

Policies and Procedures related to Risk Management & Controls (mandatory document)

a) Refusal of orders for penny stocks -

Good Fortune Capitals pvt ltd(hereinafter called 'Member-NSE-BSE') does not encourage trading in penny stocks or securities falling in T2T or Z group of BSE and Member - NSE-BSE reserves its right to refuse orders in such securities from the clients desiring to deal in such shares, stocks, securities.

Under exceptional circumstances and considering merits on case to case basis, trading in penny stocks/ T2T/ Z category would be allowed to clients on delivery basis subject to stringent verifications of the client holdings, intentions and bonafide reasons given by the intending clients.

Orders/Trades/transactions will have to be executed through RO or HO by the Clients. However if observed that client/s is/are indulging in trading activities only in penny stocks or securities falling in T2T or Z group of BSE or carrying on any insider trading activity, the client account maybe immediately suspended without any reasons being given to the client/s.

Further client's traded volumes vis-à-vis market volumes will be considered and 15 % of market volumes will be allowed or such market volume as decided by the Member from time to time, subject to due diligence of the RMS and Compliance department. Further trading limits will be allowed subject to the client making margin payments, history of the client, trading pattern, intention of doing the trades. The said additional trading limits may not be allowed on a regular basis to the client/s.

Further clients will not be allowed to trade place order for one share to ensure that the client is not involved in any Dabba trading or unregistered sub broking activity. However, order for one share will be accepted after due verifications of the bonafide intentions of the client.

b) Setting up of client exposure limits :

For all new registrations in the cash segment, a default gross exposure will be allowed which attracts a Rs. 1000.00 exchange levied VAR margins. For all existing clients exposures allowed will be based on the credit balance in ledgers + stocks lying in beneficiary account + margins (securities and cash). However the member may at its own discretion allow additional exposure as per credit balances in client account / cash margins / collaterals deposited by the clients or client's track record.

For trading on Derivatives segment, for futures segment initial margin would have to be paid by the client as per requirements. The initial margins can be also provided by the client by way of depositing securities or utilizing the available credit balances in his account on any of the cash segments of any of the exchanges. However for all additional exposures, client will have to furnish additional margins as applicable or the member will have the right to close out such additional positions.

Further the client agrees not to take any fresh positions in securities under ban period as and when put by the exchanges. The client also agrees to bear the penalty if any charged by the exchange on such tradings.

c) Applicable brokerage rate :

Delivery based trades : _____% Min_____paise per share

Intra Day trades : _____% Min_____ paise per share *

*Intra day - Both sides / One side applicable

Statutory levies and transaction charges levied by the exchanges would be recovered separately.

In case of reduction in brokerage rates, no approval of the client would be required.

(Brokerages will not exceed 2.5 % as stipulated by SEBI.)

d) Imposition of Penalty / delayed payment charges by either party :

Member will apply interest / late payment charges at the rate of ____ % p.a. on all outstanding obligations subject to settlement schedules on a daily basis.

Member will pay interest at the rate of 1 % p.a. to the client only in case of delay in payment from members end. The client agrees that he will not be liable to claim any interest on credit balances in his account if he has given consent to retain credit balances in his/her/its account.

In case client/s has/have given consent to maintain running account, the client/s would be required to give specific written request to release the credit balance/funds in his/her/its trading account/s.

e) Right to sell client's securities or close client's open positions :

The member will have the right to close out all open positions or sell client's securities, without any notice to clients, as and when the client defaults in his settlement/sale delivery / margin / MTM obligations in any segment of the exchanges. The close out / selling will be only to the combined extent of shortages in Margins / MTM or settlement obligations on all segments of exchanges.

f) Internal Shortages :

The Member has an existing policy in handling internal shortages, which is hereto annexed as Annexure A.

g) Restrictions or Regulations on Dealings of clients:

The Member and Client shall mutually decide, from time to time, the volume of business which the client shall be allowed to transact. However the Member shall have absolute discretion of reducing /restricting or zeroing the volumes of the client without any prior intimation/notice to the client interalia, in particular F&O segment having regards to :

- i) volatility in the market/market segments of respective stock exchanges
- ii) in view of impending price sensitive announcements by the Exchanges/Listed Companies
- iii) any restrictions in relation to volume of trading / outstanding business or margins stipulated by Stock Exchanges
- iv) political/financial instability in the country or otherwise
- v) presence of any other price sensitive factors in the economy
- vi) failure by the client to maintain the applicable collaterals / margins with the member as per the Stock Exchange Byelaws, Rules and Regulations and Circulars and Guidelines of SEBI

- vii) delays by the client in meeting its obligations / dues relating to the business / dealings done by the client under this Member Client Agreement (mandatory and voluntary clauses)
- viii) observing /discovery any abnormal behaviour / action / deed /trading pattern of the client's dealing with the member for eg. cheque bouncing, non fulfillment of sale obligation, any regulatory action taken by any of the regulators, ban of the client by SEBI, etc.
- ix) in shares of a company where the merchant banking department is doing some due diligence or managing a assignment for the company
- x) in scrips which are relisted and where the circuit filters are not applicable on the day of relisting.
- xi) one share orders will be not allowed except for high value scrips after considering the client's history and trading pattern.

h) De-registering a client :

The Member will de-register a client without any prior intimation / notice, in addition to the termination clause of the client member agreement, with regards to :

- a. the client being declared a defaulter by any of the regulatory bodies of the country or under any law being in force;
- b. in the event of member becoming aware of any proceedings being initiated against the client by any of the regulatory bodies of the country or under any law being in force or the client being involved in any criminal proceedings or any illegal business or the member becoming aware of the client's past offenses which are illegal or prohibited by the regulatory bodies of the country or under any law being in force
- c. the death of the client;
- d. the depository account with member is closed and no alternative depository account details are provided;
- e. the client makes a voluntary written request to de-register itself/himself;
- f. in the event of member becoming aware of client defaulting in meeting its obligations to the member
- g. on the specific written directions of any statutory / legal authority/Regulatory Authority.

i) Dormant accounts :

The client hereby takes a note that if the client does not do a transaction for a period/gap of 6 months, his account will be treated as a dormant account. The client agrees to give a letter to the member for activating his dormant account along with copies of all latest supporting documents i.e. proof of residential address, proof of bank account, proof of demat account. The client will also provide his telephone details and email ids, if any.

For Derivatives account, client in addition to the above will have to provide the proof of income of last financial year as on the date of request for activating the dormant account.

I have read and understood the above policy for RMS and Controls of the member and state that I will strictly abide by the conditions laid in this policy.

Name & signature of the client

Date :

INTERNAL SHORTAGE HANDLING \ BUY IN PROCEDURE ANNEXURE A

THE SAID PROCEDURE IS ADHERED TO WHENEVER THERE IS AN INTERNAL SHORTAGE IN A SCRIP IN THE SAME SETTLEMENT I.E. BUYER AND SELLER BOTH ARE GOOD FORTUNE CAPITALS PVT LTD CLIENTS AND SELLER HAS NOT DELIVERED.

The member will purchase the shares on the pay out day of the purchase settlement (shortage) and the rate at which the purchases are made will be the price considered for accounting effects.

Let's consider an example,

In Settlement No. 001

Client Vijay has purchased 100 Infosys Tech @ Rs. 1775.00

Client Mayur has sold 100 Infosys Tech @ Rs. 1760.00

Now Mayur has not given delivery of shares and Vijay did not receive shares (due to internal shortage).

In Settlement No. 003 (pay out day of settlement 001), HO will again purchase 100 shares of Infosys Tech in Vijay's A/c @ Rs. 1730.00

So here Mayur will be debited and Vijay will be credited @ Rs. 1730.00 plus the statutory charges and brokerages.

The rate at which the shares are re-purchased will be taken into consideration for debit / credit to the seller/buyer respectively.

In case the member is not in a position to purchase the shares as stated above due to the shares on the upper circuit filter or any exchange related action, the buy in will be done on the next day and subsequent days till the purchases are made or upon agreement by both the buyer and seller the shortages would be closed out at a common price.

THE SHARES HAVE TO BE PURCHASED IN THE BUYERS ACCOUNT ONLY TO AVOID THIRD PARTY VIOLATIONS OF SEBI. IN THE ABOVE EXAMPLE, IF SHARES ARE PURCHASED IN MAYUR'S ACCOUNT AND TRANSFERRED TO VIJAY'S ACCOUNT IT WILL TANTAMOUNT TO 3RD PARTY DEALINGS.

