

## POLICIES AND PROCEDURES APPLICABLE TO CLIENTS OF OYSTER FINCAP PVT. LTD.

### (MANDATORY DOCUMENT DEALING WITH POLICIES AND PROCEDURES FOR INVESTING, TRADING AND DEALING IN DIFFERENT SEGMENTS OF DIFFERENT EXCHANGE BETWEEN THE BROKER (Oyster Fincap Pvt. Ltd.) AND THE CLIENT.)

#### 1. REFUSAL OF ORDERS FOR PENNY STOCKS:

Stock Broker recognizes that it is the client's privilege to choose shares in which he / she would like to trade. Our company normally offers trading facility to its clients in all the compulsorily de-materialized stocks which are listed on the Stock Exchanges. However we discourage / restrict trading in penny stocks by the clients as they are susceptible to manipulation and risky for investors and in turn to us "Penny Stocks" for this purpose shall include:

- a. Stocks appearing in the list of illiquid securities issued by the Exchanges from time to time.
- b. Stocks which are highly illiquid and have a small market capitalization and 'Z' Group Securities.
- c. Any securities as may be restricted for trading by Exchanges.
- d. Any other securities as may be restricted for trading by our organization based on its internal evaluation.
- e. Trading at a price less than its face value;
- f. Stocks having unsound fundamentals and or which may/may not be liquid.
- g. Any large order for purchase or sale of a "Penny Stock" should be referred to Head – Dealing before such orders can be put in the market for execution.
- h. Clients must ensure that trading in "Penny Stock" does not result in creation of artificial volume or false or misleading appearance of trading. Further, clients should ensure that trading in "Penny Stock" does not operate as a device to inflate or depress or cause fluctuations in the price of such stock.
- i. 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 Stock Broker.

The above list of criteria is an indicative list. Stock Broker may at its sole and absolute discretion define from time to time other category/criteria to treat a security as Penny Stocks and/or Illiquid Stocks.

As a part of Risk Management System, we restrict clients to buy / sell in penny stocks only on the basis of 100% upfront margin and on delivery basis. Also the trading in penny stocks may be permitted only up to quantity / value together as notified by its extant circulars. Further we may at any time at our sole discretion block / restrict the client/ prevent the client from placing orders in such penny stocks through our Trading Platform.

Our company shall not be held liable for restricting / prohibiting trade in penny stocks at any time. Further we shall not be held liable or responsible in any manner whatsoever for any refusal/cancellation of orders for trading in penny stocks/other securities and the Client shall indemnify our Company in respect of any loss caused to us by virtue of the Client trading in penny stocks.

#### 2. SETTING UP OF CLIENT'S EXPOSURE LIMITS:

As part of risk management, Stock broker shall set client's exposure limits depending on the type of securities provided as Margin / available funds in the client's ledger plus Fixed Deposits / Bank Guarantees provided by the client and the client profile/ financial status. Exposure limits are also set based on categories of stocks / position (derivatives) client can trade. Securities that are acceptable as margin and their categorization may be changed by our organization from time to time at its sole discretion. Further client categorization may also be changed based on various factors including trading pattern of clients, profile / residential status / financial status of client./ regulatory requirements./internal risk management policy/ market conditions etc.

Stock broker from time to time shall apply such haircuts as may be decided by it on the approved securities against which the Exposure limits are given to the client. We may from time to time change the applicable hair cut or apply a haircut higher than that specified by the Regulators/Exchanges as part of our Risk Management System.

Subject to the client's exposure limits, client may trade in securities and / or take positions in the futures and options segment. Client shall abide by the exposure limits, if any, set by us or by the Exchange or Clearing Corporation or SEBI from time to time. Limits/Exposure provided shall vary based on the intraday/ delivery / carry forward positions made by the client.

The exposure limits set by us does not by itself create any right for the Client and are liable to be withdrawn at any time without notice and the client shall bear the loss on account of withdrawal of such limits.

In case of sale of Securities, such sale may at the discretion of Stock broker be provided only to the extent of the availability of securities in the account of the client.

In case of derivatives, Clients shall be allowed to trade only up to the applicable client wise position limits set by the Exchanges/Regulators from time to time.

Whenever any client has taken or wants to take an exposure in any security, Stock Broker 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 will be told to reduce the position immediately or they will be requested to deposit extra margin to meet the shortfall. Otherwise, Stock Broker may refuse to trade on behalf of such client at its own discretion.

In case of cash segment, Stock Broker may at its sole and absolute discretion allow clean exposure limit up to certain amount to the client without insisting for any credit balance and/or margin. The quantum of clean exposure limit shall be decided by Stock Broker. On case to case basis Stock Broker may, at its sole and absolute discretion, give higher clean exposure limits to certain set of clients. Stock Broker reserves the right to withdraw clean exposure limit granted to the client at any point of time as its sole and absolute discretion.

The client cannot raise any concern/dispute for the same.

The Client will have to abide by the exposure limit set by Stock Broker

### 3. APPLICABLE BROKERAGE RATES:

The Schedule of Brokerage and other charges leviable by stock broker on the clients are provided under the heading "Schedule of Brokerage and Other Charges" in client registration form, as per the terms agreed with client at the time of client registration. Within the mentioned scale, the brokerage and other charges as agreed by the client is indicated and duly signed by the client in that section. If there is any upward revision of brokerage, the same will be informed to the client with 15 days prior notice in writing and mutually agreed. However all the brokerage and other charges are subject to the maximum limits as prescribed by SEBI / Exchanges/Government Regulatory authorities from time to time. The brokerage will be exclusive of the following except in cases where it is agreed otherwise:

- Service Tax and Education Cess
- SEBI/Exchange/Clearing Member Charges.
- Stamp duty
- Statutory charges payable to BSE/NSE/SEBI/Govt. Authorities etc.

### 4. IMPOSITION OF PENALTY OR DELAYED PAYMENT CHARGES:

#### (i) Delayed payment charges

The clients are required to settle the pay-in / provide margin within the time limits provided by Exchanges / SEBI/stock broker risk management system. In case the client fails to provide the same within the prescribed time, delayed payment charges shall be levied on the client's account on any delayed payments towards trading either in the cash or derivatives segments or on account of any other lawful reason beyond the due date of payment as may be prescribed by stock broker. Such delayed payment charges shall be directly debited to the account of the Client at the end of every month. Stock broker reserves the right of imposition of delayed payment charges on the client account and the client shall be liable for payment of such charges at such rate as may be prescribed by us from time to time (delay payment charges shall be levied @ 18%.P.A.. Any change shall be intimated to Client in writing and mutually agreed.

This is only a penal measure and brings in discipline in the clients to clear the dues in time as stock broker has to clear its obligations to the Exchange as per the time limits set by the Exchanges. The client should not construe it as funding arrangement. The client cannot demand continuation of service. Client in writing and mutually agreed on a permanent basis citing levy of delayed payment charges.

The client will not be entitled to any interest on the credit balance/surplus margin available/kept with Stock Broker.

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

#### (i) Imposition of Penalties

BSE/NSE/Clearing Corporation/SEBI levies penalties on the broker for irregularities observed by them during the course of business. Stock Broker shall recover such imposed penalties/levies, if any, by BSE/NSE/ regulator/ Clearing Corporation, from the client which arise on the account of dealings by such client, and the client has been informed of such penalties by regulators in the case of any regulatory violation caused by the trades done by them before execution of such transactions. Such recovery would be by way of debit in the ledger of the client and amount would be adjusted against the dues owed by Stock Broker to the clients

**5. RIGHT TO SELL CLIENTS SECURITIES OR CLOSE CLIENTS POSITIONS, WITHOUT GIVING NOTICE TO THE CLIENT ON ACCOUNT OF NON PAYMENT OF DUES. (LIMITED TO SETTLEMENT/MARGIN OBLIGATIONS):**

As a part of its Risk Management System, stock broker shall have the sole discretion to square off the open position of the Client and / or sell clients' securities (including securities maintained as margin with stock broker) in case the client fails to meet its settlement / margin obligations in time. The specific securities to be sold and the positions to be squared off shall be decided solely by us. Further, the square off of client's open position or the selling of securities may be executed on such Exchanges and at such price as may be decided by us. Stock broker shall not be responsible for any losses incurred by the client due to such squaring off of the open position of the client. We reserve the right to square off client's

open positions or sell clients' securities under following circumstances:

- a. where the limits given to the Client have been breached;
- b. where the Client has defaulted on their existing obligation and / or have failed to make payments/deliver securities to us within the stipulated time period as may be prescribed by stock broker.
- c. In addition to above, in case of equity and derivatives transactions, e. where the margin or security placed by the Client with us falls short of the applicable minimum margin as may be required to be maintained by the client;
- f. where Mark to Market Loss on the open position has reached the stipulated % of the margins placed with us and the Client(s) have not taken any steps either to replenish the margin or reduce the Mark to Market Loss;
- g. if the open position is neither squared off nor converted to Delivery by Client(s) within the stipulated time.

Stock broker reserves the right to square off the open position of client and / or sell client's securities under the prescribed circumstances; however we are not obligated and does not guarantee to square off the open positions and / or sell client's securities. The client shall be solely responsible for the trading decisions taken by the client. It shall be the responsibility of the client to make payments towards outstanding trade obligations and / or applicable margins to us in time irrespective of whether we exercises its right to square off the positions of the client in accordance with the provisions given herein above.

Client shall be solely responsible for any resultant losses incurred to client due to selling of client's securities by stock broker or squaring off the client's open positions or for not doing so. All losses in this regard shall be borne by the CLIENT and stock broker shall be fully indemnified and held harmless by the CLIENT in this behalf.

The CLIENT accepts to comply with stock broker requirement of payment of Margin/settlement obligations of the Client, immediately failing which stock broker may sell, dispose, transfer or deal in any other manner the securities already placed with it as Margin/lying in our beneficiary account or square-off all or some of the outstanding F&O positions of the CLIENT as it deems fit at its sole discretion without further reference to the CLIENT and any resultant or associated losses that may occur due to such square -off/sale shall be borne by the CLIENT and our company shall be fully indemnified and held harmless by the CLIENT in this behalf at all times.

**6. SHORTAGES IN OBLIGATIONS ARISING OUT OF INTERNAL NETTING OF TRADES:**

In case the client defaults on its existing obligation and in the event the trade has been internally netted off by stock broker, there could be internal shortages. The internal shortages are marked against the client randomly at the sole discretion of stock broker taking into account the delivery obligations through Exchanges. In case of failure of delivery the client marked for internal netting of trade, the same shall be met through fresh market purchases and the loss on account of the said purchases will be charged to the defaulting client's account. If Stock Broker 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. However, defaulting client will not be eligible for any profit on account of this. In case of shortage in meeting the settlement obligation, either party shall endeavor to make good such shortage through securities / value of shortage as per the Rules, Regulations and Bye-laws of the respective stock exchange(s). Stock broker shall not be responsible for losses to the Client on account of such shortages. All losses to the client on this account shall be borne solely by the client and the Client shall indemnify stock broker in this respect.

**7. CONDITIONS UNDER WHICH CLIENT MAY NOT BE ALLOWED TO TAKE FURTHER POSITIONS OR BROKER MAY CLOSE EXISTING POSITIONS OF CLIENT:**

In addition to the conditions as provided under the policy of right to sell securities and close out client's open position as detailed in point 5 above, stock broker shall have the right to refuse to execute trades/allow the client to take further positions and / or close out the existing positions of client under following circumstances:

- a. As a result of any Regulatory directive / restriction;

- b. Non-receipt of funds / securities and / or bouncing of cheque received from the client towards the obligations/ margin/ ledger balances;
- c. Due to technical reasons beyond stock brokers control.
- d. securities breaching the limits specified by the Exchanges/regulators from time to time/ Stock Broker has reached its limit in that scrip/ the client has breached the client-wise limit.
- e. in case of failure to meet margin including mark to market margins by the client/ there is shortfall in the margin deposited by client with Stock Broker.
- f. In case securities to be transacted by client are not in dematerialized form
- g. The client is undertaking any illegal trading practice or the client is suspected to be indulging in money laundering activities.
- h. The client has taken or intends to take new position in a security which is in the banned period.
- i. Any other conditions as may be specified by our company from time to time in view of market conditions, regulatory requirements, internal policies etc and risk management system;
- j. Due to any force majeure event beyond the control of stock broker.  
Stock broker shall not be responsible for any loss incurred and the client shall indemnify Stock broker in this regard.

#### **8. TEMPORARILY SUSPENDING OR CLOSING OF CLIENT'S ACCOUNT AT THE CLIENT'S REQUEST:**

Stock broker, may suspend or close the trading account of the client pursuant to SEBI or any other Regulatory directive for such period as may be prescribed by the respective Regulator. Stock broker may further at its sole discretion and with/ without information to the CLIENT, prohibit or restrict or block the trade related services of Client and the Client's ability to trade due to market conditions and other internal policies including policy with respect to prevention of money laundering.

Client can initiate temporary suspension / closure of its account at any time by giving a request to stock broker in writing. However, such suspension / closure will be effected subject to clearance of all dues and settlement obligations by the client.

Trades in the account of the client during the period of such temporary suspension shall not be permitted. Notwithstanding any such suspension / closure, all rights, liabilities and obligations of the parties arising out of or in respect of transactions entered into prior to such closure / suspension shall continue to subsist and binding on the client.

In case the account has been temporarily suspended at the request of the client, the account shall be reactivated only on submission of a written request for reactivation by the client. Stock broker may ask for updated financial information and other details for reactivating such account. After receiving and verifying necessary documents, details, etc, client account will be reactivated.

#### **9. DEREGISTRATION OF A CLIENT**

Deregistration of the client /Termination shall be at the sole discretion of stock broker. The illustrative circumstances under which stock broker 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 indicted 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. Further we may deregister the client if the client is suspected to be involved in any activities in violation of applicable Rules and Regulations of SEBI, exchanges or any other regulatory authorities.,
- Such client's name appears in the UN list of prohibited entities or in the SEBI debarred list.
- Such clients account has been lying dormant for long time or the client is not traceable.
- Such client has been declared insolvent or any legal proceeding to declare his/her/its as insolvent have been initiated.
- Such client has been irregular in fulfilling obligations towards margin or settlement dues.
- Stock broker may deregister the client if the client breaches the terms and conditions of the mandatory and voluntary client registration document or provides the any false information or declarations.
- Further the client may be deregistered due to any Regulatory directive, market conditions and other internal policies of stock broker including policy with respect to prevention of money laundering.

- Client has a tainted reputation and any business relationship with such clients is likely to tarnish the reputation of stock broker or may act as detriment to stock broker prospects.  
Stock broker shall not be liable to the client for any loss or damage (actual/notional), which may be caused to the client as a result of the above circumstances. Such deregistration/termination shall not effect the rights and liabilities of the parties in respect of the transactions executed before the date of such deregistration/termination.

**10.TREATMENT OF INACTIVE ACCOUNTS:**

In case the Trading account of the client is not operated by the client for a continuous period of twelve months the same will be considered to be 'Inactive/Dormant Account'. Such Inactive account will be blocked for further transactions by the client. The client will have to submit written request for re-activation of such blocked account. Client can give the duly signed request in writing at office of stock broker requesting for activation of account for placing orders / transacting in the account. Such request for reactivation should be accompanied along with the documentary evidence as may be specified by stock broker from time to time.

During the blocked period if there is any debit / dues to stock broker in client's account, we shall have the authority to liquidate the client's position to the required extent during the block period.

During the block period if any corporate actions or pay-outs are due for return to the client, the same will be affected / returned by stock broker to the client's account.

**11.Proprietary Trading:**

The Stock Broker (Oyster Fincap Pvt. Ltd.), hereby informs and declares to the Client that, in addition to the Client level trading, the Stock Broker, undertakes Proprietary Trading.

**12.Mode of Payment - to and from the clients:**

- a) Stock Broker doesn't deal with its Client vis-a-vis their trading by way of cash, accordingly all payments are made or received by them only through banking channels. Further the Client must make payment to the Stock Broker from his designated (as mentioned in the KYC) bank account only.
- b) Stock Broker does not deal with its client vis-a-vis their trading by way of third party cheques. Accordingly, if any payment is made otherwise ,then it is not credited to the client account and is held in suspense account.

**Declaration by Client:**

I/We have read /been explained and understood contents of above policies and procedures and state that I/We have no objection to anything mentioned therein and do also agree to abide by terms and condition of policies and procedures

Above policies and procedures may be amended /changed unilaterally by the stock broker from time to time as mutually agreed between the client and stock broker and informed in writing. The Clients may ask for the latest version of this policy or refer to it at our website at [www.oysterfincap.com](http://www.oysterfincap.com)

Client's Signature: (7/17)  \_\_\_\_\_

Client's Name: \_\_\_\_\_

Date: \_\_\_\_\_