

Policies & Procedures for Exclusive Commodities Limited

- 1. Refusal of orders for penny / illiquid Commodity :-**The Commodities Broker shall have the absolute discretion, from time to time, to refuse/partially refuse/accept orders in one or more commodities due to various reasons including trading in penny commodities , market liquidity, value of commodity(ies) , illiquid options, far month options, writing of options, market capitalization of the commodities and such commodity(ies) not in demat form, commodities which are not in the permitted list of the Commodities Broker / exchange(s) / SEBI and/or appear under illiquid commodities declared by the exchange(s). It is also provided further that Commodities Broker may ask for compulsory settlement / advance payment of expected settlement value/delivery of commodities for settlement prior to acceptance / placement of order(s) as well. Losses, if any, on account of such refusal by the Commodities Broker or due to delay caused by such limits, shall be borne exclusively by the client alone. The Commodities Broker shall not be responsible for any financial or other implications due to such execution, delay in execution or non-execution of any such orders. As per the present rules, transactions in illiquid securities/commodities/ contracts at abnormal price difference and/ or in illiquid commodities with/without intent to increase trading volume or price manipulation through a group of relatives, inter connected clients etc. is not genuine. The investors should avoid dealing in such commodities

The Commodities Broker shall have the prerogative to place such restrictions, notwithstanding that the client has sufficient credit or margin available in his account.

The Commodities Broker, may however, allow for acceptance of such orders, for certain commodities on its own discretion, through its specific internal process, instead of allowing such orders through the standard process like online trading platform or its branches.
- 2. Setting up client's exposure limits :-**The Commodities Broker, may from time to time, vary limits or impose new limits for the orders that the client can place through the Commodities Broker's trading platforms. The Commodities Broker would have the sole discretion on setting these limits based on its risk perception of the client, Margin received from the client, Market conditions and other factors, but not limited to, limits on account of exchange/ SEBI directions/ limits (such as Commodities Broker level/ market level limits in commodity specific/volume specific exposures etc.). This would include exposure limits, turnover limits, limits as to the number, value and/or kind of commodities in respect of which orders can be placed Including trading limits for all or any of its clients or for franchisee and/or franchisees' clientsetc.). The client is aware that the Commodities Broker may be unable to inform the client of such variation, reduction or imposition in advance. The Commodities Broker shall not be responsible for such variation, reduction or imposition or the client's inability to route any order through the Commodities Broker's trading system on account of any such variation, reduction or imposition of limits. The Commodities Broker 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 commodities through the Commodities Broker, 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 / commodities or the order being outside the limits set by the Commodities Broker / exchange / SEBI and any other reasons which the Commodities Broker may deem appropriate in the circumstances. Losses, if any, incurred by the client on account of such refusal or delay, shall be borne exclusively by the client alone.

The Commodities Broker shall have the prerogative to allow differential buy and sell limits for its clients depending upon credit worthiness, integrity and past conduct of each client.
- 3. Applicable brokerage rate**

The Commodities Broker is entitled to charge brokerage within the limits imposed by exchange.
- 4. Imposition of penalty/delayed payment charges/other charges**

The Commodities Broker would be entitled to levy or charge delayed payment charges not exceeding 24% per annum on any amounts which are overdue from the client towards trading or on account of any other reasons. The client shall pay to the Commodities Broker brokerage, all taxes, duties, levies to the commodities exchanges (including any amount due on account of reassessment / backlogs etc.), transaction expenses, F&O charges, delayed payment charges, short delivery charges, auction charges, cheque stop payment charges, cheque bounce charges, incidental expenses such as postage, courier etc. as they apply from time to time to the client's account /transactions / services that the client avails from the Commodities Broker.

The Commodities Broker may impose penalties / fines for any orders/trades / deals / actions of the client which are contrary to Commodities Broker Client Agreement/rules / regulations / Bye-Laws of the exchange or any other law for the time being in force, at such rates and in such form as it may deem fit. Further where the Commodities Broker has 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, the same shall be borne by the client.

5. **The right to sell client's commodities or close client's positions, without giving notice to the client, on account of non-payment of client's dues.** The Commodities Broker shall have the right and the prerogative to sell client's commodities, both unpaid commodities as well as collaterals deposited towards margins, or close out client's open positions, without giving notice to the client where there is either a delay or failure of the client to meet the pay-in/settlement obligations and / or there is delay /failure of the client to bring additional margins to cover the increase in risk in dynamic and volatile market conditions.

The client would be responsible for monitoring his / her / its position (dealings/trades and valuation of commodity(ies)) on his / her / its own and provide the required/deficit margin / commodity(ies) forthwith as required from time to time whether or not any margin call or such other separate communication to that effect is sent by the Commodities Broker to the client and / or whether or not such communication is received by the client. The client is not entitled to trade without adequate margin and that it shall be client's own responsibility to ascertain beforehand the margin requirements for its orders/ traders/deals and to ensure that the required margin is made available to the Commodities Broker in such form and manner as may be required by the Commodities Broker. The client shall ensure that funds/commodities are made available in time and in designated form at designated bank(s) and depository account(s) of the Commodities Broker, for meeting his/her/its pay-in/settlement obligation of funds and commodities. The Commodities Broker shall not be responsible for any claim/loss/damage arising out of non-availability/short availability/delayed availability of funds/commodities by the client in the designated account(s) of the Commodities Broker for meeting the pay-in/settlement obligation of either funds or commodities. If the client gives orders/trades in the anticipation of the required commodities being available subsequently for pay-in/settlement through anticipated pay out from the exchange or through borrowings or any off market delivery(s) or market delivery(s) and if such anticipated availability does not materialize in actual availability of commodities/funds for pay-in/settlement for any reason whatsoever including but not limited to any delays/shortages at the exchange or Commodities Broker level/non-release of margin by the Commodities Broker etc., the losses which may occur to the client as a consequence of such shortages in any manner such as on account of auctions / square-off / closing outs etc., shall be solely to the account of the client and the Commodities Broker shall not be responsible for the same in any form or manner whatsoever.

In case the payment of the margin/commodity is made by the client through a bank instrument, the Commodities Broker shall be at liberty to give the benefit/credit for the same only on the realization of the funds from the said bank instrument & subsequent updation in records as per Commodities Broker's process. Where the margin/ commodity is made available by way of commodities, it is upto the Commodities Broker's discretion to decline its acceptance as margin &/or to accept it at such reduced value as the Commodities Broker may deem fit by applying haircuts or by valuing it by marking it to market or by any other method as the Commodities Broker may deem fit in its absolute discretion.

In the event of client failing to maintain or provide the required margin/fund/ commodity(ies) or to meet the funds/ margins/commodities pay-in obligations on immediate basis for the orders/trades/deals of the client and the Commodities Broker shall have the right, without any further notice or communication to the client, to withhold pay-out of funds/commodities, to liquidate commodity(ies), to disable trading facility to the client.

Losses, if any, on account of any one or more steps, as enumerated herein above, being taken by the Commodities Broker, shall be borne exclusively by the client alone.

6. **Conditions under which a client may not be allowed to take further position or the Commodities Broker may close the existing position of a client**

The Commodities Broker may refuse to execute order of a client or may close the existing position of the client due to lack of margin / commodities or the order being outside the limits set by Commodities Broker / exchange/ SEBI. Other reasons for not allowing further positions or closing out of existing positions could be as:

- a) Client has not met his pay-in obligations in cash by the scheduled date of pay-in for purchases done in commodity derivative segment.
- b) Non-payment or erosion of margins or other amounts, outstanding debts, etc.
- c) Client is dealing in illiquid scrips or contracts/penny commodity.
- d) Cheque submitted by the client has bounced or clear funds not received with the Commodities Broker for the cheque submitted by the client.
- e) If in the opinion of the Commodities Broker, the client has committed a fraud, crime, or acted in contravention to the agreement.
- f) Non-Payment of Marked to Market loss in Cash.
- g) Open positions in a contract exceed or are close to market wide cut-off limits.
- h) Client's position is close to client-wise permissible "open" positions.
- i) Intraday orders after the cut-off time may may-not be allowed.

7. Temporarily suspending or closing a client's account The Commodities Broker can suspend/close the client account and also withhold the pay-outs of client if there is any judicial or/and regulatory order/action requiring suspension/closure of client's account. The Commodities Broker can also suspend/close the client account if the Commodities Broker observes any abnormal or suspicious activity in the client account through its monitoring and surveillance of the client account. The Commodities Broker may also temporarily suspend/close the client account if there is no activity in the client account for a period, as deemed fit by the Commodities Broker from time to time. The client's account can also be put under temporary suspension/closure if the client has not cleared the uncovered debit in its account or if the client has not submitted Know Your Client (KYC) details sought by the Commodities Broker to fulfil its own surveillance or exchange related requirements.

In the event of information/reports reaching the Commodities Broker of the client's death, the account can also be put under temporary suspension/closure.

The Commodities Broker can also put the client's account under temporary suspension/closure if the client has failed to provide or update its communication details like correspondence address, Mobile number, landline numbers or E-mail ID.

The client may also request the Commodities Broker to temporarily suspend/close his account, Commodities Broker may do so subject to client accepting / adhering to conditions imposed by Commodities Broker including but not limited to settlement of account and / or other obligation.

8. De-registering a client The client has the option to De-register his account after settling his account with the Commodities Broker. The client would be liable to pay all dues in his account before the De-registration. The Commodities Broker shall have the right to terminate the agreement with immediate effect in any of the following circumstances:

- a) The client account figures in the list of debarred entities published by SEBI.
- b) The actions of the Client are prima facie illegal / improper or such as to manipulate the price of any commodities or disturb the normal / proper functioning of the market, either alone or in conjunction with others.
- c) If there is any legal /regulatory proceeding against the client under any law in force.
- d) If there is reasonable apprehension that the Client is unable to pay its debts or the Client has admitted its inability to pay its debts, as they become payable;
- e) If the Client is in breach of any term, condition or covenant of this Agreement;
- f) When the Commodities Broker is informed or ascertains that the client has deceased / become insolvent / not able to act in the market due to lunacy/disability etc.
- g) The Commodities Broker shall have the right to close out the existing positions, sell the collaterals to recover any dues with or without consent of the client before the de-registration of the client.
- h) Either party will be entitled to terminate the agreement without assigning any reason, after giving notice in writing of not less than 30 days to the other party.

Not with standing any such termination/deregistering, all rights, liabilities and obligations of the parties arising out of or in respect of transactions entered into prior to the termination/deregistering , shall continue to subsist and vest in/ be binding on the respective parties or his/its respective heirs / executors /administrators/legal representatives/ successors as the case may be.

9. INACTIVE CLIENT ACCOUNT :-A client account will be considered as inactive if the client account does not record any trade for 12 months.

The trading activity of the client account shall be tracked and a client's account, where no trading is observed for a period of **6 months** shall be categorized as inactive (dormant) and put under temporary suspension. EXCLUSIVE COMMODITIES LTD would be placing such accounts under temporary suspension. Once the account is under temporary suspension, the client would not be allowed to login to his account or trade (place orders) either through online mode or by calling/visiting its service branch.

REACTIVATION: the client can get such account(s) reactivated by placing a reactivation request . The client needs to submit the "Commodities Account Reactivation Form" in hard copy directly to our Head office. Alternatively the client can submit the same at the nearest service branch as well EXCLUSIVE COMMODITIES LTD shall also have the discretion to reactivate a trading account, after doing adequate due diligence, as the company may consider fit and proper.

CLIENT ACCEPTANCE AND ACKNOWLEDGEMENT

These policies and procedures may be amended/changed by EXCLUSIVE COMMODITIES LTD, provided the change is informed to the client through any one of the means or method like posting on the website of EXCLUSIVE COMMODITIES LTD or sending by speed post / courier / registered AD/ e-mail. These policies and procedures are to be read along with the document executed and shall be compulsorily referred to while deciding any dispute / difference in claims in between client and EXCLUSIVE COMMODITIES LTD in any court of law, judicial / adjudicating authority, including arbitrator, mediator etc.