

Policies and Procedures

Policies of Banhem Securities Pvt Ltd (herein after called "Member") for you (herein after called "Client")

1. Policy on refusal to deal in 'Penny stock'

The securities listed on the stock exchanges are classified into various groups by the stock exchange, based on certain points such as, liquidity, impact cost, volatility index, etc. Investor should be aware about the same.

Attention of the Client is drawn to SEBI circular No MIRSD/SE/Cir-19/2009 dated December 03, 2009 under Annexure – 1, Point No 8. Defining penny stocks as the stock which are appearing in the list of illiquid securities issued by the exchange through various notices and circulars every month. In a common parlance Penny stock is stock which are less liquid in nature. Further illiquid stock per-se should not be mis-understood as penny stock. Investor should be careful while dealing in such stocks. The Member reserves the right to refuse to execute any trade in the stock, which it thinks is a 'Penny stock' and client, should take a note of the same. The decision of the Company having ill liquid stocks will be taken in the wider interest of the smooth functioning of the market and the operations of the Company.

2. Limits on client's exposure

The Client agrees to abide by the exposure limits, if any, set by the member or the Exchange or SEBI from time to time. The client is liable to pay an initial margin up-front, such margin shall be decided upon by the Member or The National Stock Exchange of India Ltd from time to time. Furthermore the client is liable to pay (or receive) daily margins, the Member or the Exchange considers, or special margins or such other margins as are considered necessary from time to time. The Member is permitted in its sole and absolute discretion to collect additional margins (even though not imposed by the Clearing House, The National Stock Exchange of India Ltd., or SEBI) and the client shall be obliged to pay such margins. Client shall deposit with Member monies, securities and money in the account / running account of the Client which the member may be treated as margin received by the Member from the client. The client authorizes the member to pledge the securities with the Exchange or with clearing corporation to meet margin/capital adequacy requirement of the member. The clients further authorize the Member to sell these securities to recover any dues payable by the Clients to the Member.

While setting the exposure limit for a client, risk management will be guided by the following criteria:

- Financial position
- Purpose of trading (Delivery based or intra-day trading)
- Trading habits (Delivery based or intra-day)
- History of any previous default/s
- Promptness in honoring the pay-in obligations for funds and the securities.

Exposures are decided by the management for each client only after considering the aforementioned factors. These limits are reviewed periodically. The authority to set or change the limit for the clients lies solely with the management.

For a new client; limits will set based on his annual income and investable corpus with the client, which has been declared by the respective clients, first hand information received from the relationship manager/dealer of the respective clients. Under exceptional cases the decision will be at the discretion of the management of the company.

While assessing the financial position, the following points will be considered;

1. Client's annual income and source of income
2. Investment/ savings garnered by the client over the period
3. Inheritance if any
4. Gifts received, if any.

The Risk Management department will take into consideration, all the above factors about the client in addition to the hand feedback received from the relationship manager/dealer, which has been approved by the management and accordingly the limits will be set for respective client. The decision of the risk management department will not be questioned by the client.

3. Applicable Brokerage rate

The member shall charge brokerage to the clients at a rate as may be mutually agreed from time to time, however not exceeding 2.5%. The member shall also charge the client other charges like stamp duty, transaction charges, Clearing member charges, Service tax, Securities Transaction Tax, SEBI Fees etc. However, the Member shall not in any event charge brokerage, commission exceeding the maximum limit permitted by the Rules, Bye-Laws and Regulations of Exchange or SEBI guidelines from time to time.

Illustrative maximum brokerage rate payable by client will be as under:

Segment	Brokerage Rates. (Maximum)
Cash Segment	0.25 Rs. per share or 2.5% of the contract price (whichever is higher)
Futures Segment	2.5% of the contract value exclusive of statutory levies.
Options Segment – Call Option	2.5% of the premium amount or Rs 100/- whichever is higher.
Put Option	2.5% of the premium amount or Rs 100/- whichever is higher.

4. Imposition of penalty/charges for the delayed payment from either side

Client should make payment before the pay-in obligation (T+2). In case client does not make the payments towards the pay-in obligation, member will be entitled to charge daily penal interest at the rate of 1.5 % p.m.

In cases of cheque bouncing, member will recover the bank charges plus applicable taxes from the clients. Client will also be liable to return the securities delivered to his DP account through auto payout system. Any penalty levied on member on account of non-disclosure or false disclosure of material information by the clients will be recovered from the clients.

In case of client maintaining credit balance in running account, Member will make the account balance nil at the end of every month but no penal clause will be applicable and for the clients who will maintain debit balance in the running account for more than 2 days, the penal clause for T+2 days will be applicable.

5. Right to sell client's securities or close client's positions, without giving notice to the client on account of non payment of client's dues

A. Cash Segment

Client is required to make payment towards his pay-in obligations on T+2 days (i.e. before the pay-in obligation). If client fails to make the payment towards his pay-in obligations, in such case the member reserves the right to liquidate /close out the positions of the clients on maximum up to T+5 basis and any loss and financial charges suffered on account of close out of positions will be recovered from the clients in form of cash/securities. Client is also required to make upfront payment towards his margin requirement on daily basis. If client fails to make the payment towards his margin obligation, in such case the member reserves the right to liquidate / close out position of the client.

Member also reserves the right to sell the securities standing in the clients account on T+5 basis and to set off all outstanding debit amounts in client's account including interest on delayed payment.

Member also reserves the right to set off all outstanding debit amounts in client's account on T+5 basis against any collateral received from them in the form of cash/securities, or payout received from the exchange.

The Client is responsible for all order including orders that may be executed without the required margin in the client's account. If the client's order is executed despite the shortfall in available margin, the client shall whether or not the member have intimated such shortfall in margin to the client, Instantaneously make up the shortfall either through delivery of shares in the event of sale or credit the required fund in the bank account via personal cheques, cashier's cheques or money order or account transfer or any other mode. More time (if necessary) will be allowed on case to case basis after taking in to consideration the following;

1. The risk profile of the client;
2. History and traits of the client;
3. Market conditions;
4. Inconvenience that may cause to the client;

The above decision will be the sole discretion of the risk management department and client be bound by any decision taken by the risk management department in pursuance of the company's policy. Investor should note that the decision of the risk management will be based on the company's policy and relevant regulatory requirements from time to time.

B. Futures and Options segment

Client is required to make upfront payments towards his margin obligations (SPAN Exposure & mark to Market) on daily basis. If client fails to make the payment towards his margin obligations, in such case the member reserves the right to liquidate / close out positions of the clients.

The Client is responsible for all order including orders that may be executed without the required margin in the client's account. If the client's order is executed despite the shortfall in available margin, the client shall whether or not the member have intimated such shortfall in margin to the client, Instantaneously make up the shortfall either through delivery of shares in the event of sale or credit the required fund in the bank account via personal cheques, cashier's cheques or money order or account transfer or any other mode. More time (if necessary) will be allowed on case to case basis and after taking into consideration the following:

1. The risk profile of the client;
2. History and traits of the client;
3. Market conditions;
4. Inconvenience that may cause to the client

The above decision will be at the sole discretion of the risk management department and client will be bound by any decision taken by risk management department in pursuance of the company's policy. Investor should note the decision of the risk management will be based on the company's policy and relevant regulatory requirements from time to time.

6. Shortage in obligation arising out of internal netting of trades

In case of sale transactions, the Securities shall be delivered by the Client to the Member before the pay in for the sale takes place. The Client will agree that the member does not allow internal netting of the trades executed by the clients.

7. Conditions under which, a client may not be allowed to take further position or situation where the member may close out the existing positions of client :

A. Additional Exposure for client:

As a normal practice, limits will be allowed to the clients based on Risk Management Policy of company and all clients will be bound by the exposures given on the basis of policy. For the clients reference, Risk Management Policy is available from the member's registered office and on Members website www.banhem.in

Client will not be allowed to take further positions once the above limits have been exhausted. In case of exceptional case, the decision will be taken by the management and the same will be communicated to the risk management department.

Client should note that the, giving additional exposure to client is at the sole discretion of the management and decision of the management will be final.

B. Close out of existing position of client

Client's position will be closed out under the following instance:

Under various circumstances outlined in Point 5 "Right to sell client's securities or close client's position without giving notice to the client on account of Non-Payment of Dues" the client may not be permitted to take any fresh or further position.

C. Futures and Options Segments

Non receipt of payment before pay-in obligation;

Excessive MTM loss;

Shortfall of Margin

The above instances are not exhaustive, but merely illustrative in nature.

8. Temporary Suspending and closing a client account at a client request:

A. Temporary suspension of client's account:

A client if desires, may request the member to suspend his account provided following procedure is followed:

A written request from client stating the reason for temporary suspension and Period of suspension.

Client should take note that the at time of reactivation of the account; member reserves the right to ask for fresh details for the purpose of KYC, in the wider interest to comply with prudent practice to company with the relevant regulations.

B. Closing of client's account:

A client if desires may close his account maintained with the member after servicing notice of 30 days. On completion of this process, member will inform the client by written letter or designated email or any other communication.

Account closure procedure will be completed, provided there is no debit balance in client's account and there are no outstanding issues between the parties, notwithstanding any such termination, all rights,

liabilities and obligations of the parties arising out of or in respect of transactions entered into prior to the termination of these agreement shall continue to subsist and vest in / be binding on the respective parties or his / her / it's respective heirs, executors, administrators, legal representatives or successors, as the case may be.

9. De-registering a client:

The Company may de-register a client after 30 days notice as required by the member client agreement. While taking any such decision, the company will guided by the relevant regulations.

10. Inactive accounts:

The client who has not traded with member for more than a year will be treated as inactive accounts. To activate the same the client has to send written request to member requesting him to reactivate the account. At the time of reactivation of the account, member reserves the right to ask for fresh details for the purpose of KYC, in the wider interest to comply with prudent practice of the member along with the relevant regulations.

PMLA POLICY

The Background

Money laundering means involvement in any transaction or series of transactions that meant to conceal or disguise the nature or source of proceeds derived from illegal activities, including drug trafficking, terrorism, organized crime, fraud and many other crimes.

The Prevention of Money-Laundering Act, 2002 (as amended) was notified on July 1, 2005. Subsequent to this, the Securities and Exchange Board of India (SEBI) has, on 18th January, 2006, required market intermediaries to adopt a policy framework with respect to identifying any money laundering or terrorist financing activities and discouraging the same.

The Objective of ANTI MONEY LAUNDERING POLICY

- a. To prevent financial intermediaries from being used as a channel for the purpose of Money laundering & terrorist financing.
- b. To preserve the integrity/stability of the Financial System.
- c. To work hand in hand with the regulators to flush money laundering and terrorist financing activities out of our financial system.

We, Banhem Securities Private Limited, a stock broker, Portfolio Manager have framed comprehensive KYC and AML policy and strictly adhere to the same.

We have a system in place for identifying , monitoring and reporting suspicious transaction. We undertake,

- 1. Client Due Diligence:** We seek to obtain sufficient information in order to identify person using reliable data or information. No account is opened or transactions conducted

in the name of or on behalf of banned/suspended individuals, organizations, entities, etc. For the purpose, necessary cross checks are made to ensure that the identity of a customer does not match with any person with known criminal background or with banned/suspended entities. No account is opened if appropriate due diligence measures cannot be applied to a customer for want of verifiable documents on account of non-cooperation of the customer or non-reliability of the data/information furnished to us.

2. Client Identification/Acceptance procedure: "Know Your Clients" (KYC) is the guiding principle behind the Anti-Money Laundering (AML) measures. It would enable the Company to know/understand its customers, the beneficial owners, in case of non-individual entities, the principals behind customers who are acting as agents and their financial dealings better which in turn will help the Company to manage its risks prudently. In person verification of the client is done. Proof of identification and proof of address is collected. Client's signature is verified.

3. Clients of Special Category:

Following clients are considered under CLIENTS OF SPECIAL CATEGORY

- a. Non resident Clients.
- b. High Networth Clients
- c. Trust, Charities, NGOs and organizations receiving donations.
- d. Companies having close family shareholdings or beneficial ownership
- e. Politically exposed persons (PEP) of foreign origin
- f. Current/Former Head of State, Current or Former Senior High Profile Politicians and connected persons

(immediate family, Close advisors and companies in which such individuals have interest or significant influence.)

- g. Companies offering foreign exchange.
- h. Clients in high risk countries (where existence / effectiveness of money laundering controls is suspect, where there is unusual banking secrecy, Countries active in narcotics production, Countries where corruption is highly prevalent, Countries against which government sanctions are applied, Countries reputed to be any of the following-Havens / Sponsors of international terrorism, offshore financial centers, tax havens, countries where fraud is highly prevalent.
- i. Non face to face clients.
- j. Clients with dubious reputation as per public information available.

4. Risk Based Approach: We have developed Client acceptance policies and procedures that aim to identify the types of customers that are likely to pose the risk of money laundering or terrorists financing. This will help us to apply customer due diligence on a risk sensitive basis categorizing the clients in high risk, medium risk and low risk depending on the type of customer, business relationship or transaction. We perform ongoing scrutiny of the transactions and account throughout the course of the business relationship to ensure that the transactions being conducted are consistent with the client's profile, his business and financial profile updated with us.

Clients need to provide details of their Income/Networth to the intermediary on annual basis to enable the intermediary to ascertain clients' financial profile.