

1. Policies and Procedures as per SEBI circular No. MIRSD/SE/CIR-009 Dated 03-Dec-2009

A. Refusal of orders for penny stocks:

Stock broker is advising to the clients not to deal in penny securities and if client deals with the penny stocks, 100% margin will be taken from the client and these shares will not be taken to as Margin deposit. The stock broker shall have authority from time-to-time limit (quantity/ value) or refuse orders in one or more securities due to various reasons including market liquidity, value of security(ies) or may require compulsory settlement / advance payment of expected settlement value/ delivery of securities for settlement prior to acceptance / placement of order(s) as well, the order being for securities which are not in the permitted list of the stock broker / exchange(s) / SEBI or does not commensurate with the risk profile of the client as assessed by the broker. Decision of Broker will be binding on the client and will be final.

Stocks that appear in the list of illiquid securities issued by the Exchanges every Quarter are considered penny stocks. These stocks are generally considered to be highly speculative and high risk because of their lack of liquidity, large bid-ask spreads, small capitalization, and limited following and disclosure. Depending on the market condition and RMS policy of the company, Modern Shares and Stockbrokers Limited reserves the right to refuse to allow trading and/or provide limits on penny stocks

B. Trading in newly listed shares and illiquid securities

Newly listed securities, illiquid securities and Trade-to-Trade securities which have high VaR margin are subject to high market risks and rate fluctuations. Illiquid securities and Trade-to-Trade securities will have a daily price range (DPR) whereby the chances that these shares can reach the upper DPR or Lower DPR during a trading day are higher than other securities. Hence, the dealing in these securities will be subject to permission from the surveillance department and will be subject to the available credit balance.

C. Policy for GSM Securities (Graded Surveillance Measure Securities)



In GSM securities the Company would be Blocking of the scrip under GSM from grade I – grade VI. Exchanges has vide their respective circulars have provided for guidelines on GSM security. The client can refer to the same in the case of the explanation required. Newly listed shares usually do not have a DPR and hence, the chances for rate fluctuations are higher. The dealing in newly listed shares will be restricted to the available credit balance after considering the Mark-to-Market (Mark-to-Market) levels.

D. Setting Up Client's Exposure Limits:

The client agrees to abide by the exposure limits, if any, set by the stock broker or by the Exchange or Clearing Corporation or SEBI from time to time. The client is aware and agrees that the stock broker may need to vary or reduce or impose new limits urgently on the basis of the stock broker's risk perception, risk profile of the client and other factors considered relevant by the stock broker including but not limited to limits on account of exchange/ SEBI directions/ limits (such as broker level/ market level limits in security specific / volume specific exposures etc.). The stock broker may be unable to inform the client of such variation, reduction or imposition in advance. The client agrees that the stock broker shall not be responsible for such variation, reduction or imposition or the client's inability to route any order through the stock broker's trading system on account of any such variation, reduction or imposition of limits. Sometimes client's sauda may go to IOC (Immediate or Cancel) instead of normal bidding if broker terminal is on

square off mode. The Stock Broker at its sole discretion can give extra exposure or intraday limit to the client, such extra exposure will automatically be squared off by trading mechanism without any further reference to the client appx. 15 minutes before the scheduled closing.

E. Applicable Brokerage Rate:

a. For Cash Market Segment: The maximum brokerage chargeable in relation to trades effected in the securities admitted to dealings on the Capital Market segment of the Exchange shall be 2.5 % of the contract price exclusive of statutory levies. It is hereby further clarified that where the sale / purchase value of a share is Rs.10/- or less, a maximum brokerage of 25 paise per share may be collected.

b. For Future Contracts : Brokerage for Future contract would not exceed 2.5% of the contract price and exclusive of statutory levies. It is hereby further clarified that where the sale / purchase value of a share is Rs.10/- or less, a maximum brokerage of 25 paise per share may be collected

c. For Option contracts: Brokerage for option contracts would not exceed Rs.100/- per lot single side or such other rates as provided by the exchanges.



F. The right to sell clients' securities or close clients' positions, without giving notice to the client, on account of non-payment of client's dues (This shall be limited to the extent of settlement/margin obligation)

1. If payment/securities towards the Margin or shortfall in Margin is not received instantaneously to enable restoration of sufficient Margin in the Client's account.

2. In case of benefit of margin will be given only after realization of instrument.

3. The client shall ensure timely availability of funds/securities in designated form and manner at designated time and in designated bank and depository account(s) at designated place, for meeting his/her/its pay in obligation of funds and securities. The stock broker shall not be responsible for any claim/loss/damage arising out of non-availability/short availability of funds/securities by the client in the designated account(s) of the stock broker for meeting the pay in obligation of either funds or securities.

If the client gives orders / trades in the anticipation of the required securities being available subsequently for pay in through anticipated payout from the exchange or through borrowings or any off market delivery(s) and if such anticipated availability does not materialize in actual availability of securities / funds for pay in for any reason whatsoever including but not limited to any delays / shortages at the exchange or stock broker level / non release of margin by the stock 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 client agrees not to hold the stock broker responsible for the same in any form or manner whatsoever.

4. The stock broker has the right but not the obligation, to cancel all pending orders and to sell/close/ liquidate all open positions/ securities / shares at the pre-defined square off time or when Mark to Market (M-T-M) percentage reaches or crosses stipulated margin percentage mentioned on the website, whichever is earlier. Similarly, all transactions outstanding under limit by whatsoever name called may be closed out at specified time if not squared off by the client.

5. In case open position (Le. short/long) gets converted into delivery due to non-square off because of any reason whatsoever, the client agrees to provide securities/funds to fulfill the payin obligation failing which the client will have to face auctions or internal close outs; in addition to this the client will have to pay penalties and charges levied by exchange in actual and losses, if any. In addition, the above Specific instruction is to be provided by the client to Stock Broker for fulfilment of obligation (Funds and securities) for the trades executed in other than Normal / Rolling settlement.



6. Any reference in these terms to sale or transfer of securities by the Stock Broker shall be deemed to include sale of the securities which form part of the Margin maintained by the Client with the Stock Broker.

G. Shortages in obligations arising out of internal netting of trades*

Objective: The objective of this policy is to appropriately deal with settlement shortages in securities obligations arising out of internal netting of trades. This policy shall be applicable all clients registered with Modern Shares and Stockbrokers Limited.

Modern Shares and Stockbrokers Limited shall not be obliged to deliver any securities to the Client/Trading Members unless and until the same has been received by the Stock Broker from the Exchange/ the Clearing Corporation/Clearing House or other company or entity liable to make the delivery of securities and the Client has fulfilled his/her/its obligation first.

Auction for Internal shortage:

- a) As specified in SEBI circular SEBI/HO/MIRSD/MIRSD-PoD1/P/CIR/2024/75 dated 5-June-2024, in case of any shortages arising due to inter se netting of positions between clients i.e., internal shortages, TM/CM shall handle such shortages through the process of auction as specified by Clearing Corporation (CC).
- b) Clearing Corporation (CC) shall be identifying pay-in shortages including internal shortages and will conduct auction for internal shortages of the members. This mechanism shall be made applicable from 07-March-2025.
- c) Clearing Corporation (CC) shall identify internal shortages by comparing gross sell obligation of clearing member vis-a-vis pay-in received for clearing member for both depositories. The gross sell obligation of clearing member shall be computed as gross of net sell obligation across all clients of a clearing member for a security. Member shall ensure to provide entire gross sell obligation as security pay-in to CC.
- d) It shall be mandatory for clients to pay valuation amount for internal shortages identified by CC as per timelines specified by CC. Where client has not paid valuation amount CC shall not conduct auction for the internal shortage. The price for valuation amount for internal shortages shall be arrived basis the settlement price of the security.
- e) Where auction is not conducted on account of reason such as valuation debit not paid by client or on account of excess pay in by any member/clients or in case of corporate action in security or where the auction by CC was unsuccessful or file not uploaded by custodian member or any other reason specified from time to time, the brokers/members



shall pass close out entry in the books at the auction rate and in absence of auction rate at the close out rate. In case auction is not conducted due to receipt of excess payin, the credit shall be given to client who has done excess pay- in.

- f) The price for valuation amount for internal shortages shall be arrived basis the settlement price of the security and additional 20% mark or as specified by CC from time to time.
- g) In view of above, clients are advised to do payin of all securities through block mechanism. In case, security payin is done by client by transferring security to our (Modern Shares and Stockbrokers Limited) pool account, clients are required to inform us in advance details of such securities in the format mentioned below on email id modernshare@hotmail.com latest by 6:00 PM of trading day. We shall verify the receipt and source of the delivered securities and on best effort basis we shall submit the same to clearing corporation to honor the payin obligation.

Trade date	Settlement No.	Market Type	ISIN	Direct payin QTY. through pool

- h) In case of non-receipt of the advance details of the securities delivered to Modern Shares and Stockbrokers Limited's pool account / or for any other reason the receipt of the securities could not be verified, Stock Broker / Clearing corporation shall consider such quantities as short received for internal shortage computation and this shortage shall be dealt with as per process specified above.
- i) The client shall be solely responsible for fulfilling the pay-in obligation of securities to the Clearing Corporation. In the event of any failure or default in meeting such obligation, irrespective of the cause, neither Modern Shares and Stockbrokers Limited/Stock Broker nor any of its employees, directors, or promoters shall bear any liability, obligation, or responsibility, whether financial or otherwise.

*Policy effective date: 10-March-2025

H. Conditions under which a client may not be allowed to take further position or the broker may close the existing position of a client

The stock broker may refuse to execute / allow execution of orders due to but not limited to the reason of lack of margin / securities or the order being outside the limits set by stock broker / exchange/ SEBI and any other reasons which the stock broker may deem appropriate in the circumstances.



1. For non-payment or erosion of margins or other amounts, outstanding debts, etc. and adjust the proceeds of such liquidation / close out, if any, against the client's liabilities/ obligations.

2. Any order which is executed without the required Margin in the Client's account or the brokers exposure is more than 90% and above so no fresh trade will be taken.

3. The client hereby authorizes the Stock Broker to square up all his outstanding positions at the discretion of the Stock Broker, which are not marked for delivery 15 minutes before the closing time of the normal market or if the client's margin is evaporated by 90% in any of exchanges, reserves the right to square off positions.

4. Under certain market conditions, it may be difficult or impossible to liquidate a position in the market at a reasonable price or at all, when there are no outstanding orders either on the buy side or the sell side, or if trading is halted in a security due to any action on account of unusual trading activity or stock hitting circuit filters or for any other reason as prescribed or instructed by SEBI.

5. The stock broker is entitled to disable / freeze the account or trading facility/ any other service if, in the opinion of the stock broker, the client has committed a crime, fraud or has acted in contradiction of this agreement or /evade / violate any laws, rules, regulations, directions of a lawful authority whether Indian or foreign or if the stock broker so apprehends. Any profit/loss arising out of these transactions shall be at the risk of and borne by the client.

6. MODERN SHARES AND STOCKBROKERS LIMITED does not engage in the business of Client Funding. Clients are required to have sufficient balance in their accounts to hold/carry forward positions.

Positions that do not have sufficient funds can be cut at any time at the discretion of our RMS desk. There will be no margin calls or intimation from our RMS desk.

Any open positions can be squared off at the discretion of our RMS desk. If the funds available in your account are short of exchange specified margins. There will be no margin call before the position is squared off. During times of extreme volatility, the loss could be more than the funds available in your account before the position is squared off. All resulting charges or debts that might occur from such square offs will have to be borne by the client.

Collateral margin will not be considered for equity delivery positions.

- AMO (After-Market Orders) will be allowed
- AMO will be canceled if the price entered is more than 3% away from the LTP in either direction.



- Fines levied by the exchange for a short margin will be payable by the client.
- Payments will only be accepted from the client's registered bank account, cash and DD payments are not accepted.
- At the start of the delivery intention period, clients will not be informed before closing any open positions to avoid compulsory delivery notice.
- Instruments available for trading at Modern Shares and Stockbrokers Limited are subject to the discretion of the risk management team, and these may change from time to time.
- In case your account is in debit balance and/or if you have insufficient funds to manage your trading positions, you will be charged an interest of 18% p.a (+GST) as delayed payment charges

I. Mark-to-Market Square-Off

Modern Shares and Stockbrokers Limited may execute Mark-to-Market Square-off transactions at its discretion, mainly due to the following conditions, but not limited to the same.

At any given point in time, if the MTM level of the client breaches 80% of his available Cash margin, the risk team would square off the complete positions of the client with or without intimating the clients.

For the sake of better understanding, the square of the percentage of 70% or 80% is basically the threshold base limit and it should not be construed as exact 70% or 80% for square off. The position may get squared off at exact 70% or 80% or above the base threshold limit. Due to market extreme volatility, it may not be possible to monitor the square off limit from percentage (%) to percentage (%).

Also, in case the MTM square off is done, the residual fund if any will be blocked to trade till the client adds fresh funds to bring the overall MTM percentage sufficient below the threshold limit.

Further, the square-off will also be based on the extreme volatility in the market which may have a severe impact on the client and the company. The Company may or may not inform the client on the same in case of potential fluctuation. (SEBI guideline on closeout/square off)

All information mentioned here is subject to change at the discretion of our Risk management team.

Intraday and leverage products – restricting exposure and square-off and important points

1. Time based Intraday Square off – Daily – Starting from 15 minutes before close of normal trading session.
2. This includes all types of Intraday products i.e., Cover Order, Bracket Order and Stop Loss Orders



3. Every day system may stop allowing any further intraday order any time after 3.15 PM. System first removes all pending orders and then squares off all Intraday Orders. At the time of Intraday order square off trigger, all pending orders would be cancelled, and orders will be sent to exchange for square off. The orders sent to exchange will be executed on best effort basis.

4. This is irrespective of target reached / profit and loss position.

5. In case of any price movement > 75% of circuit limit, further exposure in intraday product will be blocked by the system for that security.

J. Policy for Blocking additional Margins towards Open positions:

Modern Shares and Stockbrokers Limited may consider of blocking /retaining additional margins towards open positions in any segment of any exchange. Generally, exchange communicates client wise margin requirement on regular intervals, and a client can deposit the margins by the way of funds or securities /commodities pledged by the way of margin pledge/re-pledge of depository system. Modern Shares and Stockbrokers Limited may retain the securities submitted by the client by the above-mentioned method as an additional margin and may not un-pledge the securities in excess to the margin requirement. Valuation of such securities shall be calculated by the closing rate of T-1 day after applying appropriate hair-cut viz. VaR margin rate applicable for the security in the Capital Market segment of NSE.

K. Temporarily suspending or closing a client's account at the client's request

Client may instruct the member to close out the account or suspend the trading through client's account for the period as specified in the request in written and duly signed by him. The stock broker can withhold the payouts of client and suspend his trading account due to his surveillance action or judicial or / and regulatory order/action requiring client suspension.

L. Deregistering a client

A client is at liberty to deregister himself / itself from the member. For that purpose, client will be liable first to settle his account in full. In case of any shortfall or any dues or payment remaining after adjusting the margin account, the client will be liable to make payment of the same. And in case of surplus arising out after netting of account, client shall be entitled to receipt of the same. The member shall also have power to deregister the client after settling his account at its sole discretion.

For Modern Shares and Stockbrokers Limited

Anil Manghnani

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Whole Time Director
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