

**POLICIES AND PROCEDURES FOR CLIENT DEALINGS WITH LIBORD BROKERAGE PVT. LTD. (LBPL)**

**a. Refusal of orders for penny stocks/illiquid commodities future contract**

Although, the term 'Penny stock' has not been defined by any Stock Exchanges or SEBI a penny stock generally refers to a stock which has following mentioned characteristics:

- Has small market capitalization;
- Trades at a price less than its face value;
- Has unsound fundamentals;
- Is illiquid (A list of illiquid securities is jointly released by the Exchanges from time to time.)

LBPL recognizes that it is client's privilege to choose shares in which he/she would like to trade. However, LBPL like to have special attention to dealing in 'Penny stocks' to this end,

- LSBPL shall have the absolute discretion, from time to time, to refuse/partially refuse to execute any client's orders in penny stocks/illiquid options/writing of options/far month options, and such commodities not in demat form, commodities which are not on the permitted list of the Member/Exchanges/SEBI and/ or appear under illiquid commodities declared by the exchange(s) without assigning any reason for the same.
- Any large order for purchase or sale of a "Penny stocks" may be referred to Head - Dealing, before such orders can be put in the market for execution.
- Clients must ensure that trading in "Penny stock" doesn't result in creation of artificial volume or false or misleading appearance of trading. Further, clients should ensure that trading in "Penny stock" doesn't operate as a device to inflate or depress or cause fluctuations in the price of such stock.
- Clients are expected not to place orders in penny stocks at prices which are substantially different from the prevailing market prices. Any such order is liable to be rejected at the sole discretion of LBPL. LBPL will not be responsible for any loss of opportunity by the client, if any, on account of the same.
- In case of sale of penny stocks, client should ensure delivery of shares/commodities to LBPL before the pay-in-date.

**b. Setting up client's exposure limit:**

- Exposure limit for each client is determined by the Risk Management Department based on Net-worth information, client's financial capacity, prevailing market conditions and Margin deposited by client in the form of funds/ securities / commodities with the LBPL. These limits may be set exchange-wise, segment-wise, & scrip-wise.
- LBPL retains the discretion to set and modify from time to time any client's exposure limit decided as above.
- The limits are determined by Risk Management Department based on the above criteria and payment history of the client in consultation with Sales Team.
- Whenever, any client has taken over or wants to take exposure in any security/ commodity/ currency, LBPL may call for appropriate margins in the form of early pay-in of shares/commodities or funds before or after execution of trades in the security / commodity / currency segment. In case of margin shortfall, the clients are told to reduce the position immediately or requested to deposit extra margin to meet the shortfall. Otherwise, LBPL may refuse to trade on behalf of such client in its own discretion.

**c. Applicable brokerage rate:**

- The applicable brokerage rate is mentioned in the Client registration form and any further changes in the brokerage rate is communicated to the client in writing.
- The maximum brokerage chargeable will not exceed as prescribed by SEBI and Exchanges.
- The client will be charged other charges such as Stamp Duty, Transaction charge, STT, CTT & GST which will be recovered on the basis of actual charges levied.

**d. Imposition of penalty / delayed payment charges by either party,**

**Specifying the rate and the period:**

- Penalty and other charges levied by Exchanges pertaining to trading of the client shall be recovered from the respective client.
- If there is delay on part of client in satisfying his/her margin obligation or settlement obligations, then, LBPL shall levy interest at the maximum rate of 2% per month or part thereof on such shortage amount for the delayed period on such client. LBPL shall recover such delayed payment charges from the client by debiting the client's

account.

- No interest or charges will be paid by LBPL to any client in respect of retention of funds/securities/commodities towards meeting future settlement obligations and in respect of running account authorizations.

**e. Right to sell client's securities or commodities or close client's positions, without giving notice to the client, on account of non-payment of client's Dues:**

- LBPL has the right to close out/ liquidate or square off any open position of the client (limited to the extent of Settlement / Margin obligation) without giving any prior notice, all or any of the client's position as well as Securities / Commodities / Collaterals placed as Margins for non-payments of margin or other lawful amounts due from such client in respect of settlement or any other dues that are recoverable from the client by LBPL. The proceeds of the same shall be adjusted against the client's trade liabilities / obligations. Any loss or financial charges on account of such close-out / liquidation shall be debited to the client's account.

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

- To determine the net obligation of a Broker (TradingMember/Trading Cum Clearing Member) for Securities / Commodities and Funds in a settlement, Clearing House does the netting of trades at the Broker level. It is possible that a Broker's net obligation towards Clearing House may be nil but due to default by one or more clients in satisfying their obligations towards the Broker, the Broker internally might have shortages to fulfil its obligation towards other client(s). In such situation, LBPL shall endeavour to collect the securities / commodities from the selling client and deliver it to the purchasing client within 48 hours of the settlement date. In case the selling client is unable to deliver the securities / commodities within 48 hours, then LBPL may attempt to purchase the security / commodity from the market and deliver it to the purchasing client. If LBPL is unable to obtain the securities / commodities from the market, then the transaction will be closed out as per the auction rate prescribed by the Exchange for that scrip / commodity and the closing amount will be credited to the purchasing client and same will be debited to the selling client.

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

LBPL shall have absolute discretion and authority to limit client's volume of business or to close any existing position of a client without giving any prior notice to the client under following mentioned conditions:

- Extreme volatility in the market or in particular scrip / commodity or in the F&O segment.
- If there is shortfall in the margin deposited by client with LBPL.
- If there is insider trading restrictions on the client.
- If there are any unforeseen adverse market conditions or any natural calamities affecting the operation of market.
- If there are restrictions imposed by Exchange or Regulator on the volume of trading outstanding positions of contracts.
- If the client is undertaking any illegal trading practice or the client is suspected to be indulging in money laundering activities.
- If LBPL has reached its limit in that scrip/commodity.
- If the clients have breached the client - wise limit.
- If the client has taken or intends to take new position in a security which is in the ban period.
- If due to abnormal shortfall in the market, if the market(s)is / are closed.

**h. Temporarily suspending or closing a client's account based at the Client's request:**

- Any client desirous of temporarily suspending his or her trading account has to give such request in writing to the management. After management's approval, any further dealing in such client's account will be blocked. Whenever, any suspended account wants to resume trading, request in writing should be made to management and management may ask for updated financial information & other details for reactivating such account. After receiving necessary documents, details etc. and approval from the management, client is reactivated & is allowed to carry out transaction.
- Similarly, any client desirous of closing his/her account permanently is required to inform in writing and the decision in this regard is taken by management. After necessary approval from the management, the client code is deactivated. Only after scrutinizing the compliance requirements and "no pending queries" confirmation is taken, securities / commodities and Funds accounts are settled.

**i. Deregistering a Client**

LBPL may, in its absolute discretion, decide to deregister a particular client. The illustrative circumstances under which LBPL may deregister a client are given below:

- SEBI or any other regulatory body has passed an order against such client, prohibiting or suspending such client from participating in the securities / commodities Market.
- Death or lunacy or disability resulting in inaction of the client.
- Breach of any term, condition or covenant of this mandatory & voluntary client registration document.
- Detection of any misrepresentation of facts by the client.
- Such client has been indicated by a regulatory body or any government enforcement agency in case of market manipulation or insider trading or any other case involving violation of any law, rule, regulation, guideline, or circular governing securities / commodities Market.
- Such client is suspected of indulging in illegal or criminal activities including fraud or money laundering.
- Such client's name appears in the UN list of prohibited entities or SEBI debarred list.
- Such client's account has been lying dormant for a long time or client is not traceable.
- Such client has been declared insolvent or any legal proceedings to declare him/her as such have been intended.
- Such client has been irregular in fulfilling obligations towards margin or settlement dues.
- Such client has a tainted reputation and any business relationship with such clients is likely to tarnish the reputation of LBPL or may act as detriment to LBPL's prospects.

Any outstanding dues in the client's account will be communicated and collected from the client and the client will be liable to pay such dues immediately on receiving such communication.

**j. Policy for Dormant In-active account:**

As per Broker's RMS policy, the account in which no transactions have taken place during the period of 6 months from the date of last transactions, the same shall be considered as Dormant/ In-active Account.

Such transaction date may relate to any of the following date, whichever is later (a) entry related to contract or bill generation for buy/sell transaction or (b) entry related to payment of funds or securities / commodities by client or (c) entry passed by the Broker by way of JV due to any dues /obligation recoverable from client including but not limited to auction charges, any penalty amount whether or not imposed by Exchange or SEBI or other Authorities etc.

In order to reactivate the account, the client shall have to make a written request for reactivation of his trading account with recent proofs & any upgradation in the KYC form.

**k. Return of clients assets:**

When a client is declared inactive all the securities / commodities of the client are transferred to the Demat account of the client. The funds payable to the clients shall be returned to the client. If for any reason, the funds and securities / commodities of the clients cannot be transferred to the client's Bank account or the Demat account then the same shall be transferred into a separate account of the LBPL. The funds and securities / commodities shall be held in the separate account until the time LBPL hears from the client or his / her representative.

**l. Client Acceptance of Policies and Procedures stated hereinabove:**

- I/we have clearly understood and agree to abide by aforesaid policies and procedures.
- I/we also understand and agree that these policies and procedures can be changed by LBPL from time to time subject to posting of the amendments and modification therein on its website. The changes will be done with the consent of the client proceeded by notice as per applicable laws rules & regulations of Exchange/SEBI and their applicability with prospective effects.

Client's Signature  \_\_\_\_\_

Place \_\_\_\_\_

Date \_\_\_\_\_