AAA INSTITUTIONAL SECURITIES PVT LTD

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POLICIES AND PROCEDURES APPLICABLE TO CLIENTS OF AAA INSTITUTIONAL SECURITIES PRIVATE LIMITED

1. REFUSAL OF ORDERS FOR PENNY STOCKS

AAA Institutional Securities Private Limited (“AAA” or “the Company”) normally provides trading facilities to its clients in securities listed on recognised Stock Exchanges and admitted for trading in the applicable segments. However, considering the higher risks associated with illiquid and potentially susceptible securities, AAA may discourage, restrict or prohibit trading in penny stocks and other securities identified as high-risk securities.

For the purpose of this Policy, **“Penny Stocks”** shall include:

a. Stocks appearing in the list of illiquid securities issued by the Stock Exchanges from time to time;

b. Stocks which are highly illiquid, have low market capitalisation and/or are categorised as ‘Z’ Group securities;

c. Any securities restricted for trading by the Stock Exchanges or other regulatory authorities;

d. Stocks categorised by the Stock Exchanges under ASM, GSM or securities subject to unsolicited SMS-related surveillance/restrictions;

e. Any other securities which may be restricted by AAA based on its internal risk assessment and evaluation.

As part of its Risk Management System, AAA may restrict clients from buying/selling penny stocks only against **100% upfront margin and on delivery basis**, subject to applicable regulatory and exchange requirements.

AAA may also impose additional restrictions in terms of quantity, value, exposure or other parameters in respect of any or all penny stocks, as may be notified through its applicable circulars, risk management measures or internal policies from time to time.

In the case of Internet Trading clients, AAA may, at its discretion, block or restrict the client's online trading facility for placing orders in such securities. Where an order is placed in respect of a security restricted by AAA, whether through the online trading platform or otherwise, AAA may refuse to accept or execute such order.

AAA shall not be liable for restricting or prohibiting trading in penny stocks or other securities at any time. AAA shall also not be liable for any loss arising from refusal, rejection or cancellation of orders in penny stocks or other restricted securities. The client shall be responsible for and shall indemnify AAA against any loss caused to AAA as a result of the client's trading in such securities, to the extent permissible under applicable law.

2. SETTING UP OF CLIENT'S EXPOSURE LIMITS

As part of its Risk Management System, AAA may accept margins from clients in the form of funds, pledged securities and such other forms as may be permitted by SEBI, Stock Exchanges, Clearing Corporations and other applicable regulatory authorities from time to time.

The margin available for trading may broadly be determined as follows:

Margin Available for Trading = Adjusted Ledger Balance + After-Haircut Value of Pledged Securities – Applicable Exchange Margin on Unsettled Sell Transactions / Unsettled Derivative Credit Bills

The trading ledger balance may be adjusted to account for uncleared cheques, the applicable value of undelivered securities and debit balances in the broker's margin funding account, wherever applicable.

AAA shall determine client-wise exposure limits based on, inter alia:

- the type and quality of securities provided as margin;
- available funds and ledger balance;
- Fixed Deposits and Bank Guarantees, where applicable;
- the client's profile and financial status;
- category of securities;
- derivative positions;
- trading pattern and risk profile of the client;
- residential status and other relevant factors; and
- applicable regulatory and exchange requirements.

The securities acceptable as margin and their categorisation may be modified by AAA from time to time at its discretion, subject to applicable regulations.

AAA may apply such haircuts on approved securities as it considers appropriate under its Risk Management System. AAA may revise the applicable haircut from time to time and may apply a haircut higher than the minimum haircut prescribed by SEBI, Stock Exchanges or Clearing Corporations, wherever permitted.

Subject to the applicable exposure limits, a client may trade in securities and/or take positions in the Futures and Options segment. The client shall comply with exposure limits prescribed by AAA, the Stock Exchanges, Clearing Corporations, SEBI or any other competent authority from time to time.

Exposure limits may vary depending upon whether the position is an intraday, delivery or carry-forward position and may be revised based on market conditions and risk considerations.

The exposure limits provided by AAA do not create any vested right in favour of the client and may be withdrawn, reduced or modified at any time, with or without prior notice, subject to applicable requirements. The client shall bear any loss arising from such withdrawal or reduction.

In case of sale of securities, AAA may, at its discretion, permit such sale only to the extent of securities available in the client's account, including DP free stock, securities subject to lien/hold, beneficiary holdings and collateral stock, as applicable.

The credit arising from sale of securities may be considered for providing further exposure, subject to the applicable risk management parameters of AAA.

In the derivatives segment, clients shall be permitted to trade only up to the applicable client-wise position limits prescribed by the Stock Exchanges, Clearing Corporations and regulators from time to time.

AAA may, from time to time, require additional margin from a client in the form of funds or securities where considered necessary, and the client shall provide such additional margin within the stipulated time.

3. APPLICABLE BROKERAGE RATES

The schedule of brokerage and other charges applicable to clients of AAA shall be provided in the relevant **Schedule of Brokerage and Other Charges** and/or other applicable client documentation.

The brokerage and other charges agreed with the client shall be duly recorded and accepted by the client.

Any upward revision in brokerage shall be communicated to the client with the applicable prior notice.

All brokerage and other charges shall remain subject to the maximum limits, wherever applicable, prescribed by SEBI, Stock Exchanges, Government authorities and other competent regulatory authorities from time to time.

4. IMPOSITION OF PENALTY OR DELAYED PAYMENT CHARGES

Clients are required to meet their pay-in obligations and provide the required margin within the timelines prescribed by the Stock Exchanges, SEBI and AAA's Risk Management System.

In case a client fails to provide funds or securities within the prescribed timeline, delayed payment charges may be levied on the client's account at a rate of up to **0.045% per day**, simple interest, compounded monthly, or such other rate as may be prescribed by AAA from time to time, subject to applicable laws and regulatory requirements.

Such delayed payment charges may be directly debited to the client's account at the end of each month.

The delayed payment charge is intended as a risk management and disciplinary measure to ensure timely fulfilment of the client's obligations, as AAA is required to meet its own obligations towards the Stock Exchanges and Clearing Corporations within prescribed timelines.

AAA reserves the right to impose delayed payment charges on the client's account, and the client shall be liable to pay such charges at the applicable rate.

5. MARK-TO-MARKET LOSS

Mark-to-Market (“MTM”) losses shall be monitored against the net worth/margins available in the client's trading account.

For this purpose, the client's available net worth/margins may be determined by considering:

Adjusted Ledger Balance + Holding Value of Pledged Securities + SPAN Margin + Exposure Margin Requirement in the Derivatives Segment + Funds Received During the Day – Funds Paid During the Day.

AAA shall not be responsible for losses, delays, brokerage, other charges, margin shortfall penalties or other consequences arising from the client's failure to maintain adequate margins, except to the extent attributable to AAA's acts or omissions under applicable law.

a. The client may be notified when the MTM loss reaches **50% of the client's available net worth** in the trading account.

b. All open positions in the derivatives segment and intraday products may be liquidated when MTM loss reaches **80% of the client's available net worth** in the trading account.

AAA may take such additional risk management measures as may be necessary depending upon market conditions, volatility, liquidity, regulatory requirements and the client's overall exposure.

6. SHORTAGES IN OBLIGATION ARISING OUT OF INTERNAL NETTING OF TRADES FOR EQUITIES OR PHYSICAL SETTLEMENT OF EQUITY DERIVATIVE CONTRACTS

Shortages arising out of internal netting of trades shall be dealt with in accordance with the **Self-Auction mechanism and applicable procedures prescribed by SEBI, Stock Exchanges and/or Clearing Corporations** from time to time.

Any charges, penalties or other costs levied by the Stock Exchanges, Clearing Corporations or SEBI in this regard shall be recovered from the concerned client, as applicable.

7. CONDITIONS UNDER WHICH CLIENT MAY NOT BE ALLOWED TO TAKE FURTHER POSITIONS OR AAA MAY CLOSE EXISTING POSITIONS

In addition to the rights available to AAA under its applicable policies relating to sale of securities and closure of client's open positions, AAA may refuse to execute trades, restrict or prevent a client from taking further positions and/or close or liquidate existing positions of a client under circumstances including, but not limited to:

a. Any regulatory, statutory, judicial or Stock Exchange directive or restriction;

b. Non-receipt of funds or securities and/or dishonour or bouncing of cheques received from the client towards obligations, margin or ledger balances;

c. Technical or system-related reasons;

d. Securities breaching limits or restrictions prescribed by Stock Exchanges, Clearing Corporations, SEBI or other regulators;

e. Failure by the client to meet margin requirements, including MTM margin requirements;

f. Securities proposed to be transacted by the client not being in dematerialised form, wherever dematerialisation is mandatory;

g. Any other circumstances specified by AAA from time to time based on market conditions, regulatory requirements, internal policies or its Risk Management System; and

h. Any force majeure event or circumstances beyond the reasonable control of AAA.

AAA shall not be responsible for losses arising from action taken in accordance with this Policy and applicable regulations, and the client shall indemnify AAA to the extent permissible under applicable law.

8. TEMPORARILY SUSPENDING OR CLOSING OF CLIENT'S ACCOUNT AT CLIENT'S REQUEST

AAA may suspend or close a client's trading account pursuant to any direction, order or requirement of SEBI, Stock Exchanges, Clearing Corporations or any other competent regulatory authority for such period as may be prescribed.

AAA may also, at its discretion, with or without prior notice where permitted, restrict, suspend, prohibit or block the client's access to its website, online trading platform or related services and/or the client's ability to trade due to market conditions, risk considerations or internal policies, including policies relating to prevention of money laundering and financing of unlawful activities.

A client may request temporary suspension or closure of the trading account by submitting a written request to AAA **15 days in advance**. Such suspension or closure shall be subject to clearance of all outstanding dues and settlement obligations of the client.

No trades shall be permitted in the client's account during the period of temporary suspension.

Notwithstanding such suspension or closure, all rights, liabilities and obligations arising from transactions entered into prior to such suspension or closure shall continue to subsist and remain binding upon the parties until duly settled.

Where an account has been temporarily suspended at the client's request, the account may be reactivated upon receipt of a written request from the client and completion of such verification and other requirements as may be applicable.

9. TREATMENT OF INACTIVE ACCOUNTS

Pursuant to applicable SEBI and Stock Exchange requirements, a trading and/or demat account may be treated as an **“Inactive Account”** where the client has not operated the account for a continuous period of **one year**, subject to applicable regulatory requirements.

Such inactive account may be blocked/restricted from further transactions until the prescribed reactivation requirements are completed.

For reactivation of a blocked/inactive account, the client may:

1. Contact the customer care centre and identify himself/herself through prescribed validation questions and request activation of the account for placing orders/transacting in the account; or

2. Submit a duly signed written request at any branch office of AAA, where applicable; or

3. Submit a request for reactivation through the Internet Trading Portal, where such facility is available.

AAA may undertake such verification, KYC/Re-KYC and due diligence as may be required under applicable SEBI, KRA, PMLA and other regulatory requirements before reactivating the account.

During the blocked period, where any debit or dues are outstanding to AAA in the client's account, AAA shall have the right, subject to applicable laws and regulations, to liquidate the client's positions to the extent necessary for recovery of such dues.

Any corporate actions or payouts due to the client during the blocked period shall be processed/credited/returned to the client's account in accordance with applicable procedures.

10. PAYMENT

All payments by the client shall be made in favour of **AAA Institutional Securities Private Limited** through account-payee cheque/demand draft/pay order or by direct credit to the designated bank account of AAA through RTGS/NEFT/IMPS or any other banking channel permitted by AAA and applicable regulations.

a. The client shall make all payments in Indian Rupees unless otherwise specifically permitted.

b. The client shall ensure that any cheque/demand draft issued by the client is honoured upon presentation. In case of dishonour of a cheque, AAA shall be entitled to debit the client's account with applicable bank charges and other incidental charges.

c. The client shall ensure that all funds required towards margin and pay-in obligations are credited to AAA within the timelines prescribed by the Stock Exchanges, SEBI and AAA's Risk Management System. In case of delay, AAA shall be entitled to levy applicable delayed payment charges as specified in this Policy.

d. The client agrees that AAA shall have the right, subject to applicable law and regulatory requirements, to appropriate any credit lying in the client's account towards any outstanding dues of the client in any segment.

e. If the client fails to make payment of outstanding dues within the stipulated time, AAA shall be entitled to take appropriate action, including liquidation of securities, closure of open positions and/or initiation of legal proceedings, as applicable.

f. The client shall not be entitled to any interest on the credit balance lying in the trading account unless otherwise specifically agreed in writing by AAA or required under applicable regulations.

g. The client shall provide accurate bank account details and promptly notify AAA of any changes. AAA shall not be responsible for any delay or non-credit of funds arising due to incorrect or incomplete bank details provided by the client.

h. Any changes in the designated bank account details of AAA shall be communicated to clients through the Company's official communication channels. Clients should independently verify such communication before making any payment.

Policy and Procedure approved by the Board of Directors of AAA Institutional Securities Private Limited on 24th July 2026.