

Disclosure of Policies and Procedures to Clients

Nomura Financial Advisory and Securities (India) Private Limited

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This document is issued pursuant to Nomura Financial Advisory and Securities (India) Private Limited's (the "Company" or "Member" or "Stock Broker") registration with Securities and Exchange Board of India (SEBI) as a stock broker with National Stock Exchange of India Limited (for Cash, F&O and Currency segment), BSE Limited (for Cash segment and Currency Segment) and Metropolitan Stock Exchange Of India Ltd. (for Currency segment) (collectively and / or individually referred as "Exchange")

(Disclosures pursuant to SEBI Circular bearing Reference No. MIRSTD/SE/CIR-19/2009 dated 3-12-2009)

The underlying document outlines various policies and procedures the Company has framed with respect to its dealing with clients for capital market transactions to ensure transparency and facilitate understanding on various aspects related to service delivery.

Kindly note that the below stated policies and procedures are subject to change from time to time, depending upon our internal risk management framework, market and external environment and will be updated on the Nomura website.

1. Policy for Penny Stock / Securities

A Security that trades at a relatively low price (generally such securities are trading below face value of the security) and has small market capitalization is a penny stock. These types of stocks are generally considered to be highly speculative & high risk because of their lack of liquidity, large bid-ask spreads, small capitalization and limited following and disclosure.

The Company recommends that its clients desist from trading in any penny stocks in view of the associated risk element while dealing in such stocks. Further, the client is also required to adhere to Exchange/ Members' guidelines and due diligence while trading in such stocks. Also SEBI / Exchange from time to time issues directives necessitating additional due diligence for dealing in such stock(s).

Depending on the market condition, applicable regulatory guidelines and applicable risk policy of the Company, the Company at its sole discretion, may impose certain restrictions and/ or conditions (on case to case basis) including but not limited to refusal, wholly or partly, for trading in penny stocks.

These restrictions/ conditions include but are not limited to the following -

- Restrictions on trading, either wholly or partly, in certain security (ies) or category of security (ies) contracts viz.
 - illiquid stocks / stocks having low liquidity,
 - illiquid options / far month options / long dated options,
 - writing of options,
 - securities listed in Z, T, X, XT, B group on BSE and/or securities listed in BE, or BT series on NSE,
 - securities put under Additional Surveillance Mechanism (ASM)/ Graded Surveillance Mechanism (GSM) or similar categories by the stock exchanges
 - any other securities/ contracts which as per the perception of the Company are volatile or subject to market manipulation or has concentration risk at client level or at the Company level,
- acceptance or partial acceptance of an order for buy and/or sell. Such acceptance may require execution in a controlled environment (e.g. from centralised desk instead of from designated dealing area or electronic platform);
- cancellation of orders of the above securities contracts received from clients before execution or after partial execution without assigning any reasons thereof;
- Requirement to obtain appropriate declarations from the client before / after accepting such orders.

The Company shall –

- not be responsible for non-execution / delay in execution of such orders and consequential opportunity loss or financial loss to the client
- have the discretion to place such restrictions, notwithstanding the fact that the client has adequate credit balance or margin available in his account and/or the client had previously purchased or sold such securities / contracts through the Company itself;
- have the right to revise the list of such securities / contracts on a periodic basis.

Client can obtain the information about the updated list of securities from the Relationship Manager / Dealing office.

2. Setting up client's exposure limits

Margin based limit / exposures will be set for the clients for transacting in Cash, F&O and Currency Derivatives segment. While computing the available margin, clear credit lying in client's settlement and margin ledger, securities held in clients collateral account with Member may be considered.

Margin can be paid in form of cash and approved collateral. Collateral will be valued on daily basis at latest / previous day's closing price and appropriate hair-cut shall be applicable, as may be prescribed by Exchanges from time to time. List of approved collaterals / securities along with applicable haircut, is subject to revision from time to time based on Exchange approved list, market volatility, quality of collateral and internal guidelines; and same can be obtained from the Relationship Manager / Dealing Office.

NFASPL may from time to time impose & vary limits on the orders that the client can place through NFASPL'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.).

NFASPL may need to vary or reduce the limits or impose new limits urgently on the basis of NFASPL's risk perception and other factors considered relevant by NFASPL including but not limited to client's trade history / experience, if available, client's financial capacity and / or credit worthiness limits on account of the Exchange/SEBI directions/limits (such as broker level/market level limits in security specific/volume specific exposures etc.) and NFASPL may be unable to inform the client of such variation, reduction or imposition or the clients inability to route any order through NFASPL's trading system on account of any such variation, reduction or imposition of limits.

The client further agrees that NFASPL 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 NFASPL, or it may subject any order placed by the client to 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 NFASPL may deem appropriate in the circumstances.

The client agrees that the losses, if any on account of such refusal or due to delay caused by such review, shall be borne exclusively by the client.

However, for institutional clients, trades are confirmed by the custodian by T+1 morning and the custodian takes on the responsibility of settling the trade with the Exchange. If the custodian does not confirm a particular trade, then the trade will devolve on NFASPL. In such a scenario, NFASPL will settle the trade as a Delivery versus Payment trade.

While settling the account on monthly/ quarterly basis for funds, the excess client securities held in "Client Collateral Account" by NFASPL shall be released to the client after making the requisite retention in accordance with SEBI/Exchange requirements applicable from time to time.

For those clients who had earlier executed a Running Account Authorisation (RAA) authorizing NFASPL to maintain a running account of funds and securities, the terms of RAA stand modified

and clauses applicable to the settlement of securities shall be deemed to be deleted with effect from October 01, 2019.

3. Policy on Brokerage Rate and Other Charges

- The brokerage charged to the clients will not be more than the maximum brokerage permissible as per the rules, regulations and bye-laws of the relevant Exchange / SEBI.
- In consideration of providing broking and allied services, the client agrees to pay to the Member, brokerage and statutory levies as are prevailing from time to time and as they apply to the client's account, transactions and to the services that Member renders to the client.
- The brokerage and other charges (including taxes thereon) shall be communicated to the client at the time of registration and any variation thereon would be duly advised / mutually agreed from time to time.
- A schedule of fee and commission, applicable Good and Services (GST) and other transaction expenses shall also be provided to the client from time to time, upon request.
- The client also agrees to pay the Member for added services / facilities / features as they may apply to his account and which will be communicated to the client.

The slab rates of brokerage fixed by the Company may be function of the quality and cost of services provided to the client and the volume and revenue expected from a relationship. It shall be reviewed by the Company from time to time and may be changed in such manner as the Company may deem fit provided that the same would not contradict the regulatory provisions.

4. Imposition of penalty / delayed payment charges

As per the Exposure Limit section outlined earlier in the document, client shall maintain adequate margin / settle the obligation / top-up the margin by scheduled date. In case client fails to settle the dues in time, the Company reserves its right to levy late pay in / delayed payment charges at the rate upto 2% per month, for not making payment of their pay-in / margin obligation on time as per the Exchange requirement / schedule and / or levy a charge for disproportionate cash versus collaterals ratio prescribed by the Exchanges for deposit of margins in F&O.

The above levy is only a penal measure in case of a client default in meeting settlement and margin obligation and should not be construed as funding arrangement by the client; and the client cannot demand continuation of service on a permanent basis citing levy of delayed payment charges.

The client agrees that NFASPL may impose fines / penalties for any orders / trades / deals / actions of the client which are contrary to the Member client agreement / Rights and Obligations document / 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 NFASPL 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 Company provides 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 or collaterals at his discretion, subject to surplus margin in place. The Company shall not pay any interest or other benefit to the client for maintaining cash balances or depositing collateral margins with the Company except for the corporate benefit received on such collateral securities, if any.

5. Liquidation Policy

(The right to sell client's securities or close client's positions, without giving notice to the client, on account of non-payment of clients dues)

Securities bought by the client but which have not been paid for in full (unpaid securities), will be held in "Client Unpaid Securities Account" maintained by NFASPL or as per such regulatory requirements as may be applicable from time to time. Such securities shall only be transferred to the client's demat account upon fulfilment of entire funds obligation. Any exception to this process shall be solely at the discretion of NFASPL.

If the client is unable to fulfill the entire obligation by making available clear funds to NFASPL, such securities shall be disposed-off anytime within five trading days from the date of payout, in proportion to the amount not received and taking into account any amount lying to the credit of the client with NFASPL. In case there are multiple securities lying in the "Client Unpaid Securities Account" pertaining to a single client, NFASPL shall at its own discretion liquidate any of these securities based on various market related factors like value of securities, liquidity/market volumes/volatility in such securities, pending client obligation, etc. Balance securities, if any, shall be transferred to the client's demat account.

Without prejudice to NFASPL's other rights (including the right to refer the matter to arbitration), NFASPL shall be entitled to liquidate / close out all or any of the clients positions without giving notice to the client for non-payment of margins or other amounts including the pay in obligation, outstanding debts, etc to the extent of client's settlement / margin obligation only. The proceeds of such liquidation / close out, if any, would be adjusted against the clients liabilities / obligations. The client would be required to make good the shortfall, if any post liquidation, immediately on being intimated of the same by the Member.

The client shall ensure timely availability of funds / securities in form and manner at a designated time and in designated bank and depository accounts(s), for meeting his / her / its pay in obligation of funds and securities. Any and all losses and financial charges on account of such liquidations/closing out shall be charged to & borne by the client. In case of securities lying in a client collateral pool account and having corporate actions like bonus / stock split, the benefit of the same for margin or other purpose will be given when the shares are actually received in NFASPL's designated depository account.

However, for institutional clients, trades are confirmed by the custodian by T+1 morning and the custodian takes on the responsibility of settling the trade with the Exchange. If the custodian does not confirm a particular trade, then the trade will devolve on NFASPL. In such a scenario, NFASPL will settle the trade as a Delivery versus Payment trade.

In case the payment of the margin, settlement obligation is made by the client through a bank instrument, NFASPL shall be at liberty to give the benefit / credit for the same only on the realization of the funds from the said bank instrument. Where the margin is made available by way of securities or any other property, NFASPL is empowered to decline its acceptance as margin and/ or to accept it at such reduced value as NFASPL may deem fit by applying haircuts or by valuing it by marking it to market or by any other method as NFASPL may deem fit in its absolute discretion.

NFASPL 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, whichever is earlier. NFASPL will have sole discretion to decide the 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, the client shall also be solely liable for all and any penalties and charges levied by the Exchange(s).

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

NFASPL shall not be obliged to deliver any securities or pay any money to the client unless and until the same has been received by NFASPL from the Exchange, the clearing corporation / clearing house.

However, for institutional clients, trades are confirmed by the custodian by T+1 morning and the custodian takes on the responsibility of settling the trade with the Exchange. If the custodian does not confirm a particular trade, then the trade will devolve on NFASPL. In such a scenario, NFASPL will settle the trade as a Delivery versus Payment trade. In such instances, in case of shortages, this policy would be applicable

Clients are required to make Securities / Funds pay-in on or before T+2 day. In case of default in security pay-in by the client and the shortage is at member level i.e. internal shortage, a penalty as applicable from time to time (not exceeding the percentage prescribed by the exchange for auctioned trades), will be imposed on the defaulting client and the benefit will be passed on to the respective beneficiary client.

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

- The short delivering client and the purchasing client are intimated about the short delivery. The securities delivered short are purchased from market on the settlement (T+2) day and the purchase consideration (inclusive of all statutory taxes & levies) is debited to the short delivering seller client.
- If securities cannot be purchased from the market due to any reason/ force majeure condition, the short delivering seller is debited as per the exchange prescribed policy on closeout of trades and the resultant difference will be debited to the short delivering seller and credited to the buyer.
- In case of securities having corporate actions, all cases where short delivery of cum benefit transactions cannot be auctioned on cum basis, the trades would be compulsorily closed out as per the exchange prescribed policy.
- In case of default of securities pay-in by the client and the shortage is vis-à-vis the Exchange, auction value of the respective exchanges and all levies, as applicable, shall be recovered from the defaulting client.

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

NFASPL has margin based risk management policy. The client may take exposure up to the amount of margin available with the Company. The client may not be allowed to take position in case of non-availability / shortage of margin as per the risk policy of the Company. The existing position of the client is also liable to be squared-off / closed-out without giving notice due to shortage of margin / non- payment for their pay-in obligation /outstanding debts.

Further, under various circumstances outlined in the Liquidation Policy section of the document, the Client may not be permitted to take any fresh or further position until the full clearance of earlier dues, obligation, outstanding etc. It would be the duty of the client to monitor its position with the Company from time to time.

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

The client account can be suspended temporarily, on receipt of specific formal communication from the client. During the period the client account is suspended, the market transaction in the client

account will be prohibited. However, at the time of making such request, the client has to ensure that the trading account has been duly settled (both for securities as well as funds). The Member shall settle the funds and securities due to client, if any, latest within a period of seven days from the date of suspension of such account.

Such accounts shall be re-activated and any new requests for orders to trade shall be accepted from such clients only on receipt of formal communication from the client requesting re-activation of account in order to enable the client to trade along with completion of all required formalities of KYC including updation thereof, if necessary.

The client shall be entitled to close his trading account and terminate the member-client agreement/ relationship under the rights and obligations prescribed by SEBI which has been entered into between the client and NFASPL without giving any reasons to the Member, after giving formal notice in writing of not less than one month to the Member. The account shall be deemed to have been closed effective 30th day from the date of receipt of such termination notice by the Member. Notwithstanding any such termination, all rights, liabilities and obligations of the client arising out of or in respect of transactions entered into prior to the termination shall continue to subsist and vest in / be binding on the client.

At the time of making such request, the client has to ensure that all the open positions, if any, taken by the client are closed and the trading account has been duly settled (both for securities as well as funds). The Member shall settle the funds and securities due to client, if any, latest within a period of seven days from the date of closure of such account.

The Member recommends to the client not to undertake any further trading during the notice period and any trades of urgent nature would be undertaken by the Member against receipt of funds and / or securities prior to execution of such orders.

If the client wants to re-open the account, the client has to complete the applicable client registration process including due completion of applicable Know Your Customer (“KYC”) requirement.

9. Closure of Account

The Member shall be entitled to close a client’s trading account and terminate the Member-Client Agreement / Relationship under the rights and obligations prescribed by SEBI without giving any reasons to the client, after giving formal notice in writing of not less than one month to the client. The account shall be deemed to have been closed. effective 30th day from the date of receipt of such termination notice by the client . Notwithstanding any such termination, all rights, liabilities and obligations of both, the client and the Member, arising out of or in respect of transactions entered into prior to the termination shall continue to subsist and vest in / be binding on both, the client and the Member.

The client has to ensure that all the open positions, if any, taken by the client are closed and the trading account has been duly settled (both for securities as well as funds). The Member shall settle the funds and securities due to client, if any, latest within a period of seven days from the date of closure of such account.

The Member recommends the client not to undertake any further trading during the notice period and any trades of urgent nature would be undertaken by the Member against receipt of funds and / or securities prior to execution of such orders.

Notwithstanding anything to the contrary stated above or in the Member-Client Agreement/ Rights and Obligations Document, NFASPL shall be entitled to terminate the relationship under the rights and obligations prescribed by SEBI / agreement with immediate effect in any of the following circumstances:

- Wherein the client has surrendered his license or the client/ his custodian has intimated on non-renewal of license or any other such reason.

- If the actions of the client are prima facie illegal / improper/ suspicious or such as to manipulate the price of any securities or disturb the normal / proper functioning of securities or disturb the normal / proper functioning of the market, either alone or in conjunction with others.
- If there is any commencement of a legal process against the client under any law in force or the client is banned from accessing financial markets by any regulator or any such adverse orders is passed against the client;
- On the death / lunacy or other disability of the client;
- 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 suffers any adverse material change in his / her / its financial position or defaults in any other agreement with NFASPL;
- 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 is in breach of any term, condition or covenant of the Member Client Agreement/ Rights and Obligations Document;
- If the client has made any material misrepresentation of facts or if any covenant or warranty of the client is incorrect or untrue in any material respect;
- 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 been taken or suffered to be taken any action for its re-organization, liquidation or dissolution; and
- 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 law providing protection as a relief undertaking.

10. Dormant Client account

In case of Institutional clients, the account will be considered as inactive if the client does not trade for period of 2 (two) fiscal years and for Non-Institutional Clients the account will be considered as inactive if the client does not trade for period of 1 (one) fiscal year. Calculation will be done in the first quarter of the relevant fiscal year and those clients who have not traded even a single time in the preceding 2 / 1 fiscal year(s) respectively will be considered as in-active, and the shares / credit ledger balance, if any, will be transferred to the client within one week of identifying the client as in-active.

In case of Domestic Institutional clients like Mutual Funds/ Insurance schemes/funds having same Permanent Account Number (PAN), KYC is performed at the Parent/Legal Entity level. Accordingly, such schemes/ funds should not be considered inactive unless there are no trades in any of the schemes/funds managed by the same parent for a period of 2 (two) fiscal years.

For non-institutional clients, the accounts shall be re-activated and any new requests for orders to trade shall be accepted only on receipt of request from the client and post completion of all required formalities of KYC process.

Exceptions, if any, shall be provided for such dormant accounts in respect of both institutional and non-institutional clients not traded for 1/ 2 years which as per Business are required to be kept active, shall be examined on case to case basis subject to Compliance and Management approval.

For FPI clients, in case of non-renewal of license on timely manner or under process/ transition from one custody to another custody the account will be disabled. If valid license in place on receiving the request from the client or bookings or allocations received from the client, the accounts shall be re-activated, and KYC process shall be completed at the earliest, post execution.