

## POLICIES & PROCEDURES

This document outlines various policies and procedures framed and followed by Narnolia Commerze Limited (NCL) with respect to its dealing with its clients as a member of Multi Commodity Exchange of India Limited (MCX), National Commodity & Derivatives Exchange Limited (NCDEX) (collectively hereinafter referred as "The Exchanges").

The policies and procedures as stated herein below are subject to change from time to time depending upon regulatory changes, risk management framework, other market conditions, etc.

The said policies and procedures and any revision/updation in the same from time to time is/will be available at the Company's website.

### 1. Setting up the client's exposure limits

While setting up the exposure limits for and on behalf of the clients, NCL broadly takes into consideration the regulatory requirement, client profile, internal risk management policy, market conditions, etc. Considering the said parameters the exposure limit for a client would be set up as follows:

- Exposure limits to the client will be provided based on the available margin in the client's broking account maintained with NCL.
- The exposure limits will be as decided by NCL from time to time and may vary from client to client.
- On a case-to-case basis NCL, at its discretion, may allow higher exposure limits to the client.
- NCL reserves the right to withdraw clean exposure limit granted to the client at any point of time at its discretion. The client cannot raise any concern/dispute for the same.
- Available margin for the purpose of granting exposure is calculated as a sum of free credit balance of the client in NCL's books, margin in the form of funds, securities, bank fixed deposit, bank guarantee, etc. of the client available with NCL.
- The choice of the securities to be considered as margin shall be determined by NCL at its discretion from time to time and the client shall abide by the same.
- While granting the exposure limit, margin in the form of securities will be valued as per the latest available closing price on NSE or BSE after applying appropriate haircut as may be decided by NCL at its discretion.
- NCL may from time to time depending on market conditions, profile and history of the client, type and nature of scrip, etc., at its discretion charge/change the rate of haircut applicable on the securities given as margin, multiplier for granting exposure and take such steps as NCL may deem appropriate.
- The Client will have to abide by the exposure limit set by NCL.

### 2. Applicable Brokerage Rate

For rendering the broking services, NCL charges brokerage to the client. The Brokerage rate will be as per the terms agreed with the client at the time of client registration. The brokerage rate will be communicated to the client by way of Welcome letter sent to him. The client shall verify the welcome kit and revert within 30 days in case the brokerage rate is not as per the terms agreed.

The brokerage rate may be varied in future as agreed between the client and NCL either in writing or orally from time to time. In case of oral agreement, if the brokerage is charged at such revised rate in contract note subsequent to revision and the client does not raise any dispute on such brokerage within a reasonable time then the same will be considered as consented by the client.

The brokerage rate at no point of time will exceed the rates as may be specified by the Exchanges/SEBI from time to time.

The brokerage will be exclusive of the following except in cases where it is agreed otherwise:

- GST (Goods & Services Tax)
- Securities Transaction Tax (STT) / Commodities Transaction Tax (CTT).
- SEBI/ Exchange/ Clearing member charges/Stamp duty.
- Statutory charges payable to Exchange/SEBI/Govt. Authorities etc.
- Any other charges towards customized/specialized service.

### 3. Imposition of penalty/delayed payment charges by either party, specifying the rate and the period.

#### Impositions of Penalties

The Exchanges/Clearing Corporation/SEBI levies penalties on the broker for irregularities observed by them during the course of business. NCL shall recover such imposed penalties/levies, if any, by the Exchange/regulators, from the client which arise on account of dealings by such client. Few of the examples of violations for which penalties may be levied are as follows:

- Short deliveries by the client

- Non adherence to client level exposure limits;
- Short margin reporting;
- Any other reasons which may be specified by the Exchanges/Clearing Corporation/SEBI from time to time.

Such recovery would be by way of debit in the ledger of the client and amounts would be adjusted against the dues owed by NCL to the clients.

#### **Delayed payment charges**

It is the responsibility of the client to ensure that the required margins (including but not limited to initial margin, mark to market and/or other margins), any outstanding settlement obligations and/or any other dues payable to NCL are paid within the time stipulated by the Exchange/NCL, whichever is earlier. For the purpose of calculating required margin, there should be adequate percentage of cash margin and non-cash margin as prescribed by the exchange from time to time. Further, stock margin shall be calculated on the value of stock after appropriate haircut of stocks as per NCL's haircut. In the event the client defaults in meeting his/her/its above obligations towards NCL and maintain any debit balance/Margin shortfall/shortfall in Cash Margin in NCL's books beyond the stipulated time period, there shall be deployment of funds/securities by NCL. In such a situation NCL shall have absolute discretion to charge and recover from the client's account, delayed payment charges at such rate (not exceeding 24%)/manner/interval as may be determined by NCL from time to time for the delayed period on the deficit amount. The delayed payment charges is only a penal measure to deter the client from delaying the payment. The client should not construe it as funding arrangement. The client cannot demand continuation of service on a permanent basis citing levy of delayed payment charges. The client will not be entitled to any interest on the credit balance/surplus margin available/kept with NCL.

#### **4. The Right to sell client's securities or close client's positions on account of non-payment of client's dues.**

The client need to furnish adequate margin as specified by NCL from time to time at its sole and absolute discretion. It shall be the client's responsibility to track margins/ obligations and to ascertain in advance the margin requirement for his / her / its order/trades/deals and to ensure the required margin is made available to NCL in such form/manner/time as may be required by NCL whether or not any margin call or such other communication to that effect is sent by NCL to the client. The margin will have to be paid within the time frame stipulated by the Exchange or NCL, generally in case of fresh positions upfront, in case of mark to market and/or any other additional margins on same day or before the commencement of trading on next day and in case where the Exchanges levy and/or increase any margin required during the day, immediately upon levy and/or increase in any such margin.

The Client shall fulfill all his/her/its settlement obligations and/or other liabilities within the time frame stipulated by the NCL or the Exchanges.

In case the payment of the margin/ security is made by the client through a bank instrument, NCL shall be at liberty to give the benefit/ credit for the same only on the realization of the funds from the said bank instrument etc. at the discretion of NCL.

Without prejudice to its other rights and remedies available under the member client documents executed/to be executed by and between the client and NCL or at Law, NCL shall be entitled, in its discretion, to liquidate/close out all or any of the client's open/outstanding position, sell the client's securities available with NCL at any time to recover its dues in the following circumstances:

- If the client fails to pay any margin, settlement obligations and/or other liabilities due to NCL within the stipulated time frame;
- fifty percentage / such higher percentage as may be fixed by NCL, of available margin at any time or circumstances arise or are likely to arise which may in the opinion of NCL, jeopardise its interest and expose it to any financial loss or damage.
- In case client is allowed extra exposure on intraday basis, the position may be liquidated as above at any time on mark to market (MTM) loss reaching or crossing fifty percentage/higher percentage as may be fixed by NCL, of available collateral after specified haircut or half an hour / lesser time as may be allowed by NCL prior to the close of the normal market, whichever is earlier.

The value of stock margin shall be determined after applying appropriate haircut rates as approved and amended by NCL from time to time. The margin requirement as determined by NCL shall be final and no question shall be raised about the same. NCL shall be free to change the margin requirement, haircut of stock margin depending upon the market volatility and other future market situation and no question or objection shall be raised for increase in such margin requirement or reduction in the value of collaterals.

Any and all losses (actual or notional), financial charges, damages on account of such liquidation / sell /close-out/ non-liquidation / extension or waiver granted for liquidation shall be borne by the client only.

**5. Shortage in obligation arising out of internal netting of trades.**

In case the client fails to deliver the commodities against his obligation within pay-in-time and there is no market obligation in that particular commodity, (i.e. in case of internal client's to clients' positions) the account of the client who defaulted to deliver the commodities is debited with an amount as decided by NCL from time to time and correspondingly a credit of same amount is given to the client who had purchased the commodities but did not receive the delivery due to default in delivery by other client.

This policy is applicable only for the internal shortage i.e. Client to client position and is not applicable in the cases where the commodities are received short from the exchange itself.

**6. Conditions under which the client may not be allowed to take further positions or NCL may close existing position of a client**

An illustrative list of circumstances in which NCL may not allow the client to take further positions or may close/liquidate a part or whole of the existing position of the client are as follows:

- Failure by the client in providing sufficient / adequate margins and / or insufficient / inadequate free credit balance available in clients' broking account with NCL;
- If the client fails to deposit the margin/additional margin by the deadline or if an outstanding debt occurs in the Client's brokerage account with NCL beyond the stipulated time period.
- If the client fails to maintain the requisite margin in such form and manner as may be specified by NCL from time to time.
- Settlement obligations are not paid by the client within the time frame allowed by the Exchanges or as per the norms specified by NCL from time to time.
- Illiquid Contract/Options,
- Trades which apparently in the discretion of NCL seems to be Synchronized trades / Circular trading/Artificial trading/manipulative in nature, etc.;
- Contracts banned by the regulatory authorities;
- Any ban imposed on the client by the regulatory authorities;
- Where name of the client apparently resembles with the name appearing in the list of debarred entities published by SEBI/Exchanges (where the information available for the debarred entity (other than name) is not sufficient enough to establish that the client and such debarred entity are one and the same);
- The client fails to furnish documents/information as may be called for by NCL from time to time as per regulatory requirement and/or as per its internal policy.
- In the event of death or insolvency of the client or the client otherwise becoming incapable;
- Where due to adverse movement in the prices of contracts in which the client has position, the chances of the account of the client going uncovered or unsecured i.e. Not backed by any kind of margin arises.

NCL will not be responsible for any opportunity loss or financial loss to the client in the event any action taken by it under this policy.

**7. Temporary suspending or closing client's broking account at client request**

A client who wishes to temporarily suspend or close his/her/its broking account can do so by submitting a written request or by email (through email id registered with NCL) in the form and format as may be prescribed by NCL. The request can be submitted to the servicing branch or the head office of NCL. Prior to submission of such request the client should ensure that all amounts due and payable to NCL are paid. Requests from a client where no dues are outstanding would be processed within 10 working days from the date of receipt of the request.

If the client wants to activate the broking account then a request for reactivating the broking account should be sent in writing/via email (through email id registered with NCL) to NCL along with such documentary evidence as may be specified by NCL from time to time.

**8. Deregistering a client**

Without prejudice to NCL's rights and remedies as mentioned in Rights & Obligations document, NCL may forthwith, at its discretion, de-register the client in the following circumstances:

- i) Where the client indulges in any irregular trading activities like synchronized trading, price manipulation, trading in illiquid options / contracts, self trades, trading at prices significantly away from market prices, etc;
- ii) Any enquiry/investigation is initiated by the Exchanges/regulators against the client;
- iii) Any regulatory action taken/initiated against the client by the Exchanges / regulators including but not limited to debarring the client from accessing the market;
- iv) Where name of the client apparently resembles with the name appearing in the list of debarred entities published by SEBI/Exchanges (where no information other than name is available);

- v) On the death/lunacy or other disability of the Client;
- vi) If a receiver, administrator or liquidator has been appointed or allowed to be appointed of all or any part of the undertaking of the Client;
- vii) If the Client has voluntarily or compulsorily become the subject of proceedings under any bankruptcy or insolvency law or being a company, goes into liquidation or has a receiver appointed in respect of its assets or refers itself to the Board for Industrial and Financial Reconstruction or under any other law providing protection as a relief undertaking;
- viii) If the client being a partnership firm, any steps has been taken by the Client and/or its partners for dissolution of the partnership;
- ix) Name of the client appears in database/website of CIBIL, Watch Out Investors, World check, UN List etc;
- x) The client having suspicious background or link with suspicious organization; Where the client is non-traceable, has pending disputes with NCL, possibility of a default by the client;
- xi) any other circumstances leading to a breach of confidence in the client for reasons like return of undelivered couriers citing reason of "NO such person / Addressee left/ Refusal to accept mails, etc.", continuous cheque bouncing, or not furnishing the financial and other details as may be called for by NCL from time to time, etc.;
- xii) Such other circumstances which in the opinion of NCL warrants to de-register the client.

In all such cases, NCL shall have the right to close out the existing open positions/contracts, sell/liquidate the margin (in any form) to recover its dues, if any, before de-registering the client. Any action taken by NCL in terms of this policy shall not be challenged by the client, and NCL shall not be liable to the client for any loss or damage (actual/notional), which may be caused to the client as a result. Also while deregistering the client, NCL may retain certain amount/securities due/belonging to the client for meeting any future losses, liability, penalties, etc., arising out of dealing of the client with NCL. In case if any securities retained by NCL is sold/liquidated to recover any such losses, liability, penalties, etc., NCL shall have the authority to decide the mode, manner and the price at which to effect the sale of securities and the client cannot raise any dispute as to the manner, mode and the price at which the securities are sold by NCL.

In any of the above circumstances, if the client is able to justify his/her/its innocence either by producing any record, document or otherwise to the full satisfaction of NCL, NCL may reconsider its decision of de-registering the client. However in no circumstances any action taken by NCL till the date of re-registration shall be challenged by the client and NCL shall not be liable to the client for any loss or damage (actual/notional), which may be caused to the client as a result.

#### 9. Policy for Inactive clients:

Any client who has not traded with the Company for last 12 months across all exchanges or subject to such conditions as may be prescribed by SEBI/exchange/Company from time to time would be termed as Inactive Client.

The inactive account shall be flagged as "Inactive" and further trading by such clients shall be activated only after undertaking due diligence (including In Person Verification) and obtaining updated information related to KYC from the client. The funds/securities of the inactive client shall be settled in the manner prescribed. In case of non-traceability of client, every effort shall be taken to trace the clients to settle their funds and securities. However, in case the clients cannot be traced inspite of all efforts taken, then the funds/securities of such clients shall be set aside in a separate client bank/client collateral demat account and an audit trail for funds/securities transferred from/to such bank/demat account shall be maintained. In case of receipt of any claims from such clients, the settlement of accounts shall be done immediately by making the payment/delivery to the respective client's.

#### Client Acceptance of Policies and procedures stated herein above: -

I/We have fully understood the policies and procedures 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 policies and procedures may be amended/changed by the broker, provided the change is informed to me/us through anyone or more means or methods such as post/speed post/courier/registered post/facsimile/telegram / cable/e-mail / voice mails / telephone including SMS on the mobile phone / by messaging on the computer screen of the client's computer or any other similar device.

Signature of the Client 

