



# Goldmine Stocks Pvt. Ltd

## **POLICY & PROCEDURES**

This document contains policies and procedures defined/ devised and followed by Goldmine Stocks Pvt Ltd. ('GOLDMINE' or 'Broker') which it applies or adopts while providing services as a stock broker on National Stock Exchange of India Ltd. ('NSE'), Bombay Stock Exchange Ltd. ('BSE'), and MCX Stock Exchange Ltd. ('MSEI') (collectively herein after referred to as 'the Exchanges') to its clients. The purpose of the document is to communicate these policies and procedures to clients of Goldmine.

The policies and procedures stated herein below are subject to change from time to time at the sole discretion of Goldmine, depending on market conditions, requirements prescribed by Exchanges, Regulators or any other Government Authority, its risk management framework etc.

### **Refusal of orders for penny/illiquid stock**

Generally, the broker refuses to enter any order of clients for penny stocks. The client is required to adhere to exchange/members' guidelines and due diligence while trading in such scrips. Even trading in such scrip is very risky. As such, stock broker may from time to time / refuse orders in one or more securities due to various reasons including market liquidity, value of security (ies), the order being for securities which are not the permitted list of stock broker/ exchange(s)/SEBI or illiquid scrips. Depending on market condition and risk management policy of the company, the stock broker reserves the right to refuse to provide limit in penny Stocks and losses if any on account on such refusal shall be borne by the client only. We the broker, do hereby warn the client not to deal in any penny stocks. However, Broker at its own discretion, may allow or disallow the clients (on case to case basis) to deal In penny stocks, subject to rules, regulations, articles, byelaws, circulars, directives and guidelines of SEBI and Exchanges as well as considering the prevalent market and other circumstances, at related point of time. The exposure limit in such scrips shall vary from client to client subject to RMS Policy of Broker and prevalent market condition from time to time without prior notice.

### **Client's exposure Limit**

Exposure limits to the client will be provided based on the available margin in the client's trading account maintained with Goldmine. The securities markets are usually very volatile and different clients have different risk profiles. Volatility amongst different scrip and different derivatives contracts are different. Business Rules, Bye laws and Regulations of the Exchanges require Brokers including Goldmine to obtain upfront margin from clients.

All these factors taken together create a challenging environment where Goldmine, apart from setting allowable trading limits for different clients Differently, has to often modify or change such trading limits several times during the day if situation so demands.

The trading limit setting policies enumerated below are to be taken as basis for understanding policies implemented by Goldmine and the same may not be rigidly followed and may be changed from time to time on account of factors stated above. The averments contained in these statements are not promises made by Goldmine to its clients and they do not confer any rights to clients to demand that their trading limits at all times will be set according to these policies.

The exposure limits will be a certain multiple of the available margin. Such multiplier will be as decided by Goldmine from time to time and may vary from client to client.

On a case-to-case basis Goldmine, as its sole and absolute discretion, may allow higher exposure limits to the client.

The choice of the securities to be considered as margin shall be determined by Goldmine at its sole discretion from time to time and the client shall abide by the same.

While granting the exposure limit, margin in the form of securities will be valued as per the latest available closing price on the exchanges after applying appropriate haircut as may be decided by Goldmine at its sole discretion.

Goldmine may from time to time depending on market conditions, profile and history of the client, type and nature of scrip, etc., at its sole discretion charge/change the rate of haircut applicable on the securities given as margin, multiplier for granting exposure in Cash/F&O segments and take such steps as Goldmine may deem appropriate.

The Client will have to abide by the exposure limit set by Goldmine.

### **Applicable Brokerage rate**

Goldmine discloses that it shall charge a brokerage at the rate being agreed by the client with broker (including its branches and sub brokers) as may be prescribed in the tariff sheet. However, Goldmine shall adhere to the maximum permissible limit (presently not to exceed 2.5%) as may be prescribed by SEBI/Exchanges from time to time. It is hereby further clarified that brokerage on options contracts shall not exceed 2.5% of the premium amount or Rs. 100/- (per lot) whichever is higher.

Goldmine charges minimum Rs.25/- per contract note issued in case of brokerage chargeable on cash market transactions. This minimum limit may be revised upwards depending on regulatory dispensations and cost of environment. Goldmine may waive off minimum contract charges for certain clients at its own discretion.

The brokerage rate may be varied in future as agreed between the client and Goldmine either in writing or orally from time to time. In case of oral agreement, if the brokerage is charged at such revised rate in contract note subsequent to revision and the client does not raise any dispute on such brokerage within the time period stipulated on the contract note then the same will be considered as consented by the client.

### **Imposition of Penalty/Late Payment Charges**

Imposition of Penalty:

The Exchange/ Clearing Corporation / SEBI levies penalties on the broker for irregularities observed by them during the course of business. Goldmine shall recover such imposed penalties/ levies, if any, by the Exchange/Regulatory, from such clients on account of whose dealings such penalties/levies have been imposed. Few of the examples of violations for which penalties may be levied are as under:

- a Auction of securities pursuant to short deliveries by the client.
- b Non adherence to client level exposure limits in cash, F&O and currency segments.
- c Short margin reporting in any segment as may be stipulated by the respective Exchange.
- d Any other reason which may be specified by the Exchanges/ Clearing Corporation/SEBI from time to time.

Such recovery would be by way of debit in the ledger of the client and amounts would be adjusted in client ledger account.

Further, if client does not make payment against its settlement obligation or margin obligation with the stipulated pay in time, the late/delay payment charges at the rate of 18% per annum shall be charged on weekly basis. Such late payment charge should not result in frequent late payment by the client and must not be termed by the client as funding provided by the broker.

### **Liquidation of Client's Securities/Close Open Position**

Goldmine requests the prospective clients to refer to MEMBER CLIENT AGREEMENT and RISK DISCLOSURE DOCUMENT wherein Broker's rights to sell securities purchased by the client and to close out open positions of the client are adequately defined.

The constituent is supposed to make his pay in obligations on time for the funds and/or securities for all the Segment of the exchange. The client has to maintain margin in derivatives segment and currency derivatives segment of the exchange as per the exchange's requirement. In case if any shortfall is found in margin, the open positions of the constituent shall be squared off to the extent of shortfall without any intimation for the same. In case of capital market, if the payment of outstanding amount is not received, the broker reserves the right to liquidate the securities of the constituent without intimation to the extent of the debit amount of the client.

The broker reserves the right not to increase the position of the constituent as per his risk parameters. In case of any order from regulatory authorities, the client's open positions shall be liquidated.

### **Restrictions/Prohibition to take further position or closing existing position:**

Under any of circumstances, such as client's failure to meet Pay-In or margin obligations or clearance of outstanding/debit balance with broker before permissible time limit or beyond such period as may be allowed by broker, the client may not be permitted to take any fresh or further position until the full clearance of earlier dues, obligation, outstanding etc. Further, it would be the duty of the client to monitor his/her/its position with the Broker from time to time. In case of any delay or failure in meeting any obligation, margin requirement etc. from client side, broker might close the existing position or open position WITHOUT ANY FURTHER INTIMATION to the client, Such Circumstance include (but not limited to) :

- (i) Failure to meet Pay-In obligation on Pay-In Day.
- (ii) Delay in meeting the Pay-In or margin requirement.
- (iii) Delay or failure in clearance or outstanding or dues to the broker,
- (iv) Returning or frequent returning of cheques of the client,
- (v) Unnecessary/Unwarranted dispute from client without any substantial cause/reason, settled without Involvement of Exchange and/or SEBI.
- (vi) As per prevalent RMS policy of the Broker.
- (vii) Any direction from SEBI/Exchange or such other authorities.
- (viii) Under such other circumstances as the Broker might think just and proper on case to case basis.

### **Shortages and Delivery Obligation arising out of Internal netting of trades**

Stock Exchanges compute delivery obligations of the brokers after netting off all the positions of all clients for each scrip. If on net basis, the total position of the broker for scrip is sale, he is required to deliver such net quantity of shares of that scrip to Stock Exchange before pay in. If on net basis, the total position of the broker for scrip is purchase, Stock Exchange delivers such net quantity of shares of that scrip to the broker on successful completion of pay in, at the time of pay out. This may result in sale position of one client being netted off against purchase position of another client in the same scrip requiring settlement of delivery obligations within the office of the broker. In such event, if the selling client fails to honor his settlement obligation, the buyer client may end up not receiving securities against his purchase or he may receive lesser no. of shares than his purchase quantity of shares. Since the obligation against Exchange is nonexistent, the usual auction mechanism established by the Stock Exchange may not be available in such scenario. Stock brokers are required to frame procedures for dealing with such internal shortage which are fair and transparent.

Goldmine has framed and implemented following policy for settling of the transaction, which remains unsettled due to Internal Shortages.

The transaction, which remains unsettled due to Internal Shortages of Securities, shall be closed out and settled amongst the buyer and seller as under:

a. If the seller client fails to give the delivery of securities sold by him, the shares would be bought from the open market on auction day or subsequent day and seller client will be debited for the transaction(s) of the said purchase and the buyer client would get the delivery of the shares accordingly.

#### **Suspending/Closing/Deregistering the trading account**

Without prejudice to Goldmine's rights and remedies available under the Agreement, Goldmine may forthwith, at its sole and absolute discretion, de-register/suspend the client with/without prior notice/intimation in the following circumstances:

- a If the client makes request for deregistration in writing.
- b If Goldmine is satisfied and believes that the client is not interested in executing transactions through Goldmine.
- c If the client is not maintaining his account as per the requirements and Goldmine wishes to sever the Relationship with the client after giving such due notice as stipulated in Member Client Agreement.
- d Where the client indulges in any irregular trading activities like synchronized trading, price manipulation, trading in illiquid securities/ options/contracts, self-trades, trading in securities at prices significantly away from market prices, etc.
- e Any enquiry/investigation initiated by the Exchanges/regulators against the client;
- f Any regulatory action taken/initiated against the client by the Exchange/regulators including but not limited to debarring the client from accessing the capital market;
- g Where name of the client apparently resembles with the name appearing in the list of debarred entities published by SEBI/ Exchanges (where no information other than name is available);
- h Name of the client appears in database/websites of CIBIL, Watch Out Investors, World Check, etc.;
- i The client having suspicious back ground or link with suspicious organization;
- j Where the client is non-traceable, has pending disputes with Goldmine, possibility of a default by the client;
- k Any other circumstances leading to a breach of confidence in the client for reasons like return of undelivered couriers citing reason of 'No such person/ Addressee left/ Refusal to accept mails, etc., continuous cheque bouncing, or not furnishing the Financial and other details as may be called for by Goldmine from time to time, etc.
- l Upon receipt of written information about the death of the client;
- m Such other circumstances which in the sole opinion of Goldmine warrants to de-register the client.

In all such cases, Goldmine 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 der-registering/suspending the client.

### **Policy for Inactive/Dormant Clients**

In Any account(s) in which no transactions took place during the period of 1 year from the date of last transactions, the same shall be considered as dormant/Inactive. Such transactions date may be relate to any of the following date, whichever is later.

- a) Entry related to contract or bill generation for buy/sell transactions or
- b) Entry related to payment of funds or securities

To designate the client's account as Dormant/In active account, the period of 12 months shall be counted from the last day of respective month in which any of the aforesaid last transaction took place.

In order to reactivate the account, client needs to give reactivation request form duly signed by her/him at least 2 days in advance to the branch or the head office of the broker, along with the self-attested copy of the ID proof and income tax return/bank statement (last six month) or any other documents as may be required by the broker. Broker may, in its own discretion, waive/reduce the period of 2 dyas as the circumstances may warrant on case to case basis.

### **GENERAL:**

Goldmine shall have the right at its sole and absolute discretion to amend/change/revise any of the above said policies and procedure at time in future and the same shall be binding on the client forthwith.

Any action taken by Goldmine in accordance with the policies and procedures mentioned herein above cannot be challenged by the client, and Goldmine shall not be liable to the client for any loss or damage (actual/notional) which may be caused to the client as a result.