

## **MANDATORY POLICIES AND PROCEDURES**

These “**Mandatory Policies & Procedures**” of Stewart & Mackertich Wealth Management Limited (hereinafter referred to as Stewart & Mackertich) is in accordance to SEBI Circular dated 3<sup>rd</sup> December 2009. This document outlines various Policies and Procedures framed and followed by Stewart & Mackertich with respect to its dealings with its Clients as a Stock Broker on National Stock Exchange of India Limited (NSE), Bombay Stock Exchange Limited (BSE) and The Calcutta Stock Exchange Limited (CSE) (collectively hereinafter referred as “the Exchanges”).

Stewart & Mackertich shall have right at its sole and absolute discretion to amend / change / revise any of the above said “**Mandatory Policies and Procedures**” at any time in future depending upon Regulatory changes, its risk management framework, other market conditions etc. and the same shall be binding on the Client forthwith. The said Policies and Procedures and any revision/updation in the same from time to time is / will be available in the official web site of Stewart & Mackertich.

Any action taken by Stewart & Mackertich in accordance with the “**Mandatory Policies and Procedures**” mentioned herein above can not be challenged by the Client and Stewart & Mackertich shall not be liable to the Client for any loss or damage (actual/notional), which may be caused to the Client as a result.

### **(I) REFUSAL OF ORDERS OF PENNY STOCKS:**

Penny Stocks and/or Illiquid Stocks / Contracts / Options are risky investments due to thin liquidity, greater volatility factor as well as they are infrequently traded on the stock exchanges. In view of the risks involved in dealing with Penny Stocks and/or Illiquid Stocks / Contracts / Options, Stewart & Mackertich would generally advise its Clients to desist from trading in them.

A Security may be treated as Penny Stocks and/or Illiquid Stocks / Contracts / Options if it falls in any one category as mentioned herein below:

- ❖ List of Illiquid Securities issued by the Exchanges periodically.
- ❖ Trade-to-Trade settlement.
- ❖ “Z” – Group.
- ❖ Illiquid Options / Far Month Options / Long Dated Options.
- ❖ Any other Securities / Contracts / Options as may be decided by Stewart & Mackertich, which may be considered by Stewart & Mackertich in its sole discretion as volatile or have concentration risk at Client level or at the security level or any other reason.

SEBI has directed the Exchanges to draw up a list of illiquid securities based on criteria jointly agreed between BSE, NSE and SEBI and make it available to the trading members on a monthly basis and such list will be reviewed on a monthly basis.

As trading members have been advised by the Regulatory Authorities to exercise additional due diligence while trading in Penny Stocks and/or Illiquid Stocks / Contracts / Options, Stewart & Mackertich would have exclusive rights and prerogative to refuse and/or to accept such orders with regard to Penny Stocks and/or Illiquid Stocks / Contracts / Options, notwithstanding the fact that the Client has adequate credit balance or margin available in his/her/its account and/or the Client had previously purchased or sold such securities through Stewart & Mackertich.

Stewart & Mackertich may permit restrictive acceptance of orders in such scrips in controlled environments like asking the Client to place orders at a centralized desk at Head Office instead of allowing trading in such scrips at Branch Level. Stewart & Mackertich shall not be responsible for delay in execution of such orders and consequential opportunity loss or financial loss to the Client. Stewart & Mackertich may cancel orders in such scrips received from Clients before execution or after partial execution without assigning any reasons thereof. Stewart & Mackertich may take appropriate declarations from the Clients before accepting such orders. Stewart & Mackertich would be free to charge upfront payment for the purchase transaction in penny Stocks as well as upfront delivery in case of sale transactions of such Penny Stocks and/or Illiquid Stocks / Contracts / Options.

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### **Refusal To Accept Buy And / Or Sell Orders At Abnormal Prices:**

Regulatory Authorities and Stock Exchanges have come across instances, where a Client / set of Clients were observed to be executing matched trades in illiquid securities and/or future contracts and/or options contracts reversing transactions with significant variation in prices between first and reversing trades. Such trades were executed at prices, which apparently had no relation to the price of underlying security at that point of time. Precisely the modus operandi taken in such trades wherein one Client / set of Clients trading through a particular trading member would incur a loss and the counter party Client trading through another trading member would earn a profit. In most of the cases, one or both legs of transactions were away from the current market price. Some of the trading members reported that the Clients who suffered losses failed to meet their obligations.

Regulatory Authorities and Stock Exchanges have come across instances, where a Client / set of Clients were observed to be executing large transactions in the form of block deals executed in certain scrips in the stock exchanges, which prima-facie, appear to have been negotiated in advance between the parties and then put through the Stock Exchange mechanism in a synchronized manner. Media reports appearing on the subject have also alleged that some of these transactions might have been executed by certain market participants with an ulterior motive to distort the fair price discovery in such scrips. Such market practices do not appear to be in conformity with the extant guidelines / regulations of SEBI / Stock Exchanges.

Such types of transactions, mentioned herein above are under the regulatory purview and are hence, being scrutinized by the stock exchanges and SEBI, concurrently. SEBI / Stock Exchanges may take punitive action for any possible violation of the provisions of the extant guidelines / regulations of SEBI / stock exchanges against the market participants who indulge in such type of transactions.

As trading members have been advised by the Regulatory Authorities to exercise additional due diligence while trading in these securities, orders placed in such securities would be executed upon the sole discretion of Stewart & Mackertich.

Stewart & Mackertich would have exclusive rights and prerogative to refuse and/or to accept such orders with regard to Penny Stocks and/or Illiquid Stocks / Contracts / Options and/or order and / or orders which, prima facie appear to be non-genuine, notwithstanding the fact that the Client has adequate credit balance or margin available in his/her/its account and/or the Client had previously purchased or sold such securities/contracts through Stewart & Mackertich.

In view of the above, the Client(s) would not be allowed to place both buy and sell orders at abnormal prices and / or price differences in the Cash Market Segment, Future Market Segment and in case of option contracts, that might not have any relevance to the movement in prices in underlying securities at that point of time.

Stewart & Mackertich may permit restrictive acceptance of orders in such Penny Stocks and/or Illiquid Stocks / Contracts / Options in controlled environments like asking the Client to place orders at a centralized desk at Head Office instead of allowing trading in such Penny Stocks and/or Illiquid Stocks / Contracts / Options at Branch Level. Stewart & Mackertich shall not be responsible for delay in execution of such orders and consequential opportunity loss or financial loss to the Client. Stewart & Mackertich may cancel orders in such Penny Stocks and/or Illiquid Stocks / Contracts / Options received from Clients before execution or after partial execution without assigning any reasons thereof. Stewart & Mackertich may take appropriate declarations from the Clients before accepting such orders.

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### **(II) SETTING UP CLIENT'S EXPOSURE LIMIT:**

Stewart & Mackertich broadly takes into consideration the regulatory requirement, Client profile, internal risk management policy, market conditions etc., while setting up the exposure limits for and on behalf of its Clients. The exposure limits for a Client would be set up considering the following parameters:

- (i) Exposure Limits to the Client will be provided based on the available margin in the Securities Account of the Client, maintained with Stewart & Mackertich.
- (ii) The Client is not entitled to trade without adequate margin/ security and that it shall be his/her/its responsibility to ascertain in advance the margin/security requirements for his/her/its orders/trades/deals and to ensure that the required margins/security is made available to Stewart & Mackertich, in such form and manner as may be required by Stewart & Mackertich.
- (iii) The Client would have to maintain "upfront margin" in the form of Cash, Approved Securities and Bank Guarantee(s) for availing trading exposures in the Capital Market Segment and in the Derivative - Futures Market Segment.
- (iv) The Exposure Limit will be a certain multiple of the available margin. Such multiplier will be as decided by Stewart & Mackertich from time to time and may vary from Client to Client.
- (v) Stewart & Mackertich may from time to time impose and vary limits on the orders that the Client can place through trading system of Stewart & Mackertich, including exposure limits, turnover limits, limits as to the number, value and/or kind of securities/contracts in respect of which orders can be placed, etc. Stewart & Mackertich may need to vary or reduce the limits or impose new limits urgently on the basis of the risk perception of Stewart & Mackertich and other factors considered relevant by Stewart & Mackertich, including but not limited to limits on account of Exchange/Regulatory directions/limits (such as Broker Level / Market Level Limits in security/contract specific/volume specific exposures etc.) and Stewart & Mackertich may be unable to inform the Client of such variation, reduction or imposition in advance. Stewart & Mackertich shall not be responsible for such variation, reduction or imposition or the Clients inability to route any order through the Trading System of Stewart & Mackertich on account of any such variation, reduction or imposition of limits.
- (vi) On a case-to-case basis Stewart & Mackertich at its sole and absolute discretion, may allow higher exposure limits to the Client. Stewart & Mackertich shall have the prerogative to allow differential purchase and sell limits varying from Client to Client, depending upon credit worthiness, integrity and past conduct of each Client. Stewart & Mackertich shall have the prerogative to determine and prescribe rules for exposure limits and intra-day trading and any other product as well as differential exposure limits for various segments.
- (vii) In case of Cash Segment, Stewart & Mackertich may at its sole and absolute discretion allow clean exposure limits upto certain amount to the Client without insisting for any credit balance and/or margin. Stewart & Mackertich shall decide the quantum of clean exposure limit. On case-to-case basis Stewart & Mackertich may at its sole and absolute discretion, give higher clean exposure limits to certain set of the Clients. Stewart & Mackertich reserves the right to withdraw clean exposure limit granted to the Client at any point of time at its sole and absolute discretion. The Client cannot raise any concern/dispute for the same.
- (viii) Available margin for the purpose of granting exposure is calculated as a sum of free credit balance of the Client in the books of Stewart & Mackertich, margin in the form of funds, securities of the Clients available with Stewart & Mackertich.
- (ix) The value of securities held in the demat account of the Client for which Power of Attorney is granted in favour of Stewart & Mackertich may be taken into consideration by Stewart & Mackertich at its sole and absolute discretion, for the purpose of granting exposure to the Clients. Stewart & Mackertich reserves the right to withdraw such basis to provide exposure limit, granted to the Client at any point of time at its sole and absolute discretion. The Client cannot raise any concern/dispute for the same.
- (x) The choice of the securities to be considered, as Stewart & Mackertich shall determine margin at its sole discretion from time to time and the Client shall abide by the same. However, in respect of transactions in the Derivative – Equity Futures Segment, the list of Approved Securities, considered for

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- maintaining margin, would be similar to that of list decided by the respective Stock Exchanges from time to time and / or as per the list decided by the sole discretion of Stewart & Mackertich.
- (xi) While granting the exposure limit, margin in the form of securities, will be valued as per the latest available closing price on NSE or BSE or CSE after applying appropriate haircut as may be decided by Stewart & Mackertich at its sole discretion.
  - (xii) Stewart & Mackertich may from time to time depending on market conditions, profile and history of the Client, types and nature of scrip, etc. at its sole discretion charge/change the rate of haircut applicable on the securities given as margin, multiplier for granting exposure in Cash / Derivative segments and take such steps as Stewart & Mackertich may deem fit and appropriate.
  - (xiii) If the order of the Client is executed despite a shortfall in the available margin, Stewart and Mackertich shall, intimate such shortfall of Margin and the Client undertakes to makeup for such shortfall immediately on the day of the trade. The Client further agrees that he/she/it shall be responsible for all orders (including any orders that may be executed without the required margin in the account of the Client) and/or any claim/loss or damage arising out of the non-availability/shortage of margin or securities required by Stewart & Mackertich and/or Exchange and/or regulator.
  - (xiv) Stewart & Mackertich is entitled to vary the form (i.e. the replacement of the margin/security in one form with the margin or security in any other form, say, in the form of money instead of shares) and/or security required to be deposited/made available, from time to time. The margin or security deposited by the Client with Stewart & Mackertich is not eligible for any interest unless specifically agreed to.
  - (xv) Stewart & Mackertich is entitled to include/appropriate any/all pay-out of funds and/or securities towards margin/securities without requiring specific authorizations for each pay-out. Stewart & Mackertich is entitled to transfer funds and/or securities from his account for one exchange and/or one segment of the exchange to his/her/its account for another exchange and/or other segment of the same exchange whenever applicable and found necessary by Stewart & Mackertich. The Client also agrees and authorizes Stewart & Mackertich to trade/adjust his/her/its margin/security lying in one Exchange and/or one segment of the Exchange/towards the margin/security/pay-in requirements on other exchange and/or another segment of the exchange.
  - (xvi) In case the Client makes the payment of the margin/security/settlement obligation/debit in account through a Bank Instrument, Stewart & Mackertich shall be at liberty to give the benefit/credit for the same only on the realization of the funds from the said bank instrument etc. at the absolute discretion of Stewart & Mackertich.
  - (xvii) Where the margin/security is made available by way of securities or any other property, Stewart & Mackertich is empowered to decline its acceptance as margin/security and/or to accept it at such reduced value as Stewart & Mackertich may deem fit by applying hair-cuts or by valuing it by marking it to market or by any other method as Stewart & Mackertich may deem fit in its absolute discretion.
  - (xviii) The formats provided by the Clearing Corporation of the respective Stock Exchanges and / or decided by of Stewart & Mackertich for the issuance of Bank Guarantee(s) favouring Stewart & Mackertich and / or the Clearing Corporation of the respective Stock Exchanges, would be considered for maintaining margin.
  - (xix) The Client will have to abide by the exposure limit set by Stewart & Mackertich.

Stewart & Mackertich has devised separate procedures for setting up of Client's Exposure Limits for different market segments. These procedures for various market segments are as follows:

The following methodology would be adhered for the purpose of calculating "Avail Exposure" for trading exposure in the **CAPITAL MARKET SEGMENT**:

*"Available Cash Balance in Margin Ledger of Capital Market Segment ADD Value of Securities maintained in Margin Account of Capital Market Segment after applicable Haircut on previous days close ADD Available Free Credit Balances in Ledger Account of Capital Market Segment LESS 15% Markup Debit on Outstanding Un-cleared Sale / Purchase Obligations in the Capital Market Segment"*

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The Trading Exposure would be a multiple of the "Available Exposure" and such multiple would be decided by the sole discretion of Stewart & Mackertich. In case of wide fluctuations in the stock prices and volatility, the standard Haircut on Securities Value maintained in Margin Account as well as 15% Markup Debit on Outstanding Un-cleared Sale / Purchase Obligations can be changed at the sole discretion of Stewart & Mackertich.

The following methodology would be adhered for the purpose of calculating "Avail Exposure" for trading in the **DERIVATIVE - FUTURES MARKET SEGMENT**:

*"Available Cash Balance in Margin Ledger in the Derivative Market Segment ADD Value of Securities maintained in Margin Account of Derivative Market Segment after applicable Haircut on previous days close ADD Available Free Balances in Ledger Account of Derivative Market Segment"*

The Trading Exposure in the Derivative - Futures Market Segment(s) would be based on the Initial Margin and Exposure Margin as levied by the respective Stock Exchanges based on the VAR Margin percentage of individual indices and stocks. In case of wide fluctuations in the stock prices and volatility, the standard Haircut on Securities Value maintained in Margin Account can be revised upwards at the sole discretion of Stewart & Mackertich.

As per the present Exchange requirements, the Member Broker is required to maintain a 50:50 ratio between cash and collateral margin deposited with the Exchange. Stewart & Mackertich shall therefore have the prerogative to insist for margin in the similar ratio as mandated by the Exchange from its Clients and may not consider the value of securities over and above the cash component for the purpose of calculating margins shortfall. Sales made in capital market segment are not considered on "T" & "T+1" day, while calculating margins on Derivative positions.

The following methodology would be adhered for the purpose of calculating "Avail Exposure" for trading exposure in the **DERIVATIVE - OPTIONS MARKET SEGMENT**:

*"Available Cash Balance in Margin Ledger in the Derivative Market Segment ADD Available Free Balances in Ledger Account of Derivative Market Segment"*

The Trading Exposure would be based on the premium value payable to the respective Stock Exchange upon "Purchase of Options". The Trading Exposure would be based on the Initial Margin and Exposure Margin as levied by the respective Stock Exchanges based on the VAR Margin percentage of individual indices and stocks, upon "Sale of Options". The Clients(s) would have to maintain "upfront margin" in the form of Cash for availing trading exposures in the Derivative - Options Market Segment(s).

### **(III) APPLICABLE BROKERAGE RATES:**

The brokerage rates fixed by Stewart & Mackertich are function of the quality of cost of services provided to the Client and the volume and revenue expected from an account. Brokerage shall be applied as per the rates agreed upon with the Client in the KYC at the time of registration of the Client and subsequently through a written agreement between the Client and Stewart & Mackertich. The rate of Brokerage shall not exceed the maximum brokerage permissible under Exchange/SEBI Laws. Where the sale/purchase value of a share is Rs. 10/- or less in Capital Market Segment, maximum brokerage of 25 paise per share may be collected.

Stewart & Mackertich shall review the Brokerage rates from time to time and may be increased/decreased with prospective effect at a written notice of 15 days sent to the e-mail address or postal address of the Client registered with Stewart & Mackertich.

Stewart & Mackertich shall charge brokerage for option contracts on the premium amount at which the option contract was bought or sold and not on the strike price of the option contract and brokerage on options contracts shall not exceed 2.5% of the premium amount or Rs 100/- whichever is higher.

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Stewart & Mackertich may charge a minimum service charge including brokerage of Rs. 25/- per contract note issued to Client for transactions in NSE Capital Market Segment, NSE Derivative Market Segment and BSE Capital Market Segment, separately. However the Transaction Charges levied by the respective Stock Exchanges, Statutory Levies of Government and Regulatory Authorities would be over and above the minimum sum of Rs. 25/-, charged to the contract note.

No brokerage would be charged on Auction Trades, however applicable charges, viz. penalty charges, auction difference, etc., levied by the respective Stock Exchanges as may be debited to Stewart & Mackertich, would be debited to account of the Client.

In case of any violation of the position limits with regard to the transactions in derivative market segment, penalties are levied as stipulated under Bye Laws, Rules and Regulations of the Stock Exchanges and Clearing Corporations, and such penalties and charges, debited to Stewart & Mackertich, would be debited to account of the Client.

All Statutory Charges presently applicable and / or would be applicable in future, under various legislation of Central Government, State Government, Regulatory Authorities, Stock Exchanges and / or any Public Authorities, would be charged and collected from the Client. The Brokerage will be exclusive of the following except in cases where it is agreed otherwise:

- (i) Service Tax and Education Cess.
- (ii) SEBI/Exchange/Clearing Member Charges
- (iii) Stamp Duty
- (iv) Statutory Charges payable to Exchange/SEBI/Government Authorities.
- (v) Any Other Charges towards customized / specialized service.

### **(IV) IMPOSITION OF PENALTY / DELAYED PAYMENT CHARGES:**

#### **Delayed Payment Charges:**

Pursuant to Exchange Bye-Laws, the Member Broker is currently required to compulsorily settle funds and securities within the stipulated time period as notified by the Exchanges for any transactions executed by a Client in any of the respective Stock Exchanges and / or market segments.

Further the Member Broker is also required to maintain adequate upfront margins with the Exchange to avail exposure for Trading. The Exchanges have also defined the ratios in which the Cash and Collaterals are to be deposited and maintained by the Member Broker. In addition the Exchange requires the member broker to deposit some of the margins like Mark-To-Market (MTM), cash only.

Under the circumstances, the Client shall settle all obligations with regard to Funds and Securities before the pay-in deadline as notified by the Exchanges for any transactions executed by the Client in any of the respective Stock Exchanges and / or market segments, where the Client shall deal. That in case the Client fails to settle the obligations with regard to funds and securities before the stipulated pay-in deadline as notified by the Exchanges for any transactions executed by the Client in any of the respective Stock Exchanges and / or market segments, Stewart & Mackertich would be at liberty to do the following:

- (i) Withhold payout of securities in the Hold Back Account of Stewart and Mackertich for the securities purchased by the Client, for which the Client has not settled fund obligations.
- (ii) Charge delayed payment penalty charges @ 24% per annum for the number of days of failure by the Client with regard to settlement of funds. The number of days of default would be determined from the pay-in day.
- (iii) Withhold payout of funds in case a part of securities have remained undelivered / unsettled before pay-in deadline against sale obligations of the Client, till auction pay-in and pay-outs settlement.

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Delayed payment penalty charges are only a penal measure. The Client should not construe it as a funding arrangement and shall not demand continuation of service on a permanent basis, citing levy of delayed payment charges.

Stewart & Mackertich is authorized by the Client to charge a delayed payment penalty charges @ 24% per annum where the Client takes exposure in the Derivative Segment by depositing collaterals in a ratio which is disproportionate to the cash versus collaterals ratio prescribed by the Exchanges.

While levying delayed payment charges or interest on the debit balance in the running account of the Client, Stewart & Mackertich will not consider any credit balance in the other family or group account of the Client.

The Client is entitled to forthwith release of funds lying credit to its ledger, on pay-out. In case the Client has authorized Stewart & Mackertich to maintain a running ledger account in writing, a written request to the Branch In-charge of Stewart & Mackertich, is to be made for the release of funds. Such release of funds would be however subject to un-discharged liabilities of the Client. In case Stewart & Mackertich fails to discharge its responsibilities with regard to funds pay-out due and payable to the Client, it would attract an interest penalty of 24% per annum for the number of days of delay of such fund settlement, payable by Stewart & Mackertich from the date of the pay-out and/or the date of receipt of specific request from the Client for such settlement.

### **Imposition of Penalties:**

The Exchange/Clearing Corporation/SEBI levies penalties on the Member Broker for irregularities observed by them during the course of business. Stewart & Mackertich shall recover such imposed penalties/levies, if any, by the Exchange/Regulators, from the Client, which arise on account of dealings by such Client. Violations for which penalties may be levied are as follows:

- (i) Auction of Securities pursuant to short deliveries/non deliveries against sale by the Client.
- (ii) Short Margin reporting in the Derivative Market Segment.
- (iii) Any Other Reasons which the Exchanges/Clearing Corporation/SEBI may specify from time to time.

Such recovery would be accounted by way of debit in the ledger of the Client and amounts would be adjusted against the dues.

The trading activity of the Client should not be aimed at disturbing market equilibrium or manipulating market prices etc. If the Client does so, Stewart & Mackertich may keep in abeyance the pay-out of funds and/or securities till such time that the Client has been able to clearly demonstrate that his/her/its actions were not malafide in any manner.

Stewart & Mackertich may impose fines/penalties for any orders/trades/deals/actions of the Client which are contrary to any of the rules/regulations/bye-laws of the Exchange or any other law for the time being in force, at such rates and in such form as it may deem fit. Further where Stewart & Mackertich 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 Clients the same shall be borne by the Client.

If the Client gives orders/trades in the anticipation of the required securities being available subsequently for pay-in through anticipated pay-out from the exchange or through borrowings or any off-market deliveries or market deliveries and if such anticipated availability does not materialize in actual availability of securities/funds for pay-in for any reason whatsoever including but not limited to any delays/shortages at the exchange or Broker level etc., the losses which may occur to the Client as a consequence of such shortages in any manner, such as on account of auctions/square-off/closing outs etc., shall be solely to the account of the Client and the Client agrees not to hold the broker responsible for the same in any form or manner whatsoever. Without prejudice to the foregoing, the Client shall also be solely liable for all and any penalties and charges levied by the exchange(s).

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In case Open position (i.e. Short / Long) gets converted into delivery due to non-square off because of any reason whatsoever, the Client will provide securities/funds to fulfill the pay-in obligation failing which the Client will have to face auctions/internal close-outs, in addition to this the Client will have to pay penalties and charges levied by exchange in actual and losses if any. Without prejudice to the foregoing, the Client shall also be solely liable for all and any penalties and charges levied by the exchange(s).

Stewart & Mackertich provide 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 and Collaterals at its discretion. The Client will not be entitled to any interest or other benefit on the credit balance/surplus margin available/kept with Stewart & Mackertich.

### **(V) RIGHT TO SELL CLIENT'S SECURITIES OR CLOSE CLIENT'S POSITION:**

The Client needs to furnish adequate margin as specified by Stewart & Mackertich from time to time from its sole and absolute discretion. It shall be the responsibility of the Client to ascertain in advance the margin requirement for its order/trades/deals and to ensure that the required margin is made available to Stewart & Mackertich in such form and manner as may be required by Stewart & Mackertich.

The margin will have to be paid within the time frame stipulated by the Exchanges or Stewart & Mackertich, generally in case of fresh positions upfront, in case of Mark-to-Market and/or any other additional margins before the commencement of trading on next trading day and in case where the exchanges levy and/or increase any margin required during the day, immediately upon levy and/or increase in any such margin.

The Client shall fulfill all its settlement obligations within the time frame, stipulated by Stewart & Mackertich or the Exchanges, whichever is earlier. The Client shall ensure timely availability of funds/securities in designated form and manner at designated time and in designated bank and depository account(s) at designated place, for meeting its pay-in obligations of funds and securities. Stewart & Mackertich shall not be responsible for any claim/loss/damage arising out of non-availability/short-availability of funds/securities by the Client in the designated account(s) of Stewart & Mackertich for meeting the pay-in obligation of either funds or securities.

Stewart & Mackertich shall have right to sell securities of the Client, both on paid securities as well as collaterals deposited towards margins, or close-out open positions of the Client, without giving notice to the Client where there is a delay/failure of the Client to meet the pay-in obligations and/or there is a failure of the Client to bring additional margins to cover the increase in risk in the dynamic market conditions.

As per the present Exchange requirements, the Member Broker is required to maintain a 50:50 ratio between cash and collateral margin deposited with the Exchange. Stewart & Mackertich shall therefore have the prerogative to insist for margin in the similar ratio as mandated by the Exchange from its Clients and may not consider the value of securities over and above the cash component for the purpose of calculating margins shortfall and close the Derivative position where it finds the deviation. However, sales made in capital market segment are not considered while closing Derivative positions on T and T+1 basis due to margin shortfall.

Stewart & Mackertich has the right but not the obligation to cancel all pending orders and to sell/close/liquidate all open positions/securities/shares at the pre-defined square-off time or when mark-to-market (MTM) percentage reaches or crosses stipulated margin percentage decided by Stewart & Mackertich. Stewart & Mackertich will have sole discretion to decide referred stipulated margin percentage depending upon the market conditions. Such margin percentage will be communicated from time-to-time orally or through e-mails or through its Trading Terminals, Branch representatives etc. However in the event of extreme volatility and/or open position (outstanding) of Client resulting in mark to market losses beyond margin percentage of Stewart & Mackertich anytime during the trading session, and/or positions of the Client or collateral being not saleable, thereby forcing Stewart & Mackertich liquidate any of the

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available positions of the Client and collateral same shall be done by Stewart & Mackertich during the course of Trading Session without recourse to the Client.

In the event of such Square-Off, the Client agrees to bear all the losses (actual or notional), financial charges, damages based on account of such liquidation/sale/closing-out on actual executed prices.

Stewart & Mackertich is entitled to prescribe the date and time by which the margin/security is to be made available and Stewart & Mackertich may refuse to accept any payments in any form after such deadline for margin/security expires. If the Client fails to maintain or provide the required margin/fund/security or to meet the funds/margins/securities pay-in obligations for the orders/trades/deals of the Client within the prescribed time and form, Stewart & Mackertich shall have the right without any further notice or communication to the Client to take any one or more following steps:

- (i) To withhold any pay-out of funds/securities.
- (ii) To withhold/disable the trading of the Client.
- (iii) To liquidate one or more securities of the Client by selling the same in such manner and at such rate which Stewart & Mackertich may deem fit in its absolute discretion. It is agreed and understood by the Client that securities here includes securities, which are pending delivery/receipt.
- (iv) To liquidate/square-off partially or fully the position of sale and/or purchase in any one or more securities/contracts in such manner and at such rate which Stewart & Mackertich may decide in its absolute discretion.
- (v) To take any other steps, which in the given circumstances, Stewart & Mackertich may deem fit.

The Client agrees that the losses if any, on account of any one or more steps enumerated herein above been taken by Stewart & Mackertich, shall be borne exclusively by the Client alone and agrees not to question the reasonableness, requirements, timings, manner, form, pricing, etc., which are chosen by Stewart & Mackertich.

Stewart & Mackertich may follow the LIFO method for liquidation of securities but it may not be binding on it to follow this method in all cases.

Stewart & Mackertich shall have right to close-out any intra-day positions taken by the Client after a defined "Cut-Off" time as decided by Stewart & Mackertich. Such "Cut-Off" time will be communicated from time-to-time orally or through e-mails or through its Trading Terminals, Branch representatives etc.

In case of failure to comply with any provisions of the Bye Laws, Rules and Regulations of the Exchange / Clearing Corporation, requirements of the Exchange / Clearing Corporation including the requirements pertaining to the position limits as imposed by the relevant authority from time to time, the relevant authority may at its discretion, either on its own or on the advice from the Clearing Corporation, without notice close-out open positions to the extent possible or take any such measures or actions, as may be deemed fit from time to time. The Client shall not hold Stewart & Mackertich/Exchange(s) responsible for losses, if any, on such measures or actions.

Stewart & Mackertich shall have the right to sell securities of the Client or Close-Out open positions of the Client but it shall not be under any obligations to undertake this exercise compulsorily. Stewart & Mackertich shall therefore not be under any obligation to compensate/or provide reasons of any delay or omission on its part to sell securities of the Client or close open positions of the Client.

### **(VI) SHORTAGES IN OBLIGATIONS ARISING OUT OF INTERNAL NETTING OF TRADES:**

Securities pay-in and pay-out are to be compulsorily settled as per the stipulated Exchange Settlement Calendar as notified by the Exchanges, for any transactions executed by the Clients in any of the respective Stock Exchanges and / or market segments.

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In case a Client fails to deliver any one or more securities to the pre notified Depository Pool Account of Stewart & Mackertich in respect of the securities sold by the Client before the pay-in deadline notified by the Stock Exchange(s), such undischarged obligation of any one or more securities shall be deemed to auctioned and/or closed-out by the Stock Exchange and/or Internally Closed-Out by Stewart & Mackertich.

In case the undischarged obligation is overdue to the Stock Exchange for pay-in, the same would be auctioned and/or closed-out by the Stock Exchange at the auction price and/or close-out price, decided by the respective Stock Exchanges. The auction and/or the close-out would be accounted, at the auction price or close-out price on the date of auction pay-out, as may be debited to Stewart & Mackertich in respect of the securities delivered short by Stewart & Mackertich on behalf of its Clients, for the respective settlement to the extent traceable to the Client on failure of the Client to deliver such securities by the pay-in deadline. The accounting procedure would be conducted without any formal permission of the Client and as mandated, an Auction Contact Note with necessary annexures, would be issued to the Client on the Auction Date (which is notified by the Stock Exchange).

The loss, if any, on account of the auction and/or close-out shall be debited to the account of the seller Client and the Client shall not hold Stewart & Mackertich/Exchange(s) responsible and/or dispute for losses. Similarly the buyer Client shall not hold Stewart & Mackertich/Exchange(s) responsible and/or dispute for the loss/notional loss, if any, arising on account of the close-out credited to his/her/its account.

In case the undischarged obligation is overdue to any other Client of Stewart & Mackertich arising out of internal netting of trades, the same would be Internally Closed-Out by Stewart & Mackertich and charged to the defaulter seller and compensate the impacted purchaser. The basis of the Internal Closeout-Rate calculation would be the Valuation Price (as decided by the Stock Exchanges) plus 10%, where the Valuation Price means the closing rate of the previous day in the Capital Market Segment of the scheduled pay-in / pay-out date of the respective exchanges. The Internal Close-Out would be accounted, at the Internal Close-Out rate on the date of auction pay-out, as decided by Stewart & Mackertich in respect of the securities delivered short by the defaulter seller by the pay-in deadline. The accounting procedure would be conducted without any formal permission of the Client and as mandated, an Auction Contact Note with necessary annexures, would be issued to the Client on the Auction Date (which is notified by the Stock Exchange).

The loss, if any, on account of the Internal Close-Out shall be debited to the account of the seller Client and the Client shall not hold Stewart & Mackertich responsible and/or dispute for losses. Similarly the buyer Client shall not hold Stewart & Mackertich responsible and/or dispute for the loss/notional loss, if any, arising on account of the close-out credited to his/her/its account.

That if for any reason, schedule of pay-in and pay-out is modified, the aforesaid shall be applicable reckoning the actual date of pay-in and / or pay-out as the case may be by the respective Stock Exchange(s).

### **(VII) CONDITIONS UNDER WHICH A CLIENT MAY NOT BE ALLOWED TO TAKE FURTHER POSITION OR THE BROKER MAY CLOSE THE EXISTING POSITION OF A CLIENT:**

An illustrated list of circumstances in which Stewart & Mackertich may not allow the Client to take further positions or may Close/Liquidate a part or whole of the existing position of the Client are as follows:

- (i) Failure by the Client in providing sufficient/ adequate margin(s) and/or insufficient/inadequate free credit balance available in the account of the Client.
- (ii) If the Client fails to deposit the margin/additional margin by the deadline or if an outstanding debit occurs in the account of the Client beyond the stipulated time period.
- (iii) If the Client fails to maintain, the requisite margin, in such form and manner, as may be specified by Stewart & Mackertich, from time-to-time.
- (iv) Settlement obligations are not paid by the Client within the time frame allowed by the Exchanges or as per the norms specified by Stewart & Mackertich from time-to-time at its sole and absolute discretion.

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- (v) Securities falling in the category of Penny Stocks/ Illiquid Stocks/Contracts/Options as described in Policy (I) above.
- (vi) Trades, which apparently in the sole and absolute discretion of Stewart & Mackertich seems to be synchronized trades/circular trading/artificial trading/manipulative in nature, etc.
- (vii) In case any Relevant Authority is of the Opinion that a particular underlying no longer meets its requirements for Trading or is not eligible for Trading or if the Relevant Authority decided to discontinue trading in particular market segment for such reasons as it may deem fit and may in such circumstances impose restrictions on transactions that no new open positions can be taken in such underlying and / or contract that have been previously introduced.
- (viii) In case any Relevant Authority may limit the transactions with regard to the total number of securities and / or contracts on a underlying that a single investor and / or group of investors acting in concert may take up and / or exercise during such time period as may be prescribed by the Relevant Authority from time to time.
- (ix) In case any Relevant Authority may at any time in its absolute discretion prescribe maximum long and / or short open positions for any Client and / or group of Clients with regard to quantity and / or value for any underlying and / or contract.
- (x) Any ban imposed on the Client by the Regulatory Authorities.
- (xi) The Client have been found in the opinion of Stewart & Mackertich of any misconduct, forgery, suppression of facts and falsification of information provided by the Client at the time of opening of the Trading Account with Stewart & Mackertich.
- (xii) Where name of the Client apparently resembles with the name appearing in the list of debarred entities published by SEBI/Exchanges [where the information available for the debarred entity (other than name) is not sufficient enough to establish that the Client and such debarred entity are one and the same].
- (xiii) In case it is found in the opinion of Stewart & Mackertich, any terms and conditions, with regard to the Rights and Obligations and / or Policies & Procedures (both Mandatory and Voluntary), signed by the Client at the time of opening the Securities Trading Account has been violated.
- (xiv) The Client fails to furnish documents/information as may be called for by Stewart & Mackertich from time-to-time as per regulatory requirement and/or as per its internal policy.
- (xv) The Client fails to comply with any provisions of the Bye Laws, Rules and Regulations of the Exchange / Clearing Corporation, requirements of the Exchange / Clearing Corporation and any Relevant Statutory & Regulatory Authorities.
- (xvi) In the event of death or insolvency or lunacy of the Client otherwise becoming incapable of receiving and paying for or delivering or transferring securities which the Client has ordered to be bought or sold.
- (xvii) Depending on the market circumstances if Stewart & Mackertich is of the view that the positions of the Client are at risk then Stewart & Mackertich may close the existing position without waiting for the pay-in schedules of the exchanges.
- (xviii) In case in the opinion and sole discretion of Stewart & Mackertich, that such further position would be adverse and detrimental to the Compliance Requirement with regard to any provisions of the Bye Laws, Rules and Regulations of the Exchange / Clearing Corporation, requirements of the Exchange / Clearing Corporation and any Relevant Statutory & Regulatory Authorities.

Stewart & Mackertich may at any time at its sole discretion and without prior notice, prohibit or restrict the Clients ability to place orders or trade in securities/contract through Stewart & Mackertich, or it may subject any order placed by the Client to a 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 or contracts which are not in the permitted list of Stewart & Mackertich/Exchange(s) /any other Regulatory Body or the order being outside the limits set by Stewart & Mackertich/Exchange and any other reasons which Stewart & Mackertich may deem appropriate in the circumstances. The Client shall not hold Stewart & Mackertich/Exchange(s) responsible for losses, if any on account of such refusal or due to delay caused by such review, etc. Stewart & Mackertich is also entitled to disable/freeze the accounts and/or trading facility/any other service facility, if, in the opinion of Stewart & Mackertich, the Client has

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committed a crime/fraud or has acted in contradiction of these Policies and Procedures or/is likely to evade/violate any laws, rules, regulations, directions of a lawful authority whether Indian or Foreign or if Stewart & Mackertich so apprehends.

### **(VIII) TEMPORARILY SUSPENDING OR CLOSING A CLIENT'S ACCOUNT AT THE CLIENT'S REQUEST:**

The Securities Trading Account of a Client may be temporarily suspended upon written request to Stewart & Mackertich. However, before placing such written request, the Client shall settle all outstanding obligations with respect to funds and securities payable to Stewart & Mackertich with respect to respective account. Request from a Client where no dues are outstanding would be processed within 7 working days from the date of receipt of the request.

The Securities Trading Account of a Client shall be closed on receipt of a written request of the Client. Client shall settle all dues before the account is closed. Request from a Client where no dues are outstanding would be processed within 7 working days from the date of receipt of the request.

In case the Client wants to revoke suspension or resume fresh business, the Client shall comply with all the formalities required with regard to updation of KYC Norms as required by Stewart & Mackertich/Stock Exchange.

### **(IX) DE-REGISTERING A CLIENT:**

Without prejudice to rights and remedies available to Stewart & Mackertich under the Rights and Obligations signed by the Client, Stewart & Mackertich shall be entitled to suspend the account of the Client with immediate effect and if need be deregister the Client in any of the following circumstances:

- (i) Where the Client is inactive from more than 3 months.
- (ii) Where the Client has not cleared the naked or uncovered debits, which are more than 7 days old. Further, 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.
- (iii) Based on the recommendations made by the Branch Manager due to excessive speculations, un-cleared balances.
- (iv) Client lodges a complaint either directly with Stewart & Mackertich or through the Exchange relating alleged un-authorized trades being executed in the account.
- (v) On notices received from statutory, Government or Local Authorities and Income Tax, Service Tax, a Judicial or Quasi Judicial Authority, etc.
- (vi) On the death / lunacy or other disability of the Client.
- (vii) If the Client has voluntarily or compulsorily become the subject of proceedings under any bankruptcy or insolvency law or being a 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 under any other law providing protection as a relief undertaking. If a receiver, administrator, liquidator has been appointed or has been allowed to be appointed of all or any part of the undertaking of the Client.
- (viii) If the Client being a partnership firm, has any steps taken by the Client and / or its partners for dissolution of the partnership. If the Client has taken or suffered to be taken any action for its reorganization, liquidation or dissolution.
- (ix) If the Client has made any material misrepresentation of facts, including (without limitation) in relation to the security. Non Updation of Communications details viz. e-mail id., Mobile Number, Land Line Details or it is found to be belonging to a third person.
- (x) If the Client suffers any adverse material change in its financial position or defaults any other terms and conditions with Stewart & Mackertich.
- (xi) If the Client is in breach of any term, condition or covenant with Stewart & Mackertich.
- (xii) If any of the covenant or warranty of the Client is incorrect or untrue in any material respect.

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- (xiii) In case a Client fails to comply with any provisions of the Bye Laws, Rules and Regulations of the Exchange / Clearing Corporation, requirements of the Exchange / Clearing Corporation and any Relevant Statutory & Regulatory Authorities.
- (xiv) In case a Client fails to comply with regard to the timely settlement of Funds and Securities with regard to transaction in the respective Stock Exchanges and / or in the respective Market Segments.
- (xv) In case a Client have been found in the opinion of Stewart & Mackertich of any misconduct, forgery, suppression of facts and falsification of information provided by the Client at the time of Opening of the Securities Trading Account with Stewart & Mackertich.
- (xvi) In case it is found in the opinion of Stewart & Mackertich that the Client has been violating any terms and conditions, with regard to the Rights and Obligations and / or Mandatory Declarations and /or Voluntary Declarations, signed and entered into by the Client and Stewart & Mackertich.
- (xvii) In case in the opinion and sole discretion of Stewart & Mackertich, that the relation and further continuation of business and / or association with the Client would be adverse and detrimental to the Compliance Requirement with regard to any provisions of the Bye Laws, Rules and Regulations of the Exchange / Clearing Corporation, requirements of the Exchange / Clearing Corporation and any Relevant Statutory & Regulatory Authorities.
- (xviii) If the actions of the Client are prima facie illegal / improper or such as to manipulate the price of any securities or disturb the normal / proper functioning of the market, either alone or in conjunction with others. Where the Client indulges in any irregular trading activities like synchronized trading, price manipulation, trading in illiquid securities/options/contracts, self trades, trading in securities at prices significantly away from market prices, etc.
- (xix) If there is any commencement of a legal process against the Client under any law in force. Any enquiry/investigation is initiated by the Exchanges/Regulators and/or any regulatory body, against the Client. Any Regulatory action taken/initiated against the Client by the Exchanges/Regulator including but not limited to debarring the Client from assessing the Capital Market.
- (xx) Where name of the Client apparently resembles with the name appearing in the list of debarred entities published by SEBI/Exchanges (where no information other than name is available). Name of the Client appears in database/websites of CIBIL, Watch Out Investors, World Check, etc. Further, the Client having suspicious background or linked with suspicious organization.
- (xxi) Where the Client is non-traceable, has pending disputes with Stewart & Mackertich, possibility of a default by the Client.
- (xxii) Physical Contract Notes are received back undelivered due to reasons like "no such person", "addressee left", refusal to accept mails, POD 's signed by the third persons, signature mismatch on POD's or other reasons which may create suspicion, after close out of open positions. Non Delivery of Account Statement sent by Stewart & Mackertich on periodic basis. Where Electronic Contract Notes failed (Bounced Mails) on more than 3 instances until Client submits and registers new e-mail ids.
- (xxiii) Any other circumstances leading to a breach of confidence in the Client for reasons like cheque bouncing or not furnishing the financial and other details as may be called for by Stewart & Mackertich from time to time, etc.
- (xxiv) Such other circumstances which in the sole opinion of Stewart & Mackertich warrants to de-register the Client.

Under any of the above circumstances, Stewart & Mackertich shall have the right to close out the existing open positions/contracts, sell/liquidate the margin (in any form) to recover its dues, if any, before de-registering the Client. The Client shall not challenge any action taken by Stewart & Mackertich in terms of this Policy and Stewart & Mackertich shall not be liable to the Client for any loss or damage (actual/notional), which may be caused to the Client as a result. Aslo while de-registering the Client, Stewart & Mackertich may retain certain amount/securities due/belonging to the Client for meeting any future losses, liabilities, penalties, etc. arising out of dealing of the Client with Stewart & Mackertich. In case if any securities retained by Stewart & Mackertich is sold/liquidated to recover any losses, liabilities, penalties, etc., Stewart & Mackertich shall have the sole authority to decide the mode, manner and

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the price at which to effect the sale of securities and the Client can not raise any disputes as to the manner, mode and the price at which the securities are sold by Stewart & Mackertich.

In any of the above circumstances, if the Client, is able to justify his/her/its innocence either by producing any record, document or otherwise to the full satisfaction of Stewart & Mackertich, Stewart & Mackertich may consider its decision of de-registering the Client. However in no circumstances any action taken by Stewart & Mackertich till the date of re-registration shall not be challenged by the Client and Stewart & Mackertich shall not be liable to the Client for any loss or damage (actual/notional), which may be caused to the Client as a result.

Notwithstanding any such de-registration, all rights, liabilities and obligations of Stewart & Mackertich and the Client arising out of and/or in respect of transactions entered into prior to the termination of this relationship 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.

### **(X) POLICY FOR PREVENTION OF MONEY LAUNDERING (PMLA):**

Money Laundering may be defined as cleansing of dirty money obtained from legitimate or illegitimate activities including drug trafficking, terrorism, organized crime, fraud and many other crimes with the objective of hiding its source and rendering it in legally usable form. It is any act or attempted act to conceal or disguise the identity of illegally obtained proceeds so that they appear to have originated from legitimate sources. The process of money laundering involves creating a web of financial transactions so as to hide the origin of and true nature of these funds.

To combat money-laundering activities, the Government of India enacted the Prevention of Money Laundering Act, 2002 (hereinafter referred to as the "Act") on January 17, 2003. The basic objective of the Act is three fold, viz.:

- ❖ To prevent, combat and control money laundering.
- ❖ To confiscate and seize the property obtained from the laundered money.
- ❖ To deal with any other issue connected with money laundering in India.

In terms of rules framed under the Act, inter alia, every intermediary, including stock-broker(s) and sub-broker(s) shall comply with the following:

- (i) Maintain a record of all transactions, the nature and value of which may be prescribed, whether such transactions comprise of single transaction or a series of transactions integrally connected to each other, and where such series of transactions take place within a month.
- (ii) Furnish information of transactions referred to in Clause (a) to the Director within such time as may be prescribed.
- (iii) Verify and maintain the records of the identity of all its Clients, in such a manner as may be prescribed.

In terms of rules made under the Act, all intermediaries shall maintain a record of the following:

- (i) All cash transactions of the value of more than rupees ten lakhs or its equivalent in foreign currency.
- (ii) All series of cash transactions integrally connected to each other, which have been valued below rupees ten lakhs or its equivalent in foreign currency where such series of transactions have taken place within a month.
- (iii) All cash transaction where forged or counterfeit currency notes or bank notes have been used as genuine and where any forgery of a valuable security has taken place.
- (iv) All suspicious transactions whether or not made in cash.
- (v) Identity and current address or addresses including permanent address or addresses of the Client, the nature of business of the Client and his financial status.

**Securities and Exchange Board of India (SEBI)** had laid down broad guidelines on Anti Money Laundering Standards. As per various Circulars from time to time, all the intermediaries registered with SEBI under Section 12 of the SEBI Act were advised to ensure that a proper policy framework on anti-money laundering measures was put in

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place. In the light of the above, circulars have also been issued by **National Stock Exchange of India Ltd. (NSE)** as well as by **Bombay Stock Exchange Ltd. (BSE)**.

Under these circumstances the Board of Directors of Stewart & Mackertich Wealth Management Limited being an intermediary had in accordance with the above, adopted a policy framework on anti-money laundering measures, in order to protect the Company from being used by any person to launder money. The broad policies framed are as follows:

- (i) To follow thorough “Know Your Customer” (KYC) policies and procedures and strict In-Person verification of Clients in the day-to-day business and updation of both financial and personal records of the Clients periodically, at least once in a half-year.
- (ii) To take appropriate action, once suspicious activities is detected, and make report to designated authorities in accordance with applicable law / laid down procedures.
- (iii) To comply with applicable laws as well as norms adopted internationally with reference to the governing principles, broad guidelines and standards laid in “Prevention of Money Laundering Act, 2002 and circular issued by SEBI and exchanges thereof”.

In view of the above, Clients would extend the fullest possible co-operation with regard to compliance in the above matter on a continuous basis and would follow, fulfill and comply with requirements as laid by the regulatory authorities and / or the Relevant Authority to enjoy the continuous and un-interrupted services of Stewart & Mackertich.

Further as per KYC Updation policy laid by the regulatory authorities, viz. SEBI, NSE, BSE, FIU-IND the Trading Member needs to periodically review and update information provided by the Clients at the time of opening of Securities Trading Account with Trading Members. In view of the same, the Client shall fulfill such compliances by providing the necessary documents duly attested by the Client once in such time period as required under law, failing which the Trading account may be temporarily suspended by Stewart & Mackertich till such compliance(s) are fulfilled.

### **(XI) POLICY ON DORMANT/INACTIVE/IN-OPERATIVE ACCOUNTS:**

Stewart & Mackertich, shall at regular intervals, review and analyse the Trading Accounts of the Clients and classify and flag them as “**Dormant**” or “**In-Active**” accounts based on the parameters defined below, as part of Customer Due Diligence. “**Dormant Account**” is an account, which is not presently used by the “client” for trading but is likely to be used in future. It would be the account where the client has executed no trades during the last six months OR for a period exceeding six months. “**Inactive Account**” is an account, which is not in for trading since a long time and is also not likely to be used by the client in near future. It would be the account where the client has not executed any trade for the last one-year OR for a period exceeding one-year.

Stewart & Mackertich shall exercise **Caution & Due Diligence** in respect of “**Dormant Account**” and/or “**Inactive Account**” to prevent any “**Error**” and/or “**Fraud**” due to their “**Dormant/In-Active**” status. These cautions would be exercised while:

#### **(i) Resumption Of Trading:**

The “Dormant Account” and “In-Active Account” may be temporarily suspended for trading and the Client would be allowed to place order only after the Branch Manager / Compliance Officer has satisfied himself/herself in respect of Identity and Bonafide of the client. The “Dormant Account” and “In-Active Account” account shall be reactivated for trading on receipt of application for reactivation from the client along with following necessary supporting documents such as: a) PAN Card, b) Latest Proof of Address as mandated under Rules and Regulations and c) Current Bank Account Statement. The client may be asked to visit the branch and submit the “request letter” for activation of trading account. Stewart & Mackertich shall carry out “In-Person” verification of the inactive clients and shall validate

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the supporting documents submitted by the clients with the originals. The trading account may get reactivated within 7 working days of submission of application of re-activation with valid supporting documents.

### **(ii) Withdrawal Of Funds / Collaterals From “Inactive” Accounts:**

Funds and securities to the credit of “Inactive” accounts shall be allowed to be withdrawn only on receipt of specific request of client, after due verification of supporting documents, to ensure that funds and securities are transferred only to bonafide beneficial owners.

### **(iii) Change Of Critical Client Details:**

Request for change in critical client details like address, bank account, Demat account, email address, mobile / phone number, etc. shall be processed only after proper authentication of client on phone or “In-Person” verification of the client by the employees of Stewart & Mackertich.

### **(XII) Proprietary Trading Policy:**

Stewart & Mackertich does **NOT** undertake “**Proprietary Trading**” and if it does so, it shall inform the client through Circular / E-mail / Newspaper Advertisement etc.

### **(XIII) OTHERS**

Stewart & Mackertich has taken utmost care in framing the Mandatory Policies as detailed above, ensuring that the same neither dilute the responsibility of Stewart & Mackertich nor it shall be in conflict with any of the clauses laid in the Rules, Bye Laws, Regulations, Notices, Guidelines and Circulars issued by SEBI and the Stock Exchanges from time to time. However without prejudice, if at a later date, if any of the clauses framed and detailed above by Stewart & Mackertich, in the opinion of the SEBI and/or Stock Exchange, reveal that it is in conflict of the Rules, Bye Laws, Regulations, Notices, Guidelines and Circulars issued by SEBI and the Stock Exchanges from time to time, then such clause(s) shall be treated as “**NULL & VOID**” and would stand withdrawn, forthwith.

A copy of all the documents executed by Client shall be given to the Client, free of charge within seven days from the date of execution of documents by the Client. Stewart & Mackertich is entitled and shall take acknowledgement of the Client for the receipt of the same. No term of this Policies & Procedures other than those prescribed by SEBI, shall be changed without the consent of the Client. Such change needs to be preceded by a notice of 15 days by Stewart & Mackertich.

### **Acceptance of Policies and Procedures by the Client stated and detailed above:**

I/We have read and fully understood all the Policies and Procedures framed and detailed above by Stewart & Mackertich Wealth Management Limited, mentioned against points numbered “**I**” to “**XIII**”, enumerated in page numbers “**31 to 58**” and undertake to extend all co-operation for any other compliance requirements for the Trading Account maintained with Stewart & Mackertich Wealth Management Limited. Further, I/We have taken note of the fact that these Policies and Procedures may be amended/changed/revised by Stewart & Mackertich at any time in future and such amended/changed/revised Policy and Procedures will be made available on the official web-site of Stewart & Mackertich.

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