

## **POLICY ON SQUARING OFF CLIENT POSITIONS IN CASE OF NON-PAYMENT OF FUNDS AND MARGINS**

**M/s. ARJ Securities Pvt. Ltd.** is having the right to sell client's securities, both unpaid securities as well as collaterals deposited towards margins including those held in Client DP, or close out client's open positions, without giving notice to the client where there is a delay/failure of the client meeting the pay in obligations and / or there is a failure of the client to bring additional margins including that of MTM on real-time basis at any point of time, to cover the increase in risk in the dynamic market conditions.

In case of unpaid obligations on T+4 basis, **M/s. ARJ Securities Pvt. Ltd.** may sell the unpaid/partially paid securities. In addition, **M/s. ARJ Securities Pvt. Ltd.** may sell the collaterals deposited by the client towards margins and or paid securities purchased by the client in earlier settlements where the sale proceeds of unpaid securities are inadequate to cover the pay in obligations and where the unpaid securities appear to be comparatively illiquid and cannot be sold at reasonable rates to the extent required. **M/s. ARJ Securities Pvt. Ltd.** may follow LIFO method for liquidation of securities but it may not be binding on it to follow this method in all cases.

Any positions squared off for nonpayment of Margins will be flagged in the Contract Note.

### **Margin shortfalls in F & O**

Positions of the client may be closed out to the extent of margin shortfall on the T+1 basis. While computing the margin shortfall value of unapproved securities shall not be considered. **M/s. ARJ Securities Pvt. Ltd.** reserves the right to consider the collateral.

**M/s. ARJ Securities Pvt. Ltd.** has a system in place to inform the clients of their Margin Obligation, Cash Obligation, Margin Short fall, Margin Penalty etc. through SMS, email, Website etc. Where by client is aware of the Margin/Cash Obligation that is to be fulfilled. The clients are provided with secured ID and Password to view their Contract Notes, Margin, Paying Obligations and all other financial position through our Web site <http://www.arjsecurities.com>

All Futures And Options Positions nearing to expiry, ending up with physical delivery, where the client had not deposited the shares in case of short position or full amount of the delivery obligations two days before the expiry, the client has to be close such positions 2 days before the expiry, failing which **M/s. ARJ Securities Pvt. Ltd.** reserves the right to square off the positions at its discretion but not under obligation.

In case of exercise of in the money options, as the STT calculated is on the Strike +Premium, due care should be taken by the clients, In such cases, where there can be negative financials, **M/s. ARJ Securities Pvt. Ltd.** reserves the right to square off, But not under obligation.

### **Intraday Positions**

**M/s. ARJ Securities Pvt. Ltd.** shall have the right to sell client's securities or close out client's open positions but it shall not be under any obligations to undertake this exercise compulsorily. **M/s. ARJ Securities Pvt. Ltd.** shall therefore not be under any obligation

to compensate/or to provide reasons of any delay or omission on its part to sell client's securities or close open positions of the client. The ultimate responsibility risk and liability of the trades are binding on the client.

In dynamic Market conditions, there can be sudden rise or fall in the share prices, which can make sudden difference in MTM and the Margins, might be increased on real time due to unforeseen heavy market fluctuations. Hence apart from the Margin calls made by us, Clients are under obligation and bound to Monitor their positions and make good for the Margins including that of MTM, on real time basis, failing which the client would be under default and the positions may be reduced or squared off. The word default is extensive based on the circumstances of the Risk involved in the trade executed and Market Conditions.

### **Penalties levied by the Exchanges**

Further Exchanges levy various penalties on the member brokers on auction resulting from short deliveries, non-adherence to client wise exposure limits, client wise shortfalls in F & O Margin and for other reasons which may be defined by the Exchanges from time to time. **M/s. ARJ Securities Pvt. Ltd.** is therefore authorized by the client to pass on any penalty imposed by the Exchange/SEBI and or any other regulatory authority to the client, which arises on account of the client.

### **Review Policy**

This policy may be reviewed as and when there are any changes introduced by any statutory authority or as and when it is found necessary to change the policy due to business needs. The policy may be Monitored and reviewed by the Director/Compliance Officer and place the changes in policy before the Board at the meeting.

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