

**Coimbatore Capital Limited** Client Code :  CM  F&O  CD .....

SEBI Reg. No. INB 230752939 /  
INF 230752939 / INE 230752939

Name of the Client : .....

## Policies and Procedures

Addendum to the Member Client Agreement executed by the Client at the time of opening of account. This document is forming part of the Mandatory Documents in accordance with the Securities and Exchange Board of India (SEBI) Circular MIRSD/SE/Cir-19/2009 dated 03-12-2009

Coimbatore Capital Limited (CCap) as a SEBI registered stock broker is mandated to follow the rules, regulations and the circulars of National Stock Exchange of India (NSE) and Securities and Exchange Board of India issued from time to time and operates through well defined procedures and policies.

The following policies have been mandated by SEBI to be made available to the clients. It should not be construed that these are the only policies followed by CCap.

### **A. Illiquid Securities / Penny Stocks :**

- 1 CCap does not encourage trades in penny stock / illiquid securities.
- 2 Penny stocks are the securities which have a very low value and may or may not be illiquid. Most times there would be very few buyers /sellers for such securities. NSE releases a list of such securities and they are termed as illiquid securities. CCap retains the right to term a particular security as illiquid/penny stock based on the parameters it deems fit. These parameters may include, the past volume of the security, volatility in the security among others, whether trading in a particular security falls within the purview of fraudulent trades or trades deemed to be fraudulent as per the Rules, Regulations, Bye-Laws of NSE and Regulations of SEBI.
- 3 CCap reserves the right to facilitate clients for placing orders with regard to the penny stocks or illiquid securities as described above. CCap is not under any obligation to accept orders which are in the nature of penny stocks/ illiquid securities.
- 4 CCap may permit trades in a penny or illiquid security subject to certain conditions, such conditions may include:
  - Submission of a declaration by the client stating the reasons for entering into the said transaction

and the client has abided by all the relevant regulations.

- In case of a buy transaction the client may be asked to deposit the full value of the security which the client intends to purchase, in case of sale transaction, the security should necessarily be transferred to CCap's margin account prior to placing the sale order.
  - Assessment of the past trading pattern or records of the client prior to giving permission
  - Conducting in person verification of the said client to establish the genuineness of the intended trade.
- 5 CCap reserves the right to refuse to place order whether or not the client fulfills the aforementioned conditions.

### **B. Exposure Limits and Margin**

- 1 Margin is collected upfront from the clients i.e prior to executing any trade. Based on the margin available with CCap, exposure is given to the client. The applicable margin may vary and the client may be asked to replenish the margin by depositing additional funds or securities.
- 2 Client is liable to pay applicable initial margins, withholding margins, special margins or such other margins as are considered necessary by the Exchange.
- 3 Further CCap at it's discretion may collect additional margin or reduce the margin whether or not required by the Exchange.
- 4 Exposure is allowed to the clients based on the margin available in form of funds or approved securities valued after deducting an appropriate haircut.
- 5 Clients have to maintain sufficient balance with CCap pretrade depending on the channel through which they trade. CCap may levy additional margins or relax the margins imposed based on factors such as, client level position, volatility in a particular security or the market in general.
- 6 CCap at its sole discretion will accept any one or combination of the following margin deposit viz Cash, Securities & Bank Guarantee (as per the

format specified by NSE from time-to-time) from its clients.

- 7 CCap will accept funds or and securities (at its discretion) towards margin only from the respective Client's account.
- 8 CCap will deposit the collaterals accepted from the clients towards margin with NSE towards additional base capital only with the written consent of the respective Client.
- 9 Though it shall be CCap's endeavor to ensure that a proper notice is sent to the clients, this may not always be possible taking into consideration the market scenario.
- 10 Exposure allowed to clients may vary, based on the client's past trading performance, quality of collateral, market circumstances/dynamics and other related factors.
- 11 Clients may trade themselves through the internet/mobile network or may trade through the branch. For clients who trade through the internet/mobile network, the exposure limit may be ascertained by them on the respective trading portal (such as nowonline) of CCap. Clients executing trades through branches may check their exposure with the respective Branch.
- 12 CCap shall not be responsible for any variation, reduction or imposition or the Client's inability to route any order through any of the CCap's trading terminal or website on account of any such variation, reduction or imposition of limits.
- 13 CCap 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 based on certain risk parameters and/or regulatory compliance/any other reason which it may deem appropriate. In such circumstances CCap will not be responsible for the loss, if any on account of such refusal or delay in executing the orders due to the time taken in doing such review.
- 14 CCap may square off positions in securities without notice to the Client when the market is volatile in its opinion and/or there is a sudden spurt in the price of the security that may result in huge loss/margin liability to the Client.

### **C. Brokerage**

- 1 The brokerage applicable shall be as agreed upon from time to time.
- 2 In addition to the brokerage applicable the client agrees to pay to CCap, exchange related charges, statutory levies and any other charges (including but not limited to security handling charges on settlement) as are prevailing and vary from time to time and as they apply to the client's account,

transactions and to the services that CCap renders to the client.

- 3 CCap does not charge brokerage more than the maximum brokerage permissible as per the rules and regulations and bye laws of the Exchanges/SEBI. However the minimum brokerage, if any, as stipulated by the exchanges will be levied.
- 4 The brokerage shall be charged as a percentage of the value of the trade or as a flat fee or otherwise, together with the statutory levies as may be applicable from time to time on the same. In addition to the brokerage the following charges will also be levied (as agreed by the client)

Schedule of charges:

- a. SEBI turnover fees as applicable
- b. Exchange Transaction charges as applicable
- c. Securities Transaction Tax (STT)\* (STT rates may vary with regard to trades done on delivery basis, non delivery basis and trades done in the derivative segment).
- d. Service tax \*
- e. Education Cess and higher Education Cess \*
- f. CCap shall debit the DP charges to the trading account of the Client if the client had executed Power-of-Attorney for his DP account.
- g. Bank charges or any other charges levied by the exchange or any other authority for any violation done by the client.
- h. In case the brokerage levied as a percentage on the value of the shares/ contract is less than the minimum brokerage payable per share/contract. the client will be charged such minimum brokerage per share instead of the percentage as approved by the Exchange.

*\* These are government levies and are subject to change from time to time and will be charged in addition to the brokerage as applicable.*

All the above charges would be subject to change from time to time. Such changes and any other levies by SEBI / Exchange / CCap shall be displayed on the website or such other URL used by CCap for displaying changes from time to time.

- 5 CCap at its sole discretion and also depending upon the volume of trading and clearance of dues by the client, may alter the rate of brokerage from time to time.

### **D. Delayed Payment - Effects/Charges and Penalties**

- 1 Delayed payment charges are levied to the clients for non-payment or delay in payment of their funds obligation in time which may be due on account of Settlement obligation, charges, margins or any other sum due to CCap.

- 2 Clients are required to pay margin before placing order. Clients are allowed to place margin in the form of funds or securities. Exposure is given to the client based on the securities funds deposited by the client towards margin. Appropriate haircut is applied on such securities. Clients have to make the full payment for the purchase on the settlement day.
- 3 In case of a debit balance in the client's account, the same shall be liable for delayed payment charges. The calculation of these charges is an automated process. Maximum 2% per month will be charged as delayed payment charges. The Client hereby authorizes the Member to debit the delayed payment charges to the ledger account of the client.
- 4 In case of any penalty / charges /fees / taxes etc. of whatever nature, is levied on CCap by NSE/SEBI or by any regulatory authority on account of trades or orders placed by the clients, such penalty /charges /fees / taxes etc. shall be debited to the client's account.

**E. Right to sell client's securities or close client's positions or pending orders, without giving notice to the client on account of non-payment of client's dues or any other reasons**

- 1 For Mark To Market (MTM) shortfall the MTM position of the Client would be monitored by the Risk Management department at Head Office (HO). If the Client's MTM loss reaches 50% of the margin, the Risk Management Department would intimate the concerned branch office and Relationship department, about the amount of shortfall.

CCap will inform the clients through the Branch Heads/Executives or the concerned Relationship Manager to deposit additional margin over phone to the extent feasible or in other feasible mode. If the client does not fulfill the margin requirement, and the MTM loss reaches 70% of the initial margin requirement, the position will be squared-off by the Risk Management department. Further, all pending orders of the client will also be cancelled by CCap. Exceptions at the discretion of the CCap will be allowed.

In exceptional circumstances, i.e., on the days of very high volatility, the Risk Management department may liquidate the open position without intimating the Client. In such cases, the client will be informed subsequently.

- 2 For Intra-Day trades :  
Risk Management department will start squaring off all the margin position from 3:00 p.m or if the Client reaches the blow out percentage of 70% of the initial margin whichever is earlier.  
On reaching the above said time limit or margin

shortage Clients with large open positions will be squared off first. Before squaring off the Clients' position., all the pending orders of the Clients will be cancelled by CCap. No fresh purchase positions will be allowed to the Client and all open position of the said Client will be squared off.

CCap reserves the right to exempt certain clients from policy/rule no. E (1) & (2) as it may deem fit.

- 3 CCap without prejudice to its other rights (including the right to refer the matter to arbitration proceedings of NSE), shall be entitled to liquidate/close out all or any of the client's position without giving notice to the client for non-payment of margins or other obligations including the pay-in, outstanding debts etc. and adjust the proceeds of such liquidation/close out, against the client's liabilities/obligations in accordance with the Member Client Agreement.
- 4 The client agrees to pay for the securities purchased through CCap before the funds pay-in date to enable CCap to make the requisite pay-in to the exchange. In case the client fails to make the payment, CCap may liquidate the securities in the client's account in order to ensure that the credit is received to set off the dues for the securities purchased. This sale of securities will be done on or before the 5th day from the settlement day.
- 5 The client also agrees to maintain adequate margin for the positions taken in any segment. However in case the credit available is lower than the minimum margin required, the client's positions would be liquidated in a manner that there is no shortfall of margin.
- 6 CCap shall endeavor to ensure that adequate prior information is given to the client for such liquidation. It shall inform the client through the mobile number and or email id (if any) updated with CCap. For clients to whom a login and password is given to access their account on the website of CCap, or such other URL that may be provided by CCap from time to time, where they are required to login and check the limit statement uploaded therein. It shall be the clients' responsibility to ensure that adequate credit balance is available in the account.
- 7 The above guidelines may be changed at the discretion of CCap in line with the market conditions. In case where the market is volatile and sudden spurt in the price of a security or increase in price and/or volume, volatility CCap may square off position without any notice due to the paucity of time and other such circumstances.
- 8 Whenever CCap endeavors that the positions are to be liquidated, it shall not be responsible for any liabilities in case the same cannot be liquidated. The priority of the positions to be squared off, i.e. which

positions to be squared off first, would be at the discretion of CCap.

- 9 CCap may follow the following priority for squaring-off positions :-
  - a) Securities attracting higher margins (cash/futures) from NSE will be squared off first.
  - b) Futures position will be squared off
  - c) Option sale position will be squared off
  - d) In case where there is a position in cash and derivative segment, futures positions would be squared off first then cash positions would be squared off and options long positions will be squared off/exercised in case shortfall still exist.
- 10 The Client shall bear the loss arising out of the closeout/square-off for the reasons stated above and shall be liable for the penalties/charges levied by the exchange.

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

Internal short deliveries are not covered by the auction conducted by NSE. CCap will close-out internal shortages as follows:

1. The client may not receive the securities bought on T+2 in case there is an internal shortage situation within CCap, i.e. the buyer and seller are both CCap clients and the seller defaults in delivery due to which the buyer may not receive the shares.
2. Internal shortages are closed-out as follows:

At the highest price prevailing in the NSE from the first day of the relevant trading period till the day of pay out (or) 10 % above the official closing price on the pay-out day whichever is higher.

#### **G. Temporarily suspending or closing a Client's account at the Client's request**

- 1 Upon receipt of request from the client in writing, the client account will be suspended temporarily and same can be activated only on the written request of the client.
- 2 During the period in which client account is suspended, market transaction in the client account will not be permitted. However delivery of securities to the client and payment of ledger balance can be effected.
- 3 Upon receipt of the request from the client in writing, the client account will be closed provided the client's ledger balance is Nil (no credit/debit balance). If the client wants to reopen the account the client should give a letter and complete the KYC requirements again. Reactivation request through e-mail will not be accepted by CCap.

- 4 The request for suspending/ closing the Client's account will only be accepted if the same is provided in the form prescribed by CCap. Such requests need to be routed through the corresponding branch to which the client is attached. No request for closure by e-mail would be accepted. On receipt of the account closure request form, if the same is in order, the account would be closed within 2 working days after the settlement of dues.

#### **H. Conditions under which a client may not be allowed to take further position or the broker may close existing position of a client /temporarily suspending or close a client's account and deregistering a client.**

1. Notwithstanding anything to the contrary stated in the agreement, CCap shall be entitled to terminate the agreement with immediate effect in any of the following circumstances:
  - a) In the event where overall position in any scrip or derivative contract has reached the limit prescribed by regulators or exchange.
  - b) If the action of the client is prima facie illegal/improper or such as to manipulate the price of any securities or disturb the normal/proper functioning of securities or disturb the normal / proper functioning of the market, either alone or in conjunction with others.
  - c) If the Client suffers any adverse material change in his/her/its financial position or defaults in any other agreement with CCap;
  - d) If there is reasonable apprehension that the Client is unable to pay his/her/its debts or the Client has admitted its inability to pay his/her/its debts, as they become payable;
  - e) If the Client has made any material misinterpretation of facts, including (without limitation) in relation to his financial position;
  - f) If the client fails to update CCap of his/her/its financial status by providing networth certificate/copy of IT returns /Balance Sheets and other financial statements/documents including failure to provide a fresh KYC form at the request of CCap.
  - g) CCap has the right to stop or block the client from trade in case where there is a debit balance in his/her/its account.
  - h) CCap retains the right to stop or block the client to take position in certain specified securities based on the risk management system of CCap.
  - i) In case where CCap is apprehensive the client to be an entity debarred by any regulatory authority, it retains the right to stop trading activities for

such client(s).

- j) In case where CCap perceives risk with regard to any regulatory action or with regard to delay or non-payment of margin or any other obligation, CCap may temporarily block or suspend the trades of such clients.
- k) In case where suspicious transactions are observed, including but not limited to off market transactions/cash transactions etc.,
- l) In case where the clients are not reachable at their contact details mentioned in the client registration form or any subsequent change of address filed by the client.
- m) In case where unprofessional, or unruly behavior of the client is observed.
- n) In case of any ongoing dispute with the client, CCap may not permit the client to take further positions and may even close out his open positions.
- o) If the Client is in breach of any terms, conditions or covenant of the Member-Client Agreement entered with CCap;
- p) Further in case of clients breaching the risk parameters mentioned in point (E) above, CCap may close the clients' positions and/or cancel all pending orders without any intimation.

In the event of death or insolvency of the client, winding up or liquidation or 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, the CCap may close out the transaction of the client and the client or his legal representative would be liable for any losses, costs and be entitled to any surplus which may result there from.

**I. Failure of Trading System**

- 1 Trading systems are connected through VSAT/Leased lines/ ISDN and VPN/INTERNET.
- 2 As there is a possibility of communication failure or system problem or delayed response, trading halt or any break down in the back office/ front end system, or any other problem due to which the client could not access the trading system/network which may result in delay in processing or not processing buy/sell orders either in part or in full which may be beyond the control of CCap, the client shall be liable and responsible for the obligation if any arising out of the transactions.

**J. Inactive Client**

- 1 A Client who did not transact for a period of six months will be classified as inactive client by CCap.
- 2 CCap at its sole discretion may place restriction on the trading or deactivate the trading facility.
- 3 Within six months period from the date of such classification, if the client wants to resume transaction in his/her/its account a written request need to be made to CCap.
- 4 After inactive for twelve months period the client has to give a fresh set of KYC form to resume transaction.

**K. Client Acceptance of Policies and Procedures stated hereinabove**

- 1 I/We have fully understood the above mandatory clauses 'A to J' forming part of the mandatory clauses of the Member Client Agreement do hereby sign the same and agree not to call into or question the validity, enforceability and applicability of any provision/clauses of this document on any circumstances what so ever.
- 2 These Policies and Procedures may be amended / changed unilaterally by CCap provided the change is informed to me / us through any one or more mode of communication. I/we agree not to challenge the same on any grounds including delayed receipt / non receipt or any other reasons whatsoever.
- 3 These Policies and Procedures shall be read as part and parcel of the mandatory clauses of the Member Client Agreement and shall be compulsorily referred to while deciding any dispute / difference or claim between me / us and CCap before any court of law / judiciary / adjudicating authority including arbitrator / mediator etc.

Client Signature : © .....

Client Code : .....

Date : .....

Place : .....