

## **UPS Investments**

### **POLICIES & PROCEDURES**

**UPS Investments** is a Trading Member of the Bombay Stock Exchange of India Ltd. As per the requirements of Exchange and SEBI, we have designated the Policies and Procedures for extending trading facilities to its clients and in the respective segments of the Exchange.

#### **(a) Policy for Penny Stocks**

A stock that trades at a relatively low price and market capitalization. These types of stocks are considered to be highly speculative and high risk because of their lack of liquidity, large bid-risk spread, small capitalization and limited following & disclosure. Depend on the market condition and RMS Policy of the company, RMS reserves the right to refuse to provide the limit in penny stocks and losses if any on account of such refusal shall be borne by the client only.

#### **(b) Setting up Client Exposure Limits**

The stock broker may from time to time impose and vary limits on the orders that the clients can place through the stock brokers trading system (including exposure limits, turnover limits, limits as to number, value and / or kind of securities in respect of which orders can be placed. The client is aware and agrees that the stock broker may need to vary or reduce the limits or impose new limits urgently on the basis of the stock brokers risk perception and other factors considered relevant by the stock broker including but not limited to limits on account of exchange / SEBI directions / limits (such as broker level / market level limits in security specific / volume specific exposures etc. and the stock broker may be unable to inform the client of such variation, reduction or imposition in advance. The Client agrees that the stock broker shall not be responsible for such variations, reduction or imposition of client's inability to route any order through the stock brokers trading system on account of such variation, reduction or imposition of limits. The client further agrees that the stock broker may at any time, at its own discretion

and without prior notice, prohibit or restrict the clients ability to place orders or trade in securities through the stock broker or it may subject any order placed by the client to a review before its entry into the trading systems and may refuse to execute / allow orders. The client agrees that the losses if any on account of such refusal or due to delay caused by such review, shall be borne exclusively by the client alone.

We have margin based RMS System. Total Deposits of the clients are uploaded in the system and the clients may take exposure basis of margin applicable for respective security as per VAR based margining system of the stock exchange and / or margin defined by the RMS based on its risk perception. Client may take benefit of "Credit for sale" i.e. benefit of shares held as margin by selling the same by selecting Delivery option through order entry window on the trading platform. The value of shares sold will be added the the value of deposit and on the basis of that client may take fresh exposure.

In case of exposure taken on the basis of shares margin the payment is required to be made before the exchange pay in date otherwise it will be liable to square off after the payin time or any time due to shortage of margin.

**(c) Applicable brokerage rate**

Exclusive of Stamp Duty, Service tax, Securities transaction Tax, and any other statutory levies Brokerage will be charged within the limits prescribed by SEBI / Exchange. It is hereby further, clarified that brokerage on Option Contract shall be charged on the Premium amount at which the option contract was bought or sold, not on the strike price of the option contract. Subject to revision at our sole discretion and as informed by a circular sent by ordinary post/courier services/email. It would be the duty of the client to note the said charges regularly and periodically and shall not raise any dispute or claim in respect to said charges at any later stage. Further it is clarified that the above-mentioned charges would vary from client to client at the sole discretion of the stock broker and No Client would have any right to compare or claim charges charged from other client by the stock broker.

**(d) Imposition of Penalty / Delayed Payment charges.**

Clients will be liable to pay late payin / delayed payment charges for not making payment of their payin / margin obligation on time as per the exchange requirements/schedule at the rate of a maximum of 2 % per month. Similarly the stock broker will also be liable to pay delayed payment to the client for non payment of their obligation on time as per the exchange requirements/schedule at the rate of a maximum of 2 % per month except in cases covered by the "Running Account Authorisation" given by the client to the Broker. This delayed payment charge is being charged to act as a deterrent and is aimed at ensuring timely compliance.

The client agrees that the stock broker may impose fines/penalties for any other / trades/deals/actions of the clients which are contrary to the agreement/rules/regulations / byelaws of the exchange or any law for the time being in force, at such rates and such forms as it may deem fit.

Further, where the stock broker has to pay any fine or bear any punishment from any authority in connection with/as a consequence of/in relation to any of the orders/trades / deals actions of the client, the same shall be borne by the client.

**(e) Right to sell clients securities or close clients position, without giving notice to the client, on account of non payment of Client Dues.**

Without prejudice to the stock brokers other right (including the right to refer the matter to arbitration) the stock broker shall be entitled to liquidate/close out all or any of the clients position without giving notice to the client for non-payment of margins or any other amounts including the payin obligation, outstanding debts etc. and adjust the proceeds of such liquidation/closeout if any against the clients liabilities/obligations.

The client shall ensure timely availability of funds/securities in form and matter at the designed time and in designated bank and depository account (s) for meeting his/her/its pay in obligation of funds and securities. Any and all losses and financial charges on account of such liquidation/ closing out shall be charged to and borne by the client. In case of Securities lying in a margin account/client beneficiary account and have corporate actions like Bonus, Stock

Split, Rights issues, etc. for margin or other purposes the benefit of shares due to receive under Bonus, Stock Split, Rights etc. will be given when the shares are actually received in the stock broker designated demat account.

In case the payment of the margin/security is made by the client through a bank instrument, the stock broker shall be at liberty to give the benefit/credit for the same only on realization of the funds from the said bank instrument at the sole discretion of the stock broker. Where the margin/security is made available by way of securities or any other property, the stockbroker is empowered to decline its acceptance as margin/security &/or to accept it at such reduced value as the stock broker may deem fit by applying haircuts or by valuing it by marking it to market or by any other method as the stock broker may deem fit in its absolute discretion.

The stock broker has the right but not the obligation, to cancel all pending orders and to sell/close/liquidate all open positions/ securities/ shares at the predefined square off time or when Mark to Market percentage reaches or crosses stipulated margin percentage, whichever is earlier. The stock broker will have sole discretion to decide referred stipulated margin percentage depending upon the market condition. In the event of such square off, the client agrees to bear all the losses based on actual executed prices, the client shall be solely liable for all and penalties and charges levied by the Exchange.

**(f) Shortage in Obligation arising out of Internal Netting Trades.**

Stock broker shall not be obliged to deliver any securities or pay any money to the client unless and until the same has been received by the stock broker from the exchange, the clearing corporation / clearing house or any other company or entity liable to make the payment and the client has fulfilled all his/her/its obligation first.

The policy and procedures for settlement of shortages in obligation arising out of internal netting of trade is as under :

On Confirmation of shortage, the short delivering client is debited on T+1 day an amount (provisionally) equivalent to closing price of T Day.

After the NSE auction, the short delivering client shall be debited by the Auction rate along with the relevant penalties, brokerage, charges, taxes and levies.

A client selling securities naked short (without previous purchases or delivery in hand) and not delivering, results in the buyers not receiving the securities payout and receiving internal close out credit. To avoid misuse of the short selling, the following is being implemented with immediate effect.

Close out price will be the Highest Weighted Average price for any day recorded in the scrip from the trading day on which the transaction took place upto the day of auction or the closing price on the day of auction + 2% (for NIFTY INDEX scrips) and 5% (for other scrips).

The seller will be debited by the same amount + 0.50% penalty.

Clients whose payin shortages exceed value of Rs.1,00,000/- and have confirmed naked short selling will be suspended for 1 day after the payin day. (genuine clients who are short due to legitimate reasons will not be effected in any way).

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

We have margin based RMS System. Clients may take exposure upto the amount of margin available with us. Clients may not be allowed to take position in case of non-availability/ shortage of margin as per our RMS Policy. The existing position of the client is also liable to be square off / close out without giving notice due to shortage of margin / non making of payment for their payin obligation / outstanding debts.

**(h) Temporary Suspending or closing a Clients Account on Clients Request**

On request of the client in writing, the client account shall be suspended temporarily and same can be activated on written request of the client only. During the period the client account is suspended, the market transaction in the clients account will be prohibited. However client sales / ledger balance settlement can take place.

On the request of the client in writing, the client account can be closed, provided the client account is settled. If the Client wants to reopen the account in that case, client has to again complete the KYC Requirements.

**(i) Deregistering of client**

Notwithstanding anything to the contrary, the stock broker shall be entitled to terminate the agreement with the client with immediate effect in any of the following circumstances.

- If the action of the client are prima facie illegal / improper or such as to manipulate the price of any securities or disturb the normal / proper functioning of securities or disturb the normal / proper functioning of the market, either alone or in conjunction with others.
- If there is any commencement of any legal process against the client under any law in force.
- On the death, lunacy or other disability of the client.
- If the client is a partnership firm, has any steps taken by the client, and / or its partners for dissolution of the partnership.
- If the client suffers any adverse material change in his / her / its financial position or defaults in any other agreement with the stock broker.
- If there is reasonable apprehension that the client is unable to pay his debts or the client has admitted his inability to pay its debts, as they become payable.
- If the client is in breach of any terms, conditions or covenants of the agreement signed with him.
- If the client has made any material misrepresentation of facts, including (without limitation) in relation to the Security.
- If a receiver, administrator or liquidator has been appointed of all or part of the undertaking of the client.
- If the client have taken or suffered to be taken any action for its reorganization, liquidation or dissolution.
- 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 of Industrial and Financial Reconstruction or under any other law providing protection as a relief undertaking.

- If any covenant or warranty of the client is incorrect or untrue in any material respect.

**(j) Dormant or Inactive Client Account**

Client account will be considered as inactive or dormant if the client does not trade for a period of Six Months. Calculations will be done at the beginning of every month and those clients who have not traded even a single time will be considered as inactive. The shares / clients ledger balance if any will be transferred to the client within a week of identifying the client as inactive. The client may make written request for reactivation of their account along with the additional requirements of KYC (if any).

**(k) Trading Systems**

Trading in Exchange is in Electronic Mode based on VSAT, leased line, ISDN, Modem and VPN, combination of technologies and computer systems to place and route orders. There is a possibility of communication failure or system problems or slow or delayed response from system or trading halt or any break down in our back office / front end system or any other problem / glitch whereby not being able to establish access to the trading systems / network which may be beyond our control and may result in delay in processing or not processing of buy / sell orders with in part or in full. The client will be solely responsible and liable for any such fault / problem / glitch if any and there will be no compensation given by the stock broker for such events.

**(l) Trading Terminals**

Trading Terminals may be provided by the stock broker to such persons and at such places as may be deemed appropriate by the stock broker after complying with the rules and regulations prescribed by the Exchange / Regulator from time to time. Such terminals will be issued only to Certified approved users (after checking the validity of the certificate). Access to the system will be denied in case the validity of the certificate has expired and no intimation of renewal has been made to the stock broker.

**(m) Payments made through Pre Funded Instruments**

If the aggregate value of pre-funded instruments is Rs. 50,000/- or more, per day per client, M/s. Prakash Securities will accept the instruments only if the same are accompanied by the name of the bank account holder and number of the bank account debited for the purpose, duly certified by the issuing bank. The mode of certification may include the following:

- i. Certificate from the issuing bank on its letterhead or on a plain paper with the seal of the issuing bank.
- ii. Certified copy of the requisition slip (portion which is retained by the bank) to issue the instrument.
- iii. Certified copy of the passbook/bank statement for the account debited to issue the instrument.
- iv. Authentication of the bank account-number debited and name of the account holder by the issuing bank on the reverse of the instrument.

**(n) Client Acceptance of Policies and Procedures stated here in above.**

I/We have fully understood the same and do hereby sign the same and agree not to call to question the validity, enforceability and applicability of any provision / clauses this document under any circumstances whatsoever. These Policies and procedures may be amended/changed unilaterally by the broker, provided the change is informed to me/us through any one or more means or methods. I/we agree never to challenge the same on any grounds including delayed receipt / non receipt or any reason whatsoever. These Policies and Procedures shall always be read along with the agreement and shall be compulsorily referred to while deciding any dispute / difference or claim between me/us and the stock broker before any court of law / judicial / arbitrating authority including arbitrator / mediator etc.