

Interactive Brokers (India) Private Limited Policies and procedures Governing Trading

1. **Registration of Clients and Due Diligence**

A KYC policy is already in place and the staff members are instructed to strictly adhere to the rules and regulations framed by various authorities from time to time. All the client registration forms are scrutinized at various levels before final registration of the client. Trading is only permitted after successful review of all relevant documentation, and upload of the unique Client Code.

2. **Receiving, Validating and Entering Orders of the Clients into the Trading Platform:**

Currently Interactive Brokers India (IBI) only offers Internet Trading. All orders are received to IBI from the TWS or WebTrader, front-end, client side Internet trading platform. Order execution policy is premised upon the principle that, for the combination of clients served and products offered, a Retail client order is most likely to be executed at the optimal price, at the greatest speed and with the highest levels of accuracy and certainty of completion (i.e. best execution). IBI reviews from time to time the securities offered for trading and posts the list of securities available for trading on its website, cross referenced by their respective exchange listing. IBI is not an investment bank or underwriter of securities, therefore we do not allow clients to participate in primary market issues. Once those respective securities begin exchange trading (secondary market), clients can place orders for their accounts. Generally speaking we work on a best efforts basis to make IPO stocks available for trading the first day they are listed, however this is non-guaranteed process.

IBI accepts orders only from the TWS thru the Internet Based Trading System. In exceptional cases, IBI may accept an order by phone only for the purposes of closing out an existing open position. An additional charge of INR 1500 will be charged to customer for this facility. In the event of failure of Internet Trading platform due to technical reasons attributable to IBI, these charges will be waived.

Important Notice Regarding Best Execution

It should be noted that IBI cannot and does not warrant or guarantee that every Retail client order will be executed at the best posted price. Among other things: (a) IBI may not have access to every market at which a particular product may trade; (b) other orders may trade ahead of a Retail client's order and exhaust available volume at a posted price; (c) execution venues may fail to honor their posted prices; (d) execution venues may re-route Retail client orders out of automated execution systems for manual handling (in which case, execution or representation of a Retail client's order may be substantially delayed); or (e) execution venue Rules or decisions or systems delays or failures may prevent a Retail client's order from being executed, may cause a delay in the execution of a Retail client's order, or may cause a Retail client's order not to be executed at the best posted price.

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Refusal Of Orders For Penny Stock

Generally, Interactive Brokers India (IBI) alerts clients to desist from trading in any penny stocks in

view of the associated risk element while dealing in such stocks. Further, the client is also required to adhere to Exchange/ Members' guidelines and due diligence while trading in such stocks. Also SEBI / Exchange issues directives, from time to time, that necessitates additional due diligence for dealing in such stock(s). We at our sole discretion, may impose certain restrictions and/ or conditions (on case to case basis), subject to rules, regulations, byelaws, circulars, directives and guidelines of SEBI and Exchanges as well as considering the prevalent market and other circumstances and risk policies at a related point in time.

IBI may restrict wholly or partly for trading in certain securities or category of securities contracts namely:

- A. Illiquid stocks / stocks having low liquidity,
- B. Illiquid options / far month options / long dated options,
- C. Writing of options,
- D. Securities listed in Group II or III, Z,T, TS, S, B group or 6 lac series available for institutional category or
- E. Any other securities/ contracts which as per the perception of IBI are volatile or subject to market manipulation or has concentration risk at client level or at the company level,

Further IBI may

- A. Accept or partially accept an order for buy and/or sell. Such acceptance may require execution in a controlled environment (for e.g. from centralized desk instead of from designated dealing area or online platform),
- B. cancel orders in above securities contracts received from clients before execution or after partial execution without assigning any reasons thereof
- C. require the client to provide appropriate declarations before/after accepting such orders.

IBI shall, not be responsible for non-execution / delay in execution of such orders and consequential opportunity loss or financial loss to the client, have the discretion 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 Interactive Brokers itself, have the right to revise the list of such securities / contracts on a periodic basis.

IBI cannot be held responsible for the trading availability of products that were not initially traded through IBI, for example: IPOs, FPOs or positions transferred in from another broker. IBI cannot guarantee availability of trading during special sessions like Muhurat trading etc.

3. Collection and Release of Payments to the Clients

As originally outlined in the client agreement, IBI agrees that the money/securities deposited by the Customer shall be kept in segregated accounts, distinct from his/its own account or account of any other client. Under no circumstance shall this money be used by IBI for itself or for any other client or for any purpose other than the purposes mentioned in SEBI rules and regulations circulars/ guidelines/exchanges rules/regulations/byelaws and circulars.

IBI will make payment and collection to clients based on current SEBI by-laws, any material changes in these policies. Deposits to client accounts are on hold for withdrawal (not trading) for three business days (wire deposits) of seven business days (check deposits). This is to protect IB and its customers and to reduce the possibility of fraud or money laundering.

4. Registration of Clients and Due Diligence

IBI in accordance with SEBI rules pertaining to Rolling Settlement and Pay-in/Pay-out of Funds has established the following guidelines for the collection and release of payments to client:

Day	Time	Description of Activity
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1.	T		Trade Day
2.	T+2	Until 10:30 am	Accept pay-in instructions from investors into pool account
	T+2	By 10:30 am	Submit final pay-in files to the depository and clearing bank

Furthermore, as evidenced in the client agreement, IBI agrees to inform the Customer and keep him apprised about trading/settlement cycles, delivery/payments/schedules, any changes therein from time to time, and it shall be the responsibility in turn of the Customer to comply with such schedules/procedures of the relevant exchange.

Securities for Margin Trading customers will be held by IBI in a separate client beneficiary account and will be transferred to customer's personal beneficiary account upon request and payment of full value of the securities.

Shortages in Obligation and Penalty for Defaulting Client

Clients are required to make Securities / Funds pay-in on or before T+2 day. In case of default in security pay-in by the client and the shortage is at member level i.e. internal shortage, a penalty as applicable from time to time, will be imposed on the defaulting client and the benefit will be passed on to the respective beneficiary client. Rate of penalty will be decided by member as applicable from time to time and published on our website.

In case of default of securities pay-in by the client and the shortage is vis-a vis the Exchange, auction value of the respective exchanges and all levies, as applicable, shall be recovered from the defaulting client.

Policy of Internal Shortage:

IBI shall not be obliged to deliver any securities or pay any money to the client unless and until the same has been received by the IBI from the exchange, the clearing corporation/clearing house or other company or entity liable to make the payment and the client has fulfilled his/her/its obligations first. The policy and procedure for settlement of shortages in obligations arising out of internal netting of trades is as under:

(a) Short Delivery to the Exchange for scrip at the broker level:

In case of short delivery to exchange, the settlement happens as per the auction/close-out mechanism of Exchange and auction/close-out debit received shall be passed to the defaulting client who did not fulfill his selling obligation.

(b) Short delivery of pay-out to clients who bought the scrip on that day (Client to Client shortage):

The Valuation price shall be higher of,
5% above the closing price of Auction date in normal market of the exchange,
or

Highest traded price between Trade date and Auction date

defaulting client on sell side will be debited by the amount equivalent to the quantity short delivered multiplied by the valuation price.

The client on the buy side will be credited by the same amount debited to defaulting client on sell date as computed above.

All losses to the client on account of the above shall be borne solely by the client and ASSL shall not be responsible for the same. In case of any claim against IBI, the Client shall indemnify IBI in this regard

(c) Mechanism of choosing corresponding clients on the buy side:

Corresponding clients on the buy side of scrip A are chosen on the basis of the descending quantity of shares bought by them i.e. first the client (say X) who has purchased highest quantity of scrip A will be picked up and if the shortage of shares is more than the quantity of shares bought by the client X, then

the client who has purchased the next highest quantity will be picked up so on and so forth. The shares bought on T+3 in case of Client to Client shortage and shares/credit received from Exchange through auction process in case of broker level shortage are credited to the corresponding client on buy side of scrip A chosen through the aforesaid mechanism.

5. **Collection and Maintenance of Margins:**

The Customer is liable to pay applicable initial margins, withholding margins, special margins or such other margins as are considered necessary by IBI or the Exchange or as may be directed by SEBI from time to time as applicable to the segment(s) in which the Customer trades. IBI is permitted in its sole and absolute discretion to collect additional margins (even though not required by the Exchange, clearing house/clearing corporation or SEBI) and the Customer shall be obliged to pay such margins within the stipulated time.

Payment of margins by the Customer does not necessarily imply complete satisfaction of all dues. In spite of consistently having paid margins, the Customer may, on the closing of its trade, be obliged to pay (or entitled to receive) such further sums as the contract may dictate/require.

DISCLOSURE OF RISKS OF MARGIN TRADING

IBI is furnishing this document to you to provide some basic facts about purchasing securities and futures contracts on margin, and to alert you to the risks involved with trading in a margin account. "Margin trading" can mean engaging in a transaction in which securities are purchased partially through a margin loan extended to you by IBI, for which the securities act as collateral. Margin trading can also mean trading investment products such as futures or options in which an initial "margin" deposit is made to secure your obligations and further margin may be required to secure your obligations as the value of your positions changes. Before trading stocks, futures or other investment products in a margin account, you should carefully review the margin agreement provided by IBI and you should consult IBI regarding any questions or concerns you may have with your margin accounts. When you purchase securities, you may pay for the securities in full or you may borrow part of the purchase price from IBI. If you choose to borrow funds from IBI, you will open a margin account with the firm. The securities purchased are IBI's collateral for the loan to you. If the securities or futures contracts in your account decline in value, so does the value of the collateral supporting your loan, and, as a result, IB can take action, such as liquidate the securities in your account to bring the account within acceptable margin parameters.

- » You should understand that pursuant to the IBI Margin Agreement, IBI generally will not issue margin calls, that IBI will not credit your account to meet intraday margin deficiencies, and that IBI generally will liquidate positions in your account in order to satisfy margin requirements without prior notice to you and without an opportunity for you to choose the positions to be liquidated or the timing or order of liquidation. In addition, it is important that you fully understand the risks involved in trading securities or futures contracts on margin. These risks include the following:
- » **You can lose more funds than you deposit in the margin account.** A decline in the value of securities or futures contracts that are purchased on margin may require you to provide additional funds to IBI or you must put up margin to avoid the forced sale of those securities or futures contracts or other assets in your account (s).
- » **IBI can force the sale of securities or other assets in your account(s).** If the equity in your account falls below the maintenance margin requirements, or if IB has higher "house" requirements, IB can sell the securities or futures contracts or other assets in any of your accounts held at the firm to cover the margin deficiency. You also will be responsible for any shortfall in the account after such a sale.
- » **IBI can sell your securities or other assets without contacting you.** Some investors mistakenly believe that a firm must contact them for a margin call to be valid, and that the firm cannot liquidate securities or other assets in their accounts to meet the call unless the firm has contacted them first. This is not the case. As noted above, IBI generally will not issue margin calls and can immediately sell your securities or futures contracts without notice to you in the event that your account has insufficient margin.

- » You are not entitled to choose which securities or futures contracts or other assets in your account(s) are liquidated or sold to meet a margin call. IB has the right to decide which positions to sell in order to protect its interests.
 - » IBI can increase its "house" maintenance margin requirements at any time and is not required to provide you with advance written notice. These changes in firm policy often take effect immediately. Your failure to maintain adequate margin in the event of an increased margin rate generally will cause IB to liquidate or sell securities or futures contracts in your account(s).
 - » If IBI chooses to issue a margin call rather than immediately liquidating under margined positions, you are not entitled to an extension of time on the margin call.
- In case if the cash is not sufficient, the stocks (as per approved list) will be accepted as collateral for trading in the F&O segment.**

6. Monitoring of Branches / Sub-Brokers/DP Operations:

Interactive Brokers (India) Pvt. Ltd. shall ensure that all respective Branch Offices, Sub Brokers and Depository Participant Operations remain compliant with IBI's own internal policies as well as those set forth by SEB, including, but not limited to rules, regulations circulars / Guidelines / exchanges / rules / regulations / byelaws and circulars. Additionally, records will be kept for all DP operations and audits will be conducted to ensure accuracy and validity.

7. Payment of Dividend, etc

The buyer shall be entitled to receive all coupons, dividends, bonus, rights/warrants and other privileges which may appertain to securities cum coupon, cum dividend, cum bonus, cum rights, etc. and the seller shall be entitled to receive all coupons, dividends, bonus issues, rights and other privileges which may appertain to securities sold ex coupon, ex dividend, ex bonus, ex rights, etc. IBI shall ensure that the dividends entitled to the customer are paid within 30 days of the receipt of the same to IBI.

8. Interactive Brokers Affiliates Business Continuity Plan

IBI has successfully implemented a business continuity plan which is periodically tested. It is further advised that clients have an alternative trading arrangements also to avoid opportunity losses in case of system failures due to any technical issue at IBI.

9. IBI Conditions under which client may not be allowed to take further positions and close existing positions.

Under various circumstances outlined in the various disclosures of the document, the Client may not be permitted to take any fresh or further positions until the full clearance of earlier dues, obligation, outstanding etc. Further, it would be the duty of the client to monitor its position with IBI from time to time. In case of any delay or failure by the client in meeting any obligation, margin requirements etc. IBI, at its discretion, may close the open position / contracts without any further intimation to the client in this regard as per the Risk policy.

10. Temporary Suspending or closing Clients

The client is required to submit a written request for closure of account / temporary suspension of account clearly stating period of suspension, to the IBI. Upon receipt of request and after satisfying itself with respect to all information / documentation and settlement of client dues, the Member shall act upon the request within reasonable time but no later than 30 days from the date of request.

IBI and the Customer shall be entitled to close the account without giving any reasons to the other party, after giving notice in writing of not less than one month to the other parties.

11. Policy for Dormant/In-Active Account(s)

Where no transactions have taken place in client's account during the last 45 days from the date of last transaction, then it will be considered as dormant / in-active account. During this time the account may be subject to minimum activity fees in accordance with IBI policies on fees and trading activity. If the account status is tagged as a dormant / in-active account, then the surplus funds or securities lying with IBI shall be refunded / returned to clients at his last known bank account /DP account for securities or at such other address as mentioned in the Account Opening Form.

12. **Prevention of Insider Trading**

IBI has a policy for prevention for Insider trading. Any potential insider trading situation is reviewed immediately by IBI compliance, during this time client(s) in question will have their accounts suspended from trading privileges until the respective investigation is complete.

Reactivation: A client's account will be re-activated, subject to fulfillment of such conditions as IB India may consider fit and proper

- A. On submission of proof of identity and proof of address, where the account is suspended due to dormant / inactive status or on client's request, or on submission of such other information/ documents as deemed fit by Interactive Brokers.
- B. In other circumstances, at the discretion of IBI provided there is no outstanding dues from the client or he has no open grievances pending against IBI or client has complied with all requirements of IBI of submission of information documents or on fulfillment of such other conditions that IBI may impose at its discretion.

13. **Investor Redressal.**

In case of grievance, clients can write to help.in@interactivebrokers.com.

For grievances against IBI, clients are encouraged to revisit their original signed client agreement, furthermore clients can mail grievances directly to the NSE Investor Grievance Cell (ICG) / NSDL

The investors can report their complaints/ grievances to the IGC through e-mails or Complaint forms. All valid complaints are assigned a unique complaint no. and are entered into a database for easy follow up and necessary action. Most complaints are resolved within a period of 45 days. On exhausting all means, if the matter remains unresolved, it is referred to Arbitration.

14. **Information Regarding Enrollment in the IBI / IB Secure Transaction Program.**

For those customers who enroll in the Interactive Brokers Secure Transaction Program (STP) which adds an additional envelope of security to their accounts, they will be subject to having a portion of the funds in their account placed on hold to cover the replacement cost of the device(s) should they become damaged or rendered unusable. The funds will remain on hold from the date the device is shipped to when it is returned back to IBI, should the device be returned damaged the amount placed on hold will be used to cover the cost of replacing the device. Customers do have the ability to request an opt out of the program if so desired.