



# CIL securities Ltd

REGD. OFF : 214, RAGHAVA RATNA TOWERS, CHIRAG ALI LANE, ABIDS, HYDERABAD - 500 001.

PHONE NO. OFF : 040-23202465, 23203155, FAX : (040) 23203028, 66661267.

E.mail : advisors@cilsecurities.com,  
CIN No - L 67120TG1989PLC010188

## POLICY ON SETTING UP CLIENT'S EXPOSURE LIMITS

The Stock Broker, may from time to time, vary limits or impose new limits for the orders that the client can place through the Stock Broker's trading platforms. The Stock Broker would have the sole discretion on setting these limits based on its risk perception of the client, Margin received from the client, Market conditions and other factors, but not limited to, limits on account of exchange/ SEBI directions/ limits (such as Stock Broker level/ market level limits in security specific / volume specific exposures etc.). This would include exposure limits, turnover limits, limits as to the number, value and/or kind of securities in respect of which orders can be placed etc.). The client is aware that the Stock Broker may be unable to inform the client of such variation, reduction or imposition in advance. 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.

The Stock Broker may at any time, at its sole discretion and without prior notice, prohibit or restrict the client's ability to place orders or trade in securities through the Stock Broker, or it may subject any order placed by the client to a review before its entry into the trading systems and may refuse to execute / allow execution of orders due to but not limited to the reason of lack of margin / securities or the order being outside the limits set by the Stock Broker / Exchange / SEBI and any other reasons which the Stock Broker may deem appropriate in the circumstances. Losses, if any, incurred by the client on account of such refusal or delay, shall be borne exclusively by the client alone.

The Stock Broker shall have the prerogative to allow differential buy and sell limits for its clients depending upon credit worthiness, integrity and past conduct of each client.





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## POLICY FOR DEALING WITH CONFLICTS OF INTEREST

1. We will at all times maintain high standards of integrity in the conduct of our business;
2. We will ensure fair treatment of our clients and not discriminate amongst them;
3. We will ensure that our personal interest does not, at any time conflict with our duty to our clients and client's interest always takes primacy in our advice, investment decisions and transactions;
4. We will make appropriate disclosure to the clients of possible source or potential areas of conflict of interest which would impair our ability to render fair, objective and unbiased services;
5. We will endeavour to reduce opportunities for conflict through prescriptive measures such as through information barriers to block or hinder the flow of information from one department/ unit to another, etc.;
6. We will place appropriate restrictions on transactions in securities while handling a mandate of issuer or client in respect of such security so as to avoid any conflict;
7. We will not deal in securities while in possession of material non published information;
8. We will not communicate the material non published information while dealing in securities on behalf of others;
9. We will not in any way contribute to manipulate the demand for or supply of securities in the market or to influence prices of securities;
10. We will not have an incentive structure that encourages sale of products not suiting the risk profile of our clients;
11. There will be an educational programme for the "Associated Persons" in every six months for dealing with or avoiding or managing conflict of interest. For this purpose "Associated Persons" will be the persons associated and involved in the following core areas, namely:
  - o Assets or funds of investors or clients;
  - o Redressal of Investor Grievances;
  - o Internal control or Risk Management;
  - o Activities having a bearing on Operational Risk.
12. Our Management shall review the compliance of this circular in every six months.



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## POLICY ON OUTSOURCING OF ACTIVITIES

The Company do not outsource any of its activities to any of the outside Vendor.





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## SURVEILLANCE POLICY

With respect to the transactional alerts being downloaded from the Exchanges/generated by the Company, the following activities will be carried out based on UCC parameters:

### Client(s) Information

Due Diligence of its client(s) will be carried out on a continuous basis. It will also be ensured that key KYC parameters are updated on a continuous basis as prescribed by SEBI and latest information of the client is updated in UCC database of the Exchange. Based on this information, the Company will establish groups / association amongst clients to identify multiple accounts / common account / group of clients.

### Analysis

In order to analyze the trading activity of the Client(s) / Group of Client(s) or scrips identified based on above alerts, Company will:

- A. Seek explanation from such identified Client(s) / Group of Client(s) for entering into such transactions.
- B. Seek documentary evidence such as bank statement / demat transaction statement or any other documents to satisfy itself:
  - i) In case of funds, Bank statements of the Client(s) / Group of Client(s) from which funds pay-in have been met, to be sought. In case of securities, demat account statements of the Client(s)/Group of Client(s) from which securities pay-in has been met, be sought.
  - ii) The period for such statements may be at least +/- 15 days from the date of transactions to verify whether the funds / securities for the settlement of such trades actually belongs to the client for whom the trades were transacted.
- C. After analyzing the documentary evidences, the Company will record its observations for such identified transactions or Client(s)/Group of Client(s).
- D. In case adverse observations are recorded, the Company will report all such instances to the Exchange within 45 days of the alert generation. The Company may seek extension of the time period from the Exchange, wherever required.

### Monitoring and reporting

Following procedure will followed for monitoring and reporting of alerts:

- A. Receipt of Alerts from Exchanges / generated
- B. Time frame for disposition of alerts and if there is any delay in disposition, reason for the same shall be documented.
- C. Suspicious / Manipulative activity identification and reporting process
- D. Record Maintenance



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E. A quarterly MIS shall be discussed on the number of alerts pending at the beginning of the quarter, generated during the quarter, disposed off during the quarter and pending at the end of the quarter. Reasons for pendency shall be discussed and appropriate action will be taken.

F. The surveillance process shall be conducted under overall supervision of its Compliance Officer.

G. Compliance Officer will be responsible for all surveillance activities carried out by the Company and for the record maintenance and reporting of such activities.

H. Based on facts and circumstances, the Company will exercise its independent judgment and will take adequate precaution.

#### **Dormant Account Policy**

##### **1. Introduction**

The Dormant Account Policy lays down the procedure to be followed when an instruction for debit/credit or buy/sell is received from an account which is Dormant. This policy gives full description like the time period and method considered for terming an account Dormant and also various steps required to be adhered to strictly for re-activating such Dormant accounts.

##### **2. Definition**

An account shall be termed to be Dormant if it is inactive or remains non-operational by its holder at a stretch for a specified period of time. Presently, this period is one year i.e. if an account is inactive for a minimum period of one year, it will be classified as a dormant account.

##### **3. Treatment of a Dormant account**

All Dormant accounts will be treated in accordance with the policies prescribed by competent authority from time to time. Accordingly the dormant account will be frozen immediately and the client will not be permitted to undertake any further transaction in such dormant account. The procedure for listing of dormant account is run once every month, preferably on the last day of the month.

##### **4. Return of Client assets for dormant clients:**

The Company shall inform the clients his account status and Company shall return the assets (funds and securities) to the client, on request from the clients to have a clear balance.

##### **5. Re-activation of a Dormant account**

A Dormant account shall be re-activated only after undertaking proper due-diligence process and fulfilling of such conditions as may be deemed fit by the authorized person of the organization. As a practice, on receipt of an instruction from the client of a Dormant account, the authorised person has to appropriately verify the KYC of such clients as well as the authenticity of the instruction. The instruction is to be accepted only on satisfaction of the above.

The above stated policy may be modified at any time in accordance with the various rules, regulations, bye-laws and guidelines that may be prescribed by SEBI, Exchange or any other competent authority or as per the internal policy of the organization from time to time.





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## POLICY ON INTERNAL SHORTAGE IN NSE

In case of internal shortage of security in NSE, the securities will be bought in the open market by CIL Securities Limited in NSE on T+2 day or on settlement day. The seller client will be debited at the rate at which stock is bought by CIL Securities Limited in the open market. Securities payout will be passed on to the Buyer.





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## **POLICY ON RIGHT TO SELL CLIENT'S SECURITIES OR CLOSE CLIENT'S POSITIONS, WITHOUT GIVING NOTICE TO THE CLIENT, ON ACCOUNT OF NON-PAYMENT OF CLIENT'S DUES:**

The Stock Broker shall have the right and the prerogative to sell client's unpaid securities, or close out client's open positions, without giving notice to the client where there is either a delay or failure of the client to meet the pay-in obligations and / or there is delay /failure of the client to bring additional margins to cover the increase in risk in dynamic and volatile market conditions.

The client would be responsible for monitoring his / her / its position (dealings/trades and valuation of security(ies)) on his / her / its own and provide the required/deficit margin / security(ies) forthwith as required from time to time whether or not any margin call or such other separate communication to that effect is sent by the Stock Broker to the client and / or whether or not such communication is received by the client. The client is not entitled to trade without adequate margin and that it shall be client's own responsibility to ascertain beforehand the margin requirements for its orders/traders/deals and to ensure that the required margin is made available to the Stock Broker in such form and manner as may be required by the Stock Broker.

The client shall ensure that funds/securities are made available in time and in designated form at designated bank(s) and depository account(s) of the Stock Broker, 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/delayed 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 pay out from the exchange or through borrowings or any off market delivery(s) or market delivery(s) and if such anticipated availability does not materialize in actual availability of 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 Stock Broker shall not be responsible for the same in any form or manner whatsoever.

In case the payment of the margin/security is made by the client through a bank instrument, the Stock Broker shall be at liberty to give the benefit/credit for the same only on the realization of the funds from the said bank instrument & subsequent updation in records as per Stock Broker's process.

Where the margin/security is made available by way of securities, it is upto the Stock Broker's discretion to decline its acceptance as margin &/or to accept it at such reduced value as the Stock Broker may deem fit by applying haircuts or by valuing it by marking it to market or by any other method as the Stock Broker may deem fit in its absolute discretion.

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

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

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