

POLICIES & PROCEDURES
(Mandatory Document – to be signed and returned)

1. Penny Stocks:

A stock that trades at a relatively low price and market capitalisation. These types of stocks are generally considered to be highly speculative and of high risk because of their lack of liquidity, large bid-ask spreads, small capitalization and limited following and disclosure. CAPSTOCKS shall permit clients to buy/sell in penny stocks, subject to the risk management policy of the Company. CAPSTOCKS, reserve the right to permit or refuse limits in Penny stocks and losses if any, on account of such refusal, shall be borne by the Client himself.

2. Client Exposure Limit:

CAPSTOCKS may from time to time impose and vary limits on the orders that the Client can place through its trading system (including exposure limits, turnover limits, limits as to the number, value and/or kind of securities in respect of which orders can be placed etc.). The Client is aware and agrees that CAPSTOCKS may need to vary or reduce the limits or impose new limits urgently on the basis of its risk perception and other 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 that CAPSTOCKS may be unable to inform the Client of such variation, reduction or imposition in advance. The Client agrees that CAPSTOCKS shall not be responsible for such variation, reduction or imposition or the Client's inability to route any order through the trading system on account of any such variation, reduction or imposition of limits. The Client further agrees that the CAPSTOCKS may at any time, at its sole discretion and without prior notice, prohibit or restrict the Client's ability to place orders or trade in securities through CAPSTOCKS 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/securities or the order being outside the limits set by Stock broker/Exchange/SEBI and any other reasons which the Stock broker may deem appropriate in the circumstances. The Client agrees that the losses, if any on account of such refusal or due to delay caused by such review, shall be borne exclusively by the Client alone. In case of exposure taken on the basis of share margin, the payment is required to be made before the Exchange "Pay In" date otherwise it will be liable to squared off after the "Pay In" time or any time, due to shortage of margin.

3. Applicable Brokerage Rates:

Brokerage and other charges are subject to the maximum limits as prescribed by SEBI/Exchanges/Government and other Regulatory authorities, from time to time.

4. Imposition of Penalty/Delayed Payment Charges:

Clients are liable to pay the pay-in/margin obligation, within the time limit prescribed by SEBI/Stock Exchange(s).

CAPSTOCKS, reserves the right of imposition of delayed payment charges and the Client shall be liable for the payment of such charges at such rate as may be prescribed by CAPSTOCKS, in accordance to SEBI/Exchange norms. The Penalty charges shall be debited in the Client account, on a daily, weekly, monthly or quarterly basis, as may be determined by CAPSTOCKS from time to time. Further, CAPSTOCKS shall not be held liable 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 Client and the same shall be borne by the Client.

5. The Right to sell Clients Securities or Close Client's positions, without giving notice to the Client on account of non payment of dues:

CAPSTOCKS shall at its sole discretion square off/liquidate open positions of Clients and/or sell Clients Securities, in the event of his/her/its failure to meet Margin/Pay-in obligations/Outstanding debts, etc in time. The Securities to be sold shall include those maintained as Margin and/or Securities lying in the Pool Account and/or Client's Demat account. CAPSTOCKS shall be under no obligation to communicate such Close Out of positions or Sale of Securities and shall not be held responsible for any losses incurred by the Client due to such squaring off /sale or for not doing so. Any and/all losses and financial charges on account of such liquidation/closing out shall be charged to and borne by the Client. It shall be the responsibility of the Client to ensure timely availability of funds/securities at designated time and in designated bank or depository account(s) for meeting his/her/its, pay-in obligation of funds/securities. In case the margin/security is made by the Client through a Bank instrument, the CAPSTOCKS shall be at liberty to give the benefit/credit for the same only on realization of funds, from the said bank instrument.

6. Shortages in obligations arising out of internal netting of trades:

CAPSTOCKS shall not be obliged to deliver any securities or pay any money to the client unless and until the same has been received from the Exchange/Clearing Corporation/Clearing House or other Company or entity liable to make the delivery/payment and the Client has fulfilled his/her/its obligations first. The shortages in obligation arising out of internal netting of trades will be settled by purchase from the market or by squaring off, at the discretion of CAPSTOCKS, subject to SEBI/Exchange Rules & Regulations. All losses to the Client on this account shall be borne solely by the Client and the Client shall also indemnify CAPSTOCKS in this respect.

7. Conditions under which a Client may not be allowed to take further position or the broker may close the existing position of the Client:

The Client may be permitted to take exposure up to the amount of margin available with CAPSTOCKS. The Client may not be allowed to take position in case of non-availability/shortage of margin. The existing position of the client is also liable to be squared off/closed out, without giving notice of shortage of margin/ nonpayment for their pay in obligation/outstanding debts. In addition to the conditions as provided under the policy of right to sell securities and close out of client's open position, CAPSTOCKS shall have the right to refuse trades or not allow the Clients to take further positions and / or close out the existing positions, under circumstances which shall include the following:

- a. As a result of any regulatory directive / restriction;
- b. Non-receipt of funds / securities and / or bouncing of Cheque received from the Client towards his obligations / margin / ledger balances;
- c. Due to technical reasons;
- d. Securities breaching the limits specified by the Exchanges/Regulators from time to time.
- e. In case of failure to meet margin including mark to market margins.
- f. Any other conditions as may be specified by CAPSTOCKS from time to time in view of market conditions, regulatory requirements, internal policies etc;
- g. Due to any force majeure event beyond the control of CAPSTOCKS.

CAPSTOCKS shall not be responsible for any loss incurred due to "Close Out" and the Client shall indemnify in this regard.

8. Temporarily suspending or closing a Clients Account, at the Client's request:

CAPSTOCKS may temporarily suspend/close a Client account, upon the request of the respective Client in writing. The Client account shall be reactivated again on his written request, subject to the clearance of all dues/settlement obligations. In case of closure of account the Client may be required to comply with fresh KYC registration formalities. Notwithstanding any such suspension/closure, all rights, liabilities and obligations of the parties arising out of or in respect of transactions entered into prior to such closure / suspension shall continue to subsist and binding on the Client.

9. Deregistering a Client:

Deregistration of the Client shall be at the sole discretion of CAPSTOCKS. CAPSTOCKS may deregister the Client, if the Client breaches the terms and conditions of the Member - Client Agreement or provides any false information or declaration at the time of Client Registration. Further CAPSTOCKS may deregister the Client if the Client is suspected

to be involved in any activities, in violation of applicable Rules and Regulations. The Client may also be deregistered due to any regulatory directive and other internal policies of CAPSTOCKS, including policy with respect to prevention of money laundering. Such deregistration/ termination shall not affect the rights and liabilities of the parties in respect of the transactions, executed before the date of such deregistration / termination.

10. Inactive Client Account:

The Trading Account and/or Demat account of a Client shall be treated as inactive, if it remains inoperative for a continuous period of twelve months. The shares/credit in the ledger, if any shall be transferred to the Client Account, within one week of Client being identified as inactive. The Constituent Client shall thereafter be prevented from any further transaction. An inactive account can be reactivated by submitting a duly signed request, at any of the Branches/H.O of CAPSTOCKS.

Client Acceptance of Policies stated herein above:

I/We have fully understood the same and do hereby sign the same and agree not to call into question the validity, enforceability and applicability of any provision/clauses in this document in any circumstances whatsoever. These Policies and Procedures may be amended by CAPSTOCKS, provided the change is informed to me/us through any one or more approved means or methods of communication. I/we agree never to challenge the same on any grounds including delayed receipt / non receipt or any other reasons whatsoever.

I/we understand and are aware that trading in Exchange is in Electronic Mode, based on VSAT, leased line, ISDN, Modem and VPN, combination of technologies and computer systems, to place and route orders. I/we understand that there exists a possibility of communication failure or system problems or slowness or delayed response from system or trading halt or any break down in our back office/front end system, or any such other problems/glitch whereby not being able to establish access to the trading system/network, which may be beyond your control and may result in delay in processing or not processing buy or sell orders either in part or in full. I/We shall be fully liable and responsible for any such problem/fault.

I/we acknowledge and confirm that these Policies and Procedures shall always be read along with the agreement and shall be compulsorily referred to while deciding any dispute/difference or claim between me/us and CAPSTOCKS, before any court of law/judicial/adjudicating authority including arbitrator/ mediator etc.

Date: _____

Name: _____

Place: _____

Signature: **X** _____

Client Code: _____