

1. Policy for Penny Stock

The Client understands that CGM is entitled, in its sole discretion, to refuse execution of any request from the Client with respect to any transactions in Penny Stocks.

For the purpose of this clause "Penny Stocks" shall mean and include:-

- i. such stocks that are trading for less than Rs. 20; and
- ii. such stocks that are enlisted in the list of illiquid securities issued by the Exchanges every month.

2. Exposure limits

The Client agrees to abide the client wise trading limits imposed on it by the exchanges or SEBI. In addition, CGM may place exposure limits on the clients from time to time.

3. Brokerages/ fees/ commission / other charges / penalties

- 11 The Client agrees to pay various fees, charges, brokerage or commission on the transactions executed on its behalf at the rate that is agreed mutually from time to time. The Client further agrees to pay any applicable taxes including the securities transaction tax, duties and levies as may be levied on the transaction from time to time.
- 12 The Client hereby understands that CGM shall debit the amount of any penalty charges, which may be levied by Exchange(s) on CGM due to any activity carried out and/or any transaction done by the Client with CGM, and that Client hereby authorizes CGM to do the same.
- 13 Brokerage or commission as charged by CGM, shall be within the limits prescribed by SEBI/Exchanges.

4. Close out / liquidation of positions

Citigroup shall have the right where:

- (a) the Customer fails to discharge its obligations to Citigroup in a timely fashion (including, without limitation, the non-payment of dues by the Customer towards any margins, additional margins, daily mark to market settlement of futures contracts, final settlement of transactions, futures contracts, premium settlement of option contracts, exercise settlement of option contracts or such other settlement, fees, commission and/or charges), or
- (b) a petition for bankruptcy or for the appointment of a receiver or judicial manager is filed, or any proceeding towards winding up (whether voluntary or involuntary) is made by or against the Customer, or
- (c) any analogous event (each an "Event of Default") occurs, to sell any or all contracts or other property in any of the Customer's accounts and to buy any or all contracts which may be short in any of the Customer's accounts, and to close out and liquidate any and all outstanding contracts of or with the Customer.

Any such sales or purchases may be made at Citigroup's discretion on any exchange or other market, it being understood that a prior demand or call, or prior notice of the time and place of such sale or purchases, if any be given, shall not be considered a waiver of Citigroup's right to sell or buy without demand or notice as herein provided.

The Customer shall at all times be liable to Citigroup for:

- (a) the payment of any debit balance owing by the Customer to Citigroup or standing to the Customer's accounts
- (b) any deficiency in any such accounts in an Event of Default
- (c) any reasonable costs of collection including legal fees on a full indemnity basis
- (d) any loss caused to Citigroup due to the closing out and/or liquidation of its open positions initiated by Citigroup on account of any non-payment of dues by the Customer towards margins, additional margins, and other charges required under this agreement.

5. Shortages in obligations arising out of internal netting of trades:

- a. In case of a short sale by the Client, where the Client fails to deliver the shares, the Client shall be debited by auction price (if available). If the Auction price is not available, Client shall be debited as per the Exchange close out price mechanism or such other price as the firm may deem fit depending upon the facts of the case.
- b. Further in case of a purchase transaction, due to

Exchange/internal shortage, Citi will endeavor to procure shares through Self- auction mechanism where feasible. In case the shares cannot be procured through Self-auction mechanism, the Client shall be credited by auction price (if available). If the Auction price is not available, Client shall be credited as per the Exchange close out price mechanism or such other price as the firm may deem fit depending upon the facts of the case.

- c. The Client understands and agrees to the same and undertakes that it shall not hold CGM responsible for any loss or damages arising out of the same.

Exchange Close Out Price Mechanism:

Close out shall be at the highest price prevailing across the Exchanges from the day of trading till the auction day or 20% above the settlement price on the auction day, whichever is higher.

6. Conditions under which a client may not be allowed to take further position or the broker may close the existing position of a client:

The clients may be disallowed to take further positions or close the existing positions, inter- alia, in the event of client has defaulted in meeting obligations to the broker on time with respect to the margins, or settlement obligations etc. For close out, please refer point ( 4 ) above.

7. Suspension of services and termination

- 1.1. CGM may at any time, as it considers necessary in its sole discretion and without prior notice to the Client, prohibit, restrict or suspend the stock broking services and other access provided to the Client under this arrangement, whether in part or entirely.
- 1.2. CGM shall be entitled to suspend or terminate this arrangement without prior notice if
  - a. the Client has breached this arrangement;
  - b. upon the death, winding up, bankruptcy, liquidation or lack of legal capacity of the Client or is designated as a defaulter by any credit rating agency or any action or proceedings have been initiated by the relevant regulator/Authority including without limitation SEBI;
  - c. the Client has misrepresented facts at the time of entering into this arrangement or at the time of giving instructions or otherwise or;
  - e. any proceedings or investigations that involve the Client or his/its properties have been initiated or is ongoing;
  - f. the Client fails to fulfill his/its payment obligations under this arrangement or otherwise due to CGM or;
  - g. the Client has violated the Applicable Laws;
  - h. if the Client is designated as a defaulter by any credit rating agency or any action or proceedings have been initiated by the regulator;
  - i. If the Client migrates to a jurisdiction which prohibits trading in Indian Securities or otherwise subjects CGM or any of its employees to any licensing or registration requirements.
  - j. the client has been prohibited from dealing in securities by the regulatory authorities including BSE, NSE and SEBI.
- 1.3. CGM may, at the request of the Client, suspend the Services provided to the Client under this arrangement for such time-period as requested by the Client provided that there are no outstanding exposure and/or dues against any of accounts of the Client.

- 1.4. The Parties to this arrangement shall be entitled to terminate this arrangement or any part thereof without giving any reasons to the other Party, after giving notice in writing of not less than one month to the other Party. Notwithstanding any such termination, all rights, liabilities and obligations of the Parties arising out of or in respect of transactions entered into prior to the termination of this arrangement shall continue to subsist and vest in / be binding on the respective Parties or his / its respective heirs, executors, administrators, legal representatives or successors, as the case may be.

8. Inactive account: If a customer has not traded with CGM India for a continuous period of 12 months, the account may be de-activated. Further, accounts set up for one-off transactions may be de- activated after the execution of the transaction. The account may be reactivated at the discretion of CGM India. CGM India may ask for an additional document in that case.

In the event of any conflict with respect to the provisions of rules or regulations of the exchanges or SEBI or the Member-client arrangement or the Risk Disclosure Documents with the above policies and procedures, the provisions of the rules and regulations of the exchanges and / or SEBI or the Member-client arrangement or the Risk Disclosure Documents shall prevail.