

**POLICIES AND PROCEDURES (MANDATORY) OF GSB Capital Markets Ltd.**

**a. Refusal of orders for penny stocks:**

Although, the term 'Penny Stock' has not been defined by BSE / NSE or any stock exchanges, 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 NSE & BSE from time to time.)
- **GSB Capital Markets Ltd.** recognizes that it is client's privilege to choose shares in which he/she would like to trade. However, **GSB Capital Markets Ltd.** like to have special attention to dealing in "Penny stocks".
- **GSB Capital Markets Ltd.** may refuse to execute any clients orders in penny stocks without assigning any reason for the same.
- Any large order for purchase or sale of a "Penny stocks" should be referred to Head - Dealing, 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 **GSB Capital Markets Ltd.**
- In case of sale of penny stocks, client should ensure delivery of shares to **GSB Capital Markets Ltd.** 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 with the **GSB Capital Markets Ltd.** These limits may be set exchange-wise, segment-wise, & scrip-wise.
- **GSB Capital Markets Ltd.** retains the discretion to set and modify from time to time any clients 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/Sales trader.
- Whenever, any client has taken over or wants to take exposure in any security, **GSB Capital Markets Ltd.** may call for appropriate margins in the form of early pay-in of shares or funds before or after execution of trades in the Cash segment. In case of any margin shortfall, the clients are told to reduce the position immediately or requested to deposit extra margin to meet the shortfall. Otherwise, **GSB Capital Markets Ltd.** 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 future change in the brokerage rate is communicated to the client in writing & should be with clients consent.
- The maximum brokerage chargeable will not exceed as prescribed by SEBI and exchanges.

**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, **GSB Capital Markets Ltd.** shall levy interest at the rate of 12% p.a. on such shortage amount for the delayed period on such client. **GSB Capital Markets Ltd.** shall recover such delayed payment charges from the client by debiting the client's account.
- No interest or charges will be paid by **GSB Capital Markets Ltd.** to any client in respect of retention of funds or securities towards meeting future settlement obligations and in respect of running account authorizations.

**e. Right to sell clients' securities or close clients' positions, without giving notice to the client, on account of non payment of client's Dues to the extent of settlement/margin obligation:**

- **GSB Capital Markets Ltd.** 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 positions as well as securities / collaterals placed as margins for non-payments of margin or other amounts due from such client in respect of settlement or any other trade related dues that are recoverable from the client by **GSB Capital Markets Ltd.** The proceeds of the same shall be adjusted against the client's liabilities/ obligations. Any loss or financial charges on account of such closeout /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 / trading cum clearing member (for securities 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 fulfill its obligation towards the other client(s). In such situation, **GSB Capital Markets Ltd.** shall endeavor to collect the securities 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 within 48 hours, then **GSB Capital Markets Ltd.** shall attempt to purchase the security from the market and deliver it to the purchasing client. If **GSB Capital Markets Ltd.** is unable to obtain the securities from the market, then the transaction will be closed out as per the auction rate prescribed by the Exchange for that scrip 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**

**GSB Capital Markets Ltd.** 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 or in the F&O segment.
- If there is shortfall in the margin deposited by client with **GSB Capital Markets Ltd.**
- 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 any 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 **GSB Capital Markets Ltd.** has reached its limit in that scrip.
- If the clients has 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 market 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 and funds accounts are settled.

#### **i. Deregistering a Client**

**GSB Capital Markets Ltd.** may, in its absolute discretion, decide to deregister a particular client. The illustrative circumstances under which **GSB Capital Markets Ltd.** 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 market.
- 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 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 prohibiting 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 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 **GSB Capital Markets Ltd.** or may act as detriment to **GSB Capital Markets Ltd.** prospects.

#### **J. Inactive Client Account**

Client account will be considered as inactive if the client does not execute a single trade during the period of 12 months from the last trade. In such cases, the client has to make a written request for reactivation of his trading account, with recent proofs and any upgradation in the KYC form.

##### **Return of client assets:**

- When a client is declared as inactive all the securities of the client are transferred to the demat account of the client. The funds belonging to the client shall be returned to the client. If for any reason the funds and securities of the client cannot be transferred to the client's bank account or demat account then the same shall be transferred into a separate account of the organization. The funds and securities shall be held in the separate account until the time the organization hears from the client or their representatives.

Any trade related 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.

I/We have fully understood the above and do hereby sign the same. These policies and procedures may be amended unilaterally by the broker, provided the amendment is informed to me / us and is preceded by a notice and consent is obtained from clients as per applicable laws, rules and regulations of exchange/SEBI. These policies and procedures shall always be read alongwith this client registration form and shall be referred to while deciding any dispute or claim between me / us and broker before any regulator or arbitrator or court of law.