depending upon credit worthiness, integrity and past conduct of each Client. THE COMPANY shall have the prerogative to determine and prescribe rules for exposure limits and intra-day trading and any other product as well as differential exposure limits for various segments.
- In case of Cash Segment, THE COMPANY may at its sole and absolute discretion allow clean exposure limits upto certain amount to the Client without insisting for any credit balance and/or margin. THE COMPANY shall decide the quantum of clean exposure limit. On case-to-case basis THE COMPANY may at its sole and absolute discretion, give higher clean exposure limits to certain set of the Clients. THE COMPANY reserves the right to withdraw clean exposure limit granted to the Client at any point of time at its sole and absolute discretion. The Client cannot raise any concern/dispute for the same.
- Available margin for the purpose of granting exposure is calculated as a sum of free credit balance of the Client in the books of THE COMPANY, margin in the form of funds, securities of the Clients available with THE COMPANY.
- The value of securities held in the demat account of the Client for which Power of Attorney is granted in favour of THE COMPANY may be taken into consideration by THE COMPANY at its sole and absolute discretion, for the purpose of granting exposure to the Clients. THE COMPANY reserves the right to withdraw such basis to provide exposure limit, granted to the Client at any point of time at its sole and absolute discretion. The Client cannot raise any concern/dispute for the same.
- The choice of the securities to be considered, as THE COMPANY shall determine margin at its sole discretion from time to time and the Client shall abide by the same. The categorization of the stocks and the haircut applicable is reviewed from time to time based on Regulatory Dictates, Market Information and Other Factors as deem fit by THE COMPANY. Any specific event which leads to increase in risks involved related to a particular scrip would also lead to change of category/haircut of such scrip. Also, in extremely volatile market with abnormal price/volume movements, or in case of warnings by Regulators/Exchanges, scrip may be re-categorized without prior notice and the Clients shall regularize their trades accordingly. However, in respect of transactions in the Derivative - Equity Futures Segment, the list of Approved Securities, considered for

maintaining margin, shall be similar to that of list decided by the respective Stock Exchanges from time to time and/or as per the list decided by the sole discretion of THE COMPANY.

- While granting the exposure limit, margin in the form of securities, will be valued as per the latest available closing price on NSE or BSE after applying appropriate haircut as may be decided by THE COMPANY at its sole discretion.
- THE COMPANY may from time to time depending on market conditions, profile and history of the Client, types and nature of scrip, etc. at its sole discretion charge/change the rate of haircut applicable on the securities given as margin, multiplier for granting exposure in Cash/Derivative segments and take such steps as THE COMPANY may deem fit and appropriate.
- If the order of the Client is executed despite a shortfall in the available margin, the Client shall, whether or not THE COMPANY intimate such shortfall in the margin to the Client, makeup for the shortfall suo-moto immediately. The Client further agrees that he/she/it shall be responsible for all orders (including any orders that may be executed without the required margin in the account of the Client) and/or any claim/loss or damage arising out of the non-availability/shortage of margin or securities required by THE COMPANY and/or Exchange and/or Regulator.
- THE COMPANY is entitled to transfer funds and/or securities from his account for one exchange and/or one segment of the exchange to his/her/its account for another exchange and/or other segment of the same exchange whenever applicable and found necessary by THE COMPANY. The Client also agrees and authorizes THE COMPANY to trade/adjust his/her/its margin/security lying in one Exchange and/or one segment of the Exchange/towards the margin/security/pay-in requirements on other exchange and/or another segment of the exchange.
- In case the Client makes the payment of the margin/security/settlement obligation/debit in account through a Bank Instrument, THE COMPANY 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 THE COMPANY.
- Where the margin/security is made available by way of securities or any other property, THE COMPANY is empowered to decline its acceptance as margin/security and/or to accept it at such reduced value as THE COMPANY may deem fit by applying hair-cuts or by valuing it by marking it to market or by any other method as THE COMPANY may deem fit in its absolute discretion.
- The formats provided by the Clearing Corporation of the respective Stock Exchanges and/or decided by of THE COMPANY for the issuance of Bank Guarantee(s) favouring THE COMPANY and/or the Clearing Corporation of the respective Stock Exchanges, shall be considered for maintaining margin.
- The Client will have to abide by the exposure limit set by THE COMPANY.

The company have devised separate procedures for setting up of Client's Exposure Limits for different market segments. These procedures for various market segments shall be as follows:

- The following methodology shall be adhered for the purpose of calculating "Avail Exposure" for trading exposure in the CAPITAL MARKET SEGMENT:
  - "Available Cash Balance in Margin Ledger/Client Ledger of Market Segment being operated ADD Value of Securities maintained in Client Collateral Account/Collateral Account after applicable Haircut on previous days close.
  - The Trading Exposure shall be a multiple of the "Available Exposure" and such multiple shall be decided by the sole discretion of THE COMPANY. In case of wide fluctuations in the stock prices and volatility, the standard Haircut on Securities Value maintained in Client Collateral Account/Collateral Account.
- The following methodology shall be adhered for the purpose of calculating "Avail Exposure" for trading in the DERIVATIVE - FUTURES MARKET SEGMENT:
  - "Available Cash Balance in Margin Ledger/Client Ledger in the Market Segment being operated ADD Value of Securities maintained in Client Collateral Account/Collateral Account of Derivative Market Segment after applicable Haircut on Previous days close.
  - The Trading Exposure in the Derivative - Futures Market Segment(s) shall be based on the Initial Margin and Exposure Margin as levied by the respective Stock Exchanges based on the VAR Margin percentage of individual indices and stocks. In case of wide fluctuations in the stock prices and volatility, the standard Haircut on Securities Value maintained in Client Collateral/Collateral Account can be revised upwards at the sole discretion of THE COMPANY.
  - As per Exchange requirement, the member broker is required to take additional measure for equity derivatives segment, the client margins which are required to be compulsorily collected and reported to the Exchange/Clearing Corporation, as the case may be, by the Clearing members/Trading members shall include initial margin, exposure margin/extreme loss margin, calendar spread margin and mark to market settlements.
  - As per the present Exchange requirements, the Member Broker is required to maintain 50:50 ratio between cash and collateral margin deposited with the Exchange. THE COMPANY shall therefore have the prerogative to insist for margin in the similar ratio as mandated by the Exchange from its Clients and may not consider the value of securities over and above the cash component for the purpose of calculating margins shortfall. Sales made in capital market segment shall not be considered on "T" & "T+1" day, while calculating margins on Derivative positions and at the sole discretion of the management.
- The following methodology shall be adhered for the purpose of calculating "Avail Exposure" for trading exposure in the DERIVATIVE - OPTIONS MARKET SEGMENT:
  - "Available Cash Balance in Margin Ledger/Client Ledger in the Market Segment being operated.
  - The Trading Exposure shall be based on the premium value payable to the respective Stock Exchange upon "Purchase of Options". The Trading Exposure shall be based on the Initial Margin and Exposure Margin as levied by the respective Stock Exchanges based on the VAR Margin percentage of individual indices and stocks, upon "Sale of Options". The Clients(s) shall have to maintain "upfront margin" in the form of Cash for

availing trading exposures in the Derivative - Options Market Segment(s).

### **Limit Setting for Exposures & Turnover:**

- THE COMPANY shall follow a systematic approach for setting limits for trading.  
The limits shall be set on both client level basis as also on terminal/branch basis/Authorised Person.  
Limits shall be set on the following parameters to ensure that at any point of time, no large orders of wrong quantities/wrong rates can be placed from the terminals:
  - Quantity Limit for each Order.
  - Value Limit for each Order.
  - User Value Limit for each User Id.
  - Branch Value Limit for each Branch Id.
  - Security Wise Limit for each User Id.
- All the limits shall be reviewed regularly by the RMS Officer.
  - All the Branch, Authorised Person registered with MCX NCDEX or User shall have defined limits and No User, Branch and Authorised Person in the System shall be provided un-limited limits.
  - Defined number of variables and set of parameters like outstanding sales positions, outstanding purchase positions, outstanding square off positions etc. apart from the usual ledger balances, cash margins and securities margins (after haircut) shall be considered for setting limits. Mark ups and mark downs shall be charged at particular rates on these outstanding positions to arrive at the exact amount 'available capital' for each of the clients. These figures shall be uploaded on the CTCL database on a daily basis.
  - The clients shall be allowed to take exposure at "x" multiples on the said 'available capital'. The multiples shall be based upon the analysis of the clients' profile, financial ability, time since he has been registered with us, history and past performance, etc. Thus a client inspite of having credit balance cannot take further exposure because of his outstanding settlements. Similarly, a client having debit balance cannot take further exposure.
  - All debit balances more than 5 days shall be marked and the limits shall be given only for SELLING to ensure the realization.

### **Margin Collection from Clients**

- Risk Management System has been devised to ensure that there shall be no violations in the capital adequacy requirements with the exchanges and thus risks shall be minimized.
- Risk containment measures include upfront margin collection from clients, trading exposure on basis of margins collected from clients, online surveillance of client positions, liquidating client positions to the extent of client dues, squaring off client positions when client margin requirements are breached.
- Margins collected from the clients shall be of any of these forms:
  - Margins shall be accepted in Cash vide Account Payee Cheques (Preferably a Transfer Cheque or Direct Transfer) from the client issued from their accounts declared at the time of opening their securities account.
  - Margins shall be accepted vide Approved Securities as per list provided by THE COMPANY from time to time, which shall be valued subject to scrip-wise applicable hair cut based on Var Margin + Extreme Loss

Margin in the CM segment.

- Securities which are actively traded on the National Exchanges, which are specifically not declared as illiquid securities (by the Exchanges) shall only be considered towards margin collection in the form of Securities.
- At least 50% of the Effective Deposits shall be in the form of cash.

### **Funds Pay-In/ Out**

- THE COMPANY shall not receive/pays in cash.
- THE COMPANY shall make/receive payment on by an Account Payee Cheque or through E-Net.
- THE COMPANY shall accept payments of Funds for Pay-In and/or Cash Margin from the Bank Account(s) declared by the Client(s) in the KYC form and/or updated by the Client(s) thereafter.
- THE COMPANY shall not receive Pre-Funded Instruments from its Client and shall follow the Pre-Funded Instrument Policy as approved by the Board of Directors of the Company.
- THE COMPANY shall NOT accept Funds for Pay-In and/or for the purpose of Margin, from any undeclared Bank Account that has not been declared by the Client.
- In case the Funds are inadvertently accepted and/or forcibly credited to the Bank account of THE COMPANY, in such circumstances, credits shall not be given to the clients and shall be rejected and returned back to the source account upon careful due diligence.
- THE COMPANY shall settle account on T+2 day in the Capital Market Segment.
- THE COMPANY shall make Full payment of fund within one working day of receiving the relevant pay out from the Exchange or as per specific instruction received from clients.
- THE COMPANY shall collect Full payment of fund from the respective clients before Pay in of the respective exchange.
- THE COMPANY shall settle account on T+1 day in the Derivative Market Segment.
- THE COMPANY shall make Full payment of Mark to Market profit within one working day of receiving the relevant pay out from the Exchange or as per specific instruction received from clients.
- THE COMPANY shall collect Full payment for Mark to Market losses from the respective clients before Pay-In of the respective exchange.
- THE COMPANY shall make Pay-Out of funds to clients only after receiving securities due for Pay-in and after adjusting all types of Margins.
- THE COMPANY, under written authorization from the client, may retain the pay-out of funds for margins and/or future pay-in obligation on a running account basis with all exchange/segment net balance criteria. The inter exchange/segment Journal Entry shall be passed whenever required.
- THE COMPANY shall Withhold payout of funds on securities sold in respect of which unsolicited messages being circulated ("SMS Stocks") and transfer the same to the designated Bank Account earmarked for this purpose as directed by Stock Exchange(s)/SEBI from time-to-time.

### **Securities Pay-In/ Pay-Out**



- THE COMPANY shall accept securities of Securities for Pay-In and/or Securities Margin from the Demat Account(s) declared by the Client(s) in the KYC form and/or updated by the Client(s) thereafter.
- THE COMPANY shall NOT accept Securities for Pay-In and/or for the purpose of Margin, from any undeclared Demat Account that has not been declared by the Client.
- In case the Securities are inadvertently accepted and/or forcibly credited to the Pool Account and/or Client Collateral Account of THE COMPANY, in such circumstances, credits shall not be given to the clients and shall be rejected and returned back to the source account upon careful due diligence.
- THE COMPANY shall deliver securities within one working day of receiving the relevant pay out from the Exchange to the respective clients demat account/Client unpaid securities account.
- THE COMPANY shall collect securities from the respective clients before Pay-In of the respective exchange.
- THE COMPANY shall make Pay-out of Securities to the clients only after receiving clear balances for pay-in of funds from clients.

### **Monitoring of Debit Balances**

- The Risk Management Team shall monitor the debit balances of the client on a daily basis.
- The clients shall be advised to make payments of their dues by T+1 day or by T+2 day.
- In case the clients have not cleared their dues by T+5 day, the respective codes shall be marked for “ONLY SELL” over the Trading Terminals where the clients shall not be allowed to open fresh positions.
- In case of the clients having debit balances, the payout of securities shall be withheld in the CUSA Account/ or will be transferred to the demat account of the client on the sole discretion of the management. In case the clients fail to clear their dues within 5 days, the Branch Manager shall follow up with the clients and inform them that in case the dues are not cleared, the same shall be realized by selling their collaterals as well as payout of securities held back in accordance to the Liquidation of Client Position Policy as approved by the board of Directors of the Company.
- Branch Head and Compliance Officer shall regularly monitor Debit Balances of clients and conduct ageing analysis of the Debit Balances, outstanding from the clients, on monthly basis and categorize them as: a) High Risk; b) Medium Risk; c) Low Risk.
  - Those clients whose outstanding dues remain more than 30 days THE COMPANY shall classify them into High Risk category and efforts shall be made to realize the money at the earliest.
  - Those clients whose outstanding dues remain more than 15 days but less than 30 days, THE COMPANY shall classify them into Medium Risk category and efforts shall be made to realize the money at the earliest.
  - Those clients whose outstanding dues remain more than 7 days but less than 15 days, THE COMPANY shall classify them into Low Risk category.
- In case of Huge Debits with Single Scrip Concentration, for any client, if the outstanding debit exceeds a certain amount and concentration is in a particular security on account of buying done / collateral provided, THE COMPANY may restrict the client from further buying or trading in that security. The client will be allowed to place only sell orders to reduce the debit. THE COMPANY will take discretionary decision to allow the client to trade if he brings in fresh Funds to clear the Debit or brings in different security as collaterals other than security

which forms the significant concentration. The Clients Position may be squared off if necessary to reduce the debit.

- THE COMPANY may in exceptional circumstances, in the rarest of the rare cases, institute legal cases for the realization of Debits, upon approval of the Board of Directors of the Company.
- The statement of accounts shall be sent to clients upon settlement of Funds & Securities as well as at the end of each Calendar Quarter, to ensure that the balances are reconciled at regular intervals with the clients, to identify errors/disputes, if any and such errors/disputes are resolved at the earliest to ensure timely action.

### **Imposition of Penalty/Delayed Payment Charges**

#### **Delayed Payment Charges**

- Pursuant to Exchange Bye-Laws, the Member Broker is currently required to compulsorily settle funds and securities within the stipulated time period as notified by the Exchanges for any transactions executed by a Client in any of the respective Stock Exchanges and/or market segments.
- Further the 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 Mark-To-Market (MTM), cash only.
- Under the circumstances, the Client shall settle all obligations with regard to Funds and Securities before the pay-in deadline as notified by the Exchanges for any transactions executed by the Client in any of the respective Stock Exchanges and/or market segments, where the Client shall deal. That in case the Client fails to settle the obligations with regard to funds and securities before the stipulated pay-in deadline as notified by the Exchanges for any transactions executed by the Client in any of the respective Stock Exchanges and/or market segments, THE COMPANY would be at liberty and will be governed by the Policy approved by the board which forms Part & Parcel of this Policy.
- THE COMPANY, in exceptional circumstances, in the rarest of the rare cases, when legal cases are instituted for the realization of Debits, interest shall be levied as decided by the Court.

#### **Imposition of Penalties**

- The Exchange/Clearing Corporation/SEBI levies penalties on the Member Broker for irregularities observed by them during the course of business. THE COMPANY shall recover such imposed penalties/levies, if any, by the Exchange/Regulators, from the Client, which arise on account of dealings by such Client. Violations for which penalties may be levied are as follows:
  - Auction of Securities pursuant to short deliveries/non deliveries against sale by the Client.
  - Short Margin reporting in the Derivative Market Segment.
  - Any Other Reasons which the Exchanges/Clearing Corporation/SEBI may specify from time to time.
- Such recovery would be accounted by way of debit in the ledger of the Client and amounts would be adjusted against the dues.
- The trading activity of the Client should not be aimed at disturbing market equilibrium or manipulating market

prices etc. If the Client does so, THE COMPANY may keep in abeyance the pay-out of funds and/or securities till such time that the Client has been able to clearly demonstrate that his/her/its actions were not malafide in any manner.

- THE COMPANY may impose fines/penalties for any orders/trades/deals/actions of the Client which are contrary to any of the 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 COMPANY 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 Clients the same shall be borne by the Client.
- 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 deliveries or market deliveries 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 Broker level 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 and the Client agrees not to hold THE COMPANY responsible for the same in any form or manner whatsoever. Without prejudice to the foregoing, the Client shall also be solely liable for all and any penalties and charges levied by the exchange(s).
- In case Open position (i.e. Short/Long) gets converted into delivery due to non-square off because of any reason whatsoever, the Client will provide securities/funds to fulfill the pay-in obligation failing which the Client will have to face auctions/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).
- THE COMPANY provide 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 its discretion. The Client will not be entitled to any interest or other benefit on the credit balance/surplus margin available/kept with THE COMPANY.

### **Derivative Trading, Recovery of MTM Loss & Squaring off Derivative positions for margin shortfall**

- Trading in Equity Shares, Derivative Contracts (in Equity, Currency, Commodities & Interest) or other instruments traded on the Stock Exchange(s), which have varying element of risk, is generally not an appropriate avenue for someone of limited resources/limited investment and/or trading experience and low risk tolerance. Clients shall therefore carefully consider whether such trading is suitable for them in the light of their financial condition. In case clients trade on Stock Exchanges and suffer adverse consequences or loss, the client shall be solely responsible for the same and Stock Exchanges/its Clearing Corporation/ SEBI and/or THE COMPANY shall not be responsible, in any manner whatsoever, for the same and it will not be open for the Clients to take a plea that no adequate disclosure regarding the risks involved was made or that the Client were not explained the full risk involved by THE COMPANY. The Client shall be solely responsible for the consequences and no contract can be rescinded on that account. The Client acknowledge' s and accept' s that there can be no guarantee of profits

or no exception from losses while executing orders for purchase and/or sale of a derivative contract/s being traded on Stock Exchanges.

- That in the Derivative Contracts, the amount of margin is small relative to the value of the Derivatives Contract so the transactions are 'leveraged' or 'geared'. Derivatives Trading, which is conducted with a relatively small amount of margin, provides the possibility of great profit or loss in comparison with the margin amount. But transactions in derivatives carry a high degree of risk, with unlimited gains and/or unlimited losses.
- That an option holder runs the risk of losing the entire amount paid for the option in a relatively short period of time. This risk reflects the nature of an option as a wasting asset which becomes worthless when it expires. An option holder who neither sells his option in the secondary market nor exercises it prior to its expiration will necessarily lose his entire investment in the option. If the price of the underlying does not change in the anticipated direction before the option expires, to an extent sufficient to cover the cost of the option, The Client understands that it may lose all or a significant part of his investment in the option.
- That the Exchanges may impose exercise restrictions and have absolute authority to restrict the exercise of options at certain times in specified circumstances. That if the price movement of the underlying is not in the anticipated direction, the option writer runs the risks of losing substantial amount.
- That the risk of being an option writer may be reduced by the purchase of other options on the same underlying interest and thereby assuming a spread position or by acquiring other types of hedging positions in the options markets or other markets. However, even where the writer has assumed a spread or other hedging position, the risks may still be significant. A spread position is not necessarily less risky than a simple 'long' or 'short' position.
- That transactions that involve buying and writing multiple options in combination, or buying or writing options in combination with buying or selling short the underlying interests, present additional risks to investors. Combination of transactions, such as option spreads, are more complex than buying or writing a single option and as in any area of investing, a complexity not well understood is, in itself, a risk factor.
- That while this is not to suggest that combination strategies should not be considered, it is advisable, as is the case with all investments in options, to consult with someone who is experienced and knowledgeable with respect to the risks and potential rewards of combination transactions under various market circumstances.
- That liquidity refers to the ability of market participants to buy and/or sell securities/ derivatives contracts expeditiously at a competitive price and with minimal price difference. Generally, it is assumed that more the numbers of orders available in a market, greater is the liquidity. Liquidity is important because with greater liquidity, it is easier for investors to buy and/or sell securities/ derivatives contracts swiftly and with minimal price difference, and as a result, investors are more likely to pay or receive a competitive price for securities/ derivatives contracts purchased or sold. There may be a risk of lower liquidity in some securities/ derivatives contracts as compared to active securities/ derivatives contracts. As a result, my/our order may only be partially executed, or may be executed with relatively greater price difference or may not be executed at all.
- That trading on exchanges is in electronic mode, based on satellite/leased line based communications, combination of technologies and computer systems to place and route orders. Thus, there exists a possibility of communication failure or system problems or slow or delayed response from system or trading halt, or any such

other problem/glitch whereby not being able to establish access to the trading system/network, which may be beyond control and may result in delay in processing or not processing buy or sell orders either in part or in full.

- The failures may be on account of the trading software/engines developed by the Exchanges Like NOW/BEST which are beyond the Control at our end. In case of any loss occurred under such circumstances then the R K Global Shares & securities shall not be responsible to indemnify any loss. The Client understands that it shall be cautious to note that although these problems may be temporary in nature, but when the Client shall have outstanding open positions or unexecuted orders, these may represent a risk because of its obligations to settle all executed transactions.
- As a matter of routine Risk Management and Compliance Procedures, it would be prudent to limit client's future exposure strictly as par with the initial margin collected and the client's ability to meet MTM loss quickly as advised by the Clearing Member/ Stock Exchanges, and the same is recovered from clients on T+1 day on the basis of Margin Short Collection Report. On the client's failure to put in additional margin to make good the MTM loss, it is imperative that the relative F&O position is squared off before margin short collection positions are uploaded to the Exchanges.
- The RMS Desk would intimate the Clients about their open positions and margin shortfall to the Clients which are dynamically accessible to the clients through their secured access to Back Office Software. The Clients having open positions should check their MTM and Margin Obligations without failure on a regular basis as Margin and MTM Obligations change dynamically during the course of the day. In Such Scenario R K Global shall be at liberty to Square off the Position.
- THE COMPANY may at its sole discretion close open positions to cover risks in case the client fails to comply with any Margin Requirements as stipulated by the Exchanges as also if MTM losses breach 85% of the collateral deposits maintained by the Client. All open positions shall be squared off by Risk Management Team at the prescribed cut-off time on the same day of their acquisition in case of Intra-Day Positions, unless the positions are sooner squared off upon the positions incurring a loss to the extent of the prescribed maximum limit or more as may be determined by THE COMPANY from time to time. The Square-Off of open positions shall be on best effort basis and that if for any reason beyond your control, like force majeure causes, disruptions in the communication network, system failure, slow or delayed response from system, trading halts, or the Exchange applying circuit filters because of which the open positions could not be squared off on T-Day and are carried forward to T+1 Day, the square off such open positions shall be executed on a best effort basis, as soon as may be, and any and all losses, including but not limited to price difference, margin shortfall, surveillance margin, penalty, interest, etc., arising from such events will be to the account of the Client.
- The Client agrees and voluntarily accepts that it shall not hold THE COMPANY, its Directors, Key Managerial Persons, Officers or employees liable for any losses which it may sustain and incur as a consequence of availing Derivative Trading Facility.

#### **Liquidation of Securities without Consent of Clients**

- The Client needs to furnish adequate margin as specified by THE COMPANY from time to time from its sole and absolute discretion. It shall be the responsibility of the Client to ascertain in advance the margin requirement for

its order/trades/deals and to ensure that the required margin is made available to THE COMPANY in such form and manner as may be required by THE COMPANY.

- The margin will have to be paid within the time frame stipulated by the Exchanges or THE COMPANY, generally in case of fresh positions upfront, in case of Mark-to-Market and/or any other additional margins before the commencement of trading on next trading day and in case where the exchanges levy and/or increase any margin required during the day, immediately upon levy and/or increase in any such margin.
- The Client shall fulfill all its settlement obligations within the time frame, stipulated by THE COMPANY or the Exchanges, whichever is earlier. The Client shall ensure timely availability of funds/securities in designated form and manner at designated time and in designated bank and depository account(s) at designated place, for meeting its pay-in obligations of funds and securities. THE COMPANY shall not be responsible for any claim/loss/damage arising out of non-availability/short-availability of funds/securities by the Client in the designated account(s) of THE COMPANY for meeting the pay-in obligation of either funds or securities.
- THE COMPANY shall have right to sell securities of the Client, both on paid securities as well as collaterals deposited towards margins, or close-out open positions of the Client, 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.
- As per the present Exchange requirements, the Member Broker is required to maintain 50:50 ratios between cash and collateral margin deposited with the Exchange. THE COMPANY shall therefore have the prerogative to insist for margin in the similar ratio as mandated by the Exchange from its Clients and may not consider the value of securities over and above the cash component for the purpose of calculating margins shortfall and close the Derivative position where it finds the deviation. However, sales made in capital market segment are not considered while closing Derivative positions on T and T+1 basis due to margin shortfall.
- There should be morning intimation from RMS to Branches intimating the names of the clients whose positions are to be exited.
- THE COMPANY 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 (MTM) percentage reaches or crosses stipulated margin percentage decided by THE COMPANY. THE COMPANY will have sole discretion to decide referred stipulated margin percentage depending upon the market conditions. Such margin percentage will be communicated from time-to-time orally or through e-mails or through its Trading Terminals, Branch representatives etc. However in the event of extreme volatility and/or open position (outstanding) of Client resulting in mark to market losses beyond margin percentage of THE COMPANY anytime during the trading session, and/or positions of the Client or collateral being not saleable, thereby forcing THE COMPANY liquidate any of the available positions of the Client and collateral same shall be done by THE COMPANY during the course of Trading Session without recourse to the Client.
- In the event of such Square-Off, the Client agrees to bear all the losses (actual or notional), financial charges, damages based on account of such liquidation/sale/closing-out on actual executed prices.
- THE COMPANY is entitled to prescribe the date and time by which the margin/security is to be made available

and THE COMPANY 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 pay-in obligations for the orders/trades/deals of the Client within the prescribed time and form, THE COMPANY shall have the right without any further notice or communication to the Client to take any one or more following steps:

- To withhold any pay-out of funds/securities.
  - To withhold/disable the trading of the Client.
  - To liquidate one or more securities of the Client by selling the same in such manner and at such rate which THE COMPANY may deem fit in its absolute discretion. It is agreed and understood by the Client that securities here includes securities, which are pending delivery/receipt.
  - To liquidate/square-off partially or fully the position of sale and/or purchase in any one or more securities/contracts in such manner and at such rate which THE COMPANY may decide in its absolute discretion.
  - To take any other steps, which in the given circumstances, THE COMPANY may deem fit.
- The Client agrees that the losses if any, on account of any one or more steps enumerated herein above been taken by THE COMPANY, shall be borne exclusively by the Client alone and agrees not to question the reasonableness, requirements, timings, manner, form, pricing, etc., which shall be chosen by THE COMPANY.
  - THE COMPANY may follow the required Policy in place for liquidation of securities but it may not be binding on it to follow this method in all cases.
  - THE COMPANY shall have right to close-out any intra-day positions taken by the Client after a defined "Cut-Off" time as decided by THE COMPANY. Such "Cut-Off" time will be communicated from time-to-time orally or through e-mails or through its Trading Terminals, Branch representatives etc.
  - In case of failure to comply with any provisions of the Bye Laws, Rules and Regulations of the Exchange/Clearing Corporation, requirements of the Exchange/Clearing Corporation including the requirements pertaining to the position limits as imposed by the relevant authority from time to time, the relevant authority may at its discretion, either on its own or on the advice from the Clearing Corporation, without notice close-out open positions to the extent possible or take any such measures or actions, as may be deemed fit from time to time. The Client shall not hold THE COMPANY/Exchange(s) responsible for losses, if any, on such measures or actions.
  - THE COMPANY shall have the right to sell securities of the Client or Close-Out open positions of the Client but it shall not be under any obligations to undertake this exercise compulsorily. THE COMPANY shall therefore not be under any obligation to compensate/or provide reasons of any delay or omission on its part to sell securities of the Client or close open positions of the Client.
  - Restriction for Further Position: An illustrated list of circumstances in which THE COMPANY may not allow the Client to take further positions or may Close/Liquidate a part or whole of the existing position of the Client are as follows:
    - Failure by the Client in providing sufficient/adequate margin(s) and/or insufficient/inadequate free credit balance available in the account of the Client.
    - If the Client fails to deposit the margin/additional margin by the deadline or if an outstanding debit occurs in

the account of the Client beyond the stipulated time period.

- If the Client fails to maintain, the requisite margin, in such form and manner, as may be specified by THE COMPANY, from time-to-time.
- Settlement obligations are not paid by the Client within the time frame allowed by the Exchanges or as per the norms specified by THE COMPANY from time-to-time at its sole and absolute discretion.
- Securities falling in the category of Penny Stocks/Illiquid Stocks/Contacts/Options as described in Policy (I) above.
- List of securities marked (“SMS Stocks”) published by the Exchange(s) from time-to-time
- Trades, which apparently in the sole and absolute discretion of THE COMPANY seems to be synchronized trades/circular trading/artificial trading/manipulative in nature, etc.
- In case any Relevant Authority is of the Opinion that a particular underlying no longer meets its requirements for Trading or is not eligible for Trading or if the Relevant Authority decided to discontinue trading in particular market segment for such reasons as it may deem fit and may in such circumstances impose restrictions on transactions that no new open positions can be taken in such underlying and/or contact that have been previously introduced.
- In case any Relevant Authority may limit the transactions with regard to the total number of securities and/or contracts on an underlying that a single investor and/ or group of investors acting in concert may take up and/or exercise during such time period as may be prescribed by the Relevant Authority from time to time.
- In case any Relevant Authority may at any time in its absolute discretion prescribe maximum long and/or short open positions for any Client and/or group of Clients with regard to quantity and/or value for any underlying and/or contact.
- Any ban imposed on the Client by the Regulatory Authorities.
- The Client have been found in the opinion of THE COMPANY of any misconduct, forgery, suppression of facts and falsification of information provided by the Client at the time of opening of the Trading Account with THE COMPANY.
- Where name of the Client apparently resembles with the name appearing in the list of debarred entities published by SEBI/Exchanges [where the information available for the debarred entity (other than name) is not sufficient enough to establish that the Client and such debarred entity are one and the same].
- In case it is found in the opinion of THE COMPANY, any terms and conditions, with regard to the Rights and Obligations and/or Policies & Procedures (both Mandatory and Voluntary), signed by the Client at the time of opening the Securities Trading Account has been violated.
- The Client fails to furnish documents/information as may be called for by THE COMPANY from time- to-time as per regulatory requirement and/or as per its internal policy.
- The Client fails to comply with any provisions of the Bye Laws, Rules and Regulations of the Exchange/Clearing Corporation, requirements of the Exchange/Clearing Corporation and any Relevant Statutory & Regulatory Authorities.
- In the event of death or insolvency or lunacy of the Client otherwise becoming incapable of receiving and paying for or delivering or transferring securities which the Client has ordered to be bought or sold.



- Depending on the market circumstances if THE COMPANY is of the view that the positions of the Client are at risk then THE COMPANY may close the existing position without waiting for the pay-in schedules of the exchanges.
- In case in the opinion and sole discretion of THE COMPANY, that such further position would be adverse and detrimental to the Compliance Requirement with regard to any provisions of the Bye Laws, Rules and Regulations of the Exchange/Clearing Corporation, requirements of the Exchange/Clearing Corporation and any Relevant Statutory & Regulatory Authorities.
- THE COMPANY may at any time at its sole discretion and without prior notice, prohibit or restrict the Clients ability to place orders or trade in securities/contract through THE COMPANY, 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 or contracts which are not in the permitted list of THE COMPANY/Exchange(s)/any other Regulatory Body or the order being outside the limits set by THE COMPANY/Exchange and any other reasons which THE COMPANY may deem appropriate in the circumstances. The Client shall not hold THE COMPANY/Exchange(s) responsible for losses, if any on account of such refusal or due to delay caused by such review, etc. THE COMPANY is also entitled to disable/freeze the accounts and/or trading facility/any other service facility, if, in the opinion of THE COMPANY, the Client has committed a crime/fraud or has acted in contradiction of these Policies and Procedures or/is likely to evade/violate any laws, rules, regulations, directions of a lawful authority whether Indian or Foreign or if THE COMPANY so apprehends.
- Operational Principle: These are as follows:
  - THE COMPANY shall in normal circumstances avoid liquidation of Securities without informing the clients. However, in exceptional market circumstances, THE COMPANY may have to resort to liquidation of securities to realize dues and cover risk of the Company.
  - THE COMPANY shall inform the client regarding the dues and margin obligations on a daily basis through e-mail/courier/Hand Delivery. The RMS Officer shall personally call upon the clients, whose margin is due, to apprise the clients of the penalties which are charged due to shortfall in Margin as well as the recourse which the Company has to most reluctantly initiate as per the Rules and Regulations laid by the Exchange/Regulator. Continuous follow up with the clients shall be made till T+4 days, regarding the dues to make good in the stipulated time period.
  - The RMS Officer/Associate Compliance Officer shall inform the client both verbally and in writing before the liquidation of positions, detailing the exact situations/reasons wherein such unavoidable measures of squaring off had to be undertaken by the Company.
  - Records regarding margin calls made are shall be maintained by the Risk Management Department and reported to the Compliance Officer.

#### **Refusal of Orders of Penny Stocks**

- Penny Stocks and/or Illiquid Stocks /Contracts/Options are risky investments due to thin liquidity; greater volatility facto as well as they are infrequently traded on the stock exchanges. In view of the risks involved in

dealing with Penny Stocks and/or Illiquid Stocks/ Contracts/Options, THE COMPANY shall generally advise its Clients to desist from trading in them.

- A Security may be treated as Penny Stocks and/or Illiquid Stocks/Contracts/Options if it falls in any one category as mentioned herein below:
- List of Illiquid Securities issued by the Exchanges periodically.
  - Trade-to-Trade settlement.
  - “Z” - Group.
  - Illiquid Options/Far Month Options/Long Dated Options.
  - Any other Securities/Contracts/Options as may be decided by THE COMPANY, which may be considered by THE COMPANY in its sole discretion as volatile or have concentration risk at Client level or at the security level or any other reason.
  - Stocks under Graded Surveillance
  - Stocks where Unsolicited Messages are Circulated (“SMS – Stock”)
- SEBI has directed the Exchanges to draw up a list of illiquid securities based on criteria jointly agreed between BSE, NSE and SEBI and make it available to the trading members on a monthly basis and such list shall be reviewed on a monthly basis.
- As trading members have been advised by the Regulatory Authorities to exercise additional due diligence while trading in Penny Stocks and/or Illiquid Stocks/Contracts/ Options, THE COMPANY shall have exclusive rights and prerogative to refuse and/or to accept such orders with regard to Penny Stocks and/or Illiquid Stocks/Contracts/Options, notwithstanding the fact that the Client has adequate credit balance or margin available in his/her/its account and/or the Client had previously purchased or sold such securities through THE COMPANY. In case of F & O segment, all the far Month Option contracts and third Month Option Contracts may not have buy and sell limit due to its illiquid nature. However, in all above cases if client still wish to trade then the client needs to coordinate with the respective branch and the limit will be set by Head Office after analyzing the requirement.
- THE COMPANY may permit restrictive acceptance of orders in such scrips in controlled environments like asking the Client to place orders at a centralized desk at Head Office instead of allowing trading in such scrips at Branch Level.
- THE COMPANY shall not be responsible for delay in execution of such orders and consequential opportunity loss or financial loss to the Client. THE COMPANY may cancel orders in such scrips received from Clients before execution or after partial execution without assigning any reasons thereof.
- THE COMPANY may take appropriate declarations from the Clients before accepting such orders.
- THE COMPANY shall be free to charge upfront payment for the purchase transaction in penny Stocks as well as upfront delivery in case of sale transactions of such Penny Stocks and/or Illiquid Stocks/Contracts/Options.

#### **Refusal of Orders in Stocks which are Settled in Physical mode/ Optional Demat mode**

- The Securities forming a part of the below group will not be allowed for trades. In case the clients have bought the

shares through THE COMPANY, exit route will be allowed to the clients.

<b>BSE/NSE Group</b>	<b>Group Particulars</b>
P	Scripts traded and settled in Physical mode/ Optional Demat mode
ZP	Scripts of Non-compliant companies (Non-compliance with clauses of Listing Agreement) & traded and settled in Physical mode/ Optional Demat mode
R	Rights Renunciation Forms - Settled in Physical mode
BZ	Z Category stocks settled on Trade for Trade basis.

### **Refusal to Accept Buy and/or Sell Orders at Abnormal Prices**

- Regulatory Authorities and Stock Exchanges have come across instances, where a Client/set of Clients were observed to be executing matched trades in illiquid securities and/or future contracts and/or options contracts reversing transactions with significant variation in prices between first and reversing trades. Such trades were executed at prices, which apparently had no relation to the price of underlying security at that point of time. Precisely the modus operandi taken in such trades wherein one Client/set of Clients trading through a particular trading member would incur a loss and the counter party Client trading through another trading member would earn a profit. In most of the cases, one or both legs of transactions were away from the current market price. Some of the trading members reported that the Clients who suffered losses failed to meet their obligations.
- Regulatory Authorities and Stock Exchanges have come across instances, where a Client/set of Clients were observed to be executing large transactions in the form of block deals executed in certain scrips in the stock exchanges, which prima-facie, appear to have been negotiated in advance between the parties and then put through the Stock Exchange mechanism in a synchronized manner. Media reports appearing on the subject have also alleged that some of these transactions might have been executed by certain market participants with an ulterior motive to distort the fair price discovery in such scrips. Such market practices do not appear to be in conformity with the extant guidelines/regulations of SEBI/ Stock Exchanges.
- THE COMPANY would have exclusive rights and prerogative to refuse and/or to accept such orders with regard to securities in respect of which unsolicited message being circulated by the unregistered/unauthorised entities, irrespective of the facts that the clients have credit balance in their securities account.
- Such types of transactions, mentioned herein above are under the regulatory purview and are hence, being scrutinized by the stock exchanges and SEBI, concurrently. SEBI/Stock Exchanges may take punitive action for any possible violation of the provisions of the extant guidelines/regulations of SEBI/Stock Exchanges against the market participants who indulge in such type of transactions.
- As trading members have been advised by the Regulatory Authorities to exercise additional due diligence while trading in these securities, orders placed in such securities would be executed upon the sole discretion of THE COMPANY.
- THE COMPANY would have exclusive rights and prerogative to refuse and/or to accept such orders with regard to Penny Stocks and/or Illiquid Stocks/Contracts/Options and/or order and/or orders which, prima facie appear to be non-genuine, notwithstanding the fact that the Client has adequate credit balance or margin

available in his/her/its account and/or the Client had previously purchased or sold such securities/contracts through THE COMPANY.

- In view of the above, the Client(s) would not be allowed to place both buy and sell orders at abnormal prices and/or price differences in the Cash Market Segment, Future Market Segment and in case of option contracts, that might not have any relevance to the movement in prices in underlying securities at that point of time.
- THE COMPANY may permit restrictive acceptance of orders in such Penny Stocks and/or Illiquid Stocks/Contracts/Options in controlled environments like asking the Client to place orders at a centralized desk at Head Office instead of allowing trading in such Penny Stocks and/or Illiquid Stocks/ Contracts/ Options at Branch Level.
- THE COMPANY shall not be responsible for delay in execution of such orders and consequential opportunity loss or financial loss to the Client.
- THE COMPANY may cancel orders in such Penny Stocks and/or Illiquid Stocks/ Contracts/ Options received from Clients before execution or after partial execution without assigning any reasons thereof.
- THE COMPANY may take appropriate declarations from the Clients before accepting such orders.

### **Graded Surveillance Measures (GSM):**

- Securities and Exchange Board of India (SEBI) and Exchanges in order to enhance market integrity and safeguard interest of investors, have been introducing various enhanced pre-emptive surveillance measures such as reduction in price band, periodic call auction and transfer of securities to Trade to Trade category from time to time. The main objective of these measures is to;
  - alert and advice investors to be extra cautious while dealing in these securities and
  - advice market participants to carry out necessary due diligence while dealing in these securities.
- In continuation to various surveillance measures already implemented, SEBI and Exchanges, pursuant to discussions in joint surveillance meetings, have decided that along with the aforesaid measures there shall be additional Graded Surveillance Measures on securities which witness an abnormal price rise not commensurate with financial health and fundamentals like Earnings, Book value, Fixed assets, Net worth, P/E multiple, etc.
- The list of such securities identified under GSM shall be informed to market participants separately and shall be available on exchanges website.
- Further, GSM framework shall come in to action one week from the publishing of the list.
- All market participants dealing in identified securities have to be extra cautious and diligent as, Exchanges and SEBI may at an appropriate time subject to satisfaction of certain criteria lay additional restrictions such as:
  - placing / continuing securities in trade to trade category,
  - requirement of depositing additional amount as Surveillance Deposit, which shall be retained for an extended period.
  - once in a week trading,
  - once in a month trading and
  - freezing of price on upper side of trading in securities, as may be required.

- any other surveillance measure as deemed fit in the interest of maintaining the market integrity
- All the aforesaid actions shall be triggered based on certain criteria and shall be made effective with a very short notice.
- The above surveillance actions are without prejudice to the right of Exchanges and SEBI to take any other surveillance measures, in any manner, on a case to case basis or holistically depending upon the situation and circumstances as may be warranted.
- The members trading in the identified securities either on their own account or on behalf of clients shall be kept under close scrutiny by the exchange and any misconduct shall be viewed seriously.
- The detailed criteria for shortlisting & review of securities under GSM Framework is given below:

**Criteria I:**

- The following criteria shall be made applicable for inclusion of securities under GSM Framework.
- Securities with latest available Net worth (Share Capital + Reserves & Surplus – debit balance in P&L) less than or equal to Rs. 10 crores; AND
- Securities with latest available Net Fixed Assets (Tangible Assets + Capital Work in Progress) less than or equal to Rs. 25 crores; AND
- Securities with PE greater than 2 times PE of Benchmark Index (Nifty 500 or S&P BSE 500) OR negative PE. The following securities shall be excluded from the process of shortlisting of securities under GSM:
- Securities where the price discovery is yet to take place as per the provision of SEBI circulars CIR/MRD/DP/01/2012 and CIR/MRD/DP/02/2012 dated January 20, 2012.
- Securities already under suspension;
- Securities on which derivative products are available;
- Securities as a part of any index (NSE or BSE);
- Public Sector Enterprises and its subsidiaries, if available;
- Securities listed during last 1 year through Initial Public Offering (IPO);
- Securities which have paid dividend for each of last three preceding years;
- Securities with Institutional holding greater than 10% only if following conditions are met:
- If the promoter entity has not offloaded any share in the last 5 years; AND
- The current trading price of the security is within the range of High & Low price in last 3 years of the respective security.
- Securities listed through Scheme of Arrangement involving Merger / Demerger during last 1 year:
- In case of demerger, the following condition shall be applicable:
- If the parent company is under purview of GSM, the resultant demerged companies shall also attract GSM.
- If the parent company is not under purview of GSM, the resultant demerged companies shall not be part of GSM at the time of demerger and shall be considered during the subsequent quarterly review.
- In case of merger of companies, if any of the securities at time of merger are under the purview of GSM, then the same shall be continued on the resultant entity.

**Criteria II:**

- The following criteria shall be made applicable for inclusion of securities directly under GSM - Stage I.
- Securities with full market capitalization less than Rs. 25 crore; AND
- Securities with PE greater than 2 times PE of Benchmark Index (Nifty 500 or S&P BSE 500) OR
- Securities with negative PE, the following should be considered:
  - P/B (Price to Book) value of scrip greater than 2 times the P/B value of Benchmark Index (Nifty 500 or S&P BSE 500) OR
  - P/B value is negative.
- The criteria for shortlisting & review of securities under GSM Framework are subject to changes from time to time. THE COMPANY shall intimate its Clients vide Circulars and updation on the Website of THE COMPANY regarding such changes. Clients are advised to follow the same to keep them updated on the GSM Framework.

### **Additional Surveillance Measure (ASM)**

- Securities and Exchange Board of India (SEBI) and Exchanges in order to enhance market integrity and safeguard interest of investors, have been introducing various enhanced pre-emptive surveillance measures such as reduction in price band, periodic call auction and transfer of securities to Trade to Trade category from time to time.
- In continuation to various surveillance measures already implemented, SEBI and Exchanges, pursuant to discussions in their joint surveillance meetings, have decided that along with the aforesaid measures there shall be Additional Surveillance Measures (ASM) on securities with surveillance concerns viz. Price variation, Volatility etc.
- Accordingly, review for identification of securities for placing in ASM Framework has been carried out by the Exchanges. The surveillance actions applicable for the shortlisted securities is as under:
  - Securities shall be placed in Price Band of 5%
  - Margins shall be levied at the rate of 100%
  - The shortlisted securities are monitored on a pre-determined objective criteria and would be moved into Trade for Trade segment once the criteria gets satisfied. Market participants may note that ASM framework shall be in conjunction with all other prevailing surveillance measures being imposed by the Exchanges from time to time.
  - A Joint Surveillance meeting of Exchanges and SEBI was held on October 26, 2018 and the current ASM framework was reviewed. The updated ASM framework is provided below:

#### **Section I: Long-term Additional Surveillance Measure (Long-term ASM):**

The following four criteria shall be made applicable for selection of stocks in the Long Term ASM Framework.

- High-Low Price Variation (based on corporate action adjusted prices) in 3 months  $\geq$  (150% + Beta ( $\beta$ ) of the stock \* S&P BSE Sensex variation).

AND

Concentration of Top 25 clients account  $\geq$  30% of combined trading volume of BSE & NSE in the stock in last 30 days.

- Close-to-Close Price Variation (based on corporate action adjusted prices) in the last 60 trading days  $\geq$  100% +

(Beta ( $\beta$ ) of the stock \* S&P BSE Sensex variation).

AND

Concentration of Top 25 clients account  $\geq$  30% of combined trading volume of BSE & NSE in the stock in last 30 days.

- Close-to-Close Price Variation (based on corporate action adjusted prices) in 365 days greater than  $\geq$  100% + (Beta ( $\beta$ ) of the stock \* S&P BSE Sensex variation).

AND

High-Low Price Variation (based on corporate action adjusted prices) in 365 days  $\geq$  (200% + (Beta ( $\beta$ ) of the stock\* S&P BSE Sensex variation).

AND

Market Cap > Rs.500 Crore.

AND

- Concentration of Top 25 clients account  $\geq$  30% of combined trading volume of BSE & NSE in the stock in last 30 days.
- Average daily Volume in a month is  $\geq$  10,000 shares & > 500% of Average volume in preceding 3 months at BSE & NSE.

AND

Concentration of Top 25 clients account  $\geq$  30% of combined trading volume of BSE & NSE in the stock in last 30 days.

AND

Average Delivery% is < 50% in last 3 months.

AND

Market Capitalization is > Rs.500 Crore.

AND

Close-to-close price variation (based on corporate action adjusted prices) in last one month is > (50% + Beta ( $\beta$ ) of the stock \* S&P BSE Sensex variation).

- Exemption: Bulk/Block (maximum of buy /sell value), i.e., Average Volume of Bulk or Block Quantity/Average Volume of the Security greater than 50%.
- Note: The Beta ( $\beta$ ) factor shall be applicable only in case of positive index variation.
- The following securities shall be excluded from the process of shortlisting of securities under ASM:
  - Public Sector Enterprises and Public Sector Banks
  - Securities already under Graded Surveillance Measure (GSM)
  - Securities on which derivative products are available
  - Securities already under Trade for Trade
- Stocks which are currently in ASM / ASM T2T and meeting the criteria for revised long term ASM shall be moved to Stage I (as explained in para b below) of Long Term ASM under the revised framework with effect from October 31, 2018.

- Stocks which are currently under the ASM framework and meeting the following conditions as on the review date shall be moved out of Long Term ASM with effect from October 30, 2018 but will be subject to short term ASM as mentioned in Section II of the notice:

➤ No. of shareholders as per the shareholding pattern is (in any of the last available 4 quarters) > 1,00,000.

AND

➤ Stocks that have been subject to Long Term ASM for a continuous period of at least 90 days.

**The applicable surveillance action on shortlisted scrips based on the above criteria shall be as follows:**

- Stage wise Surveillance action after inclusion in Long Term ASM:

Stage	Conditions for Entry	Action
I	Identification of securities based on entry criteria.	Applicable margin shall be 80% from T+3 day for all clients.
II	Stocks which are already in Stage I of Long term ASM, satisfying the following conditions in 5 consecutive trading days: Close-to-Close Variation (based on corporate action adjusted prices) $\geq 25\% + \text{Beta } (\beta) \text{ of the stock } * \text{ S\&P BSE Sensex variation.}$ AND Concentration of Top 25 clients account $\geq 30\%$ of combined trading volume of BSE & NSE in the stock in last 30 days.	Reduction of price band to next lower level and applicable margin shall be 100% from T+3 day for all clients.
III	Stocks which are already in Stage II of Long term ASM, satisfying the following conditions in 5 consecutive trading days: Close-to-Close Variation (based on corporate action adjusted prices) $\geq 25\% + \text{Beta } (\beta) \text{ of the stock } * \text{ S\&P BSE Sensex variation.}$ AND Concentration of Top 25 clients account $\geq 30\%$ of combined trading volume of BSE & NSE in the stock in last 30 days.	Further reduction of price band to next lower level and applicable margin shall be 100% from T+3 day for all clients.
IV	Stocks which are already in Stage III of Long term ASM, satisfying the following conditions in 5 consecutive trading days: Close-to-Close Variation (based on corporate action adjusted prices) $\geq 25\% + \text{Beta } (\beta) \text{ of the stock } * \text{ S\&P BSE Sensex variation.}$ AND Concentration of Top 25 clients account $\geq 30\%$ of combined trading volume of BSE & NSE in the stock in last 30 days.	Settlement will be on Gross basis with 100% margin on all clients and 5% price band.

**Review Period and Exit**

- Securities completing 60 calendar days in long term ASM Framework shall be eligible for exit from the framework subject to stage-wise exit as mentioned below.
- The stage-wise review of stocks shall be on a weekly basis.
- Exit for stocks shall be in stages as follows as on review date:
  - Stocks in stage I shall be eligible for exit from Long-term ASM framework subject to such stocks not meeting the entry criteria of long term ASM.



- Stocks in Stage IV shall move to Stage III if such stocks do not meet the entry criteria for stage IV.
- Stocks in Stage III shall move to Stage II if such stocks do not meet the entry criteria for stage III.
- Stocks in Stage II shall move to Stage I if such stocks do not meet the entry criteria for stage II.
- The Exchanges shall jointly frame operational modalities for the aforesaid phased exit framework.
- Securities meeting the revised entry criteria shall be moved to Stage I (as explained in para b above) of Long Term ASM under the revised framework with effect from October 31, 2018.

**Section II: Short-term Additional Surveillance Measure (Short-term ASM):**

Further, it has been decided to introduce the Short-term ASM framework for securities as mentioned hereunder:

**Stage I**

- Criteria for Identification of stocks:

<p>Stocks witnessing Close-to-Close Price Variation (based on corporate action adjusted prices) <math>\geq (\pm 25\% + \text{Beta } (\beta) \text{ of the stock} * \text{S\&amp;P BSE Sensex variation})</math> in 5 trading days.</p> <p>AND</p> <p>Concentration of Top 25 clients account <math>\geq 30\%</math> of combined trading volume of BSE &amp; NSE in the stock in 5 trading days.</p>	OR	<p>Stocks witnessing Close-to-Close Price Variation (based on corporate action adjusted prices) <math>\geq (\pm 40\% + \text{Beta } (\beta) \text{ of the stock} * \text{S\&amp;P BSE Sensex variation})</math> in 15 trading days.</p> <p>AND</p> <p>Concentration of Top 25 clients account <math>\geq 30\%</math> of combined trading volume of BSE &amp; NSE in the stock in 15 trading days.</p>
---	----	---

Stocks identified as per the above criteria in any of the exchanges shall be shortlisted under the framework. Action on the shortlisted stocks:

- Applicable margin rate for the shortlisted stock will be 1.5 times the existing margin OR 40%, whichever is higher, subject to maximum rate of margin capped at 100%.
- Top 10 clients based on the gross traded value, subject to their traded value greater than Rs.10 lakhs, will be levied 100% margin on their traded value at End-of-Day (EoD).
- On identification of stocks, Exchange shall seek clarification from the company whether there is any corporate announcement that has not been disseminated to market. The clarification so received shall be disseminated to the market.
- A surveillance dashboard shall also be displayed on the Exchange website mentioning the names of such stocks and other relevant details to inform the investors.

**Stage II**

Criteria:

<p>Stocks witnessing Close-to-Close Price Variation (based on corporate action adjusted prices) <math>\geq (\pm 25\% + \text{Beta } (\beta) \text{ of the stock} * \text{S\&amp;P BSE Sensex variation})</math> in any 5 consecutive trading days during the 15 days following the inclusion in Stage I.</p> <p>AND</p> <p>Concentration of Top 25 clients account <math>\geq 30\%</math> of combined trading volume of BSE &amp; NSE in the stock during the above mentioned 5 days period.</p>	OR	<p>Stocks witnessing Close-to-Close Price Variation (based on corporate action adjusted prices) <math>\geq (\pm 25\% + \text{Beta } (\beta) \text{ of the stock} * \text{S\&amp;P BSE Sensex variation})</math> in any 15 consecutive trading days during the 45 days following the inclusion in Stage I.</p> <p>AND</p> <p>Concentration of Top 25 clients account <math>\geq 30\%</math> of combined trading volume of BSE &amp; NSE in the stock during the above mentioned 15 days period.</p>
--	----	--

- **Action on the shortlisted stocks:**
  - Applicable margin rate for the shortlisted stock will be 2.5 times the existing margin OR 80%, whichever is higher, subject to maximum rate of margin capped at 100% on all clients.
  - Top 10 clients based on the gross traded value, subject to their traded value greater than Rs.10 lakhs, will be levied 100% margin on their traded value at End-of-Day (EoD).
- **Exit Criteria:**
  - The stocks shall be retained in each stage as applicable for a minimum period of 5 / 15 trading days and shall be eligible for review from 6th / 16th Trading day onwards.
  - Accordingly, if a stock is not meeting entry criteria on the review date, it shall be moved out of Short-term ASM framework.
  - As long as a stock continues to meet the criteria for Short-term ASM without attracting the criteria for Long-term ASM, the stock will continue to be subject to the Stage II of ASM framework.
  - Once the stock moves to Long-term ASM framework, the above mentioned Short-term ASM provisions will not apply to the stock.
- Exchanges shall also be monitoring the PE ratios of stocks and in case of stocks having relatively/abnormally high valuations compared to sectoral / broad indices, additional surveillance measure in conjunction with Short term/ Long term ASM shall be imposed.
- It may be noted that the shortlisting of securities under ASM is purely on account of market surveillance and it should not be construed as an adverse action against the concerned company
- The criteria for shortlisting & review of securities under ASM Framework are subject to changes from time to time. THE COMPANY shall intimate its Clients vide Circulars and updation on the Website of THE COMPANY regarding such changes. Clients are advised to follow the same to keep them updated on the ASM Framework.

### Unsolicited Messages (SMS Stocks)

- Clients are advised to remain cautious on the unsolicited emails and SMS advising investor to buy, sell or hold securities and trade only on the basis of informed decision.
- Investors are also requested to share their knowledge or evidence of systemic wrongdoing, potential frauds or

unethical behavior through the anonymous portal facility provided on Exchange website and mail at the following addresses:

- invg@nse.co.in
- investigation@bseindia.com

- In recent past, Exchange has come across SMS tips being circulated whereby as a festive bonanza, various stocks are being recommended with higher price targets leading to heightened trading activities in such stocks.
- THE COMPANY advises their clients to exercise caution towards unsolicited emails and SMS and also request their clients to buy, sell or hold securities and trade only on the basis of informed decision. Clients are further requested not to blindly follow these unfounded rumours, tips etc. and invest after conducting appropriate analysis of respective companies.
- In view of above & as a part of surveillance measure to protect investor's interest and maintain market integrity, Exchange is once again advising members to exercise greater caution with respect to tips / rumours circulated via various mediums such as analyst websites, social networks, SMS, WhatsApp, Blogs etc. while dealing in the securities listed on the Exchange on behalf of their clients.
- The Securities identified by Exchange(s) in which unsolicited SMS are circulated shall be kept suspended and barred from further buying & selling by THE COMPANY and shall be monitored on regular basis.
- The Clients shall remain cautious on the unsolicited emails and SMS advising to buy, sell or hold securities and trade only on the basis of informed decision.
- 
- THE COMPANY may in exceptional circumstances, where the Client has dealt in "SMS Stocks, shall withhold the pay-out of funds and/or securities of the Client and/or suspend the Demat Accounts for Debits, without assigning any reasons, to adjust the Traded Value of Trades in such SMS Stocks with retrospective effect and transfer the same to the Designated Bank Account earmarked for this purpose as mandated by Stock Exchange(s)/SEBI from time-to-time and retain the same till directed by the Stock Exchange(s)/SEBI for such release.

### **Exposure margin of security under Market Wide Position Limits (MWPL)**

- In the joint meeting of Exchanges, Clearing Corporations and SEBI it has been decided on 23.01.2018 that markets should be alerted at different levels of MWPL utilization so that investors can take an informed decision on whether to hold or square off their existing positions well before regulatory /surveillance actions sets in.

Combined MWPL utilization at End of Day across Exchanges	Applicable Exposure margin of the security
60%	No additional Margins
70% to less than 75%	To be increased by 50% of the normal applicable Exposure margin from next trading day

75% to less than 80%	To be increased by 100% of the normal applicable Exposure margin from next trading day
80% to less than 85%	To be increased by 150% of the normal applicable Exposure margin from next trading day
85% to less than 90%	To be increased by 200% of the normal applicable Exposure margin from next trading day
90% to less than 95%	To be increased by 300% of the normal applicable Exposure margin from next trading day

- Alert shall be provided once the open interest in a security exceeds each level of MWPL limit as mentioned above. The change in exposure margin shall be applicable from the next trading day and shall be applicable till the open interest in the security reduces to below 70% of MWPL at end of the day.
- The mechanism enshrined in 18.1 was reviewed in a joint meeting between Exchanges/Clearing Corporations and SEBI and it has been decided that, in Equity derivatives segment, additional exposure margins shall be levied on that scrip's wherein the top 10 clients are accounting for more than 20% of MWPL. The scrips shall be identified under this framework based on 3 months rolling data and reviewed on monthly basis. The applicable additional exposure margin on the identified scrip shall be at the rate of 15% over and above the applicable Exposure margin, including those based on MWPL utilization.
- In view of the principles enshrined at third, the Exchange shall w.e.f 14.09.2018 discontinue levying the additional exposure margin on security under MWPL.
- However, the Exchange/Clearing Corporation shall if required, impose stringent additional surveillance margins, as deemed necessary; in cases where open interest exceeds 70% MWPL utilization or where significant client concentration is observed.

### **Reporting to the Regulatory Bodies/ Exchange(s)**

In case the client is found indulging in suspicious activities, THE COMPANY may report such transactions to the exchange(s). THE COMPANY shall not be responsible for any losses incurred by the client if he/she is found guilty of unethical practices in contravention to the Rules and Regulations laid by the Extant Regulators. The company will share all the required information to the Regulator(s), Exchanges), and/or any other Extant Regulatory body when a client specific details is asked for. The company reserves the right to inform the client based on the directions received by the fore mentioned Regulatory body.

### **Record Maintenance**

- The Compliance Officer shall be responsible for the record maintenance of such activities.
- The Compliance Officer shall be assisted by the Associate Compliance Officer & the RMS Officer and shall have the discretion to take assistance/help from any professionals and/or software for the better Monitoring of Risk Management Policy, with prior approval of the Board of Directors, without diluting the accountability and responsibility of the Compliance Officer.

### **Communication**

Clients can view details of their ledger, margin, shortfall etc. through the secured login on THE COMPANY website. The client has to be aware about their position, outstanding balance and Risk. THE COMPANY is under no legal obligation to send any separate communication apart from Contract Notes, Margin Statement, Shortfalls, Positions etc. but as a safeguard to the Clients, THE COMPANY may take extra efforts generally to ensure that client is well informed about the Risk and the possible actions, which may follow. The communication would generally be through SMS / Email on registered contact details with THE COMPANY and additionally to host reports through secured Back Office Access.

### **Disclaimer**

THE COMPANY will have a discretion to alter/change any of Exposure limit, selling parameter defined in this policy on the basis of prevailing market conditions with or without prior intimation and can use their discretion to grant any kind of exemption/permission in case they deem fit on case to case basis. Further any guidelines Prescribed till Point no 21 and which has a similar reference to the new policy under Point no-22, then under such scenario the new Policy guidelines shall prevail.

## **Murari Securities Limited**

---

**Designated Director**

**Dated: - 17/01/2024**