



## POLICIES AND PROCEDURES

The document outlines various policies and procedures framed and followed by **LARK Consultancy Pvt. Ltd.**, (hereinafter refer edisas LCPL) with respect to its dealing with its clients as a stock broker on **BSE Ltd. (BSE)**, and on **National Stock Exchange of India Ltd.** (collectively hereinafter refer red to as "the Exchanges"). The policies and procedures as stated herein below are subject to change from time to time at the sole discretion of **Lark Consultancy Pvt. Ltd.**, depending upon regulatory changes, its risk management frame work, other market conditions, etc.

### a. Refusal of order for penny stock

Following types of scrips will come under Penny stock if it falls in any one category as mentioned below as part of the due diligence and risk management policy of **LARK Consultancy Pvt. Ltd.**

1. Scrip which are quoting at less than Rs. 10/- on any of the Exchanges.
2. Scrips appearing in the list of illiquid securities issued by the Exchanges periodically.
3. Securities forming part of Trade-to-Trade settlement.
4. Securities forming part of Z group.
5. Scrips on which Exchange VaR is more than 50%.
6. Scrips whose average daily volume is less than 15000 shares (collectively for all Exchanges) in last seven days.
7. Any Securities which in the opinion of **LARK Consultancy Pvt. Ltd.** is likely to be a Penny Stock.

Trading in Penny stocks may be allowed to clients at the sole discretion of **LCPL**. Also **LCPL** may restrict the quantity / amount which a client may be allowed to buy / sell the penny stock. If the client wants to purchase Penny stocks then **LCPL** may insist upto 100% advance payment / sufficient clear ledger credit balance and similarly if client wishes to sell Penny stock then **LCPL** may insist that shares should be delivered under Block Mechanism. Under no circumstances, **LCPL** shall be held responsible for non-execution / delay in execution of such orders and consequential opportunity loss or financial loss to the client.

### b. Setting up client's exposure limits

#### Cash Segment

- Exposure based and/or Margin based limits will be given to the clients for doing trades in cash segment.
- Limits will be given on the basis of credit balance and / or collateral / securities of the client available with **LCPL** valued after hair cut.

- Exposure based limit may be given to the client in certain multiples (multiples times may be decided by **LCPL** at its sole discretion from time to time) on the available credit balance and/or on the collateral / securities of the client available with **LCPL** valued after hair cut. However, on case to case basis the excess limits may be allowed.
- Margin based limit may be given to the client on the applicable VaR as may be decided by **LCPL** from time to time on the available credit balance and/or on the collateral / securities of the client available with **LCPL** valued after hair cut. However on case to case basis the excess limits may bellowed.
- Securities shall be valued after appropriate hair cut based on the types of scrips, nature of scrip, liquidity, volatility of scrip, etc. from time to time.

#### Derivatives Segment

- Margin based limits will be given to the clients for doing trades in Derivatives Segment.
- Limits in Derivatives Segment will be given on the basis of free credit balance and/or collateral / securities of the client available with **LCPL** valued after hair cut.
- Securities shall be valued after appropriate hair cut based on the type of scrips, nature of script, liquidity and volatility of scrip, etc. from time to time.
- A client will be normally allowed limits till the client has free credit balance and/or collateral / securities valued after hair cut.

**LCPL** may from time to time depending on market conditions, profile and history of client, type and nature of scrip, etc., may change the rate of haircut applicable on the securities / collaterals, number of time the limits to be given in Cash and/or Derivatives segments and take such steps as **LCPL** may deem necessary, as per the notifications and guidelines issued by NSEIL / NSCCL from time to time.

### c. Applicable Brokerage Rate

The brokerage rate applicable on clients trades will be as per agreed rates as mentioned in the Tariff Schedule at the time of opening the client trading account. Any higher brokerage will be levied only if agreed in writing between **LCPL** and the client or by advance notice of 15 days by **LCPL** to the client. If the client has any grievances' regarding the rate of brokerage charged then he should intimate the same to **LCPL** within four hours of receipt of the contract note / confirmation memo / bill.

**The brokerage rate at no point of time will exceed the**



**rates as may be specified by the Exchanges/ SEBI from time to time.**

Unless otherwise agreed the brokerage will be exclusive of the levies / charges as mentioned in the Tariff Sheet.

**d. Imposition of penalty / delayed payment charges by either party, specifying the rate and the period.**

In case of delay in payment by the client to **LCPL** on its due date, **LCPL** in respect of such delayed payment will be entitled to recover late / delayed payment charges from due date. The said delayed payment shall include amounts payable by the client to **LCPL** in respect of mark to market, shortfall of margin(s) in prescribed modes, and/or other margins and pay-in-obligations. Late payment charges will be levied upto 2.5% per month or a part of month on delayed payment for the delayed period. The trade of the client may not be executed by **LCPL** if the client does not clear dues along with delayed payment charges. The client will not be entitled to any interest on the credit balance / excess margin available / kept with **LCPL**.

A delayed payment charge is applied to act only as a deterrent measure. The client should not construe it as funding arrangement. The client cannot demand continuation of service on a continued basis citing levy of delay payment charges.

**LCPL** may impose fines/ penalties for any order trades / deals / actions of the client which are contrary to this agreement / rules / regulations / byelaws of the exchange or any other law for the time to being in force at such rates and in such form as it may deem fit. Further where the **LCPL** has to pay any fine or bear any punishment from any authority in connection with / as a consequences of / in relation to any of the order / trades/ deal / actions of the client, the same will be borne by the client. excepting for penalty levied for shortfall in Initial Margin.

**e. The right to sell clients' securities or close client's positions on account of non-payment of client's dues.**

The client is required to pay adequate margin/ pay-in obligations in full and that it shall be the clients responsibility to ascertain in advance the margin / pay-in obligations requirements for its order / trades/ deals and to ensure that the required margin / pay-in obligations is made available to **LCPL** in such form and such manner as may be required by **LCPL** from time to time. The client shall fulfill all its obligations / liabilities / dues to **LCPL**, failing which **LCPL** has the right not the obligation to square up all or any outstanding position and / or take offsetting positions and / or sell the margin / securities available with **LCPL** without giving any notice to the client. **LCPL** may also square up all or

any outstanding position and / or sell the securities / collateral available with **LCPL** as a part of risk management at any time without giving any notice to the client. In case of purchase on behalf of client, the **LCPL** may also square up all or any outstanding position and / or sell the securities / collateral available with **LCPL** as a part of risk close out its transactions by selling securities, in case the Client fails to make full payment to **LCPL** for the same before the time intimated by **LCPL**. In case of sale on behalf of client, the **LCPL** may close out its transaction by purchasing the securities. The client shall be liable for any losses, costs and be entitled to any surplus, which may result from the above.

**f. Shortage in obligations arising out of internal netting of trades.**

If a selling client who has sold shares of particular scrip on Tday does not deliver shares by T + 1 (i.e. by pay-in day deadline) and such quantity of internal shortage will be purchased from the market on pay-in day/or reported for self auction if provided by the exchange. On T+1 (i.e. pay-in day) provisional debit will be given in client account at T + 1 day's closing rate + adhoc margin from time to time.

On payout day of securities purchased in the internal shortage account, provisional debit bill amount will be reversed and client account will be debited with the amount at which securities are purchased on T + 1 day. Fines / Penalties / charges may be levied on account of internal shortage to selling client.

Due to internal shortage on account of internal netting of trades, the buyer client shall receive late delivery of securities. Buyer shall have no claims/ rights against **LCPL** for delay in delivery of securities. It may also be possible that **LCPL** may not be able to obtain the required securities due to market conditions, then in such cases the buyer clients account will be credited and seller clients account will be debited as per the close out rate provided by the exchange for the relevant Auction settlement. Provisional debit bill amount will be reversed in the sellers client account.

Not with standing the above, the selling client who has failed to deliver the shares by due date and time shall be solely responsible for all cost, charges, penalties, damages etc. arising out of such non delivery of shares. Above procedure is subject to change from time to time according to change in settlement procedure of the Exchange.

**g. Conditions under which a client may not be allowed to take further position or LCPL may close the existing position of a client.**

Under the following conditions **LCPL** will not allow



the client to take further positions or **LCPL** may close the existing positions of a client:-

1. Insufficient / inadequate margin(s) and/or insufficient / inadequate free credit balance available with **LCPL**.
2. Scrips / stocks falling in Penny Stocks in clause (a) above.
3. Illiquid contracts/ options.
4. Trades which apparently in the sole and absolute discretion of **LCPL** seems to be Synchronized trades / Circular trading / Artificial trading / manipulative in nature, etc.
5. Scrips banned by Regulatory authorities.
6. Where name of the client apparently resembles with the name appearing in the list of debarred entities published by **SEBI** / Exchanges and other regulatory authorities.
7. The client fails to furnish documents / information as may be called for by **LCPL** from time to time as per regulatory requirement and/or as per its internal policy.
8. In the event of death or insolvency of the client or the client otherwise becoming incapable of receiving and paying for or delivering or transferring securities which he has ordered to be bought or sold.

In addition to the above **LCPL** can also close position of the client in case the client fails to pay his/her obligation / dues before pay in schedule of the exchange and / or as demanded by **LCPL**. Depending on the market circumstances if **LCPL** is of the view that the positions of the clients are/will be at risk then **LCPL** may close the existing position without waiting for the pay in schedule of the exchange.

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

At the written request of the client, the trading account will be suspended / closed. In case client request for closing the account then the client's funds and securities due to / from client will have to be settled at the earliest. Also the client will give a confirmation of no dues (funds and securities) to **LCPL**. Only after the settlement of funds and securities the clients account will be closed. If a client wishes to resume trading then client has to

give a written request to **LCPL** for the same.

**i. Deregistering a client**

**LCPL** may at its discretion deregister a client without giving any specific reason. Necessary communication will be done by **LCPL** to client in writing or by email. On giving the intimation to deregister, the client's funds and securities, if any, will be settled at the earliest. The client will be given necessary notice period as required by the **SEBI/Exchanges** from time to time.

Due to de-registration, **LCPL** 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. Any action taken by **LCPL** in terms of this policy shall not be challenged by the client for any loss or damage (actual / notional), which may be caused to the client as a result. Also while de-registering the client, **LCPL** may retain certain amount / securities due / belonging to the client for meeting any future losses, liability, penalties etc. arising out of dealing of the client with **LCPL**. In case if any securities retained by **LCPL** is sold / liquidated to recover any such losses, liability, penalties etc. **LCPL** shall have the sole authority to decide the scrip, the mode, manner and the price at which to effect the sale of securities and the client cannot raise any dispute as to the manner, mode and the price at which the securities are sold by **LCPL**.

In any of the above circumstances, if the client is able to justify his/her, circumstances/ reasons either by producing any record, document or other wise the full satisfaction of **LCPL**, then **LCPL** may reconsider its decision of de-registering the client. However in no circumstances any action taken by **LCPL** till the date of re-registration shall be challenged by the client and **LCPL** shall not be liable to the client for any loss or damage (actual / notional), which may be caused to the client as a result.

**j. Policy for inactive client**

Any client who have not traded for last 365 days or such period as may be decided in any segment of any exchange with **LCPL** then that client code will be made inactive and will be kept in dormant mode. If client wishes to activate his account then he may have to complete such documentations as decided by **LCPL** from time to time. After the client is made in active funds and securities lying in trading account if any available with **LCPL** will be settled at the end of the quarter in which trading account is made inactive.



are sold by **LCPL**.

In any of the above circumstances, if the client is able to justify his/her, circumstances/ reasons either by producing any record, document or other wise the full satisfaction of **LCPL**, then **LCPL** may reconsider its decision of de-registering the client. However in no circumstances any action taken by **LCPL** till the date of re-registration shall be challenged by the client and **LCPL** shall not be liable to the client for any loss or damage (actual / notional), which may be caused to the client as a result.

**j. Policy for inactive client**

Any client who have not traded for last 365 days or such period as may be decided in any segment of any exchange with **LCPL** then that client code will be made inactive and will be kept in dormant mode. If client wishes to activate his account then he may have to complete such documentations as decided by **LCPL** from time to time. After the client is made in active funds and securities lying in trading account if any available with **LCPL** will be settled at the end of the quarter in which trading account is made inactive.

26/ \_\_\_\_\_  
47