



KAI SECURITIES PVT. LTD.

(FORMERLY KNOWN AS GRISHMA SECURITIES PVT LTD)

CIN NO U67120MH2000PTC124578

Member: National Stock Exchange of India Ltd. Member ID11271, BSE Ltd. BSE Clg. No.147 SEBI Reg.No.:INZ000232632

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Policies and Procedures

The underlying document outlines various policies and procedures Kai Securities Private Limited (KSPL) has framed with respect to its dealing with clients for capital market/ derivatives market transactions to ensure transparency and facilitate understanding on various aspects related to service delivery. Kindly note that the below stated policies and procedures are subject to change from time to time, depending upon our internal risk management framework, market and external environment; and clients can refer the KSPL's website for the updated documents.

1. Refusal of orders for penny stocks etc:

Generally, KSPL alerts clients to desist from trading in any penny stocks in view of the associated risk element while dealing in such stocks. Further, the client is also required to adhere to Exchange/ Members' guidelines and due diligence while trading in such stocks. Also SEBI/ Exchange from time to time issues directives necessitating additional due diligence for dealing in such stock(s).

We at our sole discretion, may impose certain restrictions and/ or conditions (on case to case basis), subject to rules, regulations, byelaws, circulars, directives and guidelines of SEBI and Exchanges as well as considering the prevalent market and other circumstances and risk policies at a related point in time. These restrictions/conditions include but are not limited to the following -

- a) restrict wholly or partly for trading, in certain security(ies)/category of security(ies)/contracts viz. -
 - i. illiquid stocks / stocks having low liquidity,
 - ii. illiquid options/far month options / long dated options,
 - iii. securities listed in Z, T, TS, S group or 6 lakh series available for institutional category on BSE and/or securities listed in BE, IL, BT or EQ series on NSE,
 - iv. any other securities/ contracts which as per the perception of KSPL are volatile or subject to market manipulation or has concentration risk at client level or at the company level,
- b) cancel orders in above securities / contracts received from clients before execution or after partial execution without assigning any reasons thereof,
- c) require the client to provide appropriate declarations before/after accepting such orders.

KSPL shall –

- a) not be responsible for non-execution / delay in execution of such orders and consequential opportunity loss or financial loss to the client,
- b) have the discretion to place such restrictions, notwithstanding the fact that the client has adequate credit balance or margin available in his account and/or the client had previously purchased or sold such securities / contracts through KSPL itself,
- c) have the right to revise the list of such securities / contracts on a periodic basis.

Client can obtain the information about the updated list of securities from the Relationship Manager /Dealing office.

2. Setting up Client's Exposure limit:

Settlement / Margin obligation:

The Exchange bye-laws requires a member broker to adhere to various trading and settlement obligations and conditions which include but are not limited to -

- a) upfront margin maintenance requirements with the Exchange/ Clearing Corporation prior to taking an exposure in the market,
- b) cash and collaterals / securities deposit, in prescribed ratio, for margin maintenance,
- c) certain margins to be paid for in cash only, for instance mark-to-market,
- d) settlement obligations in respect of funds and/or securities to be honoured as per the settlement calendar prescribed by the exchange from time to time.

In order to enable KSPL to meet the obligation on behalf of the client, KSPL seeks client's cooperation to maintain adequate margin, make timely settlement of obligations, top-up margin by scheduled date, etc.

Exposure setting:

Margin based limit / exposures will be set for clients for transacting in Cash and Derivatives segment. Margin can be paid in form of cash and approved collateral. Collateral will be valued on daily basis at latest /previous day's closing price and appropriate hair-cut shall be applicable. List of approved collaterals / securities along with applicable haircut, is subject to revision from time to time based on Exchange approved list, market volatility, quality of collateral and internal guidelines; and same can be obtained from the Relationship Manager. Collateral other than approved list may be accepted on a case to case basis by the Relationship Manager after due permission from the senior management of KSPL.

KSPL shall have the discretion to allow differential limits / exposures varying from client to client, depending upon client's trade history/experience, if available, his financial capacity and/or credit worthiness and referral of each client.

3. Brokerage Policy

KSPL may charge a brokerage for all trades facilitated on BSE, NSE, MCX-SX or any other recognized exchange of which KSPL is a Member. Brokerage rate may vary from client to client, as per the terms agreed with the client at the time of registration or by way of any subsequent agreement between the client and KSPL. The rate of Brokerage shall not exceed the maximum permissible brokerage stipulated by Exchange/ SEBI.

The slab rates of brokerage fixed by KSPL may be function of the quality and cost of services provided to the client and the volume and revenue expected from a relationship. It shall be reviewed by KSPL from time to time and may be changed in such manner as KSPL may deem fit provided that the same would not contradict the regulatory provisions.

The brokerage shall however be exclusive of the following:

- Service Tax and Education Cess,
- SEBI/ Exchange/ Clearing member charges
- Stamp duty
- STT,
- DP AMC/transaction charges /Intersetlement Charges/ Pledge / Unpledge / Demat / Remat charges
- Account Opening charges
- Bank charges towards the cheques dishonoured etc

4. Imposition of Penalty / delayed payment charges

Delayed payment charges / margin shortage charges:

As per the Exposure Limit section outlined earlier in the document, client shall maintain adequate margin / settle the obligation / top-up the margin by scheduled date. In case client fails to settle the dues in time, KSPL shall reserve the right to -

- a) levy delayed payment charges, not exceeding 2% per month, or such other rate as may be determined by KSPL from time to time, on account of delays/failure by the client in meeting the pay-in / margin obligations / mark-to-market obligation on the scheduled date till the date of payment in Cash and/or Derivatives.
- b) levy a charge for disproportionate cash versus collaterals ratio prescribed by the Exchanges for deposit of margins in Derivatives,
- c) not consider any credit balance in other family or group account of the client while computing delayed payment charges on the debit balance in the running account of a client. The above levy is only a penal measure in case of a client default in meeting settlement and margin obligation and should not be construed as funding arrangement by the client; and the client cannot demand continuation of service on a permanent basis citing levy of delayed payment charges.

Penalties levied by Exchanges:

Exchanges / Clearing Corporation/ SEBI levy penalties on the member broker for irregularities observed by them during course of its dealing with its Clients. KSPL shall recover such imposed penalties / levies, by the Exchange / regulators, from the client which arises on account of dealing by such client. The illustrative list of reasons to levy penalty include but are not limited to –

- a) auction resulting from short deliveries,
- b) non adherence to client-wise exposure limits in Cash and Derivatives segment,
- c) client-wise shortfall in Derivatives margin,
- d) any other reasons which may be specified by the Exchange / Clearing Corporation/ SEBI from time to time.

Interest Free Deposits:

KSPL provides exposure against the upfront margin received in the form of cash / collateral from the client and the client also has the prerogative to demand withdrawal of cash or collaterals at his discretion, subject to surplus margin in place. KSPL shall not pay any interest or other benefit to the client for maintaining cash balances or depositing collateral

margins with KSPL except for the corporate benefit received on such collateral securities, if any.

5. Liquidation Policy:

(The right to sell Client's securities or close Clients' positions, without giving notice to the Client on account of non-payment of dues by Client)

As per the Exposure Limit section outlined earlier in the document, client shall maintain adequate margin / settle the obligation / top-up the required margin by scheduled date. The client agrees and confirms that in case of any delay (beyond permissible time limit as per SEBI or Exchange's rules, regulations, byelaws, circulars and other applicable laws/provisions) in making the payment, KSPL shall have the right to sell client's security(ies)/ positions/ contracts, both unpaid securities as well as collaterals deposited towards margins or securities previously purchased by the client or close out client's open positions / contracts or offset credit balance in other segment / exchange against client's obligation / debit balances / liabilities, without giving any notice to the client, as per prevalent risk policy from time to time, in circumstances including but not limited to the following -

- a) where intra-day position, if any, not liquidated before prescribed time or placing of fresh intra-day order after a cut-off time fixed by KSPL,
- b) where client is not having adequate margins, as per conditions specified in Exposure Limit section or on account of removal of a security from approved list of collateral and client's failure to top-up further margins,
- c) where client delays / fails to meet the pay-in obligation / mark-to-market (MTM) dues / clearance of debit balances / dues by scheduled date or realisation proceeds of the cheque(s) deposited by the client to meet obligation is not received,
- d) cheque bouncing / not honoring sale obligation by delivering shares in time or due to any reason, delays or fails in clearing outstanding dues to KSPL,
- e) volume in excess of permissible internal limit cap in illiquid / penny stocks / long dated options / far month options or excessive speculative trading,
- f) scrip is moved in BAN list (due to breach of exchange limit defined for market wide position limit / trading member wide position limit / client wide limit in Derivatives segment, etc.),
- g) irregularities in dealing and other surveillance / anti money laundering (AML) related observations,
- h) client categorized as ineligible due to non-traceable, disputes, possible default by client and any other circumstances leading to raising non-confidence in client,
- i) disputed delivery/ trading position,
- j) any direction from SEBI/ Exchange or such other regulatory/ statutory authorities,
- k) under such other circumstances as KSPL may think just and proper on case to case basis.

Such liquidation may be in full or partial to the extent of shortfall / debit and securities / position / contracts selection would be at the discretion of KSPL. While selling the securities/ closing the clients positions / contracts, KSPL may take into account the positions closed by the client or collections received from the client till a cut-off time. Securities previously purchased would be used for liquidation where the sale proceeds of unpaid securities are inadequate to cover the pay-in obligations and/or where the unpaid securities appear to be comparatively illiquid and cannot be sold at reasonable rates to the extent required.

KSPL shall have the right to sell client's securities or close out client's open positions / contracts but it shall not be under any obligation to undertake this exercise compulsorily and therefore shall not be under any obligation to compensate/ or provide reasons for any

delay or omission on its part to sell client's securities or close open positions / contracts of the client and client shall be solely responsible for the loss incurred on such liquidation.

6. Shortages in Obligation and penalty for defaulting client:

Clients are required to make Securities / Funds payin on or before T+2 day. In case of default in security pay-in by the client and the shortage is at member level i.e. internal shortage, a penalty as applicable from time to time, will be imposed on the defaulting client and the benefit will be passed on to the respective beneficiary client. Rate of penalty will be decided by member as applicable from time to time.

In case of default of securities pay-in by the client and the shortage is vis-a vis the Exchange, auction value of the respective exchanges and all levies, as applicable, shall be recovered from the defaulting client.

7. Conditions under which a Client may not be allowed to take further positions or the Member may close the existing positions of a Client:

Under various circumstances outlined in the Liquidation Policy section of the document, the Client may not be permitted to take any fresh or further position until the full clearance of earlier dues, obligation, outstanding etc.

Further, it would be the duty of the client to monitor its position with KSPL from time to time. In case of any delay or failure by the client in meeting any obligation, margin requirements etc. KSPL, at its discretion, may close the open position / contracts without any further intimation to the client in this regard as per the Risk policy.

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

The client is required to submit written request for closure of account or for temporary suspension of account clearly stating period of suspension, at the registered office of the Member. Upon receipt of request and after satisfying itself with respect to all information/ documentation and settlement of client dues, the Member shall act upon the request within reasonable time but not later than 30 days from the date of request.

9. Deregistering the client

KSPL may at its discretion de-register the client's account in circumstances including but not limited to the following -

- a) action taken by Exchanges / Regulators or being part of list of debarred entities published by SEBI,
- b) where the client indulge in any irregular activities not limited to synchronized trading, price manipulation, etc. resulting in violation of rules, regulations of the exchange and any other such activity
- c) based on information found in sites of CIBIL, Watch out investors, World check or client having suspicious back ground, link with suspicious organization etc.,
- d) irregular trading pattern from surveillance /AML perspective,
- e) where the client is categorized as ineligible due to being non-traceable, disputes, possible default by client and any other circumstances leading to raising non-confidence in client

including return of undelivered couriers citing reason of “ no such person / addressee left / refusal to accept mails / POD's signed by the third persons etc.” or Electronic Contract Notes (ECN) failed (Bounced email) on more than 3 instances until client submits and registers new email id or non-delivery of the statement of account sent on periodic basis or non-updation of financial and other details viz., email id, mobile no, land line details or it is found to be belonging to a third person,
f) right to deregister after serving a 30 days' written notice without assigning any reason thereof.

In such case, KSPL shall have the right to close out the existing positions / contracts, sell the collaterals to recover its dues, if any, before de-registering the client's account.

10. Policy for Dormant/ Inactive account:

Scope:

The scope of this policy is to formulate clear guidelines for identification, reactivation of client codes which has been categorized as dormant/Inactive as per SEBI/exchange guidelines.

Policy for treatment of Inactive/Dormant accounts:

In case of any account(s), the term dormant / inactive account refers to such account wherein no transaction/trade(s) have been carried out since last 12 continues months. The funds / securities of such clients must be returned and the account must be having zero balance. The said clients are not permitted to carry out any fresh transactions/trades in such account.

The process of identifying the dormant/inactive account based on the above mentioned criteria shall be run daily / weekly / monthly basis post the end of the day activities depending on the criteria set by the management from time to time. Account identified as dormant/inactive shall be flagged as “Inactive/Dormant” in the trading software, back-office system and respective exchange's UCC data base and also such account restricted for further trading/transaction till the clients is not re-active their account as per process mentioned below.

Process for reactivation of Inactive/Dormant account:

Client can get the account reactivated after provided fresh documents, sufficient due diligence and also provided the updated information through the any process mentioned below. In a part of due diligence, we have carried out IPV at the time of client is coming for reactivation.

IPV should be undertaken only when the client seeks reactivation after a period of 12 months (1 year) of being flagged as inactive/dormant i.e. after 2 years from their last trading date.

The Client can follow any of the below processes for reactivation of account:

- a. Client can submit the duly signed account re-activation form along with necessary documents at any of branch/main office.
- b. By placing request of re-activation of account through our online account re-activation system/facility.