



**GILL BROKING**  
Trade With Pride Earn With Joy

## POLICIES & PROCEDURES POLICY

Gill Broking

02/12/2018

## **Client Registration**

GILL BROKING has taken due care in the preparation of the Client Registration Forms in the format as prescribed by SEBI and Commodity exchanges. The forms which are duly filled and signed are collected at the Branch offices. In-person Verification is done at the branch level by the trained Employee. Verifying Personnel's Name, Designation Signature and date of verification is marked in the Registration form as well as on the copy of the PAN. Then the client details are entered in the Back Office software form the branch level. The original forms and supporting documents are then forwarded to the corporate office. At the Corporate Office, they are first entered in the inward register and then thoroughly verified. Defective forms are sent back to branches for rectification with a covering note. For all satisfactory forms, PAN is checked with IT site and then required additional details, if any are entered in the back office, based on the Original form. For Corporate clients we are collecting three years audited financial statement and income tax return. For individual clients we have incorporated financial details in our client registration kit and it is ensured that the same is duly filled by the client and the bank statement for the previous three months is also collected for the clients. Another official generates the Unique Client Code and thereby activates the account after cross verification of all the details once again. The Required client details are then uploaded to Commodity Exchange site. After obtaining the Success file the same is given to the Risk Management & Surveillance department for mapping in the trading terminal. A welcome kit including a welcome letter mentioning the Client code, Xerox copy of the Client registration form are sent to the Client by UCP and the proof of dispatch is maintained. The Unique Client Code activated for the client is intimated to the client by means of E-mail & SMS simultaneously.

All the Client forms and the supporting documents are kept in safe custody at the Corporate Office Premises. We have also started the process of updating the Client details including the financial details at regular intervals. This process is done in co-ordination with our Branch Offices.

### **Client Transfer from one branch to another:**

Transfer request from the client is obtained in the prescribed format, specifying the reason for shifting. The form should be duly signed by the client and the concerned Branch In Charge. The same is forwarded to the Head Office where it is processed after the signatures are being verified. Any pending settlements in the existing code are also thoroughly cross verified. Then the existing code is deactivated and the client is provided with a new unique code. The details are updated in the Back Office as well as with the Commodity Exchanges.

### **Dormant Account:**

An Account which has no transactions for a period of six months or more is defined as Dormant Account. Alerts are generated in the BO software while instructions are entered in such accounts. Updation of the records with due vigilance is done in such instances.

### **Account Closure:**

Closure request from the client is obtained in the prescribed format, specifying the reasons for closure. The form should be duly signed by the client and the concerned Branch In Charge. The same is forwarded to the Head Office where it is processed after the signatures are being verified. Any pending settlements in the existing code are also thoroughly cross verified. An exist interview over telephone is taken from the HO end. Then the existing code is deactivated in BO software as well in the Exchange records. Closure intimation is sent to the client either through E-mail or though post. Interdepartmental intimation is also sent in such cases.

### **1. Refusal of orders for penny/illiquid Commodity**

The Commodity broker may from time to time limit (quantity/value) / refuse orders in one or more commodities due to various reasons including market liquidity, value of security (ies), the order being for commodities which are not in the permitted list of the Commodity broker / exchanges(s) /SEBI. Provided further that Commodity broker may required compulsory settlement / advance payment of expected settlement value for settlement prior to acceptance / placement of order(s) as well.

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

The Commodity broker may require reconfirmation of orders, which are larger than that specified by the Commodity broker's risk management, and is also aware that the Commodity broker has the discretion to reject the execution of such orders based on its risk perception.

### **2. Setting up Client's exposure limits and conditions under which a client may not be allowed to take further position or the broker may close the existing position of a client.**

The Commodity broker may from time to time impose and vary limits on the orders that the client can place through the Commodity brokers trading system (including exposure limits, turnover limits, limits as to the number, value in respect of which orders can be placed etc.). The client is aware and agrees that the Commodity broker may

need to vary or reduce the limits or impose new limits urgently on the basis of the Commodity broker risk perception and other factors considered relevant by the Commodity broker including but not limited to limits on account of exchange / SEBI directions / limits (such as broker level/market level limits in security specific/volume specific exposures etc.) and the Commodity broker may be unable to inform the client of such variation, reduction or imposition in advance. The client agrees that the Commodity broker shall not be responsible for such variation, reduction or imposition or the client's inability to route any order through the Commodity broker's trading system on account of any such variation, reduction or imposition of limits.

The client further agrees that the Commodity broker may at orders or trade in Commodities through the Commodity broker, 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 limits set by Commodity broker/ exchange / SEBI and any other reasons which the Commodity broker may deem appropriate in the circumstances. The client agrees that the losses, if any, on account of such refusal or delay caused by such review, shall be borne exclusively by the client alone. The Commodity broker is required only to communicate / advise the parameters for the calculation of the margin / security requirements as rate (s) / percentage (s) of the dealings, through any one or more means or methods such as post / speed post/ courier/ registered post/ registered A.D / facsimile/telegram/cable/e-mail/voice mails/telephone(telephone includes such devices as mobile phones etc.) including SMS on the mobile phone or any other similar device, by messaging on the computer screen of the client's computer; by informing the client through employees /agents of the Commodity broker, by publishing/displaying it on the website of the Commodity broker / making it available as a download from the website of the Commodity broker, by displaying it on the notice board of the branch / office through which the client trades or if the circumstances, so require, by radio broadcast / television broadcast /newspapers advertisements etc; or any other suitable or applicable mode or manner.

The client agrees that the postal department / the courier company / newspaper company and the e-mail / voice mail service provider and such other series providers shall be the agent of the client and the delivery shall be complete when communication is given to the postal department/ courier company / the e-mail / voice mail service provider, etc., by the Commodity broker and client agrees never to challenge the same on any grounds including delayed receipt / non receipt or any other reasons whatsoever and once parameters for margin

/ security requirements are so communicated, the client shall monitor his/her/deficit margin/security forthwith as required from time to time whether or not any margin call or

such other separate communication to that effect is sent by the Commodity broker to the client and

/ or whether or not such communication is received by the client.

The client is not entitled to trade without adequate margin / security and that it shall be his/her/its responsibility to ascertain beforehand the margin / security requirements for his/her/its orders/trades/deals and to ensure that the required margin/ security is made available to the Commodity broker in such form and manner as may be required by the Commodity broker. If the client's order is executed despite a shortfall in the available margin, the client shall, whether or not the Commodity broker intimates such shortfall in the margin to the client, make up the shortfall suo moto immediately. The client further agrees that he/ she/it shall be responsible for all orders (including any orders that may be executed without the required margin in the client's account) & / or any claim / loss / damage arising out of the non-availability / shortage of margin / security required by the Commodity broker & / or exchange & /or quantum & or percentage of the margin & / or security required to be deposited / made available from time to time. The margin/security deposited by the client with the Commodity broker is not eligible for any interest.

The Commodity broker is entitled to include / appropriate any / all pay out of funds & /or commodity towards margin/security without requiring specific authorizations for each pay out. The Commodity broker is entitled to transfer funds from his account for one exchange from his account for one exchange & or one segment of the exchange to his /her /its account for another exchange & / or another segment of the same exchange whenever applicable and found necessary by the Commodity broker. The client also agrees and authorizes the Commodity broker to treat / adjust his / her / its margin / security lying in one exchange & / or one segment of the exchange / towards the margin/ security /pay in requirements of another exchange & /or another segment of the exchange.

The Commodity broker is entitled to disable / freeze the account & / or trading facility / any other services facility, if in the opinion of the Commodity broker, 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 the Commodity broker so apprehends.

### **3. Applicable brokerage rate**

The Commodity broker is entitles to charge brokerage within the limits imposed by exchange which at present is as under:

#### **4. Imposition of penalty/delayed payment charges**

The client agrees that any amounts which are overdue from the client towards trading or on account of any other reason to the Commodity broker will be charged with delayed payment charges at such rates as may be determined by the Commodity broker. The client agrees that the Commodity broker may impose fines/ penalties for any

orders/trades/deals/actions of the client which are contrary to this agreement/Rules/Regulation/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 the Commodity broker 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/deals/actions of the client the same shall be borne by the client.

The client agrees to pay to the Commodity broker brokerage, commission, fees, all taxes, duties, levies, imposed by any authority including but not limited to the Commodity exchanges (including any amount due on account of reassessment/backlogs etc.), transaction expenses, incidental expenses such as postage, courier etc. as they apply from time to time to the client's account/transaction/services that the client avails from the Commodity broker.

The right to sell client's commodities or close clients, positions, without giving notice to the client, on account of non-payment of client's dues. The Commodity broker maintains centralized banking handling processes and relating banking and depository accounts at designated place. The client shall ensure timely availability of funds in designated form and manner at designated time and in designated bank and depository account(s) at designated place, for meeting his/her/its pay in obligation of funds. The Commodity broker shall not be responsible for any claim/loss/damage arising out of non availability of funds by the client in the designated account (s) of the Commodity broker for meeting the pay in obligation of either funds.

If the client give orders/trades in the anticipation of the required commodities being available subsequently for pay in through anticipated pay out from the exchange or through borrowings or any off market delivery(s) or market delivery(s) and if such anticipated availability does not materialize in actual availability of funds for pay in for any reason whatsoever including but not limited to any delays/shortages at the exchange or Commodity broker level/ non release of margin by the Commodity broker 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 Commodity broker responsible for the same in any form or manner whatsoever. In case the payment of the

margin/security is made by the client through a bank instrument, the Commodity broker shall be a liberty to give the benefit /credit for the same only on the realization of the funds from the said bank instruments etc. at the absolute discretion of the Commodity broker where the margin / security is made available by way of commodities or any other property, the Commodity broker is empowered to decline its acceptance as margin / security & /or to accept it at such reduced value as the Commodity broker may deem fit by applying haircuts or by valuing it by marking it to market or by any other method as the Commodity broker may deem fit in its absolute discretion.

The Commodity broker has the right but not the obligation, to cancel all pending orders and to sell/close/liquidate all open positions commodities at the pre-defined square off time or when Mark to Market loss (M-T-M) reaches the speculated % or margin available with the broker is not sufficient to cover the risk or the client have not taken any steps either to replenish the margin or reduce the Mark to Market loss.

The Commodity broker will have the sole discretion to decide referred stipulated margin percentage depending upon the market condition. In the event of such square off, the client agrees to bear all the losses based on actual executed prices. In case open position (ie. short /long) gets converted into delivery due to non square off because of any reason whatsoever, the client agrees to provide funds to fulfill the payin obligation failing which the client will have to face auctions or internal close outs, in addition to this, the client will have to pay penalties and charges levied by the exchange in actual and losses.

If any without prejudice to the foregoing, the client shall also be solely liable for all any penalties and charges levied by the exchange(s).

The Commodity broker is entitled to prescribe the date and time by which the margin / security is to be made available and the Commodity broker may refuse to accept any payments in any form after such deadline for margin / security expires. Notwithstanding anything to the contrary in the agreement or elsewhere, if the client fails to maintain or provide the required margin/fund/security or to meet the funds/margins pay in obligations for the orders/trades/deals of the client within the prescribed time and form, the Commodity broker shall have the right without any further notice or communication to the client to take any one or more of the following steps:

- i. To withhold any payout of funds.
- ii. To withhold /disable the trading/dealing facility to the client.

- iii. To liquidate one or more security(s) of the client by selling the same in such manner and at such rate which the Commodity broker may deem fit in its absolute discretion. It is agreed and understood by the client that commodities here includes commodities which are pending delivery /receipt.
- iv. To liquidate / square off partially or fully the position of sales & / or purchase in any one or more commodities contracts in such manner and at such rate which the Commodity broker may decide in its absolute discretion.
- v. To take any other steps which in the given circumstances, the Commodity broker may deem fit. The client agrees that the loss(es) if any, on account of any one or more steps as enumerated herein above being taken by the Commodity broker, shall be borne exclusively by the client alone and agrees not to question the responsibilities, requirements, timing, manner, form, pricing etc., which are chosen by the Commodity broker.

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

Commodity broker shall not be obliged to deliver any commodities or pay any money to the client unless and until the same has been received by the Commodity broker from the exchange, the clearing corporation/clearing house or other company or entity liable to make the payment and the client has fulfilled his/her/its obligations first. The policy and procedure for settlement of shortages in obligations arising out of internal netting of trades is as under:

The commodities delivered short are purchase from the market on or before T + 2 day and the purchase consideration (including all statutory charges and levies) along with a penalty is debited to the short delivery seller client.

If the Security cannot be purchased from market due to any force majeure condition, the shortages will be closed out as under. On the Pay in /Payout date, the short delivering client (the Seller) is debited by an amount equivalent to 10% above the closing rate of day prior to the payin / payout day ie. T+1 day and the corresponding buyer will be credited by the equivalent amount. A penalty of 1% is levied to the seller client on the closeout value in case of corporate action like, Split, bonus, etc. exist in the particular scrip, then the obligation will be closed out at 10% above the closing price on the previous day of pay in /pay out (T+1) or highest rate prevailing from the trading date(T Day) till the closeout day (T + 2). The Commodity broker shall have the right to adopt a policy of its choice for internal auctions arising out of internal netting of trades and charge to default seller and compensate the impacted purchaser as per the policy.

The current procedure for internal auction may be amended from time to time with prospective effect and will be published on the website.

#### **7. Temporarily suspending at the client's request**

- I. If the client requests the Commodity broker to temporarily suspend his account, the Commodity broker may do so subject to client accepting/adhering to conditions imposed by Commodity broker including but not limited to settlement of account and / or other obligation.
  
- II. The Commodity broker can with hold the payouts of client and suspend his trading account due to his surveillance action or judicial or / and regulatory order/ action requiring client suspension.

#### **8. De-registering a client**

Notwithstanding anything to the contrary stated in the agreement, the Commodity broker shall be entitled to terminate the agreement with immediate effect in any of the following circumstances:

- i. If the action of the Client are prima facie illegal/improper or such as to manipulate the price of any commodities or disturb the normal / proper functioning of the market, either alone or in conjunction with others.
  
- ii. If there is any commencement of a legal process against the Client under any law in force;
  
- iii. On the death/lunacy or other disability of the client;
  
- iv. If a receiver, administrator or liquidator has been appointed or allowed to be appointed or allowed to be appointed of all or any part of the undertaking of the client;
  
- v. 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;

- vi. If the Client being a partnership firm, if any steps have been taken by the Client and /or its partners for dissolution of the partnership;
- vii. If the Client have taken or suffered to be taken any action for its reorganization, liquidation or dissolution.
- viii. If the Client has made any material misrepresentation of facts, including(without limitation)in relation to the Security;
- ix. If there is reasonable apprehension that the Client is unable to pay its debts or has admitted it inability to pay its debts, as they become payable(Z) If the Client suffers any adverse material change in his /her/its financial position or defaults in any other agreement with the Commodity broker.
- x. If the Client is in breach of any term, conditions or covenant of this Agreement.
- xi. If any covenant or warranty of the client is incorrect or untrue in any material respect; Client