

**1. Refusal of orders for penny Stocks / Commodity Derivatives :-**

The client is aware and agrees that the stock broker may refuse or restrict a client in placing the order in certain securities/commodities depending on various conditions like volume / value / part of illiquid scrips/Z group of securities illiquid commodities, although a client may have credit balance or sufficient margin in the trading account. However, stock broker under exceptional circumstances may execute client's order. The stock broker has the discretion to reject execution of such orders based on its risk perception.

**2. Setting Up client's Exposure Limit**

The client is aware and agrees that the stock broker may set the Exposure limits on the basis of available base capital which may comprise of Ledger and applicable collateral pledged in favour of MOFSL (after suitable margin hair cut). The limits may be allowed on a multiplier basis to the available capital or actual VAR margin basis or a specified margin depending on the Market conditions. Client agrees that said limit parameters is a dynamic process that is allowed at the discretion of the stock broker based on the Market conditions and their risk perception about the market. However on exceptional situations broker may use its own discretion in providing the limits and may change for a client or for all depending on market condition.

**3. Applicable Brokerage Rate for Equity & Derivatives**

a) The stock broker is eligible to charge brokerage with respect to transactions effected by it in various segment as mentioned herein below –

- For Capital Market Segment – The maximum brokerage in relation to trades effected in the securities admitted to dealings on the Capital Market Segment of the Exchange shall be 2.5% of the contract price exclusive of statutory levies. It is further clarified that where the sale / purchase price value of a share is Rs. 10/- or less, a maximum brokerage of 25 paise per share may be charged.
- For Option Contracts of Equity and Currency Derivative - Brokerage for options contracts shall be charged on the premium amount at which the option contract was bought or sold and not on the strike price of the option contract. The brokerage on option contracts shall not exceed 2.5% of the premium amount or Rs. 100 (per lot) whichever is higher.

b) The stock broker may charge different Brokerage for Deliverable and Intraday transactions.

c) The client is aware that any request for change in the brokerage rate has to send in writing to the Branch who in turn will forward the request to Head Office of the stock broker. Acceptance / rejection of such request is at the discretion of stock broker.

d) Other Levies, charges, Goods and Service Tax (GST) e.t.c. will be charged on Brokerage as per Rules prescribed by the Government / Regulatory Agencies.

All the above charges and levies debited to clients would be mentioned in the Contract Note send to client.

**Applicable Brokerage Rate for Commodity**

a) The Stock broker is eligible to charge brokerage with respect to transactions effected by it in various segment as mentioned herein below –

- Delivery based– The maximum brokerage rate for the time being shall be 2 % (plus expenses) in case of transactions resulting into delivery.
- Non-delivery based – The maximum brokerage rate for the time being shall be 1 % in case of non-delivery transactions.

b) The Stock broker may charge different Brokerage for Deliverable and Intraday transactions.

c) Brokerage shall be charged on the premium amount at which the options contract was bought or sold and not on the strike price of the option contract. Maximum permissible brokerage rate is 2.50% of premium amount or Rs.250/- per lot, whichever is higher.

d) The client is aware that any request for change in the brokerage rate has to send in writing to the Branch who in turn will forward the request to Head Office of the Stock broker. Acceptance / rejection of such request is at the discretion of Stock broker.

e) Other Levies, charges, Goods and Service Tax (GST) e.t.c. will be charged on Brokerage as per the Rules prescribed by the Government / Regulatory Agencies.

All the above charges and levies debited to clients would be mentioned in the Contract Note send to client.

**4. Imposition of Penalties / Interest on outstanding debits & margins**

The client is required to pay all amounts due to the stock broker on its due date. The amount due to broker shall include all type of Margin and Pay-in-obligation/Settlement Obligation on account of any other reason. Client is required to meet its dues to the Trading Member on account of various obligations like Margins & Settlement. These obligations if not paid in time, are met by the Trading Member to the Exchanges / Clearing Corporations / Clearing Members and is construed as funding on which interest would be applicable.

In case the client does not pay the amount due on time, the stock broker shall charge Interest on outstanding debits & margins up to the rate of 2% per month on the daily outstanding value or at such rates as may be determined from time to time by the stock broker. Interest will be charged from the time it become due till the time obligation is cleared by the client, on the basis of clear credit available in the account. The objective of charging such a interest- is to force a client to clear their dues on time.

The client hereby agrees that he/they will be charged Interest on outstanding debits & margins which shall be levied by the Stock Broker as MOFSL has accepted 100% securities with appropriate hair cut for margin purpose, but has to deploy his own funds/securities (approved) for meeting clients all type of margin requirements to Exchange(s) as per the applicable norms of the exchange.

The Client is hereby informed that, we as a Stock Broker are accepting deposits (towards margins) in the form of Cash deposits / Exchange approved securities / Exchange defined liquid scrips in any one form or combination thereof. Value of non-cash component would be arrived after deducting applicable Value at Risk percentage, as prescribed by Exchanges / Clearing Corporation from time to time. So the deposits may comprise of the cash component and non-cash component (after applicable hair cut). Further, client is informed that, Exchange accepts margins from a Trading Member in such form where maximum benefit of non-cash collateral is given to the extent of cash component deposited.

Depending upon the total deposits given by the client, we may be providing exposure to the client as per RMS policy. Resultant margin requirement should be cleared by the client within prescribed timeframe. Margins can be collected from client both in cash and non-cash component and any shortfall in fulfilment of margin requirement will lead to charging of interest. Client is hereby informed that, we shall be computing interest as under –

- If client has made the deposits partially in Exchange Approved Securities and partially in Cash and has a margin requirement, then maximum benefit of Exchange Approved Securities (with higher hair cut) would be considered only upto 50% of margin

requirement after adjusting available cash component. Therefore, any shortfall in the above explained norm will lead to charging of interest on such shortfall value. This interest is charged as we had to deploy our own funds / securities to meet the shortfall with Exchanges. There may be cases wherein MOFSL provides trading limit on non-cash collateral securities but the Clearing Corporation does not provide margin benefit due to the following reasons i) Collateral Security not part of Exchange Approved Security list, or ii) Collateral Security not re-pledged with CC, or iii) Quantity in excess of CC's maximum permissible quantity limit. Where MOFSL provides trading limits on such non-cash collateral securities, the CC blocks MOFSL's proprietary collateral to the extent of client's margin utilization. Accordingly, MOFSL will charge interest on such blocked amount to the client.

Clearing Corporations are reviewing the list of such approved securities on periodic basis and are making the changes from time to time. Hence, clients are requested to refer such list and place / pledge such approved securities as collateral to avoid interest charges.

Further, as per regulatory guidelines, if a client's margin utilization is in excess of 90% of the client's total collaterals (cash component and non cash component), the Clearing Corporation (CC) shall block the Trading member's proprietary collateral to the extent of such excess utilization. Since MOFSL's own collaterals (maintained with Clearing Corporation) are being blocked by CC due to margin utilization in excess of 90% of client's collateral by the client, MOFSL is unable to utilize such blocked collaterals for any other purpose. Accordingly, MOFSL will charge interest on such blocked amount to clients that have utilized margin in excess of 90% of the total collaterals. Clients are therefore requested to utilize only 90% of their total collaterals to avoid interest charges.

The client agrees that the stock broker may impose fines/penalties for any orders/trades of the client which are contrary to this agreement/rules/regulations of the Exchanges and is imposed by the Exchanges/Regulators. Further, under the instances where the stock broker has been penalized from any authority on account of/as a consequence of orders/trades of the client, the same shall be borne by the client.

#### **5. The right to sell client's securities/commodities or close client's positions, without giving notice to the client, on account of non-payment of client's dues:-**

The Client shall provide timely funds/securities/commodities for the purchase/sale of securities / commodities to the stock broker for meeting his obligation to the Exchange.

The securities so purchased under capital market segment and/or resulted in compulsory delivery under F&O / Commodity segment, securities so purchased / received shall be treated as unpaid client securities, if the outstanding payment is not cleared within one day of purchase (T+1 day) as per Exchange regulations. Such unpaid securities shall be liquidated anytime within 5 trading days from the date of payout if debit balance / outstanding dues are not cleared by the client by providing funds to the extent of debit balances.

Also, depending on brokers discretion and its RMS policy, on case to case basis, we may transfer the securities purchased by client in clients demat account (where DDPI is available in favour of MOFSL) despite outstanding debit balances / dues, if any, then we reserve the right to liquidate the same to settle the dues arising from time to time.

In case of client falling short of providing fund/securities, the stock broker has the right to close the positions. The Stock Broker has the right to sell client's securities or close clients position in accordance with RMS policy after giving prior notice to client on account of non payment of dues to the extent of Ledger debit and/or to the extent of Margin obligation(s). The broker can liquidate the securities bought or collaterals given or any other securities given in any other form for clearing the clients obligations.

MOFSL may in its sole discretion, determine the time of sell and securities to be disposed off and or which open position is / are to be liquidated / closed as per RMS policy applicable from time to time. To avoid selling of shares / closing of positions, we request you to maintain sufficient margin in your trading account.

#### **6. SHORTAGES IN OBLIGATION ARISING OUT OF INTERNAL NETTING OF TRADES FOR EQUITIES**

With implementation of Direct pay-out of securities by Clearing Corporation (CC) to clients demat account, the process of handling security-wise internal shortages shall be handled by CC. On settlement date, CC will identify broker level, security-wise internal shortage by comparing broker level security-wise gross sell obligations vis-a-vis security-wise pay-in received. The gross sell obligation shall be computed as sum of net sellobligation of all clients for a security. Wherever, pay-in quantity received is less than gross sell obligation quantity for a security across all clients, there is a case of internal shortage for that security. CC will handle internal shortage in the below given manner:

- On settlement date, CC will initiate direct pay-out of securities to client who had purchased shares on the trading day. Basis the internal shortage identified by CC as per process mentioned above, some clients may not receive direct pay-out of securities on the settlement date. As per CC's internal defined criteria, CC will solely decide and identify the clients to whom securities will be given as pay-out on settlement date and clients who will not receive securities. MOFSL does not have any role in identification of such clients.
- Post identification of internal shortages and completion of settlement process, CC will conduct an auction for obtaining securities for the impacted clients who have not received securities due to the internal shortage. Below scenarios may arise-
  - **Scenario 1 - Full short delivered quantity is obtained in the auction process:** CC will give pay-out to the impacted clients in Auction settlement.
  - **Scenario 2 - Partial short delivered quantity is obtained in auction process:** CC will solely decide and identify the clients to whom securities will be given as pay-out in auction settlement and clients who will not receive. MOFSL does not have any role in such identification of clients.
  - **Scenario 3 – Full short delivered quantity is not obtained during auction process:** CC will not give pay-out to any impacted clients.
- For clients who do not receive pay-out in auction settlement from CC, MOFSL, as per regulatory provisions will compulsorily close out such securities as per close out procedure / rates prescribed by CC. The impacted client will be credited with close out credit and said amount will be debited to the defaulting client. The internal close out policy for handling internal shortages in Commodities is in line with the exchange policy for handling shortages at exchange level. Apart from this the seller will be additionally debited by 0.50% charges.

Thus, the buyer will get the credit of the shortage based on the calculation as mentioned above and the seller will be debited by the same amount + 0.50% charges.

(Above defined parameters are subject to change from time to time)

#### 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 :-

MOFSL is entitled in its sole discretion to restrict or refuse execution of any orders for transaction in any scrip / commodity if transaction in such scrip / commodity is not in accordance with its internal surveillance / risk management policy and/or in accordance with the directives and guidelines of the Exchanges and/or the Regulator issued from time to time. MOFSL may at its sole discretion decline to carry out the instructions for any reason whatsoever.

In case overall position of client / clubbed position of client as per the SEBI guidelines, and/or on the basis of criteria set by Exchanges, in a scrip / derivatives contracts has reached the Regulators prescribed Exchange limit / Market Wide Open Interest limit, then client may not be allowed to take further position, till such time Regulator prescribed limits comes down to create a new position.

Further in Exchange / Segments where client positions are monitored at group level (i.e. entities are clubbed by Exchanges as per their guidelines), those set / group of customers together have to abide by position limits as mentioned above.

Further, the stock broker may close the existing position of a client to the extent of Debit balances to release the Margin from the Exchange. In case if the stock broker has sufficient Margin cover on behalf of its client, it may still decide based on the market conditions and risk perception not to allow further position or may close the existing position of a client.

The customers are also requested to refer detailed Risk Management policy uploaded under client portal on Motilal Oswal Website [www.motilaloswal.com](http://www.motilaloswal.com).

#### 8. Temporary Suspension/Closure of Accounts

- The client may request the stock broker for temporary suspension/closure of his trading account by sending a written request to Branch. This request will be in turn sent by Branch to Head Office for further processing where after verification of the client details, the trading account of the client will be suspended.
- The client would be required to clear all his dues/settlement of obligations before his account is temporarily suspended. The client may also be required to fulfill other conditions, on a case to case basis.
- The stock broker can withhold the payouts of client and suspend/close his trading account due to any internal / regulatory action.

The Customer will be intimated upon Suspension / closure of trading account within 15 days of suspension.

#### 9. Deregistering a client

In addition to what the client has agreed in the agreement, the stock broker may terminate a client with immediate effect, but not limited to the following reasons –

- If the client is debarred by FMC/SEBI or any other regulatory authority.
- As a part of surveillance measure, if a client appears to be indulging in manipulative practices.
- Under the circumstances when there is a reasonable ground to

believe that the client is unable to clear its dues or has admitted its inability to pay its debt.

- If the client violates any of the terms of the agreement.

#### 10. Treatment of Inactive Clients

MOFSL identifies such client codes / trading accounts that are inoperative for a minimum period of preceding 24 months. A trading account will be considered inoperative if the below prescribed transactions are not carried out by the client since the preceding 24 months.

- Trading or participation in OFS/buy-back/Open Offer across any of the exchanges/segments (Cash/Equity Derivative/ Currency Derivative/ Commodities Derivative/EGR /Debt/Online Bond Platform/ Execution Only Platform /Any other segment as may be allowed by SEBI/stock exchanges from time to time) of the exchanges through MOFSL, or
- Transaction in nature of applying/subscribing IPOs (where the IPO bid is successful & not cancelled)/SGBs/Mutual Funds (lump sum investment or investments through successful SIP instalment payments) on the Mutual Fund platform of the stock exchanges through MOFSL, or
- Modification/updation of e-mail Id/Mobile Number/Address in KYC record of client through MOFSL and the same has been uploaded to KRA to ensure Validated/Registered status.

\* In case any of the above prescribed transactions is not carried out by the client in the preceding 24 months and the client has an existing open MTF position / Derivative position then, such a trading account will not be considered as in-operative.

- Accordingly, such trading accounts are made inactive in the trading & internal systems and the client is informed about the status of his trading account maintained with MOFSL via email/letter/SMS or by way of any other mode. Such trading Accounts shall also be marked "inactive / dormant" in UCC database of Exchanges where such client details are updated.
- For re-activation of such trading account, the client shall be required to make a request to re-activate the account and submit all necessary confirmation of existing client details (such as Address, Mobile number, Email ID, Bank/DP account, income etc.) registered with MOFSL or in case of modification, information / documents with regard to updation of their KYC details. On receipt of re-activation request, In-person verification (IPV)/Video In-person verification (VIPV) will be carried out as per prescribed guidelines. Such latest updated client details shall also be updated in UCC database of respective Exchange and KRAs.
- While reactivating the client, MOFSL shall also verify the client status as per KRA. In case the client's status as per KRA is not validated / not registered (i.e. "On hold"/"Rejected"/"Registered" through other intermediary, etc.) then MOFSL shall not re-activate the client's trading account. In this case, the client is required to provide the latest KYC details like Address, Mobile number, Email ID, Bank/DP account, income, etc. along with the necessary supporting documents as required by KRA. Post submission of required details along with documents by the client, MOFSL shall validate these details with the documents provided and shall update its records accordingly. Before re-activating the client's trading account, MOFSL shall update/upload the required details/documents on KRA to ensure that the client's status is validated/registered with KRA. MOFSL shall also update such client details in the UCC records of the respective exchanges.

- In case of an individual client, a re-activation request can be made either through online mode (by following the re-activation instructions after web login) or through offline mode (by submitting Activation request form at Branch/AP office). In case of non-individual clients, re-activation request needs to be made through offline mode i.e. by submitting Activation request form at Branch/AP office.
- For all re-activation requests, MOFSL upon verifying / carrying out due diligence & completing above process at its end may activate the client's trading code in the trading & internal system. MOFSL shall simultaneously also update client's trading account status to "Active" in the UCC database of respective exchanges.
- Once an inactive trading account is re-activated, the computation of next 24 months for the purpose of identifying client as inactive in the subsequent period shall be considered from the date of last re-activation of trading account.
- There may be scenarios wherein there are long outstanding debit balances in inactive/dormant accounts. To recover such outstanding debit balances, pledged securities may be liquidated from client's trading account through RMS selling post intimating the client. For executing RMS selling in client's trading account, the client's trading account will be reactivated in our back-office and Exchange UCC without following the above prescribed criteria for reactivation. Post RMS selling, the trading account status will again be updated as inactive/dormant in our back-office records and Exchange UCC.

- Upon reactivation, the client is informed about the status of his trading account via email/letter/SMS or by way of any other mode. Upon re-activation and after updating the UCC status in Exchanges, MOFSL may execute the order as per instructions of clients. The client shall also be subject to ongoing due-diligence in accordance with the provisions of the PMLA guidelines and the relevant KYC policies that have been issued from time to time.

**11. The Client is informed that Motilal Oswal Financial Services Limited do carry Proprietary trading.**

Client acceptance of policies and procedures mentioned here in above –I / We have fully understood and agree to sign the same.

Above policies and procedures may be amended / changed unilaterally by the stock broker provided the same is intimated via email / writing or reflected in the clients login.

**12. "Policy on handling of Good Till cancelled Orders of Client"**

MOFSL is providing Good Till Cancelled (GTC) orders functionality. GTC is an order to buy or sell a stock that continues until the order is executed/expired/cancelled. Validity of GTC order by default is T+1, whereas client can modify such orders upto 365 days and accordingly GTC orders shall be retained in your account. Intimation of corporate actions will be informed to clients upto one day prior to ex-date of the corporate actions for the applicable unexecuted orders.

Client Name	
Client Signature	18/21