

POLICIES & PROCEDURES AS PER SEBI CIRCULAR NO. MIRSD/SE/CIR-19/2009 DATED 3 DEC, 2009

1. Refusal of orders For Penny Stock(s):

Farsight shall have the absolute discretion to accept, refuse or partially accept any buy or sell order for execution from a client in respect of penny stock, illiquid stocks having low liquidity, illiquid "options", far month "option" writing of "options", stocks in GSM/Z, T, TS, S, B, BE, IL, BT, EQ Category and any other contracts which as per the perception of stock Broker are extremely volatile or subject to market manipulation.

2. Setting Up Client's Exposure Limits:

The client agrees to abide by the exposure limits, if any, set by the stock broker or by the Exchange or Clearing Corporation or SEBI from time to time. The client is aware and agrees that the stock broker may need to vary or reduce or impose new limits urgently on the basis of the stock broker's risk perception, risk profile of the client 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.).

In case margin is kept in securities, Broker would value these securities after applying such haircut as it deems appropriate which would not be less than 20% in approved securities. Similarly, for providing exposure to client, Broker can pledge such securities in favor of clearing member/ Clearing Corporation or Bank under margin re-pledge system. Presently, the exchanges are requiring securities/ cash margin in equal ratio and total margin exposure provided by the clearing corporation is 90% of the total value. Therefore, the exposure will be allowed as permitted from time to time by clearing corporation / exchanges.

3. Applicable Brokerage Rate:

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/or subsequently through a written communication between client and Farsight. The rate of Brokerage shall not exceed the maximum brokerage permissible under Exchange bye-laws or Rs. 20/- per contract note whichever is lower. The brokerage is exclusive of various charges payable to Exchange/SEBI/Govt.Authorities/DP/delayed payment charges, penalty arises solely because of client etc. such details are available on website.

The slab rates of brokerage fixed by FARSIGHT are function of the quality and cost of services provided to the client and the volume and revenue expected from an account. It shall be reviewed by the FARSIGHT from time to time and may be increased with prospective effect at a notice of 15 Days sent to the E-mail address or postal address of the client registered with FARSIGHT.

4. Imposition of penalty/delayed payment charges by either party, specifying the rate and the period (This must not result in funding by the broker in contravention of the applicable laws)

As per prevalent regulations, no shortage in upfront margin / peak margin is allowed. However, there may be cases where shortage in margin arises because of visions solely attributed to clients. In such case, penalty levied by the exchanges will be debited to the client. In addition, the interest on margin blocked of the broker by clearing corporation will be charged to the client at 21% p.a. Broker will not pay any interest on unutilized margin or balance in trading account of the clients. In case of repeated violation by client, additional penalty (as disclosed on website) will be levied by the Exchanges.

All fines/penalties and charges levied upon the Client due to its acts / deeds or transactions will be recovered by the Stock Broker directly from the client's account.

5. The right to sell clients' securities re-pledged as margin or close clients' positions, without giving notice to the client, on account of non-payment of client's dues

FARSIGHT shall have right to sell client's securities, both unpaid as well as collaterals deposited towards margins, or close out client's open positions, 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 margin to cover the increase in risk in the dynamic market conditions.

a) Unpaid Securities in Capital Market:-

- (i) In case any shares/securities purchased by the client remained unpaid on the date of pay in these will be transferred compulsorily to client account but marked as pledge to CUSPA account unpaid securities account (CUSA).

Farsight may follow the LIFO or average method of liquidation for sale of these securities without any further notice to the client.

b. The Margin Shortfall in F&O:-

- (i) Positions of the client may be closed out to the extent of margin shortfall on the T+1 basis.
- (ii) While computing margin shortfall, Value of unapproved securities shall not be considered.
- (iii) As per the current Exchange requirements, the member Broker is required to maintain a 50:50 ratio between cash and collaterals margin deposited with the Exchange. FARSIGHT shall therefore have the prerogative to insist for at least 50% of margin in cash and may not consider the value of securities over and above the cash component for the purpose of calculating margins shortfall and close out the F&O Position wherever it finds the deviation. However, sales made in capital

market segment shall not be considered while closing F&O Positions on T+1 basis due to margin shortfall.

C. Intra-day Positions:-

FARSIGHT shall have right to close out any intra-day Positions taken by the client after a defined “ Cut-off” time (Presently 20 minutes before close of market).

D. General

- (i.) While selling the securities/ closing the clients positions, FARSIGHT may take into account the sales made by the client, Positions closed by the client or collections received from the client till cut-off time (Presently 12.00 pm).
- (ii.) While selling the Securities/ Closing the clients positions, FARSIGHT may not take into consideration cheques/Bank Drafts/ Pay orders deposited by the client with FARSIGHT until clear proceeds of such instruments are received by FARSIGHT in its bank account.
- (iii.) FARSIGHT shall have the right to sell client’s securities or close out client’s open positions but it shall not be under any obligations to undertake this exercise compulsorily. FARSIGHT shall therefore not be under any obligation to compensate/or provide reasons of any delay or omission on its part to sell client’s securities or close open positions of the client.
- (iv.) The client would make good the short fall, if any post liquidation, immediately. But refund such excess to clients, if so demanded by clients, by next working day.

6. Shortages in obligations arising out of internal netting of trades

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

- a. The securities delivered short are purchased from market in code of defaulting clients only on T+2 day which is the Auction Day on Exchange, and the purchase consideration (inclusive of all statutory taxes, levies and penalty) is debited to the short delivering seller client. However, if the buyer has already sold the shares in anticipation of his incoming delivery, purchase for open market will not be done. Rate at which his transactions are auctioned / closed out by Exchange or internal shortage mechanism will be changed to defaulting sell etc. including STT, taxes, penalty etc.
- b. If securities cannot be purchased from market due to any reason, the short delivering seller is debited at the closing rate on T+2 day or Auction day on Exchange +10% and buyer will be given credit. Where the delivery is matched partially or fully at the Exchange Clearing, the delivery and debits/ credits shall be as per Exchange Debits and Credits after deducting exchange penalties.
- c. In case 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.

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

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

Any profit/loss arising out of these transactions shall be at the risk of and borne by the client.

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

Client may instruct the member to close out the account or suspend the trading through client's account for the period as specified in the request in written and duly signed by him.

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

FARSIGHT may carry a periodic review of the client accounts and may suspend the accounts from Trading in the following circumstances:-

- Where the client is inactive for a period as specified by the exchanges from time to time. The account can be reactivated and can be allowed trading once by compliance requirement and fresh c-KYC is done.
- 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.
- ECN failed (Bounced email) on more than 3 instances until client submits a valid explanation.
- Client can also send an email from designated mail id for reactive request.

Client Acceptance of Policies and Procedures stated hereinabove:

I/We have fully understood the above mentioned policies and procedures and do hereby signify my consent for the same.