

## POLICIES AND PROCEDURES

### POLICY ON PENNY STOCKS

**Definition:** Any stock which is trading on a stock exchange at a price less than the face value is defined as a penny stock. Further, such stocks can be fundamentally weak in terms of net worth, sales, market capitalization and/or profitability and may have violated provisions of the Listing Agreement of the exchange in which they are listed or have large number of investors complaints pending against them. Geojit will have the right to refuse execution of trades in the above stocks. List of penny stocks is available in the customer care site.

Further, as per SEBI circular CIR/MRD/DP/6/2013 dated February 14, 2013, clients are requested to note the penalty criteria for certain trades in periodic call auction:

Penalty for trades in periodic call auction:- In the event where maximum of buy price entered by a client (on PAN basis) is equal to or higher than the minimum sell price entered by that client and if the same results into trades, a penalty shall be imposed on such trades. The penalty shall be calculated and charged by the exchange and collected from trading members on a daily basis. Trading members will recover such penalty from clients.

### BROKERAGE RATE

Refer tariff sheet for brokerage and other charges.

### EXPOSURE SETTING

Geojit has absolute discretion in setting the exposure limit of a client.

Exposure varies from time to time and it is depending upon the net cash & collateral available in a client's trading account.

Geojit reserves the right to withdraw the exposure limit of a client at any point of time, without any further notice, if there are any dues/margin shortage in the client's account.

Exposure will be updated on clearance of cheque for both online and offline accounts. However, cheques that are not cleared within four days of entry in back office will be cancelled.

Holdings can be sold if the shares are lying in client's beneficiary account of Geojit DP/any other demat account of the client linked to the trading account with Geojit and can be sold without any additional exposure .

100% credit balance is required in the trading account for trading in Trade-to-Trade scrips and other select stocks.

Geojit has the absolute discretion to set Margin requirement limits for every trade.

Margin requirements are set based on our Risk Management measures and Market conditions.

For trades in Equity segment, Margin is based on the security selected. This is made available in the Trading terminal.

For trades in Derivative segment, Upfront Margin is based on SPAN + Exposure margin as followed by the Exchanges.

The Margin requirement may vary based on Market conditions and our Risk Management policy.

Out station cheques shall not be accepted.

Do not execute trade in banned scrips/contracts.

### **CLOSING OUT OF POSITIONS**

If shares purchased by clients are pending in Geojit's pool account due to non-payment of funds, such shares will be sold to the extent of amount due, at any point of time after settlement pay-in time stipulated by exchange.

In case of online accounts, shares will be sold at any point of time, if payments are not received before the settlement payin time stipulated by exchange.

In cash segment, if total debit % in the client's account is greater than or equal to the stipulated % of the total collateral, then the existing positions will be sold.

In the F&O segment, if there is no sufficient margin , the open positions will be squared.

If there is any position taken during the banned period, such position will be square off any point of time without further notice.

Geojit reserves the right to square off any position taken without sufficient margin at any point of time without any further notice.

Geojit reserves the right to square off existing positions if cheques received against these are dishonoured.

Geojit reserves the right to invoke pledged shares to cover MTM losses.

In addition to above points, for online accounts, there will be auto square off of shares purchased in 'margin' for intraday trading. The timings of auto square off will be displayed on the internet trading website.

Geojit reserves the right to close the positions or sell the securities and the shares available as holdings to recover the outstanding dues.

### **IMPOSITION OF PENALTY/DELAYED PAYMENTS**

Any amounts which are due from the Client to Geojit towards trading and or investments in any of the segments /exchanges or otherwise or on account of services availed or to any of Geojit's group or associate companies will be charged delayed payment charges at such rate per month as may be determined by Geojit from time to time.

The Client hereby agrees and authorises Geojit to directly debit the same to the account of the Client.

The Client agrees that if payment is delayed by the Client, the value of which may be greater than the dues by the client to Geojit may suspend fully or partially access to all or any of the Products and/or Services or take legal action or any such action as it may deem fit.

The rate of such charges is presently fixed as 24% p.a. and any change to the same shall be intimated to the client in the manner provided herein.

If there is any position taken during the banned period, penalty if any, will be debited to client account.

## **SHORTAGES IN OBLIGATIONS ARISING OUT OF INTERNAL NETTING OF TRADES**

If a client fails to make timely delivery to Geojit in respect of the shares or securities sold by him as notified by the Exchange from time to time i.e., in case of short delivery, 150% of the short sell amount will be deducted from the ledger while calculating Initial buying power till the settlement and the said un-discharged obligation on the part of the client shall be subjected to close out or auction in accordance with the rules and regulations of the Exchange. The loss, if any, on account of such close out or auction shall be debited to the account of the client. Under such cases, no further claims shall lie between the client and Geojit.

In case of an internal shortage situation within Geojit, i.e. the buyer and seller are both Geojit clients and the seller defaults in delivery due to which the buyer may not receive the shares, firstly the defaulting seller would be debited 150% of the short sell amount for the default till such time the Settlement/auction process is completed, secondly defaulting sellers are allowed to purchase the shares from the normal market on T+1 day and provides the shares to the buyer, on receipt of the delivery. The defaulting seller would be debited statutory costs and other incidental charges including penalty for non-delivery.

In case of shares purchased by client where no delivery was timely effected as required under the Rules and Regulations by the Exchange the short delivery will be closed-out by Geojit in accordance with the Exchange procedure and the credit on account of such close-out or auction shall be made to the account of the client. Under such cases, no further claims shall lie between the client and Geojit.

In case where shares are not purchased on T+ 1 Day , the position would then be closed out on the closing price of the exchange auction day + 10% (If rate is increasing daily till auction day, it will be 20%) or settlement high whichever is higher.

In case of securities being de-listed/suspended from trading / unable to buy on account of corporate action, Geojit will close out internal shortages with closing price of the exchange auction day + 10% or settlement high whichever is higher. (credit to buyer & debit to seller).

## **SUSPENDING/CLOSING/DEREGISTERING OF ACCOUNT**

In all cases of non-payment, fraud, malpractice, violation of rules and regulations by the client, or if the continued association with the client is prejudicial to the interest of Geojit and the market in general, at the absolute discretion of Geojit, the account shall be suspended or cancelled or the client shall be deregistered with or without notice of 30 days or of a lesser tenure as the case may be. Accounts may be temporarily suspended or closed at the request provided the client gives a written request for the same.

## **TREATMENT OF INACTIVE ACCOUNT**

All active trading accounts where the demat account is not with GEOJIT and where there is no single transaction in any of our products for the last three years, will be changed to INACTIVE mode. In cases where the demat account is with us and there is no single transaction for the last five years in any of our products the account will be changed to inactive mode. Payments /fees received /KYC updations will also be considered as a 'transaction' as it indicates an activity performed by the client.

For reactivation of accounts, such clients will have to submit a reactivation request by mail or letter along with KYC updation.