

Internal Control Policy

Policy and Procedure

1. Client Account Opening : This is ongoing process and we regularly receive applications for registration as client for broking business. At ASSTOCK experienced persons are entrusted with the work of Registering New Clients. New Form received to be checked document as per exchange by one person and is rechecked by another and then submitted to the authorized person to sign the documents. A copy of signed form is given to the client. Our client registration form is a combined form for registration of client NSE Cash and F&O Segment and BSE Cash Segment. An agreement in the format specified by NSE/ BSE / SEBI shall be entered into with all the clients before the trading account is activated.

This ensures that all the updates pronounced by the exchanges are properly incorporated. These forms when sent to clients are affixed with the company name and address.

2. Refusal of orders for penny / illiquid stock : The stock broker may from time to time limit (quantity/value) / refuse orders in one or more securities due to various reasons including market liquidity, value of security(ies), the order being for securities which are not in the permitted list of the stock broker / exchange(s) / SEBI. Provided further that stock broker may require compulsory settlement / advance payment of expected settlement value/ delivery of securities for settlement prior to acceptance / placement of order(s) as well. The client agrees that the losses, if any on account of such refusal or due to delay caused by such limits, shall be borne exclusively by the client alone. The stock broker may require reconfirmation of orders, which are larger than that specified by the stock broker's risk management, and is also aware that the stock broker has the discretion to reject the execution of such orders based on its risk perception.

3. Setting up client's exposure limits and conditions under which a client may not be allowed to take further positions or the broker may close the existing position of a client : The stock broker may from time to time impose and vary limits on the orders that the client can place through the stock broker's trading system (including exposure limits, turnover limits, limits as to the number, value and/or kind of securities in respect of which orders can be placed etc.). The client is aware and agrees that the stock broker may need to vary or reduce the limits or impose new limits urgently on the basis of the stock broker's risk perception and other factors considered relevant by the stock broker including but not limited to limits on account of exchange/ SEBI directions/limits (such as broker level/ market level limits in security specific / volume specific exposures etc.) , and the stock broker may be unable to inform the client of such variation, reduction or imposition in advance. The client agrees that the stock broker shall not be responsible for such variation, reduction or imposition or the client's inability to route any order through the stock broker's trading system on account of any such variation, reduction or imposition of limits. The client further agrees that the stock broker may at any time, at its sole discretion and without prior notice, prohibit or restrict the client's ability to place orders or trade in securities through the stock broker, or it may subject any order placed by the client to 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 / securities or the order being outside the limits set by stock broker / exchange/ SEBI and any other reasons which the stock broker may deem appropriate in the circumstances.

For Non-Payment or erosion of margins or other amounts, outstanding debts, etc. proceeds of such liquidation/ close out if any, against the client's liabilities/obligations.

Any order which is executed without the required margin in the client's account or the broker's exposure is more than 90% and above so no fresh trade will be taken.

The client here by authorizes the stock broker to square- up all his outstanding positions at the discretion of the stock broker, which are not marked for delivery, 15 minutes before the closing time of the normal market or if the client's margin is evaporated by 90% in any of the exchange(s), A.S.Stock Broking & mgt. Ltd. reserves the right to square off positions.

Under certain market conditions, it may be difficult or impossible to liquidate a position in the market at a reasonable price or at all, when there are no outstanding orders either on the buy side or the sell side, or if trading is halted in a security due to any action on account of unusual trading activity or stock hitting circuit filters or any other reason as prescribed or instructed by SEBI.

The client is not entitled to trade without adequate margin / security and that it shall be his / her / its responsibility to ascertain beforehand the margin / security requirements for his/ her /its orders / trades / deals and to ensure that the required margin / security is made available to the stock broker in such form and manner as may be required by the stock broker. If the client's order is executed despite a shortfall in the available margin, the client, shall, whether or not the stock broker intimates such shortfall in the margin to the client, make up the shortfall suo motu immediately. 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 client's account) & / or any claim /loss/ damage arising out of the non-availability /shortage of margin /security required by the stock broker & / or exchange & / or SEBI

The stock broker is entitled to vary the form (i.e., the replacement of the margin / security in one form with the margin / security in any other form, say, in the form of money instead of shares) & / or quantum & / or percentage of the margin & / or security required to be deposited / made available, from time to time.

The margin / security deposited by the client with the stock broker are not eligible for any interest.

The stock broker is entitled to include / appropriate any / all payout of funds & / or securities towards margin / security without requiring specific authorizations for each payout.

The stock broker is entitled to transfer funds &/ or securities from his account for one exchange & / or one segment of the exchange to his / her / its account for another exchange & / or another segment of the same exchange whenever applicable and found necessary by the stock broker. The client also agrees and authorizes the stock broker to treat / adjust his/ her / its margin / security lying in one exchange & / or one segment of the exchange / towards the of another exchange & / or another segment of the exchange.

The stock broker is entitled to disable / freeze the account & / or trading facility / any other service. Facility, if, in the opinion of the stock broker, the client has committed a crime / fraud or has acted in contradiction of this agreement or / is likely to evade / violate any laws, rules, regulations, a lawful authority whether Indian or foreign or if the stock broker so apprehends.

4. Applicable Brokerage rate : The stock broker is entitled to charge brokerage within the limits imposed by exchange which at present is as under:

For Cash Market Segment: The maximum brokerage chargeable in relation to trades effected in the securities admitted to dealings on the Capital Market Segment of the Exchange shall be 2.5 % of the contract price exclusive of statutory levies. It is hereby further clarified that where the sale / purchase value of a share is Rs.10/- or less, a maximum brokerage of 25 paise per share may be collected.

For Option Contracts: Brokerage for option contracts would not exceed Rs. 100/- (per lot) single side or such other rates as provided by the exchange(s)/SEBI.

In addition to brokerage SIL would also separately charge other statutory levies such as STT (Securities Transaction Tax), Service Tax as applicable, stamp duties etc. and Exchange Turnover Charges as well as for other Value Added Services such as tele supports, research analysis, dispatch

of statement of accounts, etc. and clients desirous of opening account with SIL will have to bear the same. Such charges, apart from brokerage, could either be charged either under various heads or in the name of OTHER CHARGES as per SIL discretion. It would be the duty of client to note the said charges regularly and periodically and shall not raise any dispute or claim in respect to said charges at any later stage. SIL further clarifies that above mentioned additional charges could vary from client to client at the sole discretion of SIL and no client would have any right to compare or claim charges charged from other clients by SIL.

5.Imposition of penalty / delayed payment charges :

The client agrees that any amounts which are overdue from the client towards trading or on account of any other reason to the stock broker will be charged with delayed payment charges at 18 % p.a calculated on daily basis on shortfall amount till the date of actual realization of money .The client agrees that the stock broker may impose fines / penalties for any orders / trades / deals / actions of the client which are contrary to this agreement / 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 the stock broker has to pay any fine or bear any punishment from any authority in connection with / as a consequence of / in relation to any of the orders / trades / deals / actions of the client, the same shall be borne by the client.

The client agrees to pay to the stock broker brokerage, commission, fees, all taxes, duties, levies imposed by any authority including but not limited to the stock exchanges (including any amount due on account of reassessment / backlogs etc.), transaction expenses, incidental expenses such as postage, courier etc. as they apply from time to time to the client's account / transactions / services that the client avails from the stock broker.

6.The right to sell clients 'securities or close clients' positions, without giving notice to the client, on account of non- payment of client's due : The stock broker maintains centralized banking and securities handling processes and related banking and depository accounts at designated place. 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 his/her/its pay in obligation of funds and securities. The stock broker 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 the stock broker for meeting the pay in obligation of either funds or securities. If the client gives orders / trades in the anticipation of the required securities being available subsequently for pay in through anticipated payout from the exchange or through borrowings or any off market delivery(s) or market delivery(s) 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 stock broker level / non release of margin by the stock broker 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 stock broker responsible for the same in any form or manner whatsoever.

In case the payment of the margin/security is made by the client through a bank instrument, the stock broker shall be at liberty to give the benefit / credit for the same only on the realization of the funds from the said bank instrument etc. at the absolute discretion of the stock broker.

Where the margin /security is made available by way of securities or any other property, the stock broker is empowered to decline its acceptance as margin / security & / or to accept it at such reduced value as the stock broker may deem fit by applying haircuts or by valuing it by marking it to market or by any other method as the stock broker may deem fit in its absolute discretion

The stock broker has the right but not the obligation, to cancel all pending orders and to sell/close/liquidate all open positions/ securities / shares at the pre-defined square off time or when Mark to Market (M-T-M) percentage reaches or crosses stipulated margin percentage mentioned on the website, whichever is earlier. The stock broker will have sole discretion to decide referred stipulated margin percentage depending upon the market condition. In the event of such square off, the client agrees to bear all the losses based on actual executed

prices. In case open position (i.e. short/long) gets converted into delivery due to non-square off because of any reason whatsoever, the client agrees to provide securities/funds to fulfill the pay-in obligation failing which the client will have to face auctions or 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)

The stock broker is entitled to prescribe the date and time by which the margin / security is to be made available and the stock broker may refuse to accept any payments in any form after such deadline for margin / security expires. Notwithstanding anything to the contrary in the agreement or elsewhere, 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, the stock broker shall have the right without to take any one or more of the following steps:

To withhold any payout of funds / securities.

To withhold / disable the trading / dealing facility to the client.

To liquidate one or more security(s) of the client by selling the same in such manner and at such rate which the stock broker 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.

To liquidate / square off partially or fully the position of sale & / or purchase in anyone or more securities / contracts in such manner and at such rate which the stock broker may decide in its absolute discretion.

To take any other steps which in the given circumstances, the stock broker may deem fit.

The client agrees that the loss(s) if any, on account of anyone or more steps as enumerated herein above being taken by the stock broker, shall be borne exclusively by the client alone and agrees not to question the reasonableness, requirements, timing, manner, form, pricing etc., which are chosen by the stock broker.

7. Shortages in obligations arising out of Internal netting of trades :

Stock broker shall not be obliged to deliver any securities or pay any money to the client unless and until the same has been received by the stock broker from the exchange, the clearing corporation/ clearing house or other company or entity liable to make the payment and the client has fulfilled his / her/ its obligations first.

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

The securities delivered short are purchased from market on T+2 day which is the Auction Day on Exchange, and the purchase consideration (inclusive of all statutory taxes & levies) is debited to the short delivering seller client.

In case, the shares are not purchased from the market for whatsoever reason, the seller account shall be debited by the closing price of shares on the date of the auction plus 2% over and above the closing price or minimum 50 paise per shares on the date the auction for the settlement whichever is higher.

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In cases of securities having corporate actions all cases of short delivery of cum transactions which cannot be auctioned on cum basis or where the cum basis auction payout is after the book closure / record date, would be compulsory closed out at higher of 10% above the official closing price on the auction day or the highest traded price from first trading day of the settlement till the auction day.

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

The client may request the stock broker to temporarily suspend his account, stock broker may do so subject to client accepting / adhering to conditions imposed by stock broker including but not limited to settlement of account and/ or other obligation.

The stock broker can withhold the payouts of client and suspend his trading account due to his surveillance action or judicial or / and regulatory order/action requiring client suspension.

9. Policy for Inactive Clients :

As per our company policy a client account may be treated as inactive or dormant if there is no transaction in the account during last twelve months. The company may ask such client(s) for identity verification through confirming/disclosing personal details such as but not limited to DOB, PAN No., E-mail ID etc., to ensure that respective account is being reactivated by the client or his authorized representative only. The company might

even ask the client to submit a signed request letter for reactivation of account, if it feels so. Further, the Client assets would be returned to the Client to be reactivated.

10. De-registering a client :

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

If the action of the Client are prima facie illegal/ improper or such as to manipulate the price of any securities or disturb the normal/ proper functioning of the market, either alone or in conjunction with others.

If the action of the Client are prima facie illegal/ improper or such as to manipulate the price of any securities or disturb the conjunction with others.

If there is any commencement of a legal process against the Client under any law in force;

On the death/lunacy or other disability of the Client;

If a receiver, administrator or liquidator has been appointed or allowed to be appointed of all or any part of the undertaking of the Client;

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 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 have taken or suffered to be taken any action for its reorganization, liquidation or dissolution;

If the Client has made any material misrepresentation of facts, including (without limitation) in relation to the Security;

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;

If the Client suffers any adverse material change in his / her / its financial position or defaults in any other agreement with the Stock broker;

If the Client is in breach of any term, condition or covenant of this Agreement;

If any covenant or warranty of the Client is incorrect or untrue in any material respect;

11. Re-activation of an active Account:

Procedure to re-activate dormant/inactive Account : Any client desirous of resuming trading can do so after submitting Reactivation Request Form in the prescribed format to the head office. Client may also forward scanned copy of reactivation request form to asstock@rediffmail.com from clients registered email Id. The compliance officer on verification of the same can authorize the activation of such Inactive / Dormant accounts Subject to Rules, Bye laws, circulars and guidelines issued by the regulator and concerned Exchanges from time to time.

Record maintenance

Hard copy of documents shall be maintained by compliance team.

12. Client Code Modifications :

Client code modification is not allowed at all. If client code error will be due to punching error, these will be modified through error code and intimated to concerned exchange.

13. Contract Notes :

As a Trading Member of NSE/BSE we are required to issue Contract Note/s to all our constituents for all trades executed by them in the format as prescribed by the NSE. It is ensured that the Contract Notes are issued within 24 hours of the execution of the contract and signed by the person authorized for this purpose. Contract note are time stamped with the time of receipt of order and the time of execution of order etc.

14. Pre-Funded Instruments Policy :

If the aggregate value of Pre-funded instruments is Rs.50000/- (Rupees Fifty Thousand only) or more, per day per client, we may accept the instruments only if the same are accompanied by the name of the bank account holder and number of the bank account debited for the purpose, duly certified by the issuing bank. The mode of certification may include the following.

Certificate from the issuing bank on its letter head or on a plain paper with the seal of the issuing bank.

Certified copy of the requisition slip (Portion which is retained by the bank) to issue the instrument.

Certified copy of the passbook/bank statement for the account debited to issue the instrument.

Authentication of the bank account number debited and name of the account holder by the issuing bank on the reverse of the instrument. We may maintain an audit trail of the funds received through electronic funds transfer to ensure that the funds are received from their clients only.

15. Collection and Release of payments to Clients :

The A.S. Stock Broking & mgt. Ltd various Bank Accounts are operated by the Directors.

Collection:- Normally we get payments on due dates from most of the clients. Person authorized to collect dues from clients would review outstanding to be received on continuous basis in record kept made and payment obtained.

16. Release of Payments: -

All Clients to be paid on due date without fail. However those Clients who have given Running Account Letter and do not want payments for their convenience are not paid. Extreme care is taken to ensure that cheque/s issued by the A.S. Stock Broking & mgt. Ltd very seriously.

17. Collection and Delivery of Securities to the Clients

Collection:-

In Demat Form – It is ensured that clients provide delivery of shares from the same DP ID registered with us as mentioned in the KYC or updated subsequently.

Delivery of Securities to the Clients In Demat Form:- Pay out released from the Clearing House is deposited to the respective clients demat account through Auto Payout. In case the delivery is received in POOL A/C the same is transferred from POOL Account to the respective clients demat account within 24 hours time.

18. Records :

All physical records like Client Registration Forms – Contract Notes- Bank records is kept at HO/Record Room. To prevent the misuse of confidential information a “Chinese Wall” policy will be adopted in terms of SEBI (Prohibition of Insider Trading) Regulations, 1992.

19. Internal Code of Conduct w.r.t. Unauthenticated news circulation**Background**

This code of conduct has been framed in accordance with SEBI's Circular No. Cir/ ISD/1/2011 dated 23rd March 2011 to deal with unauthenticated news circulation through various modes of communication

Applicability

This code of conduct shall be strictly binding upon all existing as well as prospective Employees/temporary staff/voluntary workers (hereinafter collectively referred to as “Staff Members” for the sake of brevity of A.S.Stock Broking & mgt. Ltd and shall form part of their respective terms of employment. It shall come into force with immediate effect

Code of Conduct

Staff Members shall strictly desist from circulation of any kind of news relating to any scrip / stock of whatever nature, through Blogs/Chat forums/Messenger sites/E-mail or any other mode, during the tenure of their employment with the Company;

None of the Staff Members shall Access Blogs/Chat forums/Messenger sites etc. unless written permission with regard thereto has been granted to such Staff Member by the management;

In all such cases where written permission shall be granted by the management for access to Blogs/Chat forums/Messenger sites etc. to any of the Staff Members, logs for any usage of such Blogs/Chat forums/Messenger sites (called by any nomenclature) shall be treated as records and the same shall be maintained in such manner and for such period, as are/may be specified in the relevant regulations; and

If any Staff Member is found to have violated any of the stipulations of this code than he/she shall be deemed to have violated the various provisions contained in SEBI Act/Rules/Regulations etc. and shall be liable for suitable disciplinary action/s.

All Internal control points and operating instruction as specified by NSE/BSE and SEBI from time to time will be followed. We will appoint Concurrent and Internal Auditor to conduct Internal Audit with respect to NSE/BSE from time to time.