

STEWART & MACKERTICH WEALTH MANAGEMENT LTD.

CIN: U51109WB1993PLC060987

Vaibhav (5F), 4, Lee Road, Kolkata – 700 020

Tel: (91 33) 4011 5400 Fax: (91 33) 2289 3401

Email ID: investors@smifs.com Website: www.smifs.com

MANDATORY POLICIES

OF

STEWART & MACKERTICH WEALTH MANAGEMENT LIMITED

Policy Authored By:

Shri Sudipto Datta
Manager & Compliance Officer

Shri Debasish Mondal
Sr. Manager – Settlement & Depository

STEWART & MACKERTICH WEALTH MANAGEMENT LTD.

CIN: U51109WB1993PLC060987

Vaibhav (5F), 4, Lee Road, Kolkata – 700 020

Tel: (91 33) 4011 5400 Fax: (91 33) 2289 3401

Email ID: investors@smifs.com Website: www.smifs.com

INDEX

Sr. No.	Policy Details	Page No.
1.	General Principles & Proprietary Trading	3 - 3
2.	Refusal Of Orders Of Penny Stocks	4 - 6
3.	Setting Up Client's Exposure Limits	6 - 6
4.	Applicable Brokerage Rates	6 - 7
5.	Imposition Of Penalty / Delayed Payment Charges	8 - 10
6.	Shortages In Obligations Arising Out Of Internal Netting Of Trades	10 - 11
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	11 - 13
8.	Temporarily Suspending Or Closing A Client's Account At The Request Of The Client	13 - 13
9.	De-Registering A Client	13 - 16

STEWART & MACKERTICH WEALTH MANAGEMENT LTD.

CIN: U51109WB1993PLC060987

Vaibhav (5F), 4, Lee Road, Kolkata – 700 020

Tel: (91 33) 4011 5400 Fax: (91 33) 2289 3401

Email ID: investors@smifs.com Website: www.smifs.com

(1) GENERAL PRINCIPLES

These **Mandatory Policies** of Stewart & Mackertich Wealth Management Limited (hereinafter referred to as Stewart & Mackertich) is in accordance to SEBI Circular dated 3rd December 2009. This document outlines various Policies and Procedures framed and followed by Stewart & Mackertich with respect to its dealings with its Clients as a Stock Broker on National Stock Exchange of India Limited (NSE), Bombay Stock Exchange Limited (BSE) and Multi Commodity Exchange of India Limited (MCX), and where the Company is registered as a Trading Member (collectively hereinafter referred as “the Exchanges”).

Stewart & Mackertich shall have right at its sole and absolute discretion to amend/change/revise any of the above said “**Mandatory Policies**” at any time in future depending upon Regulatory changes, its risk management framework, other market conditions etc. and the same shall be binding on the Client forthwith. The said Policies and Procedures and any revision/updation in the same from time to time is/ will be available in the official web site of Stewart & Mackertich.

Any action taken by Stewart & Mackertich in accordance with the “**Mandatory Policies**” mentioned herein above can not be challenged by the Client and Stewart & Mackertich shall not be liable to the Client for any loss or damage (actual/notional), which may be caused to the Client as a result.

Stewart & Mackertich has taken utmost care in framing the Mandatory Policies as detailed above, ensuring that the same neither dilute the responsibility of Stewart & Mackertich nor it shall be in conflict with any of the clauses laid in the Rules, Bye Laws, Regulations, Notices, Guidelines and Circulars issued by SEBI and the Stock Exchanges from time to time. However without prejudice, if at a later date, if any of the clauses framed and detailed above by Stewart & Mackertich, in the opinion of the SEBI and/or Stock Exchange, reveal that it is in conflict of the Rules, Bye Laws, Regulations, Notices, Guidelines and Circulars issued by SEBI and the Stock Exchanges from time to time, then such clause(s) framed by Stewart & Mackertich shall be treated as “**NULL & VOID**” and would stand withdrawn, forthwith.

A copy of all the documents executed by Client shall be given to the Client, free of charge within seven days from the date of execution of documents by the Client. Stewart & Mackertich is entitled and shall take acknowledgement of the Client for the receipt of the same. No term of the agreement other than those prescribed by SEBI, shall be changed without the consent of the Client. Such change needs to be preceded by a notice of 15 days by Stewart & Mackertich.

Stewart & Mackertich does **NOT** undertake “**Proprietary Trading**” and if it does so, it shall inform the client through Circular/E-mail/Newspaper Advertisement etc.

STEWART & MACKERTICH WEALTH MANAGEMENT LTD.

CIN: U51109WB1993PLC060987

Vaibhav (5F), 4, Lee Road, Kolkata – 700 020

Tel: (91 33) 4011 5400 Fax: (91 33) 2289 3401

Email ID: investors@smifs.com Website: www.smifs.com

(2) REFUSAL OF ORDERS OF PENNY STOCKS

Penny Stocks and/or Illiquid Stocks/Contracts/Options are risky investments due to thin liquidity; greater volatility factor as well as they are infrequently traded on the stock exchanges. In view of the risks involved in dealing with Penny Stocks and/or Illiquid Stocks/Contracts/Options, Stewart & Mackertich would generally advise its Clients to desist from trading in them.

A Security may be treated as Penny Stocks and/or Illiquid Stocks/Contracts/Options if it falls in any one category as mentioned herein below:

- ❖ List of Illiquid Securities issued by the Exchanges periodically.
- ❖ Trade-to-Trade settlement.
- ❖ "Z" – Group.
- ❖ Illiquid Options/Far Month Options/Long Dated Options.
- ❖ Any other Securities/Contracts/Options as may be decided by Stewart & Mackertich, which may be considered by Stewart & Mackertich in its sole discretion as volatile or have concentration risk at Client level or at the security level or any other reason.

SEBI has directed the Exchanges to draw up a list of illiquid securities based on criteria jointly agreed between BSE, NSE and SEBI and make it available to the trading members on a monthly basis and such list will be reviewed on a monthly basis.

As trading members have been advised by the Regulatory Authorities to exercise additional due diligence while trading in Penny Stocks and/or Illiquid Stocks/Contracts/Options, Stewart & Mackertich would have exclusive rights and prerogative to refuse and/or to accept such orders with regard to Penny Stocks and/or Illiquid Stocks/Contracts/Options, notwithstanding the fact that the Client has adequate credit balance or margin available in his/her/its account and/or the Client had previously purchased or sold such securities through Stewart & Mackertich.

Stewart & Mackertich may permit restrictive acceptance of orders in such scrips in controlled environments like asking the Client to place orders at a centralized desk at Head Office instead of allowing trading in such scrips at Branch Level. Stewart & Mackertich shall not be responsible for delay in execution of such orders and consequential opportunity loss or financial loss to the Client. Stewart & Mackertich may cancel orders in such scrips received from Clients before execution or after partial execution without assigning any reasons thereof. Stewart & Mackertich may take appropriate declarations from the Clients before accepting such orders. Stewart & Mackertich would be free to charge upfront payment for the purchase transaction in penny Stocks as well as upfront delivery in case of sale transactions of such Penny Stocks and/or Illiquid Stocks/Contracts/Options.

STEWART & MACKERTICH WEALTH MANAGEMENT LTD.

CIN: U51109WB1993PLC060987

Vaibhav (5F), 4, Lee Road, Kolkata – 700 020

Tel: (91 33) 4011 5400 Fax: (91 33) 2289 3401

Email ID: investors@smifs.com Website: www.smifs.com

Refusal To Accept Buy And/or Sell Orders At Abnormal Prices:

Regulatory Authorities and Stock Exchanges have come across instances, where a Client/set of Clients were observed to be executing matched trades in illiquid securities and/or future contracts and/or options contracts reversing transactions with significant variation in prices between first and reversing trades. Such trades were executed at prices, which apparently had no relation to the price of underlying security at that point of time. Precisely the modus operandi taken in such trades wherein one Client/set of Clients trading through a particular trading member would incur a loss and the counter party Client trading through another trading member would earn a profit. In most of the cases, one or both legs of transactions were away from the current market price. Some of the trading members reported that the Clients who suffered losses failed to meet their obligations.

Regulatory Authorities and Stock Exchanges have come across instances, where a Client set of Clients were observed to be executing large transactions in the form of block deals executed in certain scrips in the stock exchanges, which prima-facie, appear to have been negotiated in advance between the parties and then put through the Stock Exchange mechanism in a synchronized manner. Media reports appearing on the subject have also alleged that some of these transactions might have been executed by certain market participants with an ulterior motive to distort the fair price discovery in such scrips. Such market practices do not appear to be in conformity with the extant guidelines/regulations of SEBI/Stock Exchanges.

Such types of transactions, mentioned herein above are under the regulatory purview and are hence, being scrutinized by the stock exchanges and SEBI, concurrently. SEBI/Stock Exchanges may take punitive action for any possible violation of the provisions of the extant guidelines/regulations of SEBI/stock exchanges against the market participants who indulge in such type of transactions.

As trading members have been advised by the Regulatory Authorities to exercise additional due diligence while trading in these securities, orders placed in such securities would be executed upon the sole discretion of Stewart & Mackertich.

Stewart & Mackertich would have exclusive rights to refuse and/or to accept such orders with regard to Penny Stocks and/or Illiquid Stocks/Contracts/Options and/or order and/or orders which, prima facie appear to be non-genuine, notwithstanding the fact that the Client has adequate credit balance or margin available in his/her/its account and/or the Client had previously purchased or sold such securities/contracts through Stewart & Mackertich.

In view of the above, the Client(s) would not be allowed to place both buy and sell orders at abnormal prices and/or price differences in the Cash Market Segment, Future Market Segment and in case of option contracts, that might not have any relevance to the movement in prices in underlying securities at that point of time.

STEWART & MACKERTICH WEALTH MANAGEMENT LTD.

CIN: U51109WB1993PLC060987

Vaibhav (5F), 4, Lee Road, Kolkata – 700 020

Tel: (91 33) 4011 5400 Fax: (91 33) 2289 3401

Email ID: investors@smifs.com Website: www.smifs.com

Stewart & Mackertich may permit restrictive acceptance of orders in such Penny Stocks and/or Illiquid Stocks/Contracts/Options in controlled environments like asking the Client to place orders at a centralized desk at Head Office instead of allowing trading in such Penny Stocks and/or Illiquid Stocks /Contracts/Options at Branch Level. Stewart & Mackertich shall not be responsible for delay in execution of such orders and consequential opportunity loss or financial loss to the Client. Stewart & Mackertich may cancel orders in such Penny Stocks and/or Illiquid Stocks/Contracts/Options received from Clients before execution or after partial execution without assigning any reasons thereof. Stewart & Mackertich may take appropriate declarations from the Clients before accepting such orders.

(3) SETTING UP CLIENT EXPOSURE LIMIT

Risk Management Department of Stewart & Mackertich shall determine the exposure limit of the client based on Net-worth information, client financial capacity, prevailing market conditions and margin deposited by client in form of funds/securities with Stewart & Mackertich. These limits may be exchange-wise, segment-wise and scrip-wise. Stewart from time to time shall apply such haircuts as may be decided by the Regulators/Exchanges on the approved securities against which the Exposure limits are given to the client or may apply higher haircut as specified by such Regulator/Exchange as part of its Risk Management System. The limits so determined based on the above parameters shall also include the payment history of the client.

In case of Currency Derivatives, Clients shall be allowed to trade only upto the applicable client wise position limits set by the Exchanges/Regulators from time to time. Exchange has also devised revised monitoring mechanism to limit contracts. The above mechanism shall provide the following:

- Client's position across exchanges shall be within the prescribed limit of USD 100 million equivalents.
- If Client's position exceeds USD 100 million equivalents, clients shall provide disclosure of underlying exposure to Trading Member as per existing practice.
- In addition to the above, Exchanges shall monitor limits as per existing mechanism. When the client position reaches USD 75 million equivalent at a particular exchange, that exchange will intimate/caution the Trading Member(s) of that particular client regarding the combined single limit of USD 100 million equivalent.

Stewart & Mackertich shall have right at its sole and absolute discretion to change/revise limits or impose new limits urgently on the basis of stock broker risk perception and other factors considered relevant by Stewart & Mackertich but not limited to limits on account of Exchange/SEBI directions/limits. Stewart & Mackertich shall not be responsible for the client's inability to route any order through the Company's trading system on account of any such variation, reduction or imposition of limits.



STEWART & MACKERTICH WEALTH MANAGEMENT LTD.

CIN: U51109WB1993PLC060987

Vaibhav (5F), 4, Lee Road, Kolkata – 700 020

Tel: (91 33) 4011 5400 Fax: (91 33) 2289 3401

Email ID: investors@smifs.com Website: www.smifs.com

Stewart & Mackertich may at any time at its sole discretion and without prior notice, prohibit or restrict the Clients ability to place orders or trade in securities/contract through Stewart & Mackertich, or it may subject any order placed by the Client to a 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 or contracts which are not in the permitted list of Stewart & Mackertich/Exchange(s)/any other Regulatory Body or the order being outside the limits set by Stewart & Mackertich/Exchange and any other reasons which Stewart & Mackertich may deem appropriate in the circumstances. The Client shall not held Stewart & Mackertich responsible for any losses incurred by or in connection therewith.

(4) APPLICABLE BROKERAGE RATES

The brokerage rates fixed by Stewart & Mackertich are function of the quality of cost of services provided to the Client and the volume and revenue expected from an account. 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 subsequently through a written agreement between the Client and Stewart & Mackertich. The rate of Brokerage shall not exceed the maximum brokerage permissible under Exchange/SEBI Laws. Where the sale/purchase value of a share is Rs. 10/- or less in Capital Market Segment, maximum brokerage of 25 paise per share may be collected.

Stewart & Mackertich shall review the Brokerage rates from time to time and may be increased/decreased with prospective effect at a written notice of 15 days sent to the e-mail address or postal address of the Client registered with Stewart & Mackertich.

Stewart & Mackertich shall charge brokerage for option contracts on the premium amount at which the option contract was bought or sold and not on the strike price of the option contract and brokerage on options contracts shall not exceed 2.5% of the premium amount or Rs 100/- whichever is higher.

Stewart & Mackertich may charge a minimum service charge including brokerage of Rs. 25/- per contract note issued to Client for transactions in NSE Capital Market Segment, NSE Derivative Market Segment and BSE Capital Market Segment, separately. However the Transaction Charges levied by the respective Stock Exchanges, Statutory Levies of Government and Regulatory Authorities would be over and above the minimum sum of Rs. 25/-, charged to the contract note.

No brokerage would be charged on Auction Trades, however applicable charges, viz. penalty charges, auction difference, etc., levied by the respective Stock Exchanges as may be debited to Stewart & Mackertich, would be debited to account of the Client.

In case of any violation of the position limits with regard to the transactions in derivative market segment, penalties are levied as stipulated under Bye Laws, Rules and Regulations of the Stock

STEWART & MACKERTICH WEALTH MANAGEMENT LTD.

CIN: U51109WB1993PLC060987

Vaibhav (5F), 4, Lee Road, Kolkata – 700 020

Tel: (91 33) 4011 5400 Fax: (91 33) 2289 3401

Email ID: investors@smifs.com Website: www.smifs.com

Exchanges and Clearing Corporations, and such penalties and charges, debited to Stewart & Mackertich, would be debited to account of the Client.

All Statutory Charges presently applicable and/or would be applicable in future, under various legislation of Central Government, State Government, Regulatory Authorities, Stock Exchanges and / or any Public Authorities, would be charged and collected from the Client. The Brokerage will be exclusive of the following except in cases where it is agreed otherwise:

- (i) Goods & Service Tax (GST).
- (ii) SEBI/Exchange/Clearing Member Charges
- (iii) Stamp Duty
- (iv) Statutory Charges payable to Exchange/SEBI/Government Authorities.
- (v) Any Other Charges towards customized / specialized service.

(5) IMPOSITION OF PENALTY/DELAYED PAYMENT CHARGES

Delayed Payment Charges:

Pursuant to Exchange Bye-Laws, the Member Broker is currently required to compulsorily settle funds and securities within the stipulated time period as notified by the Exchanges for any transactions executed by a Client in any of the respective Stock Exchanges and/or market segments.

Further the Member Broker is also required to maintain adequate upfront margins with the Exchange to avail exposure for Trading. The Exchanges have also defined the ratios in which the Cash and Collaterals are to be deposited and maintained by the Member Broker. In addition the Exchange requires the member broker to deposit some of the margins like Mark-To-Market (MTM), cash only.

Under the circumstances, the Client shall settle all obligations with regard to Funds and Securities before the pay-in deadline as notified by the Exchanges for any transactions executed by the Client in any of the respective Stock Exchanges and/or market segments, where the Client shall deal. That in case the Client fails to settle the obligations with regard to funds and securities before the stipulated pay-in deadline as notified by the Exchanges for any transactions executed by the Client in any of the respective Stock Exchanges and/or market segments, Stewart & Mackertich would be at liberty to do the following:

- (i) Withhold payout of securities in the Hold Back Account of Stewart and Mackertich for the securities purchased by the Client, for which the Client has not settled fund obligations.
- (ii) Charge delayed payment penalty charges @ 24% per annum for the number of days of failure by the Client with regard to settlement of funds. The number of days of default would be determined from the pay-in day.

STEWART & MACKERTICH WEALTH MANAGEMENT LTD.

CIN: U51109WB1993PLC060987

Vaibhav (5F), 4, Lee Road, Kolkata – 700 020

Tel: (91 33) 4011 5400 Fax: (91 33) 2289 3401

Email ID: investors@smifs.com Website: www.smifs.com

- (iii) Withhold payout of funds in case a part of securities have remained undelivered / unsettled before pay-in deadline against sale obligations of the Client, till auction pay-in and pay-outs settlement.

Delayed payment penalty charges are only a penal measure. The Client should not construe it as a funding arrangement and shall not demand continuation of service on a permanent basis, citing levy of delayed payment charges.

Stewart & Mackertich is authorized by the Client to charge a delayed payment penalty charges @ 24% per annum where the Client takes exposure in the Derivative Segment by depositing collaterals in a ratio which is disproportionate to the cash versus collaterals ratio prescribed by the Exchanges.

While levying delayed payment charges or interest on the debit balance in the running account of the Client, Stewart & Mackertich will not consider any credit balance in the other family or group account of the Client.

The Client is entitled to forthwith release of funds lying credit to its ledger, on pay-out. In case the Client has authorized Stewart & Mackertich to maintain a running ledger account in writing, a written request to the Branch In-charge of Stewart & Mackertich, is to be made for the release of funds. Such release of funds would be however subject to un-discharged liabilities of the Client. In case Stewart & Mackertich fails to discharge its responsibilities with regard to funds pay-out due and payable to the Client, it would attract an interest penalty of 24% per annum for the number of days of delay of such fund settlement, payable by Stewart & Mackertich from the date of the pay-out and/or the date of receipt of specific request from the Client for such settlement.

Imposition of Penalties:

The Exchange/Clearing Corporation/SEBI levies penalties on the Member Broker for irregularities observed by them during the course of business. Stewart & Mackertich shall recover such imposed penalties/levies, if any, by the Exchange/Regulators, from the Client, which arise on account of dealings by such Client. Violations for which penalties may be levied are as follows:

- (i) Auction of Securities pursuant to short deliveries/non deliveries against sale by the Client.
- (ii) Short Margin reporting in the Derivative Market Segment.
- (iii) Any Other Reasons which the Exchanges/Clearing Corporation/SEBI may specify from time to time.

Such recovery would be accounted by way of debit in the ledger of the Client and amounts would be adjusted against the dues.

The trading activity of the Client should not be aimed at disturbing market equilibrium or manipulating market prices etc. If the Client does so, Stewart & Mackertich may keep in abeyance the pay-out of

STEWART & MACKERTICH WEALTH MANAGEMENT LTD.

CIN: U51109WB1993PLC060987

Vaibhav (5F), 4, Lee Road, Kolkata – 700 020

Tel: (91 33) 4011 5400 Fax: (91 33) 2289 3401

Email ID: investors@smifs.com Website: www.smifs.com

funds and/or securities till such time that the Client has been able to clearly demonstrate that his/her/its actions were not mala fide in any manner.

Stewart & Mackertich may impose fines/penalties for any orders/trades/deals/actions of the Client which are contrary to any of the 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 Stewart & Mackertich 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 Clients the same shall be borne by the Client.

If the Client gives orders/trades in the anticipation of the required securities being available subsequently for pay-in through anticipated pay-out from the exchange or through borrowings or any off-market deliveries or market deliveries and if such anticipated availability does not materialize in actual availability of securities/funds for pay-in for any reason whatsoever including but not limited to any delays/shortages at the exchange or Broker level etc., the losses which may occur to the Client as a consequence of such shortages in any manner, such as on account of auctions/square-off/closing outs etc., shall be solely to the account of the Client and the Client agrees not to hold the broker responsible for the same in any form or manner whatsoever. Without prejudice to the foregoing, the Client shall also be solely liable for all and any penalties and charges levied by the exchange(s).

In case Open position (i.e. Short/Long) gets converted into delivery due to non-square off because of any reason whatsoever, the Client will provide securities/funds to fulfill the pay-in obligation failing which the Client will have to face auctions/internal close-outs, in addition to this the Client will have to pay penalties and charges levied by exchange in actual and losses if any. Without prejudice to the foregoing, the Client shall also be solely liable for all and any penalties and charges levied by the exchange(s).

Stewart & Mackertich provide 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 and Collaterals at its discretion. The Client will not be entitled to any interest or other benefit on the credit balance/surplus margin available/kept with Stewart & Mackertich.

(6) SHORTAGES IN OBLIGATIONS ARISING OUT OF INTERNAL NETTING OF TRADES

Securities pay-in and pay-out are to be compulsorily settled as per the stipulated Exchange Settlement Calendar as notified by the Exchanges, for any transactions executed by the Clients in any of the respective Stock Exchanges and/or market segments.

In case a Client fails to deliver any one or more securities to the pre notified Depository Pool Account of Stewart & Mackertich in respect of the securities sold by the Client before the pay-in deadline notified by the Stock Exchange(s), such undischarged obligation of any one or more securities shall be

STEWART & MACKERTICH WEALTH MANAGEMENT LTD.

CIN: U51109WB1993PLC060987

Vaibhav (5F), 4, Lee Road, Kolkata – 700 020

Tel: (91 33) 4011 5400 Fax: (91 33) 2289 3401

Email ID: investors@smifs.com Website: www.smifs.com

deemed to auctioned and/or closed-out by the Stock Exchange and/or Internally Closed-Out by Stewart & Mackertich.

In case the undischarged obligation is overdue to the Stock Exchange for pay-in, the same would be auctioned and/or closed-out by the Stock Exchange at the auction price and/or close-out price, decided by the respective Stock Exchanges. The auction and/or the close-out would be accounted, at the auction price or close-out price on the date of auction pay-out, as may be debited to Stewart & Mackertich in respect of the securities delivered short by Stewart & Mackertich on behalf of its Clients, for the respective settlement to the extent traceable to the Client on failure of the Client to deliver such securities by the pay-in deadline. The accounting procedure would be conducted without any formal permission of the Client and as mandated, an Auction Contract Note with necessary annexures, would be issued to the Client on the Auction Date (which is notified by the Stock Exchange).

The loss, if any, on account of the auction and/or close-out shall be debited to the account of the seller Client and the Client shall not hold Stewart & Mackertich/Exchange(s) responsible and/or dispute for losses. Similarly the buyer Client shall not hold Stewart & Mackertich/Exchange(s) responsible and/or dispute for the loss/notional loss, if any, arising on account of the close-out credited to his/her/its account.

In case the undischarged obligation is overdue to any other Client of Stewart & Mackertich arising out of internal netting of trades, the same would be internally Closed-Out by Stewart & Mackertich and charged to the defaulter seller and compensate the impacted purchaser. The basis of the Internal Closeout-Rate calculation would be the Valuation Price (as decided by the Stock Exchanges) plus 10%, where the Valuation Price means the closing rate of the previous day in the Capital Market Segment of the scheduled pay-in/pay-out date of the respective exchanges. The Internal Close-Out would be accounted, at the Internal Close-Out rate on the date of auction pay-out, as decided by Stewart & Mackertich in respect of the securities delivered short by the defaulter seller by the pay-in deadline. The accounting procedure would be conducted without any formal permission of the Client and as mandated, an Auction Contract Note with necessary annexures, would be issued to the Client on the Auction Date (which is notified by the Stock Exchange).

The loss, if any, on account of the Internal Close-Out shall be debited to the account of the seller Client and the Client shall not to hold Stewart & Mackertich responsible and/or dispute for losses. Similarly the buyer Client shall not hold Stewart & Mackertich responsible and/or dispute for the loss/notional loss, if any, arising on account of the close-out credited to his/her/its account.

That if for any reason, schedule of pay-in and pay-out is modified; the aforesaid shall be applicable reckoning the actual date or pay-in and/or pay-out as the case may be by the respective Stock Exchange(s).

STEWART & MACKERTICH WEALTH MANAGEMENT LTD.

CIN: U51109WB1993PLC060987

Vaibhav (5F), 4, Lee Road, Kolkata – 700 020

Tel: (91 33) 4011 5400 Fax: (91 33) 2289 3401

Email ID: investors@smifs.com Website: www.smifs.com

(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

An illustrated list of circumstances in which Stewart & Mackertich may not allow the Client to take further positions or may Close/Liquidate a part or whole of the existing position of the Client are as follows:

- (i) Failure by the Client in providing sufficient/adequate margin(s) and/or insufficient/inadequate free credit balance available in the account of the Client.
- (ii) If the Client fails to deposit the margin/additional margin by the deadline or if an outstanding debit occurs in the account of the Client beyond the stipulated time period.
- (iii) If the Client fails to maintain, the requisite margin, in such form and manner, as may be specified by Stewart & Mackertich, from time-to-time.
- (iv) Settlement obligations are not paid by the Client within the time frame allowed by the Exchanges or as per the norms specified by Stewart & Mackertich from time-to-time at its sole and absolute discretion.
- (v) Securities falling in the category of Penny Stocks/Illiquid Stocks/Contracts/Options as described in Policy (I) above.
- (vi) Trades, which apparently in the sole and absolute discretion of Stewart & Mackertich seems to be synchronized trades/circular trading/artificial trading/manipulative in nature, etc.
- (vii) In case any Relevant Authority is of the Opinion that a particular underlying no longer meets its requirements for Trading or is not eligible for Trading or if the Relevant Authority decided to discontinue trading in particular market segment for such reasons as it may deem fit and may in such circumstances impose restrictions on transactions that no new open positions can be taken in such underlying and /or contact that have been previously introduced.
- (viii) In case any Relevant Authority may limit the transactions with regard to the total number of securities and/or contracts on a underlying that a single investor and/or group of investors acting in concert may take up and/or exercise during such time period as may be prescribed by the Relevant Authority from time to time.
- (ix) In case any Relevant Authority may at any time in its absolute discretion prescribe maximum long and/or short open positions for any Client and/or group of Clients with regard to quantity and/or value for any underlying and/or contact.
- (x) Any ban imposed on the Client by the Regulatory Authorities.
- (xi) The Client have been found in the opinion of Stewart & Mackertich of any misconduct, forgery, suppression of facts and falsification of information provided by the Client at the time of opening of the Trading Account with Stewart & Mackertich.
- (xii) Where name of the Client apparently resembles with the name appearing in the list of debarred entities published by SEBI/Exchanges [where the information available for the debarred entity (other than name) is not sufficient enough to establish that the Client and such debarred entity are one and the same].

STEWART & MACKERTICH WEALTH MANAGEMENT LTD.

CIN: U51109WB1993PLC060987

Vaibhav (5F), 4, Lee Road, Kolkata – 700 020

Tel: (91 33) 4011 5400 Fax: (91 33) 2289 3401

Email ID: investors@smifs.com Website: www.smifs.com

- (xiii) In case it is found in the opinion of Stewart & Mackertich violating any terms and conditions, with regard to the Member Client Agreement and/or Mandatory Declarations and/or Optional Declarations, signed and entered into by me/us and Stewart & Mackertich, at the time of opening the Securities Trading Account.
- (xiv) The Client fails to furnish documents/information as may be called for by Stewart & Mackertich from time-to-time as per regulatory requirement and/or as per its internal policy.
- (xv) The Client fails to comply with any provisions of the Bye Laws, Rules and Regulations of the Exchange/Clearing Corporation, requirements of the Exchange/Clearing Corporation and any Relevant Statutory & Regulatory Authorities.
- (xvi) In the event of death or insolvency or lunacy of the Client otherwise becoming incapable of receiving and paying for or delivering or transferring securities which the Client has ordered to be bought or sold.
- (xvii) Depending on the market circumstances if Stewart & Mackertich is of the view that the positions of the Client are at risk then Stewart & Mackertich may close the existing position without waiting for the pay-in schedules of the exchanges.
- (xviii) In case in the opinion and sole discretion of Stewart & Mackertich, that such further position would be adverse and detrimental to the Compliance Requirement with regard to any provisions of the Bye Laws, Rules and Regulations of the Exchange / Clearing Corporation,

requirements of the Exchange/Clearing Corporation and any Relevant Statutory & Regulatory Authorities.

Stewart & Mackertich may at any time at its sole discretion and without prior notice, prohibit or restrict the Clients ability to place orders or trade in securities/contract through Stewart & Mackertich, or it may subject any order placed by the Client to a 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 or contracts which are not in the permitted list of Stewart & Mackertich/Exchange(s)/any other Regulatory Body or the order being outside the limits set by Stewart & Mackertich/Exchange and any other reasons which Stewart & Mackertich may deem appropriate in the circumstances. The Client shall not hold Stewart & Mackertich/Exchange(s) responsible for losses, if any on account of such refusal or due to delay caused by such review, etc. Stewart & Mackertich is also entitled to disable/freeze the accounts and/or trading facility/any other service facility, if, in the opinion of Stewart & Mackertich, the Client has committed a crime/fraud or has acted in contradiction of this agreement or/is likely to evade/violate any laws, rules, regulations, directions of a lawful authority whether Indian or Foreign or if Stewart & Mackertich so apprehends.

(8) TEMPORARILY SUSPENDING OR CLOSING A CLIENT'S ACCOUNT AT THE REQUEST OF THE CLIENT

The Securities Trading Account of a Client may be temporarily suspended upon written request to Stewart & Mackertich. However, before placing such written request, the Client shall settle all

STEWART & MACKERTICH WEALTH MANAGEMENT LTD.

CIN: U51109WB1993PLC060987

Vaibhav (5F), 4, Lee Road, Kolkata – 700 020

Tel: (91 33) 4011 5400 Fax: (91 33) 2289 3401

Email ID: investors@smifs.com Website: www.smifs.com

outstanding obligations with respect to funds and securities payable to Stewart & Mackertich with respect to respective account. Request from a Client where no dues are outstanding would be processed within 7 working days from the date of receipt of the request.

The Securities Trading Account of a Client shall be closed on receipt of a written request of the Client. Client shall settle all dues before the account is closed. Request from a Client where no dues are outstanding would be processed within 7 working days from the date of receipt of the request.

In case the Client wants to revoke suspension or resume fresh business, the Client shall comply with all the formalities required with regard to updation of KYC Norms as required by Stewart & Mackertich/Stock Exchange.

(9) DE-REGISTERING A CLIENT

Without prejudice to rights and remedies available to Stewart & Mackertich under the Rights and Obligations signed by the Client, Stewart & Mackertich shall be entitled to suspend the account of the Client with immediate effect and if need be deregister the Client in any of the following circumstances:

- (i) Where the Client is inactive from more than 3 months.
- (ii) Where the Client has not cleared the naked or uncovered debits, which are more than 7 days old. Further, 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.
- (iii) Based on the recommendations made by the Branch Manager due to excessive speculations, un-cleared balances.
- (iv) Client lodges a complaint either directly with Stewart & Mackertich or through the Exchange relating alleged un-authorized trades being executed in the account.
- (v) On notices received from statutory, Government or Local Authorities and Income Tax, Service Tax, a Judicial or Quasi Judicial Authority, etc.
- (vi) On the death/lunacy or other disability of the Client.
- (vii) 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 other law providing protection as a relief undertaking. If a receiver, administrator, liquidator has been appointed or has been allowed to be appointed of all or any part of the undertaking of the Client.
- (viii) 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 has taken or suffered to be taken any action for its reorganization, liquidation or dissolution.
- (ix) If the Client has made any material misrepresentation of facts, including (without limitation) in relation to the security. Non Updation of Communications details viz. e-mail id., Mobile Number, Land Line Details or it is found to be belonging to a third person.

STEWART & MACKERTICH WEALTH MANAGEMENT LTD.

CIN: U51109WB1993PLC060987

Vaibhav (5F), 4, Lee Road, Kolkata – 700 020

Tel: (91 33) 4011 5400 Fax: (91 33) 2289 3401

Email ID: investors@smifs.com Website: www.smifs.com

- (x) If the Client suffers any adverse material change in its financial position or defaults any other terms and conditions with Stewart & Mackertich.
- (xi) If the Client is in breach of any term, condition or covenant with Stewart & Mackertich.
- (xii) If any of the covenant or warranty of the Client is incorrect or untrue in any material respect.
- (xiii) In case a Client fails to comply with any provisions of the Bye Laws, Rules and Regulations of the Exchange/Clearing Corporation, requirements of the Exchange/Clearing Corporation and any Relevant Statutory & Regulatory Authorities.
- (xiv) In case a Client fails to comply with regard to the timely settlement of Funds and Securities with regard to my/our transaction in the respective Stock Exchanges and/or in the respective Market Segments.
- (xv) In case a Client have been found in the opinion of Stewart & Mackertich of any misconduct, forgery, suppression of facts and falsification of information provided by the Client at the time of Opening of the Securities Trading Account with Stewart & Mackertich.
- (xvi) In case it is found in the opinion of Stewart & Mackertich that the Client has been violating any terms and conditions, with regard to the Rights and Obligations and / or Mandatory Declarations and /or Voluntary Declarations, signed and entered into by the Client and Stewart & Mackertich.
- (xvii) In case in the opinion and sole discretion of Stewart & Mackertich, that the relation and further continuation of business and / or association with the Client would be adverse and detrimental to the Compliance Requirement with regard to any provisions of the Bye Laws,
- (xviii) Rules and Regulations of the Exchange / Clearing Corporation, requirements of the Exchange / Clearing Corporation and any Relevant Statutory & Regulatory Authorities.
- (xix) If the actions of the Client are prima facie illegal / improper or such as to manipulate the price of any securities or disturb the normal / proper functioning of the market, either alone or in conjunction with others. 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.
- (xx) If there is any commencement of a legal process against the Client under any law in force. Any enquiry/investigation is initiated by the Exchanges/Regulators and/or any regulatory body, against the Client. Any Regulatory action taken/initiated against the Client by the Exchanges/Regulator including but not limited to debarring the Client from assessing the Capital Market.
- (xxi) 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). Name of the Client appears in database/websites of CIBIL, Watch Out Investors, World Check, etc. Further, the Client having suspicious background or linked with suspicious organization.
- (xxii) Where the Client is non-traceable, has pending disputes with Stewart & Mackertich, possibility of a default by the Client.
- (xxiii) 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, after close out

STEWART & MACKERTICH WEALTH MANAGEMENT LTD.

CIN: U51109WB1993PLC060987

Vaibhav (5F), 4, Lee Road, Kolkata – 700 020

Tel: (91 33) 4011 5400 Fax: (91 33) 2289 3401

Email ID: investors@smifs.com Website: www.smifs.com

of open positions. Non Delivery of Account Statement sent by Stewart & Mackertich on periodic basis. Where Electronic Contract Notes failed (Bounced Mails) on more than 3 instances until Client submits and registers new e-mail ids.

- (xxiv) Any other circumstances leading to a breach of confidence in the Client for reasons like cheque bouncing or not furnishing the financial and other details as may be called for by Stewart & Mackertich from time to time, etc.
- (xxv) Such other circumstances which in the sole opinion of Stewart & Mackertich warrants de-registering the Client.

Under any of the above circumstances, Stewart & Mackertich 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 de-registering the Client. The Client shall not challenge any action taken by Stewart & Mackertich in terms of this Policy and Stewart & Mackertich 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 de-registering the Client, Stewart & Mackertich may retain certain amount/securities due/belonging to the Client for meeting any future losses, liabilities, penalties, etc. arising out of dealing of the Client with Stewart & Mackertich. In case if any securities retained by Stewart & Mackertich is sold/liquidated to recover any losses, liabilities, penalties, etc., Stewart & Mackertich shall have the sole authority to decide the mode, manner and the price at which to effect the sale of securities and the Client can not raise any disputes as to the manner, mode and the price at which the securities are sold by Stewart & Mackertich.

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

Notwithstanding any such de-registration, all rights, liabilities and obligations of Stewart & Mackertich and the Client arising out of and/or in respect of transactions entered into prior to the termination of this relationship shall continue to subsist and vest in / be binding on the respective parties or his / its respective heirs, executors, administrators, legal representatives or successors, as the case may be.
