

POLICIES AND PROCEDURES

ARJ Securities Pvt. Ltd .

a. Setting up client exposure Limits / Granting of Exposure to clients: -

ARJ Computes and assign exposure limits based on its own assessment of market / security risks in combination with its assessment of client specific risk. The limits and exposure shall therefore vary from client to client and portfolio to portfolio. However in Cash Segment ARJ does not provide further exposure beyond T+7. In the F&O segment, the minimum margin applicable shall be the statutory margin as required to be collected upfront by the concern exchange. The risk management risk shall be available during the market hours to inform the clients of their set exposure limits upon request / telephonic enquiry.

b. Squaring off client positions in case of non-payment of funds / Right to sell client securities or close client position & margins Internal Shortages: -

ARJ reverses the right to sell client's securities and / close out position without any intimation to the client in the following circumstances:

- The client is running debit balance which is overdue by more than 24 hrs.
- In the circumstance where the real time MTM loss of the client crosses 90% of the total available credit balance at the time.
- The client fails to bring in minimum margins as required to be collected by the respective exchanges as per the margin statement sent to the client.
- The client fails to bring in additional margin over and above statutory margins as required by ARJ based on its own assessment of risk within 24 hrs of receiving written / email communication from ARJ of such requirement.
- The cash component margin provided by the client falls below 50% of the total margin provided by the client. In this circumstances, ARJ reserves the right to liquidate securities to the extent required to increase the cash component to 50%.
- ARJ also reserves the right to close out position of the client who is in breach of any of terms and conditions / agreement signed between the client and ARJ. Provided that ARJ shall sell clients securities and / close out position to the extent of the debit balance / margin required for compliance as mentioned above, rounding off amounts excluded.
- Any positions squared off for nonpayment of Margins will be flagged in the Contract Note.

c. Shortage arising out of internal netting of trades.

If the client fails to deliver a stock sold for delivery which is to be received internally by the another client, client shall be given till T+1 day to buy the stock to enable delivery to the receiving client. The following rules shall be apply for the same:-

- The client responsible for the first instance of shortage shall be responsible for the any further auction of securities should the receiving client fail to deliver the same owing to delay in pay out to him.
- For the client not covering the short on T+1 day, a close out at LTP +10% shall be effected on the price of the security on T+1 day.

d. Internal Shortage in NSE

In case of internal shortage of security in NSE, the securities will be bought in the open market by ARJ in NSE on T+2 day or on settlement day. The seller client will be debited at sale rate or at the rate at which stock bought by ARJ in the open market, whichever is higher. Securities payout will be passed on to the buyer. The profit, arising on account of buy rate lower than the sell rate, the benefit, if any, will be passed on to buyer. In case of or any other reason whatsoever, if ARJ is unable to buy such quality in NSE as the case may be the outstanding security pay-in obligation of the seller client shall be closed out at the rate of the closing rate of T+3 or on the next settlement day plus penalty calculated as below. The buyer client will be credited at same closing rate at which seller client was debited.

e. Shortage From Exchange

Short delivery from the exchange, the securities shall be delivered to the purchaser on the deliveries received from the exchange

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