

## Annexure D

### POLICIES AND PROCEDURES :

The underlying document outlines various policies and procedures of **SKY COMMODITIES INDIA PVT. LTD.**, has framed with respect to its dealing with clients for capital market transactions to ensure transparency and facilitate understanding on various aspects related to service delivery. Kindly note that the below stated policies and procedures are subject to change from time to time depending on the market and external environment and clients can refer our Website for the updated documents.

#### 1. Refusal of orders for Penny / Illiquid Stocks:

The client is required to adhere to Exchange / Members guidelines and due diligence while trading in such stocks. Also SEBI / Exchange from time to time issues directives necessitating additional due diligence for dealing in such stocks.

We at our sole discretion, may impose certain restrictions / conditions (on case to case basis) subject to rules, regulations, bye-laws, circulars, directives and guidelines of SEBI and Exchanges as well as considering the prevalent market and other circumstances and risk policies at a related point in time. These restrictions / conditions include but are not limited to the following:

- a) Restrict wholly / partly for trading, in certain security or category of securities:
  - \* Illiquid stocks / stocks having low liquidity
  - \* Illiquid Options / far month options / long dated options
  - \* Writing of Options
  - \* Any other securities / contracts are volatile or subject to market manipulation or has concentration risk at client level or at the company level.
- b) require the client to provide appropriate declarations before / after accepting such orders.
- c) accept or partially accept an order for buy and / or sell. Such acceptance may require execution in a controlled environment (for e.g. from centralized desk instead of from designated dealing area or online platform)
- d) cancel orders in above securities / contracts received from clients before execution or after partial execution without assigning any reasons thereof.
- e) we shall not be responsible for non-execution / delay in execution of such orders and consequential opportunity loss or financial loss to the client.
- f) have the discretion to place such restrictions, notwithstanding the fact that the client has adequate credit balance or margin available in his account and / or the client had previously purchased or sold such securities / contracts through us.

#### 2. Setting up of Client's Exposure Limit:

The Exchange bye-laws requires a member broker to adhere to various trading and settlement obligations and conditions which include but are not limited to

- \* Upfront Margin maintenance requirements with the Exchange / Clearing Corporation prior to taking an exposure in the market
- \* Cash and Collaterals / Security Deposit, in prescribed ratio, for margin maintenance.
- \* Certain margins to be paid for in cash only, e.g. mark to market
- \* Settlement obligations in respect of funds and / or securities to be honoured as per the settlement calendar prescribed by the exchange from time to time.

In order to enable SKY COMMODITIES INDIA PVT. LTD., to meet the obligation on behalf of the client, SKY COMMODITIES INDIA PVT. LTD., seeks client's co-operation to maintain adequate margin, make timely settlement of obligations, top-up margin by scheduled date, etc.,

**Exposure Setting:** Margin based limit / exposures will be set for clients for transacting in Cash , F&O, Currency and Commodity segment. While computing the available margin, clear credit lying in client's ledger and securities pledged by the client's from their demat account for which limited power of attorney is available with SKY COMMODITIES INDIA PVT. LTD., etc., may be considered.

Margin can be paid in form of cash and approved collateral. Collateral will be valued on daily basis at latest / previous day's closing price and appropriate hair-cut shall be applicable. List of approved collaterals / securities along with applicable haircut, is subject to revision from time to time depending on market volatility, quality of collateral etc.,

### 3. Brokerage Policy:

The stock broker is entitled to charge brokerage within the limits imposed by exchange which at present is as under:

#### a. For Cash Market Segment:

The maximum brokerage chargeable in relation to trades effected in the securities admitted to dealings on the Capital Market segment of the exchange shall be 2.5% of the contract price exclusive of statutory and other levies / charges e.g. 1) GST 2) SEBI / Exchange / Clearing Member charges, 3) Stamp Duty, 4) Statutory charges payable to Exchange / SEBI / Govt. Authorities etc., 5) STT 6) DP Annual maintenance charges / transaction charges / Demat / Remat / Inter- Sett. / Pledge / Unpledge etc., 7) Account Opening Charges and Charges towards customized / specialized services etc.,) It is hereby further clarified that where the sale / purchase value of a share is Rs.10/- or less, a maximum brokerage of 25 paise per share may be collected.

#### b. For Option Contracts:

Brokerage for option contracts shall be charged on the premium amount of which the option contract was bought or sold and not on the strike price of the option contract. It is hereby clarified that brokerage charged on options contracts shall not exceed 2.5% of the premium amount or Rs.100/- (per lot) whichever is higher.

### 4, Imposition of Penalty / Delayed Payment Charges:

Penalty levied by Exchanges:

Exchanges / Clearing Corporation / SEBI levy penalties on the member broker for irregularities observed by them during course of its dealing with Members. SKY COMMODITIES INDIA PVT. LTD., shall recover such imposed penalties / levies, by the Exchange / regulators, from the client which arises on account of dealing by such client. Few examples of penalties are listed below :

- i. Auction resulting from short deliveries
- ii. Non adherence to client wise exposure limits in Cash, F&O and Currency Segment
- iii. Client wise shortfall in F &O and Currency margin (Except Initial Margin)
- iv. Any other reasons which may be specified by the Exchange / Clearing Corporation / SEBI from time to time.

#### Delayed payment charges / margin shortage charges:

As per the Exposure Limit section outlined earlier in the document, client shall maintain adequate margin / settle the obligation / top-up the margin by scheduled date. In case client fails to settle the dues in time, SKY COMMODITIES INDIA PVT. LTD., shall reserve the right to –

Levy delayed payment charges, not exceeding 2% per month, or such other rate as may be determined by the SKY COMMODITIES INDIA PVT. LTD., from time to time, on account of delays / failure by the client in meeting the pay-in / margin obligations / mark to market obligation on the scheduled date till the date of payment in Cash and / or F&O segment and/or Currency segment. Actual (Clear) Balance will be considered for computation of delayed payment charges and not the Ledger Balance.

Levy a charge for disproportionate cash versus collaterals ratio prescribed by the Exchanges for deposit of margins in F&O and Currency.

Not consider any credit balance in other family or group account of the client while computing delayed payment charges on the debit balance in the running account of a client.

The above levy is only a penal measure in case of a client default in meeting settlement and margin obligation and should not be construed as funding arrangement by the client; and the client cannot demand continuation of service on a permanent basis citing levy of delayed payment charges.

**Interest free Deposits:** SKY COMMODITIES INDIA PVT. LTD., provides exposure against the upfront margin received in the form of cash / collateral from the client and the client also has the prerogative to demand withdrawal of cash or collaterals at his discretion, subject to surplus margin in place. SKY COMMODITIES INDIA PVT. LTD., shall not pay any interest or other benefit to the client for maintaining cash balances or depositing collateral margins .

## 5. Liquidation Policy:

### **(The right to sell Client's securities or close client's Positions, without giving notice to the client on account of non-payment of dues by client)**

As per the Exposure Limit section outlined earlier in the document, client shall maintain adequate margin / settle the obligation / top-up the required margin by scheduled date. The client agrees and confirms that in case of any delay (beyond permissible time limit as per SEBI or Exchange rules, regulations, byelaws, circulars and other applicable laws / provisions) in the making the payment, SKY COMMODITIES INDIA PVT. LTD., shall have the right to sell client's securities / positions / contracts, both unpaid securities as well as collaterals deposited towards margins or securities previously purchased by the client or close out client's open positions / contracts or offset credit balance in other segment / exchange against client's obligation / debit balances / liabilities, without giving any notice to the client, as per prevalent risk policy from time to time, in circumstances including but not limited to the following:

- \* Where intraday position if any not liquidated before prescribed time or placing of fresh intraday order after a cut-off time fixed by SKY COMMODITIES INDIA PVT. LTD.,.
- \* Where client is not having adequate margins, as per conditions specified in Exposure Limit section and failure to top-up further margins.
- \* Client delays / fails to meet the pay-in obligation, mark to market dues, clearance of debit balances or realization proceeds of the cheque deposited by the client to meet obligation is not received
- \* Cheque bouncing / not honouring sale obligation by delivering shares in time or due to any reason, delays or fails in clearing outstanding dues to SKY COMMODITIES INDIA PVT. LTD.,
- \* Volume in excess of permissible internal limit cap in illiquid / penny stocks / long dated options / far month options or excessive speculative trading.
- \* Irregularities in dealing and other surveillance / anti-money laundering related observations.
- \* Client categorized as ineligible due to non-traceable, disputes, possible default by client and any other circumstances leading to raising non-confidence in client.
- \* Disputed delivery / trading position
- \* any direction from SEBI / Exchange or such other regulatory / statutory authorities.

Such liquidation may be in full or partial to the extent of shortfall / debit and securities / position / contracts selection would be at the discretion of SKY COMMODITIES INDIA PVT. LTD.,. Securities previously purchased would be used for liquidation where the sale proceeds of unpaid securities are inadequate to cover the pay-in obligations and or where the unpaid securities appear to be comparatively illiquid and cannot be sold at reasonable rates to the extent required.

After such square off of open positions as mentioned in the above clauses, if there is a debit balance, the client shall pay the same immediately. If, the client does not clear off the debit balance, SKY COMMODITIES INDIA PVT. LTD., shall have the right to liquidate the shares and other securities of the client (kept as collateral / margin) to the extent of the debit balance, without any intimation to the client. The client shall not have the right to decide on the timing of liquidation of shares and securities held in collateral / pledge and the shares and securities that needs to be sold or liquidated. SKY COMMODITIES INDIA PVT. LTD., its Directors and employees shall not be responsible for any loss or damages arising out of such selling.

## 6. Shortages in Obligation arising out of internal netting of trades:

The client may not receive shares on T + 2, in case there is an internal shortage situation with SKY COMMODITIES INDIA PVT. LTD., i.e. the buyer and seller are both SKY COMMODITIES INDIA PVT. LTD., clients and the seller defaults in delivery due to which the buyer may not receive the shares. A penalty as applicable from time to time, will be imposed on the defaulting client and the benefit will be passed on to the respective beneficiary client. Rate of penalty will be decided by member as applicable from time to time.

In case of default of securities pay-in by the client and the shortage is vis-à-vis the Exchange, auction value of the exchange and all levies as applicable shall be recovered from the defaulting client.

In case of securities having corporate actions, all cases of short delivery of cum transactions which cannot be auctioned on cum basis or where the cum basis auction payout is after the book closure / record date, would be compulsorily closed out at higher of 10% above the official closing price on the auction day or the highest traded price from first trading day of the settlement till the auction day.

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

We have margin based RMS system. Client may take exposure up to the amount of margin available with us. Client may not be allowed to take position in case of non-availability / shortage of margin as per our RMS policy of the company. Further it would be the duty of the client to monitor its position with SKY COMMODITIES INDIA PVT. LTD., from time to time. The existing position of the client is also liable to square off / close out without giving notice due to shortage of margin / non making of payment for their pay-in obligation / outstanding debits.

## **8. Suspension of trading account and Deregistering the client**

### **Suspension of Trading Account**

SKY COMMODITIES INDIA PVT. LTD., may carry a periodic review of the client accounts and may, at its discretion, suspend the clients accounts from trading in the following circumstances.

1. Where the client's status is dormant or inactive during last 6 months from the date of last transaction.
2. Where the client has not cleared the naked or uncovered debits in prescribed time.
3. Default by the client in honouring its settlement / margin obligation including cheque bouncing / auction of shares.
4. Irregular trading pattern from surveillance / AML perspective.
5. Where SKY COMMODITIES INDIA PVT. LTD., is unable to transfer the shares to the default demat account provided by the client, till the client submits the revised demat account details along with proof.
6. Where the client is categorized as ineligible due to being non-traceable, pending disputes / complaints, possible default by client and any other circumstances leading to raising non-confidence in client including return of undelivered couriers citing reason of "no such person" / addressee left / refusal to accept mails / POD's signed by the third persons etc., or Digital Contract Notes (DCN) failed (bounced email) on more than 3 instances until client submits and registers new email id or non-delivery of the statement of account sent on periodic basis or non-updation of financial and other details viz. email id, mobile no., landline details or it is found to be belonging to a third person.
7. Where the account is under investigation by any regulatory body including receipt of notice from statutory, government or local authorities including income tax, service tax, a judicial or a quasi judicial authority, or client is arrested by way of court order, police action or any other legal action.
8. Where a client is reported to or known to have deceased.
9. Where client fails to provide executed or renewed mandatory documentary requirements as prescribed by Exchanges / Regulators from time to time and or refusal to do the periodic submissions as required by Exchanges / Regulators.

### **De-registering a Client**

SKY COMMODITIES INDIA PVT. LTD., may at its discretion de-register the client account in circumstances including but not limited to the following:

- \* Action taken by Exchanges / Regulators or being part of list of debarred entities published by SEBI,
- \* Where the client indulge in any irregular activities not limited to synchronized trading, price manipulation etc., resulting in violation of rules, regulations of the exchange and any other such activity.
- \* Based on information found in sites of CIBIL, Watch out Investors or client having suspicious back ground, link with suspicious organization etc.,
- \* Irregular trading pattern from surveillance / AML perspective.
- \* Where the client is categorized as ineligible due to being non-traceable, disputes, possible default by client and any other circumstances leading to raising non confidence in client including return of undelivered couriers citing reason of no such person / addressee left / refusal to accept mails / POD's signed by the third persons etc., or Digital Contract Notes failed (bounced) on more than 3 instances until client submits and registers new email id or non-delivery of the statement of account sent on periodic basis or non-updation of financial and other details viz. email id, mobile no., landline details or it is found to be belonging to a third person
- \* Right to deregister after serving a 30 days written notice without assigning any reason thereof

In such case, SKY COMMODITIES INDIA PVT. LTD., shall have the right to close out the existing positions / contracts, sell the collaterals to recover its dues, if any, before de-registering the clients account.

#### 9. Disclosure of Proprietary Trading by SKY COMMODITIES INDIA PVT. LTD.,:

Pursuant to SEBI Circular No. SEBI/MRD/SEC/Cir-42/2003 dated November 19, 2003 SKY COMMODITIES INDIA PVT. LTD., discloses to its clients about its policies on proprietary trades. SKY COMMODITIES INDIA PVT. LTD., doesn't do proprietary trades in the cash, F&O, Currency and Commodity segments of NSE & BSE.

#### 10. Policy for Dormant / In-active account

When there is no transactions have taken place in client's account during the last 6 months from the date of last transaction, it will be considered as dormant / in-active account. If the account status is tagged as dormant / in-active account, the surplus funds or securities lying with SKY COMMODITIES INDIA PVT. LTD., shall be refunded / returned to clients to their Bank A/c. / DP Account for their Funds and Securities respectively as per details available in Account Opening Form.

#### 11. Reactivation of Trading Code:

A client's trading account will be re-activated, on submission of proof of identity (POI) along with the client's request letter where the account is suspended due to dormant / inactive status or on submission of such other information/ documents as deemed fit by SKY COMMODITIES INDIA PVT. LTD.,.

#### 12. Handling of Good Till Cancelled (GTT) Orders offered by Members to Clients:

GTT order<sup>7</sup> is a feature which allows a Client to place an order when a price hits a threshold set by the Client. Also, client can set a stop loss and target for such orders. Once the condition as per set price threshold is met, the order as per the price threshold set by the Client will be placed on the Exchanges. The validity of the trigger is One Year. At all times while placing a GTT order, Clients are required to maintain sufficient cash balance & sufficient quantity of holdings/positions of the respective scrip in Client/s respective trading account as per the order details. In case there is insufficient cash balance or insufficient quantity of holdings/positions with respect to the GTT order at any point in time in Client/s trading and/or demat account, the GTT order may be cancelled/failed. A notification is sent to CLIENT LOGIN DRIVE.

#### HOW IT IS WORKING (once market open & condition met) :

The Good Till Triggered (GTT) feature is an order that stays active until the trigger condition is met. GTT orders will be triggered after being matched for the condition set with the last traded price received from the exchange during a live trading session.

#### There are two types of GTT orders:

1. **GTT - Single** : Only a single trigger can be set where the order is placed at the exchange when the Last Traded Price (LTP) matches or breaches the trigger price. The single trigger can be used to enter new or exit positions. In simple, place either Target or Stop Loss order for the Holding (OR) place new order for buying with lower price or SL with higher price.
2. **GTT - OCO:** (One Cancels Other): Both stop loss and target trigger can be set in an OCO trigger. When either of the trigger/s is hit, the order is placed at the exchange, and the other trigger is cancelled.

#### CONDITION:

**For e-DIS Clients** : If you place a GTT order to sell securities held in demat account, then clients should need to authorize the holdings using CDSL TPIN. In case holdings are not authorised, or its validity has expired, a GTT order for sale of securities held in your demat A/c will be rejected once triggered. This is not applicable if POA or DDPI is submitted already.

The validity of a GTT (Good Till Triggered) for the equity segment is one year from the placement date. After one year, the GTT will be automatically cancelled, but it can be re-created if necessary.

In case the Trigger Price is breached during any day (which may be caused due to a gap up or gap down opening at market opening/no matches found for the GTT order while triggered), an order shall be placed at the limit price selected by the Client shall be cancelled at the end of such trading session; in case such limit price is not met during the day;

**Handling GTT Orders incase of Corporation Actions :**

In case there is a change in exchange series or any corporate action, such as; splits, bonuses, dividends of extraordinary nature (above 5% of market price), merger, reverse mergers, amalgamations, takeover, delisting, rights issue, etc. where there is a significant impact/change in the scrip price, the GTT orders may be cancelled at the sole discretion of our RMS Team, 1 day prior to the Ex-date of such corporate action effect taking place on the stock price and the client/s will be intimated.

**Other Important Points :**

- The onus of checking for a pending GTT order for a scrip before placing any new order(s) for the same scrip from the order window, positions page, or via call and trade lies on the Client.
- If the Client converts position taken from a GTT order i.e Intraday to Delivery or Delivery to Intraday, the onus to cancel connected target or stop-loss leg lies on the Client.
- GTT orders for derivative contracts are only valid for the lifetime of the contract only.
- SKY, at all times, bears no liability towards the Clients for any reason whatsoever with respect to using the 'GTT order' feature; including but not limited to, non-execution of any order using the GTT order' feature/either leg of the order, any opportunity loss for non-execution of such orders/trades, any cancellation or non-placement of any orders and any such other claims which may arise from Clients with respect to using the GTT order.