

POLICIES AND PROCEDURES

This document contains the general policies and procedures adopted by Peerless Securities Limited in line with SEBI directives as per Circular No. MIRSD/SE/Cir-19/2009 dated 3rd December, 2009, which will have a bearing on the client's dealings with Peerless Securities Limited (PSL) and vice versa. **Client is requested to take note of the following policies and procedures before placing orders for security trading:**

a) Refusal of Orders for penny stocks:

Penny stocks are illiquid stocks generally of small companies and such stocks are traded infrequently and generate very low volume. Details of illiquid stocks are circulated by the Stock Exchanges every month in their websites.

Clients may note that Peerless Securities Limited will not encourage trade in penny stocks and as such order received from client for buy of such stocks or intraday trading will be referred by the concerned Branch to the Head Office of PSL and approval of allowing such trade or otherwise will be conveyed to the Branch after the matter is examined at the appropriate level. The decision will essentially rest on the financial position, back ground, trading history of the client and the stock. Client as a matter of right cannot expect trading rights in penny stocks/illiquid stock and if allowed there should be 100% margin available in client's account. The list of selective style of securities will be displayed in PSL's website from time to time.

b) Setting up client's exposure limit:

It is the policy of PSL to set down rules and modalities for setting up exposure limits for its clients. Exposure limits are set taking into consideration the market volatility, risk perception about the trading client, and availability of shares in client margin account. The exposure limit is set as an integer of the clear balance available for the client, viz. balance in the trading account and value of shares held in Margin/Hold-on accounts after appropriate hair-cuts and such limits may vary from client to client depending on the risk perception and value of clients. Depending on the market dynamism exposure limit may undergo change even during a day.

c) Applicable Brokerage Rate:

The brokerage rates are fixed at the time of opening of trading account and the rates at which brokerage is to be charged are mentioned in the account opening form. Same brokerage rate may not be applicable for all clients as the rates have relevance on the risk perception about the client and the volume of trade. It may, however, be noted if for any reason brokerage rate is revised upward, this will be done with prior intimation to the client and the rates would be maintained within the permissible ceiling rates prescribed by the Stock Exchanges.



d) Imposition of penalty/delayed payment charges:

It may be noted that PSL has the right to charge penalty/delayed payment charge in the event of client's failure to make payment against purchase of shares within the stipulated period i.e. T+2 day and for any outstanding debit balance in his trading account. The discretion to levy such charge in the trading account, at a rate not exceeding 2% per month, will solely rest with PS without any reference to the client.

e) The right to sell clients' securities or close client's positions without giving notice to the client on account of non-payment of client's dues:

Payment for purchase of security has to be made by the client through account payee cheque only from the declared bank a/c of the client favoring Peerless Securities Ltd. by T+1st day but not later than the due date for paying of funds to the concerned exchange. No third party cheque is acceptable. Client should arrange for deposit of such cheque well in advance as the date on which clear fund available in the bank account of PSL that would be treated as the date of having received the payment although a receipt may be issued at an early date for the cheque given by the client. PSL would present the cheques in clearing and would not be responsible for any delay due to clearing in the banking system.

The client should note that in the event of his failure to make payment price of securities purchased through PSL and the relative brokerage/Security Transaction Tax and other charges before the pay-in-date notified by the exchange from time to time, PSL can sell the securities at any time on the Exchange without giving any prior intimation, either verbal or in writing, to the client. Client is expected to honour all his obligations promptly to avoid such situations.

Further, if payment / securities towards the Margin or shortfall in Margin is not received instantaneously to enable restoration of sufficient Margin in the Client's account, all or some of the positions of the Client as well as the Securities of the Client in the possession or control of PSL may be liquidated by PSL at its sole discretion, without any reference or prior notice to the Client.

The resultant or associated losses that may occur due to such squaring off or sale of such securities shall be borne by the Client, PSL will remain fully indemnified and held harmless by the Client in this behalf. Such liquidation or close out of positions shall apply to any segment in which the client will do business with PSL.

f) Shortages in obligations arising out of internal netting of trades

In case, in any settlement, where both the purchase and sale position for any scrip are limited between two or more clients of PSL only, and the net position to the concerned Exchange in that settlement and for that scrip is .NIL; in such a situation if there is any short delivery then the resultant auction position will be inter client since both legs i.e. the party delivering short and the corresponding purchaser are both PSL's client.

In such circumstances the position of both the clients would be squared off by taking exchange auction price for that particular securities for that particular settlement, and if the same is not available, then the previous day's closing price may be considered for the purpose and steps will be taken to protect the buyer's interest.



g) Conditions under which a client may not be allowed to take further position or the broker may close the existing position of a client

A client is not allowed to take further position or the existing position of a client can be closed on the following conditions:

- 1) If the ledger of a client shows continuous debit balances.
- 2) If there is erosion in the available cushion during the day- for example, if there is drop in available margin value by more than 50% the client may be refused to take any further position in cash segment against the same margin and existing positions in F&O segments may be closed out.
- 3) If the margin deposited by the client is insufficient vis-à-vis the exposure assumed by the client.
- 4) If the dues are not settled by the client.
- 5) If the exchange is not allowing any further position in that scrip.
- 6) If broker's limit of taking exposure in that particular scrip comes to an end
- 7) Any other reasons as considered prudent by PSL. By way of illustration these may be irrational/illogical behaviour of the client by which the working atmosphere of the branch of PSL may be affected, false and unfounded allegations which have a bearing on PSL's reputation brought by the client etc.

h) Temporarily suspension or closure of client's account at the client's request:

The account of the client shall be suspended /closed on receipt of written request from the client, provided there are no dues from the client. For accounts suspended on the client's request, the same can be reactivated only after receiving a written request for the same from the client.

i) Deregistration of a client:

A client shall be deregistered upon fulfillment of the following conditions:

- a) On receipt of the specific request from the client to deregister himself and to close his accounts, provided there are no dues from the client to PSL.
- b) On account of breach of terms and conditions of the agreement by the client.
- c) On account of any action taken by SEBI/Stock Exchange/ any other authority against the client thereby debarring him from accessing the securities market.

Deregistration will be done after effecting full and final settlement of the accounts and securities of the client.

