

## POLICIES & PROCEDURES OF S.A.DESHPANDE & CO

**S.A.DESHPANDE & CO (herein after called 'SADCO') has specific Operational Policies & procedures in place for smooth operations & Risk management which are listed as follows**

### **1. Refusal of orders for penny stocks:**

A stock that trades at a price which is less than the Face or paid-up value is considered as penny stock. SADCO does not encourage trading in penny stocks or securities falling in T2T or Z group or illiquid stocks & reserves its right to refuse, prohibit or restrict or impose or vary limits on the orders that the client can place in all or some of the penny stocks and Illiquid Stocks. Exchange provide the list of illiquid securities on a periodic basis & the same is available at the website of exchange

Under exceptional circumstances and considering merits on case to case basis, trading in penny stocks/T2T/Z GROUP/ Illiquid Stocks may be allowed to clients subject to stringent verifications of the client's intentions and bona fide reasons given by intending clients. Further trading limits will be allowed subject to history and financial details of the client, Intention of doing the trades and 100% upfront payment. The said trading limits may not be allowed to clients on a regular basis.

SADCO reserves its rights to suspend the client account if it is observed that the client is indulging in trading activities only in penny stocks/T2T/Z GROUP/Illiquid stocks or carrying on any insider trading activity, without any reasons being given to the client.

### **2. Setting up client's exposure limits:**

SADCO uses trading software provided by BSE LTD where feature of setting up individual client limit is not available hence SADCO will setup client exposure limits manually based on the relationship, track record, financial detail & credit worthiness of the client. Compliance officer of the SADCO will continuously monitor the limit & in case of any increase in the limit required then compliance officer would first check the need for doing so & would then increase the limits on the case to case basis at his own discretion. The exposure limit will defer from client to client at the discretion of the SADCO.

SADCO may need to vary or to reduce the limits or impose restrictions urgently on the basis of SADCO's risk perception and other factors consider relevant by SADCO & the SADCO may be unable to inform the client of such variation, reduction or imposition in advance. SADCO shall not be responsible for such variation, reduction or imposition or loss of opportunity by client or client's inability to place orders.

### **3. Applicable brokerage rate:**

SADCO will charge brokerage to client at a rate mutually agreed between them subject to minimum brokerage of RS 50/- per scrip Or minimum RS 100/- per contract whichever ever is higher, however brokerage will always be charged within the limit prescribed by SEBI/exchange. SADCO may specify different brokerage for executing transaction for different clients

In addition to brokerage SADCO will charge other charges like Transaction charges, stamp duty, service tax, security transaction tax (STT), SEBI turnover charges etc. as may be applicable from time to time.

### **4. Imposition of penalty/delayed payment charges by either party:**

SADCO reserves its right to pass on any penalty charged by SEBI/Exchange as a result of any violation or non-compliance Committed by the client with respect to submitting wrong KYC information, trading & position violations, indulging in price rigging, abnormal & circular trading, creating artificial market, doing financial transactions using trading systems of the exchange etc.

After the introduction of T+1 settlement pay-in & pay-out takes place much faster than it used to take place. As per rule though SADCO needs to collect at least 10% upfront margin before execution of trade but for sake of convenience SADCO is not collecting margin but will collect 100% payment on execution of trade or maximum by next day evening. Simultaneously SADCO will release pay-out cheques (unless otherwise requested by client to withheld the same) on day of pay-out or maximum within one working day of pay-out or as per applicable rules from time to time.

SADCO will charge delayed payment charges (DPC) @ 15% p.a. (subject to minimum of RS 50/- per scrip) on a daily basis on a sum due from date of trade to cheque realization date. The client understands that such DPC is deterrent in nature and as such SADCO can not be assumed to be financing/funding the client's settlement obligations on delayed payment by SADCO i.e. payments not made after T+2 day by SADCO, SADCO will pay DPC @ 15% p.a. on a daily basis on sum due from date of pay-out to payment is made, however if payment is withheld by SADCO due to reasons like running account authorization given by client, shares are not delivered or partly delivered & are under auction, additional KYC details sought by SADCO from client but not provided by client or any other valid reason, SADCO will not release the payment & no interest will be paid to client & also SADCO will with held amount till SADCO satisfies itself regarding compliance.

SADCO reserves its right to change the DPC rate at its sole discretion without assigning any reason thereof. any change in DPC shall be communicated to client from time to time.

**5. The right to sell clients' securities or sell clients' positions, without giving notice to client, on account of non-payment of clients' dues**

The client shall ensure timely availability of funds/securities in form & manner at designated time & in designated bank & depository account for meeting his pay-in obligation of funds/securities.

SADCO reserves its rights to liquidate/close out all or any of the clients' position without giving notice to the client for non-payment of margins or other amounts including the pay-in obligation, out standing debts etc & adjust the proceeds of such liquidations/close-out, if any, against the client's liabilities/obligation. all such liquidations/closing out shall be done by SADCO on the best effort basis & while doing so, if any surplus left, the same will be credited to the client's account & any losses & financial charges on account of such liquidations/closing out shall be charged to & borne entirely by client.

**6. Shortages in obligations arising out of internal meeting of trades**

Internal shortages arises when both the buyer & seller of a scrip (Other than T2T & Z group) is clients of SADCO & the seller fails to deliver scrip to fulfill his settlement obligation.

In such case, SADCO will purchase the said scrip on T+3 day, which is the auction day on the exchange, on behalf of seller to make available the delivery of the said securities to the buyer.

If securities can not be purchased from the market due to any force majeure condition, then all shortages not bought-in are deemed to be closed out and short delivering seller client will be debited at the higher of highest price recorded in the scrip from the trading day on which the transaction took place up to a day prior to the day of auction i.e. pay-in day or 20% above the closing price on the day prior to the day of auction i.e. pay-in day.

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

The SADCO may at its sole discretion may reduce/restrict client to take further position or may close the existing position of

- a) shortage of margin amount
- b) Any restrictions in relation to volume of trading/outstanding business or margin stipulated by the exchange, clearing corporation/clearing house and/or the SADCO
- c) Delay by clients in meeting his obligations/dues to SADCO and/or the clearing house
- d) Observing/discovery any abnormal behavior/action/deed/trading pattern of the clients dealing with SADCO, for example repeated cheque bouncing, frequent non-fulfillment of sell obligation etc
- e) Any regulatory action taken by any regulatory authority on client
- f) Abnormal volatility in the market or political/financial instability in the country
- g) In view of impending price sensitive announcements by the exchange/listed company
- h) Scrip which is re listed and where the circuit filters are not applicable on the day of re listing
- i) Any extra ordinary event warranting such action

**8. Temporarily suspending or closing a client's account at the Client's request**

1. Client account will be temporarily suspended if a client fails to submit details pertaining to KYC or any other details sought by SADCO also SADCO will withheld funds and securities pay-out if SADCO has a reason to take such action which may arise due to the alerts generated by the surveillance system of the SADCO. The account of such clients will remain suspended till suitable explanations are not received.

2. Client's account will be temporarily closed at client's request when client will intimate the SADCO to do so in writing

**9. Deregistering a client**

Client will be debarred from doing a business or client will be deregistered due to all or any one of the following

- a) If client fails to meet his financial obligations/dues to SADCO
- b) The client become un-discharged insolvent
- c) The client applies to be adjudicated as an insolvent

- d) The client being declared a defaulter by any of the regulatory bodies of the country or under any law being in force
- e) The client has found to be of unsound mind by a court of competent jurisdiction and the findings is in force
- f) The client has been convicted by a court of any offence involving turpitude
- g) If client is found to be indulging (directly or indirectly) in to any act or carry out any transaction or any transactions which are in violation of Acts, Rules, Regulations ,Bye-laws & circulars governing security transactions
- h) If client fail to give any information which is either required by the SADCO/exchange/SEBI
- i) on the specific written direction of any statutory /legal authority/regulatory authority
- j) In case of dispute with any client due to any reason, SADCO will hold payments /securities of the client till SADCO satisfies itself or till arbitration award is awarded by arbitration bench of exchange/any court & such client's account will not be reactivated by SADCO
- k) If particulars/information/statements given by client in KYC are found to be Incorrect or false or untrue or misleading or misrepresenting or any particulars/ information/statements have been suppressed or omitted there from
- l) The client makes voluntary written request to de-register himself
- m) The death of the client

#### **10. Treatment of inactive account**

SADCO will treat client account as inactive if client has not executed a single trade in a year. Such client's a/c will be reactivated after due verification and on receiving a request letter from client to restart the business along with his/her latest financial details & a full cheque for the purchase he/she wants to make.

As SADCO makes payments to clients on T+1 basis and client being a known entity, SADCO will not hold payments of such clients.

The above policies & procedures are adopted by SADCO & are Subject to change/update from time to time & clients are requested to abide by the same

**FOR S.A.DESHPANDE & CO**

sd/-

PARTNER