

## RISK MANAGEMENT / SETTLEMENT GUIDELINES

Below herewith are the guidelines laid by SBICAP Securities Limited (hereinafter referred to as 'SSL') with respect to dealings by the client in capital market & derivatives transactions:

### 1. RISK MANAGEMENT :

#### 1.1 MARGIN:

- (a) The client shall meet the margin in the form of cash (which shall hereinafter mean and include bank transfer/lien and account payee cheques from the client designated bank account, but not bankers cheques, demand drafts, pay orders cash or currency) and/or in the form of securities, fixed deposit, bank guarantee or any other asset class (the "margin") as determined and approved by SSL from time to time, which shall be placed by SSL in such inter se proportion as may be notified by SSL from time to time.
- (b) SSL may, in its absolute discretion, refuse to accept a particular form of margin from the client.
- (c) To secure the performance of all its obligations under the various agreements entered into with SSL, the client will place such cash, securities or other acceptable security as may be approved, required and notified by SSL or Exchange or as may be directed by SEBI from time to time, by way of margin, and which in the case of margin required by SSL may be higher than the margin, if any, as prescribed by the Exchange. SSL may impose such additional margin requirements on the client above than those prescribed by the Exchange or SEBI.
- (d) SSL may prescribe the list of approved securities eligible for acceptance as margin, as notified from time to time. This list may be revised, modified or replaced by SSL from time to time without giving any notice to the client and the client shall accordingly replace the securities (placed as margin) with SSL within the time specified by SSL. Such securities may be placed in a separate demat account by SSL.
- (e) SSL may exercise any or all of the rights contained herein in such manner as it may think appropriate towards risk containment measure without demand for any additional margin, security or collateral, or advance notice. The giving of any prior demand, call or notice shall not be considered as a waiver by SSL of its right to exercise its rights without any such demand, call or notice.
- (f) SSL shall not be obliged to return any margin to the client until the client has satisfactorily discharged all its payment obligations or other obligations under this Agreement.
- (g) SSL shall not be liable to pay any amount to the client in the form of interest or otherwise in relation to the margin placed.
- (h) When SSL permits the client to conduct trade in the cash segment on the basis of margin provided by the client, the client shall ensure that the requisite margin is available with SSL prior to the conducting of any transactions /trades.
- (i) The client is liable to pay an initial margin upfront on or before creating a position in derivative contracts as decided by SSL from time to time. Further, the client is liable to pay or receive daily margin depending on whether the price of the derivative contract moves in favour of or against the position undertaken. The client may also be liable to pay withholding margin, special margin or such other margin as are considered necessary by SSL or the Exchange from time to time.
- (j) If the client makes payment towards the margin through cheques issued in favour of SSL, transactions may be executed only upon realization of the funds of the said cheques at the discretion of SSL.
- (k) However, SSL may at its sole discretion execute trades or provide limits to the client against any uncleared account payee cheque and the client in such circumstances shall not hold SSL liable and indemnify SSL in case the said account payee cheque is returned unpaid and the trades are executed or limits are provided against such account payee cheque prior to the same returning unpaid.
- (l) SSL is authorised to deposit/pledge his shares / collaterals with the exchange / clearing corporation / clearing house/ clearing member to meet his margin obligations.
- (m) SSL is authorised to use clients funds lying in the Margin Account for the purpose of placing FDR's with Banks to be submitted to exchange / clearing corporation / clearing house/ clearing member and or Margin FDR's for obtaining bank guarantee in favour of exchange / clearing corporation / clearing house/ clearing member
- (n) In the event that securities have been placed as margin with SSL, all corporate benefits accruing to such securities shall form part of the margin. In the case of discretionary corporate benefits including without limitation, rights shares, bonus shares, convertible shares, the client shall inform SSL prior to the record date and replace the said securities with such other securities as may approved and accepted

to SSL at least 10 days prior to the record date or within such other period as may be acceptable to SSL. In case SSL is satisfied with the actions initiated by the client such securities shall be transferred to the securities account. However, in the event that the client fails to act as stated above, SSL shall not be liable for the any consequences and the client shall have no recourse against SSL.

- (o) SSL is authorized to determine the market value of the securities placed as margin after applying a haircut that SSL deems appropriate from time to time. The client will monitor the adequacy of the collateral and the market value of such Securities on a continuous basis. If, due to price fluctuations, there is erosion in the value of the margin, the client will replenish any shortfall in the value of the margin immediately, whether or not SSL intimates such shortfall.
- (p) SSL may at its sole discretion prescribe the payment of margin in the form of cash instead of securities, fixed deposit, bank guarantee or any other asset class. The client will have to comply with SSL's requirement of payment of margin in the form of cash immediately failing which SSL may as a risk containment measure sell, dispose, transfer or deal in any other manner with the securities, fixed deposit, bank guarantee or any other asset class already placed with SSL as margin or square off all or some of the positions of the client either entirely or partially as SSL may deem fit as a risk containment measure in its discretion without any recourse to the client and any resultant or associated losses that may occur due to such square off or sale shall be borne by the client.
- (q) The client is responsible for all orders, including any orders that may be executed without the required margin in the clients account. If the clients order is executed despite a shortfall in the available margin, the client shall whether or not SSL intimates such shortfall in margin to the client, instantaneously make up the shortfall either through delivery of Securities in the event of a sale, or credit the required funds in the bank account via wire transfer or personal cheques / account transfer or any other mode as may be required by SSL.
- (r) Any reference in these terms for sale or transfer of securities by SSL shall be deemed to include sale of the securities, which form part of the margin and/or such securities of the client which are in possession or control of SSL. In exercise of SSL's right to sell securities under the agreement, the client agrees that the choice of specific securities to be sold shall be solely at SSL's discretion.
- (s) The client will to keep himself abreast of the stock market activity and news. In case of high market volatility, SSL may require the client to pay margin requirements immediately in addition to the margin that may have already been paid or placed by the client as per margin calls, SSL in the absence of such payment or top-up, may as a risk containment measure compelled to in the circumstances to square-off all or any open/outstanding positions, prevent any new orders from being placed and/or executed by the Client or take such other action as SSL may think fit and proper.
- (t) Any amendment in the percentage of Margin as required to be maintained shall be intimated by SSL to the client by posting the updated required percentage of margin on SSL's website or such other website as may be intimated by SSL from time to time and by such other means as SSL may deem fit including by post, by email, by mobile phone message. Such amendment shall take effect 15 (fifteen) days from such notification. The Client is required to replenish the shortfall in such margin, if any, on demand of the same by SSL or otherwise, immediately.
- (u) All Margin placed by the client may be invoked or utilized by SSL in such circumstances as may be permitted by the Exchange and/or by Regulations, Rules, Bye-laws or Circulars. In addition to the above all Margin may be appropriated or utilized in the event of any default by the client whether pursuant to this Agreement or otherwise and/or to set off against any liability of the client to SSL or otherwise.
- (v) Where Margin is to be provided in the nature of bank guarantees, SSL may require such bank guarantee to be in such form and manner as may be stipulated by SSL.

## **1.2 CLOSEOUT:**

- (a) In case the client does not provide the required Margin within the time frame specified by SSL, SSL shall as a risk containment measure do the following:
  - (i) instruct as the client's power of attorney holder the Designated Bank and/or the Designated DP to transfer to SSL all or any funds or securities in the clients Bank Account and/or Security Account or lying to the order of the client and/or the proceeds thereof as Margin;
  - (ii) prevent any new or outstanding requests/orders from being placed or executed; or
  - (iii) liquidate or close out all or any of the clients positions at the discretion of SSL; or
  - (iv) take such other action as SSL may think fit and proper.

- (b) In case of purchase on behalf of client , the client authorizes SSL to close out the transactions by selling the securities in case client fails to make full payment to SSL for the execution of the contract before pay-in-day (as fixed by Exchange for the concerned settlement period), unless the client already has an equivalent credit with SSL. SSL may at its discretion close out the position of the client at any future date subsequent to the settlement date. The loss incurred in this regard, if any, will be met from the margin money of the client. The client agrees to make good the shortfall, if any, immediately on being intimated of the shortfall by SSL.
- (c) In case of sales on behalf of client , the client authorizes SSL to close out the contract by effecting purchases if the client fails to deliver the securities sold with valid transfer documents before delivery day (as fixed by Exchange for concerned settlement period). Cost of the transaction (i.e. closeout), will be deductible from the margin money of the client . The client agrees to make good the shortfall, if any, immediately on being intimated of the shortfall by SSL.
- (d) In case of a short sale by the client , the client shall be debited by such amount, as decided by SSL Settlement policy. The client understands and agrees to the same and undertakes that it shall not hold SSL responsible for any loss or damages arising out of the same.
- (e) Notwithstanding anything to the contrary stated in this Agreement, the client acknowledges that all intra-day trades shall be closed out by SSL on the same day and at such time as decided by SSL without prior instructions from the client.
- (f) Client authorizes SSL to use his/her discretion to buy, sell or close out any part or all of the contracts held in the client s account with SSL, in case of any default by the client . The client agrees to reimburse any or all such incidental expenses incurred by the SSL.
- (g) The client authorizes SSL to use his/her discretion to buy, sell or close out any part or all of the contracts held in the clients account with SSL for the protection of SSL, in case of any default by the client. The client agrees to reimburse any or all such incidental expenses incurred by SSL.
- (h) In the event of failure of the client to fulfill his obligations to SSL, the Derivatives Segment or the Clearing House(s), the clients position may be closed out and the money, if any, of the client available with SSL, the Derivatives Segment or the Clearing House(s) may be adjusted against the clients liabilities / obligations.
- (i) In the event of death or insolvency of the client or his/her otherwise becoming incapable of receiving or paying for or delivering or transferring securities, SSL may close out the transaction of the client and the client or his legal representatives shall be liable for any losses, costs and be entitled to any surplus which may result thereof.

## 2. SETTLEMENT :

### 2.1 PAYMENT:

#### (a) Time of Payment:

- (i) The client shall make all remittances to SSL (i.e. payment for all purchase transactions plus taxes, brokerage, handling charges and depository related fees and transaction fees of SSL) by the value date for each transaction. Value date of all purchases will be one working day prior to the date of pay-in announced by Exchange or its Clearing Corporation.
- (ii) SSL shall remit funds to the client (i.e. payment for all sale transactions less taxes, brokerage, handling charges and depository related fees and transaction fees of SSL), less any amounts deducted for shortages by the value date. The value date for all sales will be date of pay-out announced by Exchange or its Clearing Corporation.
- (iii) If the client makes both sales and purchases during a settlement cycle on the same Exchange, the amount due from and to the client shall be netted off and only the difference shall be payable by or to the client.

#### (b) Mode of Payment:

No cash payment will be received from/ made to the client as per SEBI/ Exchange/ Income Tax/ PMLA Regulation, guidelines, circulars, etc. Accordingly SSL will not be held responsible for any claim of receipt/ payment in cash by client from/ to SSL. In case of a purchase transaction, the Client shall remit funds within the time period provided in above Clause (a) (i) to SSL in any of the following ways:

- (i) Authorized electronic lien / transfer of funds from Clients Bank Account to SSL's bank account in the Designated Bank; or
- (ii) Account payee crossed cheques drawn on designated bank or any other bank with which the Client maintains a regular account, proof of which is provided at the time of payment.

- (iii) In the case of sub-clauses (i) credit will be given to the client trading account only after due authentication by SSL, however Client has to intimate SSL immediately after making payment. In the case of (ii) credit will be given only on receipt of clear funds.
- (iv) Payment referred to in sub-clauses (a) & (b) shall be accepted only from clients designated bank account.
- (v) Any other mode as acceptable to SSL, from time to time.

The client agrees to pay Rs.250/- to SSL in case if the cheque deposited by client is bounced/ uncleared /rejected due to any reason. The same shall be deducted from the clients ledger account held with SSL.

**(c) Default in Payment:**

- (i) The Client agrees that SSL may set off his/ her credit balances on Exchange against the debit balances in one or more accounts of the client in relation to the Exchange and segments of the Exchange.
- (ii) Notwithstanding anything contained in these presents, any amounts which are overdue from the client towards trading either in the cash or derivative segments or on account of any other reason the client will be charged delayed payment charges at the rate of 2% per month or such other rate as may be determined by SSL.
- (iii) The client hereby authorises SSL to directly debit the same to the account of the client at the end of each month.

**2.2 DELIVERY OF SHARES:**


**(a) Time of Delivery:**

- (i) The client hereby agrees to ensure that before selling any shares, he has the same in hand. Any loss arising of auction / closeout on account of shares not cleared in SSL's account will be borne by the client. The client also agrees to bear any loss arising out of auction due to incomplete/ illegible/ unclear/ instructions and instructions not received on time.
- (ii) The client shall deliver shares to SSL for all sale trades due for settlement, on or before the trade settlement day. The settlement day for all client sales will be the pay in day less one day, where the pay in day is specified by the Exchange /Clearing House, which will be passed on to the client.
- (iii) SSL shall deliver shares purchased by the client on the trade settlement day, however SSL is not obliged to deliver any securities to the client unless and until the same has been received by SSL from the clearing corporation/ clearing house or other entity liable to deliver securities. The settlement day for all client purchases will be payout day, where the pay-out day is specified by the Exchange/Clearing House for the relevant settlement period.
- (iv) SSL shall not be obliged to release any securities to the client until the Client has satisfactorily discharged all its payment obligations or other obligations under this Agreement.

**(b) Bad Delivery of Shares:**

- (i) If SSL sells any Securities and/ or other product at the instruction of the client or in the event that the Client fails to deliver to SSL any securities and/ or other product that SSL has sold at its instruction, SSL is authorized to borrow or otherwise obtain the Securities and/ or other product necessary to enable SSL to make delivery, and the client agrees to be responsible for any cost or loss that SSL may incur including the cost of borrowing and/ or obtaining the securities and/ or other product. However defaulting client will not be eligible for any profit on account of this. Exchange shortage quantities will be settled after the due auction buy-in process at the Exchange. All auction shortage closeout debits received from the Exchange will be borne by the client.
- (ii) The client shall reimburse SSL for all costs incurred in the auction procedure.
- (iii) SSL shall not be liable for any loss incurred by the client due to wrong transfer of shares.

I have fully understood the guidelines herein above and do hereby agree as to the validity, enforceability and applicability of any provision/ clauses in this document as applicable to my trading account.

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