MANDATORY

POLICIES AND PROCEDURES

(as required by SEBI Circular No. MIRSD/SE/CIR-19/2009 dated December 03, 2009)

A. **Refusal of orders Penny stocks etc.:**

The stock broker may at his discretion refuse to execute any buy or sell securities on behalf of the client including but not restricted to dealings in penny stocks, illiquid stocks, infrequently traded stocks/ contract etc. if the stock Broker is of the view that such execution would adversely affect market integrity or give rise to regulatory/disciplinary actions/concerns. The penny stock would mean any stock trading at a price less than Rs. 10 or at a price less than the face value or any other stock specified by the Regulatory Body/Stock Exchange as such or which are appearing in the list of illiquid securities issued by the Exchanges every month. In general terms, a penny stock is a low-priced, speculative security or a very small company, regardless of market capitalization.

B. **Setting up client's exposure limits:**

The Stock Broker may at his discretion permit/allow such exposure limit for trading by Client as he deems fit. Such exposure limit may operate specific to a security or contract and/or on an aggregate basis whether on the buy or the sell side, based on the Stock Broker's assessment of the associated risks having due regard to all relevant factors. Further, the Stock Broker may modify, change or alter such limit or the conditions attached thereto from time to time as may be deemed fit.

C. **Brokerage Rates:**

The brokerage rates to be charged for trades executed by the Client shall mutually be decided between the Stock Broker and the Client from time to time however, the same shall not exceed the following:-

a. For Cash Market Segment/Futures:- 2.5% of the contract price exclusive of Statutory levies, however, where the sale/purchase value of a share is Rs. 10/- or less, a maximum brokerage of 25 paise per share may be collected.
b. For Option Contracts:- 2.5% of the premium amount or Rs. 100/- whichever is higher.
c. Statutory charges like Stamp Duty, STT, Service Tax, Turnover Tax etc. as applicable from time to time.

D. **Imposition of Penalty/Delayed Payment Charges:**

The Client shall pay the Stock Broker brokerage, commission, fees, account opening/maintenance charges, charges for availing research reports, charges for availing special facility for mobile broking/SMS facility or any other charges for the special services/facilities availed by the Client, inter settlement charges, auction charges, penalties levied by the exchanges for client limit violation, charges for dishonour of cheque(s) given by the client, statutory levies, service tax and other taxes and trade/transaction expenses including inter alia depository charges, settlement charges etc. as are applicable from time to time. If the Client fails to make payment of the amount due within the time frame specified by the Bye-laws, Rules and Regulations of the Exchange and/or as per the policy of the Stock Broker, Stock Broker shall be entitled to levy such charges by way of penalty or delayed payment charges not exceeding 18% per annum on amount due as the Stock Broker may deem fit and to directly debit the same to the Client account. The Client authorizes the Stock Broker to set off a part or whole of the collateral/ledger balances i.e. By way of appropriation of the relevant amount of cash or by way of sales or transfer of all or some of the securities, without notice, or invoke the pledged shares placed as margin/collateral with the Stock Broker, and/or any credit in any account of the Client in any of the segment of the Stock Exchange, against the outstanding/dues, to the extent of settlement/ margin obligation, in the account of the Client for any segment of the Stock Exchanges. The adjustment, so done, shall be by way of a passing necessary journal voucher entries.

The Client shall pay the Stock Broker Rs. 500/- plus actual charges of the bank for cases of cheque return.

E. **The Right to sell Client's securities or to close Client's positions without notice to client:**

If a client fails to make payment of consideration to the Stock Broker in respect of any one or more securities purchased by him before the pay-in date notified by the Exchange from time to time, the Stock Broker shall be at liberty to sell / liquidate the securities received in pay-out, as per the policy of the Stock Broker, after taking into account any amount lying to the credit of the Client. The loss, if any on account of liquidation shall be to the account of the client. Without prejudice to the Stock Broker's other rights the Stock broker shall be entitled to liquidate/close out all or any the Client's positions, without giving notice to the Client, for non-payment of margins or other amounts, outstanding debts, etc. Any and all losses and financial charges on account of such liquidation/closing-out shall be charged to and borne by the Client.

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

If the Client fails to deliver any one or more securities to the pool account of the Stock Broker in respect of the securities sold by Client which turns out to be an internal position, before the pay-in date notified by the Exchange from time to time, such undercharged obligation in relation to delivering, any one or more securities shall be purchased on Client’s behalf by the Stock Broker upto T+4. Incase the securities cannot be purchased back for any reason whatsoever, the same shall be closed out at 20% above the closing price on T+4 day.

The loss, if any, on account of the close out shall be to the account of the Client. Any loss of corporate benefit to the securities shall be recovered from the defaulting seller's account. Brokerage not higher than 2.5% of the contract price exclusive of statutory levies will be charged, on Internal auctions, however, where the auction/close out price of a share is Rs. 10/- or less, a maximum brokerage of 25 paise per share may be charged.

G. **Conditions under which Client may not be allowed to take further position or the Stock Broker may close the existing position of the Client:**

The Stock Broker may at any time at his discretion disallow the Client from creating further/fresh position in any segment on any exchange or close out any existing position of the Client based on his risk assessment or if so directed by any government/regulatory stock exchange authority.

H. **Temporary Suspension/Closure of a client's Account :**

At the written/verifiable verbal request of the client, the trading account of the client would be put in the suspended mode. The said account would remain in suspended mode till such time the client requests for the reactivation of account. Provided however that the account cannot be closed/suspended in case the account of the client with the broker is in debit and there are amounts/securities due from the client to the broker.

I. **Deregistration of a Client:**

The Stock Broker shall be entitled to suspend or terminate this agreement without prior notice if:

1. The Client has breached this Agreement:
2. Upon the death, winding up, bankruptcy, liquidation or legal capaciation of the Client or is designated as a defaulter by any credit rating agency or any action or proceedings have been initiated by the relevant Regulator/Authority including without limitation SEBI:
3. The Client fails to maintain the Bank Account and/or the Securities Account (Or any replacement thereof)
4. The Client has misrepresented facts at the time of entering into this Agreement or at the time of giving instructions or otherwise.
5. Any proceedings or investigations that involve the Client or his/its properties have been initiated or is ongoing.
6. The client fails to fulfill his/its payment obligations under this Agreement or otherwise due to the Stock Broker;
7. The Client has violated the Applicable law particularly the securities Law and Bye-laws, Rules and Regulations of the respective Stock Exchange on which the Client trades.
8. If the client migrates to a jurisdiction which prohibits trading in Indian securities or otherwise subjects the Stock Broker or any of its employees to any licensing or registration requirements.

Upon termination of this agreement all other agreements, annexure and writings supplementing this Agreement entered into and between the Parties shall stand terminated.

The Parties to this Agreement shall be entitled to terminate this Agreement or any part thereof without giving any reasons to the other Party, after giving notice in writing of not less than one month to the other Party. Notwithstanding any such termination, all rights, liabilities and obligations of the parties arising out of or in respect of transactions entered into prior to the termination of this Agreement shall continue to subsist and vest in/be binding on the respective Parties or his/its respective heirs, executors, administrators, legal representative or successors, as the case may be.

Non active Client Account : Any account where there have been no transactions for a continuous period of 12 months shall be deemed to be Non Active Client Account at the end of the quarter after expiry of the said 12 months. In the event of there being any debit balance in the account, the client shall be obliged to settle the amount forthwith failing which, any shares to the credit of the account shall be retained/sold be retained/sold by trading member and appropriated against the amount due.

It will be the prerogative of the trading member to re-activate a Non Active Client Account if the Client so desires.

However, notwithstanding any termination of the agreement, all transactions made under/pursuant to this agreement shall be subject to all the terms and conditions of this agreement and parties to this agreement submit to exclusive jurisdiction of court in Mumbai.

I/We have fully understood the same and do hereby sign the same and agree not to call into question the validity, enforceability and applicability of any provision/clauses of this document under any circumstances what so ever. These General Policies & Procedures may be amended/change unilaterally by the Trading member, provided the change is informed to me/us through any one or more means or method of communication.

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(Client Signature)

VOLUNTARY

ADDITIONAL LITERATURE FOR AML REQUIRMENTS

As per the requirements of SEBI, implementation of Anti Money Laundering (AML)/ Combating Financing of Terrorism requires trading members as intermediaries to demand certain information from investors which may be of personal nature or has hitherto never been called for. Such information can include documents evidencing source of funds/ income tax returns/bank records etc. This can sometimes lead to raising of questions with regard to the motive and purpose of collecting such information. To, sensitize about these requirements as the ones emanating from AML and CFT framework, General FAQs as published by The Financial Action Task Force (FATF), an inter-governmental body whose purpose is the development and promotion of policies, both at national and international levels, to combat money laundering and terrorist financing is reproduced herewith. Kindly feel free to visit the websites of http://www.fatf-gafi.org/ and http://fiuindia.gov.in for more information on the subject.

FAQ

What is Money Laundering?

The goal of a large number of criminal acts is to generate a profit for the individual or group that carries out the act. Money laundering is the processing of these criminal proceeds to disguise their illegal origin. This process is of critical importance, as it enables the criminal to enjoy these profits without jeopardising their source.

Illegal arms sales, smuggling, and the activities of organised crime, including for example drug trafficking and prostitution rings, can generate huge amounts of proceeds. Embezzlement, insider trading, bribery and computer fraud schemes can also produce large profits and create the incentive to "legitimise" the ill-gotten gains through money laundering.

When a criminal activity generates substantial profits, the individual or group involved must find a way to control the funds without attracting attention to the underlying activity or the persons involved. Criminals do this by disguising the sources, changing the form, or moving the funds to a place where they are less likely to attract attention.

In response to mounting concern over money laundering, the Financial Action Task Force on money laundering (FATF) was established by the G-7 Summit in Paris in 1989 to develop a co-ordinated international response. One of the first tasks of the FATF was to develop Recommendations, 40 in all, which set out the measures national governments should take to implement effective anti-money laundering programmes.

How much money is laundered per year?

By its very nature, money laundering is an illegal activity carried out by criminals which occurs outside of the normal range of economic and financial statistics. Along with some other aspects of underground economic activity, rough estimates have been put forward to give some sense of the scale of the problem.

The International Monetary Fund, for example, has stated in 1996 that the aggregate size of money laundering in the world could be somewhere between two and five percent of the world's gross domestic product.

Using 1996 statistics, these percentages would indicate that money laundering ranged between US Dollar (USD) 590 billion and USD 1.5 trillion. The lower figure is roughly equivalent to the value of the total output of an economy the size of Spain.

However it must be said that overall it is absolutely impossible to produce a reliable estimate of the amount of money laundered and therefore the FATF does not publish any figures in this regard.

How is money laundered?

In the initial - or placement - stage of money laundering, the launderer introduces his illegal profits into the financial system. This might be done by breaking up large amounts of cash into less conspicuous smaller sums that are then deposited directly into a bank account, or by purchasing a series of monetary instruments (cheques, money orders, etc.) that are then collected and deposited into accounts at another location.

After the funds have entered the financial system, the second - or layering - stage takes place. In this phase, the launderer engages in a series of conversions or movements of the funds to distance them from their source. The funds might be channelled through the purchase and sales of investment instruments, or the launderer might simply wire the funds through a series of accounts at various banks across the globe. This use of widely scattered accounts for laundering is especially prevalent in those jurisdictions that do not co-operate in anti-money laundering investigations. In some instances, the launderer might disguise the transfers as payments for goods or services, thus giving them a legitimate appearance.

Having successfully processed his criminal profits through the first two phases the launderer then moves them to the third stage - integration - in which the funds re-enter the legitimate economy. The launderer might choose to invest the funds into real estate, luxury assets, or business ventures.

Where does money laundering occur?
As money laundering is a consequence of almost all profit generating crime, it can occur practically anywhere in the world. Generally, money launderers tend to seek out countries or sectors in which there is a low risk of detection due to weak or ineffective anti-money laundering programmes. Because the objective of money laundering is to get the illegal funds back to the individual who generated them, launderers usually prefer to move funds through stable financial systems.
Money laundering activity may also be concentrated geographically according to the stage the laundered funds have reached. At the placement stage, for example, the funds are usually processed relatively close to the underlying activity; often, but not in every case, in the country where the funds originate.
With the layering phase, the launderer might choose an offshore financial centre, a large regional business centre, or a world banking centre - any location that provides an adequate financial or business infrastructure. At this stage, the laundered funds may also only transit bank accounts at various locations where this can be done without leaving traces of their source or ultimate destination.
Finally, at the integration phase, launderers might choose to invest laundered funds in still other locations if they were generated in unstable economies or locations offering limited investment opportunities.

How does money laundering affect business?
The integrity of the banking and financial services marketplace depends heavily on the perception that it functions within a framework of high legal, professional and ethical standards. A reputation for integrity is the one of the most valuable assets of a financial institution.
If funds from criminal activity can be easily processed through a particular institution - either because its employees or directors have been bribed or because the institution turns a blind eye to the criminal nature of such funds - the institution could be drawn into active complicity with criminals and become part of the criminal network itself. Evidence of such complicity will have a damaging effect on the attitudes of other financial intermediaries and of regulatory authorities, as well as ordinary customers.
As for the potential negative macroeconomic consequences of unchecked money laundering, one can cite inexplicable changes in money demand, prudential risks to bank soundness, contamination effects on legal financial transactions, and increased volatility of international capital flows and exchange rates due to unanticipated cross-border asset transfers. Also, as it rewards corruption and crime, successful money laudering damages the integrity of the entire society and undermines democracy and the rule of the law.

What influence does money laundering have on economic development?
Launderers are continuously looking for new routes for laundering their funds. Economies with growing or developing financial centres, but inadequate controls are particularly vulnerable as established financial centre countries implement comprehensive anti-money laundering regimes.
Differences between national anti-money laundering systems will be exploited by launderers, who tend to move their networks to countries and financial systems with weak or ineffective countermeasures.
Some might argue that developing economies cannot afford to be too selective about the sources of capital they attract. But postponing action is dangerous. The more it is deferred, the more entrenched organised crime can become.
As with the damaged integrity of an individual financial institution, there is a damping effect on foreign direct investment when a country's commercial and financial sectors are perceived to be subject to the control and influence of organised crime. Fighting money laundering and terrorist financing is therefore a part of creating a business friendly environment which is a precondition for lasting economic development.

What is the connection with society at large?
The possible social and political costs of money laundering, if left unchecked or dealt with ineffectively, are serious. Organised crime can infiltrate financial institutions, acquire control of large sectors of the economy through investment, or offer bribes to public officials and indeed governments.
The economic and political influence of criminal organisations can weaken the social fabric, collective ethical standards, and ultimately the democratic institutions of society. In countries transitioning to democratic systems, this criminal influence can undermine the transition. Most fundamentally, money laundering is inextricably linked to the underlying criminal activity that generated it. Laundering enables criminal activity to continue.

How does fighting money laundering help fight crime?
Money laundering is a threat to the good functioning of a financial system; however, it can also be the Achilles heel of criminal activity.
In law enforcement investigations into organised criminal activity, it is often the connections made through financial

transaction records that allow hidden assets to be located and that establish the identity of the criminals and the criminal organisation responsible.

When criminal funds are derived from robbery, extortion, embezzlement or fraud, a money laundering investigation is frequently the only way to locate the stolen funds and restore them to the victims.

Most importantly, however, targeting the money laundering aspect of criminal activity and depriving the criminal of his ill-gotten gains means hitting him where he is vulnerable. Without a usable profit, the criminal activity will not continue.

What should individual governments be doing about it?

A great deal can be done to fight money laundering, and, indeed, many governments have already established comprehensive anti-money laundering regimes. These regimes aim to increase awareness of the phenomenon - both within the government and the private business sector - and then to provide the necessary legal or regulatory tools to the authorities charged with combating the problem.

Some of these tools include making the act of money laundering a crime; giving investigative agencies the authority to trace, seize and ultimately confiscate criminally derived assets; and building the necessary framework for permitting the agencies involved to exchange information among themselves and with counterparts in other countries.

It is critically important that governments include all relevant voices in developing a national anti-money laundering programme. They should, for example, bring law enforcement and financial regulatory authorities together with the private sector to enable financial institutions to play a role in dealing with the problem. This means, among other things, involving the relevant authorities in establishing financial transaction reporting systems, customer identification, record keeping standards and a means for verifying compliance.

Should governments with measures in place still be concerned?

Money launderers have shown themselves through time to be extremely imaginative in creating new schemes to circumvent a particular government's countermeasures. A national system must be flexible enough to be able to detect and respond to new money laundering schemes.

Anti-money laundering measures often force launderers to move to parts of the economy with weak or ineffective measures to deal with the problem. Again, a national system must be flexible enough to be able to extend countermeasures to new areas of its own economy. Finally, national governments need to work with other jurisdictions to ensure that launderers are not able to continue to operate merely by moving to another location in which money laundering is tolerated.

What about multilateral initiatives?

Large-scale money laundering schemes invariably contain cross-border elements. Since money laundering is an international problem, international co-operation is a critical necessity in the fight against it. A number of initiatives have been established for dealing with the problem at the international level.

International organisations, such as the United Nations or the Bank for International Settlements, took some initial steps at the end of the 1980s to address the problem. Following the creation of the FATF in 1989, regional groupings - the European Union, Council of Europe, Organisation of American States, to name just a few - established anti-money laundering standards for their member countries. The Caribbean, Asia, Europe and southern Africa have created regional anti-money laundering task force-like organisations, and similar groupings are planned for western Africa and Latin America in the coming years.

Name of the Client

Signature of the Client
(If Partner, Corporate, or other signatory, then attest with Company Seal)