

## Mandatory

### Policies and Procedure

This document outlines various policies and procedures framed and followed by New Berry Capitals Private Limited (NBCPL) with respect to its dealing with its clients as a stock broker on National Stock Exchange of India Ltd. (NSE), Bombay Stock Exchange Ltd (BSE) and MCX Stock Exchange Ltd (MCX-SX) (collectively hereinafter referred 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 NBCPL, depending upon regulatory changes, its risk management framework, 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 NBCPL.

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. Scrip whose average daily volume is less than 15000 shares (collectively for all Exchanges) in last seven days.

Trading in Penny stocks will be allowed to clients at the sole discretion of New Berry Capitals Private Limited (NBCPL). Also NBCPL 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 NBCPL may insist upto 100% advance payment / sufficient clear ledger credit balance and similarly if client wishes to sell Penny stock, then NBCPL may insist that shares should be first transferred to beneficiary demat account of NBCPL.

Under no circumstances, NBCPL shall be 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 NBCPL valued after haircut.
- Certain multiples times exposure based limit may be given on the available credit balance and / or on the collateral / securities of the client available with NBCPL valued after haircut.

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However on case to case basis the excess limits may be allowed.

- Certain multiples times margin based limit may be given on the available credit balance and / or on the collateral / securities of the client available with NBCPL valued after haircut. However on case to case basis the excess limits may be allowed.
- Securities shall be valued after appropriate haircut based on the type of scrips, nature of scrip, liquidity, volatility of scrip, etc. from time to time.
- NBCPL may at its sole and absolute discretion allow clean exposure limit upto certain amount to the client without insisting on any credit balance and / or margin. The quantum of clean exposure limit shall be decided by NBCPL. On a case- to- case basis NBCPL may, at its sole and absolute discretion, give higher clean exposure limits to certain set of the clients. NBCPL reserves the right to withdraw clean exposure limit granted to the client at any point of time at its sole and absolute discretion, The client cannot raise any concern/dispute for the same.

## 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 NBCPL valued after haircut.
- Securities shall be valued after appropriate haircut based on the type of scrips, nature of scrip, 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 haircut. In case of excess limit is availed, the same will be regularized by the end of trading session / day. However on case to case basis the excess limit may be allowed to be carried forward.

NBCPL may from time to time depending on market conditions, profile and history of client, type and nature of scrip, etc., may at its sole discretion change the rate of haircut applicable on the securities / collaterals, number of times the limits to be given in Cash / Derivatives segments and take such steps as NBCPL may deem necessary.

## c. Applicable Brokerage rate

The brokerage rate applicable on clients trades will be as per agreed rates as mentioned in the KYC form at the time of opening the client trading account. Any higher brokerage will be levied only if agreed in writing between NBCPL and the client. If the client has any grievances' regarding the rate of

brokerage charged then he should intimate the same to NBCPL within four days of receipt of the contract note/confirmation memo/bill.

The brokerage rate at no point of time will exceed the rate as may be specified by the Exchanges / SEBI from time to time.

Unless otherwise agreed the brokerage will be exclusive of the following:

- Service Tax and Education Cess
- SEBI/Exchange/Clearing Member Charges
- Stamp Duty
- Statutory Charges payable to Exchange / SEBI / Govt. Authorities etc.
- Any other charges towards customized / specialized service

#### **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 NBCPL on its due date, NBCPL in respect of such delayed payment will be entitled to recover late / delayed payment charges. The said delayed payment shall include amounts payable by the client to NBCPL in respect of initial margin, 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% per month or a part of month on delayed payment for the delayed period. The trade of the client may not be executed by NBCPL if the client does not clear dues along with delayed payment charges within three months of the due date. The client will not be entitled to any interest on the credit balance / excess margin available / kept with NBCPL.

A delayed payment charge is only penal measure. The client should not construed it as funding arrangement. The client cannot demand continuation of service on a permanent basis citing levy of delayed payment charges.

NBCPL may impose fines/penalties for any order/ trades/ deal/ actions of the clients which are contrary to this agreement/ rules/ regulations/ byelaws 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 NBCPL 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 order/ trades/ deal/ actions of the client, the same will be borne by the client.

#### **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.**

Normally the client shall not trade without adequate margin/securities and that it shall be the clients responsibility to ascertain in advance the margin / securities requirement for its order/trades/deals and to ensure that the required margin / securities is made available to NBCPL in such form and such manner as may be required by NBCPL. If the client's order is executed despite a shortfall in the available margin, the client shall, whether or not NBCPL intimates such shortfall to the client, make up for the shortfall suo motu immediately. The client shall be responsible for all orders (including any orders that may be executed without the required margin in the clients account) and/or any claim/ loss/damage arising out of the non-availability/ shortage of margin /securities required by NBCPL

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and/or by Exchange. The client shall fulfil all its obligations / liabilities to NBCPL, failing which NBCPL 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 NBCPL without giving any notice to the client. NBCPL may also square up all or any outstanding position and / or sell the margin/securities available with NBCPL 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 NBCPL may close out its transactions by selling securities, in case the Client fails to make full payment to NBCPL for the same before the time intimated by NBCPL. In case of sale on behalf of client, the NBCPL 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. Shortages in obligations arising out of internal netting of trades,**

Internal shortages means one client has failed to give the delivery of the securities sold, which has resulted into short delivery to other client(s) of NBCPL. If a selling client who has sold shares of particular scrip on T day do not deliver shares latest by T+2 (i.e. by pay-in day) and such quantity of shares results in internal shortages, then such quantity of internal shortage will be purchased from the market on pay-in day or as and when available in the market in the "internal shortage account". On T+2 (i.e. pay-in day) Provisional debit will be given in client account at T+1 day's closing rate + 20%, corresponding to internal shortage.

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+2 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 NBCPL for delay in delivery of securities. It may also be possible that NBCPL 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.

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 auctioned payout is after the book closure/record date, would be compulsory closed out at higher of the 20% 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.

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 B67PL may close the existing position of a client.**

Under the following conditions NBCPL will not allow the client to take further positions or NBCPL may close the existing position of a client:-

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- 1) Insufficient / inadequate margin(s) and / or insufficient / inadequate free credit balance available with NBCPL.
- 2) Scrips / stocks falling in Penny Stocks in clause (a) above.
- 3) Bogus / Manipulated / Non genuine scrips or securities.
- 4) Illiquid contracts / options.
- 5) Trades which apparently in the sole and absolute discretion of NBCPL seems to be Synchronized trades / Circular trading / Artificial trading / manipulative in nature, etc. Ban 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 or other regulatory authorities (where the information available for debarred entity (other than name) is not sufficient enough to establish that the client and such debarred entity are one and the same.);
- 7) The client fails to furnish documents / information as may be called for by NBCPL from time to time as per regulatory requirements 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 and transferring securities which he has ordered to be bought or sold.

In addition to the above NBCPL can also close position of the client in case the client fails to pay his / her obligation before pay in schedule of the exchange and / or as demanded by NBCPL. Depending on the market circumstances if NBCPL is of the view that the positions of the clients are at risk then NBCPL 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 NBCPL. 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 NBCPL for the same. In case after closing of account client wishes to resume trading with NBCPL then fresh KYC formalities will be done.

## **i. Deregistering a client.**

NBCPL may at its sole discretion deregister a client without giving any specific reason. Necessary communication will be done by NBCPL to client in writing or by email. On giving the intimation to de-register 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, NBCPL 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 deregistering the client. Any action taken by NBCPL in terms of this policy shall not be challenged by the client, and NBCPL shall not be liable to the client for any loss or damage (actual/notional) which may be caused to the client as a result. Also while deregistering the client, NBCPL may retain certain amount/ securities due /

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belonging to the client for any future losses , liability, penalties, etc. arising out of dealing of the client with NBCPL. In case if any securities retained by NBCPL is sold / liquidated to recover any such losses, liability, penalties, etc. NBCPL shall have the sole authority to decide 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 NBCPL.

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

## **Policy for Inactive clients**

Any client who has not traded for last 365 days or such period as may be decided in any segment of any exchange with NBCPL then that client code will be made Inactive and will be kept in dormant mode. If the client wants to activate his / her account he / she will have to request in writing to NBCPL for reactivating the same in the format prescribed by NBCPL along with necessary documents. After the client is made Inactive its funds and securities if any available with NBCPL will be settled at the end of the quarter in which its trading account is made Inactive.

## **Client Acceptance of Policies and Procedures stated hereinabove:**

I/We have read and fully understood the policies and procedures stated hereinabove. I/We hereby agree to abide by the same. I/We do hereby agree not to call into question the validity, enforceability and applicability of any provision / clauses of this document any circumstances what so ever. These Policies and Procedures may be amended / changed unilaterally by the broker, provided the change is informed to me / us with through any one or more means or methods. I/we agree never to challenge the same on any grounds including delayed receipt / non receipt or any other reasons whatsoever. These Policies and Procedures shall always be read along with the agreement and shall be compulsorily referred to while deciding any dispute / difference or claim between me / us and NBCPL before any court of law / judicial / adjudicating authority including arbitrator / mediator etc.

**Client Signature:** \_\_\_\_\_

**Client Name:** \_\_\_\_\_

**Date:**