

5. POLICIES & PROCEDURES

a) Policy for Penny Stock

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

b) Setting up client's exposure limits

The stock broker may from time to time impose and vary limits on the orders that the client can place through the stock broker's trading system (including exposure limits, turnover limits, limits as to the number, value and/or kind of securities in respect of which orders can be placed etc.). 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 broker's 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 variation, reduction or imposition or the

client's inability to route any order through the stock broker's trading system on account of any such variation, reduction or imposition of limits. The client further agrees that the stock broker may at any time, at its sole discretion and without prior notice, prohibit or restrict the client's ability to place orders or trade in securities through the stock broker. or it may subject any order placed by the client to review before its entry into the trading systems and may refuse to execute/allow execution of orders due to but not limited to the reason of lack of margin/ securities or the order being outside the limits set by stock broker/exchange/ SEBI and any other reasons which the stock broker, may deem-appropriate in the circumstances. The client agrees that the notional 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 client may take exposure on the basis of margin applicable for respective security as per VAR based margining system of the stock exchange and/or margin defined by RMS based on their risk perception. Client may take benefit of "credit for sale" i.e, benefit of share held as margin by selling the same by selecting Delivery option through order entry window on the trading platform, the value of share sold will be added with 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 pay in time or any time due to shortage of margin.

c) Applicable Brokerage Rate & Other Charges

Brokerage shall be applied as per the rates agreed upon with the client in the KYC at the time of registration of the client subsequently through a written agreement between the client and FORTUNE WMC. The rate of Brokerage shall not exceed the maximum brokerage permissible under Exchange Bye-laws.

The slab rates of brokerage fixed by FORTUNE WMC are function of the quality and cost of services provided to the client and the volume and revenue expected from an account. It shall be reviewed by the FORTUNE WMC from time to time and may be increased with prospective effect at a notice of 30 days sent to the E-mail address or postal address of the client registered.

The brokerage shall however be exclusive of the following:

- * Account Opening Charges
- * Statutory charges payable to Exchange / SEBI / Govt. Authorities etc.
- * SEBI/ Exchange/ Clearing Member/Turnover charges
- * Penalty charges for margin shortage In derivative segment
- * Penalties levied by Exchange
- * Delayed Payment charges
- * Postage & Courier Charges
- * Bank charges towards the cheques received unpaid.
- * DP, Bank and other processing charges towards periodic settlement of Funds/Securities on periodic basis.
- * Charges for depository account maintained with us
- * Other out of pocket and service related charges

d) Imposition of penalty/delayed payment charges

Clients will be liable to pay late pay in/delayed payment charges for not making payment of their pay in / margin obligation on time as per the exchange requirement/schedule at the rate upto 2% per month debited on monthly basis.

The client agrees that the stock broker may impose fines/penalties for any orders / trade / deals / actions of the client which are contrary to this agreement rules / regulations / bye laws of the exchange of any other law for the time being in force, at such rates and in such form 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) The right to sell client's securities or close client's positions, without giving notice to the client, on account of non-payments of client's 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 client - position without giving notice to the client for non payment of margins or other amounts Including the pay in obligation, outstanding debts etc and adjust the proceeds of such liquidation/close out, if any, against the clients liabilities/ obligations.

The client shall ensure timely availability of funds/securities in the form and manner at designated 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 liquidations/closing out shall be to & borne by the client. In cases of securities lying in margin account / constituent's beneficiary account and having corporate actions like Bonus, stock split, Right issue etc for margin or other purpose the benefit of shares due to received under Bonus, stock spot, Right were will be give then the shares is 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 the realization or the funds from the said bank instrument etc, at the absolute discretion of the stock broker. Where the margin/ security is made available by way of securities or any other property, the stock broker is empowered to decline its acceptance as margin / security and / 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 order, and to sell/close/liquidate all open positions / securities / shares at the pre-defined square off time or when Mark to Market (M-T-M) 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 also be solely liable for all and any penalties and charges levied by the exchange(s).

f) Shortages in obligations arising out of internal netting of 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 other company or entity liable to make the payment and the client has fulfilled his/her/its obligations first.

The policy and procedure for settlement of shortages in obligations arising out of internal netting of trades is as under:

- (i) The out standing transaction or both non delivering and non receiving clients will be closed out (squared off) Pay in day's closing price + 5% markup. This, will be done by entering reverse trade in each clients A/c.
- (ii) In cases of securities having corporate actions all cases of short delivery of cum transactions which cannot be covered on cum basis would

be compulsory closed out at higher of 10%, above the official closing price on the pay in day or the highest traded price from first trading day of the settlement till the pay in day.

g) 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 at order level. Client may take exposure upto 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. The existing position of the client is also liable to be squared off/closed out without giving notice due to shortage of margin/ non making of payment for their pay in obligation/ outstanding debts.

h) Temporarily suspending or closing a client's account client's accounts at the client's request

On the request of the client in writing, the client account can be suspended temporarily and same can be activated on the written request of the client only. During the period client account is suspended, the market transaction in the client account will not be permitted. (However activities other than trades are carried on as usual).

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

1. 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 or securities or disturb the normal/proper functioning of the market, either alone or conj unction with others.
2. If there is any commencement of a legal process against the client under any law in force;

3. On the death / lunacy or other disability of the Client;
4. If the client being a partnership firm, has any steps taken by the Client and/or its partners for dissolution of the partnership;
5. If the Client suffers any adverse material change in his/her/ its financial position or defaults in any other agreement with the Stock broker;
6. If there is reasonable apprehension that the Client is unable to pay its debts or the Client has admitted its inability to pay its debts, as they become payable;
7. If the Client is in breach of any term, condition or-covenant of this agreement;
8. If the Client has made any material misrepresentation of facts, including (without limitation) in relation to the Security;
9. If a receiver, administrator or liquidator has been appointed or allowed to be appointed of all or any part of the undertaking of the Client;
10. If the Client have taken or suffered to be taken any action for its reorganization, liquidation or dissolution;
11. If the Client has voluntarily or compulsorily

become the subject of proceedings under any bankruptcy or insolvency law or being company, goes into liquidation or has a receiver appointed in respect of its assets or refers itself to the Board for Industrial and Financial Reconstruction or tinder other law providing protection as a relief undertaking;

12. If any covenant or warranty of the Client is incorrect or untrue in any material respect:

j) Margin policy (Derivatives Segment)

Margin as calculated by clearing corporation on client wise portfolio, based on SPAN and Additional Exposure Margin is debited and collected from client account It is also ensured that sufficient margin is available before placing an order and exact margin applicable to client will be given by clearing corporation electronically to concerned trading member client wise in the F_MG13 file.

(Capital Market Segment)

- Margin @ 10% will be applicable if gross exposure exceeds Rs. 10,00,000/-

- Sale transactions for which early pay in of securities is made shall be excluded.
- Securities to the credit of client and holdings in beneficiary account of client if POA is offered in favour of company shall be considered for margin at its latest valuations

k) Policy for Inactive /Dormant client account :

Client account will be considered as inactive if the client does not trade for a period of one year. Calculation 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 balance fund and securities lying in the Client account will be transferred to the last known bank/demat account of the Client at the time of marking the account inactive. The client has to make written request for reactivation of their account.

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 rote orders. I/We understand that there exists 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 such other problems / glitch whereby not being able to establish access to the trading system/network, which may be beyond your control and may result in delay in processing or not processing buy or sell orders either in part or in full. I/We shall be fully liable and responsible for any such problem/fault.

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 into, question the validity, enforce ability and applicability of any provision / clauses contained in this document under any circumstances what so ever. 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 other reasons 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 stock broker before any court of law / judicial / adjudicating authority including arbitrator / mediator etc.

Client Name :

Client Code :