

## POLICIES AND PROCEDURES FOR DEALINGS BETWEEN BgSE FINANCIALS LIMITED AND ITS TRADING CLIENTS

Pursuant to the Securities and Exchange Board of India (SEBI) Circular No. MIRSD/ SE /Cir-19/2009 dated December 3, 2009, our Company, BgSE Financials Ltd (BFSL) has framed the following various policies (Version 1) in relation to the dealings between the BFSL and its clients as under :-

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### **A. Trading in Penny Stocks / Refusal of orders for penny stocks**

BgSE Financials Ltd (BFSL) does not place any restriction on trading of any listed security on any of the Exchanges. Sale of all securities held in the demat account of the clients is allowed. Sale of physical securities is not allowed. If unusual trading patterns are observed in any security, trading in those securities may be debarred by BFSL at the discretion of the Chief Executive Officer or the Board of Directors.

### **B. Setting up client's exposure limit**

BFSL policy on the exposure allowed to the client is based on the combination of the following factors:

1. The funds and securities of the client lying with BFSL in the form of margins/ balances in the bank and demat accounts of the client for which Power of Attorney has been given to BFSL.
2. Past track record of the client in their dealings.
3. Net worth/ goodwill of the clients and
4. Recommendations of the sub-brokers/ remiser/ authorized person who stand guarantee to the trade.

### **C. Applicable brokerage rate (all securities/ all segments/ all exchanges)**

The standard brokerage rate of the company is 2.5% (maximum) as specified by Securities and Exchange Board of India (SEBI) under its applicable circulars/ guidelines/ regulations. In option segment (subject to a ceiling of 2.5% of premium or Rs. 100/- per lot) which ever is higher. However our members are servicing their clients at competitive rates, lower than the rate prescribed by SEBI.

### **D. Imposition of penalty/delayed payment charges by BFSL, specifying the rate and the period not resulting in funding by the BFSL/ sub broker in contravention of the applicable laws**

The following costs shall be borne by the client and will be recovered by the BFSL from the clients:

1. The amount of any fees/ fines/ penalties / other charges levied by any Exchange/ Clearing House/ Clearing Corporation/ SEBI/ any regulator on BFSL due to the acts/ actions/ orders/ trades of the clients;
2. The charges levied by BFSL with respect to Cheque bounce cases would be:
  - i. Where the value of the cheque is equal to or less than Rs. 1,00,000 (Rupees one lakh), Rs. 100 (Rupees one hundred only) + Bank charges if any;
  - ii. Where the value of the cheque is more than Rs. 1,00,000 (Rupees one lakh), Rs. 200 (Rupees two hundred only) + bank charges if any, and;
3. Delayed pay in charges, in case of dues of the clients outstanding beyond T+5.
4. The Delayed pay-in charges on the Delayed pay in will be applied as approved by the Board of Directors from time to time. The same should not be construed as funding by BFSL in contravention of the applicable laws. In case of delay in pay in obligations by the client, the Delay pay in Policy of the Company as under would be applicable:
  - \* At the first level the company ensures to pursue the clearance of the obligations pending beyond T+2 days from the margin maintained by the clients.
  - \* At the second level, where the debts outstanding cross a threshold of T+5 days the respective client's account is suspended from further operations till the time dues are collected in Branch and or adequate margins are deposited to the satisfaction of the Company.
  - \* At the third level the company withholds the sharing brokerage of the concerned sub broker in the event, the client delays in making pay in obligation beyond 11 days and the concerned sub broker is advised to cover the respective client's positions. Once the client clears the outstanding, the Company releases the sharing brokerage to the sub brokers concerned.

**E. The right to sell clients' securities or close clients' positions, without giving notice to the client, on account of non-payment of client's dues (Limited to the extent of settlement/margin obligation)**

In case the client fails to meet his margin/ settlement obligations on the pay-in day or when they are due, the member shall have the right to sell clients' securities or close clients' positions, without giving notice to the client as permitted in the rules/ regulations/ bye laws/ circulars of the respective Exchanges. The client is expected to monitor the stock exchanges websites at all times for the latest real time prices and keep track of the mark to market losses, if any.

**F. Shortages in obligations arising out of internal netting of trades**

Cash segment close out procedure for Internal Short Deliveries:

In the event of short deliveries i.e., where the clients having sold the shares are unable to deliver the shares on a given settlement date, BFSL shall arrive at the Close Out price as under:

1. Price A - 'Valuation Price' i.e., closing price as on T+1 day.
2. Price B - Highest rate on the short delivery information Date + 3%.
3. The account of the client responsible for the short delivery (seller) would be debited at Price A or Price B whichever is higher and the said amount would be credited accordingly to the buyer.
4. In case the short delivered scrip is under Buying Freeze on the short delivery information Date, the Price B would be arrived at as - Highest rate on the short delivery information date + 20%.
5. Any loss of corporate benefit to the buyer of the securities shall be recovered from the defaulting seller's account.

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

The risk management policy of BFSL is available on its website ([www.bfsl.co.in](http://www.bfsl.co.in)). Based on the said policy, BFSL may not allow the client to take any further position in the market. Further, the existing position of the client may be closed and the securities of the client lying with BFSL may be sold when:

1. The client fails to meet his/her/its commitment for deposit of funds/ securities (including cases of cheque return for any reasons whatsoever for reasons attributable to the client).
2. Where the client is unable to provide funds/ securities in a manner that can be transferred to the Exchange immediately for pay-in/ margin obligations.
3. When BFSL has reasonable grounds to believe that the client is involved in illegal/ unethical activities.
4. In case of high market volatility where the current margins of the clients with BFSL does not cover the value at risk of the client.

**H. i Temporarily suspension or closing of the client's account on client's request**

At the written request of the client, the trading account of the client would be kept under suspension. The said account would remain in suspension till such time the client requests for the reactivation of his/her/its account. Provided, however, that the account cannot be closed/ suspended in case the account of the client with the BFSL/sub -broker is in debit and there are amounts/ securities due from the client to the BFSL/sub broker.

**H. ii Inactive client policy**

1. In the case of client accounts lying dormant/ inactive for a period of more than one year, BFSL shall move such accounts to the Dormant folder under temporary suspension under due intimation to the client and the concerned sub-broker.
2. Where the accounts in the Dormant folder remain inactive for a period of five years, BFSL shall deactivate such accounts permanently under due intimation to the client and the concerned sub broker.
3. If the client held any funds / securities in his/her/its account, whilst the account being moved to Dormant folder, the same shall be transferred on the receipt of written request from the client to the client's personal account and in absence of such request, the said funds/securities would be kept in abeyance in the respective client account.
4. The client may reactivate his/her/their inactive account from the dormant folder on submission of a written request in this behalf to BFSL before deactivation by BFSL. In the event of deactivation by BFSL, the client will have to bring in fresh documents for the purpose of KYC with BFSL.  
Any notice for deactivation or suspension shall be effective only after BFSL issues a Notice of 15 days to the respective client.

**I. Deregistration of a client**

A client will be deregistered in the following situations:

1. Where the client has defaulted towards pay in / margin obligations and also failed to respond to the Notices issued by BFSL in this regard and
2. At the client's request.

These policies have been adopted by BFSL as on June 2010 and are liable to be revised over time.

Please visit our website [www.bfsl.co.in](http://www.bfsl.co.in) for modifications, if any, that might be effected from time to time.