



PRL STOCK & SHARE BROKERS PVT. LTD.

Member : National Stock Exchange of India Ltd. (NSE)

SEBI REGN.NO. INB 231220931 (CM) & INF 231220931 (F&O)

Member : Bombay Stock Exchange Ltd. (BSE)

SEBI REGN.NO. INB 011220937 (CM) & INF 011220937 (Derivatives)

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RISK MANAGEMENT POLICY

Policy prepared/reviewed by:	Director Operations, RMS Head and Compliance Officer
Policy approved by:	Regulatory Committee and noting by Board of Directors
Policy approved on:	Policy has been approved in Regulatory Committee on January 08th 2025 and taken on record in Board Meeting held on January 15th 2025

I. INTRODUCTION AND OBJECTIVE

PRL Stocks & Share Brokers Private Limited {herein after "PRLSS" or Pukhraj Lunkar} has an Integrated Risk Management Policy that provides an integrated framework for managing risks within the Company.

The Company has also from time to time adopted Operational Risk Management Strategies for its Stock Broking activities. In the course of conducting its broking business PRLSS is exposed to various risks including market, credit, liquidity, operational and other risks that are material and require comprehensive controls and on-going oversight. Trading in stock market is always subject to market risks which cannot be predicted. Different kind of Market risks are communicated to client at the time of account opening with us as risk disclosure document. We seek to minimize the risk of loss through a dynamic risk management policy which is an essential feature of our operations. It is important to note that our Risk Management Policy is not an insurance against losses but these are measures and precautions that are adopted by us to minimize the risk.

Investment in securities is susceptible to market risks which cannot be predicted. The Account Opening Document contains an explanation of different types of risks our Customers are likely to face in the market. While the risk of loss is inherent in the market, PRLSS may seek to minimize the risk of loss through a dynamic risk management policy which is an essential feature of our operations. As our client, it is important for you to be aware of our Risk Management Policy and how the Policy would operate to regulate your transactions. It is also important that the Risk Management Policy is not an insurance against losses; these are measures and precautions that are adopted to contain risks to the minimum. The Policy is subject to change according to our risk perceptions of the market and SEBI/Exchange regulations for the time being in force.

Our Policy is based on market scenarios and our risk perceptions of the market and SEBI/Exchange regulations for the time being in force. This can be change from time to time based market conditions and decisions basis of internal policies and practices.

In order to guide decisions on risk related issues, the specific objectives of this Policy inter alia are:

1. To ensure that all the current and future material risk exposures of the Company are identified, assessed, quantified, appropriately mitigated, minimized and managed i.e. to ensure adequate systems for risk management.
2. To establish a framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectorial, sustainability (particularly, trading related risks), information, cyber security risks or any other risk as may be determined by the Risk Management Committee ("the Committee") for the company's risk management process and to ensure its implementation.
3. To measure risk mitigation including systems and processes for Internal Control of identified risks.

For PRL STOCK & SHARE BROKERS PVT. LTD.

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4. To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.
5. To assure business growth with financial stability.

II. SETTING UP CLIENT'S MARGIN LIMITS

1. **Margin Limit in Cash segment (Including MTF Product):** PRLSS provides Margin based limit following the value at risk ("VAR") and Extreme loss margin ("ELM") applies to scrip as defined by the Risk Management team time to time at its discretion. Hence Exposure for intraday and delivery transactions can be multiple (varying from scrip to scrip based on VAR +ELM (Margin rates) applies to scrip) of the ledger balance, value of collateral benefit after applying haircut on holding lying in the client account and credit for sales.
2. The value of the "multiple" and the "haircut" shall be decided by PRLSS based on market volatility and quality of collaterals. Limit on the basis of unsettled sales and un-cleared cheques will be at discretion of PRLSS.
3. **Margin Limit for F&O:** PRLSS provides margin limit in F&O, based on available upfront margin (initial and exposure margin) into the client account in the form Ledger, cash collateral and non-cash collateral (i.e. approved pledged securities (in favour of PRLSS) after appropriate haircut.
4. **Client-wise differential limits:** PRLSS shall have the prerogative to allow differential limits in Cash, F&O varying from client to client, depending upon credit worthiness and past conduct of each client or any other criteria which PRLSS may find suitable.
5. **PRLSS Discretions on limits:**
 - a. PRLSS has discretion to change the limits/ratios on the basis of risk perception and other factors considered relevant (such as broker level/exchange level limits in specific securities or Income declaration or volume Specific exposures based on surveillance measures or Availability of cash/ cash equivalent margin etc.
 - b. PRLSS shall not be able to inform the client of such variation, reduction or imposition in advance.
 - c. PRLSS shall not be responsible for client's inability to execute any order on account of any such changes.
 - d. Collateral can be provided in Cash or Non Cash component, and client should maintain Cash and Non Cash Ratio of 50:50 for trading, however we will not restrict client to trade even if client fails to meet the ratio.

III. REFUSAL OF ORDERS FOR PENNY STOCKS OR ILLIQUID SECURITIES / CONTRACTS

1. Penny/ illiquid /SMEs Stocks are traded at relatively low volume and market capitalization. PRL Stock & Share Brokers Private Limited (PRLSS) shall have absolute discretion to accept, refuse or partially accept any buy or sell order for execution from a client in respect of penny stocks, illiquid stocks, stocks / contracts having low liquidity, illiquid "options", far month "options", writing of "options", and any other contracts which as per the perception of PRLSS are extremely volatile or subject to Market manipulation.
2. PRLSS may permit acceptance of orders in such restrictive scrips/contracts in controlled environments like orders received from clients being forwarded by branches to a centralized desk at HO instead of allowing trading in such scrips/contracts at branch level or through online trading platform. PRLSS shall not be responsible for the delay in execution of such orders and consequential opportunity loss or financial loss to the client.
3. PRLSS may take appropriate declarations from the clients before accepting such orders.
4. PRLSS shall have the prerogative to place such restrictions, notwithstanding the fact that the client has adequate credit balance or margin available in his account and/or the client had previously purchased or sold such securities/contracts through PRLSS itself.

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Gauram Shankar

Director

5. In addition to existing Surveillance action being imposed from time to time, it may be noted that securities which are under graded surveillance measures and SMEs stocks will attract additional surveillance measures.

IV. RIGHT TO SELL CLIENTS SECURITIES OR SQUARE OFF CLIENTS POSITIONS, WITHOUT GIVING NOTICE TO THE CLIENT, ON ACCOUNT OF NON-PAYMENT OF CLIENTS DUES (THIS SHALL BE LIMITED TO THE EXTENT OF SETTLEMENT / MARGIN OBLIGATION)

PRLSS shall have the right to sell client's securities, both unpaid securities as well as collaterals deposited towards margins, or square off client's open positions, without giving notice to the client where there is a delay/failure of the client to the pay-in obligations and/or there is a failure of the client to bring additional margins to cover the increase in risk in the dynamic market conditions.

1. Unpaid Securities in Capital Market

- a. In case of unpaid obligation on Settlement date, PRLSS may sell the unpaid/ partially paid securities.
- b. In addition, PRLSS 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.
- c. Further PRLSS shall also have rights to Invoke Pledge Securities/ Mutual Funds Units with/without prior intimation to fulfill client's unpaid settlement / margin obligation.
- d. PRLSS may follow the Company Policy for liquidation of securities, but it may not be binding on it to follow this method in all cases.

2. The margin shortfall in F&O, Segments

- a. Positions of the client may be squared off to the extent of margin shortfall on the T+1 basis /Real time Monitoring basis. Positions of the client may be squared off out to the extent of margin shortfall on the T+1 basis /Real time Monitoring basis.
- b. While computing margin shortfall, value of unapproved securities shall not be considered.
- c. As per the Exchange requirements, the PRLSS is required to maintain a prescribed ratio between cash and non-cash Collaterals margin deposited with the Exchange. PRLSS shall therefore have the prerogative to insist for at least such prescribed ratio % margin in cash and may not consider the value of securities over and above the cash component for the purpose of calculating margins shortfall and squareoff the client's position where it finds deviation.

3. Securities bought under Margin Trading Facility

- a. Positions of the client may be squared off to the extent of margin shortfall (including MTM Loss) on settlement date onwards or Real time monitoring basis.
- b. While computing margin shortfall, value of unapproved securities shall not be considered.
- c. In case of unpaid obligation, PRLSS may sell the unpaid/ partially paid securities. In addition, PRLSS may sell
- d. 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, Mark to Market ("MtoM") and/where the unpaid securities appear to be comparatively illiquid and cannot be sold at reasonable rates to the extent required.
- e. Position of client may be squared off if funds for required margin is not available in the form of Cash.

4. **Intra-day positions:** PRLSS shall have right to square off any intra-day positions taken by the client after a defined time limit which is currently set to 15 minutes before close of market
5. **Mark to Market (MTM) / Risk base Liquidation:** All positions under All Product will be subject to 75% MTM Loss i.e. positions may be liquidated if loss reaches a pre decided level of client margin loss. The OPEN positions (i.e. the carry forward overnight positions) and the intraday leverage position (across segments) may be squared off at 75% MTM Loss. Further if the ratio of available collateral (Broking) against debit (Broking) comes down to 15% or below 15% then position /securities of client may be squared off/sold on a real-time basis.
6. **Stock Derivative Contracts settled through Physical delivery:**
- Client's positions in Stock Option and Stock Future contracts which will expire on next trading day may be squared off, if client does not have sufficient Margin / coverage available.
 - In case of available margin with PRLSS is lower than value of delivery likely to be taken by client PRLSS may be squared off position in absence of required margin
7. **General:**
- While selling the securities /squaring of position against client debit/shortfall, PRLSS may take into account the sell transaction, positions squared off or funds received from the client till cut off time, as per company policy.
 - While selling the securities/ squaring the client positions, PRLSS may not take into consideration Cheques showing unrealised although deposited by the client with PRLSS until clear proceeds of such instruments are received by PRLSS in its bank account. For this purposes Demand Draft / Pay order shall not be taken into consideration.
 - PRLSS shall have the right to sell clients securities or squared off out client's position, but it shall not be under any obligation to undertake this exercise compulsorily.
 - PRLSS shall have the right to sell clients securities in case of Ageing of debit and margin shortfall in the client account.
 - PRLSS shall not be responsible for any losses and penalties / charges levied by exchanges(s) caused on such square off.
 - PRLSS shall therefore not be under any obligation to compensate for / or provide reasons of any delay or omission on its part to sell clients securities or squared off open positions of the client.

V. RESTRICTIONS ON CREATION / SQUARE-OFF OR CARRY FORWARD POSITIONS

Below are conditions under which a client may not be allowed to take further position or square-off the position or PRLSS may square off the existing position of a client.

1. All markets:

- Client is not having adequate margins as per conditions enumerated in Risk Management policy.
- The client has not been able to meet his pay-in obligations in cash by the scheduled date of pay-in irrespective of the value of collaterals available with PRLSS.
- Clear proceeds of the cheque deposited by the client to meet the pay-in obligations have not yet been received by PRLSS.
- Client is trading in "illiquid" scrips and volumes in their account exceeds limit fixed by PRLSS.

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Director

2. F&O Segments:

- The client has not made payment for Market-to-Market losses.
 - The "open" positions in a contract exceeded or are squared off to market wide limits or client wise permissible positions by exchange.
 - PRLSS shall have the prerogative to place such restrictions on creating position in Stock Option & Stock Futures contracts (Settled through physical delivery) which will expire in next day, notwithstanding the fact that the client has adequate credit balance or margin available in his account and/or the client had previously purchased or sold such contracts through PRLSS itself. PRLSS shall not be under any obligations to exercise this option compulsorily.
 - In case of client does not have sufficient margin, Client shall not be allowed to square-off one leg of their hedge/spread position if Margin gets increased due to such square-off, till client does not markup shortfall.
- INTRA- DAY:** Clients will not be able to place intra-day orders after a defined time limit which is currently set to 15 minutes before close of market.
 - Event Based:** Where based on a corporate / market event, PRLSS has the risk perception that further trading in the securities /contracts may not be allowed to its clients and/or the market.

VI. MARGIN COLLECTION IN DERIVATIVE SEGMENTS

1. Equity Derivative Segment:

- Total Margin levied by the exchange is to be given on upfront basis by Client.
- Mark to Market Losses is to be paid by client as soon as it becomes due as per exchange norms and /or as soon as margin calls are made by PRLSS.

2. Cash Segment:

- Total Margin (Minimum Margin) levied by exchange is to be collected on an upfront basis by PRLSS from its client.
- Other Margin (Adhoc Margin) and Mark to Market Losses are to be paid by client as soon as it becomes due as per exchange norms and /or as soon as margin calls are made by PRLSS.

VII. BLOCKING OF TRADING IN BELOW GROUP / CATEGORY:

Blocking of Scrips at member level: Those scrips which are fundamentally weak and not having sound financials, or trading in such scrips, could result into market abuse are blocked at trading member level. In case, trading has to be allowed under exceptional circumstances, the same is done with proper evaluation of scrip, number of shares to be traded, client/branch intending to trade. A brief of the categories of scrips which are blocked at trading member level are as follows:

Category	Brief particulars
"Z"	This includes companies which have failed to comply with listing requirements and/or have failed to resolve investor complaints and/or have not made the required arrangements with both the depositories, for dematerialization of their securities.
"ZP"	Scrips of Non-compliant companies (Noncompliance with clauses of Listing Agreement) & traded and settled in Physical mode/ Optional Demat mode
"M"	SME Segment on BSE except those after being analysed of having sound financials
"MT"	SME Segment on BSE - trade to trade except that those which after being analysed of having sound financials

"p"	Physical category
Any Scrip Identified by Exchanges	Exchanges have implemented various surveillance measures cautioning us on unsolicited messages/tips being circulated by unregistered/unauthorized entities through various modes such as Whatsapp, Telegram, YouTube, Facebook, SMS, calls, etc. and advising us to carry out necessary due diligence

VIII. LIQUIDATION POLICY

As per directive of SEBI circular CIR/HO/MIRSD/DOP/CIR/P/2019/75 dated June 20, 2019 related to Handling of Clients' Securities and subsequent clarifications provided by exchanges. In case client does not pay for securities which are received in pay-out, then such securities shall be transferred in separate demat account "client unpaid securities pledged account" (CUSPA).

- If client fails to meet its funds pay-in obligation within T+4, then we shall liquidate securities on T+5 from 11.30 a.m. onwards solely at our discretion with no prior intimation.
- In case of margins available with us is less than 75% any time since your purchase date till T+ 4, we shall immediately liquidate your position solely at our discretion with no prior intimation.
- The client shall be put on square off mode on T+5 and no further exposure/limits shall be given on T+5 day.
- In case of payment via electronic transfer, fund received shall be adjusted against outstanding on "First in First out" (FIFO) basis.
- In case of cheque payment, funds credited in PRLSS bank account shall be adjusted against the outstanding.

IX. GOOD TILL CANCELLED/GOOD TILL TRIGGERED ORDERS OR ORDERS OF SIMILAR TYPE

The Exchanges have stated that the policy shall include:

- Details of Good Till Cancelled/Good Till Triggered/orders of similar type provided by member including its validity.
- Manner of handling of such orders in case of corporate actions (e.g. cancellation, price reset, retaining, etc. for the unexecuted orders).
- Provide timeline within which the member shall intimate their clients about details of upcoming corporate actions applicable for such unexecuted orders of clients, which shall not be later than one day prior to the ex-date of the corporate action.

1. What are the Pros and Cons of GTC orders

Like any trading tool, GTC orders come with their own set of advantages and disadvantages. Let's take a closer look at both:

Pros

- Time-saving:** GTC orders eliminate the need to place new orders daily, saving time for busy investors.
- Opportunity capture:** They allow investors to capitalize on price movements outside regular trading hours or when they're not actively monitoring the market.
- Precise execution:** Investors can set exact price points for their trades, ensuring they don't miss out on their desired entry or exit levels.
- Flexibility:** GTC orders can be modified or cancelled at any time before execution, giving investors control over their trading strategy.

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Director

7

Cons

- **Market risk:** Because GTC orders can remain active for an extended period, there's a risk of execution at unfavourable prices due to sudden market changes or news events.
- **Oversight required:** Investors need to keep track of their open GTC orders to ensure they're still relevant to their current trading strategy.
- **Potential fees:** Some brokers may charge additional fees for GTC orders, impacting overall trading costs.
- **Execution uncertainty:** There's no guarantee that a GTC order will be filled, especially if the specified price is far from the current market price.

2. Details of Good Till Cancelled/Good Till Triggered/orders

- a. PRL Stock & Share Brokers Private Limited {"PRLSS"} enables for it's clients to place "Good Till Date" (GTDt) orders.
- b. The period selected by the client shall be within the maximum validity date defined by PRLSS. Since client has the right to define validity date ("order validity date") within maximum validate date, this order type is called as Good Till Date (GTDt) order.
- c. All clients PRLSS of who are eligible to trade in Equity Cash product can avail GTDt facility for order placement.
- d. The facility of placing a GTDt order is available in Equity Cash product for all the securities on NSE and BSE only. As and when, GTDt orders are introduced in other segments the same shall be displayed through the PRLSS website and subsequently updated in the policy.
- e. Client can specify disclosed quantity while placing cash orders with GTDt order validity.
- f. GTDt orders can only be placed by specifying a limit price. GTDt orders cannot be placed at market price.
- g. If a GTDt order is not executed for the entire quantity, PRLSS is authorised to place fresh orders for the unexecuted quantity for the client on the subsequent trading days till the entire quantity is executed or till the validity expires, whichever is earlier. This feature permits the client to specify the number of days during which the client intends to place the orders.
- h. GTDt orders can be placed during the pre-open session for all scrips, however only orders in scrips that are pre-open enabled would be sent to exchange during the pre-open session. Orders in all other scrips not enabled for pre-open session would be treated as overnight orders and sent to exchange during normal trading session.
- i. Client shall ensure that necessary funds/margins are available to place GTDt orders.
- j. "Order Validity Date" means the date entered by the client while placing GTDt orders. This date shall be equal to or less than the maximum validity date defined by PRLSS which would appear as the default "Order Validity Date". Client can choose the GTDt order validity date as less than or equal to the maximum validity date defined by PRLSS. Client shall not be allowed to place orders with GTDt validity beyond maximum defined validity date.
- k. In case the GTDt order validity date falls on a non trading day, the order is expired by PRLSS on the last trading day which falls prior to such order valid date which is a non trading day. Post the expiry, the status of GTDt order is updated as Expired (Closed).
- l. Once a client has placed a GTD order, PRLSS will place orders for the unexecuted quantity of the GTDt order for all the days during the validity period or till the quantity is fully executed or cancelled or rejected due to any reason. Client may login only to check the status of such orders.
- m. For the unexecuted quantity orders shall be placed daily as overnight orders during the validity period, i.e. until the order validity date is less than or equal to the next trade date provided such GTDt order remains unexecuted and is not cancelled, nor rejected due to any reason. The orders would be placed on these dates provided they are trading days.
- n. Orders with GTDt validity can be placed both during the market hours as well as post market hours.

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Director

- o. GTDt orders also can be placed over Call N Trade facility
- p. Clients can modify the quantity or limit price of a GTDt orders Clients can modify the order only when the order is in 'Ordered status' (during market hours) or 'Requested status' (after market hours). "GTDt Blocked" orders cannot be modified but can only be cancelled.
- q. All GTDt orders can be cancelled.
- r. The Brokerage rates and applicable charges are same for normal transactions and GTDt orders. Further, GTDt orders shall be settled in the same manner as normal equity market transactions.

3. Handling of GTDt orders in case of corporate actions

Post Corporate Action, GTDt orders will be validated against DPR (Daily Price Range) sent by the exchange. Before revalidating the order for next trading day (post corporate action), system will check for circuit limits and daily price range and would validate orders only within the circuit limit and daily price ranges.

The orders which would get failed in circuit check and daily price range for next day pumping would be kept in system in "GTDt Blocked" status for retry on subsequent trading day, where in such cases PRLSS will not be responsible for the same.

4. Updating Clients of upcoming Corporate Actions

All upcoming corporate actions including dividend, bonus, split, etc. shall be intimated to clients having unexecuted GTDt orders atleast one day prior to the ex-date of the corporate action.

Clients shall review their GTDt orders pro actively whenever there may be impact of corporate action on their order/s. It would be the onus of the client to take appropriate action to modify / cancel orders accordingly.

X. CONDITIONS UNDER WHICH A CLIENT MAY NOT BE ALLOWED TO TAKE FURTHER POSITION OR PRLSS MAY SQUARE OFF THE EXISTING POSITION OF A CLIENT

PRLSS reserves the right to refuse trade execution, restrict new positions, and/or close existing positions under the following circumstances:

- a. Non-receipt of adequate funds / securities and / or Dishonored of cheque received from the client towards the obligations/ margin/ ledger balances;
- b. Technical difficulties ;
- c. Securities exceeding limits at client and securities level as specified by the Exchanges/regulators from time to time;
- d. Securities are not in dematerialized form, illiquid securities and the price of securities not supported with the fundamental and financial of the company.
- e. Any other conditions as may be specified by PRLSS from time to time in view of market conditions, regulatory requirements, internal policies and risk management system consideration;
- f. Any force majeure events beyond the control of PRLSS.
- g. If in the opinion of PRLSS, the client has committed a fraud, crime or acted in contravention to this document.
- h. Client-wise permissible open positions exceeded.
- i. Intraday orders received after the cut off time.
- j. Securities purchased under MTF found ineligible.
- k. Compliance with SEBI's framework for dynamic trade-based price checks to prevent aberrant orders or uncontrolled trades, as per CIR/MRD/DP/34/2012 dated December 13, 2012. In such cases, PRLSS shall not be liable for any losses incurred, and the client shall indemnify PRLSS accordingly. .

PRLSS reserves the right to square off open position of client and/ or sell client's securities under the prescribed circumstances, however PRLSS is not obligated and does not guarantee to square off the open positions and/ or sell client's securities. The client shall be solely responsible for the trading decisions taken by the client. It shall be responsibility of the client to make payments towards outstanding obligations and/ or applicable margins to PRLSS

in time irrespective of whether PRLSS exercises its right to square off the positions of the client in accordance with the provisions given herein above.

Client shall be solely responsible for any resultant losses incurred to client due to selling of client's securities by PRLSS or squaring off the client's open positions or for not doing so. All losses in this regard shall be borne by the client and PRLSS shall be fully indemnified and held harmless by the client in this behalf.

The client accepts to comply with PRLSS's requirement of payment of Margin/ settlement obligations of the Client, immediately failing which PRLSS may sell, dispose, transfer or deal in any other manner the securities already placed with it as Margin/lying in the beneficiary account of PRLSS or square-off all or some of the outstanding F&O positions of the client as it deems fit at its sole discretion without further reference to the client and any resultant or associated losses that may occur due to such square-off/ sale shall be borne by the client and PRLSS shall be fully indemnified and held harmless by the client in this behalf at all times.

Apart from above, client understands and accepts these important below mentioned points, list which is indicative and not exhaustive:

- a. Delivery Selling Benefit for subsequent fresh positions on T Day, selling benefit will be available up to 100% of sell value and will also be considered for MTM loss.
- b. Peak Margin Obligation will be applied.
- c. Margin Increases due to close of any one leg of hedge position, market volatility, price change, or exchange margin percentage changes.
- d. Peak/EOD Margin Shortfall may occur if reportable balance (collateral pledge + ledger+ EPI) is insufficient.
- e. If securities are released from CUSPA to client's DMAT account and client has not pledged of these securities in favour of PRLSS for margin, to meet out the margin requirements then Peak/EOD Margin Shortfall may occur.
- f. Securities for which payout is pending receipt will be available for selling/lending. However, please note that there is a risk of shortage of payout received from the exchange and securities sold/lent in expectation of payout may not be received, this may lead to auction, penalties, and other losses. In such cases, any penalties and losses incurred shall be charged to the client. Clients are advised to exercise caution while trading in securities with pending payout

XI. TEMPORARY SUSPENDING OR CLOSING A CLIENT'S ACCOUNT

- a. PRLSS can suspend/close the client account and also withhold the pay-outs of the client if there is any judicial or/and regulatory order/action requiring suspension/closure of client's account. PRLSS can also suspend/close the client account if it observes any abnormal or suspicious activity in the client account through its risk monitoring and surveillance of the client account.
- b. PRLSS may also temporarily suspend/close the client account if there is no activity in the client account for a period of twenty four months i.e. as Inactive Account, as deemed fit by PRLSS from time to time. For activation of the account, the client has to give a written request to his/her/their respective branch along with proof of income and address and other Know Your Client (KYC) details.
- c. 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 KYC details sought by PRLSS to fulfil its own surveillance or exchange related requirements.
- d. In the event of information/reports reaching PRLSS of the client's death, account shall be put under temporary suspension/closure, till exchange/depositary prescribed formalities are not complied with.
- e. PRLSS, on the request of the client in writing, the client account can be suspended temporarily and same can be activated on the written request of the client only. During the period client account is suspended, the market transaction in the client account will be prohibited. However, client shares/ledger balance settlement can take place. On the request of the client in writing, the client account can be closed provided the client account is fully settled. If the client wants to reopen the account in that case client has to again complete the KYC requirement.

XII. TEMPORARY SUSPENDING OR CLOSING A CLIENT'S ACCOUNT AT CLIENT REQUEST

1. Introduction :

In order to enhance the ease of doing business and ease of doing investments for investors and to enhance protection of investors from suspicious activities; SEBI, has vide its circular ref. No. SEBI/HO/MIRSD/POD-1/P/CIR/2024/4 dated January 12, 2024 has mandated that a framework shall be laid down by stock exchanges for Members to provide the facility of voluntary freezing/blocking the online access of the trading account to their clients. Accordingly, stock exchanges has issued circulars providing a framework for trading members for the facility of voluntary freezing/blocking the online access of the trading account for clients. In accordance with the above, Members are required to frame a policy in line with the exchange prescribed framework, which shall be part of the member's Risk Management Policy and shall be displayed on its website along with the process and mode(s) through which the client can place the request to freeze / block & unfreeze / unblock the trading account along with the timelines that will be followed by the members for the same.

2. Scope and applicability:

Members providing internet based trading/ mobile trading/ other online access for trading are required to make available to the clients at least two modes of the following communications through which the client may request for voluntary freezing/ blocking the online access of trading account if any suspicious activity is observed in the trading account: -

- a) Email from registered e-mail ID
- b) SMS from registered mobile number
- c) IVR/tele calling
- d) Chatbot
- e) Trading Member's App / website
- f) Any other legally verifiable mechanism

The shall be applicable with effect from July 01, 2024.

1. To new on-boarded clients as part of account opening kit
2. To all existing clients via email or any other suitable mechanism which can be preserved. In case, communication gets bounced/undelivered, the same shall be communicated through alternate channels to such clients. Other suitable mechanism may include physical delivery/SMS/electronic instant messaging services after adhering with the safeguards prescribed on Issuance of Electronic Contract Notes (ECN) through SMS/electronic instant messaging services.

3. Mode of receipt of request for freezing/blocking Trading A/c :

Following modes shall be provided by company for receipt of request for freezing/blocking the clients trading A/c:

1. Send an E-mail ID to stoptrade@prlstock.com
2. Client call to RMS division at HO, currently the number is 022-/22090509/10
3. Client web access - Finspot

4. Procedure to be followed on receipt of request for Freezing/Blocking Trading A/c :

On receipt of request from clients through any of the prescribed modes of communications; for freezing/blocking of the online access of the trading account from the client:

1. We shall validate that the request is received from a registered client as per and issue an acknowledgement as well as freeze/block the online access of the client's trading account and simultaneously cancel all the pending orders of the said client.
2. To validate the request received on calling desk; we shall verify the client by authenticating that request is received from registered number

The timelines for freezing/ blocking of the online access of the clients' trading account is as under:

Scenario Timelines for issuing acknowledgement as well as freezing / blocking of online access of trading account.

For PRL STOCK & SHARE BROKERS PVT. LTD.
Gautam Shankar
 Director

Scenario	Timelines for issuing acknowledgement as well as freezing / blocking of the online access of the trading account.
Request received during the trading hours ¹ and within 15 minutes before the start of trading.	Within 15 minutes *
Request received after the trading hours and 15 minutes before the start of trading.	Before the start of next trading session

Trading hours shall be as follows: Capital Market Segment: 9.15 a.m. to 3.30 p.m., Equity Derivatives Segment: 9.15 a.m. to 3.30 p.m.

** To begin with, the time limit of 15 minutes is being specified for the purpose of issuing acknowledgement as well as freezing/blocking of the online access of the trading account. This time limit shall be contracted after a review in next six months after the date of its applicability to enhance protection of investors from suspicious activities.*

d. Post freezing/blocking client's trading account, we shall send a communication on the registered mobile number and registered e-mail ID of the client, stating that online access to the trading account has been frozen/blocked and all pending orders in the client's trading account, if any, have been cancelled along with the process of re-enablement for getting the online access to the trading account.

e. We shall also communicate / provide the details of open positions of client (if any) alongwith contract expiry information within one hour from the freezing/blocking of the trading account.

f. We shall maintain the appropriate records/logs including, but not limited to, request received to freeze/block the online access of trading account, confirmation given for freezing/blocking of the online access of the trading account and cancellation of pending orders, if any, sent to the clients.

g. In case of failure in freezing/ blocking the online access within the prescribed timelines, there is a risk that we may be held responsible for any trades executed from the time of receipt of such request till such time the online access is blocked / frozen.

5. Re-enabling client for online access of Trading A/c :

We shall re-enable the online access of trading account after carrying out necessary due diligence including validating the client request and unfreezing / unblocking the online access of the trading account.

6. Important points :

1. All logs of freeze and unfreeze request and communications sent shall be maintained for audit trail.
2. Freezing/blocking is only for the online access to the client's trading account, and there shall be no restrictions on the Risk Management activities.
3. The request for freezing/ blocking does not constitute request for marking client Unique Client Code (UCC) as inactive in the Exchange records.

7. Record Maintenance

1. We shall maintain a verifiable record of communication of this policy to all existing clients and obtain a confirmation of providing a copy of this policy from all new on boarded clients with effect from July 1, 2024.
2. We shall maintain a verifiable record of all such requests received for freezing/ blocking of online access to trading account received from clients as per record management guidelines prescribed by the exchanges/regulator.
3. Internal auditor shall review the policy, its implementation, effectiveness and shall record the observations with respect to the same in their report. This policy would be made available to the internal auditors and regulators during the course of audits or as and when demanded.

XIII. DEREGISTERING A CLIENT

12

The client has the option to de-register his account after settling his account with PRLSS. The client would be liable to pay all dues in his account before de-registration. Notwithstanding anything to the contrary stated in this document, PRLSS shall be entitled to terminate the relationship with the client with immediate effect in any of the following circumstances:

- a. The action of the client are prima facie illegal / improper or such as to manipulate the price of any securities or disturb the normal/proper functioning of securities or disturb the normal/proper functioning of the market, either alone or in conjunction with others.
- b. If there is any commencement of a legal process against the client under any law in force.
- c. On the death/lunacy or other disability of the client.
- d. If the client being a partnership firm, has any steps taken by the Client and/or its partners for dissolution of the partnership.
- e. If the Client suffers any adverse material change in his/her/its financial position or defaults in any other policies & procedures of PRLSS
- f. If there is unreasonable 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 or client has become insolvent'
- g. If the Client is in breach of any term, condition or covenant of this document;
- h. If the Client has made any material misrepresentation of facts, including (without limitation) in relation to the security;
- i. If a receiver, administrator or liquidator has been appointed or allowed to be appointed of all or any part of the undertaking of the Client;
- j. If the Client have taken or suffered to be taken any action for its reorganization, liquidation or dissolution;
- k. If the Client has voluntarily or compulsorily become the subject of proceedings under any bankruptcy or insolvency law or being a company, goes into liquidation or has a receiver appointed in respect of its assets or refers itself to the Board for Industrial and Financial Reconstruction or under any other law providing protection as a relief undertaking;
- l. If any covenant or warranty of the Client is incorrect or untrue in any material respect;

In addition to what the client has agreed in the agreement, PRLSS may terminate a client with immediate effect, but not limited to the following reasons - If the client is debarred by SEBI or any other regulatory authority As a part of surveillance measure, if a client appears to be indulging in manipulative practices. Under the circumstances when there is a reasonable ground to believe that the client is unable to clear its dues or has admitted its inability to pay its debt. If the client violates any of the terms of the agreement.

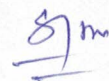
XIV. TREATMENT OF INACTIVE (DORMANT) ACCOUNTS

The treatment of Inactive (Dormant) accounts is as per SEBI guidelines and exchange directives issued from time to time In case trading account, wherein no trades have been carried out since last 24 (Twenty four) months across all exchanges shall be flagged as 'Inactive' in exchange portals of respective Exchanges

PRLSS would before marking an account as inactive (dormant) send an update to clients 1) Vide an email and/or sms intimation to client 2) Vide an email to respective branches, with a follow-on reminder. In case no response is received we shall be suspending codes from further trading and thereafter we shall, refrain from trading until the account is reactivation request is received from client with proper compliances . The client shall be allowed to trade only after account is re-activated. Client can re-activate their account by giving a request in the prescribed form and or vide electronic communication from registered email id, at respective branch / Head Office along with updated details, if any, has been changed. It would be suggestive that income details are also provided by the client. Client has settle on monthly or quarterly basis (as per client preferences) in the manner prescribed from time to time.

XV. SETTLEMENT OF CLIENT ACCOUNTS

For PRL STOCK & SHARE BROKERS PVT. LTD.

 Director

1. Periodic settlement is required to be done in the following cases:

SEBI circular no. SEBI/HO/MIRSD/DOP/P/CIR/2022/101 dated July 27, 2022, the settlement of running account of funds of the client shall be done after considering the End of the day (EOD) obligation of funds as on the date of settlement across all the Exchanges on first Friday of the Quarter (i.e., Apr-Jun, Jul-Sep, Oct-Dec, Jan-Mar) for all the clients i.e. the running account of funds shall be settled on first Friday of October 2022, January 2023, April 2023, July 2023 and so on. If first Friday is a trading holiday, then such settlement shall happen on the previous trading day. For clients, who have opted for Monthly settlement, running account shall be settled on first Friday of each month. If first Friday is a trading holiday, then such settlement shall happen on the previous trading day.

Further, as per SEBI Circular SEBI/HO/MIRSD/MIRSD-PoD1/P/CIR/2025/1 dated January 06, 2025, for clients having who have not traded in last 30 calendar days shall be settled on the upcoming settlement dates of monthly running account settlement cycle as notified by Exchanges from time to time.

If the **client has an open position in the derivatives segment**, then the date of contract expiry or the date on which position is closed may be treated as last transaction date, for the purpose of computing 30 calendar days for returning the credit balance to such clients. However, we need to ensure settlement of running account of funds on first Friday of the Month or Quarter as per the preference of the client.

If the **client executes a transaction on the Exchange on or before the date on which it is scheduled** settlement dates of monthly running account settlement cycle as notified by Exchanges from time to time, to return the credit balance, in such case, we may retain funds as clarified in above and settle the balance amount to client.

In case of **client having any outstanding trade position on first Friday of the Month / Quarter on which settlement of running account of funds is scheduled**, we may retain funds calculated in the manner specified below:

- Entire pay-in obligation of funds outstanding at the end of day on date of settlement, across all segments.
- Member may retain 50% of end of the day (EOD) margin requirement as cash margin, excluding the margin on consolidated crystallized obligation/ MTM.
- Apart from 50% cash margin mentioned in point ii above, member may also retain 225% of EOD margin (which includes additional 125% margin) reduced by 50% cash margin and the value of securities (after applying appropriate haircut) accepted as collateral from the clients by way of 'margin pledge' created in the Depository system for the purpose of margin and value of commodities (after applying appropriate haircut). The margin liability shall include the end of the day margin requirement in all the segments across exchanges excluding the margin on consolidated crystallized obligation/ MTM. The margin liability may also include the margin collected by the Member from their clients as per the risk management policy and informed to the clients.

Computation for arriving at retention of excess client funds based on above points would be as under:

Scenario	Fund Pay in Obligation for T & T-1 day	EOD Margin Requirement	Cash margin to be retained (50% of EOD Margin)	Computation of 225% of margin to be retained		Maximum	Client Funds to		
				225% of EOD margin minus cash margin as computed in	Securities Pledged / Repledged or	225% of EOD margin to be retained from funds if available after adjusting securities	Client Funds Balance	Maximum funds that can be retained (i.e. Sum of cash margin to be retained, non-cash	Client Funds to be returned (i.e. client fund balance if available after adjusting maximum funds

14

				column C	commodities	pledged/repledged commodities	or		225% EOD margin after securities /commodities adjustment and funds pay in obligation)	that can be retained)
	A	B	C=50%*B	D=(225%*B)-C	E	F=MAX((D-E),0)		G	H=A+C+F	I=MAX((G-H),0)
1	110000	100000	50000	175000	200000 ^A	0		300000	160000	140000
2	150000	150000	75000	262500	300000 ^A	0		200000	225000	0
3	100000	100000	50000	175000	125000	50000		210000	200000	10000
4	15000	200000	100000	350000	200000	150000		300000	265000	35000
5	0	25000	12500	43750	200000 ^A	0		30000	12500	0
6	5000000	12500000	6250000	21875000	30000000 ^A	0		50000000	11250000	38750000

^A Excess securities need not to be unplugged.

Note:

- Client's running account shall be considered settled if member has given instructions to bank for credit to client's bank account, provided that the member has sufficient balance in its account.
- While computing the value of securities, the closing rate for the trade date prior to the settlement date (T-1 day) should be considered after appropriate hair-cut viz. VaR margin rate applicable for the security in the Capital Market segment.
- In case the member applies haircut more than VaR rate on a regular basis and the actual margin is collected and exposure is provided accordingly, then such higher rate may be considered for determining the amount to be retained, provided the member has intimated the requirement of additional margins to the clients through the policy and procedures document and consistently through the daily margin statements issued to clients.
- No inter client adjustment/ passing of Journal Entries can be done/ considered for the purpose of settling client accounts.
- Obtaining of authorization from the clients to the effect that no settlement need be done for running accounts is contradictory to the SEBI requirement and hence not permissible.
member has intimated the requirement of additional margins to the clients through the policy and procedures document and consistently through the daily margin statements issued to clients.

2. Periodic settlement is not required to be done in the following cases:

- Clients settling trades through "custodians."
- Cheques received by the Member from the clients and credited in the respective client ledger but uncleared on settlement date.
- In the case of new client, no settlement would be required on first settlement date (i.e. first Friday of the Month or Quarter as per the preference of client) immediate after registration of client. For example, a client who registered on October 01, 2024 and opted quarterly settlement, would not be required to be settled on the first settlement date i.e. first Friday of the month October 2024 and should be settled on next settlement date i.e. first Friday of the January, 2025. However, members shall ensure that, if the client is having credit balance, and has not done any transaction in the 30 calendar days since the last transaction, the credit balance shall be returned to the client by PRLSS, at the time of monthly settlement of running account of funds on first Friday of the following month.

3. Caution to be taken for periodic settlement :

- Retention of any amount towards administrative / operational difficulties in settling the accounts of regular trading clients (active clients), shall be discontinued.
- No inter client/family adjustment can be done for the purpose of settling client accounts.
- For the purpose of settlement of funds, the mode of transfer of funds shall be by way of electronic funds transfer viz., through National Electronic Funds Transfer (NEFT), Real Time Gross Settlement (RTGS) Immediate Payment System (IMPS) and such similar options. We may issue a physical payment instrument (cheque or demand draft), only in cases where electronic payment instructions have failed or have been rejected by the bank and after
- Further, in case of failure of electronic payment instructions due to incorrect bank account details,

For PRL STOCK & SHARE BROKERS PVT. LTD.

Signature

Director

members shall obtain correct bank details from clients and update their records after keeping adequate audit trail.

4. Sending of Communications once we settle running account of funds

- a. An intimation shall be sent to client by SMS on mobile number and also by email. The intimation should also include details about the transfer of funds (in case of electronic transfer – transaction number and date; in case of physical payment instruments – instrument number and date).
- b. Retention statements shall be sent to the respective clients within 5 days from the date of settlement. Members have to send the 'Statement of Accounts' on or before the next four trading days of subsequent week.
- c. The members shall not be required to send the 'Statement of Accounts' to clients with zero funds, zero securities and zero commodities balances and also has been flagged as 'in the UCC database of the Exchange.

XVI. APPLICABILITY

This would be applicable with immediate effect and updated on our website for clients to be informed and updated of this policy or any amendments thereafter.

XVII. REVIEW

The internal auditors would review the implementation of aforesaid policy while conducting Internal Audit. Also this policy has been placed before Regulatory Committee and Board of Directors for approval and would be subject annual review and/or in case of any major regulator directives.

For PRL STOCK & SHARE BROKERS PVT. LTD.

Gaurav Anand

Director